



**GOVERNMENT OF PUERTO RICO**  
**Puerto Rico Fiscal Agency and Financial  
Advisory Authority**

# Component Unit Liquidity

FOR THE MONTH OF OCTOBER 2019

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## GLOSSARY

<b>AAFAF</b>	Puerto Rico Fiscal Agency and Financial Advisory Authority.
<b>Abriendo Caminos</b>	A 2018 infrastructure program to repair and maintaining island roads.
<b>ACAA</b>	Automobile Accident Compensation Administration, an agency of the Commonwealth of Puerto Rico.
<b>Act 22</b>	Enacted in 2012 and known to “Promote the Relocation of Individual Investors to Puerto Rico,” Act No. 22 provides tax exemptions for investment income to eligible individuals who become residents of Puerto Rico.
<b>Act 60</b>	Puerto Rico Tax Incentives Code (Incentives Code), which consolidated dozens of tax decrees, incentives, subsidies, and tax benefits in a single statute.
<b>Act 257</b>	Act. No. 257 or Law 257 of December 10, 2018 amends several provisions of the Commonwealth's internal revenue code, which includes the implementation and enforcement of taxes from Video Lottery Terminals ("VLTs"). The law specifies the responsibility of the Puerto Rico Tourism Company ("PRTC") to regulate and monetize VLTs as they become legal.
<b>ADEA</b>	Puerto Rico Administration for the Development of Agricultural Enterprises, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>AMA</b>	Metropolitan Autobus Authority.
<b>A/P</b>	Accounts payable.
<b>A/R</b>	Accounts receivable.
<b>ASEM</b>	Puerto Rico Medical Services Administration, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>ASES</b>	Puerto Rico Health Insurance Administration, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>ASSMCA</b>	Administration of Mental Health and Anti-Addiction Services of Puerto Rico.
<b>ATI</b>	Puerto Rico Integrated Transit Authority.
<b>ATM</b>	Maritime Transportation Authority.
<b>Bahía Urbana</b>	Waterfront Park in San Juan, Puerto Rico.
<b>BBA</b>	Bi-Partisan Budget Act of 2018.
<b>BDE</b>	Economic Development Bank of Puerto Rico.
<b>CapEx</b>	Capital expenditures.
<b>Cardio</b>	Cardiovascular Center of Puerto Rico and the Caribbean, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>CCDA</b>	Puerto Rico Convention Center District Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>CDBG</b>	Community Development Block Grant – Disaster Recovery (CDBG – DR) is a program responsible to ensure decent affordable housing opportunities and provision of services, community assistance, and to expansion and conserve jobs.
<b>CM</b>	Conway MacKenzie, Inc.
<b>CMS</b>	Clinical Medical Services provides an Integrated Home Health Delivery System consisting of Durable Medical Equipment, Respiratory Equipment, Home Health, Orthotics, Prosthetics and Home Infusion Services.
<b>Component Unit (CU)</b>	Public corporation of the Commonwealth of Puerto Rico.
<b>COR3</b>	Central Office of Recovery and Reconstruction of Puerto Rico.
<b>Corporacion para la Promocion de Puerto Rico como Destino</b>	Corporation for the Promotion of Puerto Rico, a destination marketing organization (DMO).
<b>CRIM</b>	Center for the Collection of Municipal Revenues rendering fiscal services in favor of the Municipalities and has the responsibility to notify, assess, collect, receive and distribute the public funds from the property tax, the state subsidy, funds from the Electronic Lottery, and any other funds that are disposed by law for the benefit of the Municipalities of Puerto Rico.
<b>CU</b>	See ‘Component unit.’
<b>DDEC</b>	Puerto Rico Department of Economic Development and Commerce, a public corporation and a component unit of the Commonwealth of Puerto Rico.

<b>Disaster-Related Disbursements</b>	Expenditures related to the damages caused from hurricanes Irma and Maria.
<b>Disaster-Related Receipts</b>	Federal emergency funds, insurance related to hurricanes Irma and Maria.
<b>DMO</b>	Destination Marketing Organization.
<b>DTOP</b>	Puerto Rico Department of Transportation and Public Works.
<b>DTPR, Hacienda</b>	Puerto Rico Department of Treasury.
<b>EDB</b>	Economic Development Bank for Puerto Rico, also Banco de Desarrollo Económico, created to promote economic development through the private sector, primarily to small and medium entrepreneurs, with emphasis on the manufacturing, commerce, agriculture, tourism and services sectors.
<b>ERS</b>	Employees Retirement System of Puerto Rico.
<b>FEDE</b>	Act 73 of May 28, 2008 is a corporate tax incentive to stimulate economic development in Puerto Rico.
<b>FEMA</b>	Federal Emergency Management Agency coordinates the federal government's role in preparing for, preventing, mitigating the effects of, responding to, and recovering from all domestic disasters, whether natural or man-made, including acts of terror.
<b>FHWA</b>	Federal Highway Administration of Puerto Rico.
<b>FMAP</b>	Federal Medical Assistance Percentage, a matching rate for Medicaid jointly funded by states and the federal government. Section 1905(b) stipulates the FMAP percentage for Puerto Rico is 55%.
<b>FOMB</b>	Financial Oversight and Management Board of Puerto Rico.
<b>Fondo</b>	Puerto Rico State Insurance Fund Corporation, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>FTA</b>	The Federal Transit Administration provides financial and technical assistance to local public transit systems, including buses, subways, light rail, commuter rail, trolleys and ferries. FTA also oversees safety measures and helps develop next-generation technology research.
<b>GDB</b>	Government Development Bank for Puerto Rico, a former government agency currently winding down operations under PROMESA.
<b>General Fund</b>	The Commonwealth's principal operating fund.
<b>HFA</b>	Puerto Rico Housing Finance Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>HTA</b>	Puerto Rico Highways and Transportation Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>HUD</b>	Department of Housing and Urban Development responsible for national policy and programs that address U.S. housing needs, improve and develop communities, and enforce fair housing laws.
<b>Intergovernmental Receipts</b>	General fund appropriations to and funds transferred between public corporations and municipalities.
<b>Invest Puerto Rico</b>	Nonprofit investment organization created by Act 13-2017 to promote Puerto Rico as a competitive investment jurisdiction to attract new business in order to drive economic development.
<b>IXS</b>	Marketing contract through advertising company KOI IXS for Puerto Rico.
<b>JARC Program</b>	Job Access and Reverse Commute Program is designed to assist individuals transitioning from welfare to work, providing transportation services for work, childcare, etc.
<b>Liquidity Plan (LP)</b>	Projected cash flows for each component unit, based on their respective government FY20 Budget submission reviewed November 4, 5, and 6, 2019.
<b>MCO</b>	Managed care organization.
<b>MMIS</b>	Medicaid Management Information System.
<b>MOU</b>	Memorandum of understanding; nonbinding yet formal agreement between two parties.
<b>New Insurance Project</b>	A new business venture for Fondo in which the corporation is partnering with private insurers through a commission-based model to market and sell its products to potential new customers.
<b>OCFO</b>	The office of the Chief Financial Officer of Puerto Rico.
<b>OECI</b>	Office of Industrial Tax Exemption of Puerto Rico.
<b>OGPE</b>	The Permit Management Office of Puerto Rico, established to facilitate and promote integral, economic, social and physical sustainable development of Puerto Rico through the issuance of permits, licenses, and other necessary authorizations.

<b>Operating Disbursements</b>	Includes payroll and related costs, material and supplies, purchased services, professional services, donations, subsidies, transportation expenses, media ads, and other operating payments.
<b>Operating Receipts</b>	Revenues collected from operations.
<b>OPPEA</b>	Office of the Ombudsman for the Elderly; Oficina Del Procurador De Las Personas De Edad Avanzada of Puerto Rico.
<b>Other Inflows</b>	Sales of toll tags, rental income, and impact fees.
<b>Other Outflows</b>	Payments to suppliers from prior years.
<b>Partial Task Appointees</b>	Fixed-term appointments granted to cover a position, or an unregulated position that entails the provision of services through an irregular schedule, depending on their classification as teaching staff or non-teaching staff. The permanence to the employees of the University of Puerto Rico is guaranteed.
<b>PayGo Charges</b>	Puerto Rico pension system that is funded through a pay-as-you-go system pursuant to Act 106-2017. Retirement benefits expenses of covered government employers are paid by the central government and reimbursed by the employers, with such funds received by the TSA.
<b>PBA</b>	Puerto Rico Public Buildings Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>PBM</b>	Pharmacy Benefit Manager in Puerto Rico.
<b>Permanent Appointees</b>	Appointments granted to cover a position, or regular position approved in the budget, after the incumbent has satisfactorily complied the period of probationary work.
<b>PHA</b>	Public Housing Administration, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>Platino</b>	Medicaid + Medicare dual-eligible populations.
<b>Ports</b>	Puerto Rico Ports Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>PRIDCO</b>	Puerto Rico Industrial Development Company, a government-owned corporation dedicated to promoting Puerto Rico as an investment destination for companies and industries worldwide.
<b>PRITA, ATI</b>	Puerto Rico Integrated Transit Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>Probationary Appointees</b>	Appointments initially granted to cover a position, or a position approved in the budget for a fixed duration in accordance with the provisions of the General Rules of UPR. During the appointment period, the appointee will be subjected to evaluation to determine, if at the end of the probationary period, he/she will be retained for a permanent appointment.
<b>PROMESA</b>	The Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) is a 2016 US federal law that established an oversight board, a process for restructuring debt, and expedited procedures for approving critical infrastructure projects in order to combat the Puerto Rican government-debt crisis.
<b>PRTC</b>	The Puerto Rico Tourism Company, also referred to as "Tourism."
<b>Rones de Puerto Rico</b>	Rums of Puerto Rico.
<b>Special Appointees</b>	Appointments granted to cover a position, or position paid with funds of extra university origin, whose recurrence is not guaranteed. The University authorities may consider the experience acquired by employees with this type of appointment, if they happen to occupy regular positions.
<b>Substitute Appointees</b>	Appointments granted to university staff for a period not greater than twelve (12) months, to provisionally cover a position or regular position approved in the budget, while the incumbent in ownership thereof is in use of the license. This appointment must not be the prelude to a probationary or permanent appointment, unless this is achieved through the regular procedure that establishes the General Rules of UPR.
<b>Temporary Appointees</b>	Appointments granted to cover a non-regular position or positions, which get approved for a fixed period no longer than twelve (12) months to meet the needs of special services, such as unforeseen and occasional increases in the volume of the work.
<b>Tourism</b>	Tourism Company of Puerto Rico, a public corporation and a component unit of the Commonwealth of Puerto Rico, also referred to as "PRTC."
<b>TOTE Maritime</b>	Service providing twice weekly and dedicated routes to Puerto Rico and other non-contiguous regions to connect residents with the supplies needed to support families, business, and local economies.

<b>Traffic Safety Commission</b>	State government agency (PRTSC) that focuses on traffic safety by planning, developing, and executing strategic educational programs aimed to prevent and reduce traffic crashes, injuries, and fatalities.
<b>Trust Position</b>	Appointments that extend to university personnel denominated of trust in Chapter VIII, Article 71 of the General Rules of UPR. The positions of trust will be of free selection and removal in regard to the positions or posts thus classified; but will retain the rights acquired by virtue of some previous regular appointment in the System.
<b>TSA</b>	Treasury Single Account, the Commonwealth's main operational bank account (concentration account) in which a majority of receipts from Governmental funds are deposited and from which most expenses are disbursed. TSA receipts include tax collections, charges for services, intergovernmental collections, the proceeds of short- and long-term debt issuances and amounts held in custody by the Secretary of the Treasury for the benefit of the Commonwealth's fiduciary funds. A portion of the revenues collected through the TSA corresponds to the General fund. Other revenues include federal funds and special revenues conditionally assigned by law to certain agencies or public corporations that flow through the TSA.
<b>TTM</b>	Trailing twelve months.
<b>UDH</b>	Hospital Universitario, a hospital affiliated with UPR and part of the Department of Health.
<b>UPR</b>	University of Puerto Rico, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>VLT</b>	Video Lottery Terminals in Puerto Rico located outside of casinos.
<b>VTP</b>	Voluntary Transition Program, as established by AAFAF Administrative Orders 2017-05, 2018-03, 2018-04, 2018-05, 2018-06, and 2018-13.
<b>WIC</b>	Special supplemental health program for women (pregnant and postpartum mothers), infants, and children up to the age of 5 in Puerto Rico.
<b>WIOA</b>	The Workforce Innovation and Opportunity Act is a United States public law that replaced the previous Workforce Investment Act of 1998 as the primary federal workforce development legislation to bring about increased coordination among federal workforce development and related programs.

## **INTRODUCTION**

AAFAF has been compiling financial information from selected public corporations of the Commonwealth of Puerto Rico that are component units (“CU”) for financial reporting purposes, as part of AAFAF’s evaluation of the liquidity of the Government of Puerto Rico and its public corporations.

This report is for the month of October 2019 (“Oct-19”), and presents information with respect to 19 select CUs. Fiscal Year 2020 (“FY20”) Liquidity Plans for 18 CUs<sup>1</sup> have been completed and reviewed with the team from AAFAF in early November 2019. These final Liquidity Plans are used in this Oct-19 report.

Each of the CUs has reported actual cash flow information for the month of October. Section “A” of this report for each CU provides year-to-date (“YTD”) actual information, as well as the CU’s Liquidity Plan for the balance of FY20<sup>2</sup>. Analysis in section “A” includes details on actual receipts and expenses for Oct-19<sup>1</sup>, and commentary as to variances for the balance of FY20.

The forecasts contain projections of cash receipts, cash disbursements, and CapEx. Cash receipts include revenues collected from operations; intergovernmental receipts – general fund appropriations and other transfers from Central Government, municipalities, and public corporations; disaster relief receipts – federal emergency funds, insurance proceeds related to Hurricanes Irma and Maria, and other federal funds. Cash disbursements include operating payments – e.g. payroll and related costs, PayGo charges, purchased services, professional services, transportation expenses, and disaster relief disbursements – e.g. expenditures related to the damages caused from Hurricanes Irma and Maria.

The CUs are also expected to report monthly headcount figures in order to monitor changes in staff levels and their actual and projected effects on payroll costs. The trailing twelve months of information is presented in the document under section “B” for each CU.

A Full Year FY20 Sources and Uses of Funds is provided to allow readers to bridge the beginning cash balance as of July 1, 2019 and forecasted ending cash at June 30, 2020. This information is presented in the document under section “C” for each CU. For the balance of the fiscal year, there is a forecast provided for each CU taking into consideration timing and permanent variances, based on conversations with CU finance and accounting leaders.

This report also contains pertinent working capital information for the CUs. Where available, the CUs have provided monthly information on Accounts Payable (“A/P”) and Accounts Receivable (“A/R”). Figures are unaudited and subject to change. This information is presented in the document under section “D” for each CU.

The report contains two Appendix items. The first of these Appendix items (Appendix A) is a cash reconciliation. A bridge has been created between the actual cash data provided by the CU as of October 25, 2019 and the October 2019 AAFAF reported figures. The “Summary of Bank Account Balances for the Government of Puerto Rico and its Instrumentalities,” was released on October 31, 2019. The second Appendix (Appendix B) item is a consolidated view of CU headcount and payroll information, which is based on information provided by CU management.

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<sup>1</sup> No Liquidity Plan will be prepared for COR3 for FY20, as it acts as a pass-through entity and does not disburse nor transfer out funds prior to having these transferred in from FEMA.

<sup>2</sup> For 16 of the 19 CUs, references to Oct-19 in this report refer to the period of September 28, 2019 through October 26, 2019, when the CUs performed their monthly cut off for cash flow reporting purposes. PHA, COR3, and UPR are reporting based off of the calendar month; therefore, the period is October 1, 2019 through October 31, 2019.

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## EXECUTIVE SUMMARY – OPERATING LIQUIDITY AS OF OCTOBER 2019

Millions of US Dollar

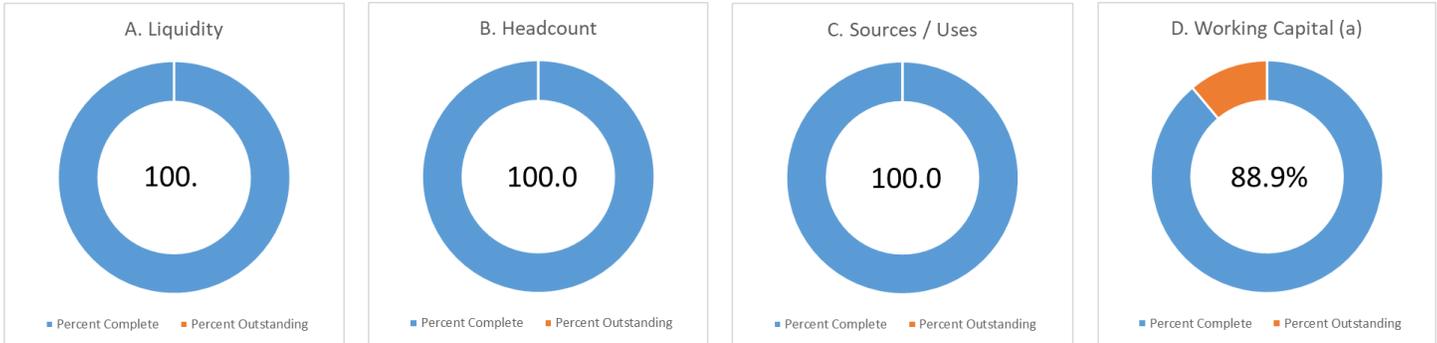
COMPONENT UNIT	HIGHLIGHTS	FY20 BEG. BALANCE	ACTUAL 10/25/19	FY20 F'CAST Y/E BALANCE
PUERTO RICO PORTS AUTHORITY ("PORTS")	YTD liquidity at Ports decreased by \$5.6M. Ports continues to make investments related to the Culebra ferryboat ramp repair project and Aguadilla Airport. Additionally, Ports anticipates it will receive an insurance settlement related to Hurricanes Maria and Irma of \$14.0M in the next few months.	32.7	27.1	53.7
MEDICAL SERVICES ADMINISTRATION ("ASEM")	YTD liquidity has increased by \$1.7M primarily due to collections on prior years' invoices from UDH and Municipal, which were not considered in the Liquidity Plan. Based on the current forecast, liquidity is being negatively impacted by declining revenues from UDH and Pediatrico (Dept. of Health), as well as reduced budgeted General Fund appropriations in FY20 versus FY19. Negotiations between ASEM, Hacienda, and the Dept. of Health are ongoing to resolve the issue.	19.4	21.1	(6.2)
PUERTO RICO INTEGRATED TRANSIT AUTHORITY ("PRITA")	YTD liquidity as of 10/25 decreased by \$6.1M as a result of higher-than-expected capital expenses in addition to a timing variance in receipt of cigarette tax receipts in October. PRITA continues to have significant liquidity risk due to operating receipts being less than operating disbursements, requiring General Fund appropriations to support its public transportation services.	15.6	9.5	9.6
STATE INSURANCE FUND CORPORATION ("FONDO")	YTD liquidity has increased by \$140.7M driven primarily by seasonal timing of collections for premiums; major invoice and collection periods are July/August and January/February. Fondo expects to build cash throughout FY20 as premiums collections exceed forecast disbursements.	177.5	318.2	342.5
HEALTH INSURANCE ADMINISTRATION ("ASES")	YTD liquidity has increased by \$331.5M due to catch-up of federal fund reimbursement monies from prior months and General Fund appropriations that will not be utilized until the allocated federal funding expires. Based on current legislation, eligible federal funding will be fully depleted by April-20 and future funding will utilize cash on hand and remaining General Fund appropriations. Additional federal funding is being lobbied for, which would reduce General Fund requirements if approved.	283.1	614.6	283.1
HIGHWAYS AND TRANSPORTATION AUTHORITY ("HTA")	YTD liquidity at HTA decreased by \$47.6M primarily related to a timing delay in receipt of federal capex funds, expected to reverse, in addition to lower FY20 budget from state funds for operating expenses.	303.8	256.2	168.0
PUERTO RICO PUBLIC BUILDINGS AUTHORITY ("PBA")	Timing of rent payments in FY20 has had a temporary negative impact on PBA's liquidity resulting in a \$10.7M depletion of cash. This is expected to reverse, with PBA ending FY20 with \$67.1M of liquidity.	70.7	60.0	67.1
CARDIOVASCULAR CENTER OF PUERTO RICO AND THE CARIBBEAN ("CARDIO")	YTD liquidity has increased by \$1.1M in FY20 due to strong patient collections in Oct-19 and favorable timing of payroll-related disbursements. Cardio continues to make paydowns on prior years' invoices related to medical services and supplies, which may reduce the projected cash build.	12.6	13.7	21.9
PUERTO RICO INDUSTRIAL DEVELOPMENT COMPANY ("PRIDCO")	PRIDCO's liquidity has decreased by \$21.8M as it has made payments related to prior year PayGo and FEDE obligations. Operationally, revenues are exceeding expectations and have been more than sufficient to support current year expenditures.	160.2	138.4	156.1
HOUSING FINANCE AUTHORITY ("HFA")	HFA began FY20 with \$78.1M in cash. As of Oct-19 month end, the CU has an on-hand cash balance of \$56.0M. YTD decrease in cash is primarily driven by construction loans origination, pay down of third party payables and experienced an increase in A/Rs balance. The Liquidity Plan for the balance of FY20 will be developed for Nov-19.	78.1	56.0	N/A
PUERTO RICO TOURISM COMPANY ("TOURISM")	YTD liquidity has decreased due to payment of prior year payables including room tax disbursement and final amounts associated with prior years' marketing contracts. Despite this, Tourism expects to build cash throughout FY20 through collections received from slot machine and room tax operations.	48.7	44.4	50.6
FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY ("AAFAF")	YTD liquidity has increased due to timing of professional service payments which are partially delayed by the Title III fee application process. In particular, AAFAF has yet to make a payment pertaining to Title III fees, but has received an appropriation for the first four months of the fiscal year.	57.6	76.5	59.6
DEPARTMENT OF ECONOMIC DEVELOPMENT AND COMMERCE ("DDEC")	YTD liquidity has increased due to timing of management fees received, which pertain to back-office services provided to various entities under the DDEC umbrella. Future liquidity is expected to increase as a result of transfers made by PRIDCO for services provided in prior fiscal years.	24.7	25.9	28.4
CONVENTION CENTER DISTRICT AUTHORITY ("CCDA")	YTD liquidity has decreased due to timing of disbursements to support higher than projected revenues for the first four months of the fiscal year, in particular at the PR Coliseum. In addition, the Puerto Rico Tourism Company has made a \$1.1M and a \$1.5M transfer YTD to catch up on prior fiscal year cash owed to CCDA, which has offset expenditures.	8.1	7.5	8.3
PUERTO RICO AGRICULTURAL DEVELOPMENT ADMINISTRATION ("ADEA")	Infrastructure payments are higher than anticipated given that a new law has moved the program to a different agency (Land Administration) and ADEA is in the process of moving previously received funds to that agency. These payments have been somewhat mitigated YTD by a favorable variance on subsidy and incentive payments, timing related, and expected to reverse.	66.8	62.9	64.9
AUTOMOBILE ACCIDENT COMPENSATION ADMINISTRATION ("ACAA")	YTD liquidity has decreased due to a delayed receipt of insurance premiums during the month of July. Ordinary disbursements relating to payroll, insurance claims, and past-due PayGo were the largest contributors for the decline in liquidity; however, ACAA is almost caught up in receipt collections which will stabilize the liquidity position going forward.	20.2	16.7	16.5
PUBLIC HOUSING ADMINISTRATION ("PHA")	Component unit did not provide data for Oct-19.	499.2	N/A	N/A
CENTRAL RECOVERY & RECONSTRUCTION OFFICE ("COR3")	COR3 disbursed \$2.7B in federal funds during FY19, and \$307.8M through Oct-19 of FY20. The disbursements should continue to flow as the various instrumentalities and municipalities continue to be reimbursed by FEMA for expenses incurred in recovery and reconstruction efforts following hurricanes Irma and Maria. Current cash on hand mainly pertains to the FY20 General Fund appropriation for state-cost matching of FEMA-related projects, as well as federal funds that have been drawn down and are to be disbursed.	91.8	96.3	N/A
UNIVERSITY OF PUERTO RICO ("UPR")	Through October-2019, UPR generated negative net cash flow of \$5.3M (after debt service) and ended the month with a cash balance of \$308.0M. The forecasted decrease in cash for the end of the year is mostly due to pensions where the Liquidity Plan considers higher pension disbursements during the year.	313.3	308.0	228.5

Notes:

(a) For 18 of the 19 CUs October month end actual balances were taken the last Friday of the month, or October 25, 2019. For UPR the reporting period is the end of the calendar month, or October 31, 2019.

