



GOVERNMENT OF PUERTO RICO

**Puerto Rico Fiscal Agency and Financial
Advisory Authority**

Component Unit Liquidity

FOR THE MONTH ENDED JUNE 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.
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.

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, ATI	- 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 (“FY2018”) budgets (“pre-hurricane forecast”). The CU’s pre-hurricane forecasts were projected weekly through the end of FY2018, 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 FY2018 through 6/30/18. A sources and uses of funds is provided to allow readers to bridge the beginning cash balance as of July 1, 2017 and ending cash at 6/30/18.

The forecasts contain projections of cash receipts (which 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), 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. Figures are unaudited and subject to change.

As an Appendix, the report includes a cash reconciliation between June AAFAP reported figures as per “Summary of Bank Account Balances for the Government of Puerto Rico and its Instrumentalities” report dated June 30, 2018 and the cash figures in this report (as of June 29, 2018).

¹ This report does not include UPR financial information. UPR has provided to AAFAP its liquidity plan and actual cash balance.

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

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EXECUTIVE SUMMARY – OPERATING LIQUIDITY

\$M

COMPONENT UNIT	HIGHLIGHTS	FY18 Beg. Balance	ACTUAL 6/30/18	F'CAST 6/30/18
PR PORTS AUTHORITY	YTD cash build aided by disaster related receipts, which have yet to be disbursed. Actual cash balance favorability versus forecast due to deferred PayGo charges and capex disbursements.	12.2	19.6	-22.2
MEDICAL SERVICES ADMINISTRATION	Cash burn YTD as ASEM has faced liquidity constraints and has executed a series of emergency liquidity levers in order to fund operations. Favorability versus forecast driven by lower PayGo charges.	5.1	11.8	-44.5
PR INTEGRATED TRANSIT AUTHORITY	YTD cash build and favorability versus forecast due to payroll reductions, capex and PayGo deferrals.	7.4	11.0	-7.9
STATE INSURANCE FUND CORPORATION	YTD cash build attributable to higher premium collections and PayGo/vendor deferrals. Cash flow has seasonality due to timing of premium collections throughout the year.	37.2	127.2	47.1
HEALTH INSURANCE ADMINISTRATION	YTD cash burn reflects lower payments to MCOs, fewer members seeking services, increased Federal receipts, and higher prescription drug rebates. Cash favorability versus forecast due to lower operating disbursements.	197.8	54.3	15.3
PR HIGHWAYS & TRANSPORTATION AUTHORITY	YTD cash build due to capex funding received from TSA of \$70M, along with deferrals of capex projects during FY18. Favorability versus forecast primarily due to same factors.	82.1	252.8	61.0
PUBLIC BUILDINGS AUTHORITY	Persistent cash burn due to lower general fund appropriations, has been mitigated higher rent collections and vendor disbursements.	62.4	44.4	12.6
CARDIOVASCULAR CENTER FOR PR & THE CARIBBEAN	Year-end results in line with expectations, as higher patient activity and receivable, was offset by higher required disbursements.	6.8	8.7	8.4
HOUSING FINANCE AUTHORITY	Cash build versus forecast due to favorable net investing activities, lower capex and lower housing subsidies spend than forecast.	71.1	79.8	29.2
PR TOURISM COMPANY	YTD cash build reflects over performance due to better than expected slot machine and room tax collections.	18.1	40.3	15.7
PR FISCAL AGENCY & FINANCIAL ADVISORY AUTHORITY	YTD cash build largely attributable lower payroll costs as employees joined AAFAF at a slower pace than initially forecast. Year end cash balance above forecast due to timing of disbursements for professional services.	16.1	36.9	18.2
DEPARTMENT OF ECONOMIC DEVELOPMENT & COMMERCE	Year end cash balance lower than forecast due to lower Federal Grants being received. DDEC offset this by deferring investments in employment programs. Deferral is temporary and expected to normalize in FY19.	10.8	14.1	16.6
PR CONVENTION CENTER DISTRICT AUTHORITY	Cash burn during FY18 attributable to increased use of CCDA facilities by emergency response teams and government command center following hurricanes. Favorability versus forecast largely due to capex deferrals.	8.5	7.6	5.6
PR AGRICULTURAL DEVELOPMENT ADMINISTRATION	YTD cash build and favorability versus forecast is due to timing of disbursements, largely reflecting impact of hurricane and year end vendor payments.	43.5	47.9	26.9

■ IN LINE WITH FORECAST

■ BELOW FORECAST OR NEGATIVE CASH BALANCE

■ ABOVE FORECAST

Note: 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	N/A	N/A	N/A	✓	✓
MEDICAL SERVICES ADMINISTRATION	✓	✓	✓	✓	✓
PUERTO RICO INTEGRATED TRANSIT AUTHORITY	✓	✓	✓	N/A	N/A
STATE INSURANCE FUND CORPORATION	✓	N/A	N/A	N/A	N/A
HEALTH INSURANCE ADMINISTRATION	✓	✓	✓	✓	✓
HIGHWAYS AND TRANSPORTATION AUTHORITY	✓	✓	✓	✓	✓
PUERTO RICO PUBLIC BUILDINGS AUTHORITY	N/A	N/A	N/A	N/A	N/A
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	✓	✓	✓	✓	✓
PUERTO RICO TOURISM COMPANY	✓	✓	✓	✓	✓
FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY	✓	✓	✓	✓	✓
DEPARTMENT OF ECONOMIC DEVELOPMENT AND COMMERCE	✓	✓	✓	✓	✓
CONVENTION CENTER DISTRICT AUTHORITY	✓	N/A	N/A	N/A	N/A
PUERTO RICO AGRICULTURAL DEVELOPMENT ADMINISTRATION	✓	✓	N/A	✓	N/A

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

PUERTO RICO PORTS AUTHORITY (“Ports”)

Primary business activity: Administers all ports and aviation transportation facilities of the Commonwealth and provides related services.

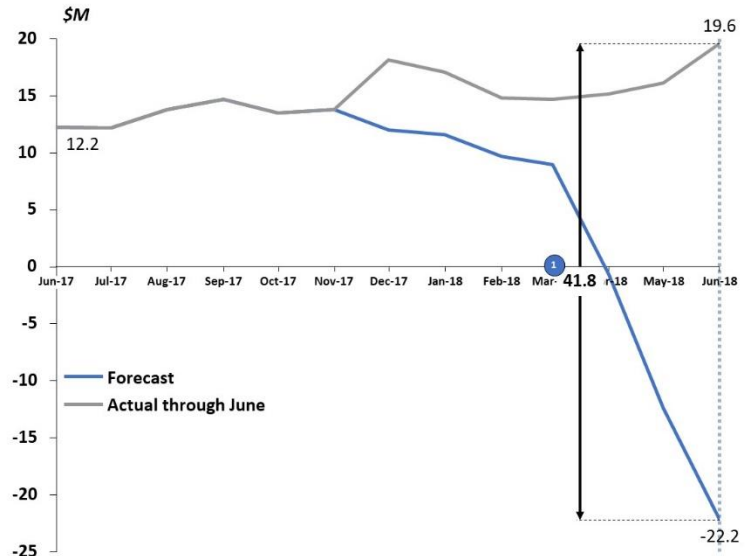
Key takeaways: Ports generated positive cash flow during FY18 due to deferring PayGo contributions and capex spend. PayGo contributions totaled \$1.2M (versus \$25.7M forecast) and capex totaled \$5.8M (versus \$20.1M forecast), contributing almost \$39M (of +\$41.8M) in positive variances. Ports may require additional funding or cash infusions if it is to repay these accrued obligations in FY19.

A. FY18 Operating Liquidity – Actuals³ vs. Forecast

1. **+\$41.8M – YTD actuals vs. forecast**, driven by:
 - a. +\$24.5M – deferral of PayGo contributions as Ports has remained cash constrained all year and unable to make required contributions
 - b. +\$14.2M capex deferrals due to delays in projects that will now commence in FY19
 - c. +\$4.8M disaster related net cash flows (insurance and FEMA receipts / disbursements)
 - d. +\$4.1M higher operating receipts, driven by higher Maritime receipts than forecast
 - e. +\$2.9M lower PREPA / PRASA disbursements than forecast due to deferrals

Favorability has been offset by

- a. (\$6.5M) in higher operating expenses, including higher professional services such as dry dock operations vendors
- b. (\$4.7M) lower receipts from Federal Funds



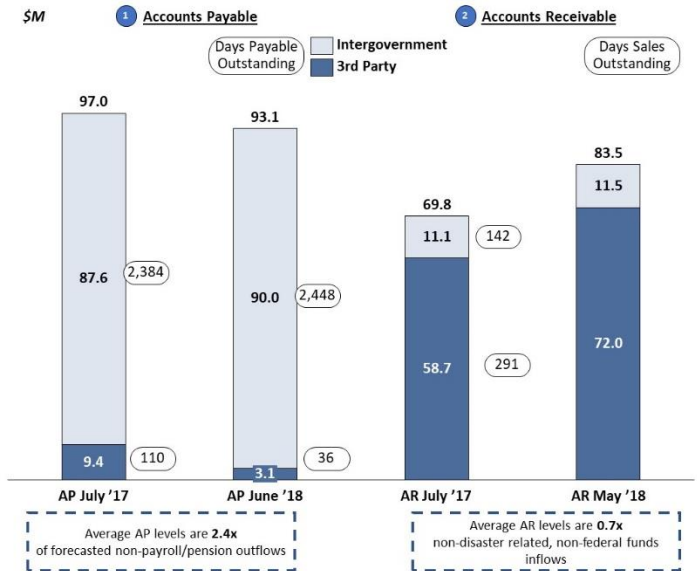
Ports was unable to provide the required headcount data as of the date of this report.

³ Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

PUERTO RICO PORTS AUTHORITY (“Ports”) (continued)

B. Accounts Payable/Receivable⁴

1. Payable: **(\$4.0M) from July to June**, driven by \$6.3M in 3rd party payments, largely due to a single payment of \$4.0M to one service provider. Intergovernment DPO’s remain high, with accounts payable amounts due to the Retirement System Administration (\$28.7M from prior years and \$40.0M in total) and PREPA / PRASA (\$31.0M from prior years and \$37.0M in total)
2. Receivable: Ports was unable to provide the required receivable data as of the date of this report. The most recent monthly data available from May has been presented instead



C. Sources and Uses of Funds

1. FY2018 Sources: \$87.9M

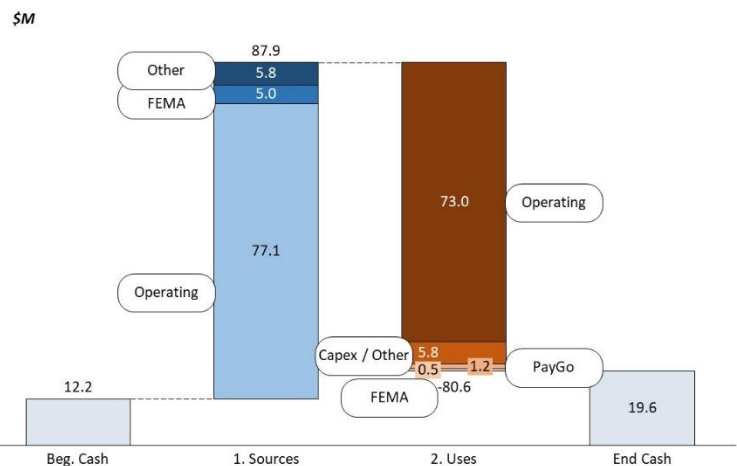
- a. Operating receipts of \$77.1M, composed of Maritime receipts of \$64.7M and airport receipts of \$12.3M, account for bulk of cash sources
- b. Federal Funds and other funds total \$5.8M.
- c. FEMA receipts of \$5.0M were received. FEMA funds are a pass through and have no impact on forecasted cash

2. FY2018 Uses: \$80.6M

- a. Operating disbursements of \$73.0M, driven by Payroll (\$29.5M), Professional Services (\$19.6M) and PREPA / PRASA (\$8.2M)
- b. PayGo disbursements of \$1.2M, versus \$25.7M invoices / forecasted
- c. FEMA disbursements forecast to be \$0.5M. There is a timing lag from when FEMA receipts are received and disbursed, and \$4.5M in FEMA funds remain with Ports to be disbursed in FY19.
- d. Capital expenditure of \$5.8M

3. Other

- a. \$24.5M of \$25.7M PayGo contributions were not made in FY18. Ports continues to accrue PayGo charges due to a lack of available cash to make contributions
- b. PREPA / PRASA received \$8.2M in disbursements, \$2.9M below forecast, as Ports deferred a portion of its payables



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

⁴ Figures are unaudited and subject to change.

