



**Autoridad de Acueductos y Alcantarillados**  
GOBIERNO DE PUERTO RICO



# **Financial Preliminary Results - Budget to Actuals Report for Second Quarter of Fiscal Year 2020**

April 10, 2020

## **PRELIMINARY SUBJECT TO CHANGE**

Privileged and Confidential – Preliminary Information Subject to Change (For Discussion Purposes Only)

# Disclaimer



The Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF"), the Puerto Rico Aqueduct and Sewer Authority ("PRASA" or the "Company"), the Government of Puerto Rico (the "Government"), and each of their respective officers, directors, employees, agents, attorneys, advisors, members, partners or affiliates (collectively, with AAFAF, PRASA and the Government instrumentalities the "Parties") make no representation or warranty, express or implied, to any third party with respect to the information contained herein and all Parties expressly disclaim any such representations or warranties. The Parties do not owe or accept any duty or responsibility to any reader or recipient of this presentation, whether in contract or tort, and shall not be liable for or in respect of any loss, damage (including without limitation consequential damages or lost profits) or expense of whatsoever nature of such third party that may be caused by, or alleged to be caused by, the use of this presentation or that is otherwise consequent upon the gaining of access to this document by such third party.

This document does not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls or other attestation or review services in accordance with standards established by the American Institute of Certified Public Accountants or any other organization. The projections set forth in this presentation were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the officers of the Government or its agencies or instrumentalities responsible for the preparation of such information, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of such officers' knowledge and belief, the expected course of action and the expected future financial performance of the Government and/or its agencies and instrumentalities, as applicable. However, this information should not be relied upon as being necessarily indicative of future results, and readers of this presentation are cautioned not to place undue reliance on the prospective financial information. Future events and actual results may differ materially from any estimates, projections, or statements contained herein. Nothing in this document should be considered as an express or implied commitment to do or take, or to refrain from taking, any action by AAFAF, PRASA, the Government, or any government instrumentality in the Government or an admission of any fact or future event. Accordingly, the Parties do not express an opinion or any other form of assurance on the financial statements or any financial or other information or the internal controls of the Government and the information contained herein.

Any statements and assumptions contained in this document, whether forward-looking or historical, are not guarantees of future performance and involve certain risks, uncertainties, estimates and other assumptions made in this document. The information included in this presentation may contain certain "forward-looking" statements. These forward-looking statements may relate to the fiscal and economic condition, economic performance, plans and objectives of the Government of Puerto Rico and/or its agencies and instrumentalities. All statements contained herein that are not clearly historical in nature are forward-looking, and the words "anticipates," "believes," "continues," "expects," "estimates," "intends," "aims," "projects," and similar expressions, and future or conditional verbs such as "will," "would," "should," "could," "might," "can," "may," or similar expressions, are generally intended to identify forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, estimates, and assumptions by the Government and/or its agencies and instrumentalities that are difficult to predict. The economic and financial condition of the Government and its agencies and instrumentalities is affected by various financial, social, economic, environmental, and political factors. These factors can be very complex, may vary from one fiscal year to the next, and are frequently the result of actions taken or not taken, not only by the Government and/or its agencies and instrumentalities, but also by entities such as the government of the United States of America or other nations that are not under the control of the Government. Because of the uncertainty and unpredictability of these factors, their impact cannot, as a practical matter, be included in the assumptions underlying the Government's or its agencies and instrumentalities' projections.

This presentation does not constitute, nor does it form part of, an offer to sell or purchase, or the solicitation of an offer to sell or purchase, any securities or an offer or recommendation to enter into any transaction. This presentation has been prepared for informational purposes only. Nothing in this document shall be considered a solicitation, recommendation or advice to any person to participate, pursue or support a particular course of action or transaction, to purchase or sell any security, or to make any investment decision. By accepting this document, the recipient shall be deemed to have acknowledged and agreed to the terms of these limitations. This document may contain capitalized terms that are not defined herein, or may contain terms that are discussed in other documents or that are commonly understood. You should make no assumptions about the meaning of capitalized terms that are not defined, and you should consult with advisors of PRASA should clarification be required.

# Considerations



- These reporting is being submitted to comply with Section 203 (a) of the “Puerto Rico Oversight, Management, and Economic Stability Act”, also known as “PROMESA”.
- FY2020 budget amounts included herein are presented based on the budget certified as compliant by the Fiscal Oversight and Management Board on June 30, 2019, aligned with the Fiscal Plan certified on June 25, 2019. Budget is presented including reappropriations approved by the Oversight Board as of December 31, 2019.
- The information included herein is preliminary and subject to change.
- All amounts are presented in \$ thousands unless otherwise indicated.

PRELIMINARY SUBJECT TO CHANGE

# Budget to Actual Reporting for Second Quarter of Fiscal Year 2020



(\$000's)	Source	December 31, 2019 - YTD			
		Budget	Actual	Variance (\$)	%
<b>Authority Revenues</b>					
1 Service Revenues - Regular	Cash Flow	440,975	439,994	(980)	0%
2 Service Revenues - Government	Cash Flow	83,338	98,491	15,153	18%
3 Miscellaneous & Insurance (BI)	Cash Flow	250	1,283	1,033	413%
4 Total Authority Revenues	Formula	524,563	539,768	15,205	3%
5 Senior and Senior Sub Debt	Cash Flow	(115,395)	(123,729)	(8,333)	7%
<b>Operating Expenses</b>					
6 Payroll & Related, Net	OPEX.SAP	(143,637)	(159,266)	(15,629)	11%
7 Electricity	OPEX.SAP	(76,262)	(71,366)	4,895	-6%
8 Maintenance & Repair	OPEX.SAP	(28,022)	(20,638)	7,384	-26%
9 Chemicals	OPEX.SAP	(16,670)	(18,447)	(1,778)	11%
10 Other Expenses	OPEX.SAP	(88,193)	(76,024)	12,169	-14%
11 Hurricane Impact on OpEx	OPEX.SAP	(2,679)	-	-	0
12 FEMA / Insurance Reimb.	Cash Flow	35,549	-	(35,549)	-100%
13 Total Net Operating Expenses		(319,913)	(345,742)	(25,829)	8%
14 Operating Reserve Fund	Cash Flow	(16,192)	(16,192)	0	0%
15 Capital Improvement Fund	Cash Flow	(61,319)	(64,011)	(2,693)	4%
16 Funds for CIP (FEMA & Others)	Cash Flow	-	22,620	22,620	N/A
17 Commonwealth Payment Fund	Cash Flow	(40,325)	(14,909)	25,416	-63%
18 Creditors Relief		9,489	-	(9,489)	-100%
<b>Balance</b>		<b>(19,093)</b>	<b>(2,195)</b>	<b>16,898</b>	<b>-89%</b>

Major variance explanation has been included in the monthly B2A reporting for this period