



***Puerto Rico Department of Treasury***

***Treasury Single Account ("TSA") FY 2019 Cash Flow***

***As of July 27, 2018***

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- *The report dated January 19, 2018, “Summary of Bank account Balances for Puerto Rico Governmental Instrumentalities As of December 31 2017,” (the “Bank Account Balance Report”) disclosed the balance of Other Puerto Rico Treasury Custody Accounts of \$580 million as of December 31, 2017. This balance was further segmented into \$374M in pension-related funds (Employee Withholdings and Pay-Go Charges), \$142M in Central Government non-TSA funds (lottery-related funds and other funds held and administered by central government agencies), and \$64M held TSA Sweep Accounts that collect income and completely pass through to TSA on a daily basis (includes General Collections Posts, Agency Collections Posts, and SUT). As further set forth in the Bank Account Balance Report, processes are currently in place to continue evaluating the accounts, including analyzing the cash inflows and outflows and reviewing legal restrictions relative to funds deposited into the bank accounts.*

## Glossary

| Term                                | Definition  |
|-------------------------------------|---|
| <b>AACA</b>                         | - Automobile Accident Compensation Administration, or Administración de Compensaciones por Accidentes de Automoviles, is a component unit of the Commonwealth of Puerto Rico.   |
| <b>Act 154</b>                      | - Act 154 means Act No. 154-2010, which, inter alia, imposes a temporary excise tax on the acquisition by multinationals of certain property manufactured or produced in whole or in part in Puerto Rico and on the acquisition of certain manufacturing services carried out in Puerto Rico. The Act 154 temporary excise tax expires on December 31, 2027.  |
| <b>AFI/RBC</b>                      | - Infrastructure Financing Authority.   |
| <b>Agency Collections</b>           | - Collections made by central government agencies at collection posts for services rendered by the agencies as well as fees, licenses, permits, fines and others.   |
| <b>ASC</b>                          | - Compulsory Liability Insurance, private insurance company.  |
| <b>ASSMCA</b>                       | - Administración de Servicios de Salud Mental y Contra la Adicción, or Mental Health and Addiction Services Administration, is an agency of the Commonwealth of Puerto Rico.  |
| <b>Bank Checks Paid</b>             | - A report provided by the bank that is utilized to determine vendor payments.  |
| <b>BPPR</b>                         | - Banco Popular of Puerto Rico.   |
| <b>Budget Reserves</b>              | - Non-cash reserves for budgeting purposes.   |
| <b>Checks in Vault</b>              | - Refers to checks issued but physically kept in vault.   |
| <b>Collections</b>                  | - Collections made by the Department of the Treasury (Treasury) at collection posts and/or the Treasury revenue collection systems, such as income taxes, excise taxes, fines and others.   |
| <b>COFINA</b>                       | - Puerto Rico Sales Tax Financing Corporation.  |
| <b>COFINA SUT Collections</b>       | - Throughout FY2019 the first 5.5% (of total 10.5%) of gross SUT collections are reserved for and deposited into the COFINA bank account held at BNY Mellon until a \$783M cap has been reached on total SUT collections remitted to COFINA.  |
| <b>DTOP</b>                         | - Department of the Transportation and Public Works   |
| <b>DTPR</b>                         | - Department of the Treasury of Puerto Rico.  |
| <b>ERS</b>                          | - Employees Retirement System means the Employees Retirement System of the Government of the Commonwealth of Puerto Rico, a statutory trust created by Act No. 447 of May 15, 1951, as amended, to provide pension and other benefits to retired employees of the Commonwealth, its public corporations and municipalities. ERS is a fiduciary fund of the Commonwealth of Puerto Rico for purposes of the Commonwealth's financial statements.   |
| <b>General Fund</b>                 | - General Fund (Operating Fund) means the Commonwealth principal operating fund; disbursements from such fund are generally approved through the Commonwealth's annual budgeting process.   |
| <b>DTPR Collection System</b>       | - This is the software system that DTPR uses for collections.   |
| <b>HTA</b>                          | - Puerto Rico Highways and Transportation Authority, a public corporation and a component unit of the Commonwealth of Puerto Rico.  |
| <b>JRS</b>                          | - Judiciary Retirement System means the Retirement System for the Judiciary of the Commonwealth of Puerto Rico, a statutory trust created to provide pension and other benefits to retired judges of the Judiciary Branch of the Commonwealth. JRS is a fiduciary fund of the Commonwealth of Puerto Rico for purposes of the Commonwealth's financial statements.  |
| <b>Liquidity Plan</b>               | - The FY 2019 TSA Liquidity Plan is under development and will be finalized by 7/31/18. Reporting thereafter will include a comparison of TSA cash flow to the FY 2019 TSA Liquidity Plan.  |
| <b>Net Payroll</b>                  | - Net payroll is equal to gross payroll less tax withholdings and other deductions.   |
| <b>Nutrition Assistance Program</b> | - NAP, or the Nutrition Assistance Program, also known as PAN, or Programa de Asistencia Nutricional is a federal assistance nutritional program provided by the United States Department of Agriculture (USDA) solely to Puerto Rico.  |
| <b>Pension PayGo</b>                | - Pension PayGo- Puerto Rico pension system that is funded through a pay-as-you-go system. Retirement benefits expenses of government employers are paid by the central government and reimbursed by the employers, with such funds received by the TSA.  |
| <b>PRASA</b>                        | - Puerto Rico Aqueducts and Sewers Authority.   |
| <b>PREMA</b>                        | - Puerto Rico Emergency Management Agency.  |
| <b>PREPA</b>                        | - Puerto Rico Electric Power Authority.   |
| <b>PRHA</b>                         | - Puerto Rico Housing Authority.  |
| <b>PRIFAS</b>                       | - Puerto Rico Integrated Financial Accounting System.   |
| <b>Retained Revenues</b>            | - Revenues conditionally assigned to certain public corporations and the collections of those revenues are through accounts referred to as "pass through" accounts. The largest of these pass-through accounts consist of (i) AACA auto insurance, (ii) AFI/RBC petroleum tax, (iii) ASC personal injury insurance, (iv) HTA toll revenues.   |
| <b>RHUM System</b>                  | - This is the software system that DTPR uses for payroll.   |
| <b>SIFC</b>                         | - State Insurance Fund Corporation.   |
| <b>Special Revenue Funds</b>        | - Commonwealth governmental funds separate from the General Fund that are created by law, are not subject to annual appropriation and have specific uses established by their respective enabling legislation. Special Revenue Funds are funded from, among other things, revenues from federal programs, tax revenues assigned by law to public corporations and other third parties, fees and charges for services by agencies, dividends from public corporations and financing proceeds.  |
| <b>SSA</b>                          | - Social Security Administration.   |
| <b>TRS</b>                          | - Teachers Retirement System means the Puerto Rico System of Annuities and Pensions for Teachers, a statutory trust created to provide pension and other benefits to retired teachers of the Puerto Rico Department of Education and to the employees of the Teachers Retirement System. TRS is a fiduciary fund of the Commonwealth of Puerto Rico for purposes of the Commonwealth's financial statements.  |
| <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. Only a portion of the revenues received by the TSA is included in the annual General Fund budget presented to the Puerto Rico Legislative Assembly for approval. Other revenues are separately assigned by law to certain agencies or public corporations but still flow through the TSA. |