MEDICAL SERVICES ADMINISTRATION (“ASEM”)

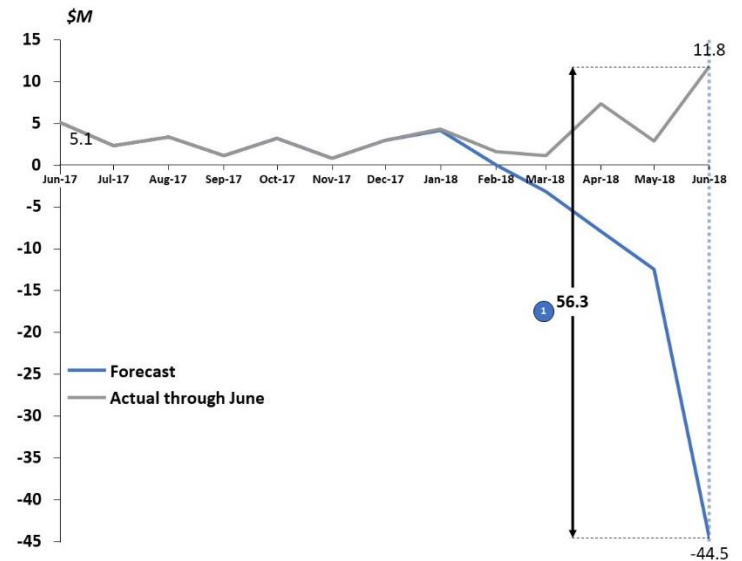
Primary business activity: ASEM plans, organizes, operates, and administers centralized health services, provided in support of the hospital and other functions, offered by the member institutions and users of the medical complex known as the Puerto Rico Medical Center.

Key takeaways: ASEM started FY2018 with limited liquidity, which was exacerbated by a large PayGo invoice. 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. ASEM required additional funding to meet all of its budgeted operating expenses, including PayGo contributions. In the week ending June 15, ASEM received an appropriation from OMB of \$37.8M, easing liquidity pressures that had been building all year.

A. FY18 Operating Liquidity – Actuals⁵ vs. Forecast

1. **+\$56.3M – YTD Actuals vs. forecast**, attributable to the following issues:

- a. +37.8M - in additional OMB appropriations received by ASEM in Q4 to address structural operating deficits from serving intragovernmental institutions
- b. +\$10.7M – PayGo savings. This favorability is due to 3 factors:
 - i. +\$2.1M related to savings from PayGo invoice being less than anticipated
 - ii. +\$3.7M related to appropriation from OMB related to retirement that were netted against the PayGo obligation
 - iii. +\$4.8M in unrecognized and/or unidentified employees and participants whom the Retirement System Administration is still reconciling
- c. +\$6.7M - favorability from 3rd party physician & medical plan revenues due to improvements to the revenue cycle process to enhance collections activity, as well as developing repayment arrangements with the leading 3rd party medical plan debtors



Headcount/Payroll: **FTEs: 1,755 to 1,669 from July to June**. Total payroll cost for the year ended at \$94.8M, which is \$0.4M lower than forecast and not material. The decrease to headcounts despite a payroll figure in line with forecast is due to ASEM’s substantially hourly workforce, all of whom may or may not represent a full-time equivalent “FTE” employee

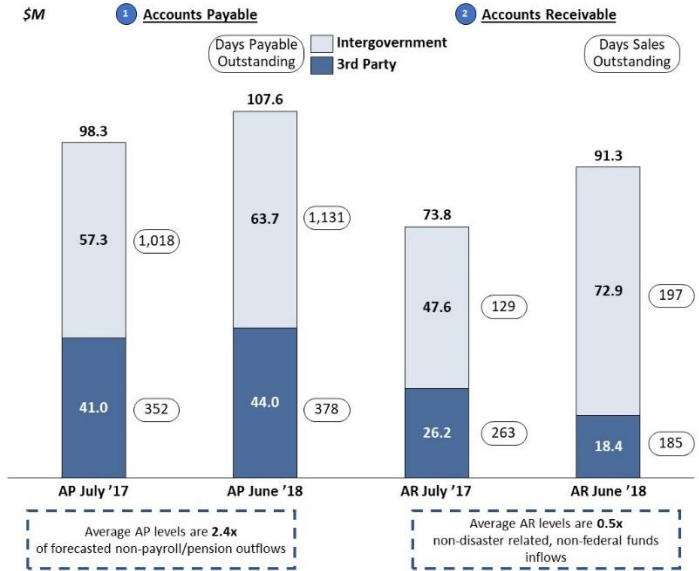
⁵ Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

MEDICAL SERVICES ADMINISTRATION (“ASEM”) (continued)

B. Sources and Uses of Funds

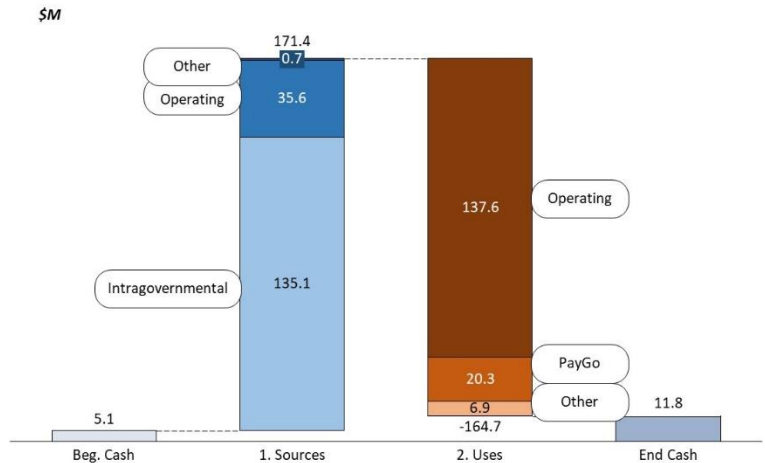
B. Accounts Payable / Receivable

1. Payable: **+\$9.3M from July to June**, driven by a \$6.3M increase in intergovernmental AP, largely due to accrued payables to PREPA (\$34.1M from prior years and \$37.5M in total)
2. Receivable: **+\$17.5M from July to June**, driven by a \$25.38M increase in intergovernmental AP, offset by a \$7.8M reduction in 3rd party receivables
3. Working Capital: increasing receivables have been offset by increased payables, leading to a -\$8.2M change in working capital. In contrast to intergovernmental working capital, which is driven by only a few counterparties (Department of Health, PREPA, PRASA, UPR), 3rd party working capital has many counterparties and operates on a more traditional working capital cycle



C. Sources and Uses of Funds

1. **FY2018 Sources: \$171.4M**
 - a. Intragovernmental Receipts account for \$135.1M (79%) of receipts, while operating receipts (receipts from third party payors) represent \$35.6M (21%) and other receipts totaled \$0.7M (<1%)
2. **FY2018 Uses: \$164.7M**
 - a. \$137.6M in operating disbursements for FY18, driven by Payroll of \$93.8M and Operating Payments of \$42.5M
 - b. PayGo of \$20.3M for FY18
 - c. \$6.9M represent transfers out of ASEM to a separate restricted account



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

3. **Other**
 - a. PayGo contributions of \$10.7M were not made due to the reasons discussed in section A(1)(b)
 - b. PREPA / PRASA payments are not a meaningful driver of cash, with only \$0.3M spent in FY18. However, PREPA / PRASA do account for a significant portion of AP (~\$38M). ASEM has not been able to meet obligations to PREPA / PRASA due to liquidity constraints

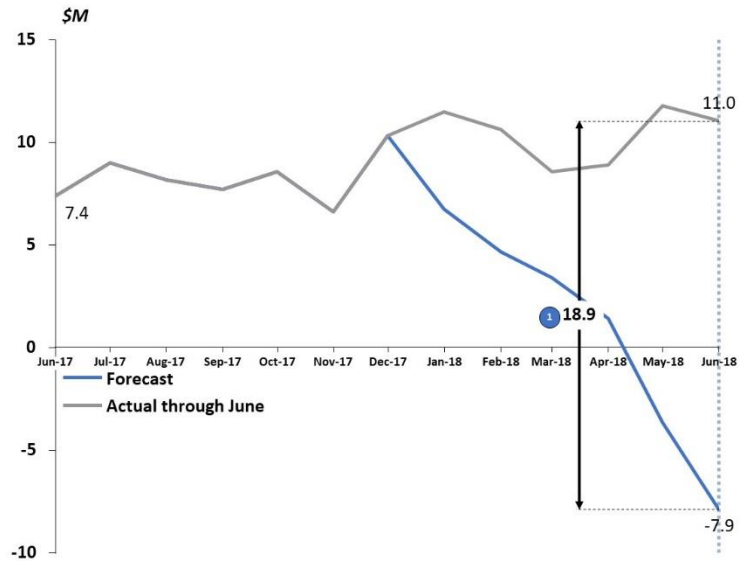
PUERTO RICO INTEGRATED TRANSIT AUTHORITY (“PRITA”)

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

Key takeaways: PRITA initially forecasted an operating cash shortfall during FY18, which has been exacerbated by PayGo charges and unexpected post-hurricane expenses. PRITA has managed to cover its operating expenses this year by deferring vendor disbursements, while spending zero on capex and deferring the majority of PayGo.

A. FY18 Operating Liquidity – Actuals⁶ vs. Forecasts

1. **+\$18.9M – YTD actuals vs. forecast**, primarily due to:
 - a. +\$15.5M lower capex due to deferrals as PRITA remained cash constrained throughout the year
 - b. +\$12.0M PayGo deferral, as management continues to analyze alternatives for funding
 - c. +\$9.1M lower payroll charges stemming from reduction in headcount, a reduction in paid overtime expenses and an accrual of employee benefits of approximately \$2.5M
 - d. +\$2.6M in lower operating expenses, due to vendor disbursements to manage liquidity
 - e. +\$1.5M in FEMA related receipts



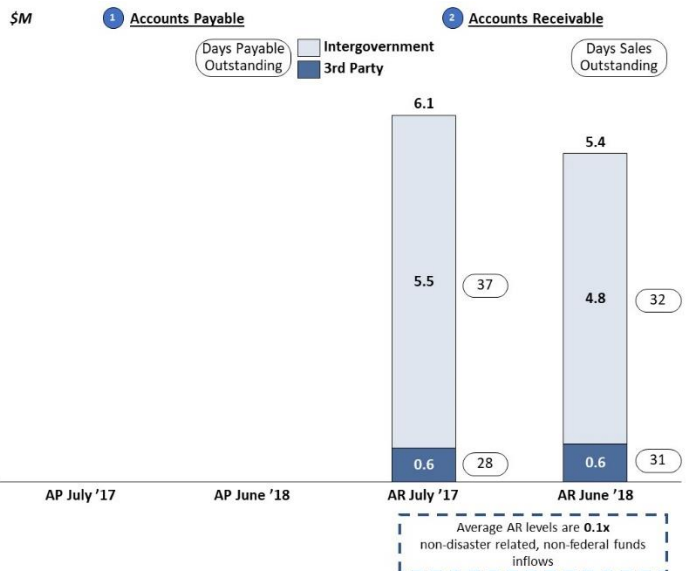
Key offsets to the positive cash balances include

- a. (\$18.5M) lower general fund appropriations
- b. (\$3.6M) in lower Federal Transport Administration receipts for preventative maintenance

Headcount/Payroll: FTEs: **961 to 887 from July to June**, leading to a material favorability in Payroll, which totaled \$42.4M (vs. \$51.6M forecast). This is partially attributable to approximately \$2.5M employee benefits that have been accrued, but remain unpaid

B. Accounts Payable/Receivable⁷

1. Payable: PRITA was unable to provide the necessary Accounts Payable data as of the date of this report
2. Receivable: **(\$0.7M) from July to June**, due to declines in intergovernmental receivables



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

⁷ Figures are unaudited and subject to change.

