



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

# Component Unit Liquidity

FOR THE MONTH OF MARCH 2019

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## GLOSSARY

<b>AAFAF</b>	Puerto Rico Fiscal Agency and Financial Advisory Authority.
<b>Abriendo Caminos</b>	A 2018 infrastructure program to repair and maintaining island roads.
<b>ACAA</b>	Automobile Accident Compensation Administration, an agency of the Commonwealth of Puerto Rico.
<b>Act 22</b>	Enacted in 2012 and known to “Promote the Relocation of Individual Investors to Puerto Rico,” Act No. 22 provides tax exemptions for investment income to eligible individuals who become residents of Puerto Rico.
<b>ADEA</b>	Puerto Rico Administration for the Development of Agricultural Enterprises, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>AMA</b>	Metropolitan Autobus Authority.
<b>A/P</b>	Accounts payable.
<b>A/R</b>	Accounts receivable.
<b>ASEM</b>	Puerto Rico Medical Services Administration, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>ASES</b>	Puerto Rico Health Insurance Administration, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>ASSMCA</b>	Administration of Mental Health and Anti-Addiction Services of Puerto Rico.
<b>ATI</b>	Puerto Rico Integrated Transit Authority.
<b>ATM</b>	Maritime Transportation Authority.
<b>BBA</b>	Bi-Partisan Budget Act of 2018.
<b>BDE</b>	Economic Development Bank of Puerto Rico.
<b>CapEx</b>	Capital expenditures.
<b>Cardio</b>	Cardiovascular Center of Puerto Rico and the Caribbean, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>CCDA</b>	Puerto Rico Convention Center District Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>CDBG</b>	Community Development Block Grant – Disaster Recovery (CDBG – DR) is a program responsible to ensure decent affordable housing opportunities and provision of services, community assistance, and to expansion and conserve jobs.
<b>CM</b>	Conway MacKenzie, Inc.
<b>CMS</b>	Clinical Medical Services provides an Integrated Home Health Delivery System consisting of Durable Medical Equipment, Respiratory Equipment, Home Health, Orthotics, Prosthetics and Home Infusion Services.
<b>Component Unit (CU)</b>	Public corporation of the Commonwealth of Puerto Rico.
<b>COR3</b>	Central Office of Recovery and Reconstruction of Puerto Rico.
<b>CRIM</b>	Center for the Collection of Municipal Revenues rendering fiscal services in favor of the Municipalities and has the responsibility to notify, assess, collect, receive and distribute the public funds from the property tax, the state subsidy, funds from the Electronic Lottery, and any other funds that are disposed by law for the benefit of the Municipalities of Puerto Rico.
<b>CU</b>	See ‘Component unit.’
<b>DDEC</b>	Puerto Rico Department of Economic Development and Commerce, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>Disaster-Related Disbursements</b>	Expenditures related to the damages caused from hurricanes Irma and Maria.
<b>Disaster-Related Receipts</b>	Federal emergency funds, insurance related to hurricanes Irma and Maria.
<b>DMO</b>	Direct Marketing Organization.
<b>DPO (Intergovernmental)</b>	Days Payable Outstanding [Intergovernmental Payables divided by trailing 12 months PayGo Charges plus Facilities/Rent Payments multiplied by 365].
<b>DPO (Third Party)</b>	Days Payable Outstanding [Third Party Payables divided by trailing 12 months Operating Disbursements, not including Payroll Costs, PayGo, Christmas Bonus, or Facilities/Rent Payments multiplied by 365].

<b>DSO (Intergovernmental)</b>	Days Sales Outstanding [Intergovernmental Receivables divided by trailing 12 months Intergovernmental Receipts multiplied by 365].
<b>DSO (Third Party)</b>	Days Sales Outstanding [Third Party Receivables divided by trailing 12 months Third Party Receipts multiplied by 365].
<b>DTOP</b>	Puerto Rico Department of Transportation and Public Works.
<b>DTPR, Hacienda</b>	Puerto Rico Department of Treasury.
<b>FEMA</b>	Federal Emergency Management Agency coordinates the federal government's role in preparing for, preventing, mitigating the effects of, responding to, and recovering from all domestic disasters, whether natural or man-made, including acts of terror.
<b>FOMB</b>	Financial Oversight and Management Board of Puerto Rico.
<b>Fondo</b>	Puerto Rico State Insurance Fund Corporation, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>FTA</b>	The Federal Transit Administration provides financial and technical assistance to local public transit systems, including buses, subways, light rail, commuter rail, trolleys and ferries. FTA also oversees safety measures and helps develop next-generation technology research.
<b>GDB</b>	Government Development Bank for Puerto Rico, a former government agency currently winding down operations under PROMESA.
<b>General Fund</b>	The Commonwealth's principal operating fund.
<b>HFA</b>	Puerto Rico Housing Finance Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>HTA</b>	Puerto Rico Highways and Transportation Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>HUD</b>	Department of Housing and Urban Development responsible for national policy and programs that address U.S. housing needs, improve and develop communities, and enforce fair housing laws.
<b>Intergovernmental Receipts</b>	General fund appropriations to and funds transferred between public corporations and municipalities.
<b>Invest Puerto Rico</b>	Nonprofit investment organization created by Act 13-2017 to promote Puerto Rico as a competitive investment jurisdiction to attract new business in order to drive economic development.
<b>IXS</b>	Marketing contract through advertising company KOI IXS for Puerto Rico.
<b>Liquidity Plan (LP)</b>	Projected cash flows for each component unit, based on their respective government FY19 Budget submission on September 7, 2018.
<b>MCO</b>	Managed care organization.
<b>MMIS</b>	Medicaid Management Information System.
<b>New Insurance Project</b>	A new business venture for Fondo in which the corporation is partnering with private insurers through a commission-based model to market and sell its products to potential new customers.
<b>OCFO</b>	The office of the Chief Financial Officer of Puerto Rico.
<b>OECI</b>	Office of Industrial Tax Exemption of Puerto Rico.
<b>OGPE</b>	The Permit Management Office of Puerto Rico, established to facilitate and promote integral, economic, social and physical sustainable development of Puerto Rico through the issuance of permits, licenses, and other necessary authorizations.
<b>Operating Disbursements</b>	Includes payroll and related costs, material and supplies, purchased services, professional services, donations, subsidies, transportation expenses, media ads, and other operating payments.
<b>Operating Receipts</b>	Revenues collected from operations.
<b>Other Inflows</b>	Sales of toll tags, rental income, and impact fees.
<b>Other Outflows</b>	Payments to suppliers from prior years.
<b>PayGo Charges</b>	Puerto Rico pension system that is funded through a pay-as-you-go system pursuant to Act 106-2017. Retirement benefits expenses of covered government employers are paid by the central government and reimbursed by the employers, with such funds received by the TSA.
<b>PBA</b>	Puerto Rico Public Buildings Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>PBM</b>	Pharmacy Benefit Manager in Puerto Rico.

<b>PHA</b>	Public Housing Administration, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>Platino</b>	Medicaid + Medicare dual-eligible populations.
<b>Ports</b>	Puerto Rico Ports Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>PRIDCO</b>	Puerto Rico Industrial Development Company, a government-owned corporation dedicated to promoting Puerto Rico as an investment destination for companies and industries worldwide.
<b>PRITA, ATI</b>	Puerto Rico Integrated Transit Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>PROMESA</b>	The Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) is a 2016 US federal law that established an oversight board, a process for restructuring debt, and expedited procedures for approving critical infrastructure projects in order to combat the Puerto Rican government-debt crisis.
<b>Salud</b>	SSS-Salud, or “Triple-S Salud,” the largest health insurance company in Puerto Rico.
<b>Tourism</b>	Tourism Company of Puerto Rico, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>TSA</b>	Treasury Single Account, the Commonwealth’s main operational bank account (concentration account) in which a majority of receipts from Governmental funds are deposited and from which most expenses are disbursed. TSA receipts include tax collections, charges for services, intergovernmental collections, the proceeds of short- and long-term debt issuances and amounts held in custody by the Secretary of the Treasury for the benefit of the Commonwealth’s fiduciary funds. A portion of the revenues collected through the TSA corresponds to the General fund. Other revenues include federal funds and special revenues conditionally assigned by law to certain agencies or public corporations that flow through the TSA.
<b>UDH</b>	Hospital Universitario, a hospital affiliated with UPR and part of the Department of Health.
<b>UPR</b>	University of Puerto Rico, a public corporation and a component unit of the Commonwealth of Puerto Rico.
<b>VTP</b>	Voluntary Transition Program, as established by AAFAF Administrative Orders 2017-05, 2018-03, 2018-04, 2018-05, 2018-06, and 2018-13.
<b>WIOA</b>	The Workforce Innovation and Opportunity Act is a United States public law that replaced the previous Workforce Investment Act of 1998 as the primary federal workforce development legislation to bring about increased coordination among federal workforce development and related programs.

## **INTRODUCTION**

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

This report is for the month of March 2019, and presents information with respect to 18 select CUs. 15 of these CUs prepared their individual Liquidity Plans at the beginning of the fiscal year, and updated these plans based on actual results as of the end of August 2018. The remaining 10 months of the current fiscal year were projected based on the government’s budget submission dated September 7, 2018, and are used as the benchmark against which monthly results are measured (the “Liquidity Plans”). Three new CUs were added in January 2019. Automobile Accident Compensation Administration (“AACA”), was added as of the Jan-19 report, while Public Housing Administration (“PHA”) and Central Recovery and Reconstruction Office (“COR3”) were added as of the Feb-19 report. The Liquidity Plans for these CUs have been developed based off of actual information received through Jan-19. All 18 CUs will reevaluate liquidity forecasts after each quarter of the fiscal year in order to assess assumptions made in developing these Liquidity Plans, and to take into account any material changes that may arise as a result of reapportionments in the Commonwealth’s fiscal year 2019 Budget. The liquidity information is presented in this document under section “A” for each CU.

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 CapEx.

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 the document under section “B” for each CU.

A Full Year FY19 Sources and Uses of Funds is provided to allow readers to bridge the beginning cash balance as of July 1, 2018 and forecasted ending cash at June 30, 2019. This information is presented in the document under section “C” for each CU. For the balance of the fiscal year, there is a forecast provided for each CU taking into consideration timing and permanent variances, based on conversations with CU finance and accounting leaders.

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

The report contains two Appendix items. The first of these Appendix items is a cash reconciliation. A bridge is provided between the actual cash data provided by the CUs as of March 29, 2019 and the March 2019 AAFAF reported figures (COB 3/31/2019) represented in the “Summary of Bank Account Balances for the Government of Puerto Rico and its Instrumentalities,” which was released on March 31, 2019. The second Appendix item is a consolidated view of CU headcount and payroll information, which is based on information provided by CU management.

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## EXECUTIVE SUMMARY – OPERATING LIQUIDITY AS OF APRIL 1, 2019

Millions of US Dollar

COMPONENT UNIT	HIGHLIGHTS	FY19 BEG. BALANCE	ACTUAL 3/29/2019 (a)	FY19 F'CAST Y/E BALANCE
<b>PUERTO RICO PORTS AUTHORITY ("PORTS") (b)</b>	Port's liquidity position increased by \$2.1M fiscal YTD to \$29.6M primarily due to inflows from operations and Capex deferrals related to the Culebra Ferryboat Ramp Repair project. CapEx projected spend for FY19 was recently updated by Ports management, with the remaining balance pushed off into FY20. Ports projects a cash balance of \$26.9M at the end of FY19.	27.5	29.6	26.9
<b>MEDICAL SERVICES ADMINISTRATION ("ASEM")</b>	YTD, ASEM has generated a net cash flow of \$7.8M primarily due to prior years' collections from intergovernmental institutions not forecasted in FY19, which are driving a more favorable YTD and projected FY19 cash position than at Feb-19 end. Cash burn for the rest of the year is due to deficits from intergovernmental institutions whose payments are expected to fall short of prior year's already depressed level by \$7.2M.	11.8	19.6	4.2
<b>PUERTO RICO INTEGRATED TRANSIT AUTHORITY ("PRITA")</b>	PRITA's liquidity position increased by \$9.3M fiscal YTD to \$20.3M primarily due to a timing difference related to receipt of \$15.8M in general funds to operate the 'Fast Ferry' early in FY19 and due to receipt of federal funds for work petitioned in FY18. PRITA currently makes \$1.0M in monthly 'Fast Ferry' payments. PRITA continues to have significant risk due to operating receipts being less than operating disbursements, requiring general fund appropriations to support its public transportation services.	11.0	20.3	13.9
<b>STATE INSURANCE FUND CORPORATION ("FONDO")</b>	YTD liquidity has increased, driven by (1) seasonal timing of collections for premiums; major invoice and collection periods are July/August and January; and (2) lower than forecasted spending on medical-related disbursements. Cash burn for the remainder of the year will be driven by Fondo catching up on intragovernmental payments to PayGo and others (\$46.7M) and other operating disbursements, as disbursements will outpace the slower collections after January due to seasonality.	127.2	285.5	229.4
<b>HEALTH INSURANCE ADMINISTRATION ("ASES")</b>	YTD liquidity has increased, primarily due to catch up contributions of federal funding from FY18 of \$416M, offset by delays in FY19 federal funding of (\$314.8M) as result of delays from recertification of the new healthcare model, which was approved Jan-19. The remaining year cash burn is primarily the result of the legislation eliminating CRIM funding through Sep-19, which is expected to fall short of FY19 forecast by \$94.2M.	54.3	284.1	102.4
<b>HIGHWAYS AND TRANSPORTATION AUTHORITY ("HTA")</b>	HTA's liquidity position increased by \$92.2M fiscal YTD to \$345.5M driven by the receipt of intergovernmental funding for CapEx, while related CapEx was delayed due to the shortage of qualified contractors available to start projects. Projected FY19 ending cash balance is \$335.7M driven primarily due to this delay in CapEx.	252.8	343.5	335.7
<b>PUERTO RICO PUBLIC BUILDINGS AUTHORITY ("PBA")</b>	PBA's liquidity position increased by \$9.2M YTD driven by collection of A/R related to prior year's direct rent, and receipt of insurance proceeds related to damage from last year's hurricanes. This was partially offset by (\$14.1M) in PayGo payments in Jan-19. Projected decrease in FY19 ending cash balance of \$5.4M is driven by operating and disaster-related expenses.	44.2	53.4	48.1
<b>CARDIOVASCULAR CENTER OF PUERTO RICO AND THE CARIBBEAN ("CARDIO")</b>	YTD liquidity has increased primarily due to favorable patient collections in Feb-19 and Mar-19, which reverses unfavorable variances in prior months from seasonality effects, as ambulatory and elective procedures tend to be lower in November and December. Cardio remains challenged by labor shortages, as headcounts have dropped by 4% since Jun-18. Labor shortages at Cardio may have an impact on patient revenue long term as certain minimum staffing ratios per patient are required to generate Cardio's patient services.	8.7	12.7	14.6
<b>PUERTO RICO INDUSTRIAL DEVELOPMENT COMPANY ("PRIDCO")</b>	YTD liquidity has remained level through the year, primarily due to PRIDCO's deferring of its PayGo obligations. It should be noted that PRIDCO's cash flow is insufficient to pay both PayGo and trustee debt reserve by end of FY19 due to lower-than-expected rental receipts and asset sales. As a result, PRIDCO did meet its full debt reserve obligations which were \$9.1M through Dec-18, but targets a 50% payment level for PayGo with any unpaid portions being continually accrued.	9.4	10.5	(7.3)
<b>HOUSING FINANCE AUTHORITY ("HFA")</b>	YTD (\$29.0M) decline in cash is attributed to net balance sheet disbursements in the amount of \$34.7M, partially offset by lower-than-forecast payroll and professional services disbursements, and debt service related payments. Balance sheet transactions pertain to construction loans, proceeds from matured investments, acquisition of real estate held for sale, investment, and cash disbursed for mortgages and construction loans originated. HFA is expected to maintain its current cash position through the remainder of FY19.	79.8	50.8	52.3
<b>PUERTO RICO TOURISM COMPANY ("TOURISM")</b>	YTD liquidity has increased primarily due to (1) stronger than forecasted slot machine collections, and (2) less payroll spending compared forecast as this line-item was over budgeted. There is potential upside to the Y/E projection if collections continue to outperform and Tourism continues to make spending cuts in professional services.	40.3	43.4	40.0
<b>FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY ("AAFAF")</b>	YTD liquidity has increased due to fewer disbursements than expected for professional service fees, which are being reforecast into the remainder of FY19, representing the largest use of cash.	36.9	53.3	39.3
<b>DEPARTMENT OF ECONOMIC DEVELOPMENT AND COMMERCE ("DDEC")</b>	YTD liquidity has increased due to greater Act 22 and Industrial Film Program receipts, as well as a one-time cash transfer from PRIDCO and Hacienda for payroll and operating expenses of consolidating entities for the remainder of FY19. Future decline in liquidity is a result of using the cash that has been transferred, as greater expenses exist to coincide with the increase in headcount and revenue.	14.1	21.3	15.3
<b>CONVENTION CENTER DISTRICT AUTHORITY ("CCDA")</b>	YTD liquidity has decreased due to a \$3.8M insurance payment that was delayed through FY18-19, which is carried through as a permanent variance in the forecast. In addition, further expected decline in liquidity is due to the completion of past-due CapEx projects not part of the original Liquidity Plan.	15.1	11.0	9.2
<b>PUERTO RICO AGRICULTURAL DEVELOPMENT ADMINISTRATION ("ADEA")</b>	ADEA's liquidity position increased by \$14.7M fiscal YTD driven by its coffee market making operations and due to collections on the past year's receivables from the Department of Education related to the school cafeteria program. ADEA will continue to work with the Department of Education to collect on past due balances. Projected decline in FY19 ending cash balance is driven by \$14.9M in farmer incentive and subsidy payments, as well as \$19.8M in rural infrastructure investments.	45.2	59.9	20.2
<b>AUTOMOBILE ACCIDENT COMPENSATION ADMINISTRATION ("ACAA")</b>	Liquidity has increased primarily due to premiums growing faster than budget, as well as less claims related disbursements YTD as a result of timing. For the remainder of FY19, the build in liquidity is expected to reverse, in part, due to the catch up in disbursements.	6.4	16.7	12.6
<b>PUBLIC HOUSING ADMINISTRATION ("PHA")</b>	PHA's build up in cash is due to tenant and other income growing faster than related expenses. The cash position should reverse, as PHA deploys cash for various projects.	337.8	452.4	N/A
<b>CENTRAL RECOVERY &amp; RECONSTRUCTION OFFICE ("COR3")</b>	COR3 has disbursed \$2.0B in federal funds to various entities. The disbursements should continue to grow as the various instrumentalities and municipalities continue to be reimbursed by FEMA for expenses incurred to rehabilitate their respective properties.	3.7	1.7	N/A

Notes:

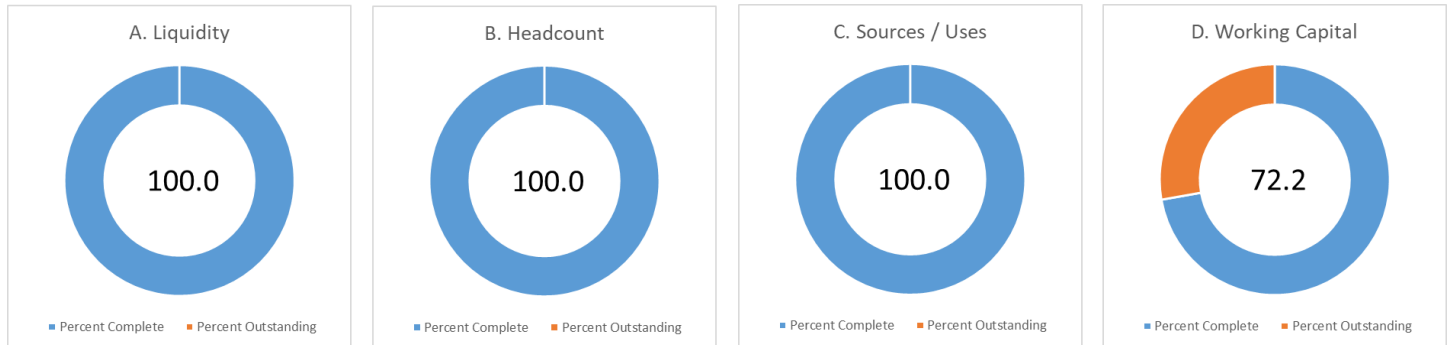
(a) For reporting purposes, March month end actual balances were taken as of the last Friday of the month, or March 29, 2019.

(b) FY19 beginning balance adjusted from \$29.0M to \$27.5M due to the FY18 transfer from BDE account to a CapEx account related to Culebra Ferryboat.



## SUMMARY – REPORTING COMPLIANCE FOR COMPONENT UNITS

Each of the Component Units provided data for the month of March 2019. Data was broken into four sections, and included: A. Liquidity information, B. Headcount information, C. Sources / Uses of Funds, and D. Working Capital information. The 18 CUs included in this report were overall 100% compliant in providing data for A. Liquidity, B. Headcount, and C. Sources / Uses. Data for D. Working Capital was not provided for all 18 CUs – see note (a) below.



### Notes:

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

- ASES
- HFA
- Tourism
- PHA
- COR3

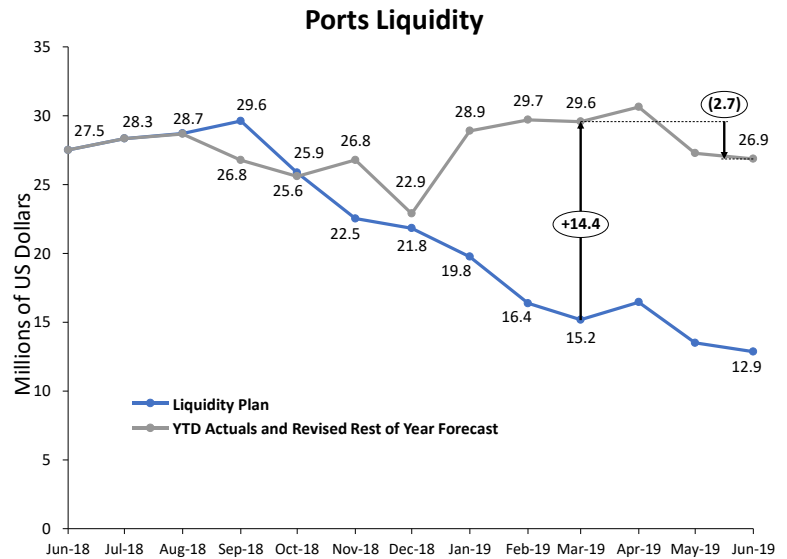
## I. PUERTO RICO PORTS AUTHORITY (“Ports”)

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

**Key Takeaways:** Through Mar-19, Ports generated \$2.1M in net cash flow and ended the month with a cash balance of \$29.6M. YTD Ports had a positive net cash flow variance of \$14.4M compared to forecast driven by operating receipts, collections of prior A/R, and deferred CapEx, partially offset by approval delays in federal receipts for the Culebra Ferryboat Ramp Repair project. Ports cash balance at the end of FY19 is projected to decline by \$2.7M to \$26.9M driven primarily by (\$1.9M) in CapEx and (\$0.8M) in operations. CapEx remaining spend for FY19 was recently revised downward by \$12.9M to \$1.9M, given management expects those payments to be pushed into FY20.