## **SUMMARY – REPORTING COMPLIANCE FOR COMPONENT UNITS**

Each of the Component Units provided data for the month of October 2019. Data was broken into four sections, and included: A. Liquidity information, B. Headcount information, C. Sources / Uses of Funds, and D. Working Capital information. The 19 CUs included in this report were overall 100% compliant in providing data for: A. Liquidity, B. Headcount, and C. Sources / Uses. The 19 CUs included were overall 83.3% compliant in providing data for D. Working Capital. CUs that provided insufficient information for reporting are mentioned in note (a) below.



### **Notes:**

(a) Working Capital data is missing for the following CU:

- ASEM, and
- PHA.

## I. PUERTO RICO PORTS AUTHORITY (“Ports”)

**Primary Business Activity:** The Puerto Rico Ports Authority is responsible for developing, improving, and administering all types of transportation facilities and air and sea services, as well as establishing and managing maritime collective transportation systems in, from, and to Puerto Rico.

**Key Takeaways:** Year to date, cash has decreased from \$32.7M to \$27.1M, generating \$5.6M in negative cash flow. Operating revenues for the period have been unfavorable, which is timing related and expected to reverse. Negative cash flow for the period is due to large insurance and utility payments YTD. These were partially offset by reduced CapEx spending. Ports projects to end FY20 with \$53.6M in cash.

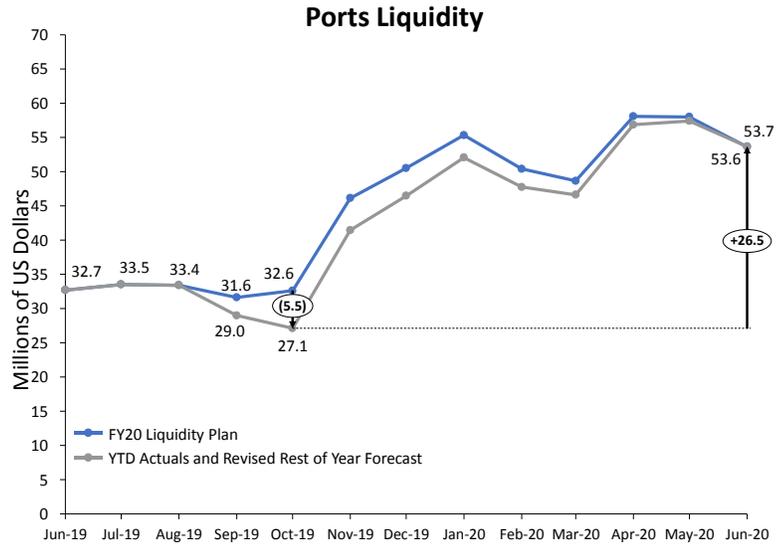
### A. FY20 Operating Liquidity – Actuals<sup>3</sup> and FY20 Liquidity Plan

#### 1. (\$5.5M) YTD actuals vs. Liquidity Plan:

- (\$1.8M) in unfavorable operating receipt variance, of which (\$2.5M) is related to unfavorable maritime operations, partially offset by \$0.6M favorable variance at airports. Both variances are timing related and expected to reverse.
- \$0.5M in favorable federal fund receipts variance, related to federal portion of CapEx programs.
- (\$5.5M) in unfavorable variance in operating disbursements, led by operating expenses due to lump sum payments for insurance policies in Sep-19 and by payments for utilities. Variance is temporary and expected to reverse.
- \$1.4M positive variance in CapEx due to minor project delays.

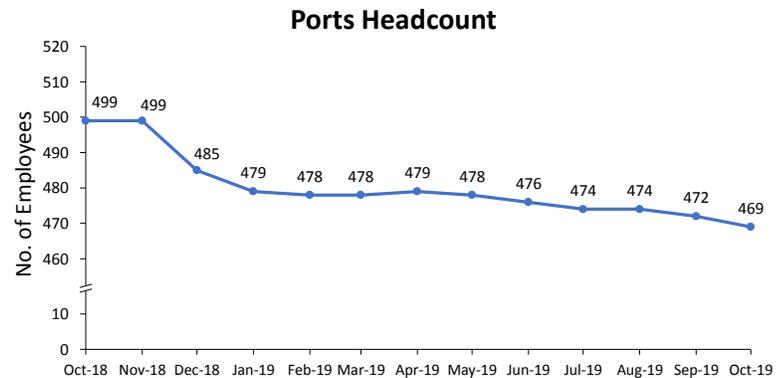
#### 2. \$26.5M cash build for the balance of FY20:

- \$89.8M in forecast total receipts driven by \$58.7M in maritime operations, \$14.6M in airport operations, \$2.5M in federal grant receipts, and \$14.0M in insurance proceeds.
- (\$63.3M) in forecast total disbursements driven by (\$15.6M) in payroll, (\$16.7M) in PayGo, (\$15.7M) in operating disbursements, and (\$15.3M) in CapEx.



### B. Headcount / Payroll

- Headcount FTEs: Decreased from 499 to 469 from Oct-18 to Oct-19.
  - Decrease in headcount is primarily due to the Voluntary Transition Program (“VTP”). These positions are not expected to be replaced.
- Payroll: Disbursements are forecast to be \$23.4M for FY20. YTD payroll is \$7.7M, which is in line with forecast.

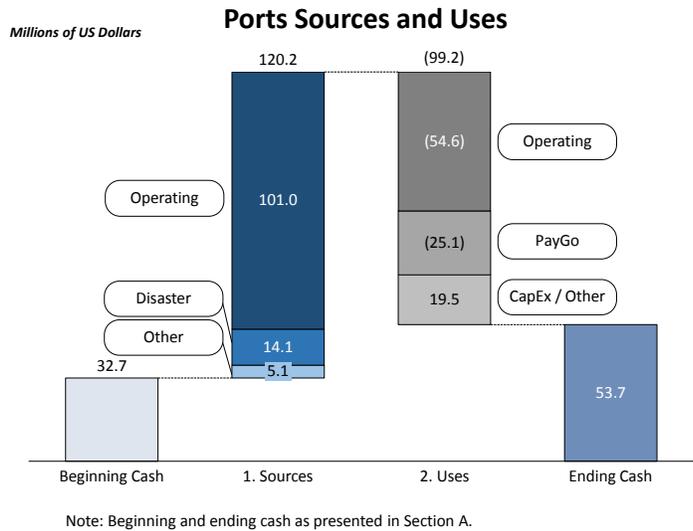


<sup>3</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

**I. PUERTO RICO PORTS AUTHORITY (“Ports”) (Continued)**

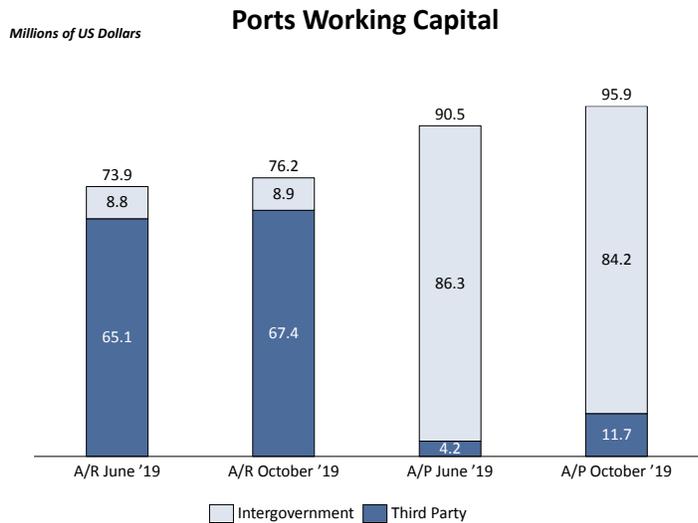
**C. Full Year FY20 Sources and Uses of Funds**

1. Sources \$120.2M:
  - a. Operating receipts of \$101.0M, comprised of \$81.9M in maritime receipts, \$18.9M in airport receipts, and \$0.2M in other receipts.
  - b. Disaster-related receipts of \$14.1M are a result of \$14.0M insurance funds and \$0.1M in FEMA funds.
  - c. Federal and other funds total \$5.1M.
2. Uses (\$99.2M):
  - a. Operating disbursements of (\$54.6M), driven by payroll of (\$23.4M), professional services of (\$11.5M), other operating payments of (\$7.2M), PREPA/PRASA at (\$7.2M), purchased services of (\$3.4M), materials and supplies of (\$1.6M), and transportation and media ads at (\$0.3M).
  - b. PayGo contributions of (\$25.1M).
  - c. CapEx of (\$19.5M).



**D. Accounts Receivable / Accounts Payable<sup>4</sup>**

1. Accounts Receivable:
  - a. \$2.3M increase from Jun-19 to Oct-19 driven by an increase of \$2.2M in third party receivables primarily from Caribbean Airports at \$1.0M and TOTE shipping at \$0.5M.
2. Accounts Payable:
  - a. \$5.4M increase from Jun-19 to Oct-19 driven by an increase of \$7.5M in payables to third party suppliers primarily related to container scanning services and insurance payables, which are partially offset by a \$2.2M decrease in intergovernmental payables, led by payments to PREPA and PRASA.
3. Working Capital:
  - a. The change in net working capital through Oct-19 is a \$3.1M source of cash due to the above changes.



<sup>4</sup> Figures are unaudited and subject to change.

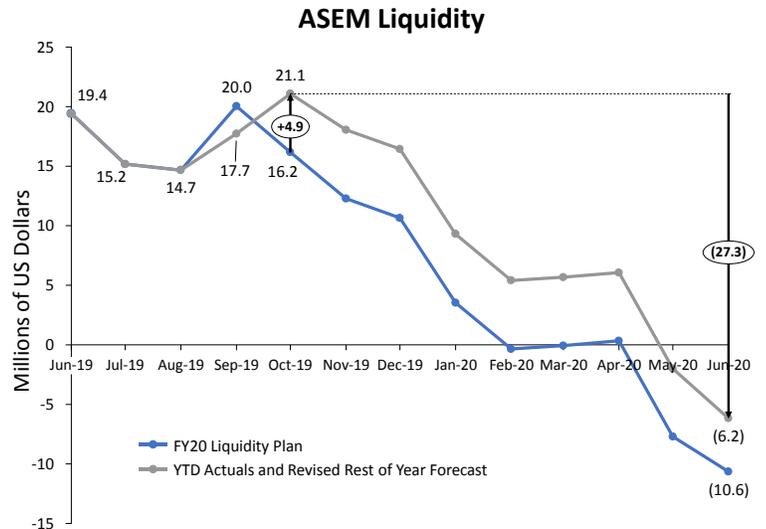
## II. MEDICAL SERVICES ADMINISTRATION (“ASEM”)

**Primary Business Activity:** ASEM plans, organizes, operates, and administers centralized health services, provided in support of the hospital and other functions, offered to member institutions and users of the medical complex, the Puerto Rico Medical Center.

**Key Takeaways:** Year to date, cash has increased from \$19.4M to \$21.1M. The cash build is primarily driven by institutional receipts related to prior years’ invoices not forecasted, and lower payroll-related spend due to declining headcounts at ASEM. There is significant risk to FY20 liquidity, as key institutional customers UDH and Pediatrico (Dept. of Health) lack adequate funds to pay ASEM for contracted services and materials. These collections have been challenged historically and contributed to ASEM’s liquidity issues in FY18. The deficits are largely addressed through appropriations from the General Fund; however, FY20 amounts have been reduced by (\$24.7M) compared to the prior fiscal year. The current forecast projects ASEM to end FY20 with (\$6.2M) in cash. If ASEM’s special revenues shortfall is not addressed, ASEM will need to receive additional General Fund appropriations to avoid a deficit.

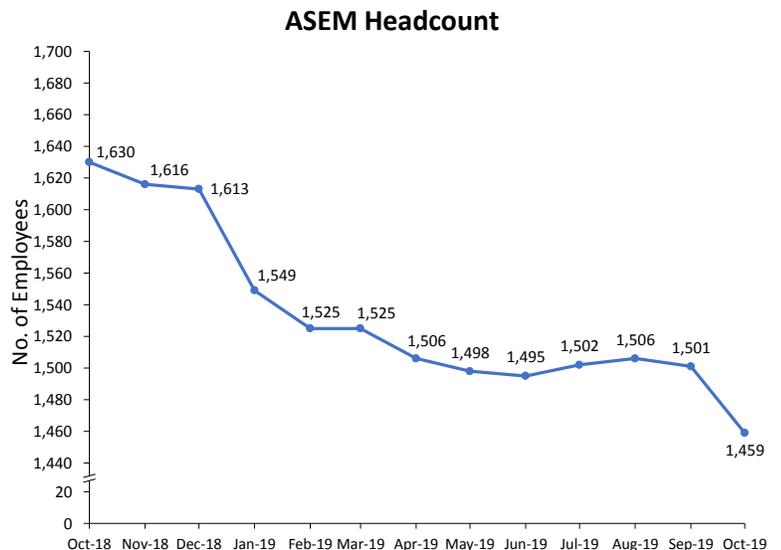
### A. FY20 Operating Liquidity – Actuals<sup>5</sup> and FY20 Liquidity Plan

1. \$4.9M YTD actuals vs. Liquidity Plan:
  - a. \$2.6M variance in intergovernmental receipts driven primarily by collections on prior years’ invoices from hospitals UDH and Municipal, which were not forecasted.
  - b. \$1.9M variance in payroll and related costs due to declining headcounts at ASEM.
  - c. \$1.6M variance in professional services driven by ASEM deferring payments to UPR due to ongoing contract disputes and negotiations.
  - d. (\$1.2M) variance in other receipts/disbursements driven by unfavorable timing variances in utilities and other operating disbursements.
2. (\$27.3M) cash reduction for the balance of FY20:
  - a. Cash reduction is primarily due to an operating deficit from ASEM’s largest institutional customers, UDH and Pediatrico. Due to budget shortfalls, these institutions currently do not have funds to pay ASEM for contracted services and materials.



### B. Headcount / Payroll

1. Headcount FTEs: Decreased from 1,630 to 1,459 from Oct-18 to Oct-19.
  - a. Declining headcounts at ASEM remain a critical issue affecting capacity and operations, as employee retention has been difficult due to more competitive offerings from non-municipal institutions.
  - b. 54 FTEs departed ASEM in FY19 due to the VTP. The remainder of the decrease in headcount is due to increasing attrition. ASEM plans to backfill critical vacancies through increased hiring efforts in FY20 and professional services contracts.
2. Payroll: Disbursements are forecast to be \$103.1M for FY20. YTD payroll is \$29.4M.
  - a. YTD payroll is favorable by \$1.9M, but payroll-related disbursements are expected to increase throughout FY20 due to new hiring initiatives to offset rapidly declining headcounts. ASEM plans to hire 180+ employees to backfill vacancies related to skilled nursing and technician positions.

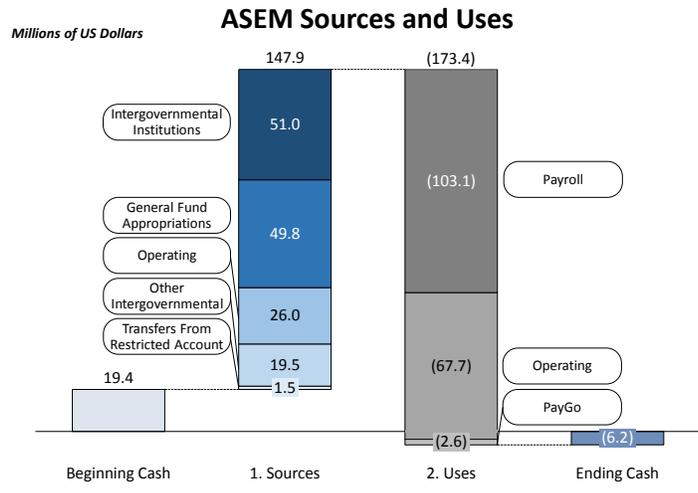


<sup>5</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

**II. MEDICAL SERVICES ADMINISTRATION (“ASEM”) (Continued)**

**C. Full Year FY20 Sources and Uses of Funds**

1. Sources \$147.9M:
  - a. Intergovernmental receipts account for \$120.3M, or 81% of receipts, \$51.0M of which relate to intergovernmental institutions. The remainder includes other intergovernmental revenue consisting of physician, medical plans, and institutional debt repayment from prior years totaling \$19.5M, and the net appropriation from the General Fund of \$49.8M.
  - b. Operating receipts including third party payors and other income represent \$27.6M, including \$1.5M in transfers from a restricted account for FY20, or 19%.
2. Uses (\$173.4M):
  - a. (\$170.8M) in operating disbursements for FY20, driven by payroll of (\$103.1M), as well as vendor payments of (\$67.7M), the key components of which are: materials and supplies (\$25.7M), professional fees (\$21.7M), purchased services (\$8.0M), facilities and payments for public service (\$5.4M), and other operating payments (\$7.0M) comprised of equipment purchases, interest and banking fees, and other expenses.
  - b. PayGo is (\$2.6M) for FY20. The actual PayGo obligation is estimated to be approximately (\$24.7M), though (\$22.1M) is netted against ASEM’s total General Fund appropriation of \$71.9M.



**D. Accounts Receivable / Accounts Payable<sup>6</sup>**

1. Information not available.

<sup>6</sup> Figures are unaudited and subject to change.

### III. PUERTO RICO INTEGRATED TRANSIT AUTHORITY (“PRITA”)

**Primary Business Activity:** PRITA serves as the Commonwealth’s central transit authority and is tasked with operating its network of public transit buses and certain maritime vessels.

**Key Takeaways:** Year to date, cash has decreased from \$15.6M to \$9.5M, generating \$6.1M in negative cash flow. PRITA’s liquidity remains tight as it continues to rely on government support to maintain operations. PRITA projects to end FY20 with \$9.8M in cash balance.

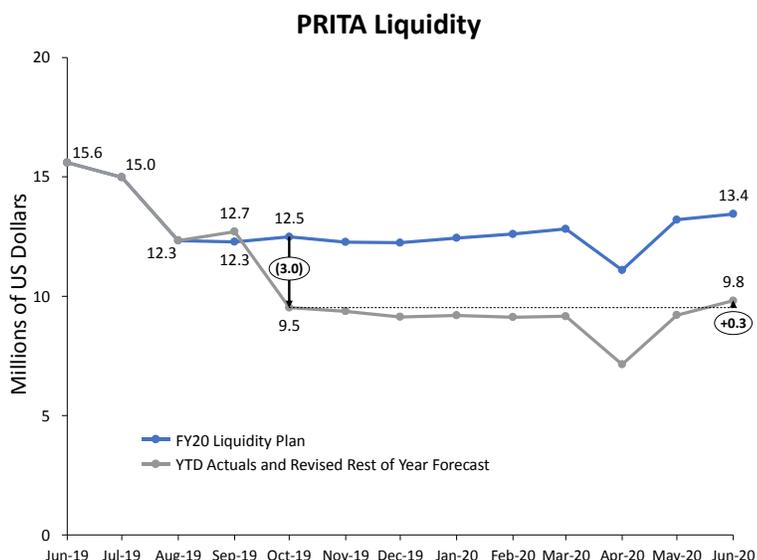
#### A. FY20 Operating Liquidity – Actuals<sup>7</sup> and FY20 Liquidity Plan

1. (\$3.0M) YTD actuals vs. Liquidity Plan:

- a. \$0.9M positive variance in operating receipts due to an unexpected collection of funds from the JARC Program (Job Access and Reverse Commute) from FY17. Operating revenues for bus service is on plan, while ferry operations are \$0.2M ahead of plan due to timing and expected to reverse.
- b. (\$1.7M) negative variance in intergovernmental collections. This variance is temporary and expected to reverse in Nov-19.
- c. \$1.1M positive variance is in federal grant receipts for preventive maintenance. This is primarily at AMA and is permanent.
- d. \$2.2M positive variance in payroll and retirement, which is mostly anticipated to reverse due to timing.
- e. (\$3.0M) variance in operating disbursements which is permanent, and is led primarily by operating expenses related to fuel, insurance, and security.
- f. (\$2.4M) negative variance in CapEx primarily related to the purchase of new buses at AMA funded via federal funds, which is permanent.

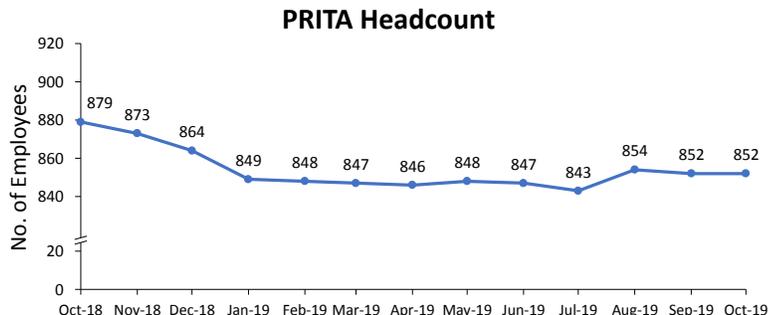
2. \$0.1M cash build for the balance of FY20:

- a. \$73.0M in receipts driven by: \$5.3M in operating revenues from bus and ferry operations, \$54.6M in intergovernmental collections, and \$13.1M in federal grant receipts for preventative maintenance.
- b. (\$41.8M) in operating disbursements led by (\$31.3M) in payroll, (\$1.8M) in PayGo, (\$4.0M) in facilities and public services, (\$2.4M) in purchased services, (\$1.3M) in materials and supplies, (\$0.4M) in professional services, and (\$0.6M) in other expenses.
- c. (\$31.1M) is in CapEx, of which (\$8.1M) is related to fast ferry service expenses at ATM, (\$18.0M) is related to ferry purchase and renewal expenses at ATM, and (\$5.0M) is related to AMA’s bus operations.



#### B. Headcount / Payroll

- 1. Headcount FTEs: Decreased from 879 to 852 from Oct-18 to Oct-19.
  - a. Headcount decreased due to normal employee turnover, and participation in the VTP.
- 2. Payroll: Disbursements are forecast to be \$43.7M for FY20. YTD payroll is \$12.5M.
  - a. YTD payroll is tracking lower than plan due to lower headcount.

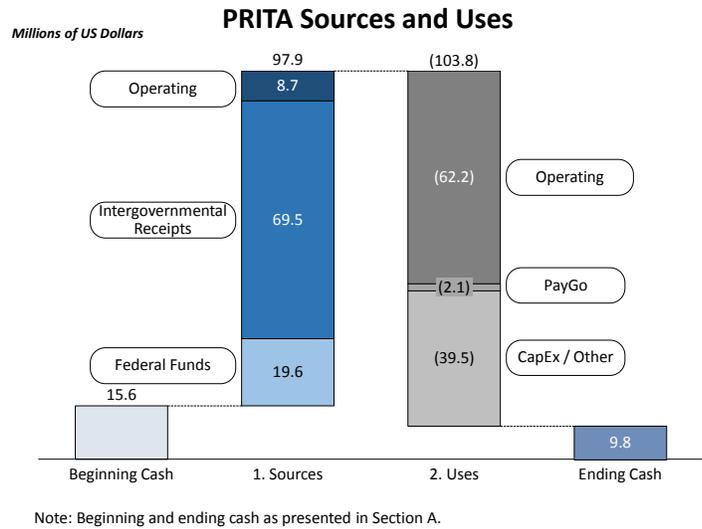


<sup>7</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

**III. PUERTO RICO INTEGRATED TRANSIT AUTHORITY (“PRITA”) (Continued)**

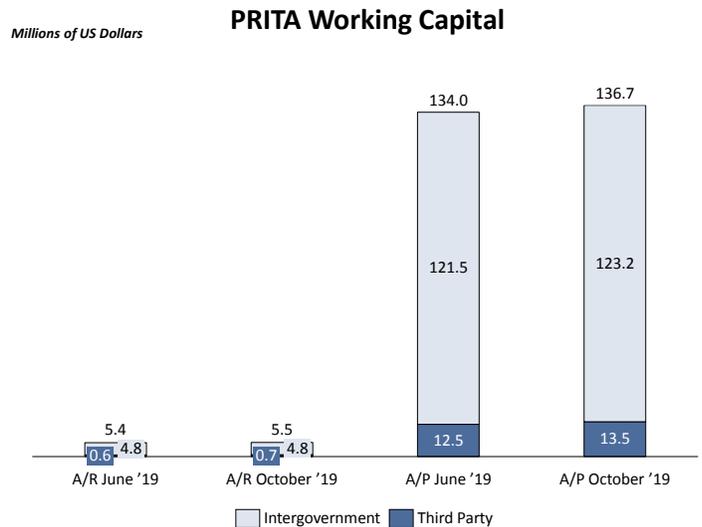
**C. Full Year FY20 Sources and Uses of Funds**

1. Sources \$97.9M:
  - a. Operating receipts of \$8.8M, composed primarily of \$4.6M for ferries/cargo, \$3.0M in bus fares, and \$1.2M in miscellaneous receipts.
  - b. Intergovernmental receipts of \$69.5M, with \$28.9M in appropriations based on the amount of cigarette taxes, \$12.0M from General Fund appropriations, and \$28.6M from a special government appropriation earmarked for CapEx and the Fast Ferry service at ATM.
  - c. FTA federal fund grants of \$19.6M.
2. Uses (\$103.8M):
  - a. Operating disbursements total (\$62.2M), of which payroll is (\$44.0M), materials and supplies are (\$8.1M), purchased services are (\$3.5M), facilities for payments to public services are (\$4.2M), and other at (\$2.4M).
  - b. PayGo is (\$2.1M).
  - c. CapEx is projected to be (\$39.5M), with YTD spend of \$7.4M.