PUERTO RICO INTEGRATED TRANSIT AUTHORITY (“PRITA”) (continued)

C. Sources and Uses

1. FY2018 Sources: \$70.7M

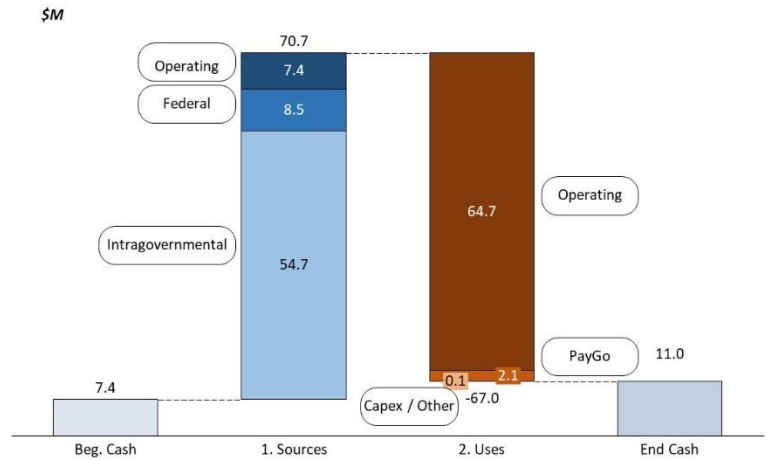
- a. PR Government receipts of \$54.7M, with 63% coming from Cigarette taxes, 37% from General Fund appropriations. Federal Funds (including FEMA) total \$8.5M. Operating receipts of \$7.4M, composed primarily of Ferries / Cargo (54%) and Bus Fares (46%)

2. FY2018 Uses: \$67.0M

- a. Operating disbursements total \$64.7M, of which payroll is \$51.6M. The remainder of disbursements are related to PayGo of \$2.1M, capex spend and other of \$0.1M in outflows

3. Other

- a. PayGo contributions have been deferred, with only \$2.1M, or 14%, of the budgeted PayGo contributions actually made
- b. PREPA / PRASA disbursements are not material (<1%) relative to budget



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

STATE INSURANCE FUND CORPORATION (“Fondo”)

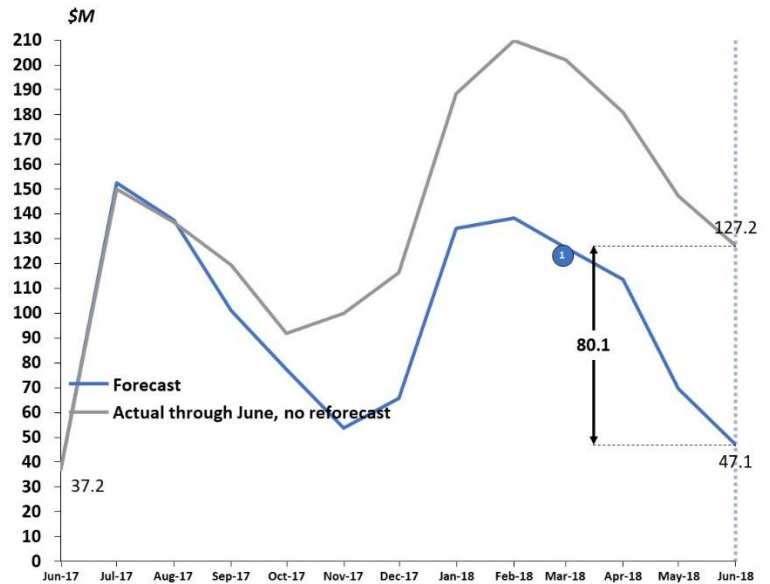
Primary business activity: SIFC provides workers’ compensation and disability insurance to public and private employees.

Key takeaways: Fondo continues to exceed forecast due to (1) higher premium collections than anticipated due to increased collection efforts, combined with incentives for employers with outstanding payments related to prior years and (2) the deferral of PayGo and certain contributions to other Government entities. Cash flow has seasonality due to timing of premium collections throughout the year, with high points in July and January due to timing of invoicing.

A. FY18 Operating Liquidity – Actuals⁸ vs. Forecast

1. **+\$80.1M – YTD actuals vs. forecast**, considered to be mostly timing related, due primarily to:

- Premium collections \$54.6M (10%) above forecast due to improved collection efforts and combined with incentives for employers,⁹ offset by (\$20.0M) unfavorable in collections related to a new insurance project. The new project is a venture whereby Fondo partners with private insurers through a commission-based model, to market and sell its products. The project was delayed due to hurricanes impacting contract crews, as well as IT systems implementation
- +\$42.5M in operating disbursements, driven by lower claims related disbursements (+\$15.4M), professional and purchased services disbursements (+\$14.6M) due to hurricane impact on operations and availability of medical services and facilities, although insurance premiums were still collected
- +\$6.4M favorable Payroll disbursements due to lower headcount and overall reductions in overtime
- +\$5.5M in PayGo due to deferral of June contribution to July of FY19
- +\$4.4M in lower contributions to government entities, due primarily to payment deferrals to the Department of Labor and Human Resources and unbudgeted transfers to Hacienda for worker’s compensation receipts (based on Act 92 enacted in September 2017). Both will now be paid in FY19
- +\$3.0M in disaster related insurance proceeds
- (\$7.0M) other operating payments



Headcount/Payroll: FTEs: **3,017 to 2,879 from July to June**. YTD payroll costs of \$226.0M are \$6.4M below forecast due to reductions in overtime and voluntary leave without pay to tend to family issues and personal matters during the hurricane impact period.

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

⁹ 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. Sources and Uses

\$M

1. FY2018 Sources: \$631.3M

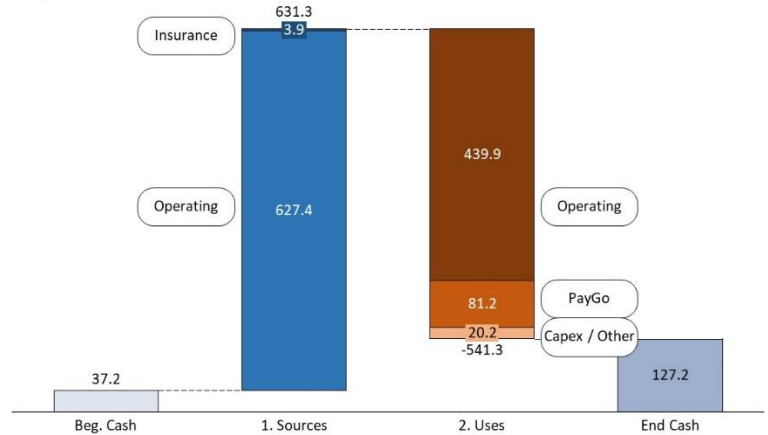
- a. Premium collections account for 99% of operating receipts and are the primary source of cash. Timing of premium collection leads to cash increases in January and July when customers are invoiced.
- b. Remainder of funds of \$3.9M related to insurance proceeds and other cash inflows

2. FY2018 Uses: \$541.3

- a. Operating disbursements total \$439.9M of cash uses, of which Payroll is \$226.0M and Claims related disbursements are \$71.7M. The biggest unknown variable in cash disbursements has been the level of claims paid out, and from year to year, there may be material differences in the level of claims. During FY2018, claims disbursements have been favorable versus budget
- b. PayGo disbursements totaled \$81.2M and capex / other totaled \$20.2M

3. Other

- a. Fondo has consistently made its required PayGo contributions throughout FY2018, although actual PayGo contributions were \$5.5M (6%) below forecast due to the June invoice, which is to be paid in July of FY19
- b. PREPA / PRASA disbursements of \$5.2M were less than budget of \$7.9M for FY2018



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

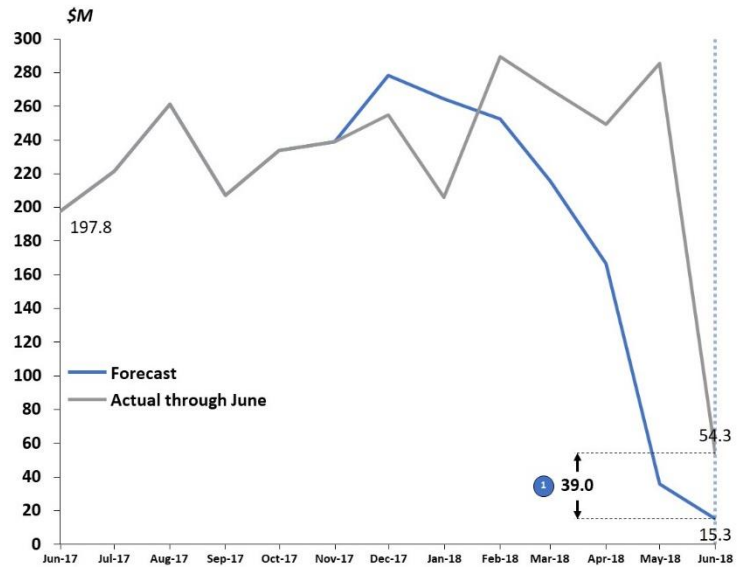
HEALTH INSURANCE ADMINISTRATION OF PUERTO RICO (“ASES”)

Primary business activity: ASES implements, administers and negotiates the Medicaid health insurance system in Puerto Rico through contracts with 3rd party insurance underwriters, to provide quality medical and hospital care to the Puerto Rico Medicaid and Platino (Medicaid + Medicare dual-eligible) populations.

Key takeaways: ASES’s strong fiscal year cash flow is attributable to lower payments to MCO’s (“Managed Care Organizations¹⁰”) due to fewer than forecast insured members seeking service, higher prescription drug rebate income, and US government approval of new federal funds, more than offsetting the loss of state funding sources.

A. FY18 Operating Liquidity – Actuals¹¹ vs. Forecasts

1. **+\$39.0M – YTD actuals vs. forecast**, primarily due to:
 - a. -\$192M – -\$605M from loss of Commonwealth appropriations, offset by \$414M in increased availability of federal funds. The increase in federal funding has been critical during FY18 and led to the Puerto Rico government reducing its appropriations
 - b. +\$71.2M – favorability of prescription drug rebates
 - c. +161.5M – lower MCO premiums and Pharmacy Benefits Manager (“PBM”) Administrator and HIV program expenses as the budget anticipated a rise in the patient population due to disruptions following the hurricanes; however, the rise never materialized



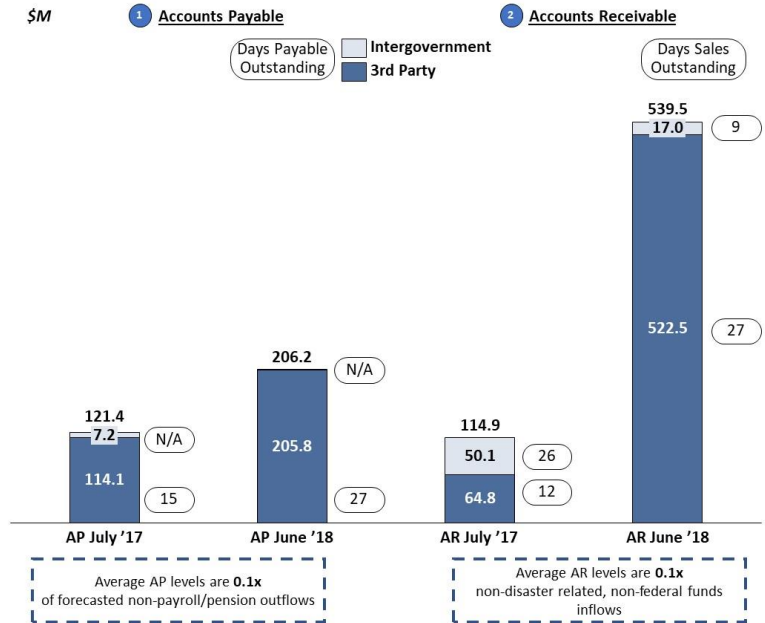
Headcount/Payroll: **64 to 60 from August to June**. FY18 payroll ended the year at \$4.1M vs. a forecasted \$4.3M. While generally in line, the payroll savings of \$0.2M can be primarily attributed to reductions in headcount.

