



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

Component Unit Liquidity

FOR THE MONTH ENDED APRIL 30, 2018

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GLOSSARY

Term	Definition
AAFAF	- Puerto Rico Fiscal Agency and Financial Advisory Authority.
ADEA	- Puerto Rico Agricultural Development Administration, a public corporation and a component unit of the Commonwealth of Puerto Rico.
AMA	- Metropolitan Autobus Authority.
ASEM	- Puerto Rico Medical Services Administration, a public corporation and a component unit of the Commonwealth of Puerto Rico.
ASES	- Puerto Rico Health Insurance Administration, a public corporation and a component unit of the Commonwealth of Puerto Rico.
ATI	- Integrated Transit Authority.
ATM	- Maritime Transportation Authority.
Cardio	- Cardiovascular Center of Puerto Rico and the Caribbean, a public corporation and a component unit of the Commonwealth of Puerto Rico.
CCDA	- Puerto Rico Convention Center District Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
Component Unit (CU)	- Public corporation of the Commonwealth of Puerto Rico.
DDEC	- Puerto Rico Department of Economic Development and Commerce, a public corporation and a component unit of the Commonwealth of Puerto Rico.
DTPR, Hacienda	- Puerto Rico Department of Treasury.
DPO (Intragovernment)	- Days Payable Outstanding [Intragovernment Payables divided by FY18 PayGo Charges and Facilities/Rent Payments multiplied by 365].
DPO (Third Party)	- Days Payable Outstanding [Third Party Payables divided by FY18 Operating Disbursements, not including Payroll Costs, PayGo, Christmas Bonus, or Facilities/Rent Payments multiplied by 365].
DSO (Intragovernment)	- Days Sales Outstanding [Intragovernment Receivables divided by FY18 Intragovernmental Receipts multiplied by 365]
DSO (Third Party)	- Days Sales Outstanding [Third Party Receivables divided by FY18 Third Party Receipts multiplied by 365]
FOMB	- Financial Oversight and Management Board of Puerto Rico.
Fondo	- State Insurance Fund Corporation, a public corporation and a component unit of the Commonwealth of Puerto Rico.
General Fund	- The Commonwealth's principal operating fund.
HFA	- Puerto Rico Housing Finance Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
HTA	- Puerto Rico Highways and Transportation Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.

GLOSSARY, continued

Intergovernmental Receipts	- General fund appropriations to and funds transferred between public corporations and municipalities.
New Insurance Project	- 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.
Operating Disbursements	- Includes payroll and related costs, material and supplies, purchased services, professional services, donations, subsidies, transportation expenses, media ads, and other operating payments.
Operating Receipts	- Revenues collected from operations.
PayGo Charges	- 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.
PBA	- Puerto Rico Public Buildings Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
Ports	- Puerto Rico Ports Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
Post-hurricane forecast	- Projected cash flows for each component unit, based on a revised outlook considering the effects of the hurricanes.
Pre-hurricane forecast	- Projected cash flows for each component unit, based on their respective approved FY 2018 Budget.
PRITA	- Puerto Rico Integrated Transit Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
Tourism	- Puerto Rico Tourism Company, a public corporation and a component unit of the Commonwealth of Puerto Rico.
TSA	- 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.
UDH	- Hospital Universitario, a hospital affiliated with UPR and part of the Department of Health.
UPR	- University of Puerto Rico, a public corporation and a component unit of the Commonwealth of Puerto Rico.
VTP	- Voluntary Transition Program, as established by AAFAF Administrative Orders 05-2017, 03-2018, 04-2018, 05-2018, 06-2018.

INTRODUCTION

AAFAP 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 AAFAP’s evaluation of the liquidity of the Government of Puerto Rico and its public corporations.

This report presents information with respect to 14 select CUs¹. These CUs prepared their individual liquidity plans at the beginning of the fiscal year based on their approved Fiscal Year 2018 budgets (“pre-hurricane forecast”). The CUs pre-hurricane forecasts were projected weekly through the end of Fiscal Year 2018, and are used as the benchmark by AAFAP against which weekly and monthly results are measured. As a result of material changes stemming from Hurricanes Irma and Maria, certain CUs management teams have updated the liquidity plans through fiscal year-end (“post-hurricane forecast”)². The post-hurricane forecast also accounted for the PayGo Charges to the CUs as these changes were implemented after the beginning of FY2018.

This document presents the actual vs post-hurricane forecast (where applicable) variance analysis for 14 select CUs for the Fiscal Year 2018 through 4/27/18³. It also provides information on projected cash for each CU at the end of Fiscal Year 2018, and a comparison to expected ending cash based on pre-hurricane forecasts.

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

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. This information is presented in this document where available.

This report also contains pertinent working capital information for the CUs. Where available, the CUs have provided monthly information on Accounts Payable and Accounts Receivable.

As an Appendix, the report includes a cash reconciliation between April AAFAP reported figures as per “Summary of Bank Account Balances for the Government of Puerto Rico and its Instrumentalities” report dated April 30, 2018 and the cash figures in this report.

¹ This report does not include UPR financial information. While UPR has provided to AAFAP its liquidity plan, the CU has not yet reported actual results. AAFAP is working with UPR management to develop a timeline and reporting milestone plan.

² Fondo, HFA, and AAFAP have not prepared post-hurricane forecasts.

³ YTD results for Fiscal Year 2018 are through Friday April 27, 2018, as most component units are on a weekly cash reporting process and do not have the systems capabilities to perform a month-end cash cutoff in time for the production of this report.

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EXECUTIVE SUMMARY – OPERATING LIQUIDITY

\$M

COMPONENT UNIT	HIGHLIGHTS	FY18 Beg. Balance	ACTUAL (YTD) 4/27/18	F'CAST 6/30/18
PR PORTS AUTHORITY	YTD cash build, the bridge between \$12.2 and \$15.3, primarily due to deferred PayGo and other operating disbursements, however these are expected to reverse causing Ports to run out of cash by mid June.	12.2	15.3	-16.0
MEDICAL SERVICES ADMINISTRATION	Slight YTD cash build through advances of appropriations. However, cash cliff, +\$6.6 down to -\$37.8, in forecast period driven by lower collections and revised PayGo.	5.1	6.6	-37.8
PR INTEGRATED TRANSIT AUTHORITY	YTD cash build due to payroll reductions and CapEx deferrals. However, PRITA expected to run out of cash by May due to catch up costs (purchased services) and previously deferred PayGo charges.	7.4	8.9	-8.8
STATE INSURANCE FUND CORPORATION	YTD cash build primarily due to higher premium collections and PayGo/vendor deferrals. May/June cash burn, \$181.1 to \$71.8, due to seasonal decline in premiums & catchup on both PayGo and vendor deferrals.	37.2	181.1	71.8
HEALTH INSURANCE ADMINISTRATION	YTD cash build reflects increased inflows from Federal Funds to date and better than expected prescription drug rebates.	197.8	248.1	299.3
PR HIGHWAYS & TRANSPORTATION AUTHORITY	YTD cash build due to recently received CapEx funding from the TSA. A portion of the deferred CapEx funds are expected to be disbursed by year-end. Remaining CapEx funds to be spent in FY19.	82.1	141.7	128.3
PUBLIC BUILDINGS AUTHORITY	YTD cash burn, \$62.4 down to \$51.6, primarily due to lower than requested appropriations. Forecasted cash burn is due to deferred PayGo and other vendor payments.	62.4	51.6	24.8
CARDIOVASCULAR CENTER FOR PR & THE CARIBBEAN	YTD cash balance fairly flat since beginning of year. Forecasted cash build due to higher than estimated patient activity.	9.0	8.8	10.0
HOUSING FINANCE AUTHORITY	YTD cash burn primarily the result of timing of investment purchases and debt service payments. Forecasted cash burn mainly driven by (a) unfavorable intergovernmental activity and (b) lower net investment activities.	71.1	58.4	52.1
PR TOURISM COMPANY	YTD cash build reflects over-performance mainly due to better than forecasted slot machine and room tax collections. Cash burn in forecast period due to increased cruise line incentives and marketing spend.	18.1	33.4	30.9
PR FISCAL AGENCY & FINANCIAL ADVISORY AUTHORITY	YTD cash build due to deferred professional service payments. Forecasted cash burn due, in part, to catch up on these professional service payments by year-end. Remaining balance contains \$5M prof. fee cash reserve.	16.1	27.8	23.3
DEPARTMENT OF ECONOMIC DEVELOPMENT & COMMERCE	Slight YTD cash build. Cash build in two-month forecast period primarily due to federal fund inflows for development projects.	10.8	11.2	19.5
PR CONVENTION CENTER DISTRICT AUTHORITY	Slight YTD cash burn due to impacts from hurricane Maria. Minor anticipated change in cash in the two-month forecast period.	8.5	7.0	7.1
PR AGRICULTURAL DEVELOPMENT ADMINISTRATION	YTD cash build due to disbursement timing which is expected to reverse in two-month forecast period. Forecasted cash burn mainly due to increase in payroll, PayGo, along with lower receipts.	43.5	46.8	31.6

■ IN LINE WITH FORECAST (a) ■ BELOW FORECAST OR NEGATIVE CASH BALANCE ■ ABOVE FORECAST

(a) Based on actuals being +/- 5% of forecast.