**D. Accounts Receivable / Accounts Payable<sup>8</sup>**

1. Accounts Receivable:
  - a. \$0.1M increase from Jun-19 to Oct-19 driven by ATM trade receivables.
2. Accounts Payable:
  - a. \$2.7M net increase from Jun-19 to Oct-19 driven by a \$0.6M increase in payables at AMA due to government payables and \$2.1M increase in payables at ATM, led by trade payables to Fast Ferry.
3. Working Capital:
  - a. Total change in net working capital from Jun-19 to Oct-19 is \$2.6M source of cash as PRITA stretches government payables at AMA and trade payables at ATM.



<sup>8</sup> Figures are unaudited and subject to change.

#### IV. PUERTO RICO STATE INSURANCE FUND CORPORATION (“Fondo”)

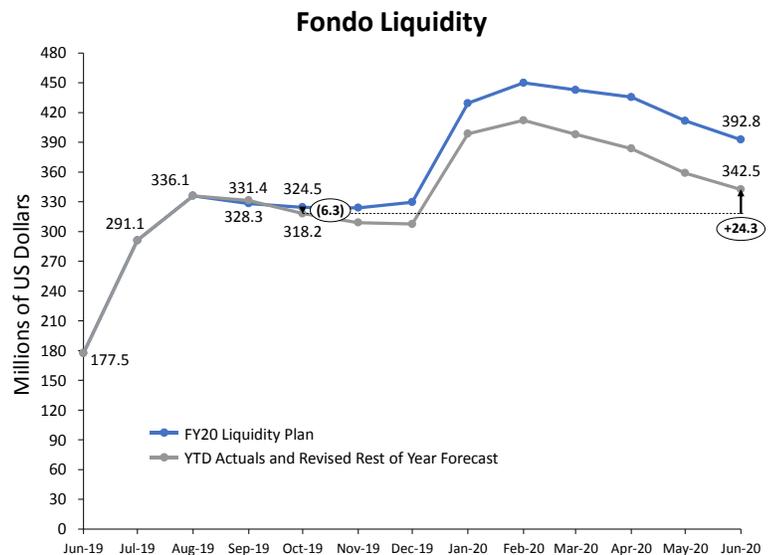
**Primary Business Activity:** Fondo provides workers’ compensation and disability insurance to public and private employees. Fondo is the only authorized workers’ compensation insurance company on the Island. Both public and private companies must obtain this security for their workforces by law.

**Key Takeaways:** Year to date, cash has increased from \$177.5M to \$318.2M. The cash build of \$140.7M is primarily due to \$311.9M in premiums collections year to date, the majority of which was collected in Jul-19 and Aug-19. Premium collections are seasonal, and the majority of collections occur in July/August and January/February of each fiscal year, as the biannual invoices become due. The Liquidity Plan considers a premiums collections forecast of \$669.1M consistent with the Fiscal Plan, which is inclusive of \$53.8M in disaster-related premiums.

#### A. FY20 Operating Liquidity – Actuals<sup>9</sup> and FY20 Liquidity Plan

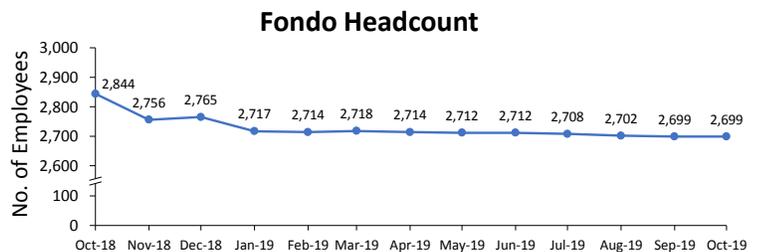
1. (\$6.3M) YTD actuals vs. Liquidity Plan:

- a. \$24.6M variance in premiums collections, which is timing related. Fondo expects this variance to normalize over the coming months.
  - b. (\$15.8M) timing variance in PayGo disbursements, which is expected to reverse over the next two months.
  - c. (\$4.5M) in payroll and related costs, which is expected to be permanent based on current run rates.
  - d. (\$3.3M) variance in medical services and materials disbursements, which is expected to be permanent. YTD medical services spend is inclusive of paydowns on prior years’ invoices, which were delayed due to the implementation of a new automated billing system in FY19.
  - e. (\$2.5M) variance in claims-related disbursements, which is expected to be permanent. Fondo has little control over these costs, which are underbudgeted in FY20 relative to actual amounts disbursed in prior years.
  - f. (\$4.8M) in other receipts/disbursements mostly due to an unfavorable timing variance in professional services spend.
2. \$24.3M cash build for the balance of FY20:
- a. Cash build will be primarily driven by a spike in collections related to the second annual invoicing and collections period in January/February.
  - b. Current run rates for payroll-related costs, claims-related disbursements, and medical services costs suggest that these expenses will exceed the amounts stated in the Liquidity Plan/Budget, which may reduce the projected cash build.



#### B. Headcount / Payroll

1. Headcount FTEs: Decreased from 2,844 to 2,699 from Oct-18 to Oct-19.
  - a. The decline in headcount is mostly due to 120+ employees entering the workforce reduction proposal in FY19. The remaining decline is due to normal turnover.
2. Payroll: Disbursements are forecast to be \$185.2M for FY20 based on the Budget. YTD payroll is \$61.6M.
  - a. FY20 payroll-related costs are expected to exceed the Budget of \$180.8M. FY19 payroll-related costs totaled \$212.2M.

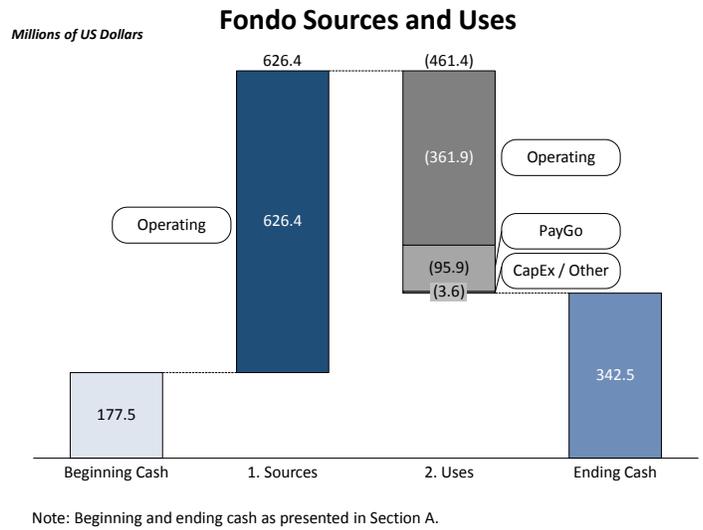


<sup>9</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

**IV. PUERTO RICO STATE INSURANCE FUND CORPORATION (“Fondo”) (Continued)**

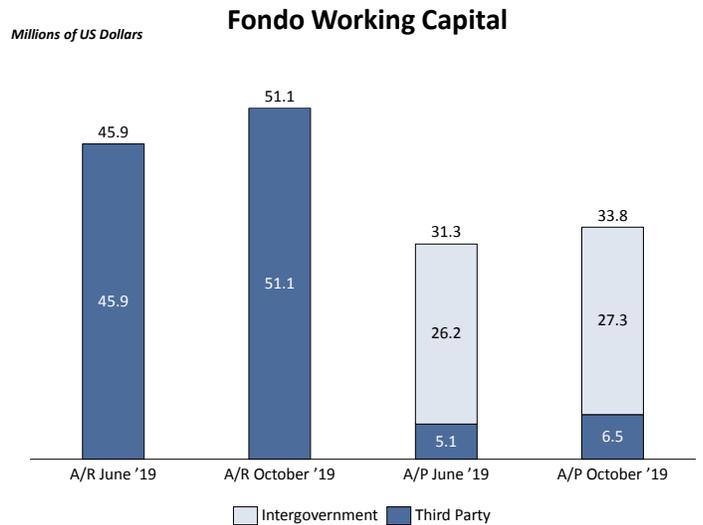
**C. Full Year FY20 Sources and Uses of Funds**

1. Sources \$626.4M:
  - a. Premium collections account for \$625.2M of operating receipts and are impacted by seasonality. The two primary invoice and collection periods are July/August and January/February of each fiscal year.
  - b. Other receipts totaling \$1.2M pertain mostly to interest earnings.
2. Uses (\$461.4M):
  - a. Operating expenses total (\$361.9M), of which payroll is (\$185.2M) and claims-related disbursements are (\$59.9M). Excluding these two expenses, the majority of Fondo’s operating expenses consist of: payments made to other government entities as determined by laws, purchased services, and material and supplies expenses pertaining to medical services, equipment, and supplies, as Fondo is not just an insurance provider, but also provides medical services to its insured population.
  - b. PayGo disbursements are projected to amount to (\$95.9M) in FY20.
  - c. Other expenses are (\$3.6M) for FY20.



**D. Accounts Receivable / Accounts Payable<sup>10</sup>**

1. Accounts Receivable:
  - a. \$5.2M increase from Jun-19 to Oct-19 driven by premiums invoicing outpacing collections. Receivables are expected to decline in Jan-20 when the majority of collections are made on Jul-19 invoices.
2. Accounts Payable:
  - a. \$2.5M increase from Jun-19 to Oct-19 driven by a \$1.4M increase in third party vendor payables, and a \$1.1M increase in intergovernmental payables.
3. Working Capital:
  - a. Working capital is unfavorable by \$2.7M driven by increases in accounts receivable pertaining to premiums collections, which are expected to reverse in Jan-20.



<sup>10</sup> Figures are unaudited and subject to change.

## V. HEALTH INSURANCE ADMINISTRATION (“ASES”)

**Primary Business Activity:** ASES implements, administers, and negotiates the Medicaid Health Insurance System in Puerto Rico through contracts with third party insurance underwriters to provide quality medical and hospital care to the Puerto Rico Medicaid and Platino (Medicaid + Medicare dual-eligible) populations.

**Key Takeaways:** Year to date, cash has increased from \$283.1M to \$614.6M. The cash build of \$331.5M was due to a catch up of federal funds related to prior months and General Fund appropriations, the majority of which have not yet been utilized for FY20 purposes given the Federal Medical Assistance Percentage (“FMAP”) extension through Nov-19 of nearly 93%. It is normal for ASES to experience large cash swings month over month given the timing of disbursements for premiums expenses and subsequent federal reimbursement monies. Due to the expiration of the BBA 2018<sup>11</sup> occurring in Sep-19, state funding is higher and federal funding sources are reduced in FY20 relative to FY19. There is uncertainty around whether special revenues from municipalities and employers (CRIM funding) will materialize in FY20. If these collections do not materialize, then ASES must seek alternative funding sources, or receive increased appropriations from the General Fund.

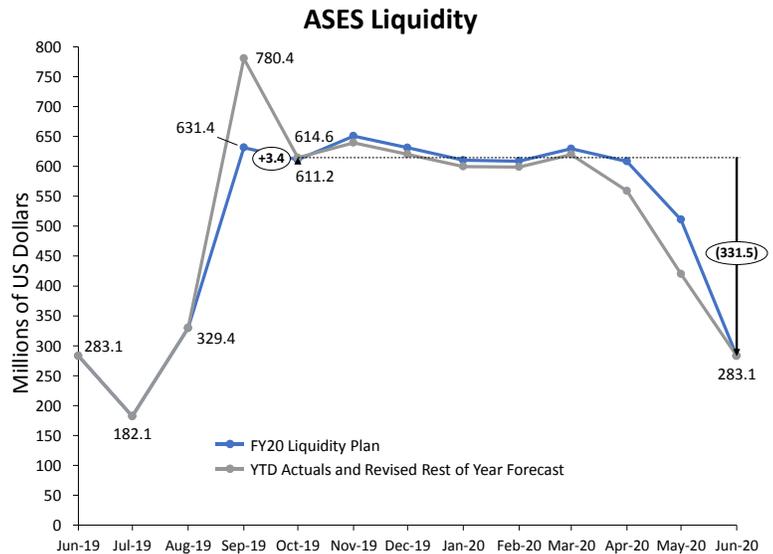
### A. FY20 Operating Liquidity – Actuals<sup>12</sup> and FY20 Liquidity Plan

1. \$3.4M YTD actuals vs. Liquidity Plan:

- a. \$87.2M variance in federal funding receipts driven by favorable timing of collections, including a catch up in receipts related to prior months.
- b. (\$21.9M) variance in prescription drug rebates collections, which is timing related and expected to reverse in FY20. ASES subcontracts with a third party PBM administrator for its management of the rebate program with pharmaceutical companies.
- c. (\$46.6M) variance in premiums and other healthcare-related disbursements driven by timing of MCO premiums expenses.
- d. (\$13.6M) variance in municipalities and employers’ receipts (CRIM funding), which may become permanent.
- e. (\$1.7M) variance in other receipts/disbursements.

2. (\$331.5M) cash reduction for the balance of FY20:

- a. Given the extension of the FMAP to near 93% through Nov-19, ASES will deplete the remainder of available federal funding monies sooner than anticipated by Apr-20. Currently, no additional federal funding monies are expected due to the expiration of the BBA 2018. The FMAP is expected to decrease to 55% after Nov-19, and subsequently ASES will increasingly depend on General Fund appropriations and other receipts to cover premiums and related costs.
- b. While the Liquidity Plan assumes a zero-based forecast, there remains uncertainty around collection of CRIM receipts of \$125M. If these receipts do not materialize, ASES must supplement the deficit with other sources of special revenue receipts or increased General Fund appropriations.



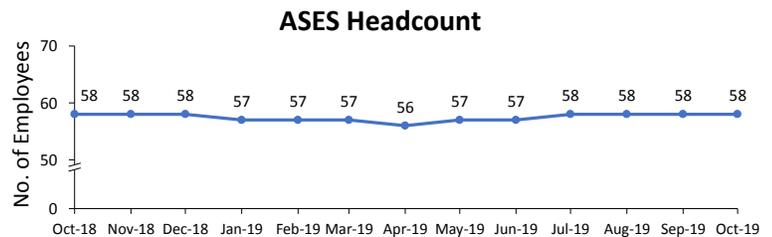
### B. Headcount / Payroll

1. Headcount FTEs: No change from 58 to 58 from Oct-18 to Oct-19.

- a. Headcount at ASES has remained relatively constant since the beginning of FY19, yet is expected to increase given ASES’s new hiring initiatives.

2. Payroll: Disbursements are forecast to be \$6.6M for FY20. YTD payroll is \$1.4M.

- a. Payroll-related disbursements are expected to increase in the second half of FY20 due to the new hiring initiatives, which is considered in the Liquidity Plan/Budget.



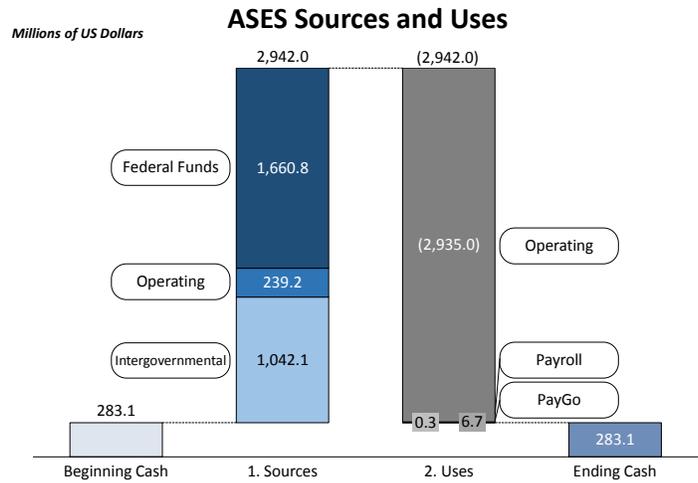
<sup>11</sup> Bi-Partisan Budget Act of 2018.

<sup>12</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

**V. HEALTH INSURANCE ADMINISTRATION (“ASES”) (Continued)**

**C. Full Year FY20 Sources and Uses of Funds**

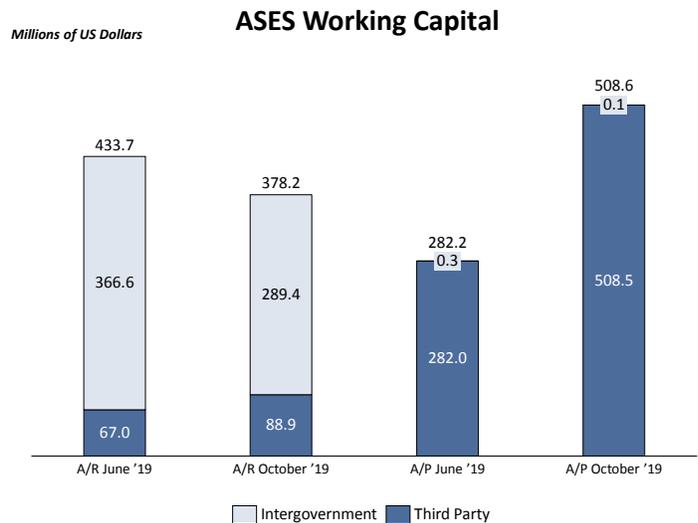
1. Sources \$2,942.0M:
  - a. Federal funding makes up \$1,660.8M of receipts. The intergovernmental receipts of \$1,042.1M are related to state funding of \$917.3M and \$124.8M of municipality and employer receipts. Third party operating receipts consist of drug rebates of \$230.2M and other income of \$8.9M.
2. Uses (\$2,942.0M):
  - a. Operating disbursements are primarily related to healthcare premiums and related costs (\$2,908.8M), with the largest components being MCO premiums of (\$2,799.8M), followed by the PBM administrator and HIV program of (\$78.5M), and Platino premiums of (\$30.5M). Other operating payments of (\$26.2M) relate to ASES’ administrative costs and overhead expenses.
  - b. The remaining disbursements include payroll of (\$6.7M), and PayGo of (\$0.3M).



Note: Beginning and ending cash as presented in Section A.

**D. Accounts Receivable / Accounts Payable<sup>13</sup>**

1. Accounts Receivable:
  - a. \$55.4M decrease from Jun-19 to Oct-19 driven by a \$77.3M decrease in intergovernmental receivables, primarily related to a catch up on federal reimbursement funds for prior months. The decrease is partially offset by a \$21.9M increase in third party receivables related to prescription drug rebates.
2. Accounts Payable:
  - a. \$226.3M increase from Jun-19 to Oct-19 driven by an increase of \$226.5M in third party payables. The primary component of the third party payable increases is a timing-related buildup of amounts owed to contracted MCOs, which are expected to be paid down next month.
3. Working Capital:
  - a. Changes are favorable by \$281.7M, representing approximately 9.6% of FY19 sources of cash.



<sup>13</sup> Figures are unaudited and subject to change.

## VI. HIGHWAYS AND TRANSPORTATION AUTHORITY (“HTA”)

**Primary Business Activity:** HTA controls and supervises highway facilities, sets tolls, issues bonds, and manages the construction of all major projects relating to the Commonwealth’s toll highway system.

**Key Takeaways:** Year to date, cash has decreased from \$303.9M to \$256.2M, generating \$46.4M in negative cash flow, primarily as a result of limited state funds in the FY20 budget for operating expenses. Additionally, YTD operating revenues of \$38.7M are \$12.5M below plan, driven primarily by a delay in the opening of a toll plaza and an increase in unpaid tolls. Federal receipts of \$81.5M are \$43.0M behind plan, due to delays in requested funds and certification of projects, which is expected to reverse. HTA projects a cash use of \$88.3M for the remainder of the fiscal year, and expects to end FY20 with a \$168.0M cash balance.

### A. FY20 Operating Liquidity – Actuals<sup>14</sup> and FY20 Liquidity Plan

1. (\$27.1M) YTD actuals vs. Liquidity Plan:

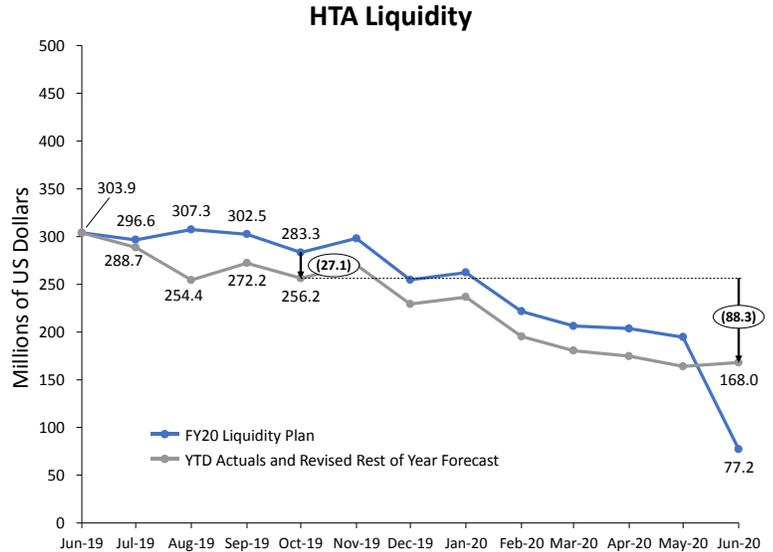
- a. (\$55.5M) in total receipts driven by:
  1. (\$12.5M) negative variance in operating revenues due to delay in opening of the Humacao toll station, in addition to a higher amount of delinquent and unpaid tolls. Reduced toll income is permanent.
  2. (\$43.0M) negative variance in federal grant receipts is related to the complexity in the grant approval process. Funding for these projects depends on technical documentation to be submitted to HTA by contractors in order to then request certain funds from federal agencies. The variance is expected to partially reverse by the end of the fiscal year.

b. \$29.0M in total disbursements driven by:

1. \$14.5M positive variance in operating disbursements led by a \$1.3M permanent variance in payroll and retirement due to lower headcount, \$5.2M variance in purchased services, and \$8.7M in other operating expenses, partially offset by (\$3.6M) variance in professional services and transportation expenses. The favorable operating variance in purchased services and other operating expenses are timing related due to a delay in the process of approval of invoices.
  2. \$14.5M positive variance in CapEx is timing related and expected to reverse in coming weeks. Delays are tied to receipt of federal funding for the projects.
- c. (\$0.6M) timing variance in other inflows/outflows. These accounts are primarily related to pass-through funds.

2. (\$88.3M) cash reduction for the balance of FY20:

- a. \$400.5M in receipts driven by: \$258.1M in federal grants for infrastructure projects; \$50.5M in receipts from the Puerto Rico government for infrastructure projects; and \$91.9M in operating receipts from toll collections and electronic fines.
- b. (\$488.8M) in disbursements driven by (\$321.4M) in CapEx disbursements for both federal and locally funded projects and (\$167.4M) in operating disbursement.



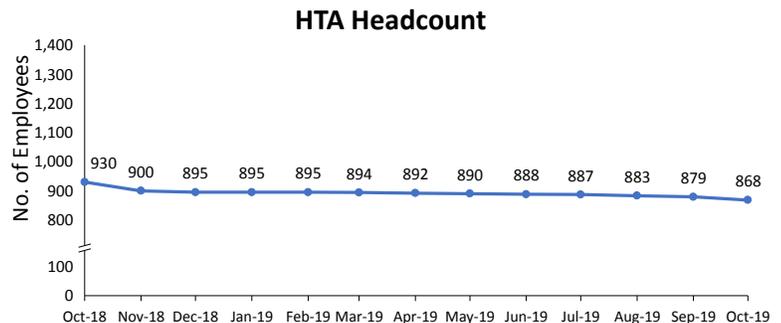
### B. Headcount / Payroll

1. Headcount FTEs: Decreased from 930 to 868 from Oct-18 to Oct-19.

- a. Headcount decrease is related to VTP. These positions are not expected to be replaced.