¹⁰ 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.
¹¹ Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

HEALTH INSURANCE ADMINISTRATION OF PUERTO RICO (“ASES”) (continued)

B. Accounts Payable/Receivable¹²

1. Payable: **\$84.9M increase from July to June**, driven by increases in 3rd party AP of \$91.7M. The increase however is primarily timing related
2. Receivable: **\$424.6M from July to June**, due to large increase in 3rd party receivables of +\$457.7M, largely related to federal funding, offset by \$33.1M decrease in intergovernmental A/R.
3. Working capital changes have been unfavorable at -\$339.7M in uses, which represents approximately 13% of ASES’s total receipts for FY18 and is primarily driven a significant increase in federal funding, which was not collected until July 19



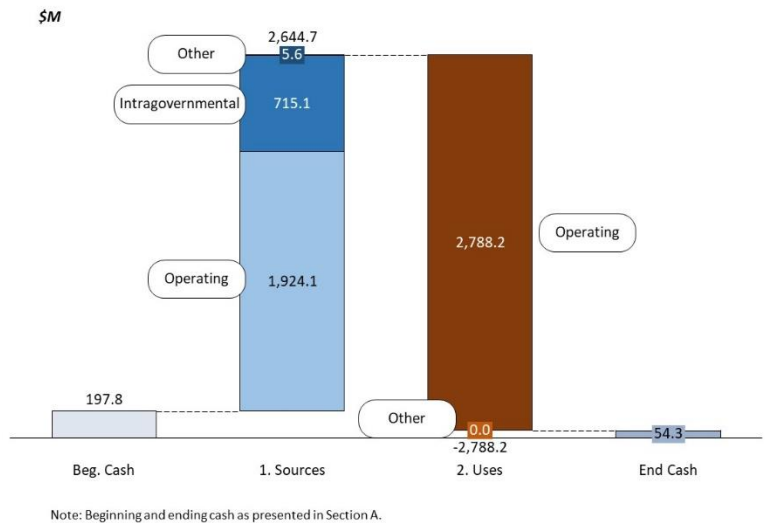
C. Sources and Uses of Funds

1. FY2018 Sources: \$2.6B

- a. Receipts of \$1.9B, composed of Federal Matching Funds of \$1.7B and Prescription drug rebates of \$230.2M. Prescription drug rebates are volume based discounts on prescription drug purchases for the ASES covered population. ASES pays the full amount of pharmaceutical claims through its PBM, and as volume thresholds are met for specific pharmaceuticals, periodic rebates are sent to ASES, which serves as an offset to those claims
- b. Due to unexpected change in Federal government law in February, ASES was able to meet its cash needs in FY2018 largely from Federal Matching Funds, rather than the Puerto Rico government or municipalities, as it had in prior years. This is expected to continue in FY19
- c. Of the remaining, \$715.1M in receipts are intragovernmental receipts, including \$560.3M in Puerto Rico state funding and \$154.7M in Municipality and Employers funding. ASES received \$5.6M in other receipts as well

2. FY2018 Uses: \$2.8B

- a. Operating disbursements of \$2.7B driven by member premiums & PBM Administrator and HIV program payments which collectively represent 99% of all disbursements.
 - b. Payroll and other operating payments account for less than 1% of all disbursements, and are related to administrative activities including employees, overhead, and professional services
3. **Other:** As ASES federal receipts are primarily a function of anticipated disbursements and subject to a consistent matching percentage, any year-end surplus is a timing issue



¹² Figures are unaudited and subject to change.

HIGHWAYS & TRANSPORTATION AUTHORITY (“HTA”)

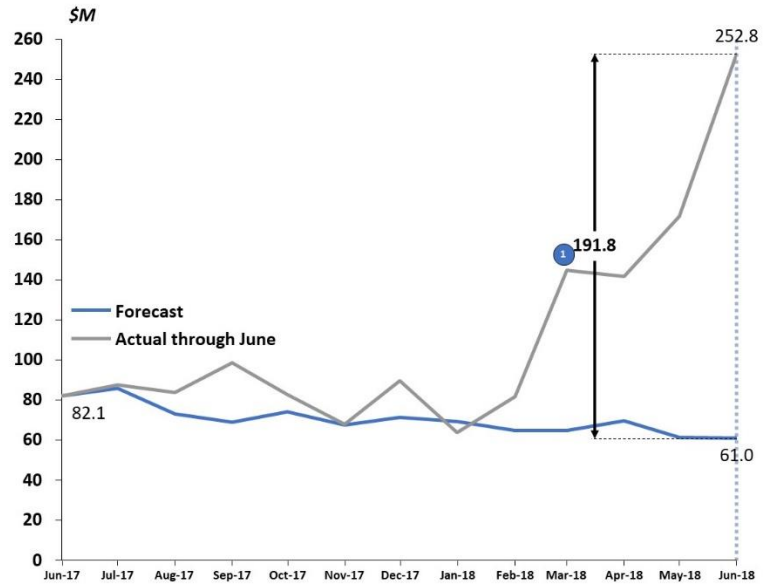
Primary business activity: Controls and supervises highway facilities, sets tolls, issues bonds, and manages the construction of all major projects relating to the Commonwealth’s toll highway system.

Key takeaways: HTA has benefited from approximately \$70M in capex funding from the TSA. The incremental capex is consistent with the Certified Fiscal Plan and is provided so HTA can achieve congestion relief measures. Coupled with ongoing capex deferrals resulting from ongoing hurricane damage assessments and project certifications, HTA has meaningfully increased its cash position vs. forecast. The cash build should reverse in FY19 as HTA is able to move forward with previously planned projects.

A. FY18 Operating Liquidity – Actuals¹³ vs. Forecasts

1. +\$191.8M – YTD actuals vs. forecast, driven by:

- a. +195.9M lower capex spend due to the project deferrals as projects are evaluated to assess damages caused by hurricanes and necessary certification requests are prepared
- b. \$123.7M higher PR Government Infrastructure Funding due to additional funds received for capex projects according to the New Fiscal Plan for Puerto Rico
- c. +\$16.5M higher donations, subsidies and distributions due to timing
- d. +9.0M lower PREPA / PRASA disbursements
- e. +\$8.5M lower Emergency Reconstruction Program funds due to timing, as forecast was for \$40.0M and only \$31.5M spent during 2018, with the remainder shifted to be spent in FY19
- f. +\$5.1M lower Payroll expenses due to a drop in headcount



Key offsets to favorability include:

- a. (\$134.3M) lower Federal Highway Administration and Earmark Project funds, which have been on hold as the projects are evaluated to quantify the damages caused by the hurricanes and necessary certification requests by contractors are processed
- b. (\$15.2M) lower operating receipts driven by (\$29.2M) lower toll fares, offset by \$11.6M higher toll fines and \$2.5M of other income
- c. (\$15.1M) higher PayGo contributions than forecast

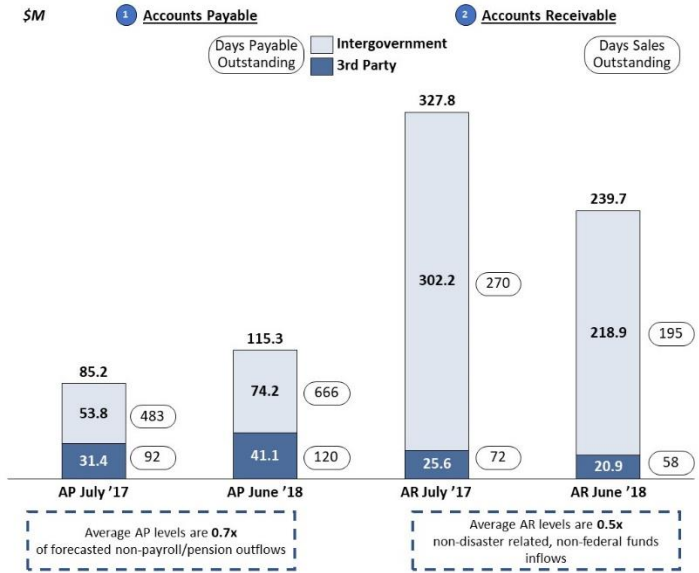
Headcount/Payroll: FTEs: Dropped from **1,325 to 1,245 from July to June**. HTA has experienced a drop in headcount and FY18 payroll of \$83.7M (slightly below forecast) due to the voluntary retirement program.

¹³ Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

HIGHWAYS & TRANSPORTATION AUTHORITY (“HTA”) (continued)

B. Accounts Payable/Receivable¹⁴

1. Payable: +\$30.0 from July to June, mainly attributable to an increase in invoices that were carried forward from prior years and were only recognized following HTA’s completed analysis of its AP
2. Receivable: -\$88.0M from July to June, driven by an audit adjustment to write-off retained revenue with Department of Treasury (Hacienda)
3. Working Capital: 3rd party working capital has generated approximately \$14.5M in cash flow as HTA has improved cash by building payables and collecting outstanding invoices. Intergovernmental working capital has benefitted from AP build ups to PREPA and other vendors, as well as receipts collected from Hacienda and others.



C. Sources and Uses of Funds

1. FY2018 Sources: \$539.6M

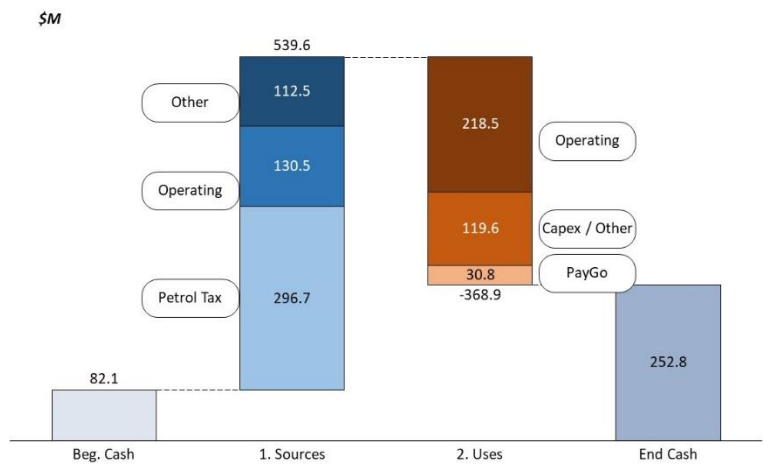
- a. \$130.5M operating receipts, with 75% coming from toll fares, 25% from toll fines and other.
- b. \$296.7M Petrol tax and intragovernmental transfers from the Commonwealth, including \$120.0M transfers from the central government and \$176.7M Puerto Rico Infrastructure Funding receipts.
- c. \$112.5M from Federal Aid, Emergency Reconstruction Funds and other inflows

2. FY2018 Uses: \$368.9 million

- a. \$218.5M in operating disbursements, with purchased services (38%) and payroll (34%) the largest components
- b. \$119.6M in capital expenditures (\$88.8M), Emergency Reconstruction and (\$31.5M) other funds (\$0.1M) forecast for 2018
- c. PayGo totaled \$30.8M

3. Other

- a. PayGo totaled \$30.8M, \$15.1M higher than forecast
- b. PREPA / PRASA disbursements total \$9.1M, \$9.0M below forecast



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

¹⁴ Figures are unaudited and subject to change.

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 of the Commonwealth’s departments, component units, and instrumentalities.

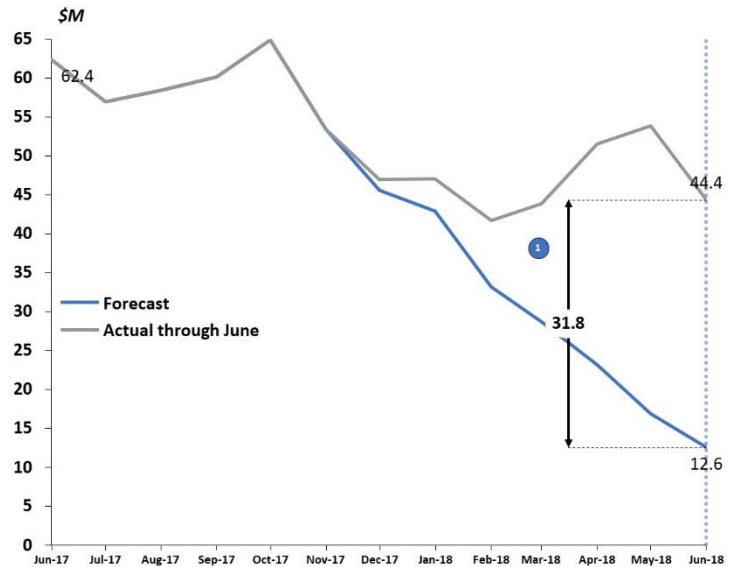
Key takeaways: PBA was originally forecast to incur negative cash flow throughout FY18 due to lower General Fund budget appropriation than requested. However, PBA has maintained a higher cash position than forecasted due to higher rent collections from government entities and vendor disbursements.