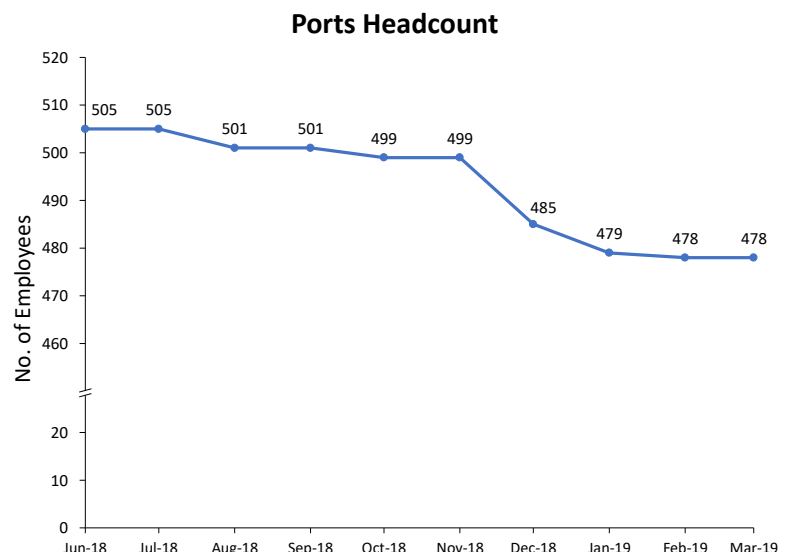
### A. FY19 Operating Liquidity – Actuals<sup>1</sup> vs. Forecast

1. \$14.4M YTD actuals vs. Liquidity Plan:
  - a. \$12.3M variance in operating receipts of which \$3.4M is permanent as Ports has collected on prior-year maritime and aviation receivables from multiple vendors. The remaining variance of \$8.9M is timing related (seasonal) and is expected to reverse during the balance of FY19.
  - b. (\$1.5M) timing variance in other receipts primarily related to federal funds, which is expected to reverse during the balance of FY19.
  - c. (\$3.2M) variance in disaster-related receipts driven by a (\$2.7M) unfavorable permanent variance in insurance recoveries, which are the result of claims from Hurricanes Irma and Maria in FY18. These collections are expected in FY20.
  - d. (\$2.1M) timing variance in operating disbursements.
  - e. \$8.9M variance in CapEx due to a delay in startup of the Culebra Ferryboat Ramp repair project. A significant portion of these expenses will shift to FY20.
2. (\$2.7M) cash burn for the balance of FY19:
  - a. \$24.8M in forecasted total receipts driven by \$14.1M maritime operations, \$3.8M airport operations, \$5.9M in federal grant receipts, and \$1.0M in FEMA receipts.
  - b. (\$27.5M) in forecast total disbursements driven by (\$14.3M) in operating disbursements, (\$11.2M) in PayGo, and (\$1.9M) in CapEx.



### B. Headcount / Payroll

1. Headcount FTEs: Decreased from 505 to 478 from Jun-18 to Mar-19.
  - a. Decrease in headcount is primarily due to the VTP. These positions are not expected to be replaced.
2. Payroll: Disbursements are forecast to be \$28.9M for FY19. YTD payroll is \$21.5M. This is in line with forecast.

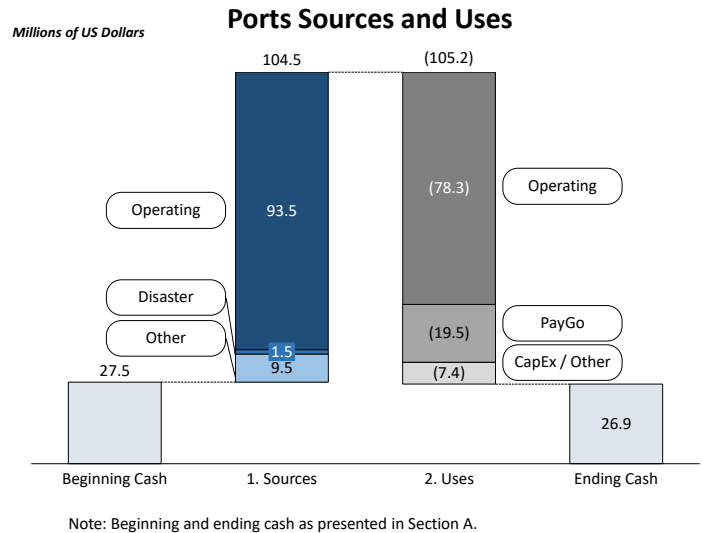


<sup>1</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

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

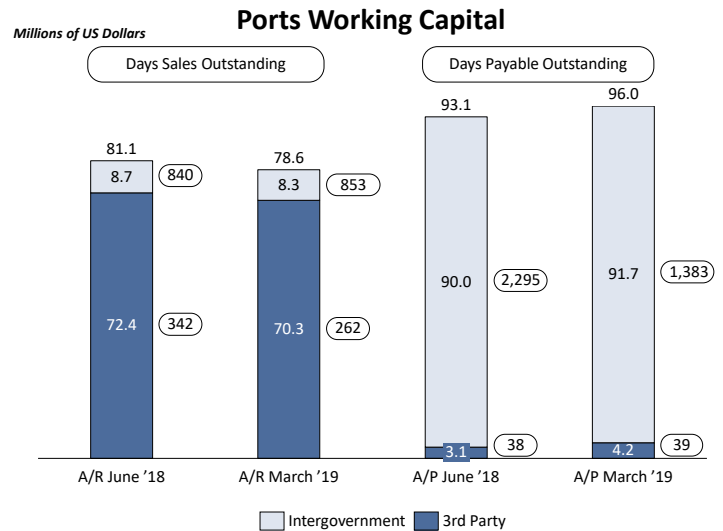
**C. Full Year FY19 Sources and Uses of Funds**

1. Sources \$104.5M:
  - a. Operating receipts total \$93.5M, comprised of \$78.9M in maritime receipts, \$14.4M in airport receipts, and \$0.2M in other receipts.
  - b. Disaster-related receipts of \$1.5M are a result of FEMA funds, which are a pass through, and therefore have no impact on forecasted cash.
  - c. Federal and other funds total \$9.5M.
2. Uses (\$105.2M):
  - a. Operating disbursements total (\$78.3M), driven primarily by payroll of (\$28.9M), professional services (\$18.7M), PREPA/PRASA (\$9.4M), other operating payments of (\$9.8M), other retirement contributions of (\$3.3M), materials and supplies of (\$1.8M), purchased services of (\$5.9M), transportation and media ads of (\$0.5M).
  - b. PayGo contributions are forecast to total (\$19.5M). YTD, Ports has contributed (\$8.3M).
  - c. Revised CapEx forecast is projected to be (\$7.4M). YTD spend is (\$5.4M).



**D. Accounts Receivable / Accounts Payable<sup>2</sup>**

1. Accounts Receivable:
  - a. \$2.5M decrease from Jun-18 to Mar-19 driven by driven by \$2.1M decrease in third party receivables and \$0.4M decrease in intergovernmental receivables.
  - b. Third party DSO decreased from 342 to 262 driven by an increase in Ports’ third party receivables base.
2. Accounts Payable:
  - a. \$2.9M increase from Jun-18 to Mar-19 driven by \$1.7M in intergovernmental and \$1.2M in third party payables, which is timing related.
3. Working Capital:
  - a. The change in net working capital through Mar-19 was a \$5.4M source of cash due to the above changes.



<sup>2</sup> Figures are unaudited and subject to change.

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

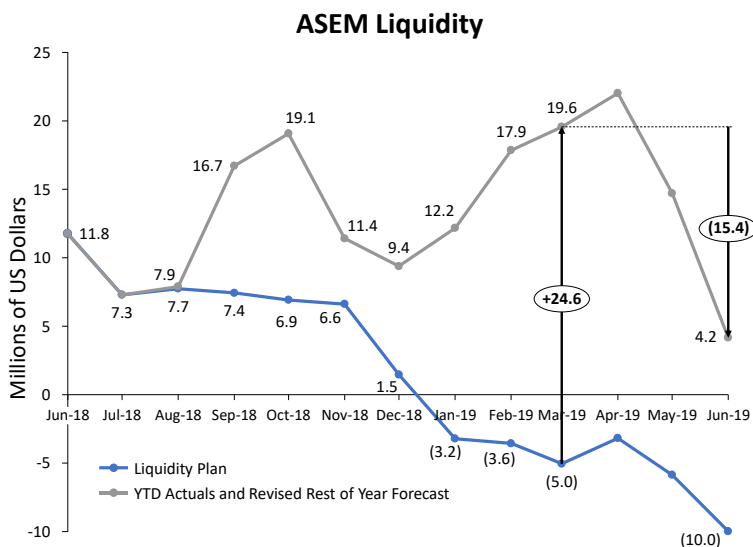
**Primary Business Activity:** ASEM plans, organizes, operates, and administers centralized health services, provided in support of the hospital and other functions, offered to member institutions and users of the medical complex, the Puerto Rico Medical Center.

**Key Takeaways:** FY19 intergovernmental institutional collections are currently projected at \$46.5M vs. \$53.5M in the prior year. These collections have been challenged historically and contributed to ASEM’s liquidity issues in FY18. However, YTD ASEM has received \$16.0M in prior year receivables from UDH and Pediatico, its largest institutional debtors, which were not anticipated in the Liquidity Plan. This improves the year-end outlook of ASEM’s cash position to \$4.2M from (\$10.0M) included in the Liquidity Plan. This outlook is inclusive of a projected pay down of \$16.5M in payables from prior years, consisting of \$8.2M in supplier payables and \$8.3M in employee withholdings not remitted.

### A. FY19 Operating Liquidity – Actuals<sup>3</sup> vs. Forecast

#### 1. \$24.6M YTD actuals vs. Liquidity Plan:

- \$15.4M in intergovernmental institution debt repayment, driven by FY15 and other prior year receivables collections related to Pediatico and UDH, projected as permanent favorable variances.
- (\$1.9M) in unfavorable third party receipts, primarily from third party medical and physician plans. YTD activity slowed due to changes in the ASES health plan, causing some insurers to stop making advances to ASEM due to insufficient data on covered lives. Per management, ASEM is assisting payers with data needs to address the issue and this is expected to reverse in Apr-19.
- \$8.6M in favorable variances from payroll. This favorability is due to \$4.8M in prior year payroll liabilities that were forecast to be paid in Jan-19 but have been deferred into Apr-19. The remaining favorability stems from declining headcounts YTD which is expected to be permanent.
- \$2.3M in favorable variances from operating disbursements, which are projected to be timing related.



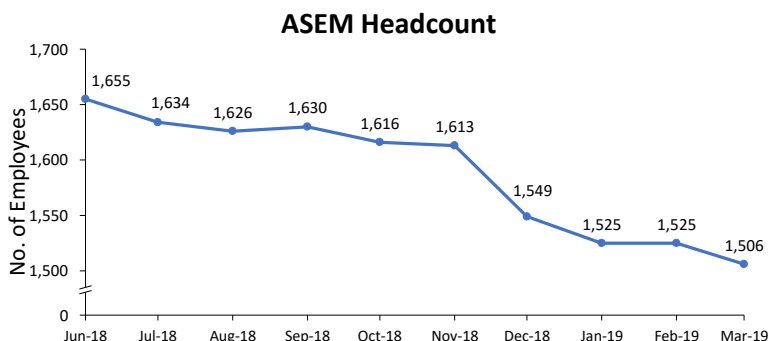
#### 2. (\$15.4M) cash burn for the balance of FY19:

- Remaining year cash burn is primarily due to an operating deficit from intergovernmental institutions, whose payments are projected to be \$46.5M by year end, which is below prior year’s already depressed level of \$53.5M. This deficit is largely addressed through contributions from the General Fund.
- In addition, remaining prior year’s payroll liability pay down of \$5.7M and projected PayGo payments of \$3.9M contribute to the decline.

### B. Headcount / Payroll

#### 1. Headcount FTEs: Decreased from 1,655 to 1,506 from Jun-18 to Mar-19.

- Per management, 62 FTEs have departed due to participation in the VTP program. The remaining 87 FTEs have departed due to normal turnover.
- Professional contract services are used to address vacancies. Despite this, YTD professional fees are favorable by \$4.6M due to a \$1.9M in A/P growth from UPR and ASEM’s reduced spending on professional fees in the beginning of the year due to a reduced operating budget which was subsequently increased. UPR provides physician services to ASEM.



#### 2. Payroll: Disbursements are forecast to be \$102.0M for FY19. YTD payroll is \$71.1M.

- YTD payroll run rate is not in line with the full year forecast due to falling headcounts at ASEM, and prior year payroll liabilities of \$4.8M, which are expected to be disbursed in Apr-19 despite an original forecast of Dec-18.

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

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

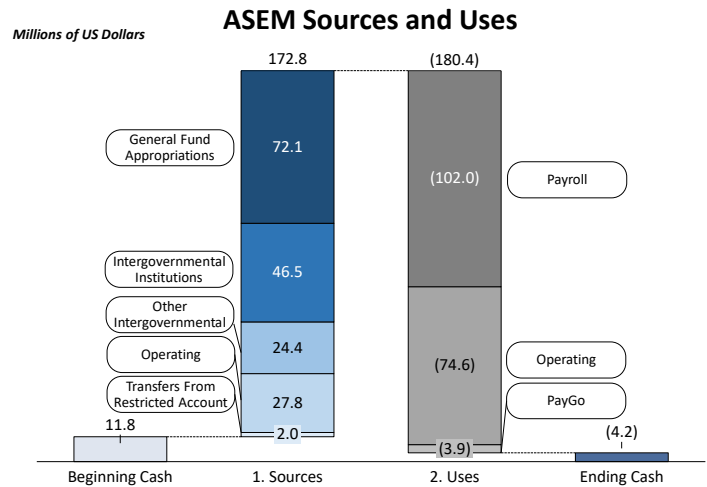
**C. Full Year FY19 Sources and Uses of Funds**

1. Sources \$172.8M:

- a. Intergovernmental receipts account for \$143.0M, or 83% of receipts, \$46.5M of which relate to intergovernmental institutions. The remainder includes other intergovernmental revenue consisting of physician, medical plans, and institutional debt repayment from prior years totaling \$24.4M, and the net appropriation from the General Fund of \$72.1M from the Central Government.
- b. Operating receipts, including third party payors and other income, represent \$27.8M, or 16%.
- c. Transfers from ASEM’s restricted account represent \$2.0M, or 1%.

2. Uses (\$180.4M):

- a. (\$176.6M) in operating disbursements for FY19, driven by payroll of (\$102.0M), as well as vendor payments of (\$74.6M), the key components of which are: materials and supplies of (\$7.1M), facilities and payments for public utilities of (\$5.3M), professional fees of (\$19.3M), purchased services of (\$5.1M), and other operating payments of (\$37.8M) comprised of donations and subsidies, prior years’ accounts payable, interest and banking fees, and other expenses.
- b. PayGo is (\$3.9M) for FY19. The actual PayGo obligation is estimated to be approximately (\$28.3M), though this obligation is netted against a \$24.4M allocation from ASEM’s total General Fund appropriation of \$96.6M.



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

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

1. Accounts Receivable:

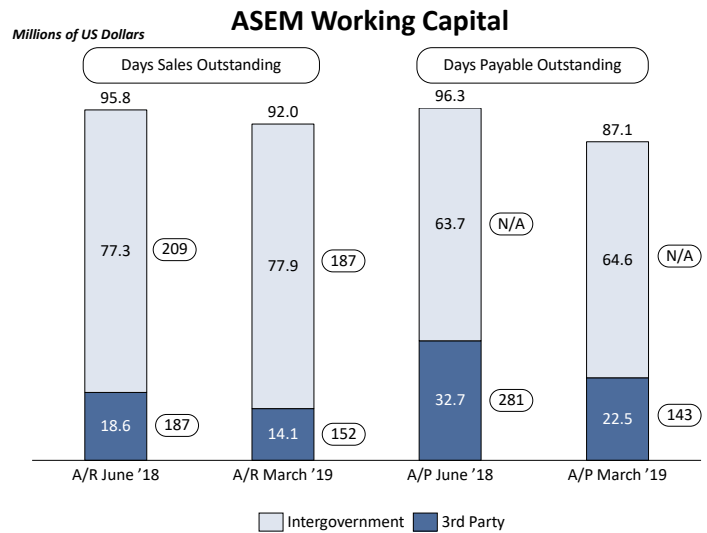
- a. \$3.9M decrease from Jun-18 to Mar-19 driven by the offsetting effects of a \$0.6M increase in intergovernmental receivables and a \$4.4M decrease in third party receivables.
- b. The \$4.4M decrease in third party receivables is primarily driven by third party physician and medical plans.

2. Accounts Payable:

- a. \$9.2M decrease from Jun-18 to Mar-19 driven by a pay down of third party payables of \$10.1M.
- b. The primary reason for the decrease is paydown of prior years’ accumulated vendor payables of \$7.4M.

3. Working Capital:

- a. Changes are unfavorable by \$5.3M, representing approximately 3.0% of FY19 uses of cash.



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

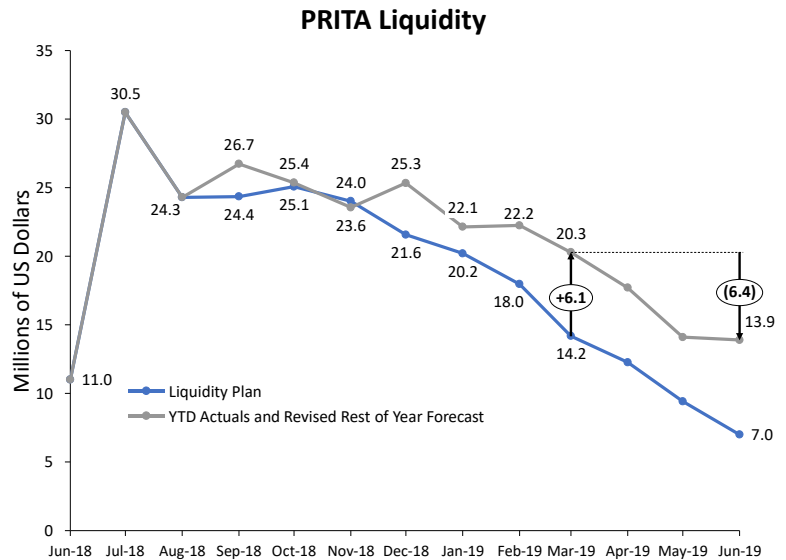
### III. PUERTO RICO INTEGRATED TRANSIT AUTHORITY (“PRITA”)

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

**Key Takeaways:** Through Mar-19, PRITA has generated \$9.3M in net cash flow and ended the month with a cash balance of \$20.3M. Excluding a one-time insurance receipt of \$3.7M at ATM in Dec-18, total operating receipts continue to be in line with plan. PRITA’s cash balance at the end of FY19 is projected to decline to (\$13.9M) primarily driven by CapEx for ATM’s ferries and AMA’s bus operations.

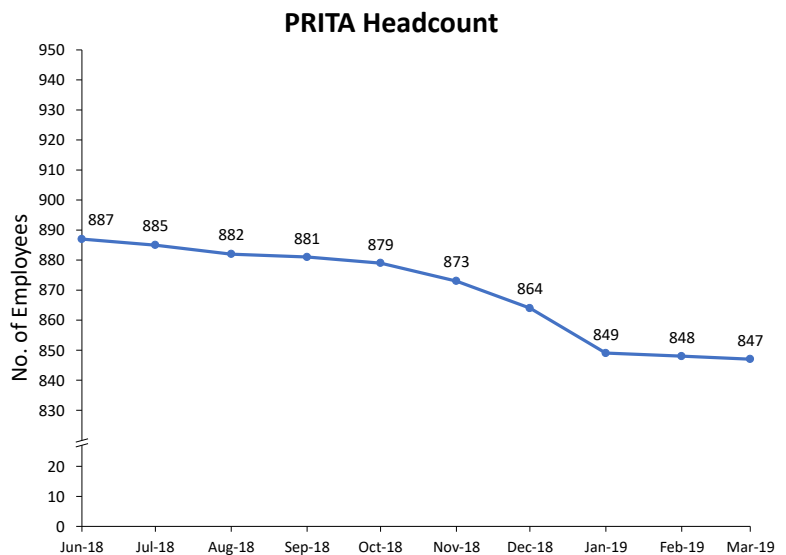
#### A. FY19 Operating Liquidity – Actuals<sup>5</sup> vs. Forecast

1. \$6.1M YTD actuals vs. Liquidity Plan:
  - a. \$3.6M in operating receipts due to an unexpected insurance payment received for damage to a ferry from hurricane Maria, which is permanent. Excluding this payment, AMA’s bus operating revenues are \$0.2M ahead of plan, offset by (\$0.4M) of unfavorable operating revenues at ATM’s ferry operations.
  - b. \$1.0M in intergovernmental led by cigarette tax collections. This variance is temporary and expected to reverse by the end of the year.
  - c. \$3.2M variance is in federal grant receipts for preventive maintenance, which is permanent.
  - d. \$1.5M variance is in operating disbursements, which is timing related and expected to reverse in FY19.
  - e. (\$3.2M) is a timing variance in CapEx spend for the outsourced operation of the ferry service.
2. (\$6.4M) cash burn for the balance of FY19:
  - a. \$2.7M related to cash flow from operations.
  - b. (\$9.1M) is in CapEx related to ferry service expenses at ATM (\$6.4M) and bus operations at AMA (\$2.7M).



#### B. Headcount / Payroll

1. Headcount FTEs: Decreased from 887 to 847 from Jun-18 to Mar-19.
2. Payroll: Disbursements are forecast to be \$12.1M for FY19. YTD payroll is \$32.7M.
  - a. YTD payroll expenses are \$3.1M favorable to forecast as a result of lower headcounts and fewer employees enrolling in VTP, thereby lowering one-time, up-front expenses related to the program.