SUMMARY OF REPORTING BY COMPONENT UNIT

<u>COMPONENT UNIT</u>	<u>Headcount</u>	<u>AR</u>	<u>AR Detail</u>	<u>AP</u>	<u>AP Detail</u>
PUERTO RICO PORTS AUTHORITY	✓	✓	✓	✓	✓
MEDICAL SERVICES ADMINISTRATION	✓	✓	✓	✓	✓
PUERTO RICO INTEGRATED TRANSIT AUTHORITY	✓	✓	✓	✓	✓
STATE INSURANCE FUND CORPORATION	✓	✓	✓	✓	✓
HEALTH INSURANCE ADMINISTRATION (a)	✓	N/A	N/A	N/A	N/A
HIGHWAYS AND TRANSPORTATION AUTHORITY (b)	✓	✓	N/A	✓	N/A
PUERTO RICO PUBLIC BUILDINGS AUTHORITY	✓	✓	✓	✓	✓
CARDIOVASCULAR CENTER OF PUERTO RICO AND THE CARIBBEAN	✓	✓	✓	✓	✓
UNIVERSITY OF PUERTO RICO	N/A	N/A	N/A	N/A	N/A
HOUSING FINANCE AUTHORITY (c)	✓	N/A	N/A	N/A	N/A
PUERTO RICO TOURISM COMPANY	✓	✓	✓	✓	✓
FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY	✓	✓	✓	✓	✓
DEPARTMENT OF ECONOMIC DEVELOPMENT AND COMMERCE	✓	✓	✓	✓	✓
CONVENTION CENTER DISTRICT AUTHORITY	✓	✓	✓	✓	✓
PUERTO RICO AGRICULTURAL DEVELOPMENT ADMINISTRATION (d)	✓	✓	N/A	✓	N/A

■ DATA REPORTED
 ■ DATA NOT REPORTED
 ■ BREAKOUT OF INTERGOVERNMENT AND TRADE NOT REPORTED

(a) ASES was able to provide March AR and AP data, however closing entries for April AR and AP were completed late in the month and could not be incorporated in time for publication.

(b) HTA was able to provide AR and AP figures as of April but the breakout of Intergovernment and Trade AR and AP is not available.

(c) HFA was able to provide AR and AP information, however team continues to work with management to reconcile details.

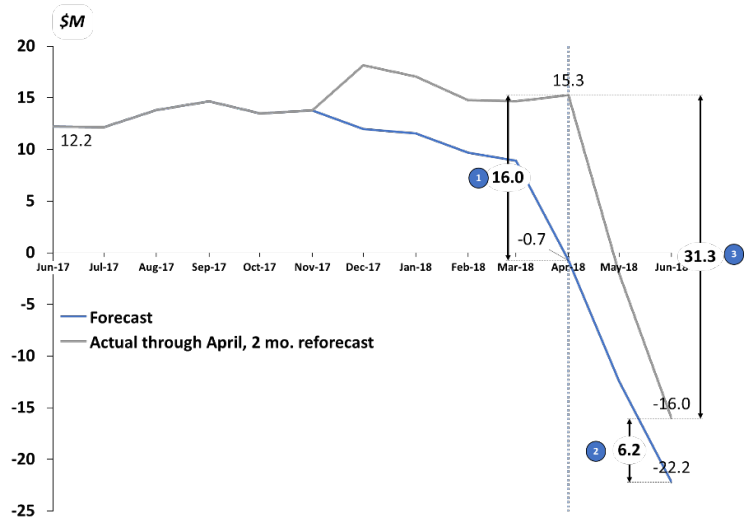
(d) ADEA was able to provide AR and AP figures as of April but, due to system issues, ADEA is not able to report the breakout of Intergovernment and Trade AR and AP.

PUERTO RICO PORTS AUTHORITY (“Ports”)

Key takeaways: Ports began the year with \$12.2M in cash, and after the arrival of the hurricanes, changed its outlook for the year to where it was projecting a cash shortfall by the end of Fiscal Year 2018. To date, Ports has maintained a positive cash balance primarily by deferring PayGo and operating disbursements. Ports will require additional funding if it is to meet all of its budgeted operating expenses in May and June of this fiscal year.

A. FY18 Operating Liquidity – Actuals⁴ vs. Forecasts

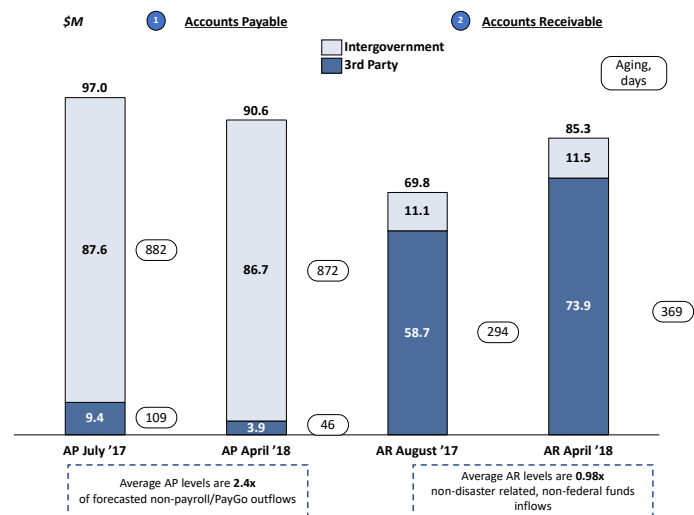
1. **+\$16.0M – YTD actuals vs. forecast**, driven by:
 - a. +\$9.4M – deferred CapEx due to delays in projects that will now commence in FY19.
 - b. +\$7.2M – deferral of PayGo.
2. **+\$6.2M – FY18 reforecast vs. forecast**, primarily due to:
 - a. +\$8.6M – projected deferred CapEx, based on projects that were forecasted to commence in FY18 but will now commence in FY19.
 - b. -\$3.5M – unbudgeted pay down of amounts owed to dry dock operations vendors.
3. **-\$31.3M – Forecasted May/June cash burn**, mainly driven by
 - a. -\$25.0M – PayGo charges for the full fiscal year, which had been deferred up until this point.
 - b. -\$5.6M – disbursements to PREPA and PRASA.



Headcount/Payroll: FTEs: decreased from **529 to 509 from September to April**. YTD payroll and related costs of \$24.3M are \$1.0M less than the forecast, of which Management expects reduction of approximately \$0.5M to be permanent due to a drop in headcount.

B. Accounts Payable/Receivable⁵

1. **Payable: -\$6.4M (6.6%) from July to April**, driven by a \$5.4M (58%) 3rd party pay down, mainly due to a \$3.0M payment to a single service provider. 3rd party DPO decreased from 109 to 46 days
2. **Receivable: +\$15.5M (22%) from August to April**, driven by a \$15.1M (26%) in 3rd party buildup. 3rd party DSO increased from 294 to 369 days. DSO remains high due to an ongoing collection dispute with an important customer.



⁴ Appendix includes reconciliation between AAFAP reported cash figures and the figures in this report.

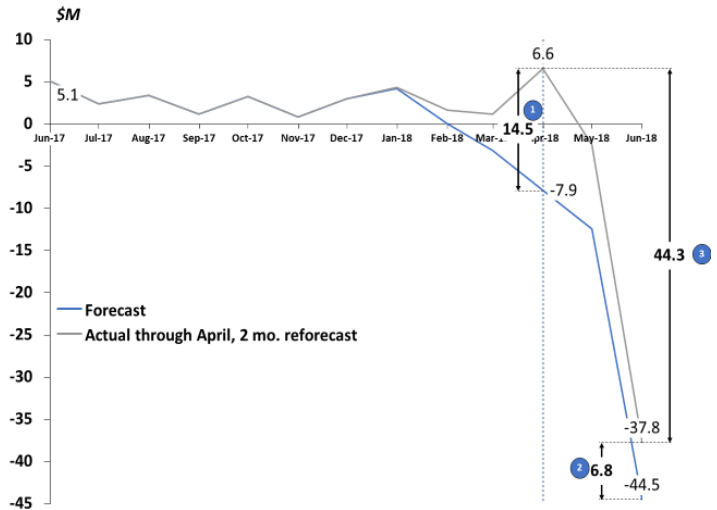
⁵ Figures are unaudited and subject to change.

MEDICAL SERVICES ADMINISTRATION (“ASEM”)

Key takeaways: ASEM started fiscal year 2018 with limited liquidity, which was exacerbated by a large PayGo charge. To ensure continuing operations, ASEM has executed a series of emergency liquidity management levers, including requesting and receiving a 100% advance on all its budgeted General Fund appropriations advances by February 2018. Notwithstanding, without further funding assistance, ASEM is projected to run out of cash by mid-June.