A. FY18 Operating Liquidity – Actuals¹⁵ vs. Forecasts

1. **+\$31.8M – YTD actuals vs. forecast**, primarily made up of:
 - a. +13.4M in lower purchased services (facility maintenance, security, etc.) and other operating expenses due to timing, whereby invoices from regional offices had not yet been received in a timely manner
 - b. +10.2M in government receipts collected
 - c. +\$7.6M in disaster related (FEMA, insurance) net cash flow
 - d. +\$1.8M from PREPA / PRASA disbursements deferrals

Key offsets to the favorability

- a. (\$3.4M) in higher payroll



PBA was unable to provide the required headcount data as of the date of this report

B. Sources and Uses of Funds

1. FY2018 Sources of Funds: \$108.9M

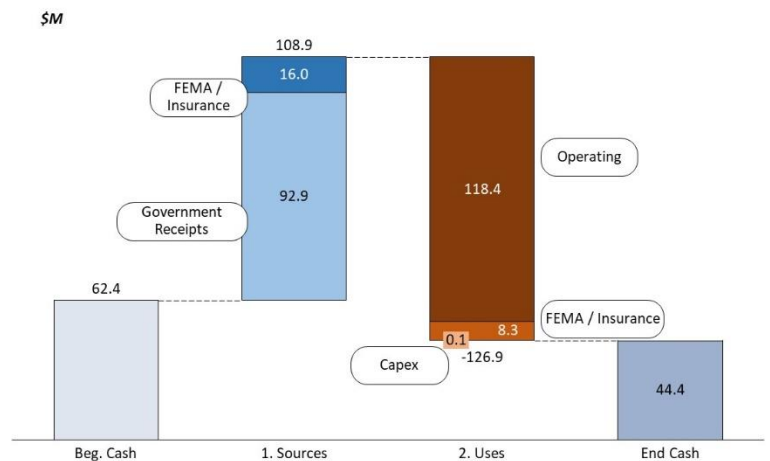
- a. Puerto Rico Governmental Receipts represent \$92.9M (85%) of receipts and FEMA receipts totaling \$16.0M (15%)

2. FY2018 Uses of Funds: \$126.9M

- a. Operating disbursements total \$118.4M and \$8.3M of pass through of FEMA receipts. The insurance receipts will be spent during FY19, however, PBA is waiting for property damage estimates before proceeding with additional insurance proceed disbursements

3. Other

- a. PayGo contributions had been forecast at \$22.4M; however, the forecasted dollars for PayGo were not received from Hacienda, and as a result, PayGo contributions were not made by PBA. Overall, there was no impact on cash as a result
- b. Full year PREPA / PRASA payments expected to total approximately \$15.2M, which would be modestly below forecasted spend of \$17.0M



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

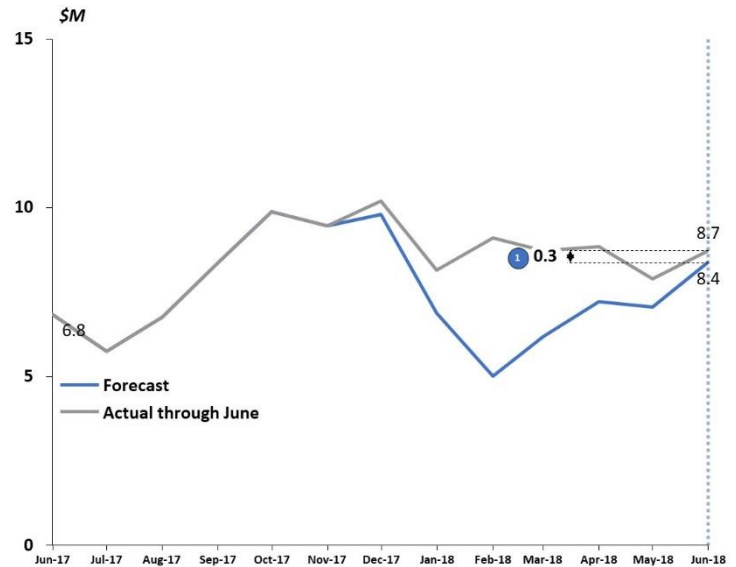
CARDIOVASCULAR CENTER FOR PUERTO RICO & THE CARIBBEAN (“CARDIO”)

Primary business activity: Cardio is a general acute care hospital providing specialized treatment to patients suffering from cardiovascular diseases.

Key takeaways: Cardio’s liquidity was close to forecast, as higher patient activity was met with higher required vendor disbursements and reduction of AP balances by \$4.2M.

A. FY18 Operating Liquidity – Actuals¹⁶ vs. Forecasts

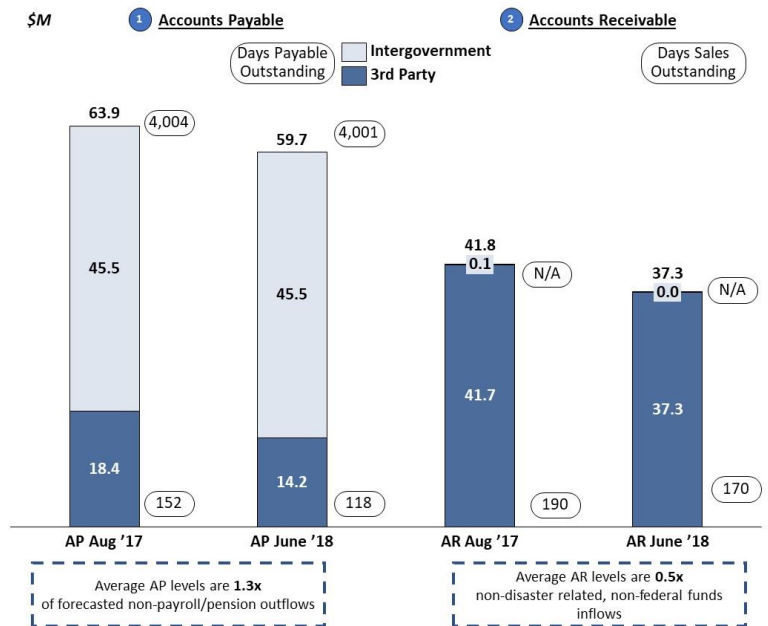
1. **+\$0.3M – YTD actuals vs. forecast, due to:**
 - a. +8.3M in Patient collections due to higher patient activity than anticipated (+\$3.8M) and pay down of 3rd party AR balances of (+\$4.5M) between August and June
 - b. -\$8.0M in vendor disbursements due to higher patient activity (-\$3.8M) as well as pay down of AP balances of (-\$4.2M) between August and June



Headcount/Payroll: FTEs: **623 to 572 from July to June**. FY18 payroll was \$29.6M as compared to a forecasted payroll of \$29.7M. Per management, the reduction in headcount while payroll remained in line with forecast was due to an increased reliance on overtime pay during the year.

B. Accounts Payable/Receivable¹⁷

1. Payable: **-\$4.2M from August to June**, driven by a \$4.2M reduction in 3rd party AP. The majority of the intergovernmental amount owing relates to rent owed to PBA
2. Receivable: **-\$4.5M from August to June**, completely driven by a 3rd party collection.
3. Working Capital: Working capital levels have held relatively steady, changing only -\$0.3M and driven by offsetting reductions in both AP and AR over the period



¹⁶ Appendix includes reconciliation between AAFAP reported cash figures and the figures in this report.

¹⁷ Figures are unaudited and subject to change.

CARDIOVASCULAR CENTER FOR PUERTO RICO & THE CARIBBEAN ("CARDIO") (continued)

C. Sources and Uses of Funds

1. FY2018 Sources of Funds: \$80.1M

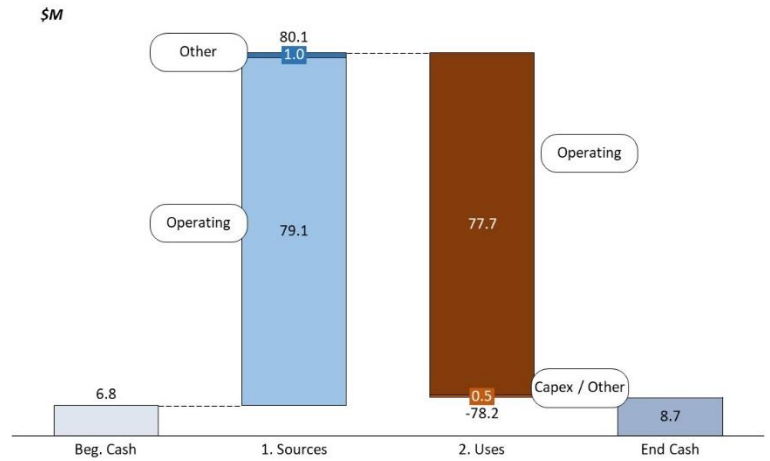
- a. 99% of sources of funds are related to patient service collections

2. FY2018 Uses of Funds: \$78.2M

- a. Operating disbursements total \$77.7M, with Purchased Services representing \$33.5M and Payroll representing \$29.6M. The remaining uses of funds of \$0.5M are related to capex and disaster related disbursements

3. Other

- a. PREPA / PRASA disbursements \$4.1M



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

HOUSING FINANCE AUTHORITY (“HFA”)

Primary business activity: promote the development of low-income housing and provide financing, subsidies and incentives so that people may acquire or lease a home.

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.

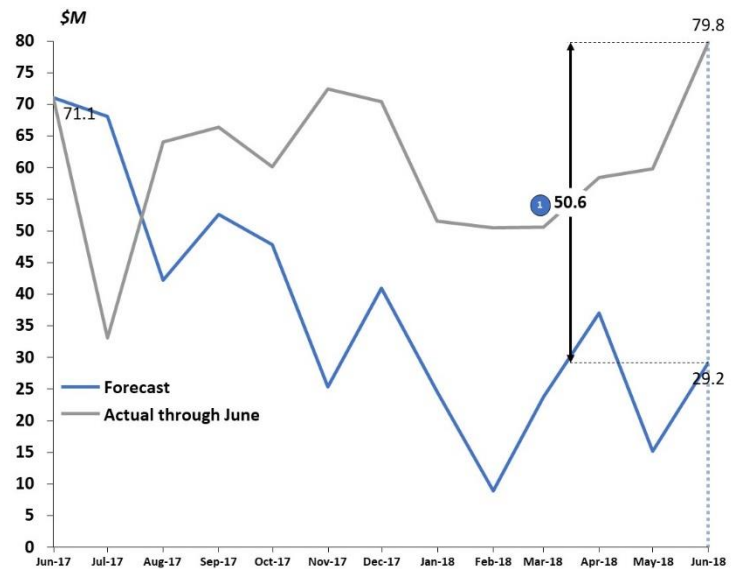
A. FY18 Operating Liquidity – Actuals¹⁸ vs. Forecasts

1. **+\$50.6M – YTD actuals vs. forecast**, primarily due to
 - a. +\$45.5M – cash generated from net investing activities including higher deposits placed with banks resulting from conversion of liquid assets to cash and net principal repayments, offset by mortgage and construction loan investment net cash flow
 - b. +\$17.3M – favorable other operating expenses due to fewer housing subsidies being paid
 - c. +\$8.2M – unbudgeted appropriations for Capex that were not spent
 - d. +\$7.4M higher intragovernmental receipts

Key offsetting items

- a. (\$11.4M) lower operating receipts due to lower income from investments
- b. (\$11.7M) lower Federal Fund receipts due to lower HUD receipts
- c. (\$4.6M) higher debt related disbursements

Headcount/Payroll: FTEs: declined from 154 to 148 from July to June. FY2018 payroll is \$9.0M, which is in line with forecast.

