



October 15, 2010

# GOVERNMENT OF PUERTO RICO

## Cash Flow Projection

## Fiscal Year 2010-2011

As of September 30, 2010

### *Disclaimer*

The Cash Flow Projection of the Government of Puerto Rico for Fiscal Year 2010-2011 includes all government receipts, including general fund revenues as well as other collections that do not impact the general fund and is based on currently available information and expectations of the Department of the Treasury and Government Development Bank for Puerto Rico, and is subject to risks and uncertainties. Actual cash flow of the Government of Puerto Rico for the Fiscal Year 2010-2011 may vary from those set forth in the published projection. The Government of Puerto Rico, the Department of the Treasury and Government Development Bank for Puerto Rico do not undertake to update its projection to reflect the impact of circumstances or events that may arise after the date of publication.



# Government of Puerto Rico

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### Fiscal Year 2010-2011

As of September 30, 2010

#### Cash Flow Summary for the quarter ended September 30, 2010:

- Collections and receipts for the 3-month period ended September 30, 2010 increased by 3.6% compared to estimates due mainly to unexpected collections during the period such as:
  - An increase in property tax collections and a more efficient procurement for federal funds
- Expenses including debt service decreased by 12.1% when compared with the quarter ended on September 30, 2009.
- When compared with the previously published cash flow projection of 6/30/2010, expenses including debt service were 6.2% higher than expected mainly as a result of certain expenses that were incurred earlier than originally scheduled.
- Ending cash balance of \$125 MM was significantly higher than the \$36 MM projected in the previously published cash flow projection of 6/30/2010 due to an additional draw of Stabilization Funds.



# Government of Puerto Rico

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(in \$ millions)	ACTUAL			PROJECTED *								
	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.
Beginning Balance	87	112	(11)	125	82	90	86	77	88	71	72	47
Collection and Receipts	852	660	1,221	1,043	959	1,173	1,177	951	1,036	1,501	1,332	1,290
Expenses Incl. Debt Service	1,032	1,142	1,379	1,224	1,116	1,352	1,267	1,057	1,053	1,204	1,056	1,127
Total Financing Activity	193	363	144	(135)	(123)	(75)	(3)	(2)	(3)	(300)	(304)	(307)
Total Stabilization Funds**	12	(4)	149	273	287	251	83	119	3	3	3	126
<b>Ending Cash Balance</b>	<b>112</b>	<b>(11)</b>	<b>125</b>	<b>82</b>	<b>90</b>	<b>86</b>	<b>77</b>	<b>88</b>	<b>71</b>	<b>72</b>	<b>47</b>	<b>31</b>



- On August 31, 2010, due to the passing of Hurricane Earl, banking operations were closed down before certain transactions were completed. These transactions amounted to \$141 million, which would have resulted in final actual balance as of August 31<sup>st</sup> of \$130 million instead of \$(11) million. Although the transactions were requested as of August 31<sup>st</sup>, they were effective on September 1<sup>st</sup>.

\* These numbers are preliminary and subject to change upon FY2010 audit. Some numbers may differ due to rounding. As of 9/30/2010.

\*\* Total Stabilization Funds include \$231 MM in ARRA funds.



# Government of Puerto Rico

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### Fiscal Year 2010-2011

As of September 30, 2010

Summary of Quarter ended 9/30/2010*				
(in \$ millions)	Actual	Projected as of 6/30/2010	Change (\$)	Change (%)
Beginning Balance	87	87	-	-
Collection and Receipts	2,734	2,638	96	3.6%
Expenses Incl. Debt Service	3,553	3,346	207	6.2%
Total Financing Activity	700	604	96	15.9%
Total Stabilization Funds	157	53	104	196.2%
Ending Cash Balance	\$125	\$36	\$89	247.2%

\* These numbers are preliminary and subject to change upon FY2010 audit. Some numbers may differ due to rounding. As of 9/30/2010.  
Source: Department of the Treasury and Government Development Bank for Puerto Rico



# Cash Flow Line Item Description

Line Item	Description
<b>Collections and Receipts</b>	Includes all revenues collected by the Department Treasury, including, but not limited to, internal revenues, such as income taxes, employee withholding taxes (net of refunds), sales and use taxes, among others. Also includes collections that are received by the Department of Treasury that are not part of the General Fund, such as vehicle licenses, traffic tickets and other fines and mandatory car insurance. Federal transfer payments, federal reimbursement for excise taxes on rum shipments and transfers and reimbursements from other government agencies are also included, among others. In addition, it includes reconstruction plan initiatives to increase revenues already implemented.
<b>Expenses Including Debt Service</b>	Includes disbursements of government and federal program expenses, including payroll, payments to suppliers and other agencies, such as the government health insurance program (ASES, by its Spanish acronym), and legislative appropriations, among others. Also includes reimbursements of revenue collections that are not part of the General Fund, such as motor vehicle mandatory insurance premiums, motor vehicle accident compensation fees, vehicle licenses fees, traffic tickets and other fines. In addition, it includes reconstruction plan initiatives to reduce operating expenses already implemented.
<b>Total Financing Activity</b>	Includes financial transactions such as interim credit lines, bond issuances, tax anticipation notes and other financing transactions between the Treasury Department and the GDB.
<b>Total Stabilization Funds</b>	Includes funds received from the 2010 COFINA bond issue to cover operating expenses of Fiscal Year 2011 and \$231 MM from State Fiscal Stabilization Funds (ARRA).