



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

# **Summary of Bank Account Balances for the Government of Puerto Rico and its Instrumentalities**

*Information as of August 31, 2018*

**September 28, 2018**

# Disclaimer

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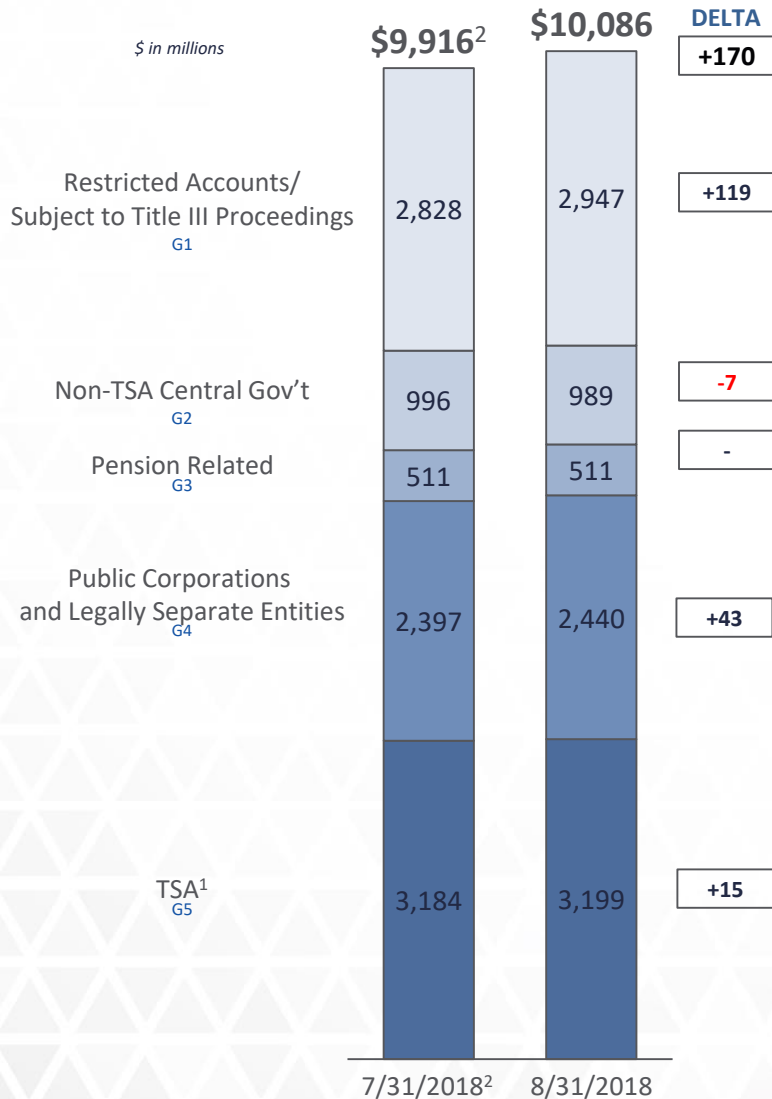
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## Disclaimer (cont'd.)

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# Executive Summary



## Key takeaways:

- Overall **balance** of reported accounts **increased by approximately \$170M** from July 31<sup>st</sup> to August 31<sup>st</sup>.
- Increase is mainly **driven by**:
  - +\$119M** in Restricted Accounts and/or subject to Title III Proceedings
  - +\$43M** for Public Corporations and Legally Separate Entities
  - +\$15M** increase in central Government's Treasury Single Account balance ("TSA<sup>1</sup>")
  - \$7** decrease in Central Government Non-TSA accounts.

Non-TSA Central Government balances are concentrated in the Public Housing Administration (50%), lottery related funds (19%), funds at the Department of Labor (11%), and the Child Support Administration (6%).

<sup>1</sup> Includes TSA Sweep Accounts.

<sup>2</sup> Refer to the footnotes on Slide 19 - Appendix A, pertaining to revised balances and newly identified accounts as of 7/31.

\* Refer to the groupings, 'G', as they summarize the current classifications presented in detail on Slide 8.

## Executive Summary (cont'd.)

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- AAFAF started its efforts to identify government bank accounts and their balances to obtain a comprehensive view of the cash position of the Government. Requests were sent to governmental instrumentalities, the Office of the Commissioner of Financial Institutions (“OCIF”) and various commercial banks.
- Based on the information obtained, AAFAF prepared an inventory of bank accounts across governmental instrumentalities, including those outside the scope of the fiscal plans submitted to the Financial Oversight and Management Board for Puerto Rico (“FOMB”).
- The exercise and the inventory described in this presentation, which had not been conducted by prior administrations, obtained information on +800 bank accounts. AAFAF now has centralized access to bank account information for most of the Government.
- AAFAF has conducted this process in consultation with the FOMB and its advisors, and has been providing periodic reports to the FOMB since July 2017.
- On October 31, 2017, AAFAF commenced publishing weekly cash flow reports for the TSA on its website and EMMA. On December 18, 2017, AAFAF commenced reporting on month-end cash balance position of the bank accounts included in this presentation to provide additional transparency.
- AAFAF has designed a five-step process to evaluate the cash position of the Government, as described herein. AAFAF has completed the first step of this process and will continue with the other steps to arrive at a comprehensive cash model.
- On December 18, 2017, the FOMB announced that it would conduct an independent forensic investigation of the information on Government bank accounts published by AAFAF. On February 6, 2018, the FOMB announced the retention of Duff & Phelps, LLC (“D&P”) to conduct this forensic analysis. D&P and AAFAF have participated in discussions to coordinate this process.
- The information presented excludes certain funds as set forth in the “Excluded Funds” slide.