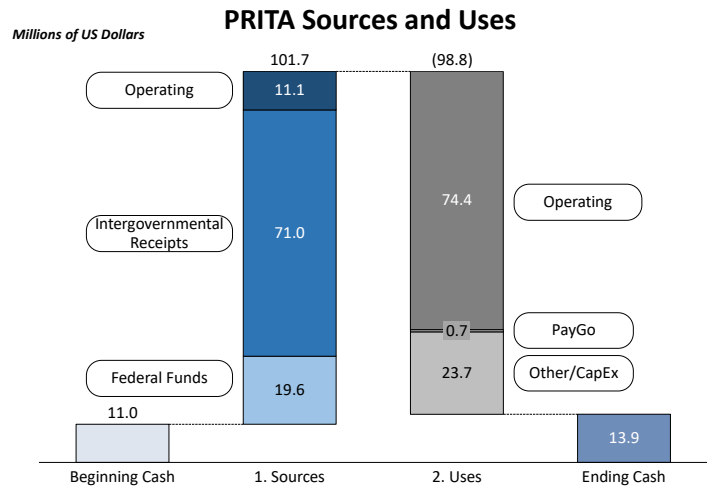


<sup>5</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

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

**C. Full Year FY19 Sources and Uses of Funds**

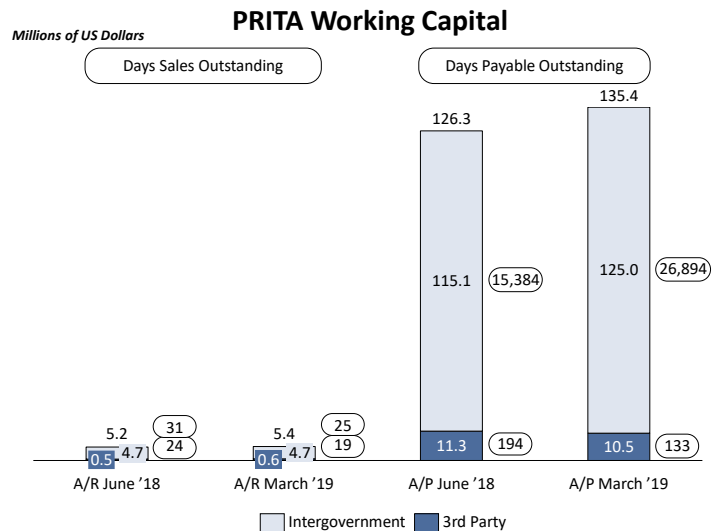
1. Sources \$101.7M:
  - a. Operating receipts of \$11.1M, composed primarily of \$4.0M for ferries/cargo, \$3.1M in bus fares, and \$4.0M in miscellaneous receipts, which includes a one-time insurance receipt for Hurricane Maria damages of \$3.7M.
  - b. Intergovernmental receipts of \$71.0M, with \$37.0M coming from cigarette taxes, \$18.2M from general fund appropriations, and \$15.8M from a special government appropriation specifically earmarked for CapEx and the Fast Ferry service at ATM.
  - c. FTA federal fund grants of \$19.6M.
2. Uses (\$98.8M):
  - a. Operating disbursements total (\$74.4M), of which payroll is (\$4.8M), materials and supplies are (\$18.0M), purchased services are (\$7.4M), facilities for payments to public services are (\$1.0M), professional services are (\$3.2M).
  - b. PayGo is (\$0.7M). YTD spend is \$0.5M.
  - c. CapEx is projected to be (\$23.7M). YTD spend is \$14.6M, of which \$11.5M is attributed to the Fast Ferry at ATM.



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

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

1. Accounts Receivable:
  - a. \$0.2M increase from Jun-18 to Mar-19 driven by third party receivables.
  - b. Third party DSO in the same time period fell by 5 days, from 24 to 19, due to an increase in PRITA’s third party receipts base.
2. Accounts Payable:<sup>7</sup>
  - a. \$9.1M increase from Jun-18 to Mar-19, driven by \$9.9M increase in intergovernmental from AMA and \$0.9M decrease in third party payables.
  - b. Third party DPO decreased from 194 to 133 in the same time period due to an increase in PRITA’s third party expense base, primarily driven by materials and supplies and purchased services.
3. Working Capital:
  - a. Total change in net working capital from Jun-18 to Mar-19 was \$8.9M as PRITA continues to stretch payables.



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

<sup>7</sup> Updated information became available that adjusted the Jun-18 A/P starting point.

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

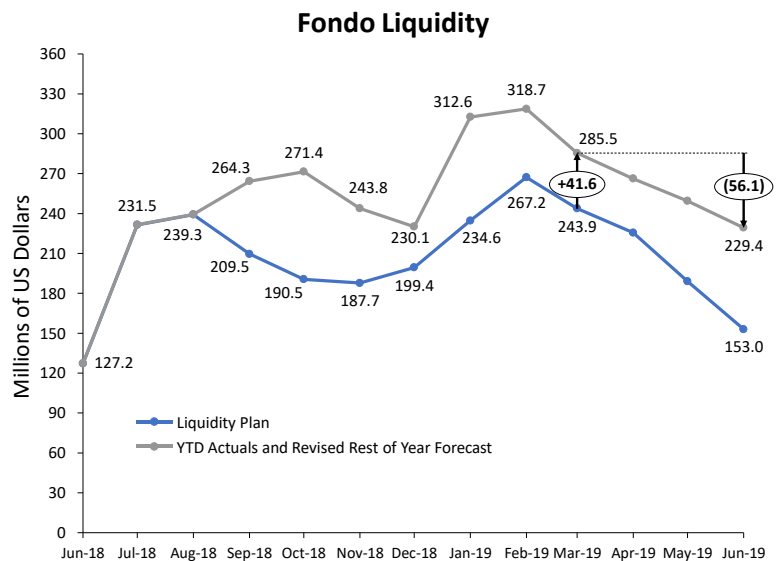
**Primary Business Activity:** Fondo provides workers’ compensation and disability insurance to public and private employees. Fondo is the only authorized workers’ compensation insurance company on the Island. Both public and private companies must obtain this security for their workforces by law.

**Key Takeaways:** Through Mar-19, Fondo has generated \$158.3M in cash, and ended Mar-19 with \$285.5M in available cash. The liquidity position is favorable to forecast, and is driven by favorable timing of PayGo payments and lower-than-expected claims-related disbursements and payments made for medical services, drugs, and supplies. The Liquidity Plan assumed that higher Commonwealth economic activity as a result of increased federal funding would drive more workers’ compensation enrollment and subsequently increased premiums collections and medical-related costs over FY18. However, delays in federal funding have led to fewer enrollments and fewer medical-related costs than originally anticipated. Despite this, premiums collections are still anticipated to be higher than in FY18, although at a lower amount than projected at the end of the Q2 FY19. Per management, delays in federal funding across the Commonwealth have slowed the demand for worker’s compensation, and premiums collections have been reforecast downward from \$663.6M to \$646.6M. Medical-related expenses remain lower than forecast due to slower inpatient activity than anticipated, but some catch up is expected as Fondo must pay down invoices that were delayed during improvements to their billing systems.

#### A. FY19 Operating Liquidity – Actuals<sup>8</sup> vs. Forecast

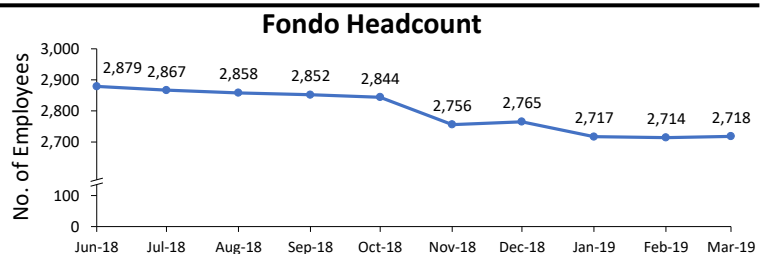
##### 1. \$41.6M YTD actuals vs. Liquidity Plan:

- a. (\$21.9M) unfavorable variance in premiums collections is due to timing of collections. Per management team, variance is expected to reverse at the end of Jun-19 as the July invoice collections period approaches. FY19 collections are expected to be \$646.6M per updated projections from the planning area, and therefore it is expected that there will be an \$11.4M favorable permanent variance at the end of FY19, compared to the Liquidity Plan.
  - b. \$24.7M favorable permanent variance in payments related to Law 32-2013 for prior year debts owed to retirement system (pre-PayGo). These payments are not expected to be made in FY19 or in future years.
  - c. \$11.0M favorable variance in claims-related disbursements, projected to be permanent. Current run rate projects these disbursements as (\$70.0M) approximately vs. (\$86.1M) in the Liquidity Plan.
  - d. \$7.6M favorable timing variance in PayGo charges, which is expected to reverse in FY19.
  - e. \$11.3M favorable variance in medical-related disbursements for services and supplies, which is expected to partially reverse as Fondo makes catch-up payments on invoices delayed in their new billing systems. However, it is expected that around \$10.0M of this favorable variance will be permanent in FY19 due to macro assumptions detailed above in the Key Takeaways.
  - f. \$8.9M variance in other disbursements due to: (1) favorable permanent variance related to CapEx spend on the Industrial Hospital being overbudgeted; (2) lower intergovernmental disbursements as amounts owed to the Industrial Commission and Department of Human Resources were reduced due to an invoice amendment; and (3) favorable timing variances in other expenses.
2. (\$56.1M) cash burn for the balance of FY19:
- a. Since Feb-19, planning area has reduced projected premiums collections for FY19 by (\$17.0M), citing delays in federal funds and Commonwealth construction initiatives have not increased workers’ compensation enrollment to extent previously anticipated.
  - b. Remaining cash burn for FY19 driven primarily by Fondo catching up on outstanding payables to Hacienda for PayGo (\$39.1M) and other intergovernmental entities per law (\$7.6M).



#### B. Headcount / Payroll

1. Decreased from 2,869 to 2,718 from Jun-18 to Mar-19.
  - a. 127 employees entered the VTP Phases II and III and are no longer part of Fondo’s recorded headcount total at Feb-19. Projected FY20 savings from these departures will be approximately \$9.3M.
2. Payroll: Disbursements are forecast to be (\$215.5M) for FY19. YTD payroll is (\$162.2M). This is in line with forecast.



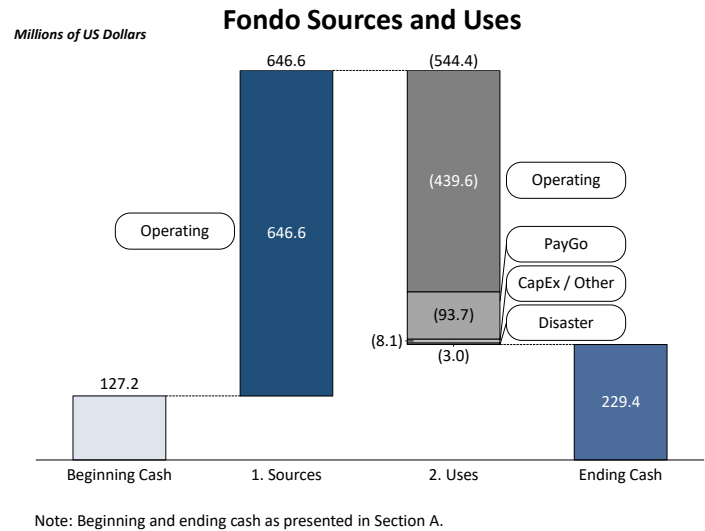
<sup>8</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.



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

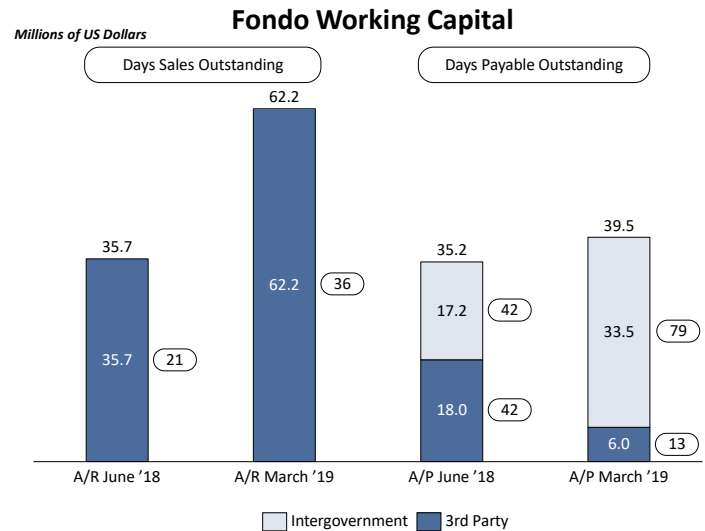
**C. Full Year FY19 Sources and Uses of Funds**

1. Sources \$646.6M:
  - a. Premium collections account for 100% of operating receipts.
2. Uses (\$544.4M):
  - a. Operating expenses total (\$439.6M), of which payroll is (\$215.5M) and claims-related disbursements are (\$70.4M). Excluding these two expenses, the majority of Fondo’s operating expenses consist of: payments made to other government entities as determined by laws, purchased services and material and supplies expenses pertaining to medical services, equipment, and supplies as Fondo is not just an insurance provider, but also provides medical services to its insured population.
  - b. PayGo disbursements are projected to amount to (\$93.7M) in FY19.
  - c. CapEx will amount to (\$8.1M) for FY19.
  - d. Disaster-related spend is (\$3.0M) YTD related to building repair work after the hurricanes.



**D. Accounts Receivable / Accounts Payable<sup>9</sup>**

1. Accounts Receivable:
  - a. \$26.5M increase from Jun-18 to Mar-19 driven entirely by premiums invoicing outpacing collections. A/R is expected to decline in July when collections are made on Jan-19 invoices.
2. Accounts Payable:
  - a. \$4.3M increase from Jun-18 to Mar-19 driven primarily by increases in intergovernmental payables due to accrued payables related to PayGo invoices. A/P has decreased significantly since Feb-19 as Fondo has made significant catch-up payments to Hacienda (Retiro) for PayGo.
3. Working Capital:
  - a. Working capital is unfavorable by \$22.2M as increases in accounts receivable pertaining to premiums collections have outpaced the accrued amounts owed to intergovernmental entities, and Fondo making pay downs on its outstanding payables related to PayGo.



<sup>9</sup> Figures are unaudited and subject to change.

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

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

**Key Takeaways:** Due to changes brought about by BBA 2018<sup>10</sup>, ASES is eligible to receive up to \$4.6B in supplemental federal funding and is subject to new matching rates for Medicaid through Sep-19. As a result, federal funding is higher and state funding sources are reduced in FY19 relative to FY18. ASES’s unfavorable (\$96.9M) cash position at the end of March vs. Liquidity Plan is mainly due to significant reductions and/or eliminations in state and CRIM funding and timing of reimbursement of federal share. These items are offset by favorability from MCO premiums due to adjustments related to the enrolled vs. eligible members for months of Nov-18 and Dec-18.

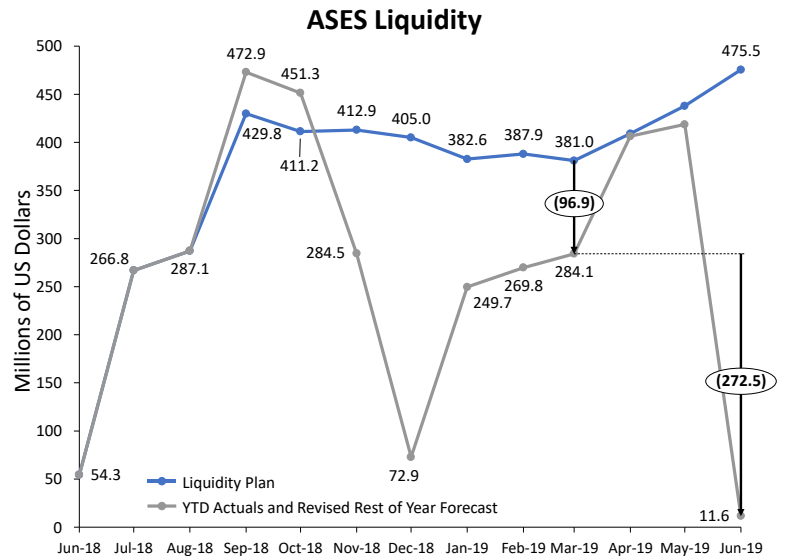
### A. FY19 Operating Liquidity – Actuals<sup>11</sup> vs. Forecast

#### 1. (\$96.9M) YTD actuals vs. Liquidity Plan:

- (\$314.8M) Federal funds: Unfavorable variance is due to timing in obtaining federal funding adjustments for Nov-18 and Dec-18 and a decrease in enrolled population at the beginning of the new health plan model, which is expected to reverse in the upcoming months. Beginning in Nov-18, the new health plan model has required ASES to reassess its enrolled population leading to delays in timing of federal share reimbursement. As part of this reassessment, ASES, together with contracted MCOs, are finalizing an enrollment reconciliation process. Management expects a near-full catch up of its enrolled membership by Jul-19, as federal matching rates in FY19 approximate 90% under BBA 2018.
- (\$78.3M) in other intergovernmental funding: (\$68.6M) relates to receipts from municipalities and employers which is expected to be permanently unfavorable. Per recent Puerto Rico legislation, CRIM receipts have been suspended through Sep-19.
- \$290.3M Health Insurance Premiums: this favorable variance is timing related and is expected to substantially reverse by year end. The variance is due to (1) lower-than-expected enrolled membership which is expected to reverse in the upcoming months and (2) the withholding of 2% of premiums payment to MCOs due to contract requirements related to quality measures. These quality measures withholdings are returned to MCOs when earned in a period of 3 to 5 months.
- \$4.0M in prescription drug rebates: rebates are generally in line with forecast. Rebate income is influenced by drug utilization on the Island and is managed by a third party contractor.

#### 2. (\$181.8M) cash burn for the balance of FY19:

- The original forecast projected that ASES would generate \$94.4M in cash build between Apr-19 and Jun-19.
- Offsetting this build are higher premiums of (\$326.1M) due to delays in obtaining enrollment verifications for ASES members from Nov-18 through Mar-19, resulting in higher premiums paid from Apr-19 through Jun-19.
- Other offsetting forecast changes of (\$49.9M) primarily reflect state funding of (\$5.1M), timing effects of federal funding of \$95.2M, drug rebates of (\$12.6M), and loss of municipality and employer receipts (\$25.6M) due to cut off in CRIM funding.



### B. Headcount / Payroll

- Headcount FTEs: Decreased from 60 to 57 from Jun-18 to Mar-19.
- Payroll: Disbursements are forecast to be \$4.6M for FY19. YTD payroll is \$2.8M.
  - Payroll: YTD run rate of payroll is below the annual forecast due to the delayed onboarding of new FTEs per the BBA’s requirements for new departments: MMIS and Fraud Detection. The delay is due to various government and OMB approval processes required before the new FTEs can be hired.
  - ASES downgraded its estimate of year-end payroll to \$4.6M from \$7.0M included in Liquidity Plan due to delays in the hiring process of MMIS and Fraud Detection. There is potential for continued payroll favorability pending the outcome of these hires.



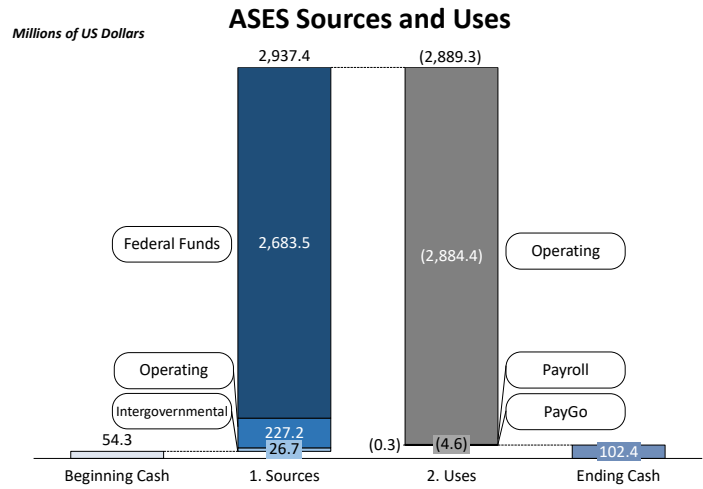
<sup>10</sup> Bi-Partisan Budget Act of 2018.

<sup>11</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

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

**C. Full Year FY19 Sources and Uses of Funds**

1. Sources \$2,937.4M:
  - a. Federal funding makes up \$2,683.5M of receipts. Third party operating receipts consist of drug rebates of \$216.8M and other income of \$10.5M. The intergovernmental receipts of \$26.7M are related to state funding of \$0.4M and \$26.3M of municipality and employer receipt.
2. Uses (\$2,889.3M):
  - a. Operating disbursements are primarily related to healthcare premiums and related costs (\$2,863.9M). The largest component of healthcare premiums and related costs are MCO premiums of (\$2,767.2M), followed by the PBM administrator and HIV program of (\$66.6M) and Platino premiums of (\$30.1M).
  - b. The remaining disbursements include other operating payments of (\$20.5M) which relate to ASES’ administrative costs and overhead expenses, payroll of (\$4.6M), and PayGo of (\$0.3M).



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

**D. Accounts Receivable / Accounts Payable<sup>12</sup>**

Information not available.

<sup>12</sup> Figures are unaudited and subject to change.

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

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

**Key Takeaways:** YTD operating revenues of \$104.8M are \$8.1M below plan, driven primarily by lower electronic toll fines and offset by interest and other income. YTD central government receipts for infrastructure projects of \$228.3M are \$34.2M ahead of schedule, primarily due to a state grant related to a special government project (“Abriendo Caminos” / “Opening Roads”). The application for federal grants for CapEx has been slower than anticipated due to a shortage of qualified contractors available to start projects, which has delayed both the receipt and spending of federal funds. The current cash balance is \$343.5M, of which \$331.5M consists of restricted/reserved funds for operational and construction contracts. The cash balance at the end of FY19 is projected to be \$335.7M.

### A. FY19 Operating Liquidity – Actuals<sup>13</sup> vs. Forecast

#### 1. \$52.6M YTD actuals vs. Liquidity Plan:

- a. (\$291.9M) in total receipts driven by:
  1. (\$13.0M) lower collections in electronic toll fines, which is permanent. Of these, \$4.7M are related to a government forgiveness program for post-hurricane fines.
  2. \$4.9M permanent variance in higher collections in toll fares due to higher traffic volume and other income, including interest income.
  3. \$34.2M variance in intergovernmental receipts as HTA has collected on CapEx funding earlier than forecast primarily related to the Abriendo Caminos spending is in progress.
  4. (\$318.0M) variance in federal grant receipts. The majority of these inflows will be pushed into FY20. Receipt of these grants is tied to CapEx projects.