A. FY18 Operating Liquidity – Actuals⁶ vs. Forecasts

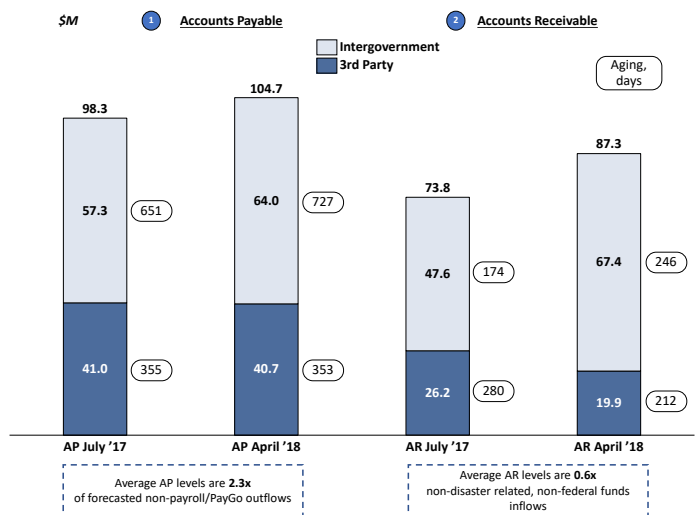
1. **+\$14.5M – YTD actuals vs. forecast**, considered mostly to be timing related, primarily due to
 - a. +\$4.0M – unspent General Fund appropriations for a medical records improvement project
 - b. +5.8M – advances on receipts from UDH for May and June
 - c. +\$4.1M – increase in physician and medical plans
2. **+\$6.8M – FY18 reforecast vs. forecast**, mainly due to:
 - a. +\$4.5M – physician and medical plans
 - b. +\$4.0M – general fund appropriations
 - c. -\$1.1M – payroll
3. **-\$44.3M – Forecasted May/June cash burn**, mainly driven by:
 - a. -\$31.0M – PayGo charges, representing the full FY18 amounts
 - b. -\$5.1M – 100% advance of remaining General Fund appropriations in January 2018
 - c. -\$5.9M – UDH lost receipts due to their advance during month of April



Headcount/Payroll: FTEs: **1,755 to 1,651 from July to April**. Projected FY18 payroll is expected to be \$95.3M, which is \$1M lower than the forecast.

B. Accounts Payable/Receivable⁷

1. Payable: **+\$6.4M (6.5%) from July to April**, driven by \$6.7M (12%) build up in intergovernmental payables, \$3.2M (48%) of which are due to PREPA. 3rd party aging was relatively constant, changing from 355 days to 353 days from July to April.
2. Receivable: **+\$13.5M (18.3%) from July to April**, driven by a \$19.8M (42%) intergovernmental buildup, \$16.2M (92%) of which is related to the Department of Health. This is offset by a \$6.3M (24%) reduction due to payments issued to ASEM by insurance providers as ASEM pushed collection efforts in order to mitigate its projected cash shortfall. 3rd party aging decreased from 280 days to 212 days from July to April.



⁶ Appendix includes reconciliation between AAFAP reported cash figures and the figures in this report.

⁷ Figures are unaudited and subject to change.

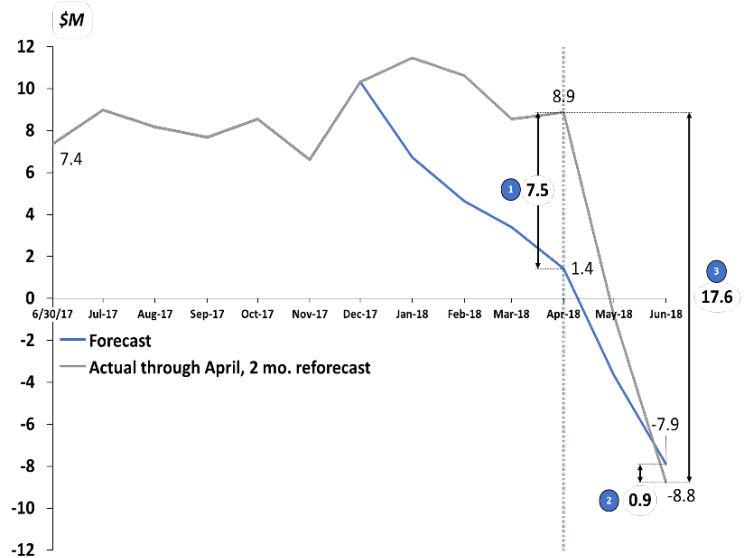
PUERTO RICO INTEGRATED TRANSIT AUTHORITY (“PRITA”)

Key takeaways: PRITA (ATI) serves as the centralizing entity of the ATM/AMA transportation networks. The entity houses administrative services used by AMA & ATM and also serves as the conduit for any government funding provided by the Commonwealth. Even before the arrival of the hurricanes, PRITA was forecasting a cash shortfall by the end of fiscal year 2018. Additional PayGo charges at AMA, and unexpected post-hurricane expenses at AMA and ATM, have exacerbated the situation. Without a cash infusion, PRITA will likely not be able to cover its budgeted operating expenses this year.

A. FY18 Operating Liquidity – Actuals⁸ vs. Forecasts

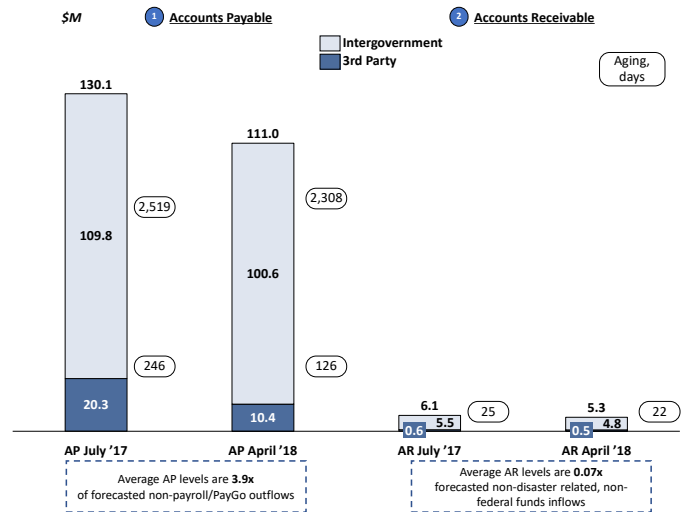
1. **+\$7.5M – YTD actuals vs. forecast**, mostly expected to be permanent primarily due to:
 - a. **+\$4.2M** – lower payroll charges stemming from the reduction in headcount and a reduction in paid overtime expenses taken into consideration in the forecast.
 - b. **+\$3.3M** – PayGo (temporary), as management continues to analyze alternatives for funding.
2. **-\$0.9M – FY18 reforecast vs. forecast** - in line with forecast
3. **-\$17.6M – Forecasted May/June cash burn**, mainly driven by projected payments of deferred PayGo charges (\$8.6M) and diesel purchases (\$6M).

Headcount/Payroll: FTEs: **961 to 890 from July to April**. However, projected FY18 payroll of \$49.8M is slightly lower than forecast.



B. Accounts Payable/Receivable⁹

1. Payable: **-\$19.1M (14.6%) from July to April**, driven by a \$10M (49%) 3rd party pay-down. 3rd party DPO decreased from 246 to 126 days.
2. Receivable: **-\$0.8M (12%) from July to April**, driven by a \$0.7M (12.3%) collection in intergovernment accounts. Intergovernment aging decreased from 25 to 22 days.



⁸ Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

⁹ Figures are unaudited and subject to change.

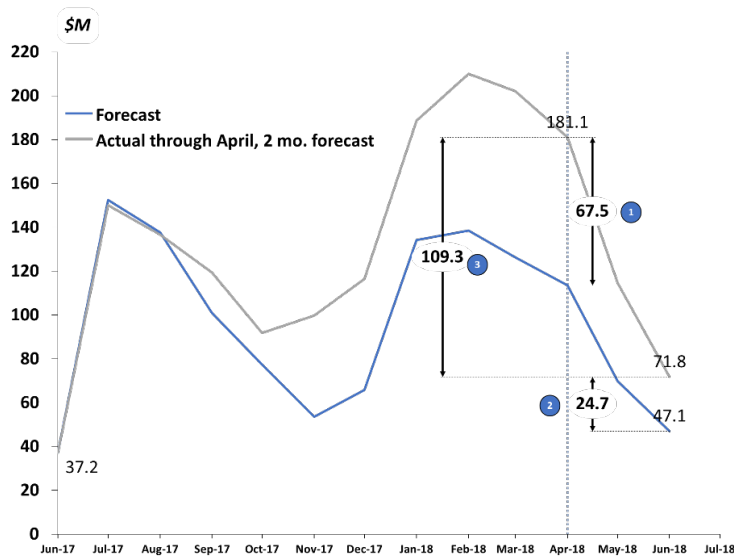
STATE INSURANCE FUND CORPORATION (“Fondo”)

Key takeaways: Fondo continues to exceed forecast due to (1) higher premium collections than anticipated due to increased marketing efforts, including incentives for employers with outstanding payments related to prior years and (2) the deferral of PayGo. The Fondo is expected to burn over \$100M according to its FY18 forecast primarily due to “catching-up” from previously deferred disbursements and seasonal decline in premium collections.

FY18 Operating Liquidity – Actuals¹⁰ vs. Forecast

1. **+\$67.5M – YTD actuals vs. forecast**, considered to be mostly timing related, due primarily to:

- +\$15.5M in Operating Receipts driven by higher than forecasted premiums collections and marketing efforts, including incentives for employers¹¹
- +\$22.1M in other operating expenses driven by lower claims related disbursements (+\$13.3M), and professional and purchased service providers (+\$11.5M) due to hurricane impact on operations and availability of medical services and facilities
- +\$16.5M in PayGo Charges due to previously deferred payments – expected to reverse over by year-end
- +\$11.6M in disbursements – intergovernmental due to previously deferred payments – expected to reverse over forecast period.