2. Payroll: Disbursements are forecast to be \$50.0M for FY20. YTD payroll is \$16.6M.

- a. Payroll YTD is favorable to Liquidity Plan by \$3.6M primarily due to lower VTP enrollment and therefore lower upfront costs. This variance is expected to be permanent.

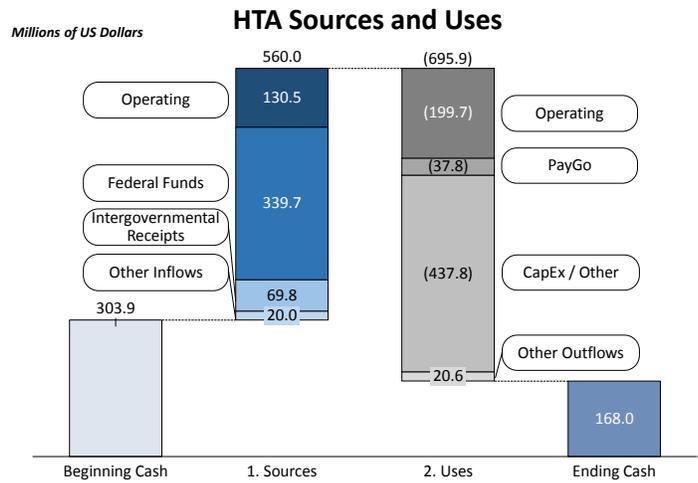


<sup>14</sup> Appendix includes reconciliation between AAFAP reported cash figures and the figures in this report.

**VI. HIGHWAYS AND TRANSPORTATION AUTHORITY (“HTA”) (Continued)**

**C. Full Year FY20 Sources and Uses of Funds**

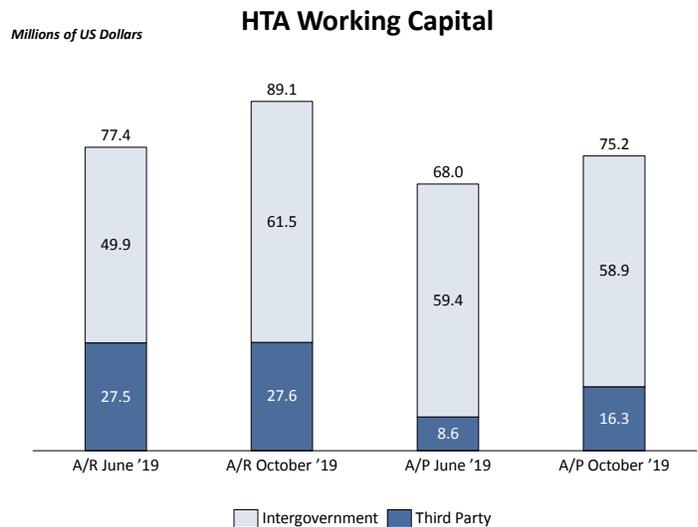
1. Sources \$560.0M:
  - a. \$130.5M in operating receipts, with \$112.6M coming from toll fares and \$17.9M coming from toll fines and other income.
  - b. \$69.8M in receipts are from local government sources.
  - c. \$339.7M is from federal programs; \$289.7M from the Federal Highway Authority, and \$50.0M from the Federal Transportation Authority and FEMA.
  - d. \$20.0M in other pass-through inflows.
2. Uses (\$695.9M):
  - a. (\$199.7M) in operating disbursements, with the largest components comprised of payroll (\$50.0M) and purchased services at (\$87.5M).
  - b. PayGo totals (\$37.8M).
  - c. CapEx/other total (\$437.8M), consisting of CapEx (\$370.2M) and emergency reconstruction (\$67.6M).
  - d. Other pass-through outflows total (\$20.6M).



Note: Beginning and ending cash as presented in Section A.

**D. Accounts Receivable / Accounts Payable<sup>15</sup>**

1. Accounts Receivable:
  - a. \$11.7M increase from Jun-19 to Oct-19 driven by an increase of \$5.6M in receivables from Puerto Rico’s Department of Treasury, and a \$7.0M increase from Federal Highway (FHWA). HTA is expecting to collect on these receivables in the coming months.
2. Accounts Payable:
  - a. \$7.1M increase from Jun-19 to Oct-19 driven by increases in third party payables of \$7.7M, partially offset by intergovernmental payables decrease of (\$0.6M) from federal construction and CapEx projects.
3. Working Capital:
  - a. \$4.6M use of cash from Jun-19 to Oct-19 driven by the working capital changes listed above.



<sup>15</sup> Figures are unaudited and subject to change.

## VII. PUERTO RICO PUBLIC BUILDINGS AUTHORITY (“PBA”)

**Primary Business Activity:** PBA constructs, purchases, or leases office, school, health, correctional, social welfare, and other facilities for lease to certain Commonwealth departments, component units, and instrumentalities.

**Key Takeaways:** Year to date, cash has decreased from \$70.7M to \$60.0M. PBA significantly increased rent collections in October from government entities. YTD through Oct-19, receipts from government agencies totaled \$31.1M; however, they remain \$9.6M behind plan. The agency has experienced delays in collecting rent given the majority of rent was paid via a single transfer from Hacienda previously, and now PBA is invoicing each individual agency. As such, PBA ran a cash flow deficit of \$10.6M for YTD October. PBA projects to end FY20 with a cash balance of \$67.1M.

### A. FY20 Operating Liquidity – Actuals<sup>16</sup> and FY20 Liquidity Plan

1. (\$5.7M) YTD actuals vs. Liquidity Plan:

a. (\$9.1M) in total receipts driven by:

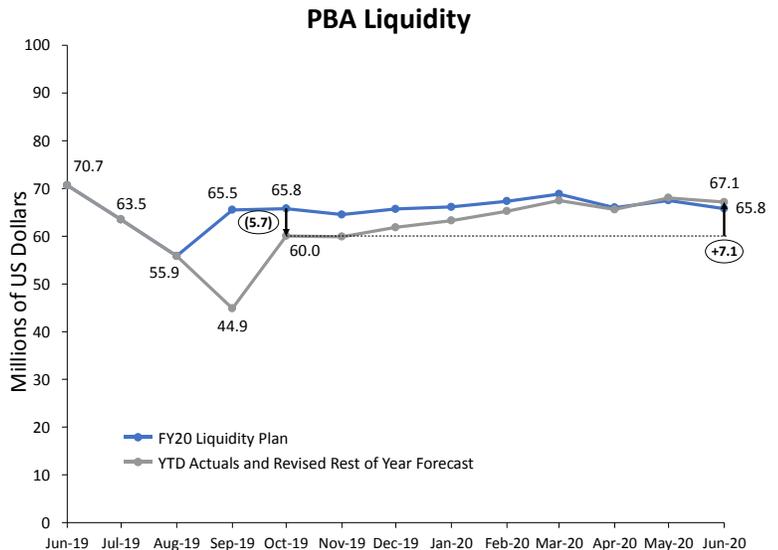
1. \$0.1M positive variance in operating receipts due to higher collections on third party rents.
2. (\$9.5M) in unfavorable temporary variances related to rent collections for government agencies. PBA no longer receive bulk transfers for rent from Hacienda. They are working on improving their invoicing and collections procedures to accelerate delayed collections.
3. \$0.3M in favorable variance for disaster-related receipts related to FEMA. Variance is due to timing and expected to reverse in the coming months.

b. \$3.4M in total disbursements driven by:

1. \$3.5M positive variance in payroll expenses, which is mostly permanent, related to reduced headcount and benefit changes.
2. \$1.9M favorable variance in purchased services, which is timing and expected to reverse.
3. (\$2.0M) unfavorable variance in operating expenses, timing related and expected to reverse. These were led by (\$0.6M) in utilities and (\$1.6M) in other expenses, partially offset by professional services.

2. \$7.1M cash build for the balance of FY20.

- a. \$90.2M in forecast total receipts primarily driven by \$87.0M in intergovernmental receipts, \$2.4M in disaster-related receipts, and \$0.8M in other operating receipts.
- b. (\$83.1M) in operating disbursements led by payroll (\$40.8M), PayGo (\$15.6M), facilities payments (\$14.0M), Purchased services (\$9.9M), and other expenses (\$2.8M).



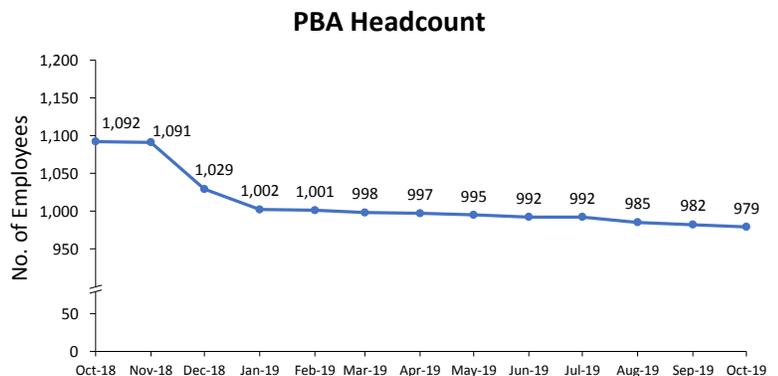
### B. Headcount / Payroll

1. Headcount FTEs: Decreased from 1,092 to 979 from Oct-18 to Oct-19.

- a. Decrease in headcount is primarily due to the VTP; these positions are not expected to be replaced.

2. Payroll: Disbursements are forecast to be \$55.1M for FY20. YTD payroll is \$14.4M.

- a. YTD payroll is tracking lower than plan, which is permanent and related to continued efforts to lower employee benefit expenses.

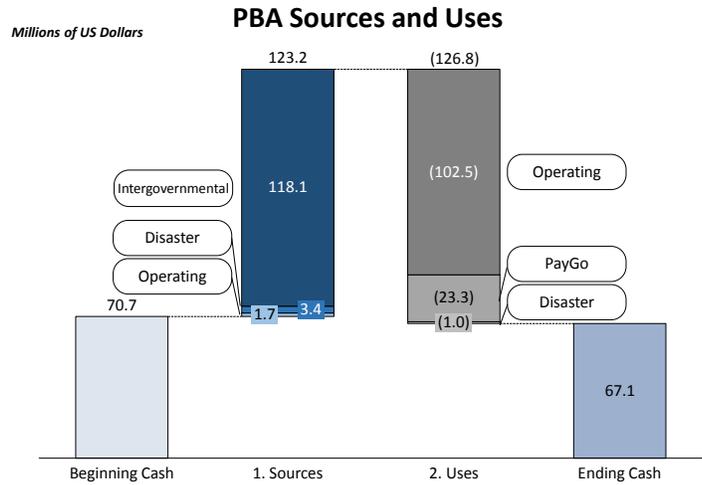


<sup>16</sup> Appendix includes reconciliation between AAFAP reported cash figures and the figures in this report.

**VII. PUERTO RICO PUBLIC BUILDINGS AUTHORITY (“PBA”) (Continued)**

**C. Full Year FY20 Sources and Uses of Funds**

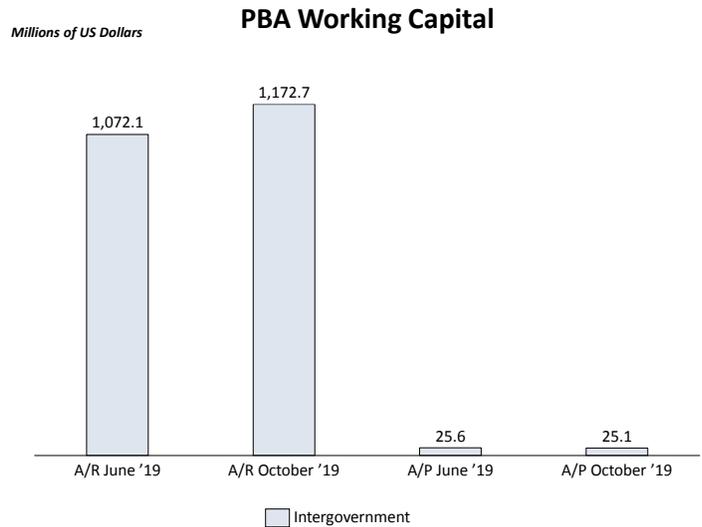
1. Sources \$123.2M:
  - a. Intergovernmental receipts total \$118.1M, all of which PBA anticipates to be paid via direct invoice.
  - b. Disaster-related receipts total \$3.4M, which relates to FEMA claims from Hurricanes Irma and Maria.
  - c. Other operating receipts total \$1.7M, of which \$0.7M are related to income from third party occupancy and \$1.0M are related to other income, including interest income.
2. Uses (\$126.8M):
  - a. Operating disbursements total (\$102.5M), consisting of payroll of (\$55.1M), purchased services of (\$22.3M), facilities and payments to public services of (\$19.4M), professional services of (\$2.1M), and other operating expenses of (\$3.6M).
  - b. PayGo contributions of (\$23.3M).
  - c. Disaster related disbursements of (\$1.0M), of which (\$0.7M) are related to FEMA and (\$0.3M) is related to insurance-related projects.



Note: Beginning and ending cash as presented in Section A.

**D. Accounts Receivable / Accounts Payable<sup>17</sup>**

1. Accounts Receivable:
  - a. \$100.6M increase from Jun-19 to Oct-19 driven by intergovernmental receivables, primarily related to the debt service portion of rent not being received.
2. Accounts Payable:
  - a. \$0.6M decrease from Jun-19 to Oct-19 primarily related to decrease in utilities payable of \$0.4M.
3. Working Capital:
  - a. The change in net working capital through Oct-19 was a \$101.2M use of cash due to the above changes.



<sup>17</sup> Figures are unaudited and subject to change.

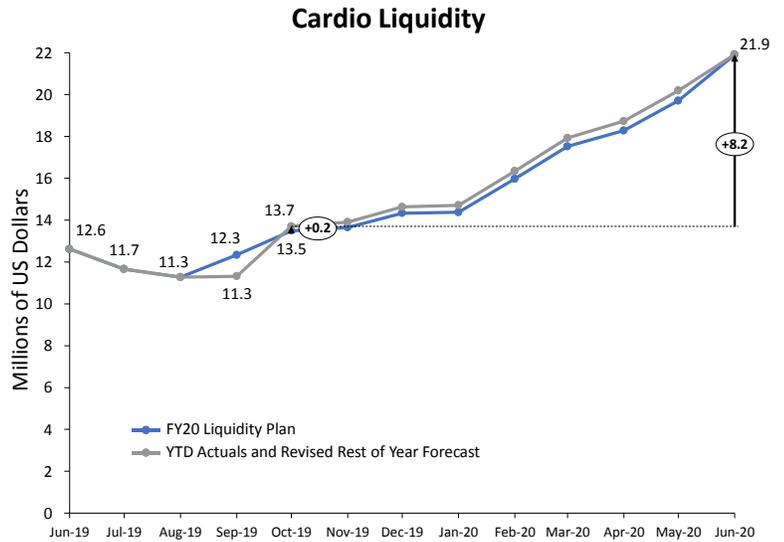
## VIII. CARDIOVASCULAR CENTER FOR PUERTO RICO AND THE CARIBBEAN (“Cardio”)

**Primary Business Activity:** Cardio is a general acute care hospital providing specialized treatment to patients suffering from cardiovascular diseases.

**Key Takeaways:** Year to date, cash has increased from \$12.6M to \$13.7M. The \$1.1M cash build is primarily the result of strong patient collections experienced during Oct-19. Patient collections are subject to a high level of variability due to differences in reimbursement rates and collection periods among payers.

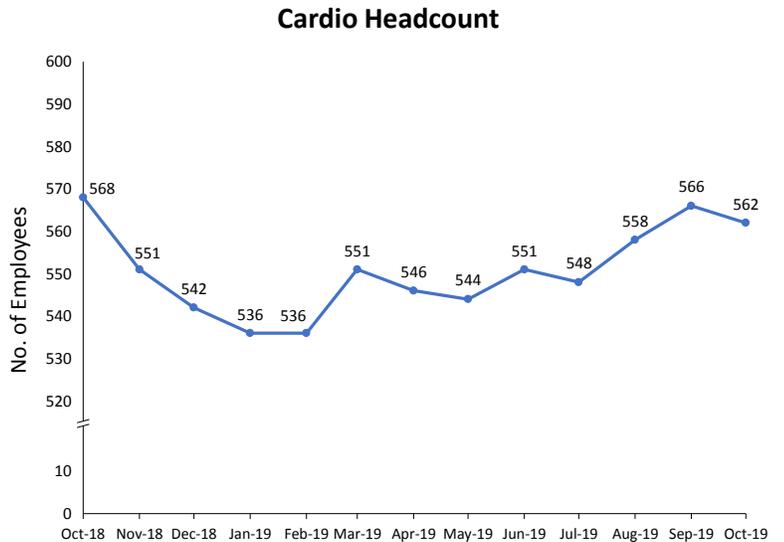
### A. FY20 Operating Liquidity – Actuals<sup>18</sup> and FY20 Liquidity Plan

1. \$0.2M YTD actuals vs. Liquidity Plan:
  - a. \$1.0M variance in receipts due to strong patient collections in the Oct-19 reversing the prior month unfavorable variance.
  - b. \$0.7M payroll and related costs variance is timing related and is expected to reverse in Nov-19.
  - c. \$0.5M favorable variance in CapEx due to underfunding of federal monies necessary to replace broken generators as a result of the hurricanes. This variance is expected to reverse if Cardio receives the corresponding funds from FEMA.
  - d. (\$1.9M) variance in vendor disbursements driven by higher run rates primarily related to purchased services and materials and supplies, including paydowns on prior-year third party vendor payables. Disbursements for medical services and supplies may exceed budgeted amounts due to the variability of operating activity at the hospital.
  - e. (\$0.1M) variance in other disbursements.
2. \$8.2M cash build for the balance of FY20:
  - a. There is risk to the projected cash build. Current run rates for medical supplies and drugs suggest that these disbursements will exceed FY20 budgeted amounts. Current analyses are ongoing to determine actual and projected spend on prior years’ invoices.



### B. Headcount / Payroll

1. Headcount FTEs: Decreased from 568 to 562 from Oct-18 to Oct-19.
  - a. Cardio has had historical issues with staffing turnover, particularly after Hurricane Maria. For comparison purposes, Cardio had 623 employees at the end of Jul-17, which was pre-Maria.
  - b. The continued rate of turnover may eventually put Cardio in a strained position to meet the healthcare needs of its patients. This risk is mitigated by Cardio’s policy to actively replace any vacancies occurring during the current year. While Cardio has made 20+ hires in FY20 to backfill these vacancies, Cardio continues to suffer net headcount losses due to more competitive offerings from non-municipal institutions.
  - c. Payroll: Disbursements are forecast to be \$26.6M for FY20. YTD payroll is \$7.9M.

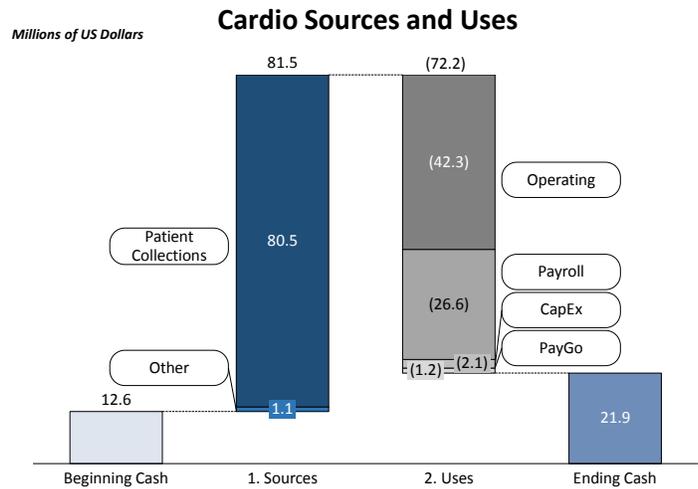


<sup>18</sup> Appendix includes reconciliation between AAFAP reported cash figures and the figures in this report.

**VIII. CARDIOVASCULAR CENTER FOR PUERTO RICO AND THE CARIBBEAN (“Cardio”) (Continued)**

**C. Full Year FY20 Sources and Uses of Funds**

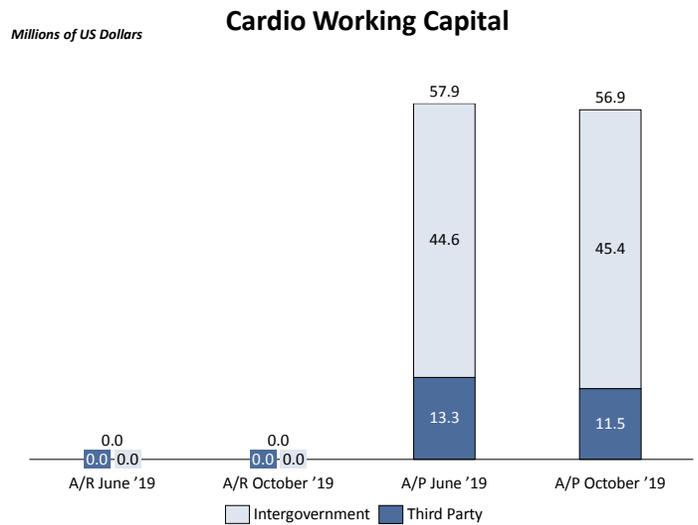
1. Sources \$81.5M:
  - a. \$80.5M, or 98% of sources of funds, is related to patient service collections. The balance of other sources is \$1.1M, which consists of rental receipts of \$1.0M and other income of \$0.1M. Rental receipts are earned from leased office space to practicing physicians in the hospital facility.
2. Uses (\$72.2M):
  - a. Operating disbursements total (\$68.9M), with Payroll representing (\$26.6M), materials and supplies of (\$23.5M), facilities and payments for public services of (\$5.5M), professional fees of (\$5.4M), purchased services of (\$5.2M), and other operating expenses of (\$2.7M).
  - b. CapEx is expected to reach (\$2.1M) by the end of FY20.
  - c. PayGo disbursements are expected to be (\$1.2M).



Note: Beginning and ending cash as presented in Section A.

**D. Accounts Receivable / Accounts Payable<sup>19</sup>**

1. Accounts Receivable:
  - a. Information not available.
2. Accounts Payable:
  - a. \$1.0M decrease from Jun-19 to Oct-19 driven primarily by a \$1.8M decrease in third party vendor payables pertaining to vendors of medical supplies and prescription drugs. The decrease is partially offset by a \$0.8M increase in intergovernmental payables.
3. Working Capital:
  - a. Working capital is unfavorable by \$1.0M when only considering accounts payable activity.



<sup>19</sup> Figures are unaudited and subject to change.

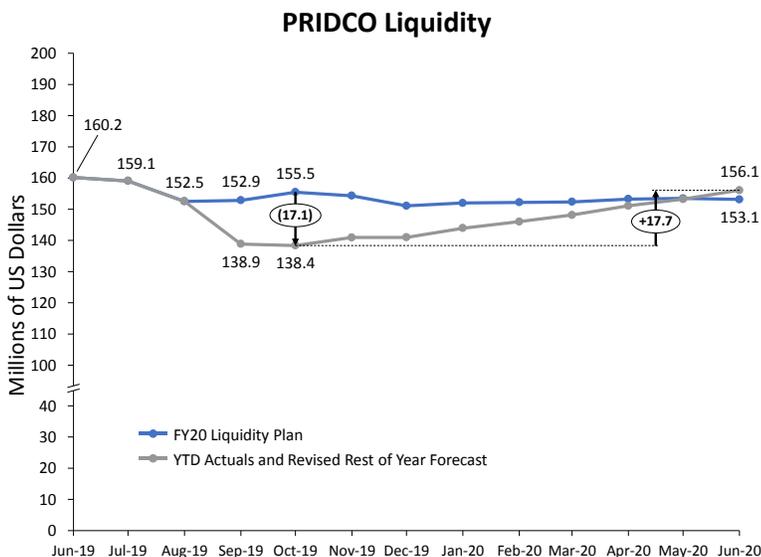
## IX. PUERTO RICO INDUSTRIAL DEVELOPMENT CORPORATION (“PRIDCO”)

**Primary Business Activity:** PRIDCO is engaged in the development and promotion of industry within Puerto Rico. It accomplishes its mission through a variety of incentives to attract businesses to expand operations within Puerto Rico, but primarily through the offering of commercial lease spaces and industrial facilities on favorable terms to qualifying enterprises.

