

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the
Commonwealth of Puerto Rico)

BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED
JUNE 30, 2020 AND 2019

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the
Commonwealth of Puerto Rico)
BASIC FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

TABLE OF CONTENTS

	<u>Pages</u>
FINANCIAL SECTION	
Independent Auditors' Report.....	1-3
Required Supplementary Information	
Management's Discussion and Analysis (Unaudited).....	4-8
Basic Financial Statements	
Statements of Net Position	9
Statements of Revenues, Expenses, and Changes in Net Position	10
Statements of Cash Flows.....	11
Notes to Basic Financial Statements	12-26
SUPPLEMENTAL INFORMATION (UNAUDITED)	
Schedule of Close Year Liquidation 2020	28-30
Schedule of Close Year Liquidation 2019.....	31-33

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Director of
Municipal Finance Corporation
San Juan, Puerto Rico

Report on the Financial Statements

We have audited the accompanying statements of net position of the Municipal Finance Corporation (the "Corporation") as of June 30, 2020 and 2019, and the statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the basic financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatements of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation, as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 8 be presented to supplement the basic financial statements. Such information although is not a part of the basic financial statements. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Corporation's basic financial statements. The accompanying Schedules of Close Year Liquidation, on pages 28 through 33, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional

procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

San Juan, Puerto Rico
March 31, 2021

The stamp E443733 of the Puerto Rico Society of Certified Public Accountants was affixed to the original of this report.



Ortiz, Rivera, Rivera & Co., LLC

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

This section represents the management's discussion and analysis of the Municipal Finance Corporation (the "Corporation") financial performance for the fiscal year ended June 30, 2020 and is presented as a narrative overview and analysis in conjunction with the basic financial statements. The information presented here should be read in conjunction with the basic financial statements, including the notes thereto.

The Corporation was created for purposes of collecting and distributing the one percent (1%) of the municipal sales and use tax, and to issue bonds and use other financing mechanisms to pay or refinance debt of municipalities that is secured by the municipal sales and use tax.

1. Financial Highlights

- As of June 30, 2020, the Corporation's total assets decreased by approximately \$11.1 million or 19% when compared to 2019, resulting from the net decrease in cash of approximately \$12.7 million.
- On December 13, 2019, the Board of Directors of the Corporation adopted Resolution 2019-17, which authorized the distribution of funds deposited in the concentration bank account to the participating municipalities of the Corporation. This distribution corresponded to unidentified municipal sales and use tax collections deposited by the Treasury Department to the Corporation, for fiscal years 2017, 2018 and 2019 amounting to \$ 16.9 million, (the "Distribution").
- As of June 30, 2020, the Corporation's change in net position increased by \$613 thousand. The Corporation's change in net position of \$613 thousand represents a reduction of approximately \$22.6 million when compared with prior year. Reduction amounting to \$22.6 million resulted from the Contribution from Commonwealth received during year ended 2018-2019, that was not received for the fiscal year ended on June 30, 2020. The Contribution received from Commonwealth was used used to paid the Government Development Bank("GDB") for advances made by to municipalities.

2. Financial Statements Overview

The discussion and analysis are required supplementary information to the basic financial statements of the Corporation. The basic financial statements comprise three components: (1) the independent auditors' report, (2) the management's discussion and analysis section, and (3) the basic financial statements of the Corporation. The notes to the basic financial statements explain in more detail some of the information in the financial statements.

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

3. Required Financial Statements

The financial statements of the Corporation report information using accounting methods similar to those used by private-sector entities. The statement of net position includes all of the Corporation's assets and liabilities providing information about the nature and amount of investment in resources (assets) and obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the Corporation and assessing its liquidity and financial flexibility.

Revenues and expenses are accounted for in the statement of revenues, expenses, and change in net position. This statement measures the results of the Corporation's operations over the past year and can be used to determine whether the Corporation has successfully recovered its costs from the revenues it generates.

The final required financial statement is the statement of cash flows. This statement reports cash receipts, cash payments, and net change in cash resulting from operating, investing, and capital and noncapital financial activities, and provides answers to such questions as where cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The statements are followed by the supplementary information that contains the Schedules of Close Year Liquidation.