2. **+\$24.7M – FY18 reforecast vs. forecast**, due primarily to:

- +\$15.3M in other operating expenses driven by less than forecasted claims related disbursements and professional and medical services provided due to hurricane impact, although insurance premiums were still collected.
- +\$7.8M in payroll due to voluntary transition program and reductions in overtime

3. **-\$109.3M – Forecasted May/June cash burn**, mainly driven by:

- Seasonal decline in premiums collections, (-\$80M) unfavorable variance projected for May and June compared to YTD monthly run rate. Large swings in Fondo’s collections are not unusual. Fondo’s liquidity position is typically impacted by their seasonal insurance premium invoicing, which occurs only twice/year, typically in July and January
- Fondo catching-up from previously deferred payments, including PayGo Charges and contributions to other government entities, including unbudgeted transfers to Hacienda for worker’s compensation receipts, based on Act 92 enacted in September of 2017. (-\$43.5M) unfavorable variance projected for May and June compared to YTD monthly run rate

Headcount/Payroll: FTEs: **3,017 to 2,889 from July to April**. YTD payroll costs of \$189.9M are \$2.4M more than forecast due to timing – expected to reverse in week ending 5/4. Projected FY18 payroll of \$226.4M is \$7.8M lower than the forecast due to voluntary transition program and reductions in overtime

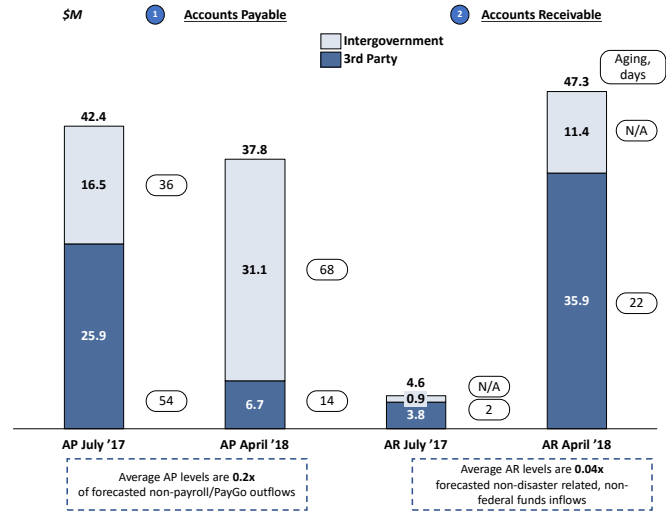
¹⁰ Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

¹¹ Act 92 incentive plan (August/September 2017) offers employers a 50% discount on collections made for outstanding invoices, prior to 2016-2017 payroll period.

STATE INSURANCE FUND CORPORATION (“Fondo”) *continued*

B. Accounts Payable/Receivable¹²

1. Payable: **-\$4.7M (-11%) decrease from July to April**, driven mainly by Fondo accumulating 3rd party invoices related to the prior year in July and then making payments related to those invoices through August. Intergovernmental AP increased due primarily to mandated obligation of payment to Hacienda for collections made on prior year premiums invoices (Act 92 of August/September 2017).
2. Receivable: **+\$42.7M (+919%) from July to April**, primarily due to employers incurring insurance services from Fondo in FY18. These invoices were sent after July 31st.



¹² Figures are unaudited and subject to change.

HEALTH INSURANCE ADMINISTRATION OF PUERTO RICO (“ASES”)

Key takeaways: ASES’s strong YTD and year-end cash position is attributable to lower payments to MCO’s (“Managed Care Organization¹³”) due to fewer insured members seeking service, higher prescription drug rebate income, and US government approval of new federal funds, offset by the loss of state funding sources. In addition, as a result of these significant changes, relative to the forecast, ASES is expected to end the year with a \$284M higher cash balance.

FY18 Operating Liquidity – Actuals¹⁴ vs. Forecasts

1. **+\$81.6M – YTD actuals vs. forecast**, expected to be permanent through year-end primarily due to:

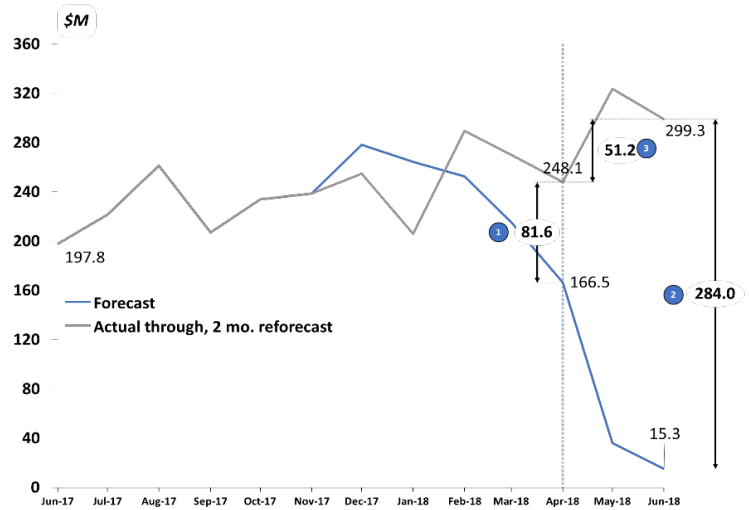
- a. +\$206M – federal funding
- b. -\$160M – lower General fund and OMB appropriations, offsetting increase in federal funding
- c. +\$35M – prescription drug rebates

2. **+\$284.0M – FY18 reforecast vs. forecast**, mainly due to:

- a. +\$698M – increase in federal funding
- b. -\$375M – non-general fund appropriations, which are no longer expected to happen
- c. -\$231M – general fund appropriations, which are no longer expected to happen
- d. +\$147M – lower MCO payments to pre-Maria levels as increase in MCO membership did not increase post-Maria as expected
- e. +\$36M – prescription drug rebates

3. **+\$51.2M – Forecasted May/June cash build** mainly due to:

- a. +\$194M – net federal funding
- b. -\$112M – loss of general fund state funding
- c. -\$24M – Pharmacy Benefit Manager (PBM) administrator and HIV program disbursements. Based on actual trends, it is possible that these payments will be lower in May/June
- d. -\$7M – higher health insurance premiums



Headcount/Payroll: 64 to 60 from August to April. Projected FY18 payroll of \$4.0M is \$0.3M lower than the forecast. The favorability is related to reductions in headcount.

¹³ Managed Care Organization (“MCO”) is a type of health insurance where the insurer contracts with various facilities/providers to provide care for a given population. The MCO bears claims risk from the patient population, generally in exchange for a fixed, capitated (per member) \$ amount to cover each member’s care.

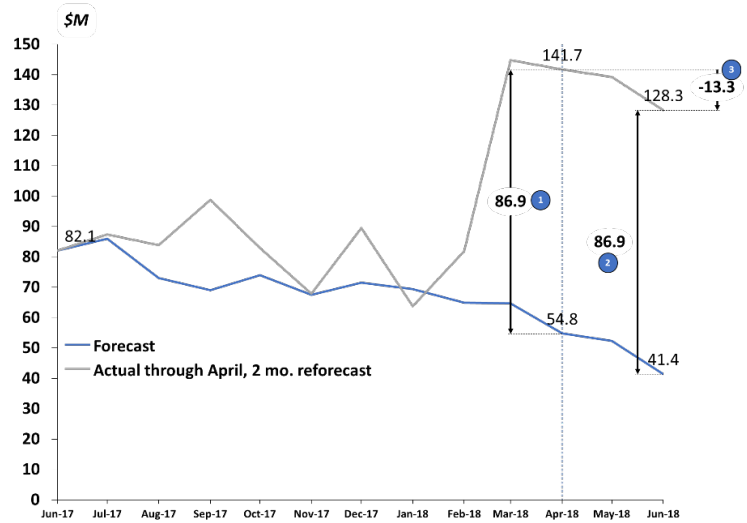
¹⁴ Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

HIGHWAYS & TRANSPORTATION AUTHORITY (“HTA”)

Key takeaways: HTA recently received \$69.7M in CapEx funding from the TSA. The forecast for May and June assumes the start of previously deferred CapEx projects, but there is possibility that this will not be realized in Fiscal Year 2018.