**Key Takeaways:** PRIDCO began FY20 with \$160.2M in operating cash due to not spending FEDE funds during FY19, and has reduced its cash balance by (\$21.8M) to \$138.4M to end the month of October. The largest contributor to liquidity decline is the disbursements related to FEDE, which are funded by transfers from the TSA for restricted use, and have outpaced forecast YTD. Rental receipts and asset sales have outperformed forecast YTD, and have been sufficient for supporting general operating expenditures within PRIDCO; however, during the month of August, PRIDCO made a \$7.3M PayGo disbursement which has reduced its current outstanding debt from \$18.9M to \$11.6M. PRIDCO has finalized a repayment plan for all of its outstanding PayGo debts from FY19, expected to be current over the next 10 years.

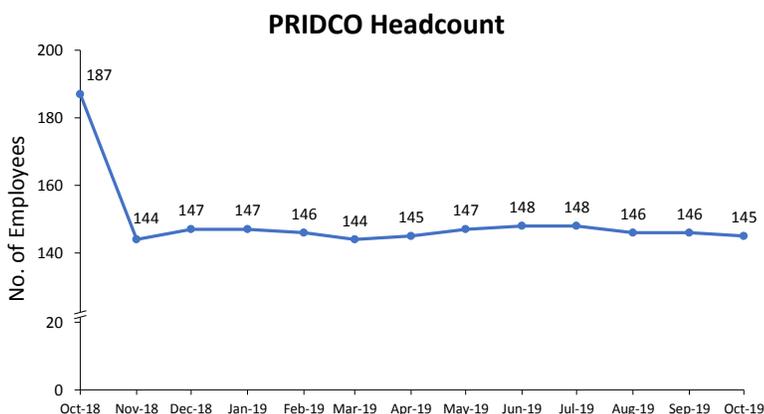
### A. FY20 Operating Liquidity – Actuals<sup>20</sup> and FY20 Liquidity Plan

1. (\$17.1M) YTD actuals vs. Liquidity Plan:
  - a. \$2.1M in operating receipts, due to asset sales outperforming forecast, which is the result of both permanent and timing differences.
  - b. \$1.5M in PayGo disbursements, due to timing of paying disbursements.
  - c. (\$17.1M) in intergovernmental net receipts and disbursements, relating to FEDE funds and Rums of Puerto Rico (also “Rones de Puerto Rico”). This variance is the result of timing, as PRIDCO has spent built-up FEDE funds from FY19, which have outpaced FY20 inflows.
  - d. (\$3.6M) in operating expenses, with the largest being (\$2.5M) in management fees paid to DDEC and (\$1.0M) in purchased services to support higher revenue.
2. \$17.7M cash build for the balance of FY20:
  - a. Build in liquidity is due to the reversal of negative timing variance relating to FEDE inflows from the TSA.



### B. Headcount / Payroll

1. Headcount FTEs: Decreased from 187 to 145 from Oct-18 to Oct-19.
  - a. Decline in headcount is related to the transfer of 42 employees from PRIDCO’s business development department to DDEC.
2. Payroll: Disbursements are forecast to be \$12.9M for FY20. YTD payroll is \$3.7M.
  - a. YTD run rate for payroll is behind FY20 forecast due to slight decline and headcount and timing of disbursements.

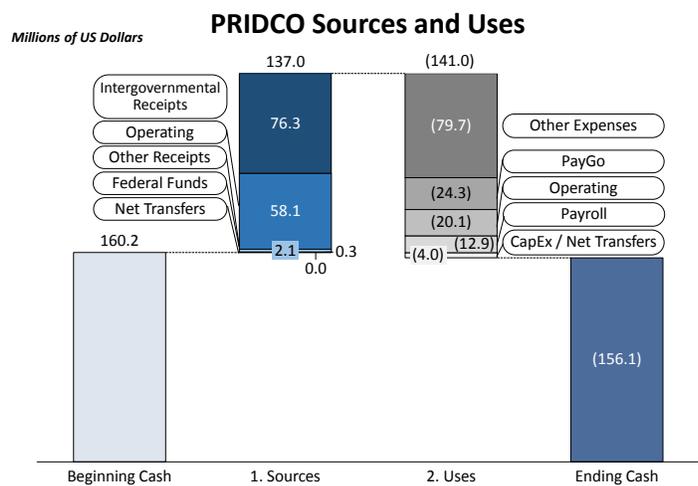


<sup>20</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

**IX. PUERTO RICO INDUSTRIAL DEVELOPMENT CORPORATION (“PRIDCO”) (Continued)**

**C. Full Year FY20 Sources and Uses of Funds**

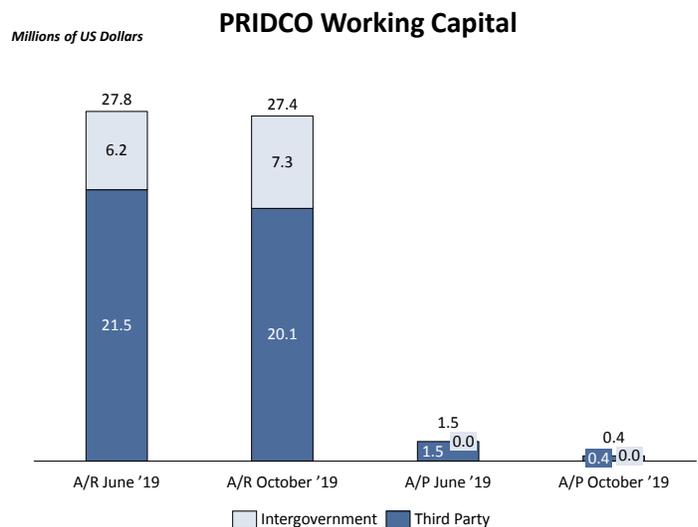
1. Sources \$137.0M:
  - a. Intergovernmental receipts of \$76.3M, representing FEDE funds and Ronces de Puerto Rico to PRIDCO from the central government.
  - b. Primary sources of unrestricted cash are operating receipts of \$58.1M consisting of: rental receipts for \$50.7M and asset sales of \$7.5M.
  - c. Other income of \$2.1M, which consists of interest income on deposits.
  - d. Federal grants of \$0.3M for FY20.
2. Uses (\$141.1M):
  - a. Other expenses account for (\$79.8M) of total uses of cash, representing disbursements made on behalf of FEDE and Ronces de Puerto Rico, in addition to expenses made to DDEC to account for the payroll of transferred employees, which took place during FY19.
  - b. Primary uses of unrestricted cash are PayGo of (\$24.3M), operating expenditures of (\$20.1M), payroll and related expenses of (\$12.9M), and CapEx of (\$4.0M).



Note: Beginning and ending cash as presented in Section A.

**D. Accounts Receivable / Accounts Payable<sup>21</sup>**

1. Accounts Receivable:
  - a. \$0.4M decrease from Jun-19 to Oct-19 driven by outstanding collections from the Department of Education.
2. Accounts Payable:
  - a. \$1.1M decrease from Jun-19 to Oct-19 driven by payments relating to purchased services.
3. Working Capital:
  - a. \$0.7M use of cash from Jun-19 to Oct-19 driven by the working capital changes listed above.



<sup>21</sup> Figures are unaudited and subject to change.

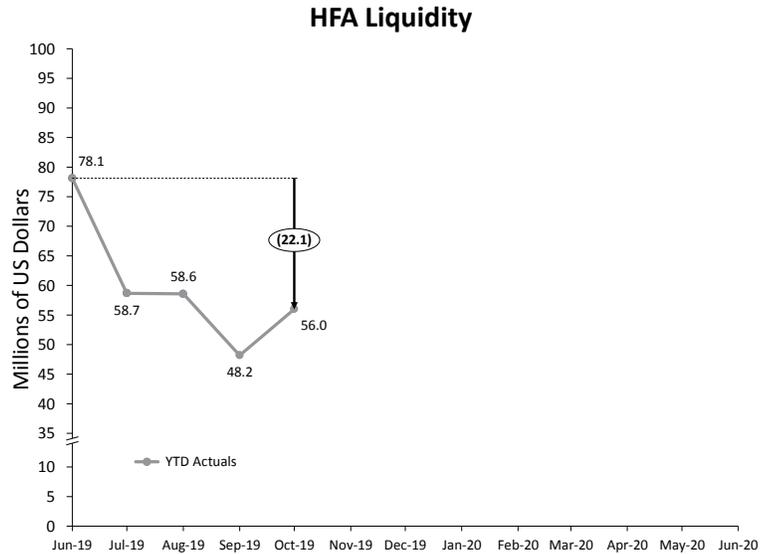
**X. PUERTO RICO HOUSING FINANCE AUTHORITY (“HFA”)**

**Primary Business Activity:** HFA promotes the development of low-income housing and provides financing, subsidies, and incentives to help those who qualify to acquire or lease a home.

**Key Takeaways:** HFA began FY20 with \$78.1M in cash, and currently has cash on hand of \$56.0M as of month end Oct-19. Decrease in cash is primarily driven by construction loans origination. FY20 Liquidity Plan development is ongoing and is expected to be completed by Nov-19, and therefore there are no variance descriptions in section A and C.

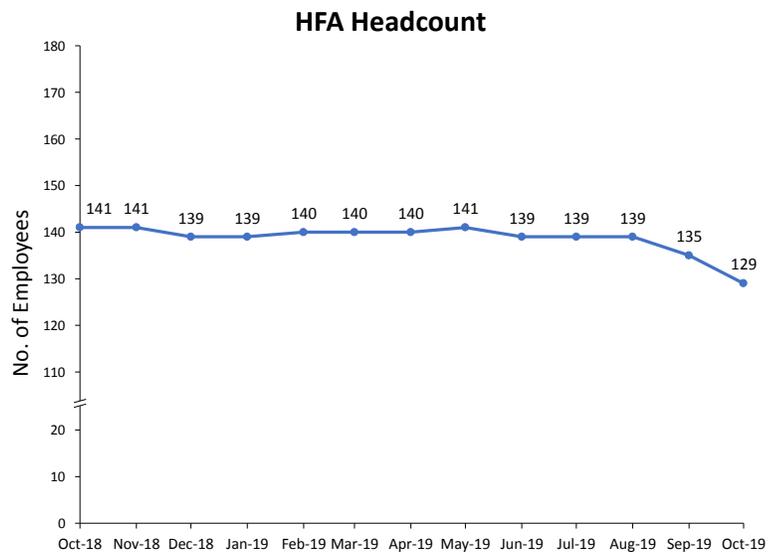
**A. FY20 Operating Liquidity – Actuals<sup>22</sup> and FY20 Liquidity Plan**

1. (\$22.1M) YTD actuals:
  - a. \$9.2M in operational receipts.
  - b. \$2.7M in Commonwealth appropriation receipts.
  - c. \$52.1M in federal fund receipts from HUD.
  - d. \$33.8M in balance sheet-related receipts.
  - e. (\$59.8M) in operational disbursements, including (\$50.9M) in federal funds disbursements.
  - f. (\$41.2M) in balance sheet-related disbursements.
  - g. (\$18.9M) in debt service-related disbursements.



**B. Headcount / Payroll**

1. Headcount FTEs: Decreased from 141 to 129 from Oct-18 to Oct-19.
  - a. This presents a total reduction of 12 full time employees for the trailing twelve months.
  - b. HFA is to consolidate operations with the Economic Development Bank (“EDB”), resulting in a substantial increase in FTEs once completed.
2. Payroll: Disbursements are forecast to be \$9.8M for FY20. YTD payroll is \$5.0M.
  - a. Based on current run rates, payroll and related costs will exceed budgeted amounts for FY20.
  - b. The consolidation of HFA and EDB will have an impact on payroll and other receipts and disbursements, dependent upon the timeframe and execution of the transaction.

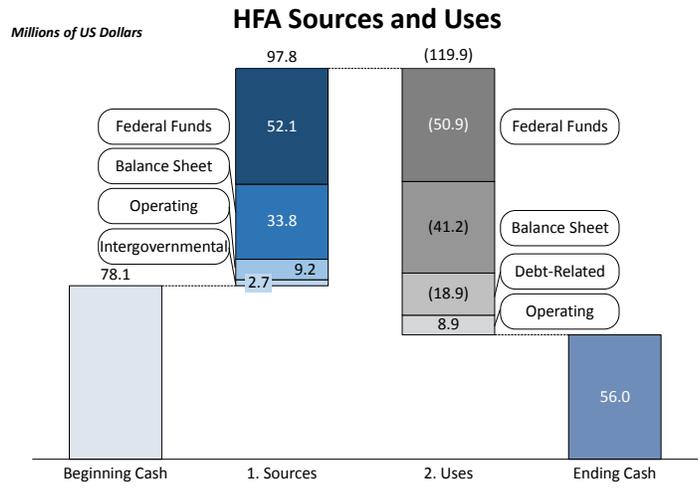


<sup>22</sup> Appendix includes reconciliation between AAFAP reported cash figures and the figures in this report.

**X. PUERTO RICO HOUSING FINANCE AUTHORITY (“HFA”) (Continued)**

**C. Full Year FY20 Sources and Uses of Funds**

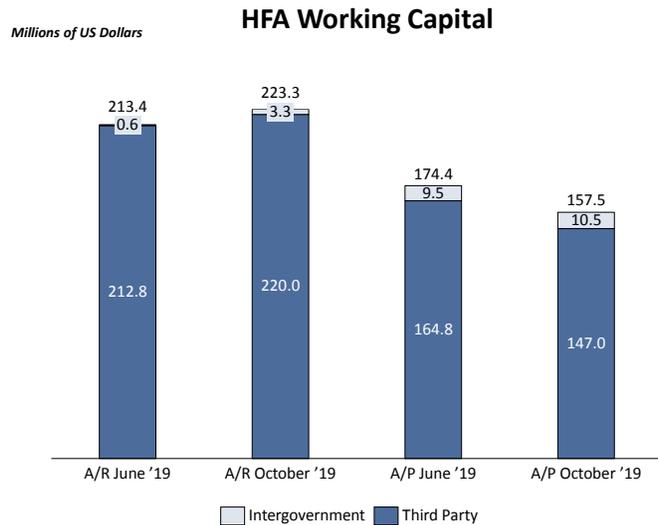
1. Sources \$97.8M:
  - a. \$52.1M in federal funds from HUD.
  - b. \$33.8M in balance sheet-related activity.
  - c. \$9.2M in operating receipts.
  - d. \$2.7M in intergovernmental receipts.
2. Uses (\$119.9M):
  - a. (\$50.9M) in federal funds.
  - b. (\$41.2M) in balance sheet-related disbursements.
  - c. (\$18.9M) in debt service-related payments.
  - d. (\$8.9M) in operating disbursements.



Note: Beginning and ending cash as presented in Section A.

**D. Accounts Receivable / Accounts Payable<sup>23</sup>**

1. Accounts Receivable:
  - a. \$9.9M increase from Jun-19 to Oct-19 driven primarily by third party related activity.
2. Accounts Payable:
  - a. \$16.9M decrease from Jun-19 to Oct-19 driven primarily by third party related payouts.
3. Working Capital:
  - a. The change in net working capital through Oct-19 is a \$26.8M use of cash due to the above changes as well as changes in cash balances.



<sup>23</sup> Figures are unaudited and subject to change.

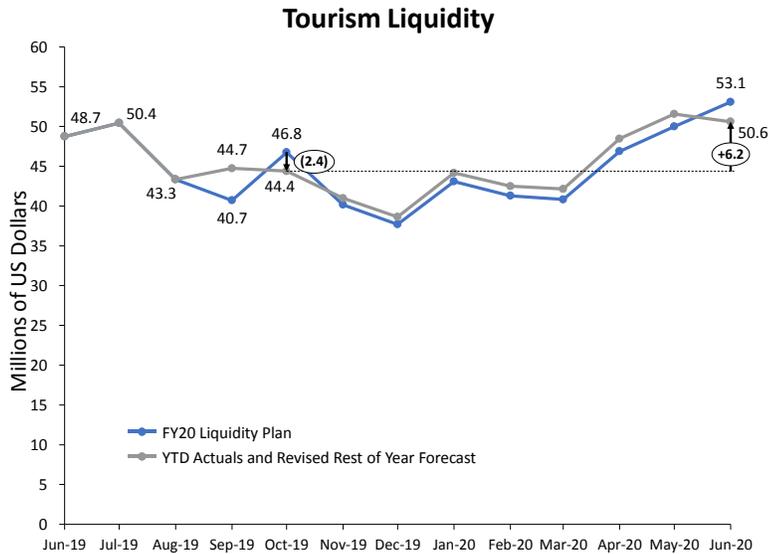
## XI. TOURISM COMPANY OF PUERTO RICO (“Tourism”)

**Primary Business Activity:** Tourism’s purpose is to promote the tourism industry of Puerto Rico.

**Key Takeaways:** Year to date, cash has decreased from \$48.7M to \$44.4M. The (\$4.4M) cash reduction is driven primarily by Tourism making paydowns on prior-year payables including room tax waterfall payments to CCDA and amounts associated with prior years’ marketing contracts. Slot machine collections are also underperforming compared to forecast, which is contributing to the cash decline. Tourism expects this trend to reverse, and lead to a cash build over the remaining months of FY20.

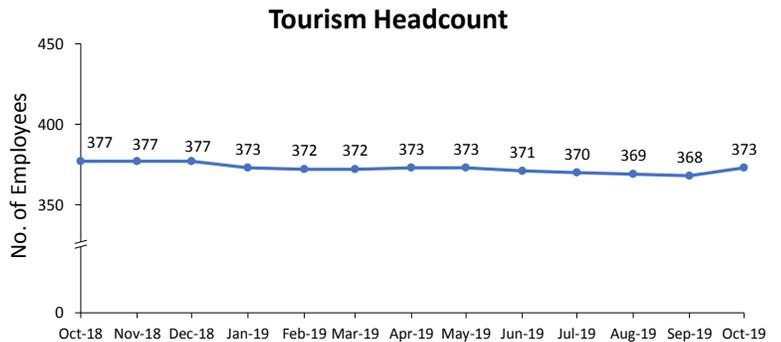
### A. FY20 Operating Liquidity – Actuals<sup>24</sup> and FY20 Liquidity Plan

1. (\$2.4M) YTD actuals vs. Liquidity Plan:
  - a. (\$6.5M) unfavorable slot machine collections variance net of waterfall disbursements, which is timing related. Tourism expects this variance to normalize over the next two months.
  - b. \$3.5M favorable room tax collections variance net of waterfall disbursements driven by increased hotel occupancy and registrations.
  - c. \$2.2M favorable variance in donations/subsidies relates mostly to timing of payments made for cruise line incentives.
  - d. \$1.9M favorable variance in appropriations to the Destination Marketing Organization (“DMO”). Variance may become permanent if Tourism does not have to make (\$5.0M) in matching funds disbursements related to the DMO’s efforts to raise funds from private sources per Act 17-2017.
  - e. (\$3.0M) in transfers (to)/from a restricted account, which is timing related. Variance is expected to reverse in Nov-19.
  - f. (\$0.4M) variance in other operating receipts/disbursements, which is primarily timing related.
2. \$6.2M cash build for the balance of FY20:
  - a. Increased slot machine and room tax collections are expected due to seasonality impacts of the Tourism industry’s peak season, which historically occurs between December and April of each fiscal year.
  - b. Cash build is also a result of Tourism not having to make (\$6.1M) in transfers to a restricted account over May-20 and Jun-20. Monthly amounts of (\$3.0M) are normally transferred to restricted account for the first ten (10) months of the fiscal year.



### B. Headcount / Payroll

1. Headcount FTEs: Decreased from 377 to 373 from Oct-18 to Oct-19.
  - a. Reduction in headcount is due to normal turnover.
  - b. Headcount may increase subject to the pending rollout of the Video Lottery Terminals (“VLTs”) pursuant to Act 257-2018. Tourism expects to hire up to 43 employees for the regulation and monetization of the VLTs, which is not considered in the Liquidity Plan.
2. Payroll: Disbursements are forecast to be \$18.4M for FY20. YTD payroll is \$5.6M.
  - a. YTD payroll variance is favorable to forecast by \$0.2M.

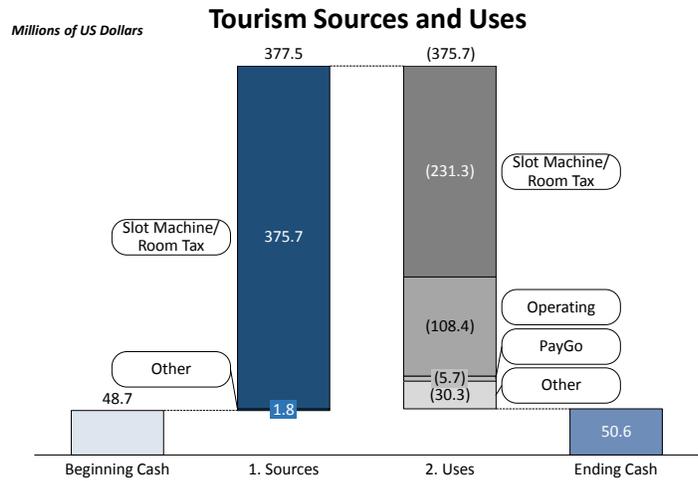


<sup>24</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

**XI. TOURISM COMPANY OF PUERTO RICO (“Tourism”) (Continued)**

**C. Full Year FY20 Sources and Uses of Funds**

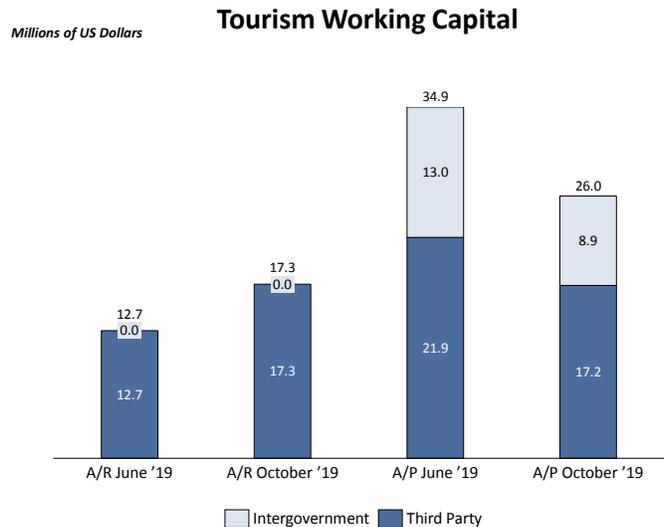
1. Sources \$377.5M:
  - a. Tourism’s primary sources of funds are slot machine revenues of \$297.2M, or 79%, and room tax revenues of \$78.5M, or 20%. There is seasonality in the receipt of these funds, which may create temporary timing variances. Through its collections from slot machine gambling revenues and room taxes, Tourism funds the entirety of its operations and intergovernmental obligations through various waterfall distributions explained below.
  - b. Other receipts total \$1.8M, which consist mostly of fares and/or fines charged by Tourism to local street vendors.
2. Uses (\$375.7M):
  - a. Slot machines and room taxes have disbursements per a waterfall: slot machine funds are disbursed to Hacienda, University of Puerto Rico, and casinos; room tax funds are disbursed to the Convention Center and intercompany marketing and promotion funds. Tourism retains leftover funds after waterfall disbursements of (\$225.3M) and (\$6.0M) are made from slot machines and room taxes respectively.
  - b. Operating expenses are projected to be (\$108.4M), built from payroll at (\$18.4M), DMO expenses of (\$29.2M), subsidies/incentives at (\$24.6M), purchased services at (\$12.3M), media/ads at (\$6.2M), professional service fees of (\$3.1M), and other operating expenses of (\$14.6M) consisting of event/promotions costs, air access incentives, utilities, and transportation costs.
  - c. Tourism has made four payments totaling (\$2.0M) related to PayGo contributions, including one payment that was deferred in FY19. For FY20 purposes, PayGo disbursements are in line with forecast, which are expected to total (\$5.7M) for the fiscal year.
  - d. Other disbursements are (\$30.3M) in transfers to a restricted account.



Note: Beginning and ending cash as presented in Section A.

**D. Accounts Receivable / Accounts Payable<sup>25</sup>**

1. Accounts Receivable:
  - a. \$4.6M increase from Jun-19 to Oct-19 driven entirely by third party A/R increases due to normal timing of invoicing and collections pertaining to room tax and slot machine revenues.
2. Accounts Payable:
  - a. \$8.9M decrease from Jun-19 to Oct-19 driven by a decrease in third party A/P of \$4.8M due mostly to Tourism making paydowns on its FY18 Marketing Contract. Intergovernmental A/P decreased by \$4.1M related to payments made to CCDA for amounts owed per room tax waterfall legislation for FY20, as well as prior years.
3. Working Capital:
  - a. Working capital levels have been unfavorable by \$13.5M due to Tourism catching up on major spend activities incurred in prior years, including spend on the marketing contract delayed in FY18 due to the hurricanes.