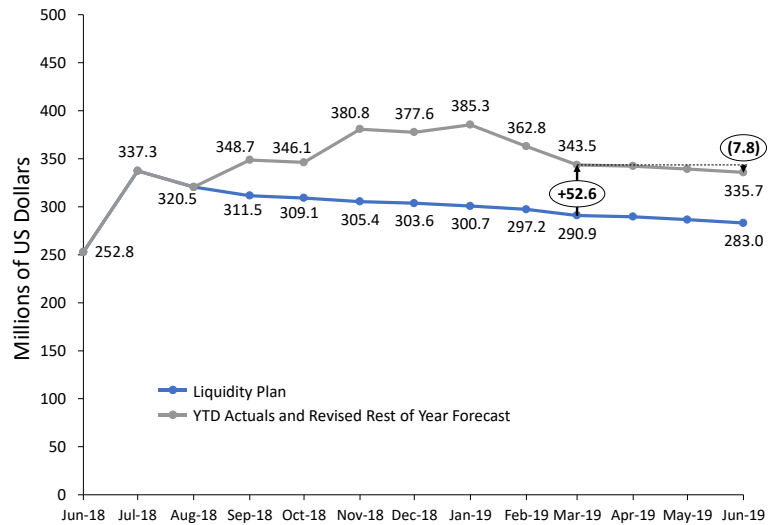
#### b. \$345.3M in total disbursements driven by:

1. \$12.4M permanent variance in operating disbursements, led by a \$17.3M permanent variance in Payroll due to lower headcount, \$5.5M in permanent variance in PayGo due to credits received for overpayments in prior years, and \$9.9M in variance in Professional Services due to timing delays. These were offset by other operating expenses of (\$20.3M), primarily consisting of (\$14.0M) in Title III expenses.
2. \$332.9M in permanent variance in CapEx given projects have been delayed due to limited availability of contractors. The majority of these expenses are now expected to rollover into FY20.

#### 2. (\$7.8M) cash burn for the balance of FY19:

- a. \$364.4M in receipts driven by: \$280.9M in federal grants for infrastructure projects; \$44.9M in receipts from the Puerto Rico government for infrastructure projects; and \$38.6M in operating receipts from toll collections and electronic fines. The timing of the federal grant receipts remain uncertain as projects continue to be rolled out on a delayed schedule due to limited availability of contractors.
- b. (\$372.3M) in disbursements driven by (\$305.2M) in CapEx disbursements for both federal and locally funded projects and (\$67.1M) in operating disbursements. Timing of the CapEx expenses remains uncertain due to delays in CapEx spending mentioned above.

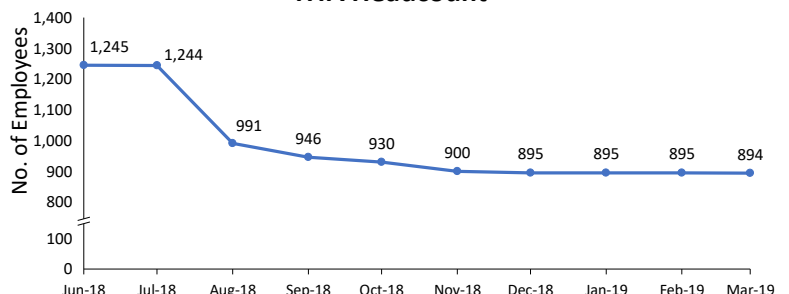
HTA Liquidity



### B. Headcount / Payroll

1. Headcount FTEs: Decreased from 1,245 to 894 from Jun-18 to Mar-19.
  - a. FY19 headcount decrease is due to the VTP. These positions are not expected be replaced.
2. Payroll: Disbursements are forecast to be \$80.4M for FY19. YTD payroll is \$60.9M.
  - a. YTD Payroll expenses are \$17.4M lower than forecast primarily due to VTP and reduced headcount.

HTA Headcount

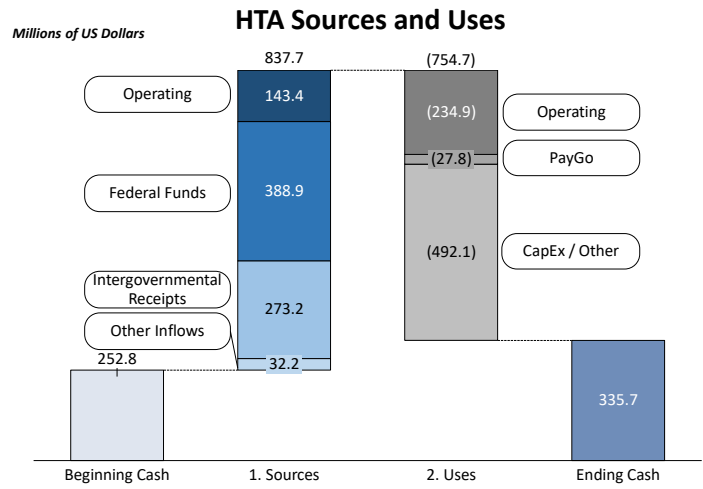


<sup>13</sup> Appendix includes reconciliation between AAFAP reported cash figures and the figures in this report.

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

**C. Full Year FY19 Sources and Uses of Funds**

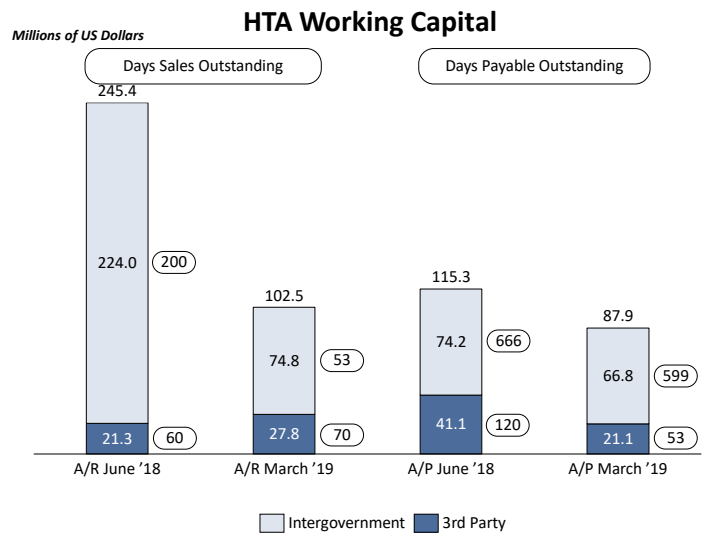
1. Sources \$837.7M:
  - a. \$143.4M in operating receipts, with \$117.3M coming from toll fares and \$26.1M coming from toll fines and other income.
  - b. \$661.4M are in governmental sources, consisting of a \$273.2M in state funding from the petrol tax, \$367.8M from the federal highway authority, and \$20.4M from the federal transportation authority.
  - c. \$32.9M in other inflows.
2. Uses (\$754.7M):
  - a. Operating disbursements total (\$234.9M), with the largest components comprised of payroll (\$80.4M) and purchased services at (\$77.4M).
  - b. PayGo (\$27.8M).
  - c. CapEx/Other total (\$492.1M), consisting of CapEx (\$293.3M), emergency reconstruction (\$165.2M), and other outflows of (\$33.6M).



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

**D. Accounts Receivable / Accounts Payable<sup>14</sup>**

1. Accounts Receivable:
  - a. \$142.8M decrease from Jun-18 to Mar-19 driven primarily by an audit adjustment to write-off retained revenue by the Department of Treasury (Hacienda) previously listed in A/R.
2. Accounts Payable:
  - a. \$27.4M decrease from Jun-18 to Mar-19 driven by a decrease in third party payables of (\$20.0M), led by reduction of (\$16.4M) to HTA’s top three third party suppliers. Intergovernmental payables decreased by (\$7.4M) primarily due to reduced AP to PREPA of (\$4.5M).
3. Working Capital:
  - a. Total change in net working capital from Jun-18 to Mar-19 was \$115.4M primarily influenced by a decline in receivables due to the non-cash write-off with the Department of Treasury.
  - b. Third party working capital decreased by \$26.4M since Jun-18 due to a decrease in accounts payable of \$20.0M and an increase in accounts receivable of \$6.4M.



<sup>14</sup> Figures are unaudited and subject to change.

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

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

**Key Takeaways:** YTD, PBA liquidity is (\$15.1M) behind plan primarily due to a delay in FEMA and insurance proceeds to cover damage caused by Hurricanes Irma and Maria. The original projections had FEMA funding of \$10.5M for FY19 to be received in Nov-18, of which only \$1.3M has been received. An additional \$5.8M in FEMA funding is expected to be received in FY19. The projections also included \$75.0M in insurance proceeds for FY19 to be received in Dec-18, of which only \$20.0M has been received. The remaining \$55.0M in insurance proceeds is projected to roll over into the next fiscal year. Delay in receipt of these funds is partially offset by the deferral of hurricane-related expenditures. PBA cash balance at year end FY19 is projected to be \$48.1M.

### A. FY19 Operating Liquidity – Actuals<sup>15</sup> vs. Forecast

1. (\$15.1M) YTD actuals vs. Liquidity Plan:

a. (\$44.7M) in total receipts driven by:

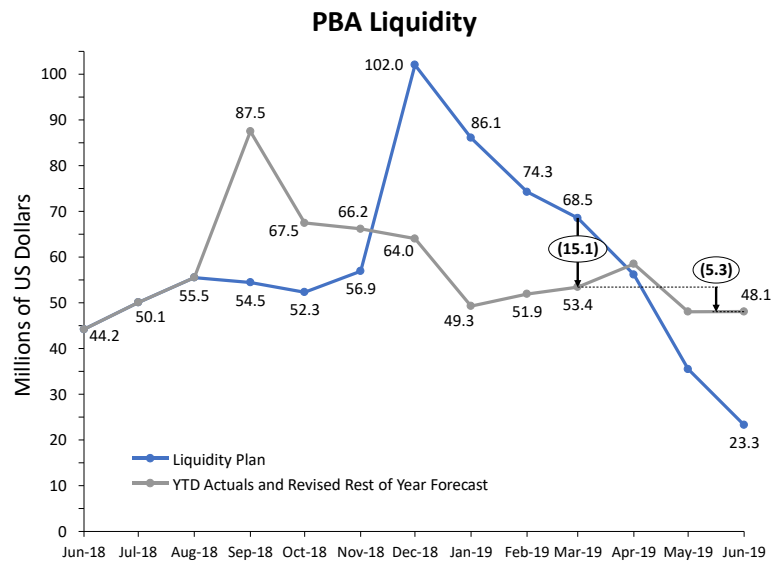
1. \$1.7M permanent variance in operating receipts, comprised of a \$1.2M insurance settlement not forecast, \$0.3M in higher rent receipts from increased third party occupancy, and \$0.2M interest income.
2. \$12.2M in favorable permanent variances from transfers from Hacienda. The original forecast contemplated Hacienda paying PBA’s insurance premium and PayGo directly, whereas now these funds are being transferred to and paid by PBA.
3. \$5.6M in favorable direct rent receipts due to collections on previous year’s receivables.
4. (\$64.2M) in disaster-related receipts, of which (\$9.2M) is attributed to FEMA and (\$55.0M) to insurance proceeds. FEMA variance is timing and expected to reverse in FY19. Insurance proceeds expected to be received in FY19 have been reduced to \$10.0M, with \$45.0M projected to roll over into the next fiscal year.

b. \$29.6M in total disbursements driven by:

1. \$34.2M in disaster-related expenses, of which \$5.4M is attributed to delays with FEMA-supported projects and \$28.8M is attributed to insurance supported projects. Spending for these projects was originally expected to start H2 of FY19.
2. (\$4.6M) in operating disbursements due to an increase in insurance premium payment and higher-than-expected expenses due to fuel and employee reimbursements. PBA does not have a large vehicle fleet, and relies on employees submitting mileage expenses. These were mainly offset by payroll being below budget YTD due to headcount reductions.

2. (\$5.3M) cash burn for the balance of FY19:

- a. \$41.1M in forecast total receipts primarily driven by \$0.6M in operating receipts, \$34.7M in intergovernmental receipts, and \$5.8M in disaster-related receipts.
- b. (\$32.8M) in operating disbursements led by payroll (\$17.7M), PayGo (\$5.1M), facilities payments (\$5.5M), and other operating expenses (\$4.5M).
- c. (\$13.6M) in disaster-related project disbursements.



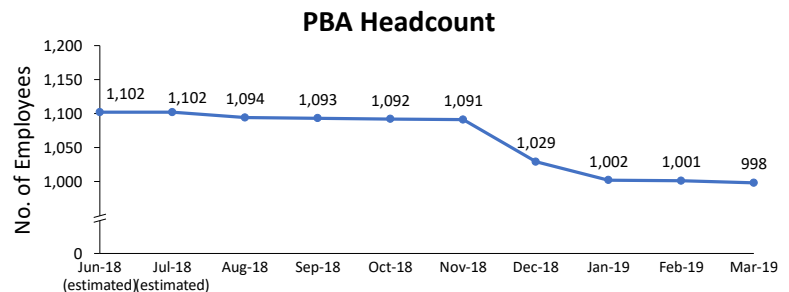
### B. Headcount / Payroll

1. Headcount FTEs: Decreased from 1,102 to 998 from Jun-18 to Mar-19.

a. Decrease in headcount YTD is primarily due to the VTP. These positions are not expected to be replaced.

2. Payroll: Disbursements are forecast to be \$59.9M for FY19. YTD payroll is \$42.1M.

a. FY19 payroll is expected to be \$2.6M favorable to forecast as PBA realizes savings related to headcount reductions.

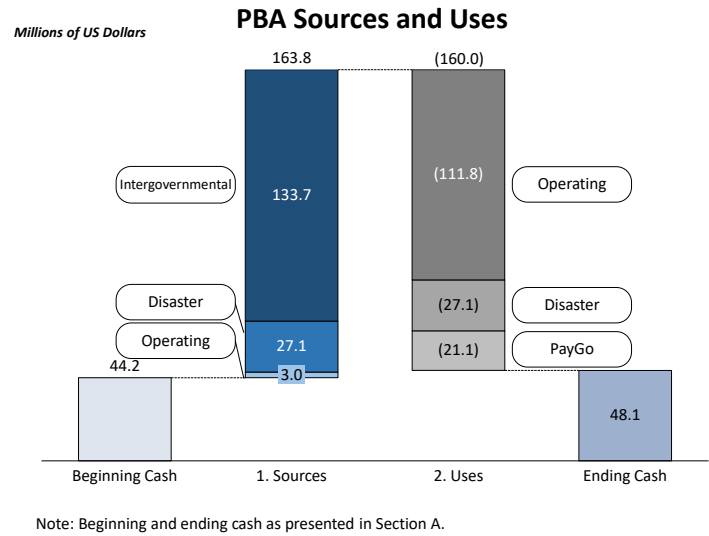


<sup>15</sup> Appendix includes reconciliation between AAFAP reported cash figures and the figures in this report.

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

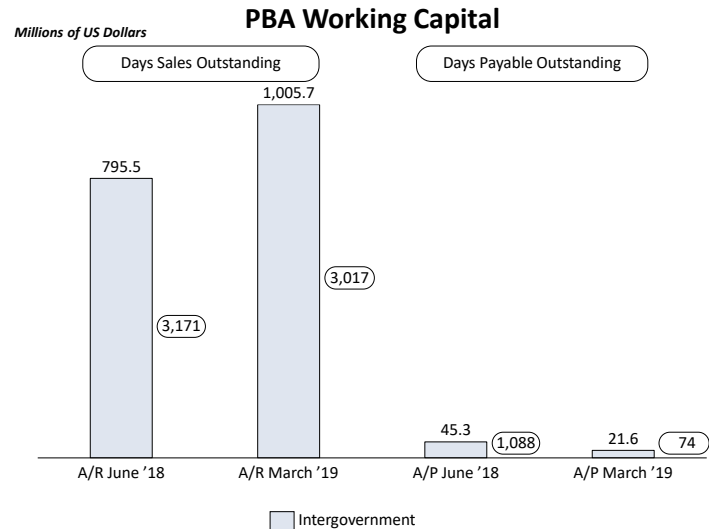
**C. Full Year FY19 Sources and Uses of Funds**

1. Sources \$163.8M:
  - a. Intergovernmental receipts total \$133.7M, of which \$114.6M is in rent transfers from Hacienda on behalf of agencies, while \$19.1M is paid directly by agencies.
  - b. Disaster-related receipts total \$27.1M, of which \$7.1M is from FEMA and \$20.0M is from insurance.
  - c. Other operating receipts total \$3.0M.
2. Uses (\$160.0M):
  - a. Operating disbursements total (\$111.8M), consisting of payroll (\$59.9M), purchased services (\$20.0M), facilities and payments to public services (\$16.2M), debt service reserve (\$7.9M), professional services (\$0.9M), and other operating expenses of (\$6.9M).
  - b. PBA projects to receive and disburse (\$27.1M) in disaster-related pass-through expenses. YTD, PBA has received \$21.3M in disaster-related receipts from FEMA and insurance proceeds, and has disbursed (\$13.5M). The difference between received and disbursed funds is timing related and expected to reverse; however, some expenditures will likely roll over into FY20.
  - c. PayGo contributions are forecast to be (\$21.1M). YTD, PBA has contributed (\$16.0M) to PayGo.



**D. Accounts Receivable / Accounts Payable<sup>16</sup>**

1. Accounts Receivable:
  - a. \$210.2M increase from Jun-18 to Mar-19 driven by intergovernmental receivables, primarily related to the debt service portion of rent not being received.
2. Accounts Payable:
  - a. \$23.6M decrease from Jun-18 to Mar-19 driven by intergovernmental payables due to payments for facilities and public services, insurance payments, and PayGo payments. PBA made a \$14.1M PayGo payment in Jan-19.
3. Working Capital:
  - a. Working capital is unfavorable at \$233.8M June-18 to Mar-19 primarily due to an increase in intergovernmental receivables related to debt service.



<sup>16</sup> Figures are unaudited and subject to change.

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

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

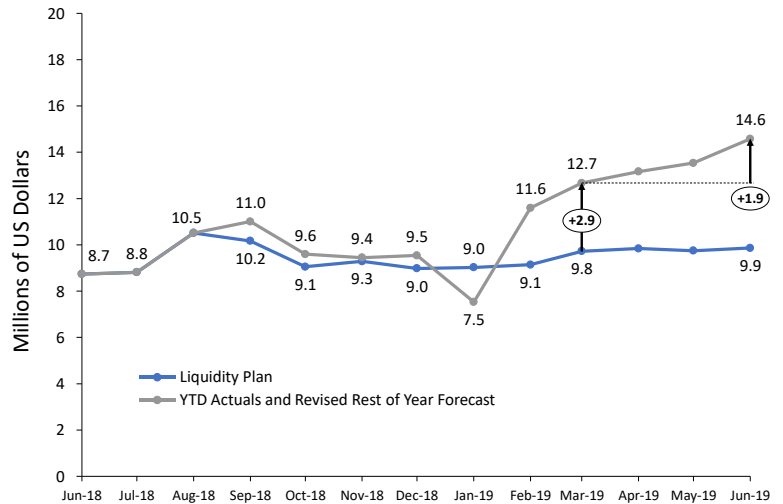
**Key Takeaways:** Cardio continues to generate strong collections since February, generating patient collections of \$7.0M which further reverses prior months’ unfavorable variances due to the seasonal slow period stretching from Nov-18 through Jan-19. Cardio remains challenged by labor shortages, as headcounts have dropped by 4% since Jun-18. This has a favorable impact on payroll, but poses a strain to hospital operations and staffing. Cardio management actively seeks to replace any vacancies occurring during the current year, however, Cardio continues to suffer headcount losses due to a competitive hiring environment for nurses. In Mar-19, Cardio made 15 new hires for nurses to backfill critical vacancies.

### A. FY19 Operating Liquidity – Actuals<sup>17</sup> vs. Forecast

#### 1. \$2.9M YTD actuals vs. Liquidity Plan:

- \$2.6M in receipts are driven by favorability from strong patient collections in Feb-19 and Mar-19 of \$15.8M, reversing the prior months’ unfavorable variances due to the seasonal slow period stretching from Nov-18 through Jan-19. This is expected to be permanent based on a higher year-end outlook on patient collections.
  - \$2.9M Payroll permanent favorable variance is impacted by falling headcounts.
  - (\$3.7M) in vendor disbursements are driven by higher run rates primarily related to purchased services and third party A/P pay down of \$1.1M. The unfavorable variance is further exacerbated by recent intergovernmental A/P pay down primarily related to facilities and payments for public services. Based on historical trends in spending, it is expected that this variance will become permanent.
  - \$1.1M favorable CapEx variance, \$0.5M of which is expected to be permanently favorable based on lower run rates YTD.
- #### 2. \$1.9M cash build for the balance of FY19:
- Cardio had a significant increase in A/R through the first 9 months of FY19 of \$8.6M. As these A/R balances normalize, this is expected to contribute to the cash build.
  - In addition, Cardio is expected to receive \$0.5M in FEMA receipts that weren’t forecasted and CapEx is expected to be favorable by \$0.5M by year end due to reduced spending in the first half of FY19.
  - These cash positive events are partially offset by increases in vendor disbursement spend mostly for pay downs related to prior year A/P.

**Cardio Liquidity**



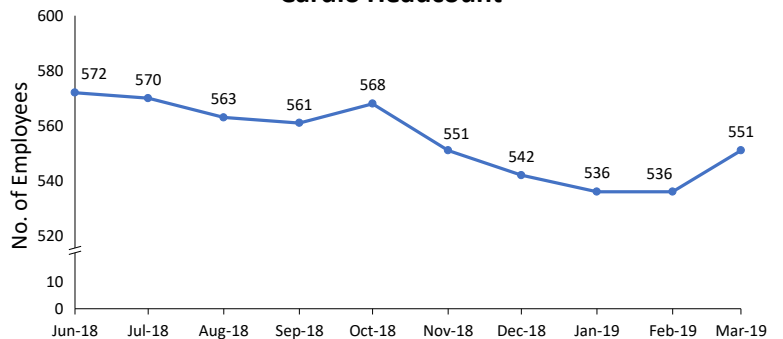
### B. Headcount / Payroll

#### 1. Headcount FTEs: Decreased from 572 to 551 from Jun-18 to Mar-19.

- Cardio has had historical issues with staffing turnover, particularly after Hurricane Maria. For comparison purposes, Cardio had 623 employees at the end of Jul-17, which was pre-Maria.
- The continued loss of staff may eventually put Cardio in a strained position to meet the healthcare needs of its patients. This risk is mitigated by Cardio’s policy to actively replace any vacancies occurring during the current year, and in Mar-19, Cardio hired 15 FTEs to backfill critical nursing vacancies. Despite this, Cardio continues to suffer headcount losses due to a competitive hiring environment for nurses.