A. FY18 Operating Liquidity – Actuals¹⁵ vs. Forecasts

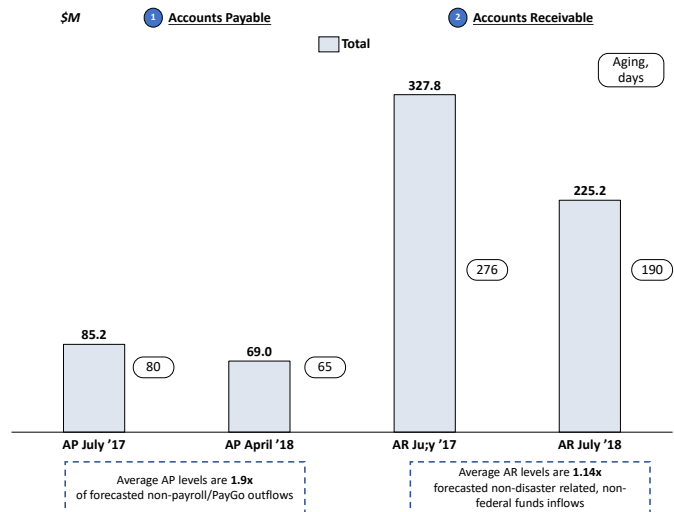
1. **+\$86.9M – YTD actuals vs. forecast**, primarily due to receipts for CapEx projects that have not been completed:
 - a. +\$66.5M – Intergovernmental Receipts
 - b. +\$19.6M – CapEx, net of institutional receipts
2. **+\$86.9M – FY18 reforecast vs. forecast** – HTA revised their forecast in April 2018, so projected variances YTD will persist through the end of the year.
3. **-\$13.3M – Forecasted May/June cash burn**, primarily attributable to:
 - a. -\$19.3M – a timing delay in purchased services disbursement process. Payments are expected to catch up prior variances.
 - b. -\$4.0M – a timing delay due to the process in payments to facilities & public services where past disbursements are scheduled to be made in May and June.
 - c. +\$8.4M – a permanent variance in electronic toll fines where violations are becoming more often due to the destruction of toll plazas.



Headcount/Payroll: FTEs: Dropped from **1,325 to 1,251 from July to April**. However, Projected FY18 payroll of \$88.9M is in line with the forecast due to the voluntary retirement program.

B. Accounts Payable/Receivable¹⁶

1. Payable: **-\$16.2M (19%) from July to April**, mainly attributable to HTA paying prior year supplier balances. DPO decreased from 80 to 65 days
2. Receivable: **-\$102.6M (31.3%) from July to April**, driven by an audit adjustment to write-off retained revenue with Department of Treasury. DSO decreased from 276 to 190 days



¹⁵ Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

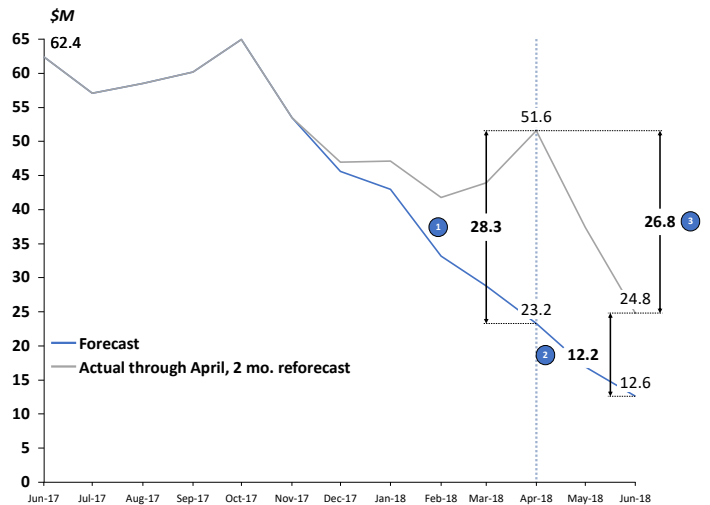
¹⁶ Figures are unaudited and subject to change.

PUERTO RICO PUBLIC BUILDINGS AUTHORITY (“PBA”)

Key takeaways: PBA was expected to burn cash since the beginning of FY18, primarily due to a lower General Fund budget appropriation than requested. PBA has maintained a higher liquidity position than forecasted due to higher direct rent received from certain government entities, and the deferral of PayGo and other vendor payments. PBA is expected to finish the year with \$24.8M in cash. Structural changes (or higher appropriations) will be required for FY19 in order to prevent a cash shortfall.

A. FY18 Operating Liquidity – Actuals¹⁷ vs. Forecasts

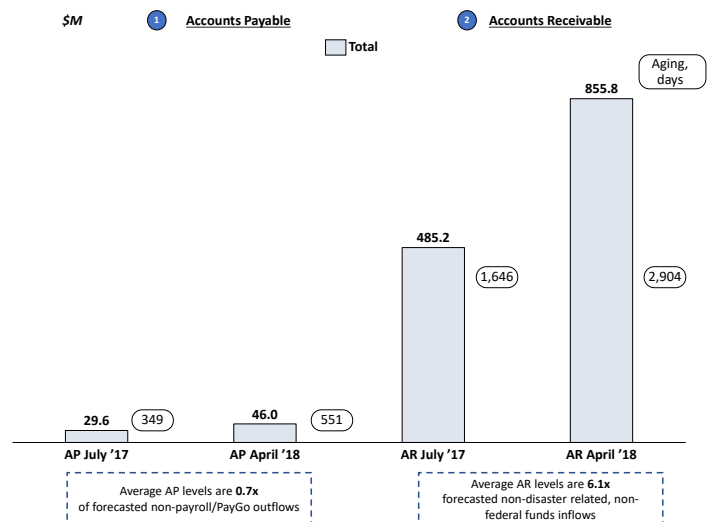
1. **+\$28.3M – YTD actuals vs. forecast**, made up of:
 - a. +\$6.9M deferred PayGo charges, expected to reverse by FY18.
 - b. +\$6.0M vendor disbursements expected to reverse by FY18, as invoices from regional offices come in and are paid.
 - c. +\$3.7M payments to facilities and public services, expected to reverse in FY18, as invoices from regional offices come in and are paid.
 - d. +\$7.4M in direct rents received, of which, \$5.4M is considered permanent.
2. **+\$12.2M – FY18 reforecast vs. forecast**, primarily driven by a higher collection in direct rent (+\$6.9M) and a \$5.0M insurance proceeds collection as a result of the damages caused by the hurricane(s).
3. **-\$26.7M – Forecasted May/June cash burn** primarily due to PayGo Charges (\$22.4M).



Headcount/Payroll: FTEs: **1,102 as of April**. Projected FY18 payroll is \$76.8M, which is 2% above the forecast. However, based on actual trends, projected payroll May and June could be understated by \$4.5M.

B. Accounts Payable/Receivable¹⁸

1. Payable: **+\$16.4M (55%) from July to April**, driven by an \$18.8M (58%) increase in facilities and public services (amounts owed to PREPA and PRASA). DPO increased from 349 to 541 days.
2. Receivable: **+\$370.6M (76%) from July to April**, driven by a \$192M (76%) increase in the Dept. of Education account.



¹⁷ Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

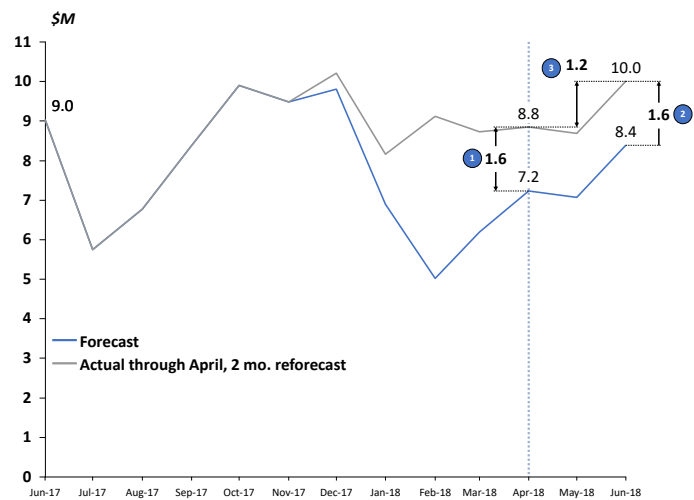
¹⁸ Figures are unaudited and subject to change.

CARDIOVASCULAR CENTER FOR PUERTO RICO & THE CARIBBEAN (“CARDIO”)

Key takeaways: Cardio’s liquidity was close to forecast until November. Year-end outlook shows results tracking higher than the forecast, mainly due to higher patient activity than anticipated.

A. FY18 Operating Liquidity – Actuals¹⁹ vs. Forecasts

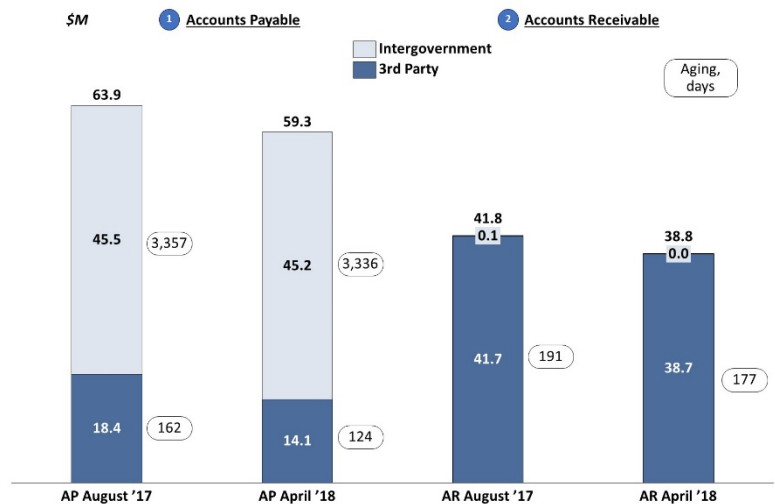
1. **+\$1.6M – YTD actuals vs. forecast** due to:
 - a. Patient collections - +\$7.7M due to higher patient activity than anticipated (+\$4.7M) (permanent) and pay down of 3rd party AR balances of (+\$3.0M) between August and April.
 - b. Vendor disbursements - -\$5.8M due to higher patient activity (-\$1.3M) as well as pay down of AP balances of (-\$4.5M) between August and April
2. **+\$1.6M – FY18 reforecast vs. forecast** is explained by YTD activity, as there has been no change to the remaining year forecast
3. **+\$1.2M – Forecasted May/June cash build** primarily due to lower purchased services (+\$1.5M). Given the run rate for the April YTD period, there is a risk that these savings will not be fully realized.