## **Introduction**

- *Enclosed is the weekly Treasury Single Account ("TSA") cash flow report and supporting schedules.*
- *TSA is 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.*
- *Beginning April 2016, TSA receipts are deposited in a commercial bank account rather than the Government Development Bank for Puerto Rico ("GDB").*
- *Receipts in the TSA include tax collections (including revenues assigned to certain public corporations and pledged for the payment of their debt service), charges for services, intergovernmental collections (such as reimbursements from Federal assistance grants), the proceeds of short and long-term debt issuances held in custody by the Secretary of Treasury for the benefit of the Government fiduciary funds, and other receipts. Only a portion of the revenues received by the TSA is included in the annual General Fund budget presented to the Puerto Rico Legislative Assembly for approval. Other revenues are separately assigned by law to certain agencies or public corporations but still flow through the TSA.*
- *Disbursements from the TSA include payroll and related costs, vendor and operational disbursements (including those reimbursed by Federal assistance grants and funded from Special Revenue Funds), welfare expenditures, capital outlays, debt service payments, required budgetary formulas and appropriation payments, pass-through payments of pledged revenues to certain public corporations, tax refunds, payments of current pension benefits and other disbursements.*
- *Federal funds related to disaster relief for hurricanes Irma and Maria are deposited in a separate bank account overseen by the Government Authorized Representative ("GAR"), and transferred to the TSA only after admissible disbursements (per approved Project Worksheets) have been made.*
- *Data for TSA inflows/outflows is reported from various systems within the Department of Treasury of Puerto Rico ("DTPR"):  
Cash Flow Actual Results - Source for the actual results is the TSA Cash Flow.  
Schedule A - Collections - Source for collections information is the DTPR collections system.*
- *Data limitations and commentary:  
The government has focused on the seven schedules above for which access to reliable, timely, and detailed data is available to support these items. The government continues to work with DTPR and other parties to access additional reliable data that would help us provide detail in the future for other line items in the Cash Flow.*

| Key Figures        |                      |                           |                  |               |
|--------------------|----------------------|---------------------------|------------------|---------------|
| \$3.14bn           | \$515M               | (\$611M)                  | (\$96M)          | \$41M         |
| Bank Cash Position | Weekly Cash Receipts | Weekly Cash Disbursements | Weekly Cash Flow | YTD Cash Flow |

**Note:** The enclosed TSA report includes the fourth week of FY19 actual TSA results. The FY 2019 TSA Liquidity Plan is under development. Following the development of the FY 2019 TSA Liquidity Plan, this package will include a comparison of FY19 actual TSA cash flow data to the FY 2019 TSA Liquidity Plan along with the relevant commentary.