# Process to Evaluate the Cash Position of the Government

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Steps	Overview
<b>1. Procure and validate complete set of bank accounts</b>	<ul style="list-style-type: none"><li>▪ AAFAF instructed banks, agencies and public corporations to provide inventory of bank accounts.</li><li>▪ Programmed list of bank accounts, in private financial institution web based platforms, which provide access to bank account detail.</li></ul>
<b>2. Conduct an independent evaluation of the source of funds in non-TSA bank accounts</b>	<ul style="list-style-type: none"><li>▪ Engage an independent firm to conduct an evaluation of the cash inflows and outflows into all governmental bank accounts.</li></ul>
<b>3. Perform a legal analysis to determine the restricted or unrestricted nature of funds at non-TSA bank accounts</b>	<ul style="list-style-type: none"><li>▪ Legal review of the results of the independent evaluation to confirm legal restrictions relative to funds deposited in the bank accounts.</li></ul>
<b>4. Determine potential excess cash available in non-TSA governmental bank accounts, if any</b>	<ul style="list-style-type: none"><li>▪ Determine operating cash needs at major component units.</li><li>▪ Assess reliance on appropriations from the TSA.</li><li>▪ Determine excess cash available across the bank accounts, if any.</li></ul>
<b>5. Evaluate and establish path to legally accessing excess cash at non-TSA instrumentalities, if any</b>	<ul style="list-style-type: none"><li>▪ Establish legal mechanism and process to access excess cash, if any.</li></ul>

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## Excluded Funds

Agency	Description
<b>Legislative Branch</b>	<ul style="list-style-type: none"><li>▪ The Puerto Rico Legislative Assembly receives monthly transfers from the General Fund to fund its operations based on budgetary appropriations.</li></ul>
<b>Judicial Branch</b>	<ul style="list-style-type: none"><li>▪ The Puerto Rico Judicial Branch receives monthly transfers from the General Fund to fund its operations based on budgetary appropriations. The Judicial Branch also holds funds in custody related to legal proceedings.</li></ul>
<b>Municipal Funds</b>	<ul style="list-style-type: none"><li>▪ Municipal funds include funds of Puerto Rico municipalities, the Municipal Revenue Collections Center and the Puerto Rico Municipal Finance Agency.</li></ul>
<b>Government Development Bank</b>	<ul style="list-style-type: none"><li>▪ Includes deposits on GDB's balance sheet for government agencies and instrumentalities, public corporations and municipalities. These funds are unavailable due to existing legal restrictions and as a result of GDB's Restructuring Support Agreement which, in general terms, provides for the qualified modification of GDB's debt under Title VI of PROMESA.</li></ul>
<b>Investment Accounts</b>	<ul style="list-style-type: none"><li>▪ Various investment accounts are included for certain instrumentalities (e.g. ERS, TRS, JRS, State Insurance Fund Corporation and Automobile Accident Compensation Administration, UPR).</li></ul>



# Bank Account Balances for the Government and its Instrumentalities

\$ in millions		<i>Balance as of<sup>1</sup></i>		<i>Notes</i>
<i>Revised Grouping</i>	<i>7/31/2018<sup>2</sup></i>	<i>8/31/2018</i>		
G5	TSA	3,110.3	3,146.4	<ul style="list-style-type: none"> <li>Reported on a weekly basis on AAFAF's website.</li> <li>Accounts that collect income and completely pass through to TSA on a daily basis.</li> </ul>
G5	TSA Sweep	73.8	52.6	
G3	Pension Related	511.2	511.1	<ul style="list-style-type: none"> <li>Includes employee withholdings mostly for defined contribution retirement accounts (\$307M), repayment of employee loans issued by the retirement system (\$203M) .</li> </ul>
G2	Central Gov't Non-TSA <sup>2</sup>	996.0	989.3	<ul style="list-style-type: none"> <li>\$475M federal funds administered by the Public Housing Authority.</li> <li>\$183M lottery related funds.</li> <li>Remaining amounts held and administered by central government agencies.</li> </ul>
G1	COFINA	1,325.3	1,451.8	<ul style="list-style-type: none"> <li>Balance on deposit at BNYM and subject to interpleader COFINA and Title III proceedings. COFINA Pledged Sales Tax Base Amount for FY18 deposit requirement was satisfied on Feb. 16, 2018. Amounts on deposit are also subject to the Plan Support Agreement entered into by the Government and COFINA creditors.</li> </ul>
G1	Other Restricted Title III Accounts	777.8	769.4	<ul style="list-style-type: none"> <li>ERS related accounts (\$398M), GO Redemption Fund (\$224M), and clawback funds (\$147M).</li> </ul>
G1	PREPA	368.3	387.1	<ul style="list-style-type: none"> <li>Increase primarily due to FEMA reimbursements net of payments to restoration contractors and customer collections.</li> </ul>
G4	PRASA	484.0	521.5	<ul style="list-style-type: none"> <li>Increase mainly driven by proceeds in accounts for Disaster Recovery Efforts. Moneys including advancements on Insurance proceeds and FEMA Public Assistance Program</li> </ul>
G1	HTA <sup>2</sup>	356.3	338.6	<ul style="list-style-type: none"> <li>No significant change in balances. Refer to the HTA slide for breakdown of classified accounts.</li> </ul>
G4	UPR	353.9	378.7	<ul style="list-style-type: none"> <li>Increase of \$18.7M in operational account balances is primarily due to increase in money market investment accounts.</li> </ul>
G4	ASES	267.5	288.2	<ul style="list-style-type: none"> <li>State and federal funds used mainly for payments of health insurance premiums and claims.</li> </ul>
G4	Other Public Corps & Legally Separate Entities	1,291.3	1,251.1	<ul style="list-style-type: none"> <li>Government entities with autonomous fiscal authority established by law.</li> <li>Slide 21 includes an overview of the entities and balances.</li> </ul>
<b>TOTAL</b>		<b>\$9,916</b>	<b>\$10,086</b>	