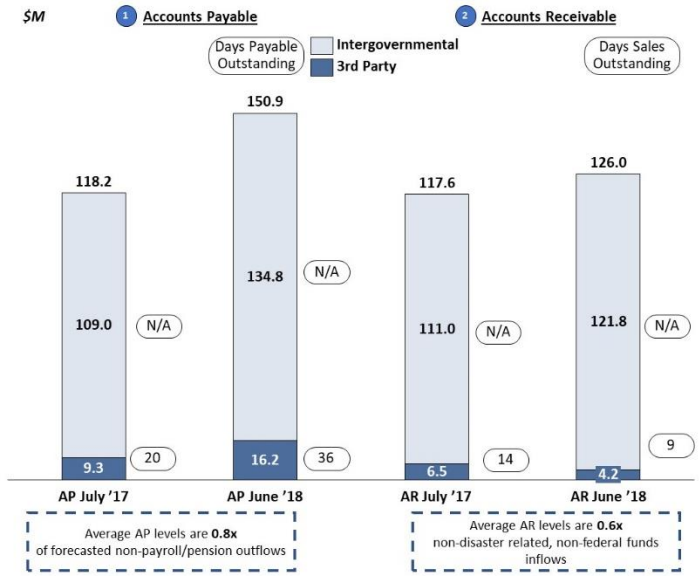


¹⁸ Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

HOUSING FINANCE AUTHORITY (“HFA”) (continued)

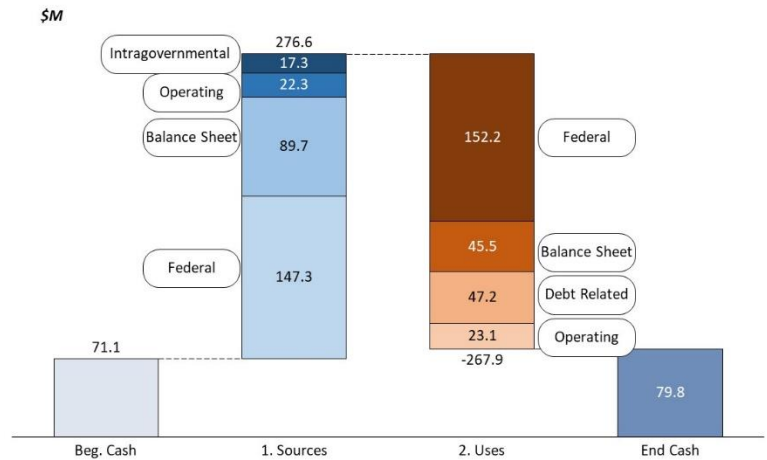
B. Accounts Payable / Receivable

- 4. Payable: **+\$32.7M from July to June**, driven by a \$25.8M increase in intergovernmental AP
- 5. Receivable: **+\$8.4M from July to June**, driven by a \$10.8M increase in intergovernmental AP, offset by a \$2.3M reduction in 3rd party receivables
- 6. Working Capital: HFA has very material AP and AR with GDB for intergovernmental working capital. This will likely be offset, as GDB actually owes more to HFA. Since HFA is a subsidiary of GDP, per bankruptcy laws, the amounts are technically frozen



C. Sources and Uses of Funds

- 1. **FY2018 Sources of Funds: \$276.6M**
 - a. Federal Fund receipts (primarily HUD) represent \$147.3M (79%)
 - b. Other receipts include balance sheet inflows of \$89.7M (32%), operating receipts of \$22.3M (8%), and intragovernmental receipts of \$17.3M (6%)
- 2. **FY2018 Uses of Funds: \$267.9M**
 - a. Disbursements of Federal Funds of \$152.2M (57%), balance sheet disbursements of \$45.5M (17%), debt related disbursements of \$47.2M (18%), and operating disbursements and capex spend of \$23.1M (9%)



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

3. Other

- a. HFA cash balances are influenced by timing of maturities of liquid assets in its portfolio. For example, a treasury bill that matures prior to the month end close will be reflected as an increase in cash balance (and vice versa), and accordingly, would impact reported cash balances. During FY19, fewer loans were originated, which led to an improved cash position, as less cash was converted into loans

PUERTO RICO TOURISM COMPANY (“Tourism”)

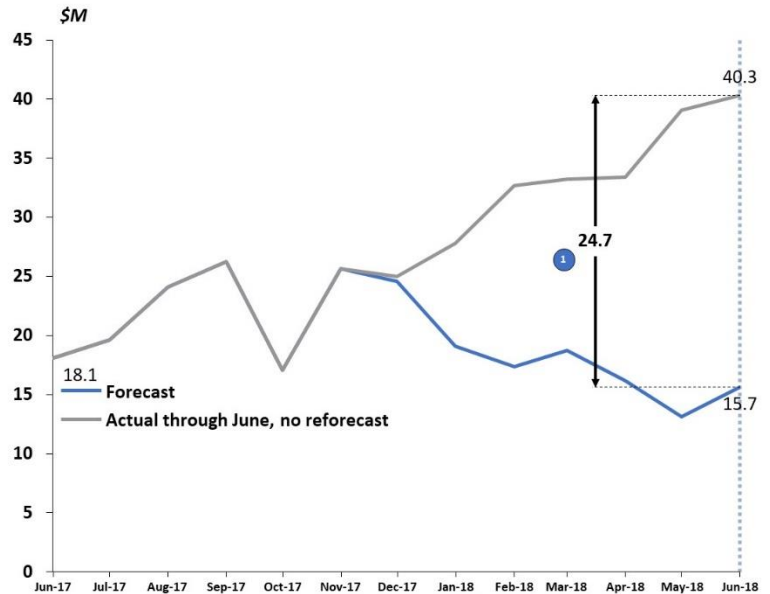
Primary business activity: Tourism’s purpose is to promote the tourism industry of Puerto Rico.

Key takeaways: YTD actuals reflect over-performance vs. forecast mainly due to better than expected slot machine and room tax collections.

A. FY18 Operating Liquidity – Actuals¹⁹ vs. Forecasts

1. +\$24.7M – YTD actuals vs. forecast, due to:

- a. Room tax net cash flows (receipts, less disbursements) were \$15.2M above forecast, due to more tourists and relief workers present on the island, and these groups pay higher room tax rates
- b. Slot machine net cash flows (receipts, less disbursements) were \$5.0M above forecast as more relief workers, contractors, etc. were present on the island
- c. In addition, Tourism saw a +\$5.7M favorable variance in media & ad spend resulting from deferring marketing spend and a contract amendment
- d. Payroll was +\$3.4M favorable to forecast



Major offsetting items were:

- a. Donations, Subsidies and Distributions were (\$7.1M) unfavorable due to payment of invoices accrued from prior years not considered in the forecast, as well as need for increased incentives given complications from the hurricanes.
- b. Insurance proceeds were (\$1.0M) below forecast

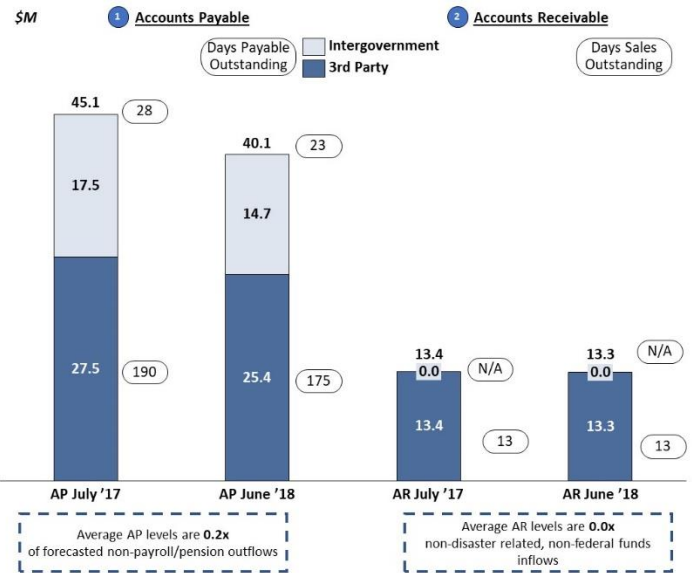
Headcount/Payroll: FTEs: **428 to 399 from July to June**. FY18 payroll totaled \$20.3M, \$3.4M lower than the forecast in part due to the headcount reduction and, as management has noted, payroll was over budgeted.

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

PUERTO RICO TOURISM COMPANY (“Tourism”) (continued)

B. Accounts Payable / Receivable²⁰

1. Payable: **-\$5.0M from July to June**, driven by Tourism making \$2.4M in payments to CCDA during the year
2. Receivable: **-\$0.1 from July to June**, with DSO flat on the year
3. Working Capital: working capital levels have been unfavorable due to paydowns this year of AP to CCDA



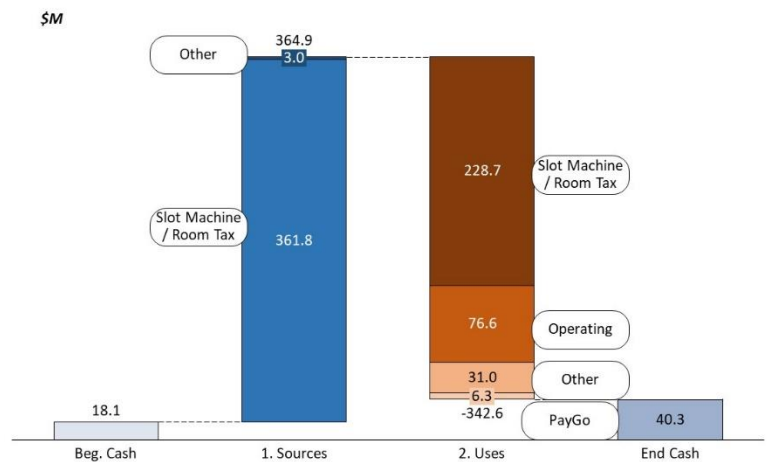
C. Sources and Uses of Funds

1. FY2018 Sources: \$364.9M

- a. Primary Tourism sources of funds are slot machine revenue of \$288.8M (79%) and room taxes \$73.1M (20%). There is seasonality in the receipt of these funds, which may create temporary timing variances
- b. Other receipts total \$3.0M

2. FY2018 Uses: \$342.6M

- a. Slot machines and room taxes have disbursements per a waterfall. Slot machine funds are disbursed to Hacienda, University of Puerto Rico and hotels in addition to Tourism. Room Tax funds are disbursed to Convention Center and marketing and promotion funds, in addition to Tourism. Slot machine disbursements are projected to amount to \$218.5M and \$10.2M for room tax disbursements
- b. Other operating disbursements were \$76.6M, while Tourism disbursed \$31.0M in other items (\$30.3M in transfers of cash to restricted account and \$0.7M in disaster related disbursements), and incurred \$6.3M in PayGo.



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

3. Other

- a. PayGo contributions of \$6.3M have been funded, which exceeded the forecasted amount of \$5.6M
- b. PREPA / PRASA and rent disbursements totaled \$2.6M, modestly exceeding the forecast by \$0.1M

²⁰ Figures subject to change.

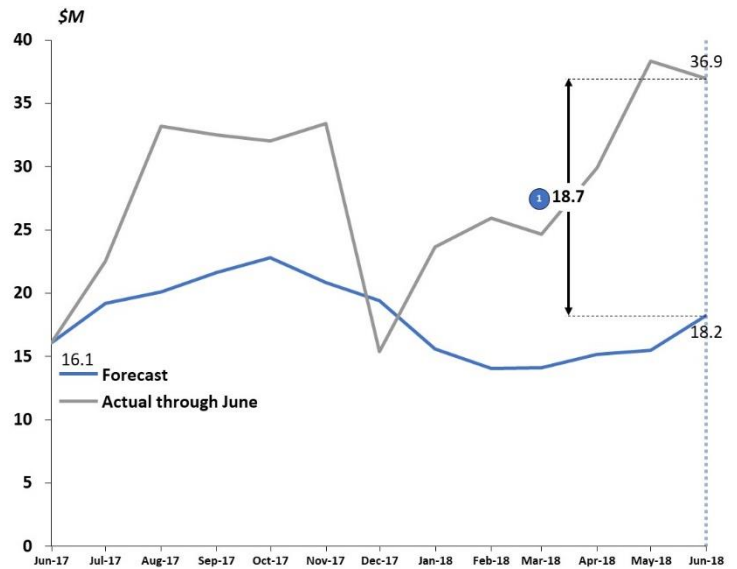
PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY (“AAFAF”)

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 has maintained a higher liquidity position than forecasted due to lower payroll costs as onboarding employees during FY18 occurred at a slower pace than forecast.