THIS SPACE HAS BEEN INTENTIONALLY IN BLANK

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

4. Financial Analysis

The Corporation's condensed financial information as of and for the years ended June 30, 2020, 2019 and 2018, is as follows (in thousands):

	2020	2019	Change		2018	Change	
			Amount	%		Amount	%
Current Assets	\$ 31,248	\$ 44,020	\$ (12,772)	-29%	\$ 54,009	\$ (9,989)	-18%
Non-current assets	17,076	15,382	1,694	11%	-	15,382	100%
Total Assets	<u>48,324</u>	<u>59,402</u>	<u>(11,078)</u>	-19%	<u>54,009</u>	<u>5,393</u>	10%
Current liabilities	<u>14,230</u>	<u>25,921</u>	<u>(11,691)</u>	-45%	<u>43,723</u>	<u>(17,802)</u>	-41%
Total Liabilities	<u>14,230</u>	<u>25,921</u>	<u>(11,691)</u>	-45%	<u>43,723</u>	<u>(17,802)</u>	-41%
Net Position	<u>\$ 34,094</u>	<u>\$ 33,481</u>	<u>\$ 613</u>	2%	<u>\$ 10,286</u>	<u>23,195</u>	226%
Operating revenues	<u>\$ 137,088</u>	<u>\$ 136,161</u>	<u>\$ 927</u>	1%	<u>\$ 122,039</u>	<u>\$ 14,122</u>	12%
Expenses and non-operating revenues:							
Operating expenses	(137,159)	(136,214)	(945)	1%	(122,039)	(14,175)	12%
Non-operating revenues	<u>684</u>	<u>23,248</u>	<u>(22,564)</u>	-97%	<u>249,612</u>	<u>(226,364)</u>	-91%
Total expenses and non-operating revenues	<u>(136,475)</u>	<u>(112,966)</u>	<u>(23,509)</u>	21%	<u>127,573</u>	<u>(240,539)</u>	-189%
Change in net position	<u>\$ 613</u>	<u>\$ 23,195</u>	<u>\$ (22,582)</u>	-97%	<u>\$ 249,612</u>	<u>\$ (226,417)</u>	-91%

As of June 30, 2020, the Corporation's total assets exceeded total liabilities by \$34.1 million. Cash decreased from \$41.4 million to \$28.7 million as a result, among others, of the distribution made to municipalities. The Due from Municipalities account increased from \$17.9 million to \$18.7 million as a result of transfers made in excess of the collected funds.

Total liabilities decreased from \$25.9 million to \$14.2 million. This decrease is due to the distribution previously mentioned owed to the participating municipalities.

As of June 30, 2019, the Corporation's total assets exceeded total liabilities by \$33.5 million. Cash increased from \$33.0 million to \$41.4 million as a result of cash received from municipal sales and use tax over cash paid to municipalities. The Due from Municipalities account decreased from \$20.7 million to \$17.9 million as a result of

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

collections in excess of transfers made to municipalities and related prior years settlements.

Total liabilities decreased from \$43.7 million to \$25.9 million. This decrease is due to the amount paid by the Corporation to GDB, as a final payment of an outstanding debt amounting to \$22.6 million with GDB for advances made to municipalities until March 2016.

As of June 30, 2020, the Corporation's change in net position increased by \$613 thousand. The Corporation's change in net position of \$613 thousand represents a reduction of approximately \$22.6 million when compared with prior year. This reduction amounting to \$22.6 million resulted from the Contribution from Commonwealth made during fiscal year ended 2018-2019, that was not received for the fiscal year ended on June 30, 2020.

As of June 30, 2019, the Corporation's change in net position increased by \$23.2 million. The Corporation's change in net position of \$23.2 million represents a decrease of approximately \$226.4 million. This reduction is related to the Contribution from Commonwealth amounting to \$22.6 million, that was received during year ended 2018-2019 and a recovery on deposits that were impaired with GDB amounting to \$242.9 million during fiscal year 2017-2018.

5. Debt Administration

In accordance with Act No. 19 of January 24, 2014, as amended, known as the "Municipal Finance Corporation Act" ("Act 19-2014"), the Corporation is authorized to issue bonds and to use other financing mechanisms to pay or refinance municipal debt secured by the municipal sales and use tax. As of June 30, 2020, the Corporation has not issued debt.

Currently Known Facts

On August 14, 2020, the Governor enacted Act No. 107-2020, as amended, establishing the Municipal Code of Puerto Rico (the "Code"). The Code revokes, among others, Act No. 19-2014, as amended, known as the "Municipal Financing Corporation Law". It also stipulates the norms, rules and laws related to income and financing for the operation of municipalities, as well as describes the operation and new responsibilities of the Corporation in its articles 7.302 (21 L.P.R.A. § 8284) to 7.306 (21 L.P.R.A. § 8295).