<sup>1</sup> Except for accounts with an aggregate balance of \$24.5M, which have not been updated as of the indicated dates.

<sup>2</sup> Refer to the footnotes on Slide 19 for Appendix A, on revised, reclassified and newly incorporated accounts.

\* Refer to the groupings, 'G', as they are summarized on Slide 4.



## TSA, TSA Sweep and Pension Related Accounts

Grouping Subcategory	Balance as of		Notes
	7/31/2018 <sup>2</sup>	8/31/2018	
TSA	3,110.3	3,146.9	<ul style="list-style-type: none"> <li>The TSA is the Government's main operational bank account in which a majority of receipts from governmental funds are deposited and from which most expenses are disbursed.</li> <li>It includes tax collections, charges for services, intergovernmental collections, the proceeds of prior short and long term debt issuances held in custody by the Secretary of Treasury for the benefit of Government fiduciary funds, and other receipts.</li> </ul>
<b>TOTAL</b>	<b>\$3,110</b>	<b>\$3,147</b>	
<b>TSA Sweep Accounts<sup>1</sup>:</b>			
General Collection Posts	46.5	29.3	<ul style="list-style-type: none"> <li>Account used for Government receipts from all the collection posts Island wide and the web based platform, known by its Spanish name as <i>Colecturía Virtual</i>. Receipts in collections posts account occur approximately two business days prior to being deposited into the TSA.</li> </ul>
SUT	23.9	17.9	<ul style="list-style-type: none"> <li>Account used for consolidated receipts of Sales and Use Tax. Balances are swept on a daily basis into accounts held by the trustee of the COFINA bonds, the General Fund and/or the Municipal Administration Fund.</li> </ul>
Agency Collection Posts	3.5	5.4	<ul style="list-style-type: none"> <li>Account used to receive amounts collected by collection officers at the agencies mainly for charges for services and fees. Receipts in collections posts account occur approximately two business days prior to being deposited into the TSA.</li> </ul>
<b>TOTAL</b>	<b>\$74</b>	<b>\$53</b>	
<b>Pension Related:</b>			
Employee Withholding	475	511	<ul style="list-style-type: none"> <li>Custody bank accounts which balances represent employees/participants withholdings for specific purposes as follows: (i) \$307M for individual defined contribution retirement account, (ii) \$203M repayment of employee loans issued by the ERS, TRS and JRS, and (iii) \$0.6M for the payment of disability insurance.</li> </ul>
Pay-go charges	36.1	-	<ul style="list-style-type: none"> <li>Pay-go charges include balances from payments made by municipalities and public corporations in connection with benefits paid to retirees. Decrease mainly driven by transfers to the TSA for reimbursement of pension payments in the amount of \$36M.</li> </ul>
<b>TOTAL</b>	<b>\$511</b>	<b>\$511</b>	

<sup>1</sup> Includes Zero Balance Accounts which are accounts used for disbursements of vendors payments, payroll and pensions. These accounts make disbursements and are automatically replenished from the TSA account.