A. FY18 Operating Liquidity – Actuals²¹ vs. Forecast

- 1. **+\$18.7M – YTD actuals vs. forecast**, primarily driven by
 - a. +\$13.2M professional service payments, due to timing. Accrued fees expected to be paid in FY19.
 - b. +\$3.0M payroll due to lower hiring than anticipated during forecast period
 - c. +\$1.4M General Fund appropriations
 - d. +\$0.8M lower operating disbursements due to timing
 - e. +\$0.4M lower disbursements to PREPA / PRASA due to timing



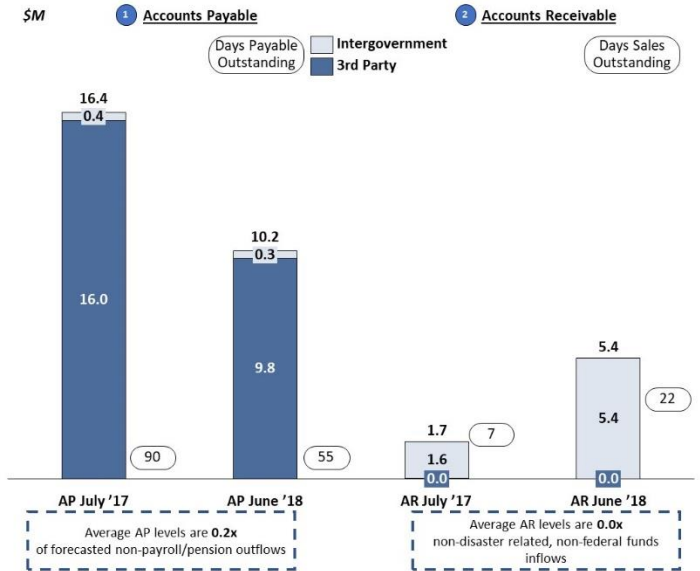
Headcount/Payroll: FTEs: **29 to 72 from July to June**, due to the execution of staffing plans; most of the increase related to the transfer of GDB employees. Total payroll for the year was \$5.4M.

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

PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY (“AAFAF”) (continued)

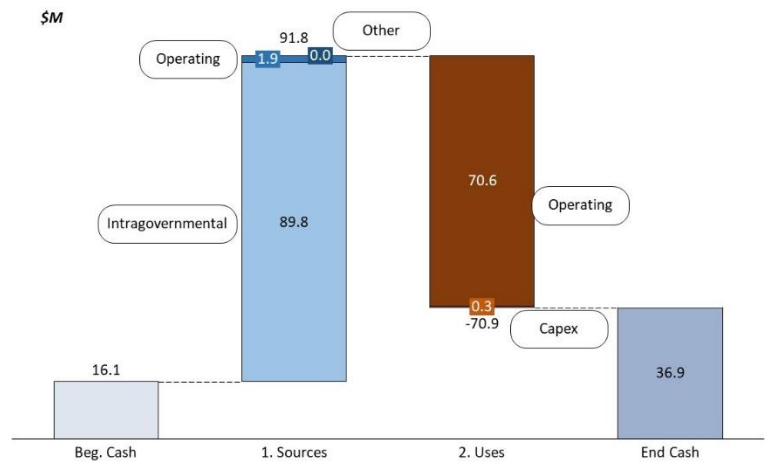
B. Accounts Payable/Receivable²²

1. Payable: **-\$6.2M from July to June**, driven mainly by payments of professional fees
2. Receivable: **+\$3.7M from July to June**, due to MOUs to facilitate professional service contracts related to debt restructuring efforts
3. Working Capital: Working capital has been a use of cash, but is largely driven by timing of payments of professional fees



C. Sources and Uses of Funds

1. **FY2018 Sources: \$91.8M**
 - a. \$89.8M General Fund appropriations
 - b. \$1.9M in Fiscal Agency fees
2. **FY2018 Uses: \$70.9M**
 - a. \$70.6M in operating disbursements, with professional services (90%) and payroll (8%) being the largest components and \$0.3M in capex disbursements
3. **Other**
 - a. AAFAF does not make PayGo contributions and PREPA / PRASA payments are less than 1% of cash outflows



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

²² Figures are unaudited and subject to change.

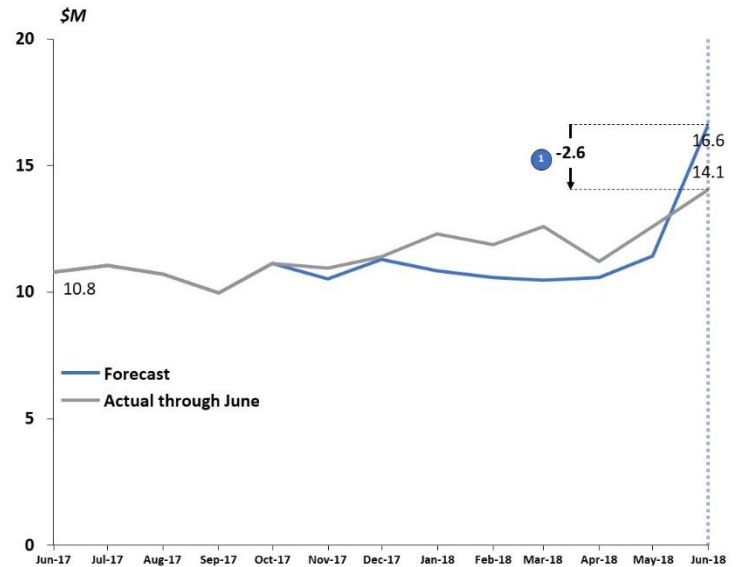
DEPARTMENT OF ECONOMIC DEVELOPMENT AND COMMERCE (“DDEC”)

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, promote private sector investment and job growth in critical sectors.

Key takeaways: FY18 year-end cash balances were lower than forecast as DDEC received lower Federal Grants. This was offset by DDEC deferring investments in employment programs. This deferral is expected to be temporary and normalize at the start of the next fiscal year in July 2018.

A. FY18 Operating Liquidity – Actuals²³ vs. Forecasts

1. **-2.6M – YTD actuals vs. forecast**, primarily due to
 - a. (\$18.6M) lower Federal Grants received due to spending delays resulting from the hurricane and administration of the grants. DDEC requests funds reimbursement after spending
 - b. +\$12.3M of donations, subsidies and distributions, which have been deferred as a result of hurricanes as DDEC has delayed investments in employment development programs—these investments are mostly expected to be spent in FY19
 - c. +\$2.5M higher management fees collected
 - d. +\$1.4M in lower operating expenses due to vendor disbursement deferrals



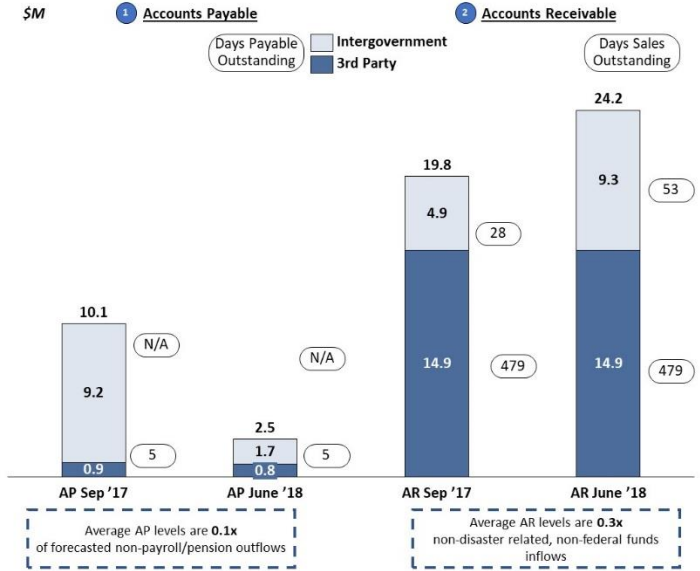
Headcount/Payroll: FTEs: **157 to 156 from July to June**. FY18 payroll was \$7.8M, which is in line with the forecast.

²³ Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

DEPARTMENT OF ECONOMIC DEVELOPMENT AND COMMERCE (“DDEC”) (continued)

B. Accounts Payable/Receivable²⁴

1. Payable: **-\$7.6M decrease from July to June**, driven mainly by significant payments to local municipalities and other accounts
2. Receivable: **+\$4.4 from September to June**, primarily due to unpaid invoices to PRIDCO
3. Working Capital: **-\$12.0M unfavorable working capital** driven by vendor disbursements and increased in uncollected receipts from PRIDCO



C. Sources and Uses of Funds

1. FY2018 Sources: \$79.1M

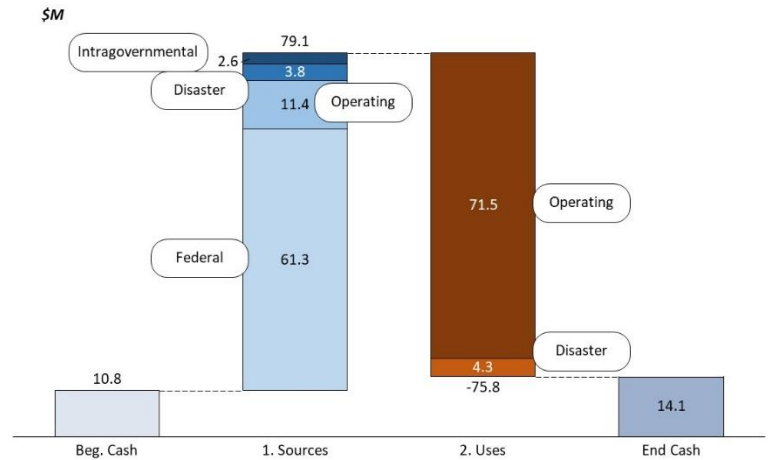
- a. Federal Grants represent \$61.3M (77%) of receipts, Operating Receipts are \$11.4 (14%), Disaster Relief receipts are \$3.8M (5%) and Intragovernmental receipts are \$2.6M (3%)

2. FY2018 Uses: \$75.8M

- a. Operating disbursements of \$71.5M, with Donations, subsidies and distributions representing \$56.9M (75%) of distributions and remaining \$14.6M of disbursements due to variety of items including Enclosed Allocations (additional project capital yet to be allocated) of \$2.8M and Professional Services of \$2.4M. Disaster related repairs total \$4.3M

3. Other

- a. PREPA / PRASA payments are not material



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

²⁴ Figures are unaudited and subject to change.

PUERTO RICO CONVENTION CENTER DISTRICT AUTHORITY (“CCDA”)

Primary business activity: CCDA is develops, manages, and oversees the Puerto Rico Convention Center, the Coliseo de Puerto Rico Jose Miguel Agrelot, the Rivas Domenici Executive Airport, and other adjacent hospitality, commercial and residential developments.

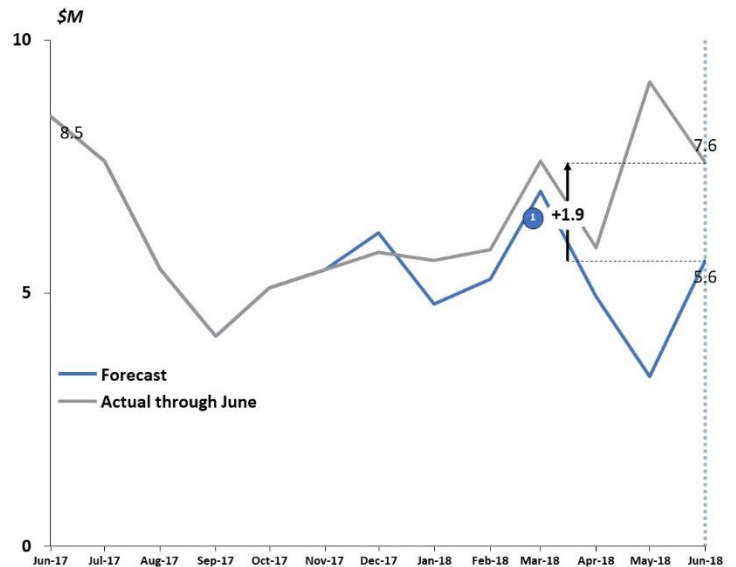
Key takeaways: YTD actual cash balance is above forecast due to increased revenues from the use of the CCDA’s facilities by emergency response teams, offset by outflows for purchased services to maintain facilities as government center post hurricane.