Headcount/Payroll: FTEs: **623 to 559 from July to April**. Projected FY18 payroll is \$30.0M, which is in line with the forecast.

B. Accounts Payable/Receivable²⁰

1. Payable: **-\$4.6M (-7.1%) from August to April**, driven by a \$4.2M reduction in 3rd party AP (23.1%) and a \$0.3M reduction in intragovernmental AP (0.6%). 3rd party aging decreased from 162 days to 124 days from August to April. Intergovernmental AP aging remained relatively flat from August to April – the majority of the amount owing relates to rent owed to PBA.
2. Receivable: **-\$3.0M (-7.3%) from August to April**, completely driven by a 3rd party collection. 3rd party aging decreased from 191 days to 177 from August to April.



¹⁹ Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

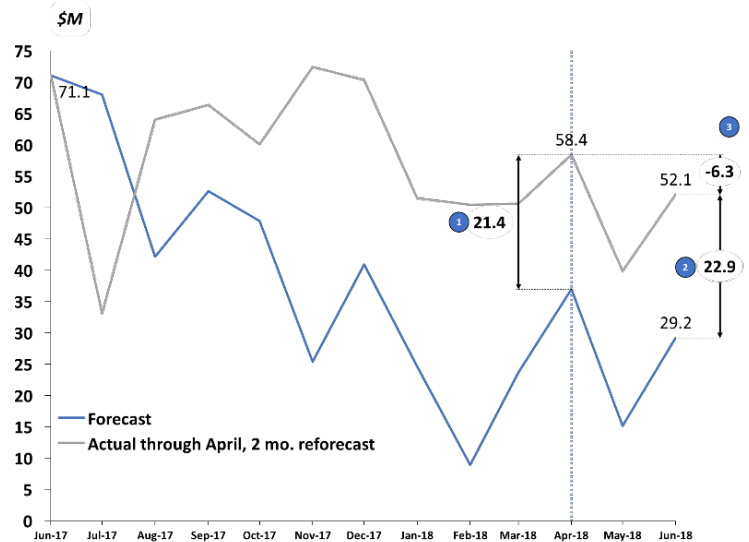
²⁰ Figures are unaudited and subject to change.

HOUSING FINANCE AUTHORITY (“HFA”)

Key takeaways: Over-performance of actuals vs. forecast related to favorable net investing activities and less spend related to CapEx, as well as lower housing subsidy payouts due to the hurricane impact on the housing market. The FY18 outlook shows a favorable variance vs. the forecast due to the hurricanes and the financial condition of the Commonwealth.

FY18 Operating Liquidity – Actuals²¹ vs. Forecasts

1. **+\$21.4M – YTD actuals vs. forecast**, mostly permanent, primarily due to
 - a. **+\$12.9M** – cash generated from net investing activities as short-term investments are liquidated and there may be a lag in re-investing the money
 - b. **+\$9.5M** – favorable other operating expenses primarily due to fewer housing subsidies being paid due to people leaving the island and/or not paying their mortgage payments.
 - c. **+\$6.8M** – unbudgeted appropriations for CapEx that have not been spent, which may become permanent.
2. **+\$22.9M – FY18 reforecast vs. forecast**, due primarily to the explanations stated above
3. **-\$6.3M – Forecasted May/June cash burn**, mainly driven by



- a. Unfavorable net Intergovernmental Receipts and outflows for the months of May and June compared to prior YTD monthly run rate
- b. Lower proceeds forecasted to occur from net investing activities, including fewer bank deposits being transferred to cash

Headcount/Payroll: FTEs: remained constant at **145 from March to April**. Projected FY18 payroll is \$9.3M, which is in line with forecast; YTD is in line with the forecast.

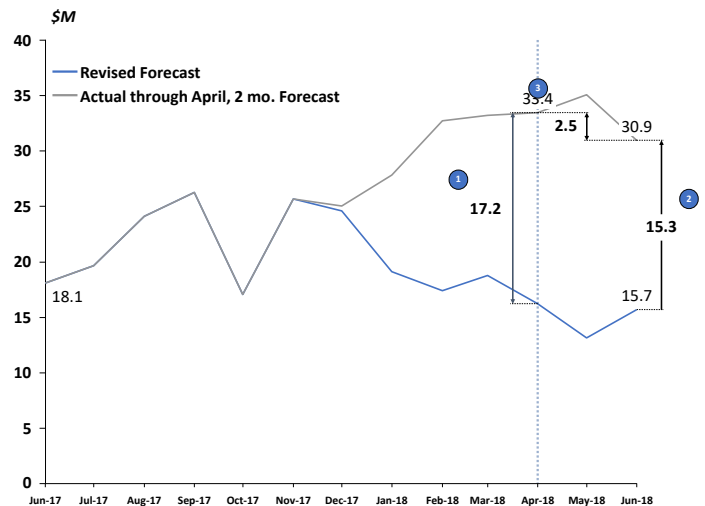
²¹ Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

PUERTO RICO TOURISM COMPANY (“Tourism”)

Key takeaways: YTD actuals and FY18 outlook reflect over-performance vs. forecast mainly due to better than forecasted slot machine and room tax collections. Cash burn in forecast period due to higher cruise line incentives and marketing spend.

FY18 Operating Liquidity – Actuals²² vs. Forecasts

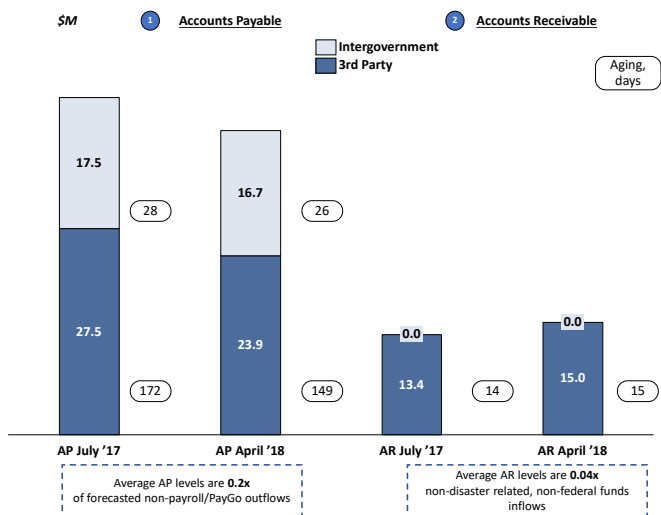
1. **+\$17.2M – YTD actuals vs. forecast** expected to be permanent primarily due to increase in slot machine and room tax collections because of more tourists and relief workers being present on the island, and these groups paying higher room tax rates.
 - a. In addition – **+\$4.1M favorable variance** in media & ad spend the result of previously deferred marketing spend and contract amendment, which is expected to reverse over forecast period
2. **+\$15.3M – FY18 reforecast vs. forecast** primarily due to the increase in slot machine and room tax collections as stated above
3. **-\$2.5M – Forecasted May/June cash burn** primarily due to higher cruise line incentives (-\$2.4M) and marketing spend (-\$4.3M) for May and June compared to actual YTD monthly run rate, exacerbated by seasonal decline in room tax collections after the busy season (-\$4.1M). This is partially offset by lower transfers to non-operational account (+\$6.1M).



Headcount/Payroll: FTEs: **428 to 400 from July to April**. YTD payroll is \$17.2M, \$1.2M lower than the forecast. Projected FY18 payroll is \$20.8M, \$2.8M lower than the forecast, as management noted payroll was over budgeted.

B. Accounts Payable/Receivable²³

1. Payable: **-\$4.4M (-10%) from July to April**, mainly attributable to Tourism making a \$2.0M payment to the PRCCDA in April.
2. Receivable: **+\$1.6M (12%) from July to April**, driven by increased slot machine and room taxes revenues, as well as the timing nature of collections.



²² Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

²³ Figures are unaudited and subject to change.

FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY (“AAFAF”)

Key takeaways: AAFAF has maintained a higher liquidity position than forecasted, which is expected to reverse by year-end through a catch-up in professional service payments and payroll costs. FY18 outlook is above the forecast by approximately 27%.