## Central Government – Non-TSA

Central Government Entity	Balance as of <sup>1</sup>		Notes
	7/31/2018 <sup>2</sup>	8/31/2018	
Public Housing Administration	455.8	474.6	<ul style="list-style-type: none"> <li>PHA accounts include grants of federal funds received to finance public housing programs and their operations.</li> </ul>
Other Treasury Custody Accounts	217.9	213.4	<ul style="list-style-type: none"> <li>Other Treasury Custody Accounts include balances from the Lotteries in the amount of \$168M, \$33M at Governor's Authorized Representative 'GAR' account balance of \$33M, other Special Disbursement Officer accounts with combined balances of \$2.5M.</li> </ul>
Department of Labor and Human Resources	110.2	101.1	<ul style="list-style-type: none"> <li>DLHR accounts include operational accounts and other funds as follows:               <ul style="list-style-type: none"> <li>Work Opportunity Incentive Fund (\$75M) to finance an incentive program to promote job creation.</li> <li>Contribution Trust Fund (\$8.1M) from employers' receipts used to pay claims to employees.</li> <li>Act No. 15 (\$8.9M) special revenues for operations.</li> </ul> </li> </ul>
Child Support Administration	54.9	55.6	<ul style="list-style-type: none"> <li>Custody bank account containing child support payments from non-custodial parents.</li> </ul>
Puerto Rico Police	22.9	13.1	<ul style="list-style-type: none"> <li>Bank account used to process Police Department payroll funded through budget appropriations.</li> </ul>
Department of Housing	7.2	6.8	<ul style="list-style-type: none"> <li>DOH accounts include grants of federal funds received to finance public housing programs and their operations.</li> </ul>
DDEC	9.8	12.1	<ul style="list-style-type: none"> <li>DDEC accounts include operational accounts from General Fund appropriations and internally generated revenues (\$1.7M), Act No. 22-2012 (\$4.6M), film program (\$1M) and federal funds.</li> </ul>
9-1-1 Services	15.1	15.9	<ul style="list-style-type: none"> <li>9-1-1 Services account represents their operational account from special revenues (Act 144-1994).</li> </ul>
Other Non-TSA Entities	101.9	96.5	<ul style="list-style-type: none"> <li>Description included in Appendix B.</li> </ul>
<b>TOTAL</b>	<b>\$996</b>	<b>\$989</b>	

<sup>1</sup> Except for accounts with an aggregate balance of \$3M, which have not been updated as of the indicated dates.

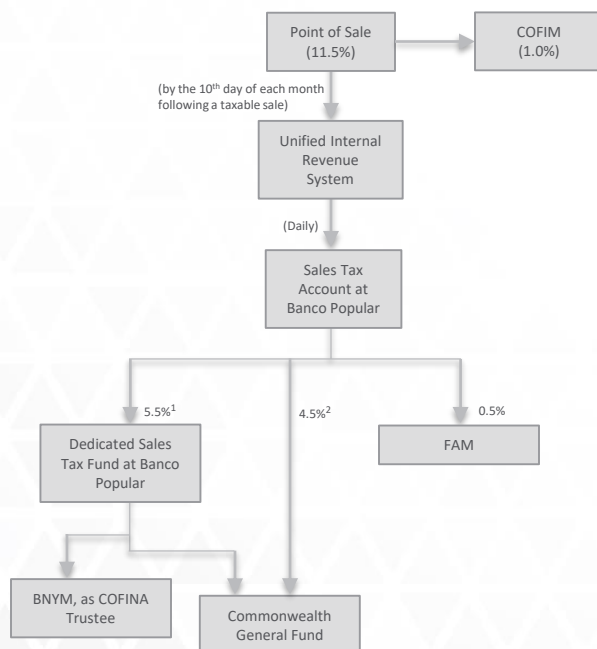
<sup>2</sup> Refer to the footnotes on Slide 19 for Appendix A, on revised, reclassified and newly incorporated accounts.

# Restricted Accounts Subject to Title III Proceedings - COFINA

\$ in millions

<i>Grouping</i>
COFINA Debt Service and Federal Subsidy Accounts at BNYM <sup>3</sup>

<i>Balance as of</i>	
<i>7/31/2018</i>	<i>8/31/2018</i>
\$1,325.3	\$1,451.8



- The Puerto Rico Sales Tax Financing Corporation (“COFINA”) was created pursuant to Act No. 91-2006, as amended, and has issued bonds payable solely from a portion of the sales and use tax imposed by the Government on qualified transactions.
- Sales and use tax collections are consolidated at an account at Banco Popular de Puerto Rico (“BPPR”).
- Amounts are swept on a daily basis into corresponding accounts at BNYM, as trustee for the COFINA bondholders, the Puerto Rico Treasury Department and/or the Municipal Administration Fund.
- BNYM applies the funds received from BPPR pursuant to the waterfall set forth in the Sales Tax Revenue Bond Resolution. BNYM also receives certain funds from the Federal Government in connection with certain bonds issued by COFINA that receive a federal interest subsidy. The funds on deposit at BNYM may solely be used to pay COFINA bonds and obligations.
- Currently restricted pursuant to the court order issued by the United States District Court for the District of Puerto Rico in Adversary Proceeding No. 17-133-LTS and 17-257-LTS in COFINA’s Title III proceeding under PROMESA.
- The COFINA Pledged Sales Tax Base Amount deposit requirement for FY18 was satisfied on February 16, 2018. Further allocations of the 5.5% Sales and Use Tax transferred through June 30<sup>th</sup>, 2018 to the Commonwealth General Fund.
- A Plan Support Agreement to settle the dispute between the Commonwealth and COFINA was entered into on August 29, 2018. It allocates 53.65% of the Pledged Sales Tax Base Amount to COFINA, and the remainder to the Commonwealth.

<sup>1</sup> First revenues up to the “Pledged Sales Tax Base Amount” for the particular fiscal year are deposited with Bank of New York Mellon, as COFINA Trustee. Then, an amount equal to the amount deposited with the COFINA Trustee is transferred to the Government’s General Fund. All other amounts after the Government has received such amount are divided equally between COFINA and the Government.

<sup>2</sup> Corresponds to the 4.5% sales and use tax surcharge.