As a result of the approval of the Code, the Corporation is attached to the Puerto Rico Fiscal Agency and Financial Advisory Authority (the "FAFAA"). The Code established that the FAFAA shall cover the operating expenses of the Corporation; provided,

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

however, that if the FAFAA cannot cover such expenses, they shall be paid from the funds deposited in the Corporation's accounts, which is derived from the municipal sales and use tax collections.

6. Contacting the Corporation's Financial Management

This financial report is designed to provide all interested parties with a general overview of the Corporation's finances and to facilitate the Corporation's accountability for the resources it manages. Questions concerning any of the information provided in this report or requests for additional information should be addresses to Municipal Finance Corporation, PO Box 42001, San Juan, Puerto Rico 00940-2001.

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash (Notes 2 and 3)	\$ 28,684,102	\$ 41,410,730
Accounts receivable (Notes 2 and 4)	907,362	5,250
Interest receivable	-	60,100
Due from Municipalities:		
Current year liquidation (Note 5)	48,144	27,978
Collections agreements (Note 6)	1,608,014	2,516,180
Total current assets	31,247,622	44,020,238
<i>Noncurrent assets:</i>		
Due from Municipalities:		
Collections agreements (Note 6)	17,076,314	15,382,161
Total noncurrent assets	17,076,314	15,382,161
Total assets	48,323,936	59,402,399
LIABILITIES		
Accounts payable (Note 7)	8,648,446	10,412,993
Due to Municipalities (Note 8)	5,581,273	15,508,629
Total liabilities	14,229,719	25,921,622
NET POSITION		
Unrestricted	34,094,217	33,480,777
Total net position	\$ 34,094,217	\$ 33,480,777

The accompanying notes are an integral part of these basic financial statements.

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Municipal sales and use tax	\$ 137,087,840	\$ 136,161,306
OPERATING EXPENSES		
Distribution of municipal sales and use tax to municipalities	137,087,840	136,161,306
General and administrative	<u>70,987</u>	<u>53,050</u>
Total operating expenses	<u>137,158,827</u>	<u>136,214,356</u>
OPERATING LOSS	<u>(70,987)</u>	<u>(53,050)</u>
NON-OPERATING REVENUES (EXPENSES)		
Contribution from Commonwealth	-	22,608,952
Other income	31,975	24,625
Interest income	1,406,071	1,406,435
Bank charges	<u>(753,619)</u>	<u>(791,741)</u>
Total non-operating revenues	<u>684,427</u>	<u>23,248,271</u>
CHANGE IN NET POSITION	613,440	23,195,221
NET POSITION AT BEGINNING OF THE YEAR	<u>33,480,777</u>	<u>10,285,556</u>
NET POSITION AT THE END OF THE YEAR	<u>\$ 34,094,217</u>	<u>\$ 33,480,777</u>

The accompanying notes are an integral part of these basic financial statements.

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from municipal sales and use taxes	\$ 135,379,575	\$ 139,207,206
Cash paid to municipalities	(148,824,993)	(131,407,499)
Cash paid to suppliers	(25,737)	-
Net cash (used in) provided by operating activities	(13,471,155)	7,799,707
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from contributions from Commonwealth	-	22,608,952
Payment of due to GDB and others	(721,644)	(23,376,068)
Net cash used in financing activities	(721,644)	(767,116)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,466,171	1,346,335
Net cash provided by investing activities	1,466,171	1,346,335
NET (DECREASE) INCREASE IN CASH	(12,726,628)	8,378,926
CASH AT BEGINNING OF YEAR	41,410,730	33,031,804
CASH AT END OF YEAR	\$ 28,684,102	\$ 41,410,730
RECONCILIATION OF OPERATING LOSS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ (70,987)	\$ (53,050)
Adjustment to reconcile operating loss to net cash (used in) provided by operating activities		
Changes in assets and liabilities:		
(Increase) decrease:		
Accounts receivable	(902,112)	224,940
Due from municipalities	(806,153)	2,820,960
(Decrease) increase:		
Account payable	(1,764,547)	(3,286,603)
Due to municipalities	(9,927,356)	8,093,460
Net cash (used in) provided by operating activities	\$ (13,471,155)	\$ 7,799,707

The accompanying notes are an integral part of these basic financial statements.