#### 2. Payroll: Disbursements are forecast to be \$27.6M for FY19. YTD payroll is \$19.8M.

**Cardio Headcount**



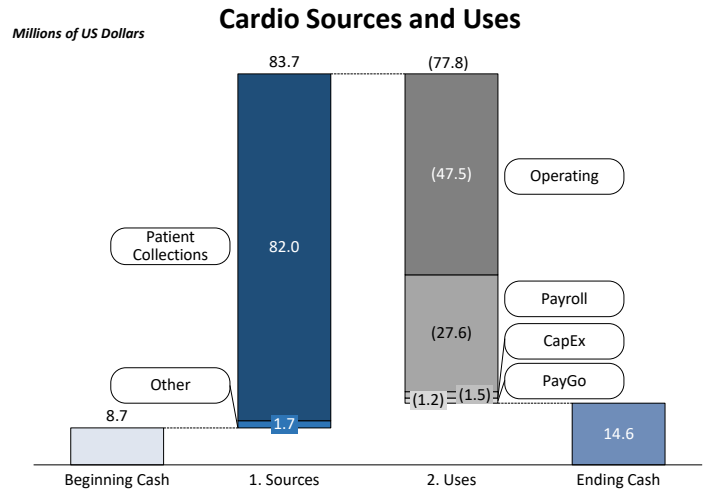
<sup>17</sup> Appendix includes reconciliation between AAFAP reported cash figures and the figures in this report.



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

**C. Full Year FY19 Sources and Uses of Funds**

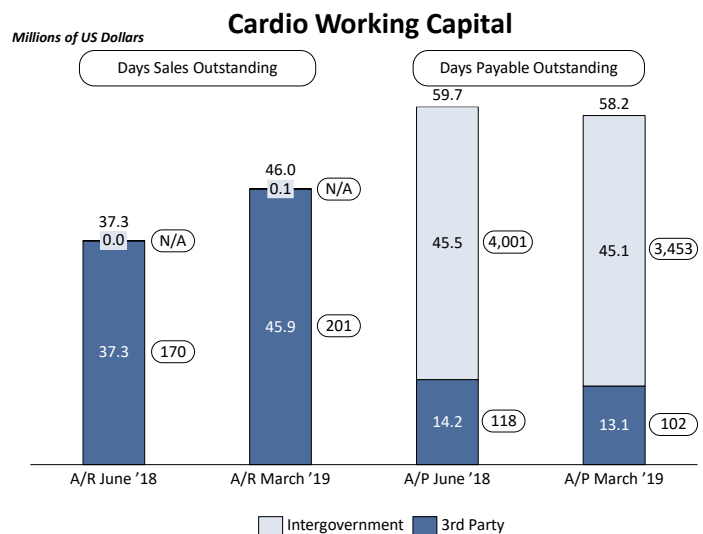
1. Sources \$83.7M:
  - a. \$82.0M, or 98% of sources of funds, is related to patient service collections. The balance of other sources is \$1.7M, consisting of rental receipts of \$1.1M, FEMA funding of \$0.5M, and other income of \$0.1M. Rental receipts are earned from leased office space inside the hospital, primarily to physician tenants.
2. Uses (\$77.8M):
  - a. Operating disbursements total (\$75.1M), with Payroll representing (\$27.6M), purchased services of (\$30.0M), professional fees of (\$7.5M), materials and supplies of (\$4.1M), facilities and payments for public services of (\$4.8M), and other operating expenses of (\$1.1M).
  - b. CapEx is expected to reach (\$1.5M) by the end of FY19.
  - c. PayGo disbursements are expected to be (\$1.2M).



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

**D. Accounts Receivable / Accounts Payable<sup>18</sup>**

1. Accounts Receivable:
  - a. \$8.6M increase from Jun-18 to Mar-19 driven almost entirely by third parties.
  - b. DSO days increased from 170 to 201 as a result of the increase in accounts receivable.
2. Accounts Payable:
  - a. \$1.5M decrease from Jun-18 to Mar-19 driven by a \$1.1M decrease to third party payables.
  - b. DPO days decreased from 118 to 102 as a result of the decrease in accounts payable.
3. Working Capital:
  - a. Changes were unfavorable by \$10.1M, representing 12.8% of FY19 use of cash.



<sup>18</sup> Figures are unaudited and subject to change.

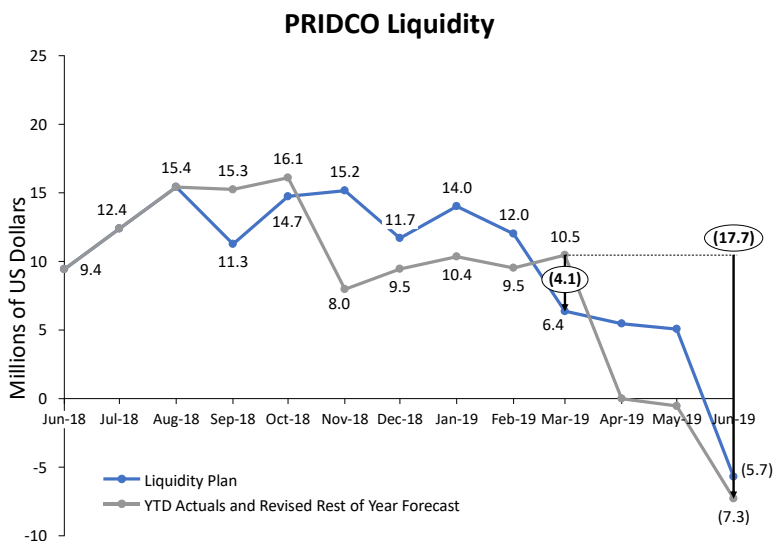
## IX. PUERTO RICO INDUSTRIAL DEVELOPMENT CORPORATION (“PRIDCO”)

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

**Key Takeaways:** Due to the impact of Hurricane Maria, rental receipts in FY19 are impacted to the extent certain properties remain unmarketable or are in less than 100% usable condition, resulting in rent-related concessions. PRIDCO continues to make needed Maria-related repairs and maintenance and received \$2.6M of insurance related receipts during March, leaving approximately \$20.4M in outstanding insurance claims. However, the timing of these inflows are uncertain which may impact liquidity as PRIDCO continues to incur disaster-related expenses. Due to this and taking into account PayGo obligations, PRIDCO continues to forecast a cash deficit for FY19, not including trustee debt service obligations. In the month of November, PRIDCO set aside funding for trustee debt reserve of \$9.1M.

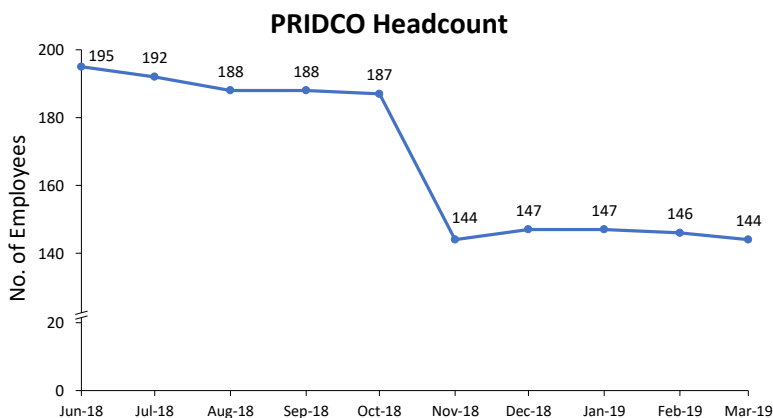
### A. FY19 Operating Liquidity – Actuals<sup>19</sup> vs. Forecast

1. \$4.1M YTD actuals vs. Liquidity Plan:
  - a. (\$1.8M) in operating activity is unfavorable, primarily due to the impact of lower asset sales.
  - b. \$5.3M in PayGo charges; favorable PayGo results YTD are currently projected to be timing. PRIDCO is cash constrained to meet both PayGo and trustee debt reserve requirements.
  - c. \$4.5M timing variance relating to Trustee Debt Reserve, as payments to be set aside were originally forecast on a quarterly basis, however PRIDCO plans to meet the remainder of full obligation in a lump sum by the end of FY19.
  - d. \$1.8M in disaster related activity driven by insurance proceeds, which is a permanent variance to the cash flow forecast.
  - e. \$2.3M CapEx which is timing related.
  - f. (\$7.9M) in Net Transfers between PRIDCO bank accounts, in tandem with transaction adjustments to unsettled bank activity.
2. (\$17.7M) cash burn for the balance of FY19:
  - a. Decline in liquidity is driven by PRIDCO trustee debt reserve (\$9.0M) and remaining PayGo obligation (\$11.8M), offset by \$3.1M liquidity build due to timing of operating activity.



### B. Headcount / Payroll

1. Headcount FTEs: Decreased from 195 to 144 from Jun-18 to Mar-19.
  - a. The large decline in headcount is related to the transfer of 42 employees from PRIDCO’s business development department to DDEC, a related entity providing management services to PRIDCO.
  - b. Additional employee turnover of 6 FTEs has taken place YTD, with no expectation of rehiring the positions during the remainder of FY19.
2. Payroll: Disbursements are forecast to be \$13.1M for FY19. YTD payroll is \$10.4M.
  - a. The yearly run rate is currently in line with the FY19 projection, assuming no further expected changes in headcount.

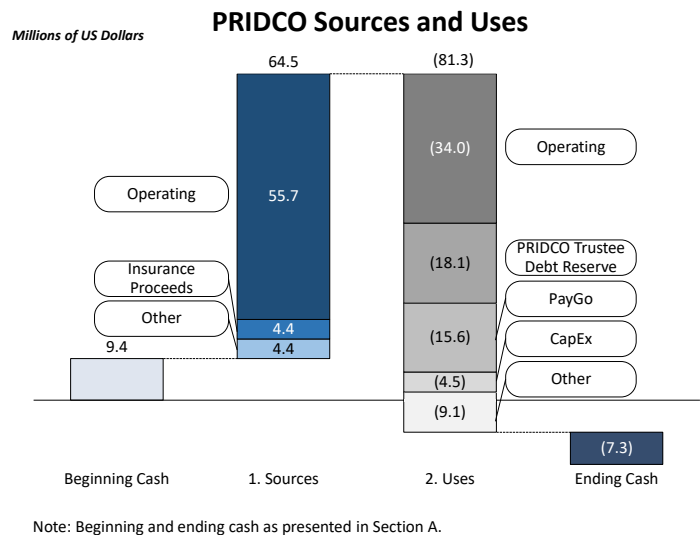


<sup>19</sup> Appendix includes reconciliation between AAFAP reported cash figures and the figures in this report.

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

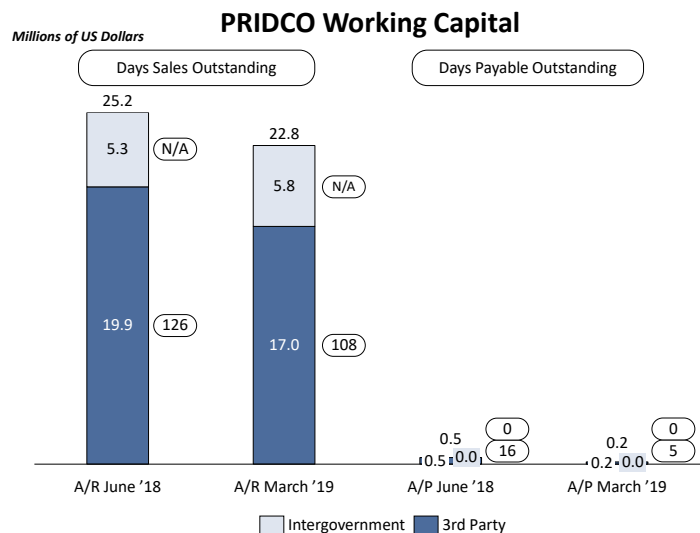
**C. Full Year FY19 Sources and Uses of Funds**

1. Sources \$64.5M:
  - a. Primary sources of cash are operating receipts of \$60.1M consisting of: rental receipts for \$51.7M, asset sales for \$4.0M, and other receipts for \$4.4M.
  - b. \$4.4M in insurance-related disaster proceeds.
2. Uses (\$81.3M):
  - a. Primary uses of cash are operating expenditures of (\$20.8M), payroll and related expenses of (\$13.2M), PRIDCO payments into the trustee debt reserve account of (\$18.1M), PayGo of (\$15.6M), and CapEx of (\$4.5M).
  - b. (\$9.1M) in disaster-related expenses, and other related to net transfers in/out between PRIDCO operating bank accounts.



**D. Accounts Receivable / Accounts Payable<sup>20</sup>**

1. Accounts Receivable:
  - a. \$2.4M decrease from Jun-18 to Mar-19 driven by increased Trustee Rental Receipt collections.
2. Accounts Payable:
  - a. \$0.3M decrease from Jun-18 to Mar-19 driven by a decrease in third party A/P.
3. Working Capital:
  - a. \$2.1M source of cash from Jun-18 to Mar-19 driven by the working capital changes listed above.



<sup>20</sup> Figures are unaudited and subject to change.

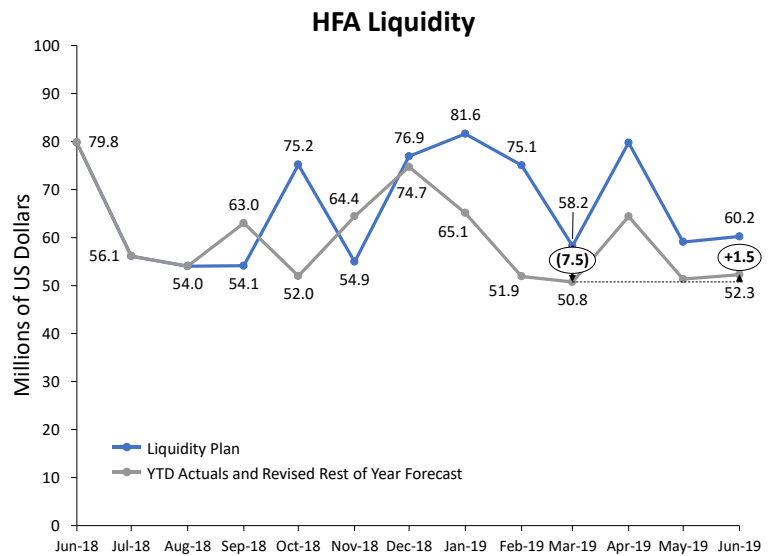
**X. PUERTO RICO HOUSING FINANCE AUTHORITY (“HFA”)**

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

**Key Takeaways:** Month-end Mar-19 cash balance was \$50.8M, while projected Liquidity Plan cash balance as of the same date was \$58.2M. YTD \$29.0M decline in cash is attributed to net balance sheet disbursements in the amount of \$34.7M, partially offset by lower-than-forecast payroll and professional services disbursements, and debt service related payments. While the FY19 Liquidity Plan initially projected cash inflows of \$74.9M in pass-through proceeds from the Community Development Block Grant (“CDBG”) awarded by HUD, the timeline for the distributions of such funds is unclear. The main funds recipient, the Commonwealth of Puerto Rico, has delegated the administering of CDBG grants to the Department of Housing (local/state), and funds have now been reassigned and budgeted for FY20, for approximately \$390.0M, to be held under custody of the Department of Housing. The allocated amount for HFA has not been determined.

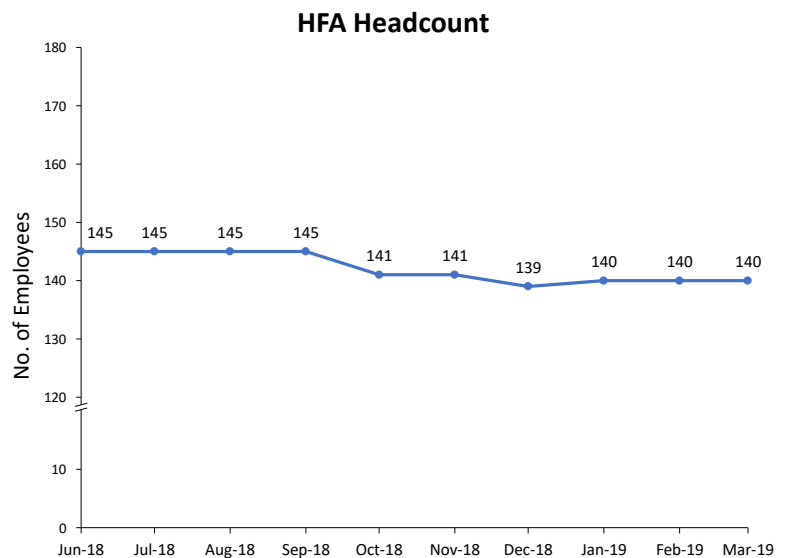
**A. FY19 Operating Liquidity – Actuals<sup>21</sup> vs. Forecast**

1. (\$7.5M) YTD actuals vs. Liquidity Plan:
  - a. Mainly driven by net Federal Fund disbursements (receipts to disbursements) in the amount of \$4.5M, which are timing in nature.
  - b. Intergovernmental receipt actuals reflect YTD unfavorable variances in the amount of \$3.7M.
  - c. Operational disbursement actuals YTD reflect a permanent favorable variance in the amount of \$10.1M, mainly driven by \$2.1M for Payroll, and \$2.5M in Professional Services.
2. HFA expected to remain relatively cash neutral for the balance of FY19.



**B. Headcount / Payroll**

1. Headcount FTEs: Decreased from 145 to 140 from Jun-18 to Mar-19.
  - a. HFA does not expect to hire additional FTEs for the remainder of FY19.
2. Payroll: Disbursements are forecast to be \$8.7M for FY19. YTD payroll is \$5.9M.

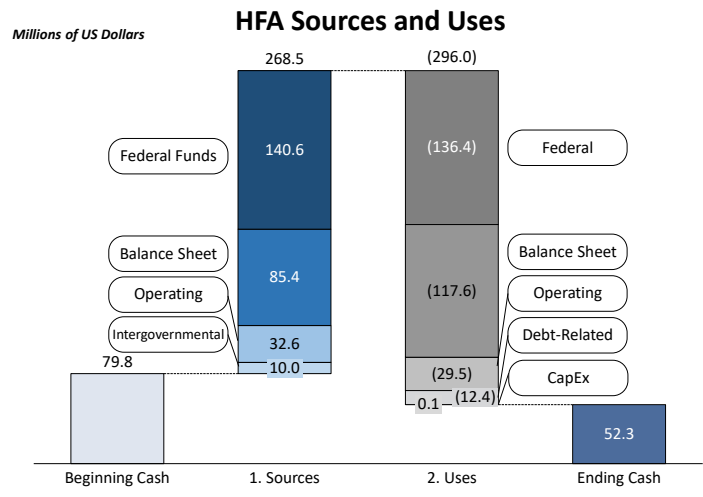


<sup>21</sup> Appendix includes reconciliation between AAFAP reported cash figures and the figures in this report.

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

**C. Full Year FY19 Sources and Uses of Funds**

1. Sources \$268.5M:
  - a. Federal funds receipts are \$140.6M. Funds from HUD will be used to help low-income home buyers either purchase a home or subsidize rent payments. No CDBG funds are expected to flow through the remainder of FY19.
  - b. Balance sheet receipts are \$85.4M, and consist of principal collected on mortgage loans and proceeds from the redemption of investments.
  - c. Operating and intergovernmental receipts are \$42.6M, consisting primarily of Commonwealth appropriations of \$10M, administrative fees of \$6.6M and interest income on loans and investment contracts of \$8.4M.



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

2. Uses (\$296.0M):
  - a. Total disbursements consist of (\$136.4M) in federal funds; balance sheet disbursements of (\$117.6M), which will be used to originate mortgage and construction loans and to purchase investments with the proceeds from maturing T-bills; operating disbursements of (\$29.5M), comprised primarily of payroll, professional services, and federal funds used to fund operations; and debt-related disbursements of (\$12.4M), which consist of (\$9.9M) of principal payments and (\$2.5M) of interest payments, for bonds, notes payable, and lines of credit.

**D. Accounts Receivable / Accounts Payable<sup>22</sup>**

Information not available.

<sup>22</sup> Figures are unaudited and subject to change.

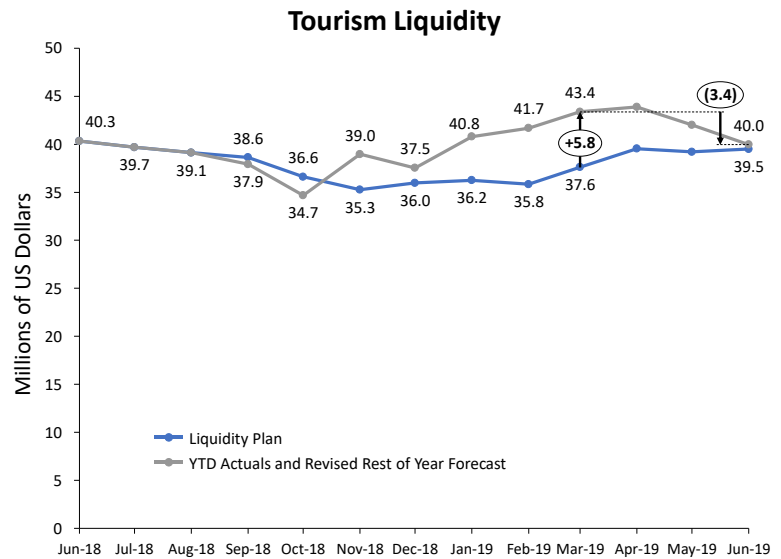
**XI. TOURISM COMPANY OF PUERTO RICO (“Tourism”)**

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

**Key Takeaways:** Month-end cash balance for Mar-19 is \$43.4M. Through its collections from slot machine gambling revenues and room taxes, Tourism funds the entirety of its operations and intergovernmental obligations through various waterfall distributions. Beginning in FY19, Tourism will no longer manage its external marketing campaign, as it is now contracted with a Direct Marketing Organization, or “DMO.” Determined by Act 17 (2017), Tourism can pay up to, but not exceed, (\$25.0M) this fiscal year to the DMO for contracted services.