<sup>3</sup> The Sales Tax waterfall was revised to take out the 1.0% pertaining to COFIM as it does not enter the Unified Internal Revenue System at the Point of Sale, and does not flow into the Sales Tax Account at Banco Popular.

## Restricted Accounts Subject to Title III Proceedings

\$ in millions <i>Grouping Subcategory</i>	<i>Balance as of<sup>1</sup></i>		<i>Notes</i>
	<i>7/31/2018<sup>2</sup></i>	<i>8/31/2018</i>	
ERS Related Accounts	406.9	398.5	<ul style="list-style-type: none"> <li>▪ \$103M for operational purposes.</li> <li>▪ \$107M relating to proceeds from sale of investments.</li> <li>▪ \$93M corresponding to a Post-petition Segregated Account created as part of a stipulation entered into as part of the Title III proceedings.</li> </ul>
GO Redemption Funds	224.3	224.3	<ul style="list-style-type: none"> <li>▪ \$224M in revenues from the 1.03% property tax collected since fiscal year 2017 and deposited in the Public Debt Redemption Fund, the use of which is currently restricted to the payment of general obligation debt.</li> </ul>
Clawbacks	146.6	146.6	<ul style="list-style-type: none"> <li>▪ \$147M corresponding to revenues retained (or “clawed-back”) by the Government in fiscal year 2016 pursuant to Executive Order 2015-46 for the payment of General Obligation debt.</li> </ul>
<b>TOTAL</b>	<b>\$778</b>	<b>\$769</b>	

*The aforementioned funds are held in segregated accounts and most of them are subject to various claims under the Title III proceedings. The ultimate use of the funds may be subject to court determination.*

<sup>1</sup> Except for accounts with an aggregate balance of \$20.3M, which have not been updated as of the indicated dates.

<sup>2</sup> Refer to the footnotes on Slide 19 for Appendix A, on revised, reclassified and newly incorporated accounts.

## Restricted Accounts / Subject to Title III Proceedings - PREPA

\$ in millions	<i>Balance as of</i>		
<b>Grouping Subcategory</b>	<b>7/31/2018</b>	<b>8/31/2018</b>	<b>Notes</b>
Operating	280.7	299.6	<ul style="list-style-type: none"> <li>▪ Increase primarily due to FEMA reimbursements net of payments to restoration contractors and customer collections, offset primarily by employee expenses, fuel procurement and purchased power disbursements</li> </ul>
Segregated	0.0	0.0	<ul style="list-style-type: none"> <li>▪ No significant change from prior month</li> </ul>
FEMA	4.6	4.6	<ul style="list-style-type: none"> <li>▪ No significant change from prior month</li> </ul>
Insurance (Restricted)	50.3	50.3	<ul style="list-style-type: none"> <li>▪ No significant change from prior month</li> </ul>
Construction & Other Restricted	32.7	32.6	<ul style="list-style-type: none"> <li>▪ No significant change from prior month</li> </ul>
<b>TOTAL</b>	<b>\$368.3</b>	<b>\$387.1</b>	

# PRASA

Grouping Subcategory	Balance as of		Notes
	7/31/2018	8/31/2018	
Debt Service Accounts	22.9	41.4	<ul style="list-style-type: none"> <li>Payment of principal and interest on senior and senior sub indebtedness due on 1/1/19.</li> <li>Funding for the Commonwealth Guaranteed Debt and Commonwealth Supported Obligations</li> </ul>
Debt Service Reserve	93.6	93.6	<ul style="list-style-type: none"> <li>Debt service required as requested by the MAT for 2008 Series A&amp;B Bonds</li> </ul>
Operating Reserve	77.7	80.9	<ul style="list-style-type: none"> <li>To cover the operating reserve fund for current expenses as required per the MAT. Increase considers deposits made by PRASA following requirements under the MAT.</li> </ul>
Current Expense Fund	144.4	132.5	<ul style="list-style-type: none"> <li>For payment of operational expenses.</li> </ul>
Revenue Fund	11.0	7.3	<ul style="list-style-type: none"> <li>To fund trust reserves with amounts held in deposit following the MAT priority schedule (Sr Debt Service, Sr Sub Debt Service, Current Expense Fund, Operating Reserve, Capital Improvement Fund and the Commonwealth Payment Fund. June increase is related of government payments received.</li> </ul>
Capital Improvement	10.6	20.8	<ul style="list-style-type: none"> <li>Balance to pay for capital improvement investments deposited on a fund held by the Trust</li> </ul>
Construction Fund	65.8	65.5	<ul style="list-style-type: none"> <li>To pay cost of improvements, payment of the costs of issuance of bonds, and interests during construction.</li> </ul>
Disaster Recovery	56.8	78.2	<ul style="list-style-type: none"> <li>Proceeds in accounts for Disaster Recovery Efforts. Moneys including advancements on Insurance proceeds and FEMA Public Assistance Program</li> </ul>
Compliance Escrow	1.2	1.2	<ul style="list-style-type: none"> <li>Established through Consent Decree and Transactional Agreements with the Department of Health.</li> </ul>
<b>TOTAL</b>	<b>\$484.0</b>	<b>\$521.4</b>	