<sup>25</sup> Figures are unaudited and subject to change.

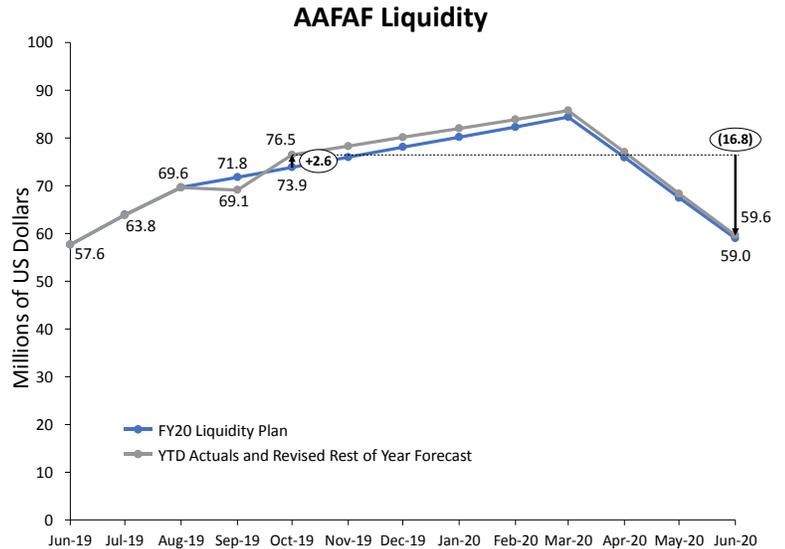
## XII. FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY (“AAFAF”)

**Primary Business Activity:** AAFAF acts as fiscal agent, financial advisor, and reporting agent for the Government of Puerto Rico and certain related entities. It was established pursuant to the Puerto Rico Emergency Moratorium and Financial Rehabilitation Act.

**Key Takeaways:** AAFAF began FY20 with \$57.6M in operating cash, and has grown its cash balance to \$76.5M at October month end. During the first four months of FY20, the largest expenditures made by AAFAF have pertained to professional service fees, as expected. New for FY20 cash flow reporting, AAFAF will receive additional General Fund appropriations for Title III expenses; however, YTD non payments of Title III fees have taken place which has been the greatest contributor to the cash build.

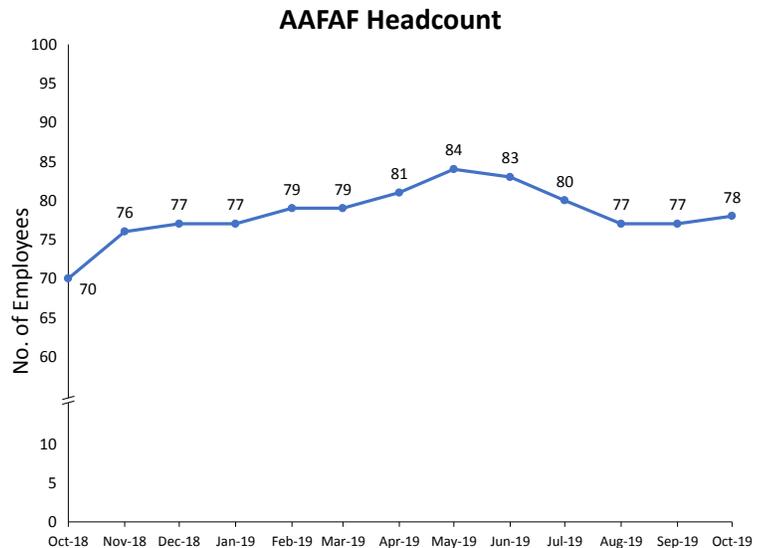
### A. FY20 Operating Liquidity – Actuals<sup>26</sup> and FY20 Liquidity Plan

1. \$2.6M YTD actuals vs. Liquidity Plan:
  - a. \$1.5M in other operating payments, due to timing of disbursements throughout the fiscal year.
  - b. \$0.6M in fiscal agency fees, MOU premiums, and interest income on deposits, which are a combination of timing and permanent variances.
  - c. \$0.4M in payroll and related costs, which is considered a timing variance due to AAFAF headcount declining at the beginning of the fiscal year.
2. (\$16.8M) cash reduction for the balance of FY20:
  - a. Reduction in liquidity is due to the expectation of greater professional service fees to be paid in the second half of the fiscal year, both Title III and Non-Title III fees.



### B. Headcount / Payroll

1. Headcount FTEs: Increased from 70 to 78 from Oct-18 to Oct-19.
  - a. Increase in headcount was due to AAFAF needing additional personnel to provide fiscal services to various government entities.
2. Payroll: Disbursements are forecast to be \$7.8M for FY20. YTD payroll is \$2.1M.
  - a. YTD run rate for payroll is slightly behind AAFAF’s budgeted expense for FY20, due to the reduced headcount from the beginning of the fiscal year.
  - b. AAFAF is expecting to fill some of the vacancies; however, timing of potential new hires is still uncertain.

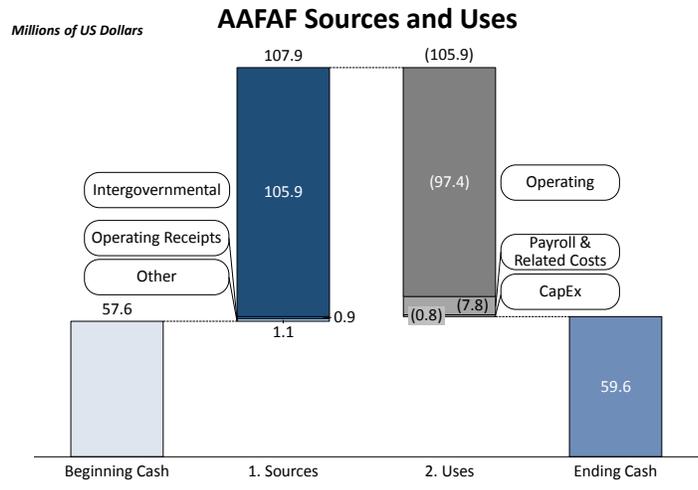


<sup>26</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

**XII. FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY (“AAFAF”) (Continued)**

**C. Full Year FY20 Sources and Uses of Funds**

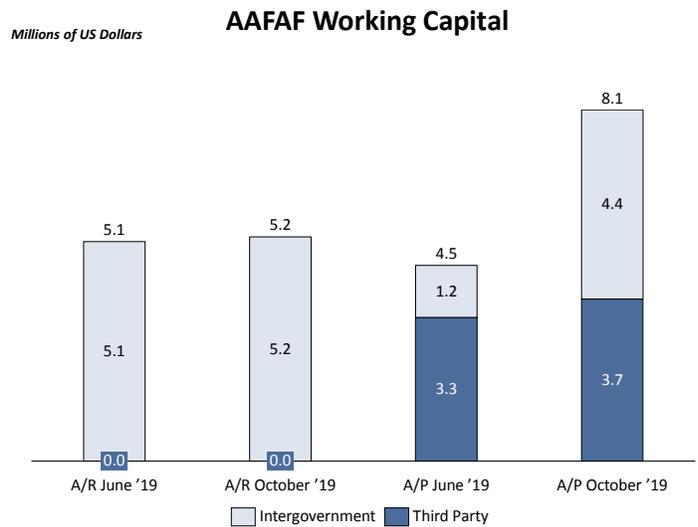
1. Sources \$107.9M:
  - a. \$105.9M in general fund appropriations from the central government are largely being used to administer restructuring efforts and provide financial reporting on behalf of the government.
  - b. \$1.1M in other receipts are due to interest income on deposits and many one-time reimbursements.
  - c. \$0.9M in Fiscal Agency fees.
2. Uses (\$105.9M):
  - a. (\$97.4M) in operating disbursements, with professional services totaling (\$85.3M) between budgeted and Title III fees, largely consisting of legal, accounting, and financial advisory; purchased services totaling (\$3.7M); facilities payments totaling (\$0.5M); and other operating expenses of (\$7.9M).
  - b. (\$7.8M) in payroll and related costs for FY20.
  - c. (\$0.8M) in CapEx for FY20.



Note: Beginning and ending cash as presented in Section A.

**D. Accounts Receivable / Accounts Payable<sup>27</sup>**

1. Accounts Receivable:
  - a. \$0.1M increase from Jun-19 to Oct-19 driven by services provided to other government agencies and corporations.
2. Accounts Payable:
  - a. \$3.6M increase from Jun-19 to Oct-19 driven by payments to be made on behalf of other government agencies.
3. Working Capital:
  - a. \$3.5M source of cash from Jun-19 to Oct-19 driven by the working capital changes listed above.



<sup>27</sup> Figures are unaudited and subject to change.

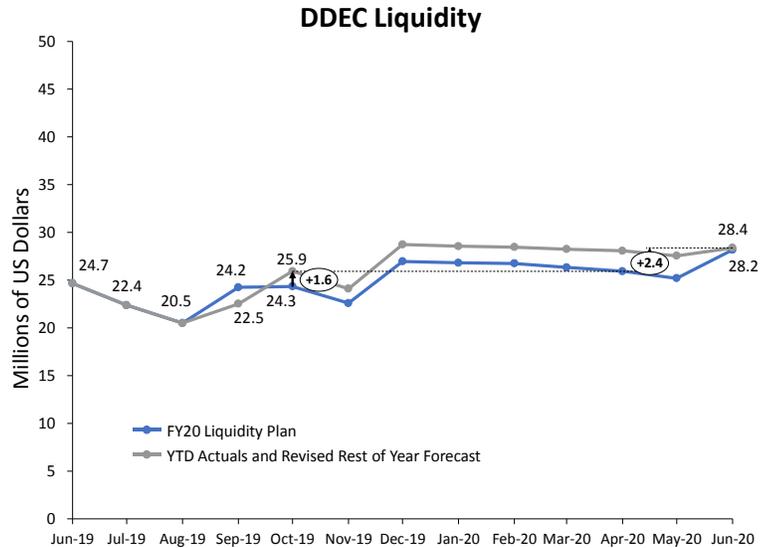
**XIII. DEPARTMENT OF ECONOMIC DEVELOPMENT AND COMMERCE (“DDEC”)**

**Primary Business Activity:** DDEC serves as the umbrella agency for key economic development entities in Puerto Rico. It leads efforts to drive competitiveness through structural reforms, promoting private sector investment, and job growth in critical sectors.

**Key Takeaways:** DDEC began FY20 with \$24.7M in operating cash, and has increased its cash balance by \$1.2M to \$25.9M by October month end. Year to date, the increase in cash is due to timing of management fees received, which pertain to back-office services provided to various entities under the DDEC umbrella. DDEC’s headcount increased significantly during the last twelve months due to ongoing consolidation, so a budget reappropriation/consolidation of multiple budgets will be required to comply with the FY20 Certified Budget. Currently, all cash flow activity year to date reflects DDEC, the Permits Management Office, and the Office of Industrial Tax Exemption; however, the payroll expense includes an additional 48 FTEs for the Puerto Rico Trade and Export Company and 5 FTEs for the State Office of Energy Policy.

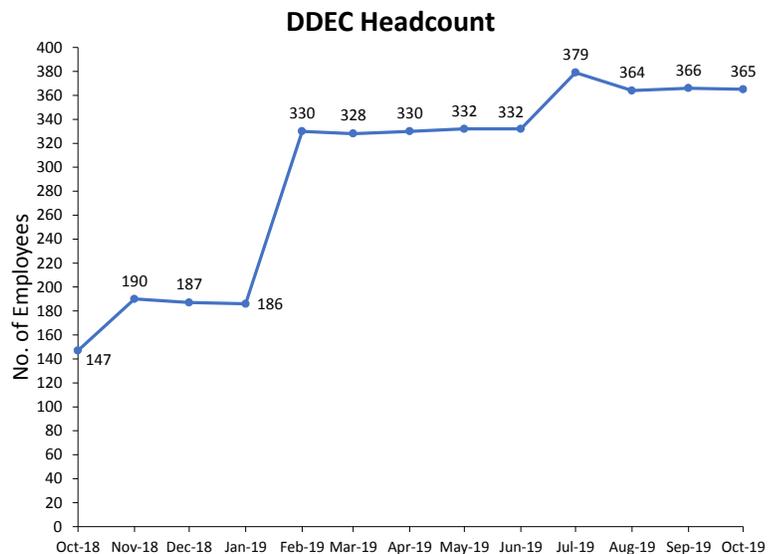
**A. FY20 Operating Liquidity – Actuals<sup>28</sup> and FY20 Liquidity Plan**

1. \$1.6M YTD actuals vs. Liquidity Plan:
  - a. \$7.5M in operating receipts, due to \$6.5M in management fees and \$1.0M in various tax incentives.
  - b. \$1.6M in operating disbursements, which is timing related due to not receiving the expected intergovernmental receipts.
  - c. (\$4.2M) in other income, due to timing of transfers from PRIDCO and reimbursements for managing federal grants.
  - d. (\$1.6M) in intergovernmental receipts, which is due to timing of inflows.
  - e. (\$1.6M) in net federal funds due to timing of receipts and disbursements.
2. \$2.4M cash build for the balance of FY20:
  - a. Build in liquidity is in large part due to the reversal of timing variances relating to transfers from PRIDCO and reimbursements for managing federal grants.



**B. Headcount / Payroll**

1. Headcount FTEs: Increased from 147 to 365 from Oct-18 to Oct-19.
  - a. The increase in headcount throughout FY19 is due to the transfer of 42 employees from PRIDCO, 132 employees from OGPE, and 12 employees from OEI as a result of DDEC consolidation.
  - b. At the beginning of FY20, DDEC began reporting an additional 48 employees, 43 of which belong to the Puerto Rico Trade and Export Company, and 5 of which belong to the State Office of Energy Policy; however, headcount has declined YTD due to retirement programs implemented by management.
2. Payroll: Disbursements are forecast to be \$18.1M for FY20. YTD payroll is \$5.0M.
  - a. YTD run rate for payroll is behind forecast for FY20 due to recent declines in headcount, driven by retirement of tenured employees and general turnover at the beginning of the fiscal year.

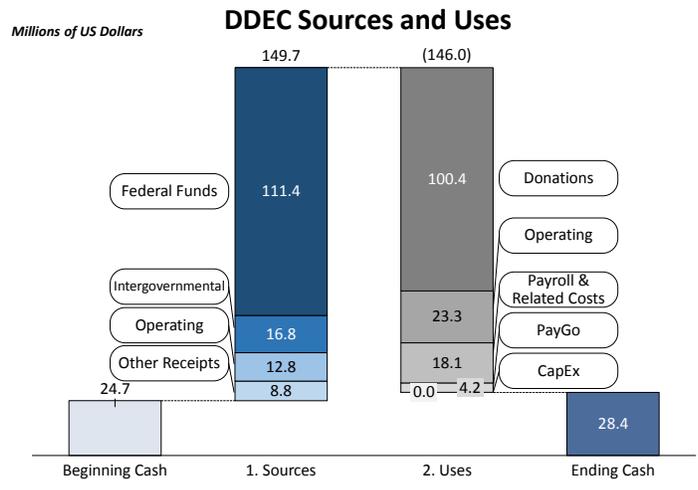


<sup>28</sup> Appendix includes reconciliation between AAFAP reported cash figures and the figures in this report.

**XIII. DEPARTMENT OF ECONOMIC DEVELOPMENT AND COMMERCE (“DDEC”) (Continued)**

**C. Full Year FY20 Sources and Uses of Funds**

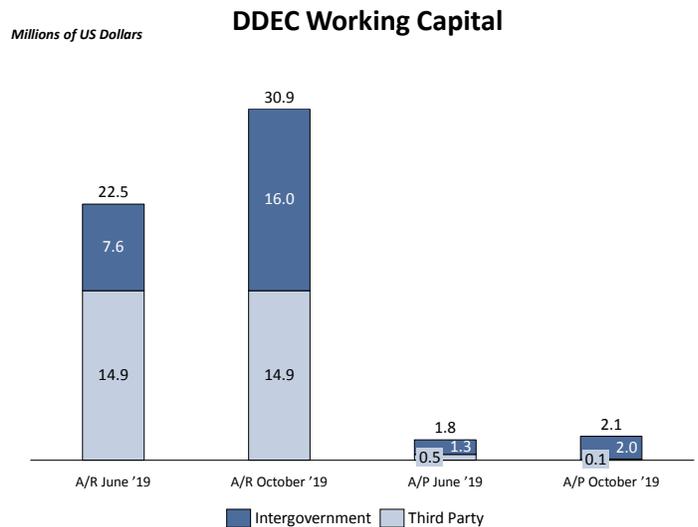
1. Sources \$149.7M:
  - a. Federal grants represent \$111.4M, or 74.4%, of total receipts, which are used for redevelopment efforts on the Island.
  - b. Intergovernmental receipts are \$16.8M, or 11.2% of total receipts.
  - c. Operating receipts are \$12.8M, or 8.5% of total receipts, which represent the management fee owed to DDEC and tax incentive fees.
  - d. Other receipts account for \$8.8M, or 5.9% of total receipts, which relate to cash transferred from PRIDCO to pay for employees and other operating costs, fees for managing federal grants, and interest income.
2. Uses (\$146.0M):
  - a. Donations, subsidies, and distributions represent (\$100.4M), or 68.8%, of total disbursements, which are provided to local areas for redevelopment and to the citizens through various federal grants.
  - b. Operating expenses of (\$23.3M), or 15.9%, primarily consist of professional and purchased services of (\$15.1M) and additional operating expenses of (\$8.2M).
  - c. Payroll and related costs of (\$18.1M), or 12.4%, of total disbursements.
  - d. PayGo disbursements of (\$4.2M), or 2.9%, of total disbursements, which is a significant increase from the FY19 total due to Permits Management Office now reporting under DDEC umbrella.



Note: Beginning and ending cash as presented in Section A.

**D. Accounts Receivable / Accounts Payable<sup>29</sup>**

1. Accounts Receivable:
  - a. \$8.4M increase from Jun-19 to Oct-19 driven by management fees owed to DDEC by PRIDCO and Tourism for back-office services provided.
2. Accounts Payable:
  - a. \$0.3M increase from Jun-19 to Oct-19 driven by an increase in payables to various government agencies.
3. Working Capital:
  - a. \$8.1M use of cash from Jun-19 to Oct-19 driven by the working capital changes listed above.



<sup>29</sup> Figures are unaudited and subject to change.

**XIV. PUERTO RICO CONVENTION CENTER DISTRICT AUTHORITY (“CCDA”)**

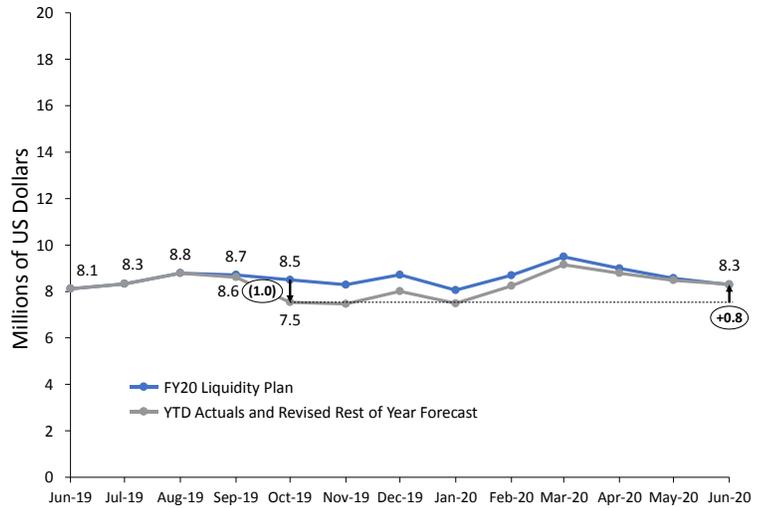
**Primary Business Activity:** CCDA develops, manages, and oversees the Puerto Rico Convention Center, the Coliseo de Puerto Rico José Miguel Agrelot, Bahía Urbana, and other adjacent hospitality, commercial, and residential developments.

**Key Takeaways:** CCDA began FY20 with \$8.1M in operating cash, and has reduced its cash balance by (\$0.6M) to \$7.5M by October month end. Liquidity has decreased due to timing of disbursements to support higher-than-projected revenues for the first four months of the fiscal year, in particular at the PR Coliseum. Consistent with the prior fiscal year, event schedules at the managed venues continue to be booked through Q2, expecting to yield steady operating receipts from the Coliseum and Convention Center. In addition to financial topics, CCDA is planning to hire a Deputy Director during FY20; however, timing is currently uncertain.

**A. FY20 Operating Liquidity – Actuals<sup>30</sup> and FY20 Liquidity Plan**

1. (\$1.0M) YTD actuals vs. Liquidity Plan:
  - a. \$1.6M in operating receipts, relating to the PR Coliseum, due to the increased number of events taking place in Q1 of FY20.
  - b. (\$2.2M) in operating disbursements, due to (\$1.8M) in contracted services and (\$0.3M) in facilities payments to support increased events at the venues, which are being treated as timing.
  - c. (\$0.3M) in CapEx, which is solely due to prior fiscal year projects that were not completed by end of FY19.
  - d. (\$0.2M) in other receipts, which is timing related.
2. \$0.8M cash build for the balance of FY20:
  - a. Build in liquidity is due to the reversal of negative variances relating to timing of disbursements, offset by lower receipts in the second half of the year.

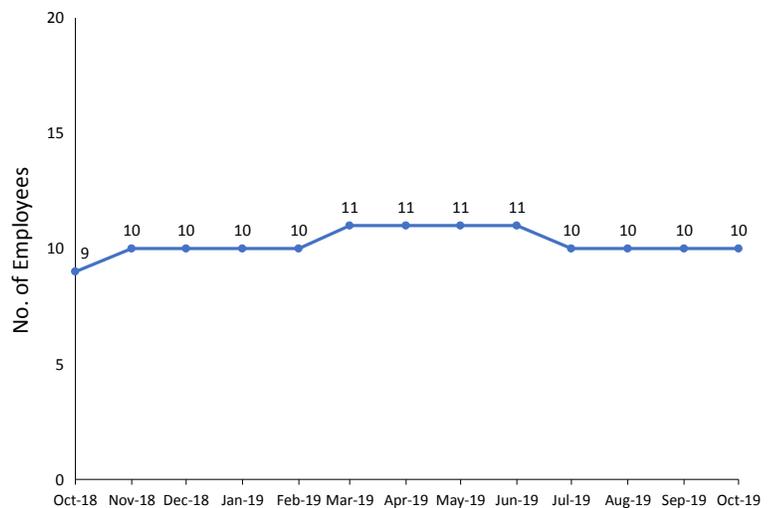
**CCDA Liquidity**



**B. Headcount / Payroll**

1. Headcount FTEs: Increased from 9 to 10 from Oct-18 to Oct-19.
  - a. Headcount has increased by two to fill positions in accounting and operations by the end of FY19, and then declined by one position during Jul-19 due to the prior Executive Director switching agencies within the government.
  - b. CCDA plans to make one additional hire to serve as the Deputy Director of the agency during the fiscal year.
2. Payroll: Disbursements are forecast to be \$0.7M for FY20. YTD payroll is \$0.3M.
  - a. YTD run rate for payroll is slightly above FY20 forecast; however, it is in line with management’s board-approved Budget. CCDA has a pending reapportionment request to shift expenses from purchased services to payroll so it can disburse funds accordingly.

**CCDA Headcount**

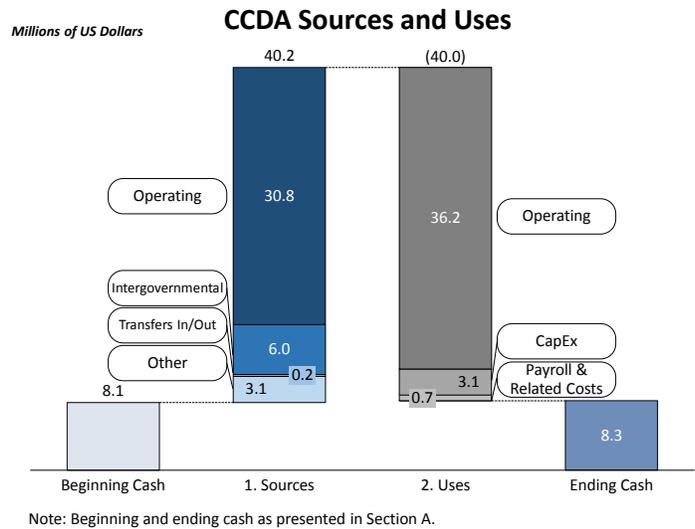


<sup>30</sup> Appendix includes reconciliation between AAFAP reported cash figures and the figures in this report.