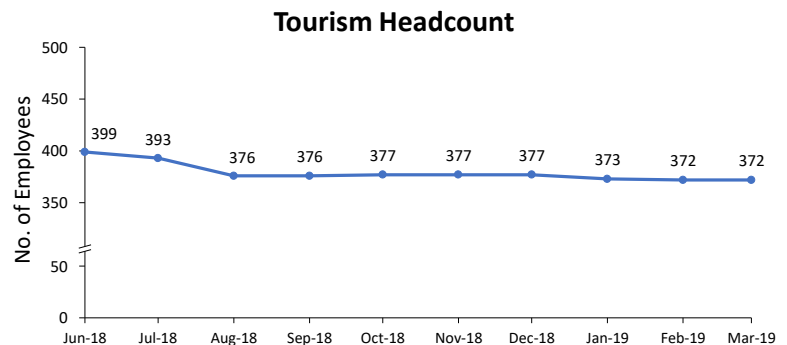
**A. FY19 Operating Liquidity – Actuals<sup>23</sup> vs. Forecast**

1. \$5.8M YTD actuals vs. Liquidity Plan:
  - a. \$22.5M favorable receipts variance driven primarily by \$23.0M permanent variance in slot machine collections due to increasing play from contractors and tourists; improvements in the average hold rate (casino gains from slot machine play); and stricter enforcement against illegal slot machine operations, which is driving local players into more legitimate venues.
  - b. (\$20.2M) unfavorable variance in slot machine waterfall disbursements due to the favorable permanent variance in the collections; disbursements vary directly with slot machine collections: as collections increase, so do the disbursements.
  - c. (\$2.4M) unfavorable permanent variance in media/ad spend is driven primarily by rollover payments on Tourism’s FY18 marketing contract.
  - d. \$2.1M favorable variance in payroll disbursements, of which \$2.0M is expected to be permanent due to wages being over budgeted for FY19.
  - e. \$3.8M favorable variance in other operating expenses driven primarily by a delay in professional services and special events spend due to the uncertainty surrounding Tourism’s budget. Variance is also driven by favorable timing variance of PayGo disbursements, and favorable spend on telephone utilities which was overstated in the Liquidity Plan.
2. (\$3.4M) cash burn for the balance of FY19:
  - a. Tourism expects to disburse an additional (\$2.4M) pertaining to the FY18 marketing contract, which was spend deferred in FY18 due to hurricanes.



**B. Headcount / Payroll**

1. Headcount FTEs: Decreased from 399 to 372 from Jun-18 to Mar-19.
  - a. Reduction in headcount driven primarily by 21 employees participating in Phase II of the VTP departing Tourism effective Aug-18.
2. Payroll: Disbursements are forecast to be (\$20.4M) for FY19. YTD payroll is (\$14.6M).
  - a. Disbursements are forecast to be \$1.3M less than the Certified Budget in FY19.



<sup>23</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

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

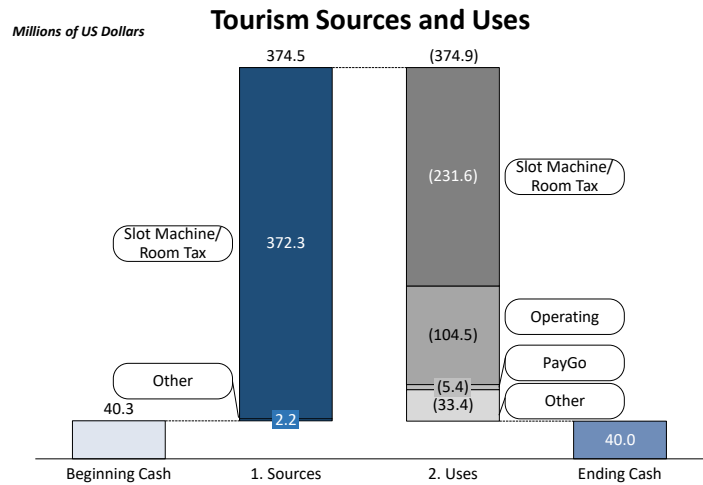
**C. Full Year FY19 Sources and Uses of Funds**

1. Sources \$374.5M:

- a. Tourism’s primary sources of funds are slot machine revenues of \$301.0M, or 80%, and room tax revenues of \$71.3M, or 19%. There is seasonality in the receipt of these funds, which may create temporary timing variances.
- b. Other Receipts total \$2.2M, which consist mostly of fares and/or fines charged by Tourism to local street vendors.

2. Uses (\$374.9M):

- a. Slot machines and room taxes have disbursements per a waterfall: slot machine funds are disbursed to Hacienda, University of Puerto Rico, and casinos; room tax funds are disbursed to the Convention Center and intercompany marketing and promotion funds. Tourism retains leftover funds after waterfall disbursements of (\$225.8M) and (\$5.8M) are made from slot machines and room taxes respectively.
- b. Operating expenses are projected to be (\$104.5M), built from payroll at (\$20.4M), subsidies/incentives at (\$16.9M), media/ads at (\$12.9M), purchased services at (\$10.3M), and other operating and DMO expenses of (\$44.0M).
- c. Tourism has made seven payments totaling (\$3.3M) related to PayGo contributions, which is one monthly payment behind forecast due to timing. FY19 PayGo contributions are expected to total (\$5.4M).
- d. Other disbursements are (\$33.4M), primarily driven by (\$30.3M) in transfers to a restricted account and (\$3.1M) in transfers to the Convention Center.



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

**D. Accounts Receivable / Accounts Payable<sup>24</sup>**

Information not available.

<sup>24</sup> Figures are unaudited and subject to change.

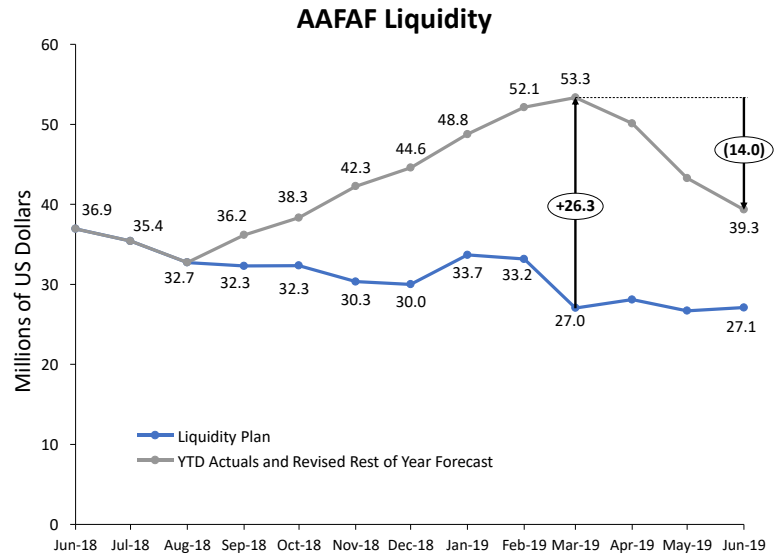
## XII. FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY (“AAFAF”)

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

**Key Takeaways:** AAFAF began FY19 with \$36.9M in cash, building its cash position to \$53.3M as of Mar-19, but this is expected to decline by year end through a catch up in professional service payments. Year-end liquidity is projected to be \$12.3M higher than the Liquidity Plan due to less professional service payments, and an unexpected refund of \$1.3M for an excess payment made in FY18, resulting in a permanent variance.

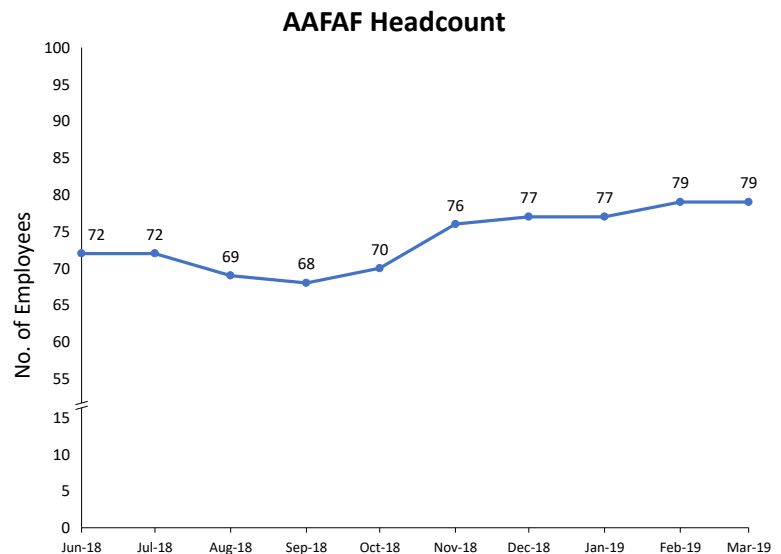
### A. FY19 Operating Liquidity – Actuals<sup>25</sup> vs. Forecast

1. \$26.3M YTD actuals vs. Liquidity Plan:
  - a. \$24.1M favorable professional services variance is the result of timing and delayed invoice processing, expected to partially reverse by end of FY19.
  - b. \$1.7M in other receipts are related to reimbursement of invoices paid to GDB and interest income on deposits, representing a permanent variance to the cash flow forecast.
  - c. \$0.8M in operating activity is driven by a positive variance in facilities payments and purchased services, which are permanent.
  - d. (\$0.4M) in general fund appropriations are a result of timing; these appropriations are expected in April.
2. (\$14.0M) cash burn for the balance of FY19:
  - a. Liquidity decline is due to a partial reversal of a positive timing variance related to professional service fees and expected increases in payroll and related costs as a result of projected headcount increases.



### B. Headcount / Payroll

1. Headcount FTEs: Increased from 72 to 79 from Jun-18 to Mar-19.
  - a. Increase in headcount is expected to continue as AAFAF needs additional personnel to provide fiscal services to various government entities.
2. Payroll: Disbursements are forecast to be \$7.9M for FY19. YTD payroll is \$5.2M.
  - a. The yearly run rate is currently in line with the FY19 projection, assuming changes in headcount move according to plan.



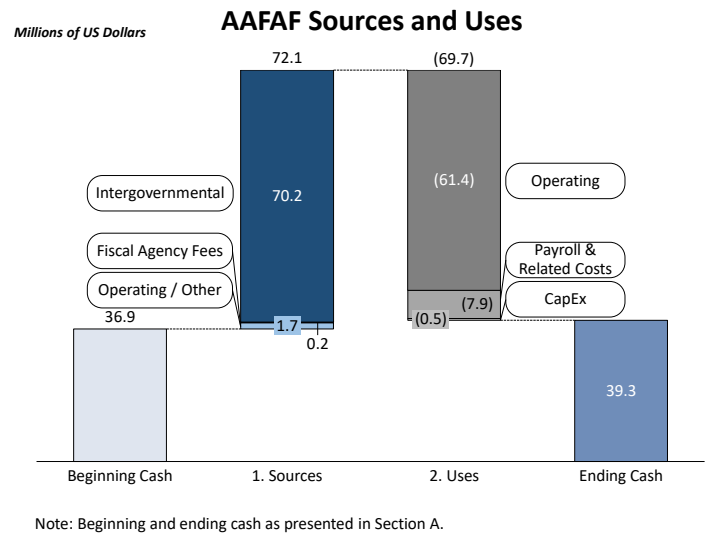
<sup>25</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.



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

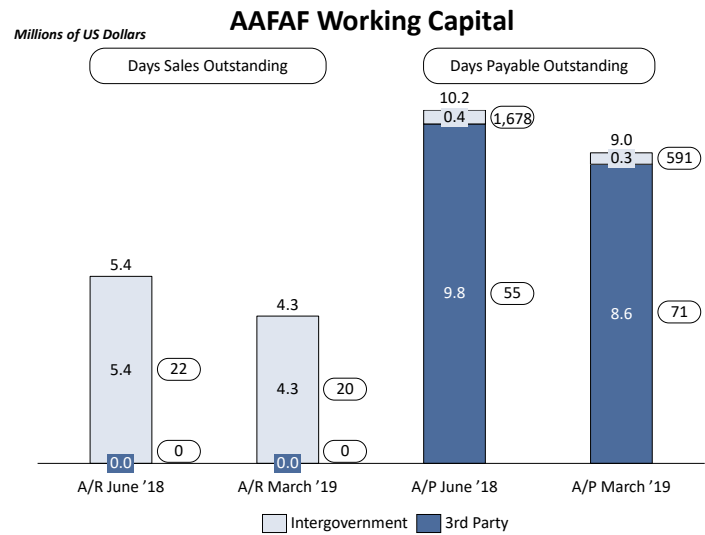
**C. Full Year FY19 Sources and Uses of Funds**

1. Sources \$72.1M:
  - a. \$70.2M in general fund appropriations from the central government are largely being used to administer restructuring efforts and provide financial reporting on behalf of the government.
  - b. \$1.7M in other receipts are due to a refund from GDB for an excess payment in Sep-18, as well as interest income on deposits.
  - c. \$0.2M in Fiscal Agency fees.
2. Uses (\$69.7M):
  - a. (\$61.4M) in operating disbursements, with professional services (\$58.4M) largely consisting of legal, accounting, financial advisory, etc., purchased services totaling (\$2.3M), facilities payments totaling (\$0.3M), and other operating expenses of (\$0.4M).
  - b. (\$7.9M) in payroll and related costs for FY19.
  - c. (\$0.5M) in CapEx for FY19.



**D. Accounts Receivable / Accounts Payable<sup>26</sup>**

1. Accounts Receivable:
  - a. \$1.1M decrease from Jun-18 to Mar-19 driven by increased collections from intergovernmental entities.
2. Accounts Payable:
  - a. \$1.2M decrease from Jun-18 to Mar-19 driven by the pay down of accrued professional service fees.
3. Working Capital:
  - a. \$0.1M use of cash from Jun-18 to Mar-19 driven by the working capital changes listed above.



<sup>26</sup> Figures are unaudited and subject to change.

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

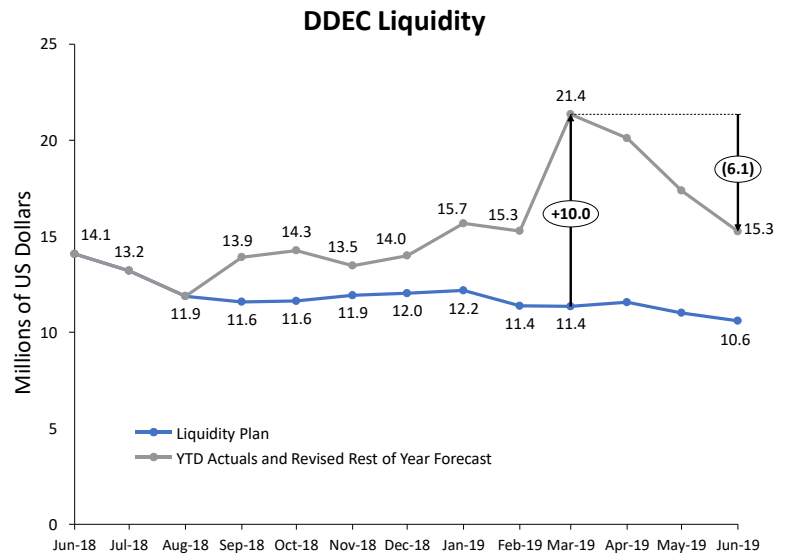
**Primary Business Activity:** DDEC serves as the umbrella agency for key economic development entities in Puerto Rico. It leads efforts to drive competitiveness through structural reforms, promoting private sector investment, and job growth in critical sectors.

**Key Takeaways:** DDEC began FY19 with \$14.1M in cash, and has generated a favorable \$7.3M cash flow, due in large measure to an ongoing consolidation process of several government entities within DDEC. DDEC received cash transfers relating to the consolidation of PRIDCO, OGPE, and OECl totaling \$6.7M YTD. This includes a \$3.1M transfer from PRIDCO for payroll and related costs of transferred employees through year end. In addition, Hacienda transferred \$2.9M to DDEC during the month of March to fund payroll and operating expenses attributable to OGPE and OECl. A total of 186 employees were transferred from these operations. Through year-end, cash favorability from these transfers is expected to reverse due to the higher operating costs of the larger DDEC entity.

#### A. FY19 Operating Liquidity – Actuals<sup>27</sup> vs. Forecast

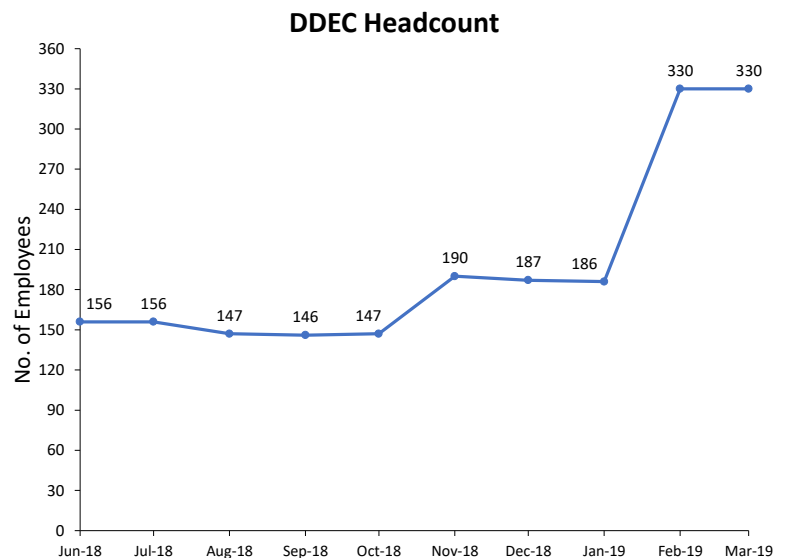
1. \$10.0M YTD actuals vs. Liquidity Plan:

- a. \$6.7M favorable variance in other receipts due to one-time transfers of cash from PRIDCO and Hacienda to DDEC, to support payroll and operating expenses pertaining to OGPE and OECl. Through year end, this favorable contribution to cash is expected to reverse due to increased operating expenses pertaining to larger combined operation.
  - b. \$5.3M in higher operating receipts primarily due to a catch up in Management Fees and increased Act 22 Fees, which have been consistently greater than forecast year to date.
  - c. (\$1.0M) general fund appropriations due to timing.
  - d. (\$0.5M) in net federal funding activity which is timing related.
  - e. (\$0.5M) in operating disbursements to support higher receipts and new employees reported under the DDEC umbrella.
2. (\$6.1M) cash burn for the balance of FY19:
- a. Forecast cash reduction is due to the expected catch up in payroll and operating payments relating to the inflows from both PRIDCO and Hacienda, in addition to increasing donations and investments expected during the final quarter of FY19 to promote redevelopment and growth on the Island.



#### B. Headcount / Payroll

1. Headcount FTEs: Increased from 156 to 330 from Jun-18 to Mar-19.
  - a. The increase in headcount is due to the transfer of 42 employees from PRIDCO, 132 employees from OGPE, and 12 employees from OECl as a result of DDEC consolidation. General employee turnover and VTP has lowered the headcount down to 330 from a baseline of 342.
  - b. Over the coming months, headcount is expected to increase as other entities begin reporting under DDEC.
2. Payroll: Disbursements are forecast to be \$14.5M for FY19. YTD payroll is \$11.6M.
  - a. Current payroll run rate is in line with forecast; however, year-end payroll is expected to increase due to new FTEs added as part of the DDEC consolidation.

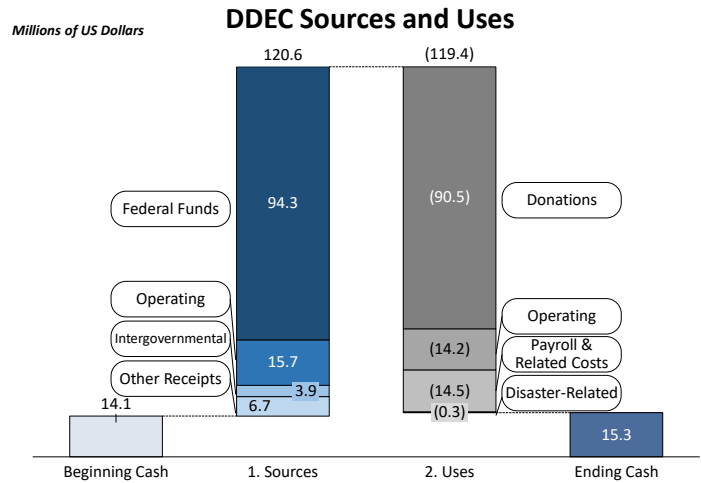


<sup>27</sup> Appendix includes reconciliation between AAFAP reported cash figures and the figures in this report.

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

**C. Full Year FY19 Sources and Uses of Funds**

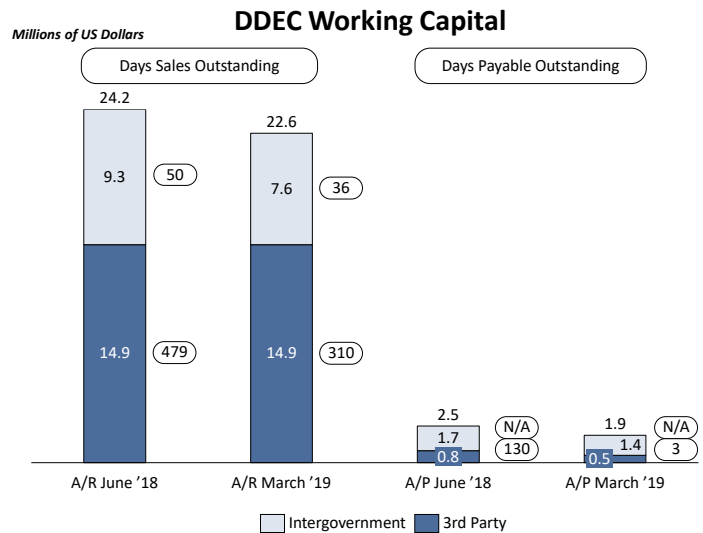
1. Sources \$120.6M:
  - a. Federal grants represent \$94.3M, or 78.2%, of total receipts, which are used for redevelopment efforts on the Island.
  - b. Operating receipts are \$15.7M, or 13.0% of total receipts, which have increased from \$11.9M to account for a greater management fee owed to DDEC and increased Act 22 fees.
  - c. Intergovernmental receipts are \$3.9M, or 3.2% of total receipts.
  - d. Other receipts account for \$6.7M, or 5.6% of total receipts, which relate to cash transferred from PRIDCO and Hacienda to pay for newly transferred employees and other operating costs.
2. Uses (\$119.4M):
  - a. Donations, subsidies, and distributions represent (\$90.5M), or 75.7%, of total disbursements, which are provided to local areas for redevelopment and to the citizens through the WIOA.
  - b. Payroll and related costs increased to (\$14.5M), or 12.1%, of total disbursements, from \$10.7M to account for the current FY19 run rate and newly added employees.
  - c. Operating expenses of (\$14.4M), or 12.2%, primarily consist of professional and purchased services of (\$6.1M), contributions to nongovernmental entities of (\$1.8M), and additional operating expenses of (\$6.5M) to account for reporting of OGPE and OEI.



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

**D. Accounts Receivable / Accounts Payable<sup>28</sup>**

1. Accounts Receivable:
  - a. \$1.6M decrease from Jun-18 to Mar-19 driven by the catch up in Management fees owed to DDEC.
2. Accounts Payable:
  - a. \$0.6M decrease from Jun-18 to Mar-19 driven by greater payments relating to professional services.
3. Working Capital:
  - a. \$1.0M source of cash as a result of the changes detailed above.



<sup>28</sup> Figures are unaudited and subject to change.