## Restricted Accounts / Subject to Title III Proceedings - HTA

Grouping Subcategory	Balance as of		Notes
	7/31/2018	8/31/2018	
Operational	36.0	30.0	<ul style="list-style-type: none"> <li>Includes construction and operational accounts. This bank account is the main deposit account for HTA. Funds from this account are commonly transferred to other HTA bank accounts to cover operational expenses, including payroll accounts for payroll, payroll taxes, and discounts. The decrease (-\$6.0M) is primarily due to the net effect of operating and intra-government receipts (+\$13.8M) less operating expenses other than payroll (-\$16.6M) plus the net effect of transfers made to payroll accounts (-\$9.1M) and received from other accounts (+\$8.8M) during the month.</li> </ul>
Payroll	8.3	3.1	<ul style="list-style-type: none"> <li>Related to payroll and payroll taxes. The decrease (-\$5.4M) is due to payroll and payroll taxes for the month of August (-\$14.4M) offsetting transfers from the Operational Account (+\$9.1M).</li> </ul>
Federal Funds	12.4	5.1	<ul style="list-style-type: none"> <li>HTA receives federal funds from the Federal Highway Administration ("FHWA") and the Federal Transit Administration ("FTA") and uses those funds to spend on FHWA and FTA earmarked infrastructure projects. The decrease (-\$9.0M) is primarily due to federal capex spending (-\$15.1M) and transfers to other accounts (-\$9.4M) offsetting FHWA and FTA inflows (+\$15.4M).</li> </ul>
Reserve	299.6	300.2	<ul style="list-style-type: none"> <li>Consists of restricted/reserved funds for operational and construction contracts. The increase (+\$0.5) is primarily due to transfers from federal accounts (+\$0.5M).</li> </ul>
<b>TOTAL</b>	<b>\$356.3</b>	<b>\$338.6</b>	



# ASES

\$ in millions			
<b>Grouping Subcategory</b>	<b>Balance as of</b>		<b>Notes</b>
	<b>7/31/2018</b>	<b>8/31/2018</b>	
Premium Payments Account	231.7	193.6	<ul style="list-style-type: none"> <li>▪ Premium Payments account receives federal and state funding, and makes disbursements for Managed Care Organizations (“MCO”) premiums.</li> </ul>
Control Account	34.9	93.8	<ul style="list-style-type: none"> <li>▪ The Control Account receives monies from the Rebates and Operational accounts, and makes disbursements for MCO premiums, and general overhead and payroll expenses.</li> <li>▪ The monthly reduction is a timing variance related to receipt of offsetting federal funds related to the federal Bipartisan Budget Agreement, incremental to the approved FY18 federal funds budget, and the related discontinuation of Commonwealth funds to ASES.</li> </ul>
Rebates and Operational Accounts	.8	.8	<ul style="list-style-type: none"> <li>▪ The Operational account receives monies from appropriations of approximately \$4M per month and additional \$4M to \$5M from federal administrative reimbursements.</li> <li>▪ Each day cash is swept into the control accounts, which brings balance to zero in Operational Account. The Rebate Account operates the same way in that monies are swept from it to Control Account.</li> </ul>
<b>TOTAL</b>	<b>\$267</b>	<b>\$288</b>	

# UPR

\$ in millions	<b>Bank Balances as of</b>		
<b>Grouping Subcategory</b>	<b>7/31/2018</b>	<b>8/31/2018</b>	<b>Notes</b>
Operational Accounts	\$262.3	\$281.0	<ul style="list-style-type: none"> <li>▪ Increase of \$18.7M in operational account balances is primarily due to increase in money market investment accounts.</li> <li>▪ Approximately \$273.8M, or 97.4% of UPR operational funds are held in five (5) accounts managed by Central Administration, \$25.6M of which are restricted:               <ul style="list-style-type: none"> <li>▪ \$157.0M market value of a securities account (unrestricted)<sup>1</sup>,</li> <li>▪ \$101.9M in a money market account (\$15.5M<sup>2</sup> restricted),</li> <li>▪ \$5.5M in student loan account – Recinto de Ciencias Medicas account (restricted),</li> <li>▪ \$4.8M in concentration account (unrestricted),</li> <li>▪ \$4.6M in hurricane insurance proceeds account (restricted).</li> </ul> </li> <li>▪ Approximately \$3.5M is in thirty four (34) active Banco Popular bank accounts managed by UPR, or it's units, which typically contain deposits of federal student aid (\$3.4M restricted).<sup>3</sup></li> </ul>
Component Units Accounts	\$35.1	\$35.4	<ul style="list-style-type: none"> <li>▪ Only a nominal increase of \$0.3M in component unit account balances.</li> <li>▪ \$16.2M in 12 accounts at <i>DUI</i> (\$14.1M restricted),</li> <li>▪ \$15.3M in 4 accounts at <i>Servicios Médicos Universitarios, Inc. ("SMU")</i> (\$8.3M restricted),</li> <li>▪ \$2.0M in 2 restricted accounts related to Retirement Systems,</li> <li>▪ \$1.5M in 2 restricted accounts at <i>University of Puerto Rico Parking System Inc.</i>,</li> <li>▪ \$0.4M in 2 accounts at <i>Materials Characterization Center, Inc.</i> (\$0.1M restricted).</li> </ul>
Bond Sinking Fund Accounts	\$56.2	\$61.3	<ul style="list-style-type: none"> <li>▪ Three restricted US Bank accounts related to debt service obligations on UPR revenue bonds.</li> </ul>
<b>TOTAL</b>	<b>\$353.6</b>	<b>\$377.7</b>	<ul style="list-style-type: none"> <li>• As of 7/31/18: \$113.5M Restricted (\$32.2M operational; \$25.2M CUs; \$56.2M bonds), or 32%.</li> <li>• As of 8/31/18: \$120.1M Restricted (\$32.7M operational; \$26.1M CUs; \$61.3M bonds), or 32%.</li> </ul>