**XIV. PUERTO RICO CONVENTION CENTER DISTRICT AUTHORITY (“CCDA”) (Continued)**

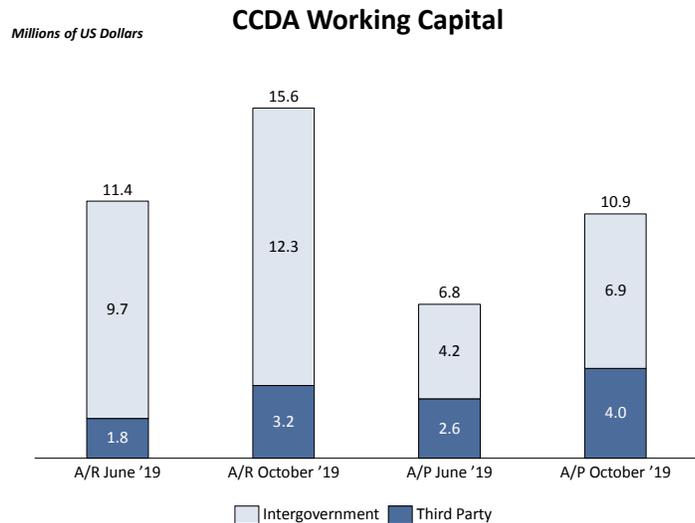
**C. Full Year FY20 Sources and Uses of Funds**

1. Sources \$40.2M:
  - a. Operating receipts total \$30.8M, consisting of income from the PR Coliseum, the Convention Center, and other rental income.
  - b. Intergovernmental receipts make up \$6.0M of total sources of funds, which relates to room tax payments made to CCDA by the Tourism Company of Puerto Rico.
  - c. Transfers between operating and non-operating bank accounts represent a \$0.2M source of cash.
  - d. Other receipts account for \$3.1M of total receipts, which represent sale of land owned by CCDA.
2. Uses (\$40.0M):
  - a. Operating expenses combine to (\$36.2M), with purchased services and facilities payments accounting for (\$35.6M) of total operating expenditures.
  - b. CapEx of (\$3.1M), utilized for maintaining the quality of owned assets on the Island.
  - c. Payroll and related costs for FY20 are (\$0.7M).



**D. Accounts Receivable / Accounts Payable<sup>31</sup>**

1. Accounts Receivable:
  - a. \$4.2M increase from Jun-19 to Oct-19 driven by outstanding receipts from various government agencies for events that took place during the month of October.
2. Accounts Payable:
  - a. \$4.1M increase from Jun-19 to Oct-19 driven by payments due to both government agencies and third party vendors to support events at venues.
3. Working Capital:
  - a. \$0.1M use of cash from Jun-19 to Oct-19 driven by the working capital changes listed above.



<sup>31</sup> Figures are unaudited and subject to change.

**XV. PUERTO RICO ADMINISTRATION FOR THE DEVELOPMENT OF AGRICULTURAL ENTERPRISES (“ADEA”)**

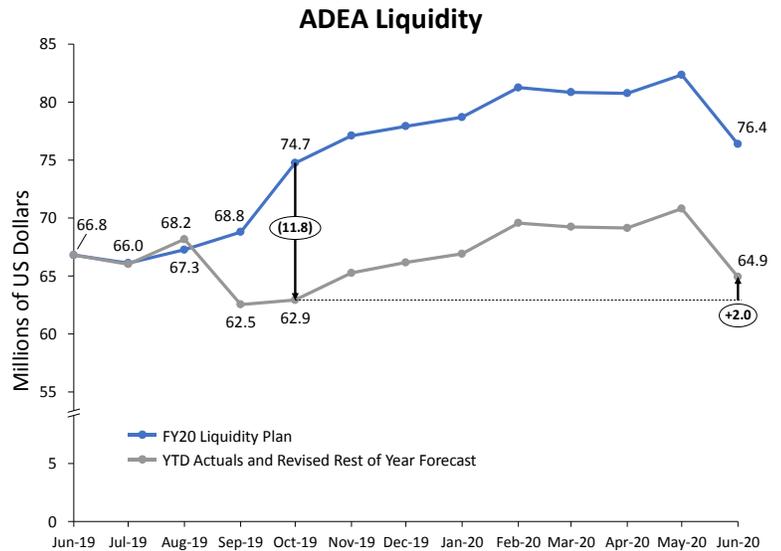
**Primary Business Activity:** ADEA provides services to the agricultural sector, with the goal of supporting its economic development. Services include: rural infrastructure development, providing incentives and subsidies to the industry, agricultural product market making, and other related services.

**Key Takeaways:** Year to date, cash has decreased from \$66.8M to \$62.9M, generating \$3.9M in negative cash flow, led by rural infrastructure program expenses given this program is moving to the Puerto Rico Land Authority. These expenses were partially offset by lower YTD subsidy and incentive payments, which is timing related and expected to reverse. Operations at ADEA related to coffee market making are in line with the Liquidity Plan, while school cafeteria receipts are slightly below Liquidity Plan due to timing. ADEA projects a cash build of \$2.0M by fiscal year end and expects to end FY20 with a \$64.9M cash balance.

**A. FY20 Operating Liquidity – Actuals<sup>32</sup> and FY20 Liquidity Plan**

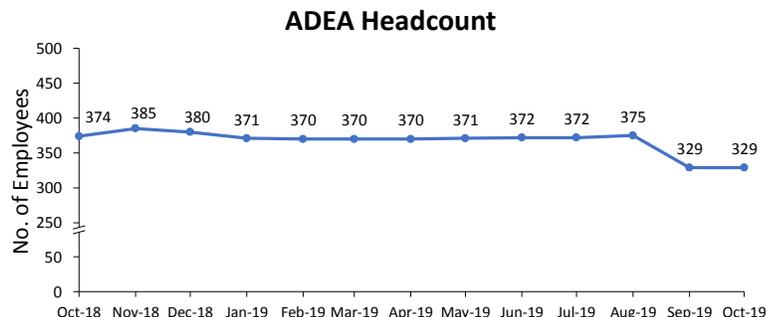
1. (\$11.8M) YTD actuals vs Liquidity Plan:

- a. (\$1.0M) unfavorable variance in operating revenues, led by (\$1.2M) in school cafeterias and (\$0.4M) in WIC and OPPEA receipts, both of which are timing related. These were partially offset by \$0.6M in other operating revenues, led by a timing variance of \$0.5M in coffee market making receipts.
  - b. (\$4.9M) timing variance in intergovernmental receipts due to a holdback for infrastructure spending that was expected to be released in Oct-19. ADEA anticipates these funds to be received in the next few weeks, reversing the variance.
  - c. (\$1.0M) permanent variance related to payroll. ADEA is currently working with OGP for an increase to the budget, which would be funded by ADEA’s own operating inflows.
  - d. \$0.8M favorable variance in PayGo, which is timing and expected to reverse in the coming months.
  - e. (\$8.1M) permanent variance in rural infrastructure expenses. The program is moving to the Land Authority of Puerto Rico, along with remaining balances previously received.
  - f. \$4.7M favorable variance in operating disbursements, driven by a favorable \$3.6M variance in other operating expenses related to coffee market making operations and school cafeterias, and a \$3.4M favorable variance in subsidy and incentives payments. These were partially offset by a (\$2.3M) unfavorable variance in other operating expenses. Variances are timing related and expected to reverse by end of the fiscal year.
  - g. (\$2.3M) unfavorable variance due to transfers to non-operating accounts.
2. \$2.0M cash build for the balance of FY20.
- a. \$93.5M forecast in total receipts led by \$42.4M coffee market making receipts, \$40.4M in intergovernmental receipts, \$7.7M from the school cafeteria program, and \$3.0M in other receipts.
  - b. (\$91.5M) forecast in total disbursements, led by (\$41.1M) in operating expenses from the school cafeteria and coffee market making programs, (\$36.5M) in subsidies and incentives, and (\$13.9M) in other operating expenses.



**B. Headcount / Payroll**

- 1. Headcount FTEs: Decreased from 374 to 329 from Oct-18 to Oct-19.
  - a. Decrease in headcount is primarily related to an early retirement window in Sep-19.
- 2. Payroll: Disbursements are forecast to be \$8.2M for FY20. YTD payroll is \$4.3M.
  - a. YTD Payroll through Oct-19 is \$1.0M above Liquidity Plan, which is not expected to reverse.

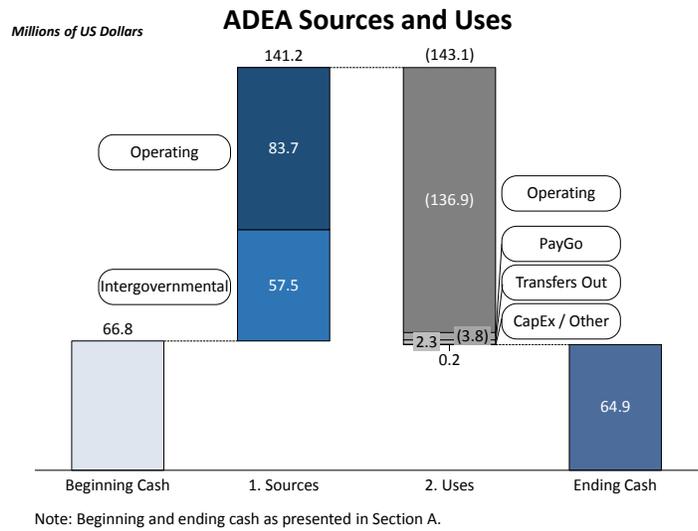


<sup>32</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

**XV. PUERTO RICO ADMINISTRATION FOR THE DEVELOPMENT OF AGRICULTURAL ENTERPRISES (“ADEA”) (Continued)**

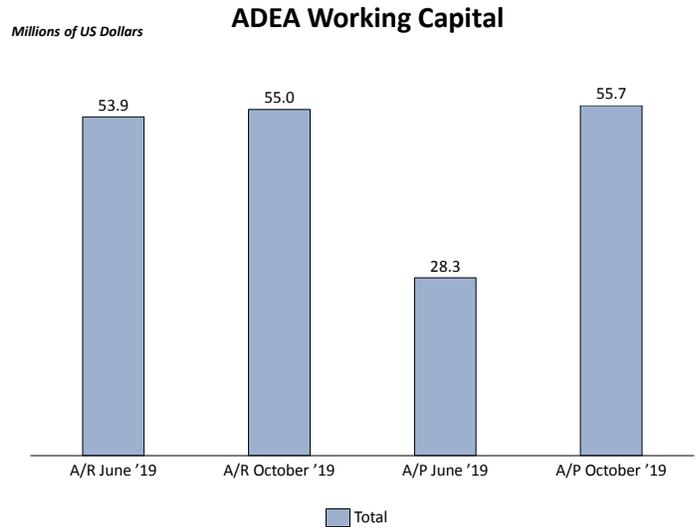
**C. Full Year FY20 Sources and Uses of Funds**

1. Sources \$141.2M:
  - a. \$83.7M in operating receipts comprised of \$61.8M in coffee market making operations, \$18.4M in school cafeteria programs, and \$3.5M in other receipts.
  - b. \$57.5M in intergovernmental transfers.
2. Uses (\$143.1M):
  - a. (\$136.9M) in operating disbursements including (\$59.3M) of other operating expenses primarily related to the school cafeteria and coffee programs, payroll of (\$8.2M), incentives and subsidy programs of (\$41.8M), other vendor payments of (\$4.8M), rural infrastructure spending of (\$19.5M), and facilities and payments to public services of (\$0.8M). Other operating expenses, including pass-through disbursements tied to government programs, total (\$2.5M).
  - b. (\$3.8M) in PayGo charges.
  - c. (\$2.3M) in transfers to non-operating accounts.
  - d. (\$0.2M) in CapEx.



**D. Accounts Receivable / Accounts Payable<sup>33</sup>**

1. Accounts Receivable:
  - a. \$1.2M increase from Jun-19 to Oct-19.
2. Accounts Payable:
  - a. \$4.1M decrease from Jun-19 to Oct-19 driven by rural infrastructure payments.
3. Working Capital:
  - a. \$5.3M use of cash from Jun-19 to Oct-19 driven by the working capital changes listed above.



<sup>33</sup> Figures are unaudited and subject to change.

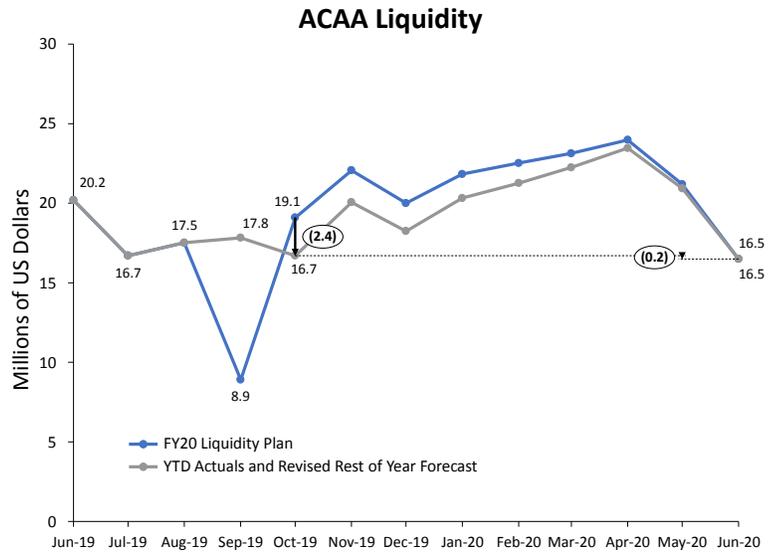
**XVI. AUTOMOBILE ACCIDENT COMPENSATION ADMINISTRATION (“ACAA”)**

**Primary Business Activity:** ACAA administers insurance for health services and compensation to benefit victims of car accidents and their dependents. ACAA pays for medical-hospital services offered by third party providers and compensates victims and dependents of deceased victims who were involved in an accident.

**Key Takeaways:** ACAA began FY20 with \$20.2M in operating cash, and its cash balance has reduced by (\$3.5M) to \$16.7M by October month end. During September and October, ACAA significantly reduced its timing delay of receipts and collected outstanding insurance premiums as expected, which should push the receipt cycle close to normal going forward. Additionally, ACAA’s headcount decreased significantly throughout FY19 due to employees entering VTP III and has experienced further turnover during FY20 due to management-generated programs.

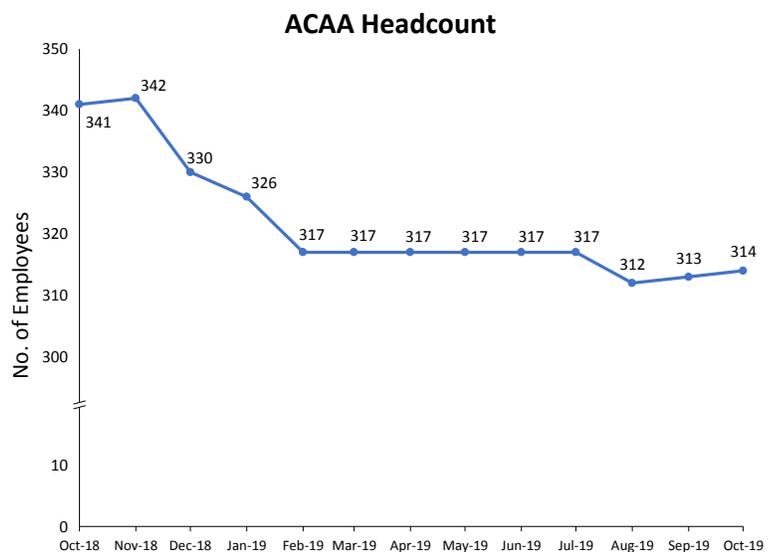
**A. FY20 Operating Liquidity – Actuals and FY20 Liquidity Plan**

1. (\$2.4M) YTD actuals vs. Liquidity Plan:
  - a. (\$1.0M) in operating receipts, consisting of (\$1.1M) in insurance premiums and \$0.1M in recoveries, both of which are timing driven.
  - b. (\$1.1M) in operating disbursements, consisting of (\$3.2M) in claims-related disbursements, \$1.3M in purchased services, and \$0.8M in professional service fees, all of which are timing related and expected to reverse throughout the year.
  - c. (\$0.3M) in payroll and related costs, which is slightly above the budgeted run rate for FY20.
2. (\$0.2M) cash reduction for the balance of FY20:
  - a. Reduction is due to reversal of timing variances relating to receipts and disbursements.



**B. Headcount / Payroll**

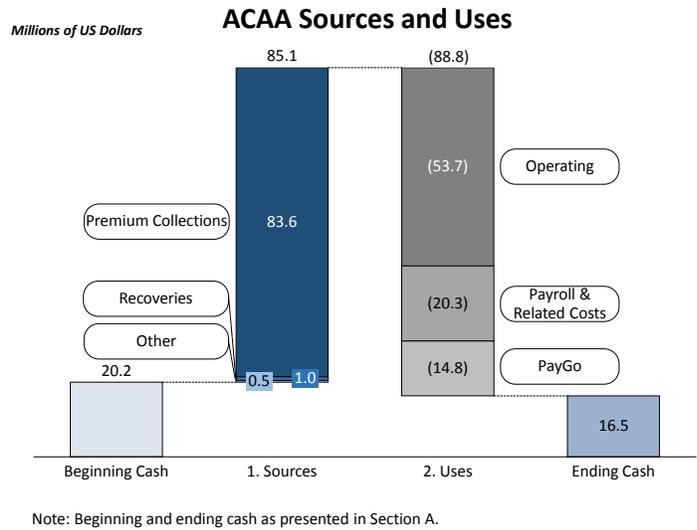
1. Headcount FTEs: Decreased from 341 to 314 from Oct-18 to Oct-19.
  - a. Decline in headcount is due to VTP III and additional back office employees entering an early retirement program offered by ACAA.
2. Payroll: Disbursements are forecast to be \$20.3M for FY20. YTD payroll is \$6.1M.
  - a. YTD run rate for payroll is slightly above FY20 forecast due to timing disbursements.



**XVI. AUTOMOBILE ACCIDENT COMPENSATION ADMINISTRATION (“ACAA”) (Continued)**

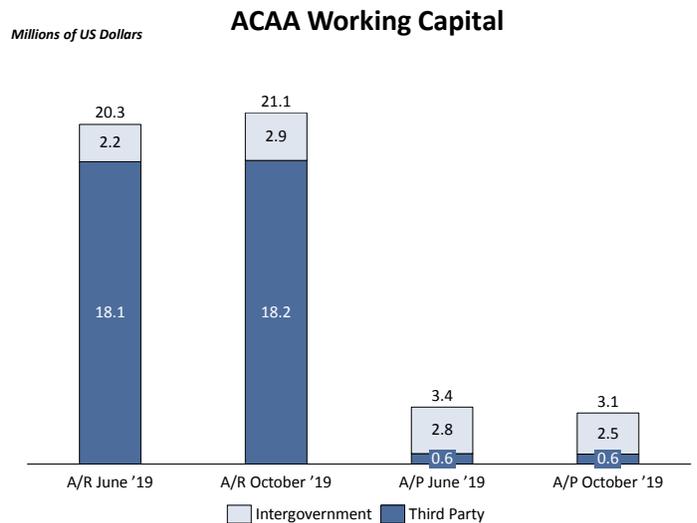
**C. Full Year FY20 Sources and Uses of Funds**

1. Sources \$85.1M:
  - a. \$83.6M in insurance premium collections, representing 98.3% of total sources of cash.
  - b. \$1.0M in insurance recoveries, representing 1.2% of total sources of cash.
  - c. \$0.5M in other operating receipts, which relates to rental income ACAA generates from leasing floors in its building.
2. Uses (\$88.8M):
  - a. (\$53.7M) in operating expenses, which consist of (\$42.2M) in claims-related disbursements and contributions to other government entities, (\$7.5M) in purchased services, (\$2.5M) in professional service fees, and (\$1.5M) in additional operating expenses.
  - b. (\$20.3M) in payroll and related costs for 314 ACAA employees.
  - c. (\$14.8M) of PayGo disbursements for retirement of previous employees.



**D. Accounts Receivable / Accounts Payable**

1. Accounts Receivable:
  - a. \$0.7M increase from Jun-19 to Oct-19 driven by an increase in receivables from insurance funds and the Traffic Safety Commission.
2. Accounts Payable:
  - a. \$0.3M decrease from Jun-19 to Oct-19 driven by payments due to various government agencies.
3. Working Capital:
  - a. \$1.0M use of cash from Jun-19 to Oct-19 driven by the working capital changes listed above.



## **XVII. PUBLIC HOUSING ADMINISTRATION (“PHA”)**

**Primary Business Activity:** PHA provides affordable housing, rental assistance, and homeownership programs to families and persons with disabilities. PHA hires outside service providers to conduct various activities related to maintaining the livability of public housing on the Island.

**Key Takeaways:** Information not available.

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### **A. FY20 Operating Liquidity – Actuals<sup>34</sup> and FY20 Liquidity Plan**

1. Information not available.

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### **B. Headcount / Payroll<sup>35</sup>**

1. Information not available.

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<sup>34</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

<sup>35</sup> PHA is a central government agency and reported on the 2(B) for headcount and payroll figures; the entity operates within the RHUM system.

**XVII. PUBLIC HOUSING ADMINISTRATION (“PHA”) (Continued)**

**C. Full Year FY20 Sources and Uses of Funds**

1. Information not available.

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**D. Accounts Receivable / Accounts Payable<sup>36</sup>**

1. Information not available.

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<sup>36</sup> Figures are unaudited and subject to change.

## **XVIII. CENTRAL OFFICE FOR RECONSTRUCTION AND RECOVER OF PUERTO RICO (“COR3”)**

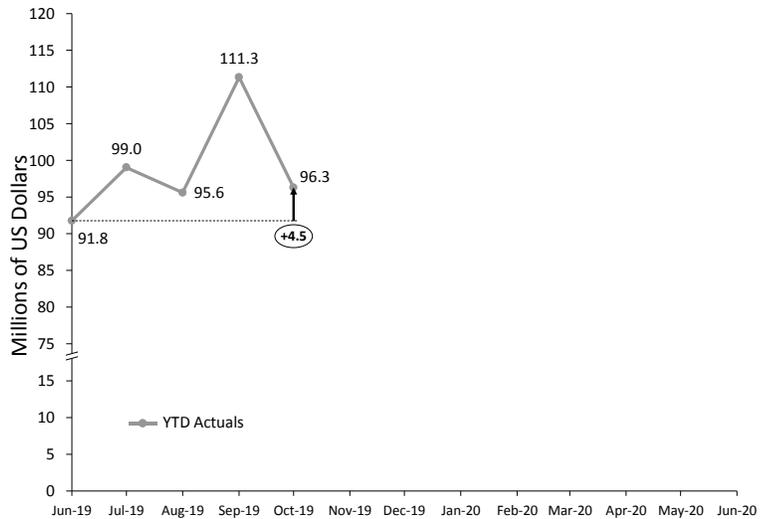
**Primary Business Activity:** COR3 manages FEMA Federal Public Assistance and disaster-related available resources for government entities and eligible sub-recipients and provides technical support regarding recovery-related resources and Federal compliance requirement matters. COR3 acts as a pass-through entity receiving federal funds and making disbursements for approved rebuilding activities.

**Key Takeaways:** In October 2019, COR3 drew down and disbursed FEMA-approved and state-required and related funds of \$109.1M and \$124.1M respectively to numerous government instrumentalities, municipalities, and component units, including the Commonwealth’s Central Government. Year to date, COR3 has drawn down and disbursed FEMA-approved and state-required and related funds of \$312.3M and \$307.8M respectively. These funds pertain to FEMA Public Assistance which primarily consist of Programs ‘A’ and ‘B’ (see Section C) as FEMA Individual Assistance funds are not administered by COR3, and are disbursed by FEMA directly to the recipients. Management expects that during FY20, COR3 will experience noticeable increased activity and disbursements pertaining to the five Programs ‘C’ through ‘G’ (see Section C). There is no Liquidity Plan for FY20, as COR3 acts as a pass-through entity and does not disburse nor transfer out funds prior to having these transferred in from FEMA. Efforts are in place to initiate COR3 monitoring of activity by specific program, both for Disaster Recovery and for Permanent Work.