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

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

**Key Takeaways:** CCDA has experienced a decline in YTD liquidity due to a one-time insurance payment of \$3.8M during the month of January, representing a permanent variance to the cash flow forecast. Timing of this payment was unknown at the beginning of FY19; thus, it was not included in the original Liquidity Plan. Future decline in liquidity for the remainder of the year is primarily related to additional CapEx projects undertaken during the fiscal year. CCDA has already surpassed the FY19 approved revenue budget, and will continue to increase expenses in order to generate incremental revenue from events hosted at its managed venues.

**A. FY19 Operating Liquidity – Actuals<sup>29</sup> vs. Forecast**

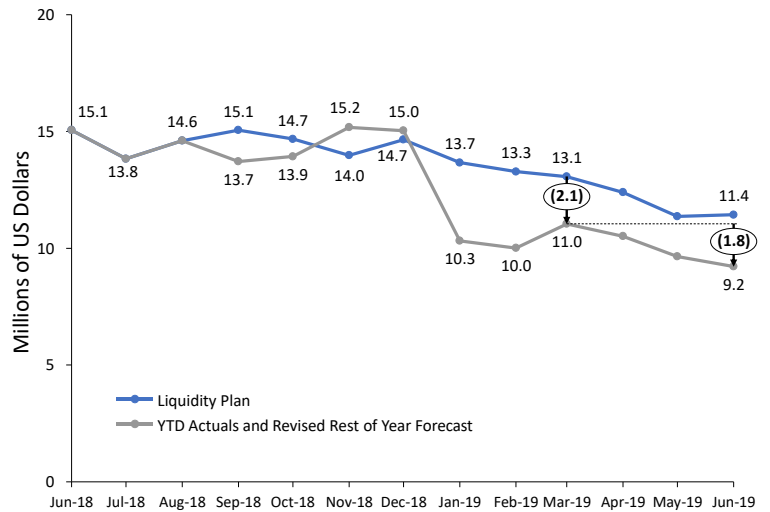
1. (\$2.1M) YTD actuals vs. Liquidity Plan:

- a. \$2.3M favorable variance related to an increased number of events taking place in the PR Coliseum and Convention Center.
- b. \$1.1M in disaster-related reimbursement receipts for expenses incurred in FY18, which is a permanent variance to the cash flow forecast.
- c. (\$3.8M) in purchased services due to delayed insurance payments as a result of the previous provider of property insurance becoming insolvent. This is a permanent variance to the cash flow forecast.
- d. (\$2.1M) relating to CapEx due to the completion of projects from both FY18 and FY19 not included in the cash flow forecast. FY18 projects not completed were pushed into FY19, and new projects have been added during the fiscal year.
- e. \$0.5M variance due to non-operating transfers that fund specific CapEx projects.

2. (\$1.8M) cash burn for the balance of FY19:

- a. Q4 FY19 Tourism Room Tax receipt was shifted out of FY19 due to timing; the expected receipt date is Q1 FY20. This is the result of historical practice, where Tourism makes prior Q4 FY19 and current Q1 FY20 payments together.
- b. Further reductions in liquidity are expected due to completion of future, unaccounted-for CapEx projects.

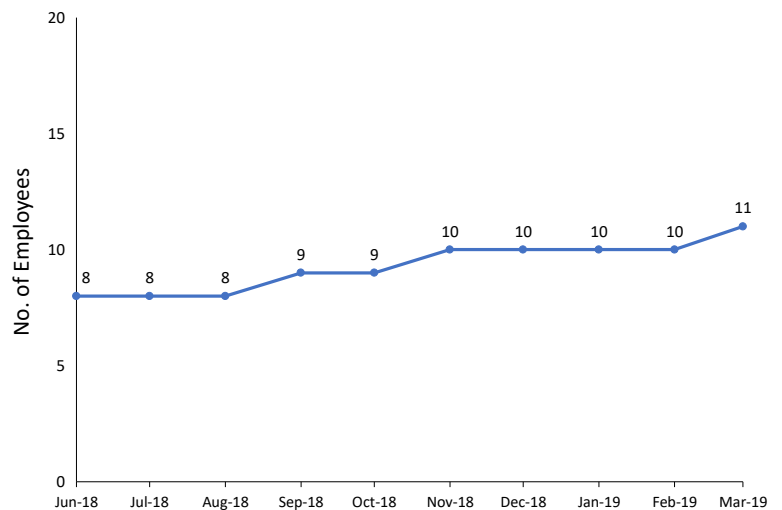
**CCDA Liquidity**



**B. Headcount / Payroll**

- 1. Headcount FTEs: Increased from 8 to 11 from Jun-18 to Mar-19.
  - a. CCDA has increased its headcount by 3 since Jun-18, as expected in the budget. These hires are all in the areas of accounting and operations.
- 2. Payroll: Disbursements are forecast to be \$1.0M for FY19. YTD payroll is \$0.7M.
  - a. The yearly run rate is in line with the FY19 projection for payroll.

**CCDA Headcount**

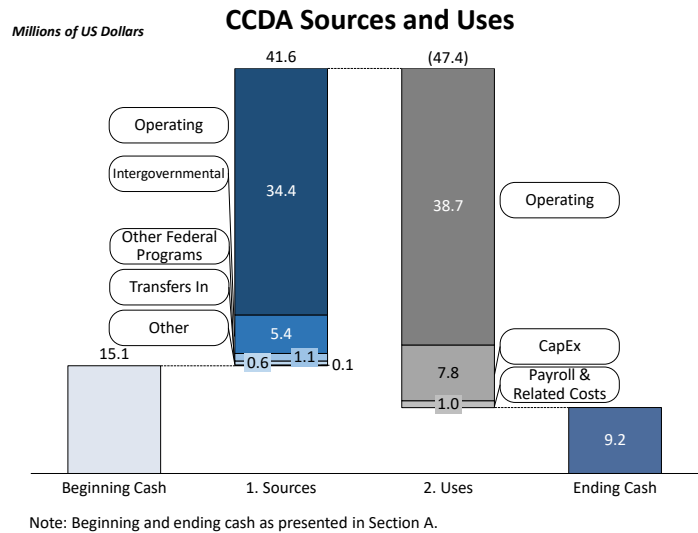


<sup>29</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

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

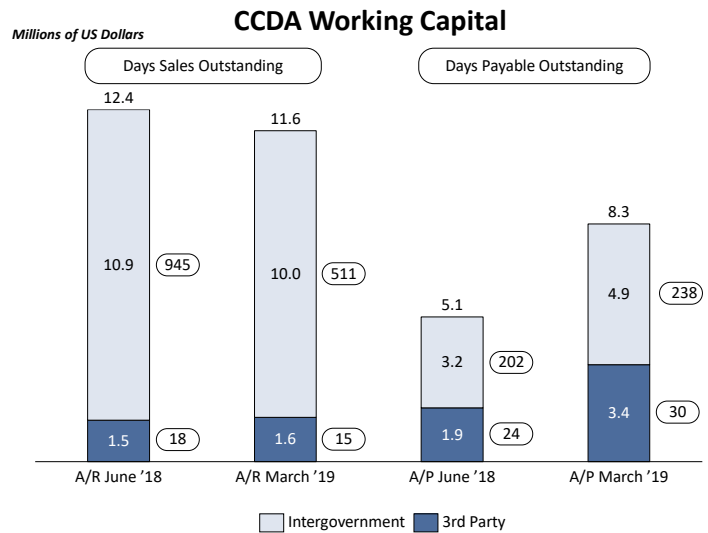
**C. Full Year FY19 Sources and Uses of Funds**

1. Sources \$41.6M:
  - a. Operating receipts total \$34.4M, consisting of income from the PR Coliseum, the Convention Center, and other rental income.
  - b. Intergovernmental receipts make up \$5.4M of total sources of funds, which relates to room tax payments made to CCDA by the Tourism Company of Puerto Rico.
  - c. Disaster-related and other receipts account for \$1.1M and \$0.1M of total receipts, respectively.
  - d. Transfers from restricted accounts to fund CapEx has provided a net source of cash totaling \$0.6M.
2. Uses (\$47.4M):
  - a. Operating expenses combine to (\$38.7M), with purchased services and facilities payments accounting for (\$37.6M) of total operating expenditures.
  - b. CapEx is (\$7.8M), and is utilized for maintaining the quality of owned assets on the Island.
  - c. Payroll and related costs for FY19 are (\$1.0M).



**D. Accounts Receivable / Accounts Payable<sup>30</sup>**

1. Accounts Receivable:
  - a. \$0.7M decrease from Jun-18 to Mar-19 driven by collection of outstanding PR Coliseum receipts.
2. Accounts Payable:
  - a. \$3.3M increase from Jun-18 to Mar-19 driven by greater need for purchased services to supporter higher revenue.
3. Working Capital:
  - a. \$4.0M source of cash as a result of the working capital changes listed above.



<sup>30</sup> Figures are unaudited and subject to change.

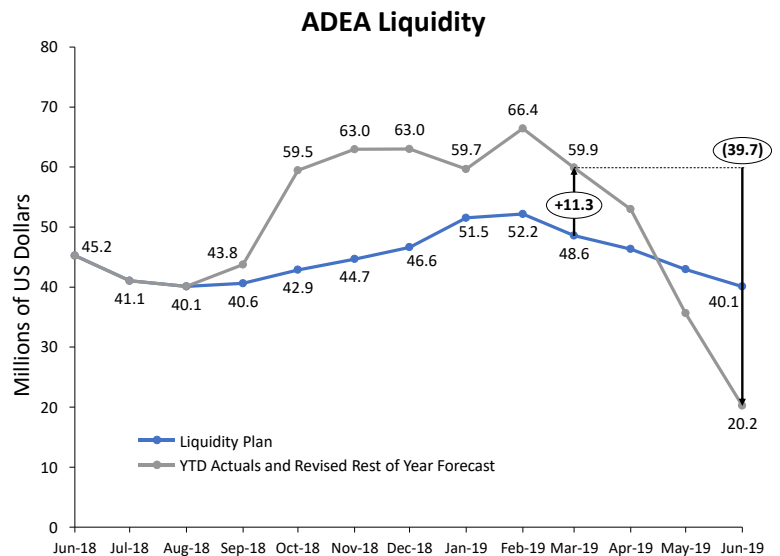
**XV. PUERTO RICO ADMINISTRATION FOR THE DEVELOPMENT OF AGRICULTURAL ENTERPRISES (“ADEA”)**

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

**Key Takeaways:** ADEA generated \$14.7M in net cash flow FY19 through March, and ended the period with a \$59.9M cash balance. YTD cash flow is \$11.3M higher than forecast. Positive variance is primarily due to collections of prior years’ A/R earlier in the year from the Department of Education related to the school cafeteria program. ADEA projects to end FY19 with a \$20.3M cash balance, with Q4 cash burn driven by a \$19.8M investment in rural infrastructure and \$14.8M in farmer incentive and subsidy payments.

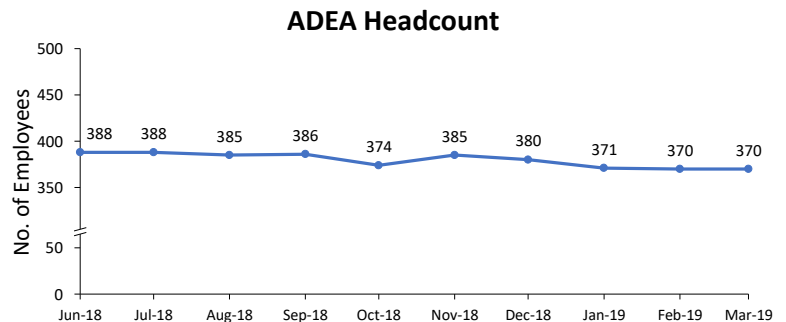
**A. FY19 Operating Liquidity – Actuals<sup>31</sup> vs. Forecast**

1. \$11.3M YTD actuals vs. Liquidity Plan:
  - a. \$41.7M favorable variance related to operating receipts, \$22.9M of which is permanent. \$16.9M of the permanent variance is due to collection on prior-year receivables from the Department of Education that were not forecast. The remaining \$6.0M of the permanent variance is related to a refund on prior allocations to HTA for rural infrastructure projects. HTA was set to perform those projects on behalf of DTOP, but those plans were subsequently revised and ADEA will be assuming control over those projects and making disbursements over time.
  - b. (\$0.3M) variance related to intergovernmental receipts, expected to reverse in FY19.
  - c. \$1.5M in permanent variance due to insurance proceeds.
  - d. (\$31.6M) variance in operating disbursements, primarily driven by PayGo (\$2.7M), other vendor expenses (\$15.7M), other operating expenditures (\$12.6M), and other expenses (\$4.8M). Timing of these disbursements are tied to improved A/R collections mentioned above. These are somewhat offset by a \$3.2M timing delay in incentive and subsidy payments, as well as a \$1.0M permanent payroll variance.
2. (\$39.7M) cash burn for the balance of FY19:
  - a. \$33.3M forecast in total receipts led by \$16.2M in operating receipts and \$17.1M in intergovernmental receipts. Forecasted operating receipts are driven by \$13.4M in coffee market making operations, \$2.3M in school cafeteria programs, and \$0.5M in other receipts.
  - b. (\$73.0M) forecast in total disbursements, led by other operating expenses (\$22.0M), incentives and subsidy programs (\$14.8M), PayGo expenses (\$4.9M), payroll (\$4.8M), and (\$6.7M) in other expenses. Additionally, ADEA is projecting (\$19.8M) in rural infrastructure spending, which includes (\$16.0M) in new investments not previously forecast.



**B. Headcount / Payroll**

1. Headcount FTEs: Decreased from 388 to 370 from Jun-18 to Mar-19.
  - a. Drop in headcount is attributable to the VTP program.
2. Payroll: Disbursements are forecast to be \$15.2M for FY19. YTD payroll is \$10.4M.
  - a. YTD ADEA has a \$0.9M favorable variance in payroll expenses.

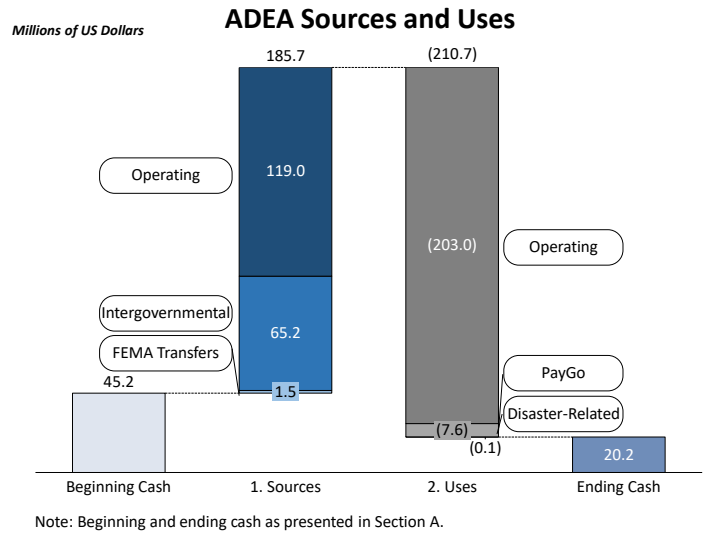


<sup>31</sup> Appendix includes reconciliation between AAFAP reported cash figures and the figures in this report.

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

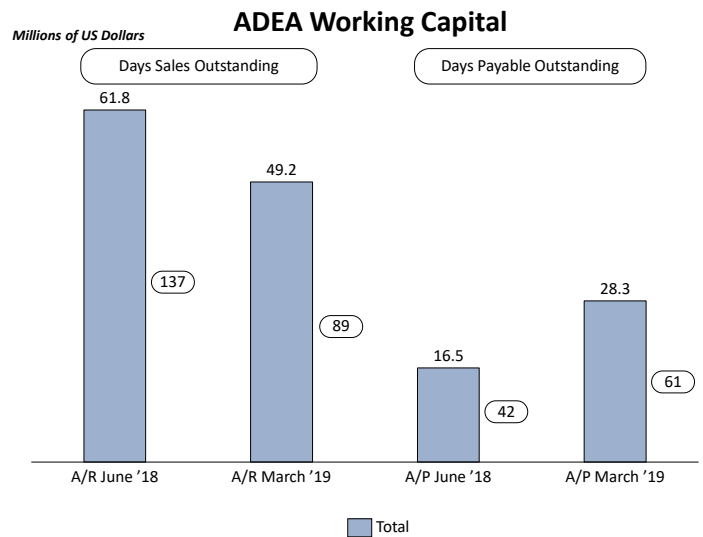
**C. Full Year FY19 Sources and Uses of Funds**

1. Sources \$185.7M:
  - a. \$119.0M in operating receipts, comprised of \$60.0M in coffee market making operations, \$49.3M in school cafeteria programs, and \$9.7M in other receipts, inclusive of \$6.0M in refunds from HTA.
  - b. \$65.2M in intergovernmental transfers.
  - c. \$1.5M in insurance proceeds.
2. Uses (\$210.7M):
  - a. (\$203.1M) in operating disbursements include (\$82.5M) of other operating expenses, payroll of (\$15.2M), incentives and subsidy programs of (\$47.9M), other vendor payments of (\$24.6M), rural infrastructure spending of (\$28.9M), and facilities and payments to public services of (\$1.2M). Other expenses, including pass-through disbursements tied to government programs, are (\$2.8M).
  - b. (\$7.6M) in PayGo charges. YTD spend is \$2.7M.



**D. Accounts Receivable / Accounts Payable<sup>32</sup>**

1. Accounts Receivable:
  - a. \$12.6M decrease from Jun-18 to Mar-19 driven primarily by collection of prior-year receivables related to the school cafeteria program from the Department of Education.
  - b. DSO days decreased from 137 in Jun-18 to 89 in Mar-19.
2. Accounts Payable:
  - a. \$11.8M increase from Jun-18 to Mar-19.
  - b. DPO increased in the same time period from 42 to 61 days.
3. Working Capital:
  - a. The change in net working capital from Jun-18 to Mar-19 was \$24.4M due primarily to collections on A/R from the Department of Education and extending vendor payables.



<sup>32</sup> Figures are unaudited and subject to change.

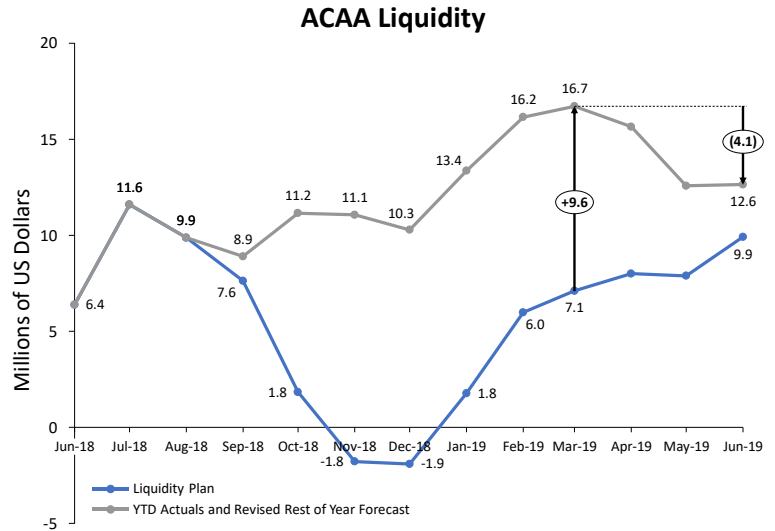
**XVI. AUTOMOBILE ACCIDENT COMPENSATION ADMINISTRATION (“ACAA”)**

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

**Key Takeaways:** ACAA continues to build cash driven primarily by timing of claims related disbursements, which have been below the projected budget that was derived by actuarial analysis. This timing difference is expected to reverse, in part, during Q4 of FY19, as these disbursements are expected to offset monthly premiums that ACAA has been collecting. Changes in headcount are a result of VTP, and is expected to remain constant through the remainder of FY19.

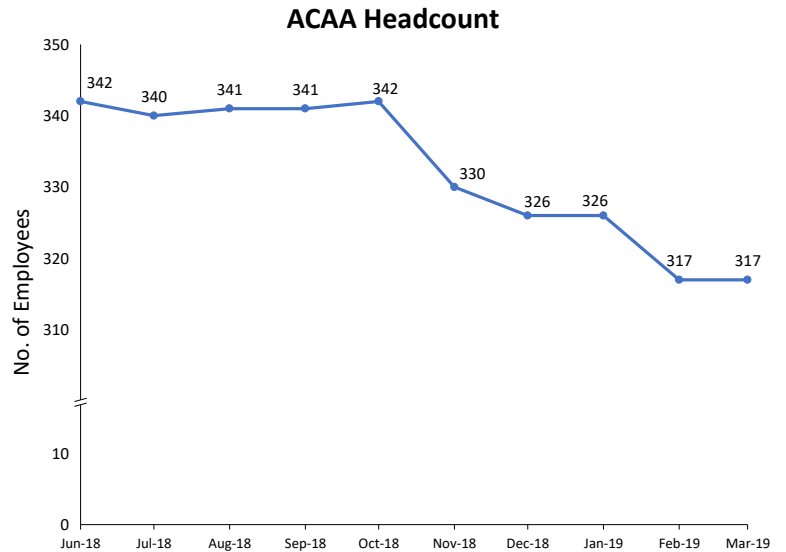
**A. FY19 Operating Liquidity – Actuals vs. Forecast**

1. \$9.6M YTD actuals vs. Liquidity Plan:
  - a. \$6.4M operating receipts, which represents a permanent variance as a result of higher driver registrations than originally forecast.
  - b. \$2.8M operating disbursements, driven by \$2.6M in claims-related disbursements and \$0.2M in contributions to government entities, which are due to timing.
  - c. \$0.3M in payroll and PayGo disbursements, which are due to timing.
2. (\$4.1M) cash burn for the balance of FY19:
  - a. Decline in FY19 liquidity is due to the reversal of timing disbursements related to Insurance Claims, Payroll, and PayGo.



**B. Headcount / Payroll**

1. Headcount FTEs: Decreased from 342 to 317 from Jan-19 to Mar-19.
  - a. Headcount has decreased due to the implementation of VTP1 and VTP3.
2. Payroll (including PayGo): Disbursements are forecast to be \$32.1M for FY19. YTD payroll including PayGo is \$23.6M.
  - a. YTD run rate for Payroll and PayGo are in line with FY19 forecast.