***In general, the unrestricted account balances in operational accounts are used as working capital for payments of the ordinary obligations of the University, which are not subsidized by other sources. For example, accounts payable, budget deficits (including those related to UPR's Retirement System), and needs resulting from spend/reimbursement timing and uninsured portions for 2017 hurricane damages.***

1 On April 17th, UPR purchased T-Bills with monies from the BPPR money market account in three trades, each \$50M - with maturities of 30, 60 and 90 days, thus considered cash equivalents.

2 Building and Facilities (Molecular Sciences/Plant Nursery): \$7.8M; Endowment Fund: \$6.2M; Perkins Federal Program: \$1.0M; Donations: \$0.5M.

3 Overall balance also includes restricted funds totaling \$3.7M at two other institutions: \$0.4M in donation account at Banco Santander, \$3.3M in research related account at UBS.

4 Confirming whether there are other legally separate entities, under the UPR structure that could have additional bank accounts. Will continue to update disclosure as information is available and validated.

## Other Public Corporations and Legally Separate Entities

PC or Legally Separate Entity	Balance as of <sup>1</sup>		Notes
	7/31/2018 <sup>2</sup>	8/31/2018	
State Insurance Fund Corporation	228.9	239.7	<ul style="list-style-type: none"> <li>Almost all of the balances include unrestricted operational accounts for premium collections and concentration purposes. The remaining balance consists of reserve and operational pass-through accounts.</li> </ul>
Automobile Accident Compensation Administration	126.3	124.8	<ul style="list-style-type: none"> <li>Over 90% of funds represent investment reserves for the purposes of meeting future benefit payments, a standard operating procedure of insurance providers. The remaining amounts are mostly used for operational expenses.</li> </ul>
Tourism Company	93.8	94.9	<ul style="list-style-type: none"> <li>\$48.7M in debt service reserve accounts, \$8.6M related to room tax revenues and the rest are funds in operational accounts.</li> </ul>
Agricultural Enterprises Development Administration	56.7	53.4	<ul style="list-style-type: none"> <li>95% of the balances include operational accounts including sweep and deposit accounts. The remaining balances consist of restricted/reserve accounts.</li> </ul>
Housing Financing Authority	54.2	53.1	<ul style="list-style-type: none"> <li>A portion of the balances are composed of restricted accounts including debt service, escrow, and federal funds. The remaining accounts are unrestricted operational accounts.</li> </ul>
Industrial Development Company	108.1	106.5	<ul style="list-style-type: none"> <li>Most of these funds are deposited for specific uses including, but not limited to, debt service reserves, incentive payments established by law, and capital expenditures. Remaining funds are mostly used for PRIDCO and Rums of PR operating expenses.</li> </ul>
Other Public Corporations <sup>2</sup>	623.3	578.5	<ul style="list-style-type: none"> <li>Description included in Appendix C. Decrease is mainly driven by recently identified and included accounts, with a combined balance of \$102M. PR Investment Trust (\$34M), and Economic Development Bank Accounts (\$60M).</li> </ul>
<b>TOTAL</b>	<b>\$1,291</b>	<b>\$1,251</b>	

<sup>1</sup> Except for accounts with an aggregate balance of \$.2M which have not been updated as of the indicated dates.

<sup>2</sup> Refer to the footnotes on Slide 19 for Appendix A, on revised, reclassified and newly incorporated accounts.

## Appendix A: Reconciliations and Revisions of Reported Balances to Date

### Detail of Updated Balances vs. August 28<sup>th</sup> disclosure

(7/31/2018 balances reported on August 28<sup>th</sup>, \$ in millions)

\$ in M	TSA	TSA Sweep	Pension related	Central Government - Non TSA	COFINA DSR	Other Restricted Title III Accounts	PREPA	PRASA	HTA	UPR	ASES	Other Public Corp's.	Total
Reported 7/31 Balances	3,110	74	511	1,030	1,326	742	368	484	356	354	267	1,330	9,952
Account Reclassifications	-	-	-	-	-	36 <sup>1</sup>	-	-	-	-	-	(36) <sup>1</sup>	0
Revisions to 7/31 Balances	-	-	-	(33) <sup>2</sup>	-	-	-	-	-	-	-	-	(33)
Incorporated Accounts 7/31	-	-	-	-	-	-	-	-	-	-	-	-	-
Removed Accounts 7/31	-	-	-	(1)	-	-	-	-	-	-	-	(2) <sup>3</sup>	(3)
Revised 7/31 Balances	3,110	74	511	996	1,326	778	368	484	356	354	267	1,291	9,916

1 Three of the accounts pertaining to the ERS, with combined balances of \$36M were reclassified to 'Other Restricted Title III Accounts', as all ERS accounts are classified as such.