TSA Cash Flow Actual Results for the Week Ended July 27, 2018

|   | Schedule | Actual             | Actual YTD           |
|---|----------|--------------------|----------------------|
|   |          | 7/27               | 7/27                 |
| <i>(figures in \$000s)</i>                        |          |                    |                      |
| <b>General &amp; Special Revenue Fund Inflows</b> |          |                    |                      |
| 1   | A        | \$61,701           | \$683,793            |
| 2   |          | 5,659              | 35,615               |
| 3   |          | 33,489             | 100,666              |
| 4   |          | 1,397              | 62,001               |
| 5   |          | 104                | 20,822               |
| 6   |          | —                  | —                    |
| 7   |          | \$102,351          | \$902,897            |
| <b>Retirement System Inflows</b>                  |          |                    |                      |
| 8   |          | —                  | —                    |
| 9   |          | —                  | —                    |
| <b>Other Inflows</b>                              |          |                    |                      |
| 10  |          | 393,419            | 920,317              |
| 11  |          | —                  | 126,211              |
| 12  |          | 19,489             | 54,881               |
| 13  |          | \$412,908          | \$1,101,410          |
| 14  |          | <b>\$515,258</b>   | <b>\$2,004,306</b>   |
| <b>Payroll Outflows</b>                           |          |                    |                      |
| 15  |          | (69,882)           | (140,210)            |
| 16  |          | (28,980)           | (95,479)             |
| 17  |          | —                  | (54,391)             |
| 18  |          | (\$98,862)         | (\$290,080)          |
| <b>Pension Outflows</b>                           |          |                    |                      |
| 19  |          | (86,408)           | (187,013)            |
| 20  |          | —                  | —                    |
| 21  |          | (\$86,408)         | (\$187,013)          |
| <b>Appropriations - All Funds</b>                 |          |                    |                      |
| 22  |          | (204,174)          | (424,190)            |
| 23  |          | —                  | (49,551)             |
| 24  |          | —                  | (13,916)             |
| 25  |          | —                  | (89,500)             |
| 26  |          | —                  | —                    |
| 27  |          | (3,859)            | (45,819)             |
| 28  |          | (\$208,033)        | (\$622,976)          |
| <b>Other Disbursements - All Funds</b>            |          |                    |                      |
| 29  |          | (126,502)          | (453,813)            |
| 30  |          | (11,039)           | (28,284)             |
| 31  |          | (14,208)           | (119,518)            |
| 32  |          | (66,348)           | (256,685)            |
| 33  |          | —                  | (5,126)              |
| 34  |          | —                  | —                    |
| 35  |          | (\$218,097)        | (\$863,426)          |
| 36  |          | <b>(\$611,400)</b> | <b>(\$1,963,496)</b> |
| 37  |          | <b>(\$96,142)</b>  | <b>\$40,810</b>      |
| 38  |          | 3,234,962          | 3,098,010            |
| 39  |          | <b>\$3,138,821</b> | <b>\$3,138,821</b>   |
| <b>Net Loan Outstanding to PREPA:</b>             |          |                    | <b>(\$173,789)</b>   |

**Footnotes:**

(a) Includes reserve for tax returns and Special Revenue Fund portion of posted collections.

(b) Paygo charges to municipalities and public corporations collected at the TSA.

(c) Federal funds related to disaster relief for hurricanes Irma and Maria are deposited in a separate bank account overseen by the Government Authorized Representative ("GAR"), and transferred to the TSA only after admissible disbursements (per approved Project Worksheets) have been made. These inflows to the TSA are captured in Federal Funds Receipts.

(d) Inflows related to the Department of Health, Department of Labor and Human Resources, the Commissioner of Financial Institutions, and others.

(e) Payroll is paid bi-weekly on the 15th and 30th (or last day of the month, whichever comes sooner).

(f) Related to employee withholdings, social security, insurance, and other deductions.

(g) Police payroll is reflected individually because it is paid through a separate bank account. Also, the police payroll line item shown in the TSA cash flow is gross (i.e. inclusive of Other Payroll Related Items).