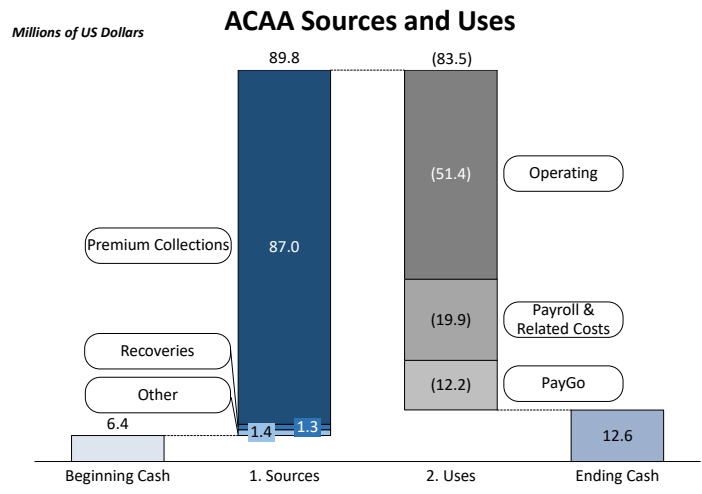




**XVI. AUTOMOBILE ACCIDENT COMPENSATION ADMINISTRATION (“ACAA”) (Continued)**

**C. Full Year FY19 Sources and Uses of Funds**

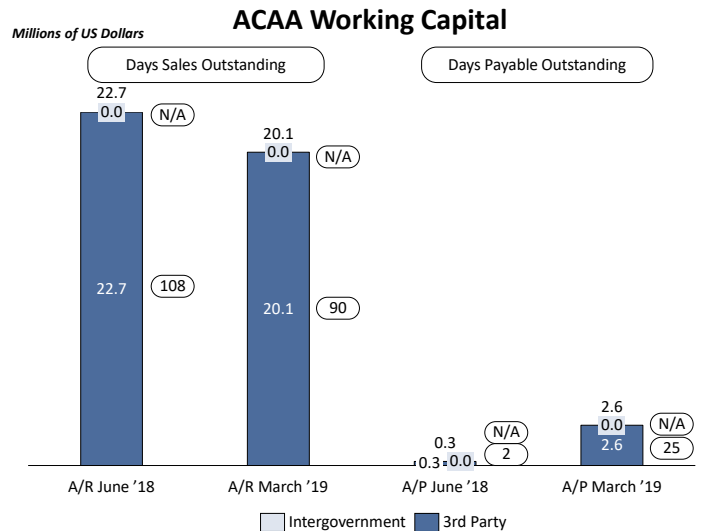
1. Sources \$89.8M:
  - a. \$87.1M insurance premium collections, representing 96.9% of total sources of cash.
  - b. \$1.4M other operating receipts, representing 1.6% of total sources of cash.
  - c. \$1.3M in insurance recoveries, representing 1.5% of total sources of cash.
2. Uses (\$83.5M):
  - a. (\$51.3M) operating expenses, which consists of (\$39.9M) in claims-related disbursements and contributions to other government entities, (\$5.6M) in purchased services, (\$2.3M) in advertising costs, and (\$3.3M) in additional operating expenses.
  - b. (\$19.9M) Payroll and Related Costs for 317 ACAA employees.
  - c. (\$12.2M) PayGo disbursements for retirement of previous employees.



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

**D. Accounts Receivable / Accounts Payable**

1. Accounts Receivable:
  - a. \$2.6M decrease from Jun-18 to Mar-19 driven by increased collection of Recoveries and Insurance Premiums.
2. Accounts Payable:
  - a. \$2.3M increase from Jun-18 to Mar-19 driven by payments due to PayGo, ASEM, and Insurance Investigators.
3. Working Capital:
  - a. \$4.9M source of cash as a result of the working capital changes listed above.



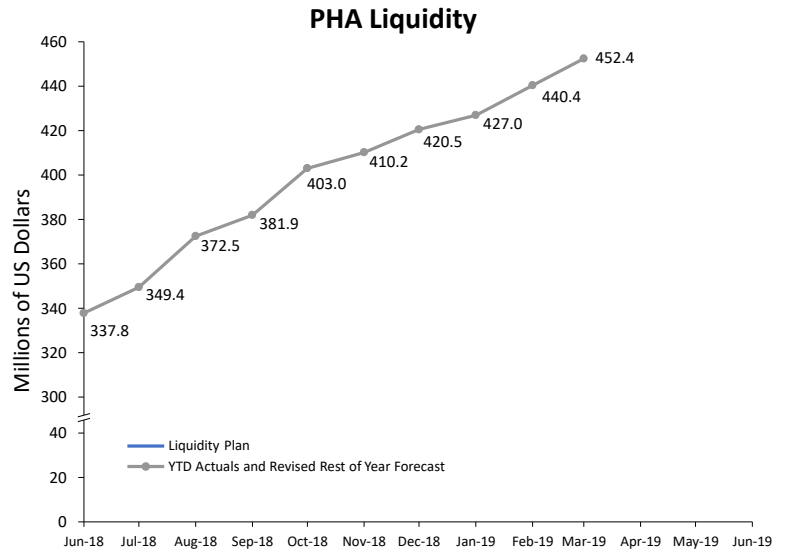
**XVII. PUBLIC HOUSING ADMINISTRATION (“PHA”)**

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

**Key Takeaways:** PHA has recently been incorporated in the Component Unit monthly liquidity reports. PHA has \$452.4M in cash, the vast majority of which is earmarked for housing programs funded by Federal programs from HUD. It is anticipated that PHA’s cash position will begin to decline in the latter part of the fiscal year as it continues to fund HUD-sponsored projects.

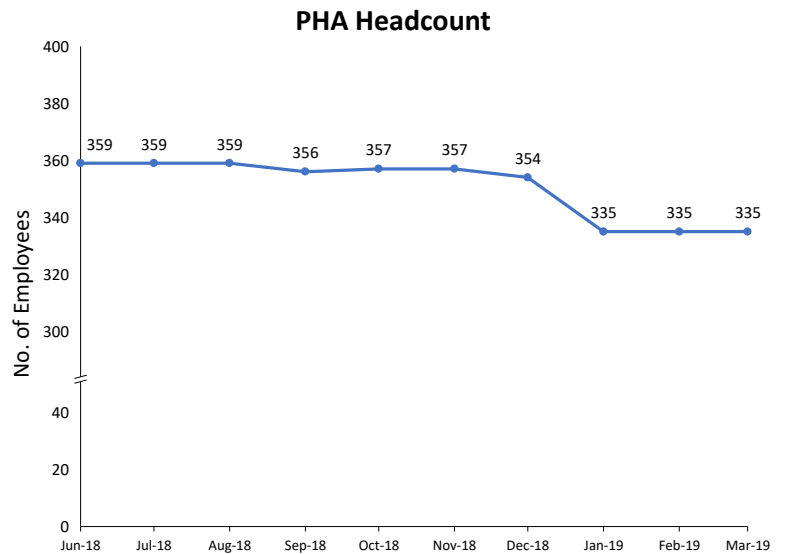
**A. FY19 Operating Liquidity – Actuals<sup>33</sup> vs. Forecast**

1. \$323.6M YTD actuals vs. Liquidity Plan:
  - a. \$311.4M from federal funds and other income.
  - b. \$12.2M from tenant income.



**B. Headcount / Payroll**

1. Headcount FTEs: Decreased from 359 to 334 from Jun-18 to Mar-19.
  - a. Decrease is mainly driven by VTP.
2. Payroll: FY19 disbursements forecast is unavailable for FY19. YTD payroll is \$52.2M.
  - a. \$38.6M in payroll and \$13.4M and \$0.2M in PayGo and Christmas bonuses, respectively.



<sup>33</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

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

**C. Full Year FY19 Sources and Uses of Funds**

1. Sources:

a. Federal funds and other income:

1. Capital Fund Program – CFDA 14.872 provides financial assistance to carry out capital and management activities, such as modernization, development, financing, vacancy reduction, maintenance, demolition, relocation, security, homeownership, energy efficiency, legal, and other eligible activities.
2. Public Housing – CFDA 14.850 provides and operates cost-effective, decent, safe, and affordable housing for lower income families.
3. HOPE VI – CFDA 14.866 is the Demolition and Revitalization of Severely Distressed Public Housing.

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**D. Accounts Receivable / Accounts Payable<sup>34</sup>**

Information not available.

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<sup>34</sup> Figures are unaudited and subject to change.

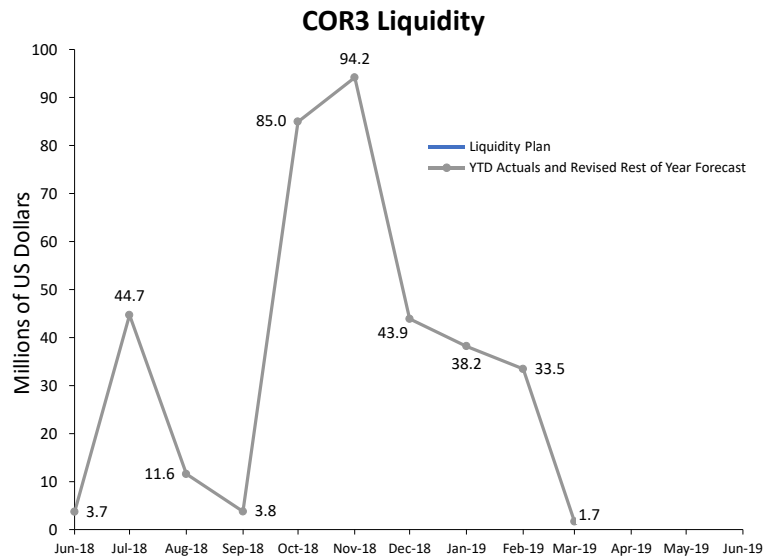
**XVIII. CENTRAL OFFICE FOR RECONSTRUCTION AND RECOVER OF PUERTO RICO (“COR3”)**

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

**Key Takeaways:** COR3 was recently incorporated into the monthly Component Unit Liquidity Report, and the preliminary FY19 Liquidity Plan is under revision. Entities obtain recovery funds by first petitioning COR3 and FEMA through the use of Project Worksheets. These are submitted to COR3 and FEMA along with supporting and required documentation, and once approved, FEMA will reimburse invoiced projects through COR3, with COR3 acting as a disbursing agent to the petitioning entity. Currently, FEMA operates on a reimbursement basis, which presents a challenge for certain entities facing financial hardship that cannot meet the upfront costs of reconstruction. To address this issue, COR3 has communicated that going forward, certain projects may be allowed to operate on an advance basis, to be determined case by case. Mar-19 YTD, COR3 has disbursed \$2.0B through the Commonwealths’ instrumentalities, component units, and municipalities. COR3 management expects additional pass-through FEMA receipts and transfers in the amount of approximately \$1.5B for the remainder of FY19.

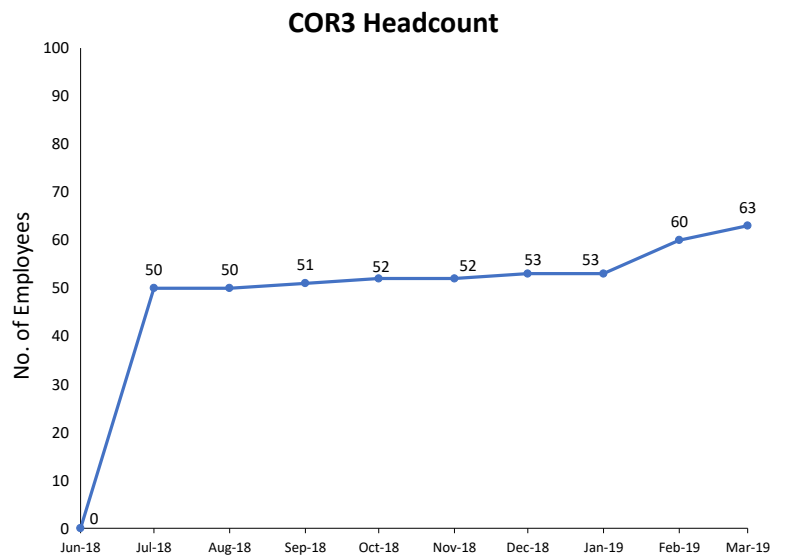
**A. FY19 Operating Liquidity – Actuals<sup>35</sup> vs. Forecast**

- 1. YTD actuals vs. Liquidity Plan:
  - a. COR3 maintains a cash neutral operation, being itself a pass-through entity.



**B. Headcount / Payroll**

- 1. Headcount FTEs: Increased from 50 to 63 from Jun-18 to Mar-19.
  - a. Established for hurricane recovery and reconstruction, COR3 has been actively recruiting professionals. Continued buildup of human resources is expected as COR3 infrastructure.
- 2. Payroll: Disbursements are forecast to be \$2.8M for FY19. YTD payroll is \$2.0M.
  - a. AAFAF currently handles COR3’s payroll cost. However, the net payroll cost included in the Cash Flow Model is specific to COR3, which in turn will be invoiced by AAFAF for reimbursement.
  - b. Payroll figures included in the COR3 Cash Flow Model exclude employer contributions that would ultimately need be reimbursed to AAFAF, and understate current payroll cost.



<sup>35</sup> Appendix includes reconciliation between AAFAF reported cash figures and the figures in this report.

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

### **C. Full Year FY19 Sources and Uses of Funds**

1. Sources:
    - a. FEMA Public Assistance Program.
    - b. FEMA State Management Costs.
  2. Uses:
    - a. FEMA’s Public Assistance grant program provides federal assistance to government organizations and certain nonprofit organizations, following a Presidential disaster declaration, so that communities can respond to and recover from major disasters.
    - b. State Management costs essentially cover the costs of managing or administering FEMA Public Assistance programs which are not covered by the percentage allowance, and include all other “direct grant administration costs” of the grantee that are consistent with the Federal guidance.
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### **D. Accounts Receivable / Accounts Payable<sup>36</sup>**

1. Accounts Receivable:
  - a. COR3 does not operate in trade as a business unit, and thus does not accrue third party receivables. FEMA-related transfers in and drawdowns pertain specifically to FEMA-approved sub-applicant Project Worksheets, once validation and approval has been granted.
2. Accounts Payable:
  - a. COR3 does accrue certain third party payables as it has retained various firms and professional services. However, these are funded from allowable and approved FEMA indirect costs either from the FEMA Public Assistance or through the State Management Costs program. These contracted professional services are FEMA approved through the Project Worksheet process, similar to the Disaster Recovery-related projects.
  - b. FEMA related transfers-out are disbursed in general terms as follows:
    1. Average time of up to 5 days for small projects (defined as <\$123K).
    2. Average time of up to 20 days for up to 75% of reimbursement on major projects (defined as >\$123K). The last 25% of reimbursement on large projects varies from project to project and may take several weeks up to several months.
    3. Once FEMA releases funds to COR3, it typically takes 1–3 days before COR3 passes funds to entity.
3. Working Capital:
  - a. Information not available.

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

**APPENDIX A: RECONCILIATION BETWEEN MARCH 2019 AAFAP REPORTED FIGURES<sup>37</sup> AND THE FIGURES IN THIS REPORT<sup>38</sup>**

Millions of US Dollars

COMPONENT UNIT	AAFAF Reported Balance	Actual Balance 3/29/19	Variance	Variance due to:	
				Timing	Nonoperational Accounts
PUERTO RICO PORTS AUTHORITY ("PORTS") (a)	34.2	29.6	4.6	-	4.6
MEDICAL SERVICES ADMINISTRATION ("ASEM") (b) (c)	38.3	19.6	18.7	1.8	16.9
PUERTO RICO INTEGRATED TRANSIT AUTHORITY ("PRITA") (d)	13.0	20.3	(7.3)	(0.0)	(7.3)
STATE INSURANCE FUND CORPORATION ("FONDO") (b)	285.8	285.5	0.3	0.0	0.3
HEALTH INSURANCE ADMINISTRATION ("ASES") (b)	284.9	284.1	0.8	0.8	-
HIGHWAYS AND TRANSPORTATION AUTHORITY ("HTA") (e)	440.8	343.5	97.3	(0.0)	97.3
PUERTO RICO PUBLIC BUILDINGS AUTHORITY ("PBA") (f)	75.3	53.4	21.8	0.0	21.8
CARDIOVASCULAR CENTER OF PUERTO RICO AND THE CARIBBEAN ("Cardio") (g)	13.5	12.7	0.8	-	0.8
PUERTO RICO INDUSTRIAL DEVELOPMENT COMPANY ("PRIDCO") (h)	164.9	10.5	154.4	5.1	149.4
HOUSING FINANCE AUTHORITY ("HFA") (b) (i)	52.5	50.8	1.7	(0.1)	1.8
PUERTO RICO TOURISM COMPANY ("TOURISM") (j)	122.5	43.4	79.1	-	79.1
FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY ("AAFAF")	51.9	53.3	(1.4)	(1.4)	-
DEPARTMENT OF ECONOMIC DEVELOPMENT AND COMMERCE ("DDEC")	22.0	21.3	0.7	0.2	0.4
CONVENTION CENTER DISTRICT AUTHORITY ("CCDA") (k)	18.4	11.0	7.3	(0.0)	7.3
PUERTO RICO AGRICULTURAL DEVELOPMENT ADMINISTRATION ("ADEA")	63.7	59.9	3.8	3.8	-
AUTOMOBILE ACCIDENT COMPENSATION ADMINISTRATION ("ACAA") (l)	133.9	16.7	117.2	2.9	114.3
PUBLIC HOUSING ADMINISTRATION ("PHA")	464.9	452.4	12.5	12.5	-
OFFICE FOR RECOVERY, RECONSTRUCTION, AND RESILIENCY ("COR3") (m)	-	-	-	-	-

Notes (3/29/19):

(a) \$4.6M of restricted cash is excluded from Ports operating cash.

(b) ASEM, Fondo, ASES, and HFA report book balances.

(c) CU reported cash does not consider restricted bank accounts, including: CapEx \$14.2M, Malpractice Insurance Reserve \$2.1M, and FEMA Funding \$0.6M.

(d) \$7.3M held in a non-operational account which has yet to be programmed with AAFAF.

(e) \$97.3 M in non-operational accounts is earmarked for debt service and is not included in HTA's cash flow.

(f) Funds held in non-operational accounts at PBA are earmarked for the following: \$12.9M for debt service for bonds pertaining to Resolution 468, \$7.4M for debt service for bonds related to Construction Series R and N, and \$1.5M in other restricted cash accounts.

(g) Restricted cash not considered account for \$0.8M of AAFAF cash, which is a non-operating account.

(h) Restricted/non-operating cash not considered account for \$253.2M of AAFAF webcash, distributed as follows: PRIDCO Trustee CD/Bond Reserve Accounts \$28.8M; and Incentive Fund and Other PRIDCO non-operating/reserve accounts managed on behalf of the central government \$120.6M.

(i) \$1.8M in non-operational accounts pertain to restricted Federal Funds.

(j) Funds in non-operational accounts consist of the following: \$69.9M in restricted account; \$8.7M in Tourism subsidiary accounts not included in Tourism operating cash; and \$0.5M in restricted account earmarked for disaster-spend and other.

(k) Non-operational accounts include: \$6.5M in special purpose funds from ticket sales that do not belong to CCDA; and \$0.8M in funds not managed by CCDA to be used for debt service of the Convention Center.

(l) Non-operational accounts consist of \$114.3M, which are investment accounts managed by a third party to maintain ACAA's liquidity reserve.

(m) Not reported due to data integrity issues, management is working to solve the issues.

<sup>37</sup> AAFAF reported figures as per "Summary of Bank Account Balances for the Government of Puerto Rico and its Instrumentalities" report dated November 30, 2018.

<sup>38</sup> This report is prepared based on reported operational cash balances as of November 30, 2018, and there are two types of reconciliation differences between the sources of information: timing differences produced by the account delays, or cash being held in nonoperational bank accounts.

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

COMPONENT UNIT	FY18 END				FY2019					
	M/E Jun-18	M/E Jul-18	M/E Aug-18	M/E Sep-18	M/E Oct-18	M/E Nov-18	M/E Dec-18	M/E Jan-19	M/E Feb-19	M/E Mar-19
PUERTO RICO PORTS AUTHORITY ("PORTS")	505	505	501	501	499	499	485	479	478	478
MEDICAL SERVICES ADMINISTRATION ("ASEM")	1,655	1,634	1,626	1,630	1,616	1,613	1,549	1,525	1,525	1,506
PUERTO RICO INTEGRATED TRANSIT AUTHORITY ("PRITA") (a)	887	887	876	881	879	873	864	849	848	847
STATE INSURANCE FUND CORPORATION ("FONDO")	2,879	2,867	2,858	2,852	2,844	2,756	2,765	2,717	2,714	2,718
HEALTH INSURANCE ADMINISTRATION ("ASES")	60	57	60	57	58	58	58	57	57	57
HIGHWAYS AND TRANSPORTATION AUTHORITY ("HTA")	1,245	1,244	991	946	930	900	895	895	895	894
PUERTO RICO PUBLIC BUILDINGS AUTHORITY ("PBA") (a)	1,102	1,102	1,094	1,093	1,092	1,091	1,029	1,002	1,001	998
CARDIOVASCULAR CENTER OF PUERTO RICO AND THE CARIBBEAN ("CARDIO") (f)	572	570	563	561	568	551	542	536	536	551
PUERTO RICO INDUSTRIAL DEVELOPMENT COMPANY ("PRIDCO") (b)	N/A	192	188	188	187	144	147	147	146	145
HOUSING FINANCE AUTHORITY ("HFA")	145	145	145	145	141	141	139	140	140	140
PUERTO RICO TOURISM COMPANY ("TOURISM")	399	393	376	376	377	378	377	373	372	372
FISCAL AGENCY AND FINANCIAL ADVISORY AUTHORITY ("AAFAF")	72	72	69	68	70	76	77	77	79	79
DEPARTMENT OF ECONOMIC DEVELOPMENT AND COMMERCE ("DDEC")	156	156	156	156	147	190	187	186	330	330
CONVENTION CENTER DISTRICT AUTHORITY ("CCDA") (f)	8	8	8	9	9	10	10	10	10	11
PUERTO RICO AGRICULTURAL DEVELOPMENT ADMINISTRATION ("ADEA")	388	388	385	386	374	385	380	371	370	370
AUTOMOBILE ACCIDENT COMPENSATION ADMINISTRATION ("ACAA") (d)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	317	317	317
PUBLIC HOUSING ADMINISTRATION ("PHA") (e)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	335	335
CENTRAL RECOVERY AND RECONSTRUCTION OFFICE ("COR3") (e) (f)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	60	63
<b>TOTAL</b>	<b>10,073</b>	<b>10,220</b>	<b>9,896</b>	<b>9,849</b>	<b>9,791</b>	<b>9,665</b>	<b>9,504</b>	<b>9,681</b>	<b>10,213</b>	<b>10,211</b>

Notes:

- (a) Estimate for June and July Month End.
- (b) PRIDCO not a CU tracked in FY18.
- (c) Not all CUs captured multiple pay periods in Oct-18, causing a timing variance and an expected increase in payroll in Nov-18.
- (d) ACAA started reporting FY19 headcount in Jan-19. Prior month's payroll and headcount information not included.
- (e) PHA and COR3 started reporting FY19 headcount in Feb-19. Prior month's payroll and headcount information not included.
- (f) CARDIO, CCDA, and COR3 did not report payroll in Feb-19.