A. FY18 Operating Liquidity – Actuals²⁴ vs. Forecasts

1. **+\$12.7M – YTD actual vs. forecast**, mostly timing related, primarily due to:

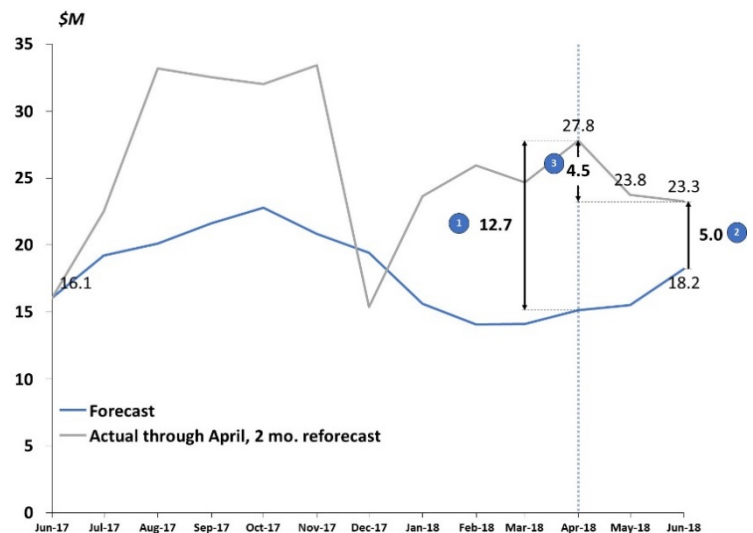
- a. +\$13.2M – professional services payments, mainly due to timing
- b. +\$1.8M – payroll expected to reverse and switch to negative variance by year-end to consider GDB accounting staff currently being transferred to AAFAF
- c. -\$4.2M – lower General Fund appropriation transfers, which are used to pay for professional fees

2. **+\$5.0M – FY18 reforecast vs. forecast** primarily due to

- a. +\$1.1M – other receipts due to a PRASA-related reimbursement from vendors
- b. +\$3.2M – payroll and related costs due to lower hiring than anticipated as well as a deferral in increasing headcount to later than later than anticipated

3. **-\$4.5M – Forecasted May/June cash burn** due to the following, which will in part offset timing variances referenced in item 1 above:

- a. -\$22.9M – professional fees
- b. -\$1.2M – payroll, a portion of which offsets positive variance on 1(b) above
- c. +19.1M – General Fund appropriations

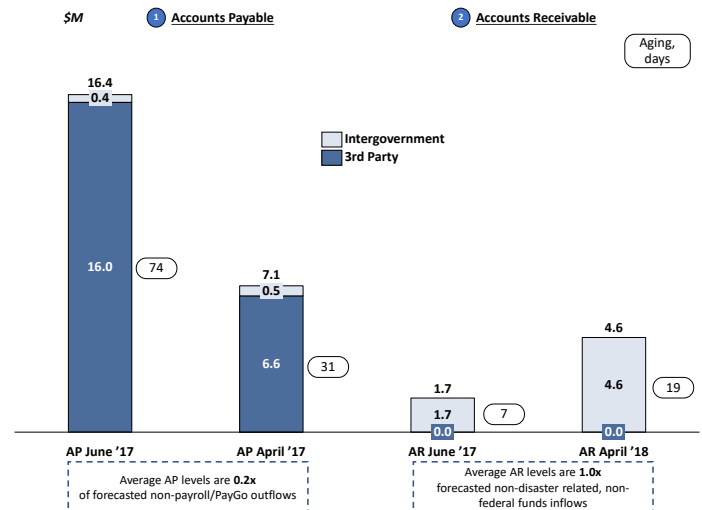


Headcount/Payroll: FTEs: **29 to 72 from July to April**, due to the execution of staffing plans; most of the increase related to the transfer of GDB employees. Due to a hiring wave in March 2018, AAFAF expects their payroll run rate to increase from an YTD average of \$0.4M per month to an average of \$0.6M for the months of May and June.

B. Accounts Payable/Receivable²⁵

1. Payable: **-\$9.3M (-57%) from June to April**, driven mainly by payments of professional fees.

2. Receivable: **+\$2.9M (+177%) from June to April** due to MOUs to facilitate professional service contracts related to debt restructuring efforts for: PREPA (\$3.0M), GDB (\$1.3M), PRASA (\$0.3M).



²⁴ Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

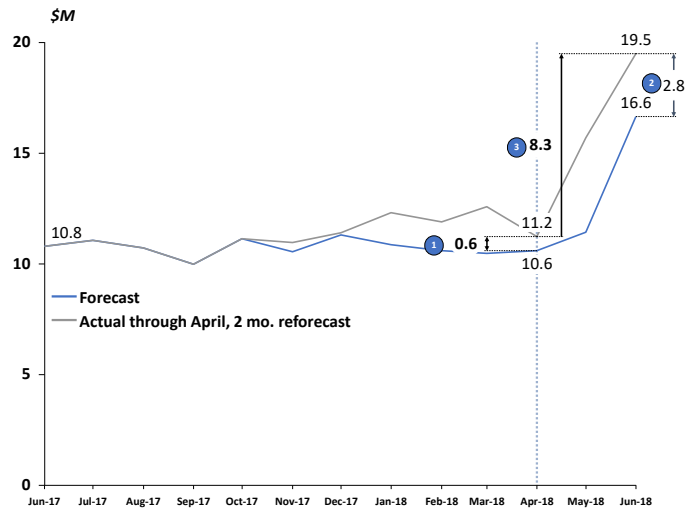
²⁵ Figures are unaudited and subject to change.

DEPARTMENT OF ECONOMIC DEVELOPMENT AND COMMERCE (“DDEC”)

Key takeaways: Actual results tracked to forecasts up to January, where delayed investments began to create a positive variance through year end. The forecast through year-end shows an ending cash balance of \$19.5M, which is higher than forecast primarily due to additional development project fund inflows that are expected to be disbursed in Fiscal Year 2019.

A. FY18 Operating Liquidity – Actuals²⁶ vs. Forecasts

- +\$0.6M – YTD actuals vs. forecast** primarily due to delayed investments in employment development programs because of the hurricanes that are mostly expected to be spent in FY19. There is also a positive variance in management fees due to an advance prepayment from The Puerto Rico Industrial Development Company (“PRIDCO”) of approximately 4 months.
- +\$2.8M – FY18 reforecast vs forecast** primarily due to effects of the hurricanes.
- +\$8.3M – Forecasted May/June cash build** primarily due to inflows for development projects from federal funds that will not be spent until FY19.

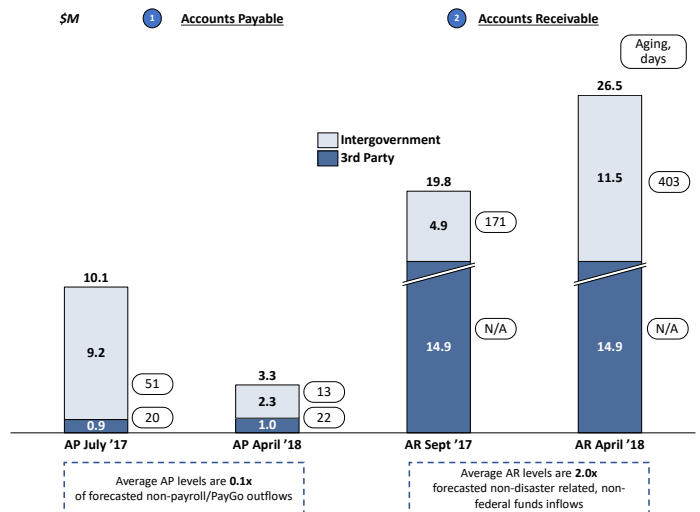


Headcount/Payroll: FTEs: **157 to 156 from July to April.**

Projected FY18 payroll is projected to be \$8.0M, which is in line with the forecast. YTD is in line with the forecast.

B. Accounts Payable/Receivable²⁷

- Payable: **-\$6.8M (-67%) decrease from July to April**, driven mainly by significant payments to local area vendors and other accounts.
- Receivable: **+\$6.7M (+34%) from September to April**, primarily due to invoices from PRIDCO.



²⁶ Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

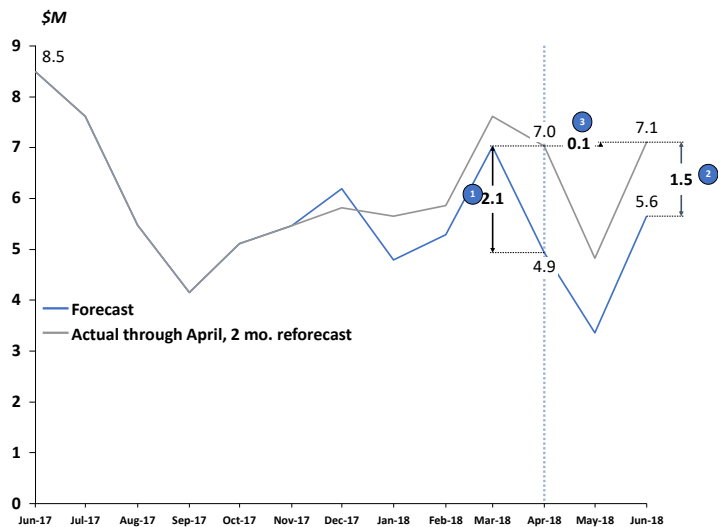
²⁷ Figures are unaudited and subject to change.

PUERTO RICO CONVENTION CENTER DISTRICT AUTHORITY (“CCDA”)

Key takeaways: YTD actual cash balance is above forecast due to increased revenues from the use of the CCDA’s facilities by emergency response teams. The forecast through year end shows an ending cash balance of \$7.1M, primarily due to offsetting inflows from CCDA’s facilities and outflows from capital expenditures, purchased services, and public services that were delayed due to the hurricanes.