A. FY18 Operating Liquidity – Actuals²⁵ vs. Forecasts

1. **+\$1.9M – YTD actuals vs. forecast**, primarily due to
 - a. +\$5.1M in higher receipts from the use of CCDA’s facilities by emergency response teams
 - b. +\$1.5M lower capex, due to deferrals
 - c. +\$1.0M lower PREPA and PRASA spend, due to timing
 - d. +\$0.8M higher PRTC Room Tax Transfer receipts (Law 272)

Key offsetting items include

- e. (\$6.4M) higher purchased services, due to the use of CCDA facilities post hurricane



Headcount/Payroll: FTE headcount for June is 8, which is unchanged since July 1, 2017. Payroll disbursements, including benefits, total \$0.7M for FY18.

B. Sources and Uses of Funds

1. FY2018 Sources: \$33.3M

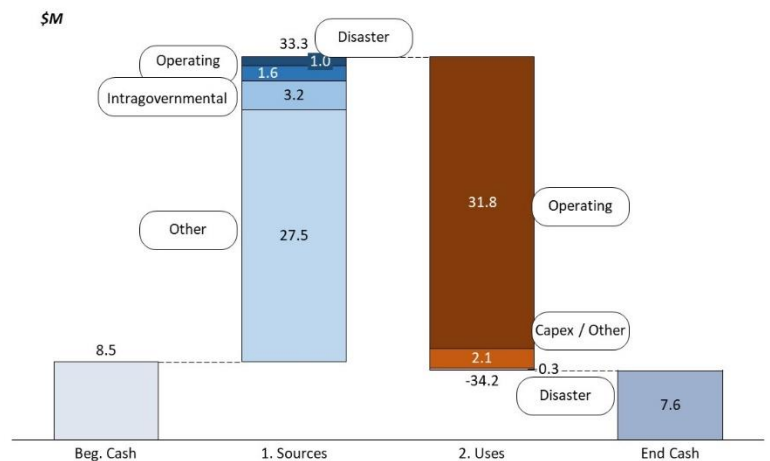
- a. CCDA facilities (PR Coliseum and PR Convention Center) used by conferences and events, as well as Emergency Response team efforts (\$27.5M or 83%)
- b. \$3.2M is PRTC Room taxes (Intragovernmental), \$1.6M in operating receipts, and \$1M in insurance proceeds

2. FY2018 Uses: \$34.2M

- a. \$31.8M in operating disbursements, consistently primarily of purchased services (\$24.7M or 78%) and utilities (\$5.5M or 17%), due to use of facilities by Emergency Response teams and government. \$2.1M in Capex / Other and \$0.3M in disaster related relief disbursements

3. Other

- a. PREPA / PRASA payments totaled \$5.5M, reflecting increased use this year of facilities during the year



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

²⁵ Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

PUERTO RICO AGRICULTURAL DEVELOPMENT ADMINISTRATION (“ADEA”)

Primary business activity: ADEA provides services to the agricultural sector, with a 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.

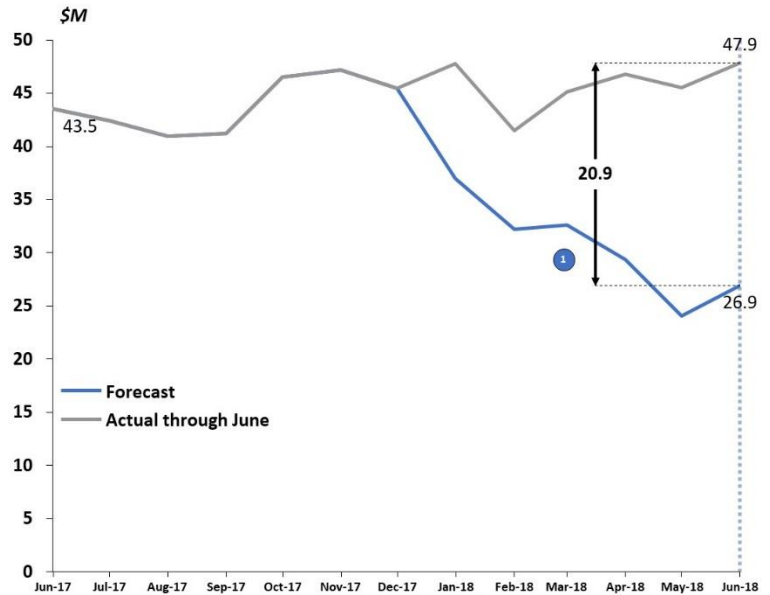
Key takeaways: Actual cash balance is above forecast due to deferral of operating disbursements, reflecting impact of hurricanes. ADEA has benefited from partial deferral of PayGo contributions, which are expected to reverse in FY19 as ADEA makes catch up payments.

A. FY18 Operating Liquidity – Actuals²⁶ vs. Forecasts

1. **+\$20.9M – YTD actuals vs. forecast**, primarily due to:
 - a. +\$15.8M favorable variance of other operating disbursements (subsidies to farmers and expenditures for coffee and cafeteria food items). These variances are timing related and will reverse in FY19
 - b. +\$6.1M in lower Payroll disbursements, attributable to headcount reductions
 - c. +\$4.3M deferral of PayGo contributions
 - d. +\$3.4M higher GF appropriations

Key unfavorable variances

- a. (\$8.0M) lower operating receipts due to fewer receipts from cafeteria food, as schools closed following hurricanes and timing of receipts from Department of Education has remained stretched.



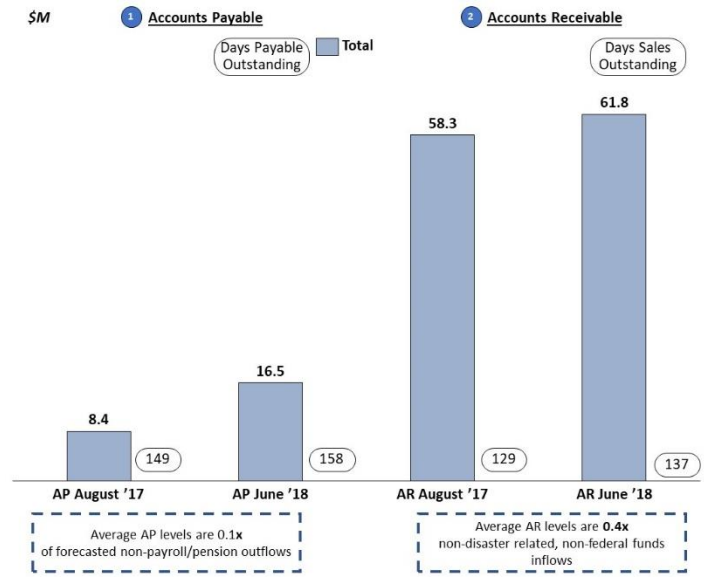
Headcount/Payroll: **FTEs: 409 to 388 from July to June**. Payroll expenses \$6.1 below forecast, partially due to headcount reductions, as well as over budgeting in the forecast.

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

PUERTO RICO AGRICULTURAL DEVELOPMENT ADMINISTRATION (“ADEA”) (continued)

B. Accounts Payable/Receivable²⁷

1. Payable: **+\$8.1M increase from August to June**, while DPO increased from 149 to 158 days. Payables increase attributable to timing
2. Receivable: **+\$3.4M increase in AR from August to June**, with DSO increasing from 129 to 137 days, due to Department of Education and timing of payment of invoices
3. Working Capital: Working capital has been favorable by **+\$4.6M** through the end of June 2018



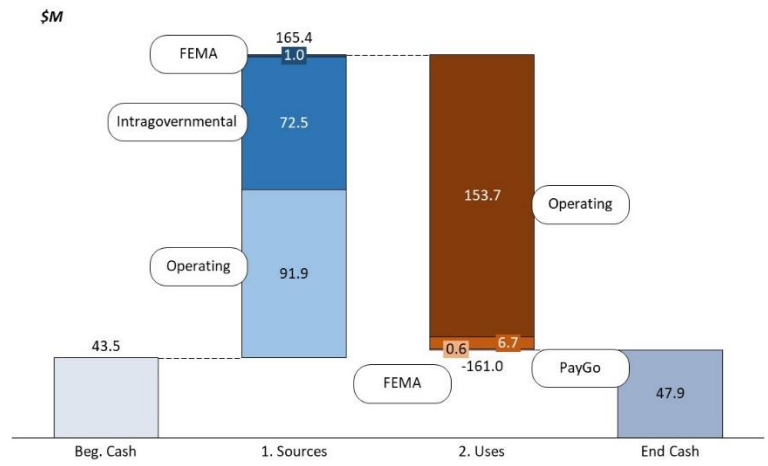
C. Sources and Uses of Funds

1. FY2018 Sources: \$165.4M

- a. Operating receipts (including coffee market making, school cafeteria receipts and seed distribution) of \$91.9M (56%), Puerto Rico General Fund Appropriations of \$72.5M (44%), and Other Receipts of \$1M (1%)

2. FY2018 Uses: \$161.0M

- a. Operating disbursements forecasted to be \$153.7M, including \$123.4M of Other operating expenses, such as coffee and food purchases and seed production. ADEA PayGo disbursements totaled \$6.7M and FEMA disbursements totaled \$0.6M



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

3. Other

- a. ADEA has deferred PayGo contributions of \$4.3M through year end 2018, due to timing

²⁷ Figures are unaudited and subject to change.

Appendix: Reconciliation between May AAFAF Reported Figures²⁸ and the Figures in This Report²⁹

\$M

	AAFAF Reported Balance (a)	Balance per This Report	Variance	VARIANCE DUE TO:	
				Timing differences	Cash in Nonoperational accounts
Puerto Rico Ports Authority	\$22.5	\$19.6	\$2.9	\$0.1	\$2.8
Medical Services Administration	\$30.9	\$3.0	\$27.9	N/A	N/A
Puerto Rico Integrated Transit Authority	\$10.8	\$11.0	(\$0.2)	(\$0.0)	(\$0.2)
State Insurance Fund Corporation	\$127.7	\$127.2	\$0.5	\$0.0	\$0.5
Health Insurance Administration	\$109.1	\$54.3	\$54.8	\$54.0	\$0.9
Highway and Transportation Authority	\$266.7	\$252.8	\$13.9	\$0.1	\$13.8
Puerto Rico Public Building Authority	\$57.6	\$44.4	\$13.2	(\$0.0)	\$13.3
Cardiovascular Center of Puerto Rico and the Caribbean	\$9.6	\$8.7	\$0.8	\$0.0	\$0.8
University of Puerto Rico	\$365.0	N/A	N/A	N/A	N/A
Housing Finance Authority	\$66.2	\$79.8	(\$13.6)	(\$0.9)	(\$12.7)
Puerto Rico Tourism Company	\$63.2	\$40.3	\$22.9	\$0.1	\$22.8
Fiscal Agency And Financial Advisory Authority	\$37.7	\$36.9	\$0.8	\$0.8	N/A
Department Of Economic Development And Commerce	\$10.3	\$14.1	(\$3.8)	\$0.0	N/A
Convention Center District Authority	\$8.3	\$7.6	\$0.7	\$0.0	\$0.7
Puerto Rico Agricultural Development Administration	\$62.8	\$47.9	\$14.9	(\$0.0)	\$14.9

(a) Reported balance as per "Summary of Bank Account Balances for the Government of Puerto Rico and its Instrumentalities" report dated June 30, 2018

²⁸ AAFAF reported figures as per "Summary of Bank Account Balances for the Government of Puerto Rico and its Instrumentalities" report dated June 30, 2018.
<http://www.aafaf.pr.gov/assets/aafaf-bank-account-balances-government-pr-instrum-06-30-2018.pdf>

²⁹ This report is prepared based on reported operational cash balances as of June 29, 2018, while the AAFAF balances are based on direct queries from the all of the component units' bank accounts on June 30, 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.