(h) Includes payments to third-party vendors as well as intergovernmental payments to agencies with separate Treasuries.

(i) This refers to General Fund appropriations to non-TSA entities such as Legislative Assembly, Correctional Health, Comprehensive Cancer Center, and others.

(j) Excludes Banco Popular of Puerto Rico Account with balance of approximately \$147M; Amounts deposited in GDB subject to GDB restructuring.

(k) Section 2.6(b)(ii) of the Superpriority Post-petition Revolving Credit Loan Agreement (The Agreement) specifies that upon PREPA's receipt of any revenues in excess of amounts necessary to pay budgeted expenses for Ineligible Uses provided for in the Budget (inclusive of the Ineligible Uses Variance) and other allowable expenses for Ineligible Uses, or any FEMA reimbursable expense for contracts that have been obligated by FEMA and approved by the Oversight Board and maintain a maximum cash balance of up to \$300M PREPA shall apply such Revenues to the repayment of the outstanding Revolving Credit Loans.

Puerto Rico Department of Treasury | AAFAF  
 Schedule A: Collections Detail - Actual Results

As of July 27, 2018

|  | Actual           | Actual           | Actual           | Actual          | YTD              |
|--|------------------|------------------|------------------|-----------------|------------------|
| (figures in \$000s)  | 7/6              | 7/13             | 7/20             | 7/27            | FY19             |
| <b>General Fund</b>  |                  |                  |                  |                 |                  |
| 1 Individuals  | \$42,803         | \$49,550         | \$47,526         | \$22,897        | \$162,776        |
| 2 Corporations   | 8,439            | 33,440           | 41,405           | 2,651           | 85,935           |
| 3 Non Residents Withholdings                                     | 2,596            | 10,926           | 41,021           | 229             | 54,771           |
| 4 Act 154 (a)  | 409              | 23,957           | 161,835          | –               | 186,200          |
| 5 Alcoholic Beverages  | 8,766            | 565              | 3,147            | 5,100           | 17,578           |
| 6 Cigarettes   | 4,563            | 164              | 3,862            | 2,049           | 10,638           |
| 7 Motor Vehicles   | 7,840            | 10,343           | 11,977           | 10,504          | 40,663           |
| 8 Other General Fund   | 6,315            | 6,420            | 4,857            | 2,780           | 20,371           |
| <b>9 Total General Fund Portion of General Collections</b>       | <b>\$81,730</b>  | <b>\$135,363</b> | <b>\$315,630</b> | <b>\$46,209</b> | <b>\$578,932</b> |
| <b>Retained Revenues (b)</b>                                     |                  |                  |                  |                 |                  |
| 10 AACA Pass Through   | 2,344            | 949              | 1,004            | 1,038           | 5,335            |
| 11 AFI/RBC Pass Through  | 166              | 7                | –                | 146             | 319              |
| 12 ASC Pass Through  | 1,104            | 947              | 935              | 1,092           | 4,079            |
| 13 HTA Pass Through  | 6,798            | 35,718           | 2,595            | 2,706           | 47,816           |
| 14 Total Other Retained Revenues                                 | 2,132            | 1,877            | 1,127            | 949             | 6,085            |
| <b>15 Total Retained Revenues Portion of General Collections</b> | <b>\$12,545</b>  | <b>\$39,499</b>  | <b>\$5,660</b>   | <b>\$5,931</b>  | <b>\$63,635</b>  |
| <b>16 Total Collections from DTPR Collections System</b>         | <b>\$94,275</b>  | <b>\$174,862</b> | <b>\$321,290</b> | <b>\$52,140</b> | <b>\$642,567</b> |
| 17 Timing-related unreconciled TSA Collections (c)               | \$8,334          | (\$14,901)       | \$38,231         | \$9,561         | \$41,226         |
| <b>18 Total General Collections</b>                              | <b>\$102,609</b> | <b>\$159,961</b> | <b>\$359,521</b> | <b>\$61,701</b> | <b>\$683,793</b> |

Source: DTPR, collection system

Footnotes:

(a) Collections presented only include Act 154 Collections received into the Collections Post Account (CPA). Additional Act 154 Collections are received into a separate account and cash flow line item, shown on page 6 in line 4: Excise Tax through Banco Popular. Total Act 154 Collections are therefore the sum of these two amounts.

(b) Retained Revenues are revenues conditionally assigned to certain public corporations and the collections of those revenues are through accounts referred to as "pass through" accounts, the majority of which include (i) ACAA auto insurance, (ii) AFI/RBC petroleum tax, (iii) ASC personal injury insurance, and (iv) HTA toll revenues.

(c) Due to timing. Receipts in collections post account occur approximately two business days prior to being deposited into the TSA.