### **A. FY20 Operating Actuals<sup>37</sup>**

1. \$4.5M YTD actual increase in cash:
  - a. \$278.4M cash receipts pertaining to FEMA Public Assistance.
  - b. \$33.9M cash receipts from state cost-share contributions and other receipts.
  - c. (\$280.3M) in FEMA Public Assistance disbursements to sub-grantees.
  - d. (\$27.5M) in state-funded disbursements to sub-grantees.

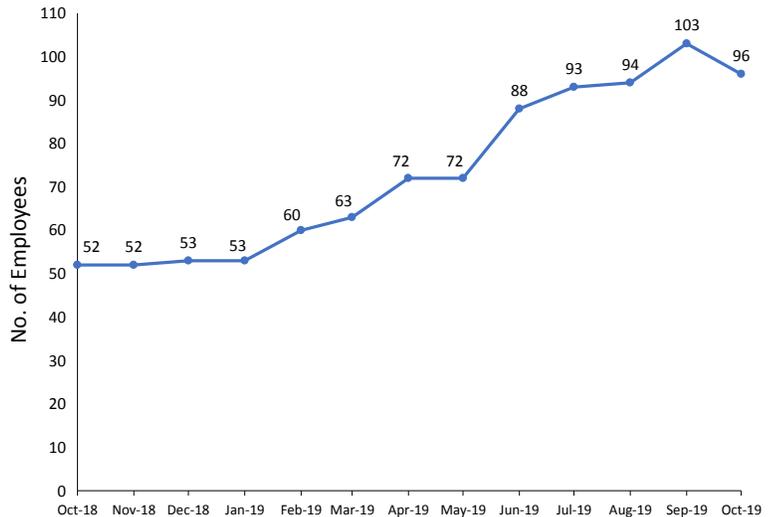
### **COR3 Liquidity**



### **B. Headcount / Payroll**

1. Headcount FTEs: Increased from 52 to 96 from Oct-18 to Oct-19.
  - a. The increase in FTEs is required infrastructure for the tracking of FEMA projects and general compliance and monitoring of Federal Funds that will continue to be managed and disbursed through COR3 for recovery and reconstruction efforts.
  - b. FTEs are also tasked with providing guidance to sub-recipients on available FEMA programs as well as guidance on FEMA required compliance documentation and procedures.

### **COR3 Headcount**



<sup>37</sup> Appendix includes reconciliation between AAFAP reported cash figures and the figures in this report.

**XVIII. CENTRAL OFFICE FOR RECONSTRUCTION AND RECOVER OF PUERTO RICO (“COR3”) (Continued)**

**C. Full Year FY20 Sources and Uses of Funds**

1. FEMA Public Assistance Programs are broken down into two different tranches. These tranches consist of Disaster Recovery programs and Permanent Work programs, both of which are outlined below:
  - a. FEMA Public Assistance Programs ‘A’ and ‘B’ Disaster Recovery:
    1. Category A – Debris Removal.
    2. Category B – Emergency Protective Measures.
  - b. FEMA Public Assistance Programs: (‘C’ – ‘G’) Permanent Work:
    1. Category C – Roads and Bridges.
    2. Category D – Water Control Facilities.
    3. Category E – Buildings and Equipment.
    4. Category F – Utilities.
    5. Category G – Parks, Recreational, and Other.

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**D. Accounts Receivable / Accounts Payable<sup>38</sup>**

1. Not applicable.

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<sup>38</sup> Figures are unaudited and subject to change.

**XIX. UNIVERSITY OF PUERTO RICO (“UPR”)**

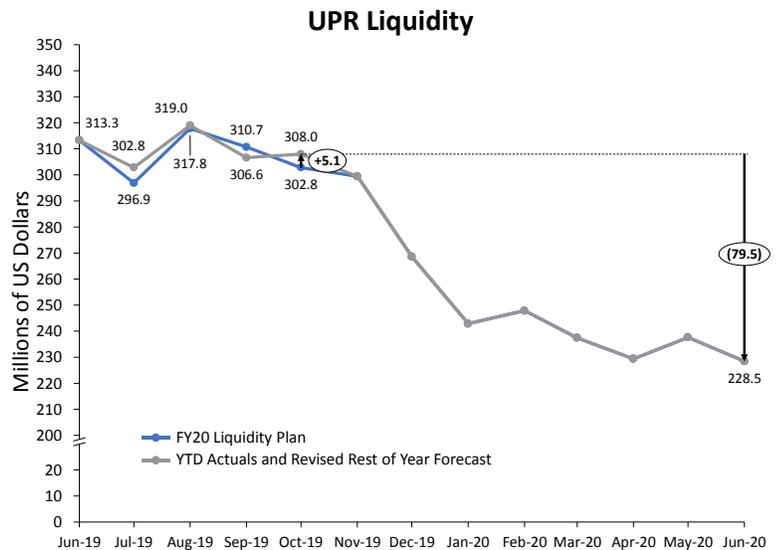
**Primary Business Activity:** UPR is a state-supported university system created by the Law No. 1 of January 20, 1966, “Law of the University of Puerto Rico” (“Act No. 1”), as amended. UPR is responsible for serving the people of Puerto Rico to contribute to the development and enjoyment of the fundamental, ethical, and aesthetic values of Puerto Rican culture by providing high-quality education and creating new knowledge through research and exploration of the Arts, Sciences, and Technology.

**Key Takeaways:** Year to date, cash has decreased from \$313.3M to \$308.0M, generating \$5.3M in negative cash flow. In addition, UPR has a positive net cash flow variance after debt service of \$5.1M compared to forecast driven by lower-than-projected tuition and federal fund receipts and higher-than-expected outflows in vendor disbursements. This is partially offset by a positive variance in payroll and pensions, CapEx, and scholarship and donations.

**A. FY20 Operating Liquidity – Actuals<sup>39</sup> and FY19 Actuals through the same time period (Oct-18)**

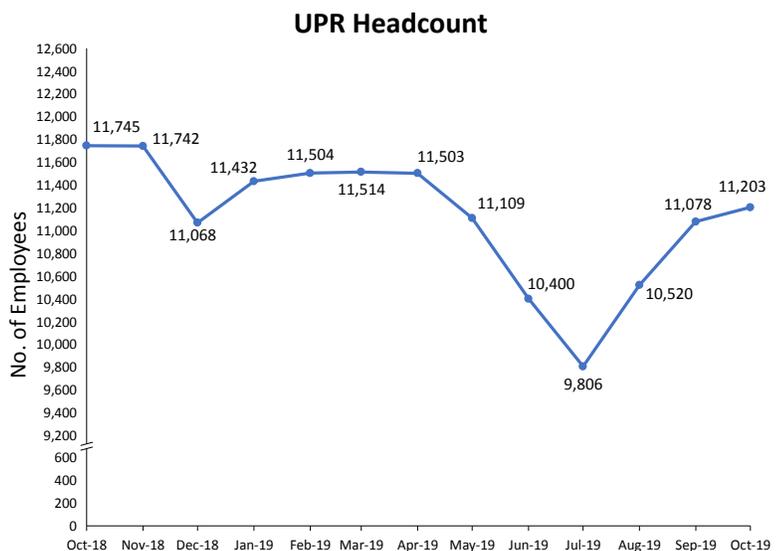
1. \$5.1M YTD actuals vs. Liquidity Plan:

- a. (\$23.1M) timing variance in operating receipts, mostly due to lower-than-expected funds for tuition driven by deferred collections by the University that are expected to be received by the end of December 2019.
- b. (\$11.1M) timing variance in federal fund receipts mostly to due to seasonality that will likely reverse in the next quarter.
- c. (\$24.2M) higher-than-projected vendor disbursements driven by disbursements into prior year supplier payables.
- d. \$25.8M lower-than-projected payroll and pensions disbursements of which \$11.6M are in payroll and \$13.9M are in pensions; these are timing based and expected to reverse in FY20.
- e. \$23.0M lower-than-projected scholarship and donations driven by deferred disbursements, in line with tuition collections, and are expected to reverse by the end of December 2019.
- f. \$13.5M lower-than-projected disbursements in CapEx driven by a timing variance in projects being initiated.
- g. \$1.2M mainly due to lower PREPA payments partially offset by debt service payments, both of which are timing related.



**B. Headcount / Payroll**

- 1. Headcount FTEs: Decreased from 11,745 to 11,203 from Oct-18 to Oct-19.
  - a. By campus: headcount decrease primarily due to decreases at the Rio Piedras of 250, Mayaguez of 103, and Ciencias Medicas of 59.
  - b. By category: headcount decrease primarily due to decreases in permanent teachers of 569, contracted teachers of 458, and probationary teachers of 112, which are partially offset by increases in temporary staff of 232, and part time staff of 214.
- 2. Payroll: Disbursements for Oct-19 are \$59.9M lower than forecast and driven by timing variances in payroll and pension disbursements.

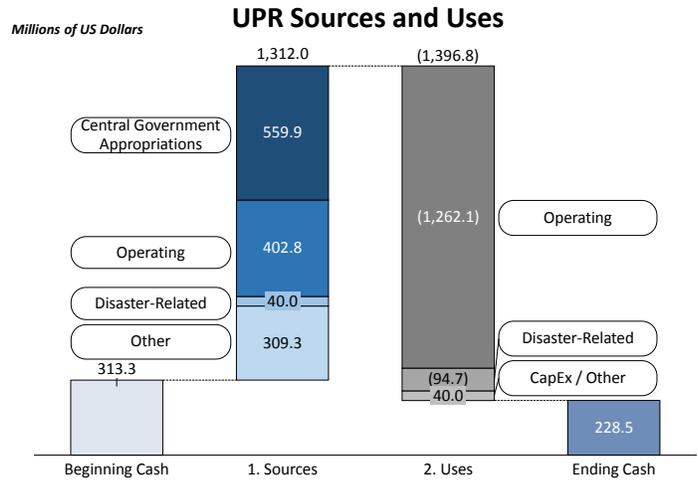


<sup>39</sup> Appendix includes reconciliation between AAFAP reported cash figures and the figures in this report.

**XIX. UNIVERSITY OF PUERTO RICO (“UPR”) (Continued)**

**C. Full Year FY20 Sources and Uses of Funds**

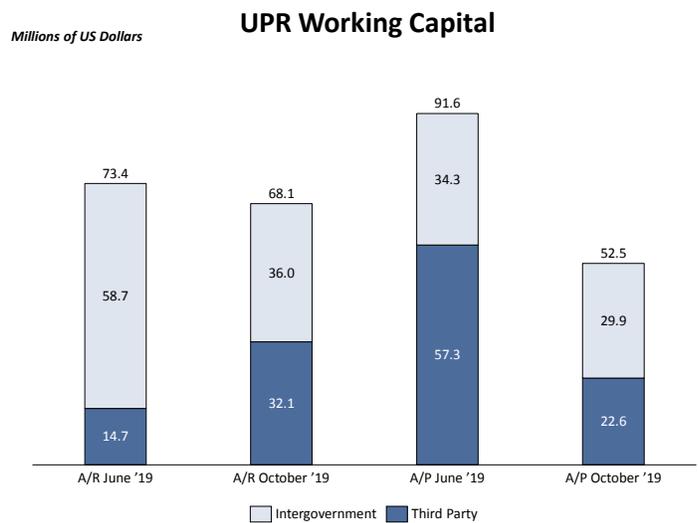
1. Sources \$1,312.0M:
  - a. \$559.9M in General Fund appropriations from the central government.
  - b. Operating receipts total \$402.8M, comprised of \$179.4M in tuition receipts, \$158.0M in campus-generated inflows, and \$65.3M in slot machine revenues remitted to UPR from Tourism.
  - c. Disaster-related receipts of \$40.0M are a result of anticipated funding from FEMA. Inflows are completely offset by \$40.0M in projected outflows.
  - d. Federal funds received for federally supported UPR projects and programs total \$309.8M.
2. Uses (\$1,396.8M):
  - a. Total operating disbursement (\$1,262.1M), driven by gross payroll and pension disbursements of (\$796.0M), scholarships and donations of (\$230.7M), vendor payments to PREPA (\$35.3M), and all other vendor payments (\$200.0M).
  - b. Projected pass-through outflows of FEMA funds (\$40.0M), total CapEx and total debt service of (\$94.7M), broken down as (\$46.5M) and (\$48.2M), respectively.



Note: Beginning and ending cash as presented in Section A.

**D. Accounts Receivable / Accounts Payable<sup>40</sup>**

1. Accounts Receivable:
  - a. \$5.3M decrease from Jun-19 to Oct-19, driven by \$22.2M in collections of intergovernmental receivables, specifically from the federal government and the Commonwealth of Puerto Rico accounts, which represent accrued appropriations for project funding. Variance is partially offset by an \$18.8M increase in tuition and other fees.
2. Accounts Payable:
  - a. \$39.1M decrease from Jun-19 to Oct-19 primarily driven by a \$34.7M paydown in supplier payables. The decrease is partially offset by a \$6.7M increase in unearned revenue driven by tuition.
3. Working Capital:
  - a. The change in net working capital through Oct-19 was a \$33.8M use of cash due to the above changes.



<sup>40</sup> Figures are unaudited and subject to change.

APPENDIX A: RECONCILIATION BETWEEN JULY 2019 AAFAP REPORTED FIGURES<sup>41</sup> AND THE FIGURES IN THIS REPORT<sup>42</sup>

COMPONENT UNIT	AAFAF Reported Balance (a)		Actual Balance 10/25/19		Variance	Variance due to:		Comments
	AAFAF Reported Balance (a)	Actual Balance 10/25/19	AAFAF Reported Balance (a)	Actual Balance 10/25/19		Timing	Nonoperational Accounts	
PUERTO RICO PORTS AUTHORITY ("PORTS")	31.5	27.1	4.4	(0.3)	4.7		\$4.7M of restricted cash is excluded from Ports operating cash.	
MEDICAL SERVICES ADMINISTRATION ("ASEM") (b)	48.8	21.1	27.7	1.3	26.4		CU reported cash does not consider restricted bank accounts, including: CAPBX \$24.3M, Malpractice Insurance Reserve \$1.9M, and FEMA Funding \$0.2M.	
PUERTO RICO INTEGRATED TRANSPORTATION AUTHORITY ("PRITA")	10.1	9.5	0.5	2.3	(1.8)		\$1.8M held in a non-operational account, which is not included in AAFAP's inventory of accounts. Remaining variance is due to timing.	
STATE INSURANCE FUND CORPORATION ("FONDO") (b)	313.3	318.2	(4.9)	(5.3)	0.4		Non-operational accounts pertain to petty (undry/transportation) expense accounts for injured workers not considered in the cash flow. Remaining variance is due to timing.	
HEALTH INSURANCE ADMINISTRATION ("ASES") (b)	622.2	614.6	7.6	7.6	-		Timing variance represents 1.2% of total cash balance.	
HIGHWAYS AND TRANSPORTATION AUTHORITY ("HTA")	355.3	256.2	99.1	(0.2)	99.3		\$84.3M in non-operational accounts primarily earmarked for debt service and \$15.0M in restricted accounts, both not included in HTA's cash flow.	
PUERTO RICO PUBLIC BUILDINGS AUTHORITY ("PBA")	88.5	60.0	28.5	1.9	26.6		Funds held in non-operational accounts at PBA are earmarked for the following: \$12.9M for debt service for bonds pertaining to Resolution 468, \$7.2M for debt service for bonds related to Construction Series R and N, and \$5.5M in other restricted cash accounts.	
CARDIOVASCULAR CENTER OF PUERTO RICO AND THE CARIBBEAN ("Cardio")	14.0	13.7	0.3	(0.6)	0.8		Restricted cash not considered account for \$0.8M of AAFAP cash, which is a non-operating account. Remaining variance is due to timing.	
PUERTO RICO INDUSTRIAL DEVELOPMENT COMPANY ("PRIDCO")	140.9	138.4	2.6	(14.9)	17.5		Restricted/non-operating cash not considered account for \$17.5M of AAFAP webcash, representing incentive funds and other PRIDCO non-operating/reserve accounts managed on behalf of the central government.	
HOUSING FINANCE AUTHORITY ("HFA") (b)	57.0	56.0	1.0	1.0	-		CM continues to work with management to gain a better understanding of the unreconciled differences. Oct-19 variance is assumed to be timing-related.	
PUERTO RICO TOURISM COMPANY ("TOURISM")	146.5	44.4	102.1	0.2	101.9		Funds in non-operational accounts consist of \$86.1M in restricted accounts and \$15.8M in Tourism subsidiary accounts not included in Tourism operating cash.	
FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY ("AAFAF")	49.1	76.5	(27.3)	(0.8)	(26.5)		AAFAF Title III and Escrow bank accounts are not considered in AAFAP's inventory of accounts. Accounts opened during August and September of 2019, respectively.	
DEPARTMENT OF ECONOMIC DEVELOPMENT AND COMMERCE ("DEEC")	25.0	25.9	(0.9)	(0.4)	(0.4)		Non-operational cash does not belong to DEEC, but pertains to "Puerto Las Americas".	
CONVENTION CENTER DISTRICT AUTHORITY ("CCDA")	24.2	7.5	16.6	1.6	15.0		Non-operational accounts include \$15.0M in special purpose funds from ticket sales that do not belong to CCDA.	
PUERTO RICO AGRICULTURAL DEVELOPMENT ADMINISTRATION ("ADEA")	80.6	62.9	17.7	(0.4)	18.1		\$17.7M in non-operational accounts not reported in CU cash balances.	
AUTOMOBILE ACCIDENT COMPENSATION ADMINISTRATION ("AACAA")	145.4	16.7	128.7	-	128.7		Non-operational accounts consist of \$128.7M, which are investment accounts managed by a third party to maintain AACAA's liquidity reserve.	
PUBLIC HOUSING ADMINISTRATION ("PHA")	N/A	N/A	N/A	N/A	N/A		CM continues to work with management to gain a better understanding of accounts listing and balances.	
OFFICE FOR RECOVERY, RECONSTRUCTION, AND RESILIENCY ("COR3")	96.3	96.3	-	-	-		No variance in cash to reconcile.	
UNIVERSITY OF PUERTO RICO ("UPR")	447.7	308.0	139.7	-	139.7		Funds held in non-operational accounts at UPR include: \$60.3M for debt service obligations, \$39.1 for the UPR Component Units and \$40.3M in other restricted cash accounts from UPR campus.	

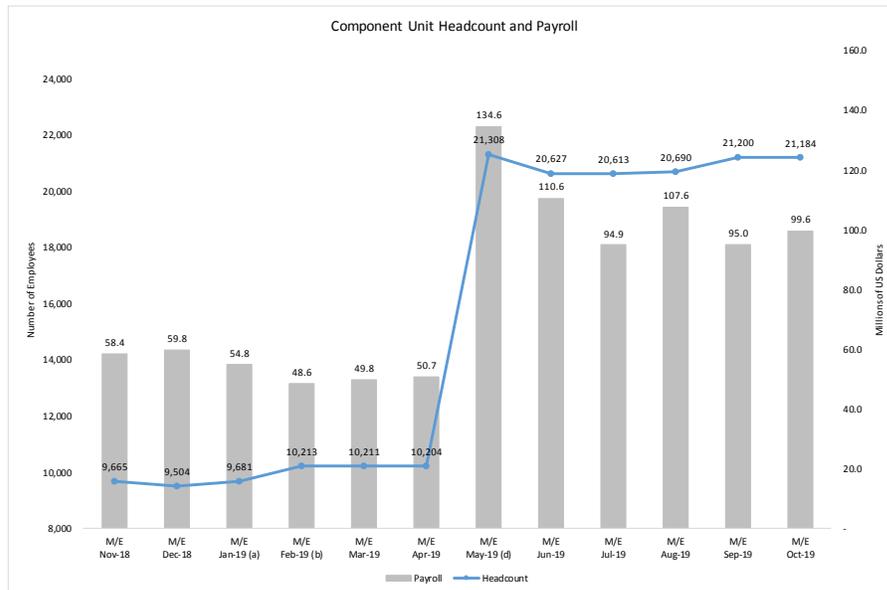
Notes: (10/31/19)  
 (a) AAFAP reported balances as of 10/31/19, while CU reported balances for cash flow purposes are as of 10/25/19. Material timing variances may be present.  
 (b) ASEM, Fondo, ASE, and HTA report book balances, and therefore there may be variances relating to timing of outstanding checks and other accounting adjustments.

<sup>41</sup> AAFAP reported figures as per "Summary of Bank Account Balances for the Government of Puerto Rico and its Instrumentalities" report dated [Month] [Day], [Year].

<sup>42</sup> This report is prepared based on reported operational cash balances as of October 25, 2019, and there are two types of reconciliation differences between the sources of information: timing differences produced by the account delays, or cash being held in nonoperational bank accounts.

## APPENDIX B: HEADCOUNT SUMMARY FOR COMPONENT UNITS COVERED IN THIS REPORT

COMPONENT UNIT	M/E Oct-18	M/E Nov-18	M/E Dec-18	M/E Jan-19	M/E Feb-19	M/E Mar-19	M/E Apr-19	M/E May-19	M/E Jun-19	M/E Jul-19	M/E Aug-19	M/E Sep-19	M/E Oct-19
PUERTO RICO PORTS AUTHORITY ("PORTS")	499	499	485	479	478	478	479	478	476	474	474	472	469
MEDICAL SERVICES ADMINISTRATION ("ASEM")	1,616	1,613	1,549	1,525	1,525	1,506	1,498	1,495	1,502	1,506	1,501	1,464	1,459
PUERTO RICO INTEGRATED TRANSIT AUTHORITY ("PRITA")	879	873	864	849	848	847	846	848	847	843	854	852	852
STATE INSURANCE FUND CORPORATION ("FONDO")	2,844	2,756	2,765	2,717	2,714	2,718	2,714	2,712	2,712	2,708	2,702	2,699	2,699
HEALTH INSURANCE ADMINISTRATION ("ASES")	58	58	58	57	57	57	56	57	57	58	58	58	58
HIGHWAYS AND TRANSPORTATION AUTHORITY ("HTA")	930	900	895	895	895	894	892	890	888	887	883	879	868
PUERTO RICO PUBLIC BUILDINGS AUTHORITY ("PBA")	1,092	1,091	1,029	1,002	1,001	998	997	995	992	992	985	982	979
CARDIOVASCULAR CENTER OF PUERTO RICO AND THE CARIBBEAN ("CARDIO") (c)	568	551	542	536	536	551	546	544	551	548	548	548	562
PUERTO RICO INDUSTRIAL DEVELOPMENT COMPANY ("PRIDCO")	187	144	147	147	146	145	145	147	148	148	146	146	145
HOUSING FINANCE AUTHORITY ("HFA")	141	141	139	140	140	140	141	139	147	147	131	135	129
PUERTO RICO TOURISM COMPANY ("TOURISM")	377	378	377	373	372	372	373	373	371	370	369	368	373
FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY ("AAFAF")	70	76	77	77	79	79	81	84	83	80	77	77	78
DEPARTMENT OF ECONOMIC DEVELOPMENT AND COMMERCE ("DDEC")	147	190	187	186	330	330	330	330	330	330	330	366	365
CONVENTION CENTER DISTRICT AUTHORITY ("CCDA") (c)	9	10	10	10	10	11	11	11	11	10	10	10	10
PUERTO RICO AGRICULTURAL DEVELOPMENT ADMINISTRATION ("ADEA")	374	385	380	371	370	370	370	371	372	372	375	329	329
AUTOMOBILE ACCIDENT COMPENSATION ADMINISTRATION ("ACAA") (a)	N/A	N/A	N/A	317	317	317	317	317	317	317	312	313	314
PUBLIC HOUSING ADMINISTRATION ("PHA") (b)	N/A	N/A	N/A	N/A	335	335	336	336	335	335	321	321	321
CENTRAL RECOVERY AND RECONSTRUCTION OFFICE ("COR3") (b) (c)	N/A	N/A	N/A	N/A	60	63	72	72	88	88	94	103	96
UNIVERSITY OF PUERTO RICO ("UPR") (d)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11,109	10,400	10,400	10,520	11,078	11,078
<b>TOTAL</b>	<b>9,791</b>	<b>9,665</b>	<b>9,504</b>	<b>9,681</b>	<b>10,213</b>	<b>10,211</b>	<b>10,204</b>	<b>21,308</b>	<b>20,627</b>	<b>20,613</b>	<b>20,690</b>	<b>21,200</b>	<b>21,184</b>



**Notes:**

- (a) ACAA started reporting FY19 headcount in Jan-19. Prior month's payroll and headcount information not included.
- (b) PHA and COR3 started reporting FY19 headcount in Feb-19.
- (c) CARDIO, CCDA, and COR3 did not report payroll in Feb-19.
- (d) UPR started reporting FY19 headcount in May-19. Prior month's payroll and headcount information not included.