2 Various (7) accounts pertaining to COR3 were included in duplicity for prior report, as the GAR became part of COR3 and such accounts were already included in the inventory.

3 Various accounts pertaining to municipalities were excluded from the inventory, as all municipal related accounts are excluded from the scope of the report.

## Appendix B: Central Government – Non TSA

\$ in '000s

<u>Agency Name</u>	<i>Balance as of</i>		<i>DELTA</i>
	<u>7/31/2018</u>	<u>8/31/2018</u>	<u>8/31/2018</u>
PR Investment Fund	33,793.4	33,800.4	6.9
Office of Government Ethics	9,106.0	9,141.9	35.8
Telecommunication's Regulatory Board	9,266.8	9,850.1	583.3
Department of Education	24,492.5	23,233.4	(1,259.2)
Office of the Comptroller	6,537.6	6,381.9	(155.7)
Administration for Socioeconomic Development of the Family	2,046.2	436.7	(1,609.5)
Institute of Statistics	3,010.8	3,004.7	(6.1)
Institute of Forensic Sciences	1,809.3	1,419.5	(389.9)
Department of Correction and Rehabilitation	1,710.1	1,671.1	(39.0)
OCAM - OGP	1,585.3	2,512.5	927.2
Puerto Rico Education Council	2,073.0	2,551.3	478.3
Families and Children Administration	4,195.0	578.8	(3,616.2)
Environmental Quality Board	449.9	302.0	(147.8)
Puerto Rico National Guard	79.7	6.2	(73.5)
Department of Natural Resources	407.4	407.5	0.0
Department of Justice	388.9	387.4	(1.5)
Office of Socioeconomic Development	347.1	347.8	0.7
Department of Consumer Affairs	317.6	275.6	(42.0)
Industrial Commission	-	-	-
Commonwealth Election Commission	289.5	229.2	(60.3)
Office of the Governor	9.9	9.9	
<b>Total</b>	<b><u>101,906</u></b>	<b><u>96,538</u></b>	<b><u>(5,368)</u></b>

## Appendix C: Other Public Corporations and Legally Separate Entities

\$ in '000s

<u>Agency Name</u>	<i>Balance as of</i>		<i>DELTA</i>
	<u>7/31/2018</u>	<u>8/31/2018</u>	<u>8/31/2018</u>
Government Employee and Judiciary Retirement System Administration	13,316.5	13,326.8	10.2
Public Buildings Authority	63,140.3	68,940.8	5,800.5
Comprehensive Cancer Center	27,476.1	27,293.4	(182.7)
Other	16,705.3	15,089.6	(1,615.8)
Fiscal Agency and Financial Advisory Authority	35,389.4	32,717.8	(2,671.7)
Financial Oversight Board	19,915.2	21,470.2	1,555.0
Ports Authority	23,279.6	28,680.4	5,400.8
Infrastructure Financing Authority	83,141.8	96,536.1	13,394.3
Medical Services Administration	26,384.4	27,740.3	1,355.9
Puerto Rico Trade and Export Company	14,367.5	14,182.8	(184.7)
Economic Development Bank	95,450.1	85,590.0	(9,860.0)
Land Authority	16,345.6	15,790.3	(555.3)
Teacher's Retirement System	16,221.5	14,658.2	(1,563.2)
Puerto Rico and the Caribbean Cardiovascular Center Corporation	9,221.9	11,359.1	2,137.2
Integrated Transport Authority	29,895.6	8,940.1	(20,955.6)
Solid Waste Authority	12,347.3	12,278.9	(68.4)
Convention Center District Authority	16,509.9	17,049.3	539.5
Farm Insurance Corporation	6,362.1	6,122.5	(239.6)
Land Administration	8,931.8	9,040.0	108.2
Musical Arts and Stagecraft Corporation	5,793.3	5,749.7	(43.6)
Energy Commission	7,956.4	7,755.9	(200.4)
National Guard Institutional Trust	4,863.8	4,973.0	109.3
Institute of Puerto Rican Culture	3,127.4	2,879.7	(247.6)
Fine Arts Center Corporation	3,274.8	3,325.8	51.0
Public Broadcasting Corporation	717.2	492.0	(225.2)
Authority for the Redevelopment of the land and facilities of the Roosevelt Roads Naval Station	1,652.3	1,649.3	(3.1)
Conservatory of Music	1,470.0	1,464.7	(5.3)
Center for Research, Education and Medical Services for Diabetes	972.9	942.9	(30.0)
Company for the Integral Development of Cantera's Peninsula	956.6	935.9	(20.7)
School of Plastic Arts	422.9	352.0	(70.9)
Port of the Americas Authority	184.2	155.7	(28.5)
Culebra Conservation and Development Authority	98.2	93.1	(5.2)
Bosque Modelo de PR	28.6	44.1	15.5
Martin Peña Canal ENLACE Project Corporation	63.7	63.7	-
Public Private Partnership Authority	57,272.3	20,861.0	(36,411.3)
<b>Total</b>	<b>623,256</b>	<b>578,545</b>	<b>(8,300)</b>