A. FY18 Operating Liquidity – Actuals²⁸ vs. Forecasts

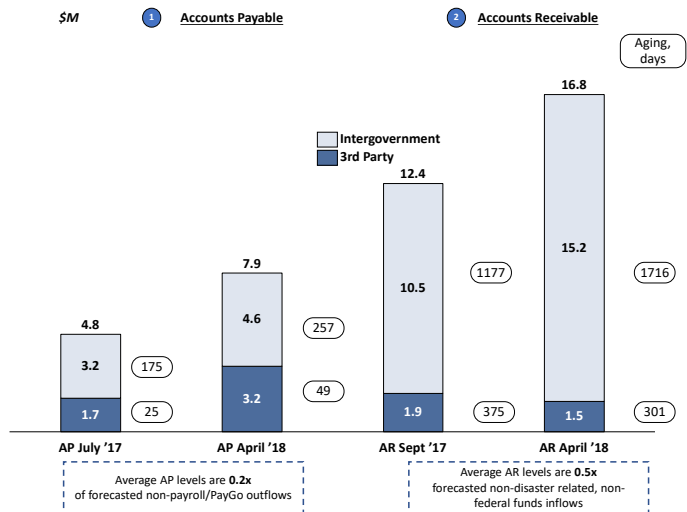
1. **+\$2.1M – YTD actuals vs. forecast** primarily due to higher than expected revenues from the use of CCDA’s facilities by emergency response teams.
2. **+\$1.5M – FY18 reforecast vs. forecast** primarily due to the effects of the hurricanes
 - a. **+\$5.0M** – other receipts due to the higher than expected revenues explained above
 - b. **+\$2.1M** – non operating cash flow
 - c. **+\$0.8M** – PRTC room tax transfers due to an increase in tourists and relief workers being present on the island, and these groups paying higher room tax rates.
 - d. **-\$5.2M** – purchased services primarily due to additional expenses required to keep CCDA’s facilities as a center for government departments after the hurricanes
 - e. **-\$1.2M** – capital expenditures as projects have been deferred
3. **+\$0.1M – Forecasted May/June cash build** – not material



Headcount/Payroll: Headcount for **April** is **8**. Projected FY18 payroll is \$0.9M, which is in line with the forecast; YTD is also in line with the forecast.

B. Accounts Payable/Receivable²⁹

1. Payable: **+\$3.1M (+63%) increase from July to April**, driven mainly by a significant payments to third party accounts (+\$1.6M) and increased payments to PREPA, PRASA, and the Center’s facilities (+\$1.5M).
2. Receivable: **+\$4.4M (+36%) from September to April** primarily due to increased intergovernmental invoices due to AEMED/FEMA, CCDA’s facilities, and others.



²⁸ Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

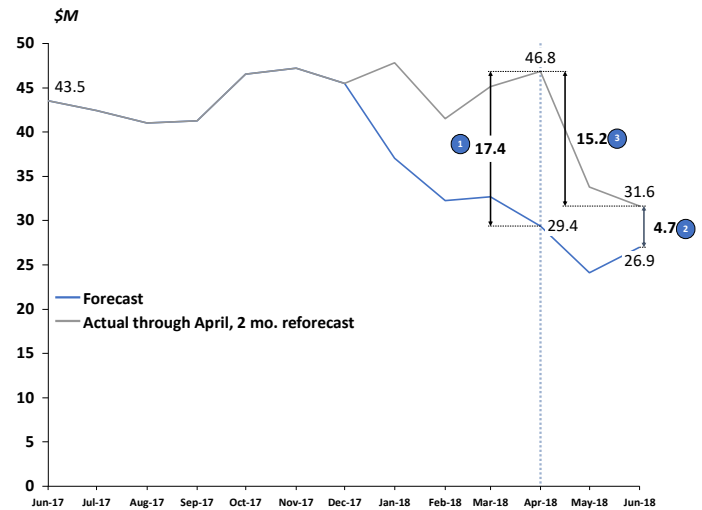
²⁹ Figures are unaudited and subject to change.

PUERTO RICO AGRICULTURAL DEVELOPMENT ADMINISTRATION (“ADEA”)

Key takeaways: Actual cash balance is above forecast due to timing of disbursements which are expected to partially catch up in May & June. Year-end cash balance is expected to close slightly above forecast.

A. FY18 Operating Liquidity – Actuals³⁰ vs. Forecasts

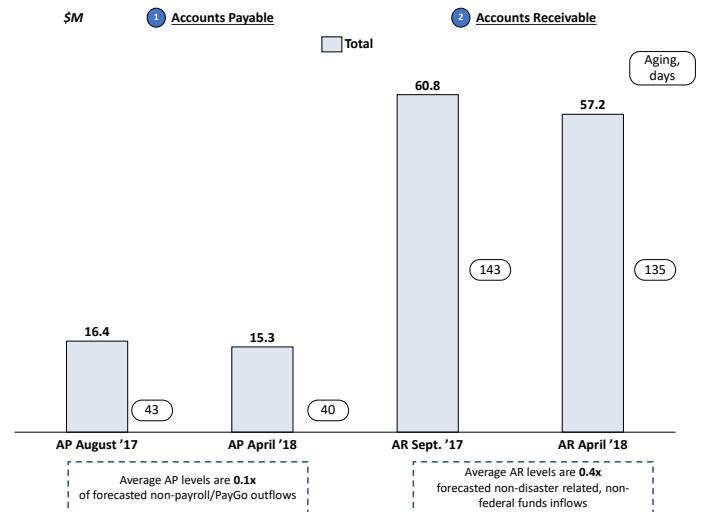
1. **+\$17.4M – YTD actuals vs. forecast**, primarily due to
 - a. +\$18.5M – variance of other operating disbursements (subsidies to farmers and expenditures for coffee and cafeteria food items) that will carry into FY19.
 - b. +\$3.7M in Payroll which is expected to reverse by year end as ADEA still has to make past due installments payments for prior years’ retirement contributions - which is currently forecasted to reverse by year end (see headcount/payroll note below)
 - c. -\$7.3M – lower than expected school cafeteria receipts due to school closures after the hurricanes.
2. **+\$4.7M – FY18 reforecast vs. forecast**, driven by the above mentioned deferral of operating disbursement into FY19 (+20M), offset by lower cafeteria receipts (-\$15.3M).
3. **-\$15.1M – Forecasted May/June cash burn** due to increased payments for payroll, PayGo and operating expenses against lower receipts due to the end of the school season.



Headcount/Payroll: **FTEs: 409 to 389 from July to April**. Based on YTD average payroll costs, is it possible that actual payroll costs for the rest of fiscal year 2018 could be lower than forecast by \$5M.

B. Accounts Payable/Receivable³¹

1. Payable: **-\$1.1M (6.4%) decrease from July to April**. DPO decreased from 43 to 40 days
2. Receivable: **-\$3.6M (5.8%) decrease in AR from September to April**. DSO dropped from 143 to 135 days.



³⁰ Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

³¹ Figures are unaudited and subject to change.

Appendix: Reconciliation between April AAFAF Reported Figures³² and the Figures in This Report³³

\$M

	AAFAF Reported Balance	Balance per This Report	Variance	VARIANCE DUE TO:	
				Timing differences	Cash in Nonoperational accounts
Puerto Rico Ports Authority	\$22.3	\$15.2	\$7.1	\$0.1	\$7.9
Medical Services Administration	\$24.0	\$6.6	\$17.4	\$2.5	\$14.9
Puerto Rico Integrated Transit Authority	\$8.1	\$8.9	(\$0.7)	\$0.5	\$0.2
State Insurance Fund Corporation	\$180.3	\$181.1	(\$0.8)	(\$0.8)	
Health Insurance Administration	\$250.9	\$248.1	\$2.8	\$1.5	\$1.3
Highways and Transportation Authority	\$144.6	\$141.7	\$2.9	\$2.9	
Puerto Rico Public Buildings Authority	\$52.0	\$51.6	\$0.4		\$0.4
Cardiovascular Center of Puerto Rico and the Caribbean	\$9.5	\$8.8	\$0.7	(\$0.1)	\$0.8
University of Puerto Rico	\$384.3	N/A	N/A		
Housing Finance Authority	\$60.2	\$58.4	\$1.8	\$1.8	
Puerto Rico Tourism Company	\$82.0	\$33.4	\$48.6		\$48.6
Fiscal Agency and Financial Advisory Authority	\$29.9	\$27.8	\$2.1	\$2.1	
Department of Economic Development and Commerce	\$12.6	\$11.2	\$1.4	\$1.4	
Convention Center District Authority	\$7.6	\$7.0	\$0.6	\$0.6	
Puerto Rico Agricultural Development Authority	\$59.3	\$54.7	\$4.6	(\$0.8)	\$5.2

³² AAFAF reported figures as per "Summary of Bank Account Balances for the Government of Puerto Rico and its Instrumentalities" report dated April 30, 2018 <http://www.aafaf.pr.gov/assets/aafaf-bank-account-balances-government-pr-instrum-04-30-2018.pdf>

³³ This report is prepared based on reported operational cash balances as of April 27, 2018, while the AAFAF balances are based on direct queries from the all of the component units' bank accounts on May 1, 2018. Consequently, there are two types of reconciliation differences between the sources of information: timing differences produced by the different cutoff dates, or cash being held in nonoperational bank accounts.