

SAN JUAN, Puerto Rico, Sept. 16, 2013 /PRNewswire/ -- Today, Puerto Rico Treasury Department Secretary Melba Acosta Febo submitted the Commonwealth of Puerto Rico Comprehensive Annual Financial Report ("CAFR") for fiscal year 2011-2012 that ended on June 30, 2012, and reiterated the measures the García Padilla Administration is taking to address the inherited fiscal challenges and strengthen Puerto Rico's economy. The 2011-2012 CAFR covers the last full fiscal year of former Governor Luis Fortuño's administration. These financial statements include the operations of all the government agencies, public corporations, the University of Puerto Rico, and other component units of the Commonwealth of Puerto Rico. The statements were audited by the firm Deloitte & Touche, LLC, which managed the auditing of the financial statements for the past four fiscal years.

According to the financial statements, the General Fund deficit for the year ended on June 30, 2012, was approximately \$1,337 million, before the financing measures were executed. This represents an increase of approximately \$256 million, or 24 percent, when compared with the \$1,081 million deficit as of June 30, 2011. The deficit is the difference between General Fund expenditures in the amount of \$9,911 million and revenues in the amount of \$8,573 million. The FY 2012 deficit was \$699.6 million after executing financing measures to alleviate it, including \$952 million

in
Puerto Rico
Sales Tax Financing Corporation (COFINA, by its Spanish acronym) issuances.

"Since this Administration took office in January 2013, we have taken measures to address in a swift, decisive and unprecedented manner the enormous challenges we inherited and thus achieve fiscal stabilization, promote economic growth, and safeguard and strengthen Puerto Rico's credit. These measures include: approving a comprehensive reform of the government Employee Retirement System whose net assets were expected to run out as soon as 2014—this reform gave the System the necessary cash flow to meet pension obligations—and important measures strengthening the operations of our public corporations, such as the Puerto Rico Aqueduct and Sewers Authority, the Highway and Transportation Authority, and the Ports Authority," said Acosta Febo

General Fund expenses for FY 2012 totaling \$9,911 million represent an \$836 million increase with respect to expenses for FY 2011 totaling \$9,075 million . Meanwhile, General Fund revenues for FY 2012 total \$8,573 million , representing a \$580 million increase with respect to revenues for FY 2011 totaling \$7,993 million

It should be noted that the expenses of the current FY 2014 budget, in the amount of \$9,770 million , are lower than the FY 2012 expenses, which were in the amount of \$9,911 million

All Commonwealth agencies, certain public corporations, and other entities reported a net asset deficit in the amount of \$39,037, which represents an increase of approximately \$5,360 million with respect to the net asset deficit as of June 30, 2011

The long-term debt totaled \$51.7 billion, \$2 billion of which are payable within one year.
Long-term debt increased by \$5.9 billion with respect to the previous fiscal year.

The measures taken by the García Padilla Administration to reduce the budget deficit for fiscal year 2012-13, which ended recently, include: the \$280 million advance payment made by foreign companies subject to the non-resident withholding tax related to the use of patents in the manufacturing process; the \$240 million excess transfer from the Debt Redemption Fund to the General Fund; the use of revenues collected under the tax amnesty, including \$98 million in cash and \$176 million in payment plans (whose sale to the private sector is being negotiated), and other administrative measures to cut down tax evasion.

"In shaping the budget for the current fiscal year 2013-2014, we took into consideration the trailing deficit and we lowered the budget revenue base by approximately \$1,000 million. On top of this adjusted base, new measures were approved injecting \$1,350 million in new revenues and helping us to substantially close the recurrent budget gap, which deepened over the last four years under the past administration," said Acosta Febo

The financial statements were filed today due to the backlogs the Garcia Padilla administration found when it took office, particularly in regards the issuance of the individual financial statements of each public corporation and other entities. These backlogs held back the preparation of the CAFR. This administration is taking the necessary steps to ensure that the 2012-13 combined financial statements are filed on or before May 1, 2014, in compliance with the Commonwealth obligations under the applicable information disclosure regulations.

SOURCE Puerto Rico Department of the Treasury