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

1. REPORTING ENTITY

The Municipal Finance Corporation (the “Corporation”) is a public corporation and an independent instrumentality of the Commonwealth of Puerto Rico (the “Commonwealth”), created by Act No. 19 of January 24, 2014, as amended (“Act 19-2014”), which is attached to the Government Development Bank for Puerto Rico (“GDB”).

The Corporation was created for purposes of collecting and distributing the one percent (1%) of the municipal sales and use tax and to issue bonds or use other financing mechanisms to pay or refinance municipal debt secured by the municipal sales and use tax. Act 19-2014 also includes special provisions for municipalities that chose not to be covered by this Act.

The Corporation’s final settlement of the 1% municipal transfer is presented as supplementary information on the Schedule of Close Year Liquidation. The Schedule of Close Year Liquidation has been prepared on the cash basis of accounting. Sales and use tax revenues are recorded when collected and deducted when distributed to the municipalities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Corporation conform to accounting principles generally accepted in the United States of America (“U.S. GAAP”), as applicable to governmental entities, as prescribed by the Governmental Accounting Standards Board (“GASB”).

The preparation of basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of changes in net position, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

Following is a description of the Corporation's most significant accounting policies:

Measurement Focus and Basis of Accounting-The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The Corporation recognizes revenues when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Operating revenues consist primarily of the collection of the 1% municipal sales and use tax. Operating expenses consist primarily of the distribution of the municipal sales and use tax.

The statement of net position presents the Corporation's assets and liabilities, with the difference reported as net position. Net position may be reported in three categories:

Net investment in capital assets – consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding debt balances that is attributable to the acquisition, construction, or improvement of those assets.

Restricted component – consists of restricted assets reduced by liabilities related to those assets. Restrictions are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted component – consists of net amount of the assets and liabilities that do not meet the definition of the preceding category. Unrestricted component of net position often is designated, in order to indicate that management does not consider them to be available for general operations. Unrestricted component of net position often has constraints on use that are imposed by management, but such constraints may be removed or modified.

As of June 30, 2020 and 2019, the Corporation's net position was presented as unrestricted component.

The statement of revenues, expenses, and change in net position demonstrates the degree to which the operating expenses are offset by operating revenues.

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

The statement of cash flows reports cash receipts, cash payments, and net change in cash resulting from operating, investing, and capital and noncapital financial activities, and provides answers to such questions as where cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Cash and Cash Equivalents – The Corporation’s cash and cash equivalents are considered to be deposits, and short-term investments if they are highly liquid with maturity of three months or less.

Accounts Receivable- Accounts receivable is stated net of estimated allowance for uncollectible accounts. The allowance is based on management’s evaluation of the risk characteristics of the receivable, including such factors as past collection experience, sources of repayment, adverse situation that may affect the customer’s ability to repay, and general economic conditions. Charge-offs are recorded against the allowance when management believes that the collectability is unlikely. Recoveries of amounts previously charged off are credited to the allowance. Because of uncertainties inherent in the estimation process, management’s estimate may change in the future. Management estimates that the accounts receivable are collectible, therefore, did not establish a provision for uncollectible accounts.

Recently Issued Accounting Pronouncements – The GASB has issued the following accounting pronouncements that are effective for periods subsequent to June 30, 2020.

- GASB Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.
- GASB Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

- GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.
- GASB Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (i) commitments extended by issuers, (ii) arrangements associated with conduit debt obligations, and (iii) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

- This Statement also addresses arrangements - often characterized as leases - that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.
- This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.
- GASB Statement No. 92, Omnibus 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports; reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan; the applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits; the applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements; measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and terminology used to refer to derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

- GASB Statement No.93, Replacement of Interbank Offered Rates (IBOR). The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR most notably the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

This statement achieves its objective by:

- o Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- o Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- o Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- o Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- o Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- o Clarifying the definition of reference rate, as it is used in GASB Statement No. 53, as amended.
- o Providing an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. The exceptions to the existing provisions for hedge

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR.

- GASB NO. 94, Public-Private and Public-Public Partnership and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

- GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

- GASB Statement No. 97, Certain Component Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans- An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other than postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement.

The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance.

Management is evaluating the impact that these Statements will have on the Corporation's basic financial statements.

Reclassifications- Certain reclassifications were made to prior year basic financial statements in order to conform to current year presentation. These reclassifications had no effect on the previously reported net position or change in net position of the Corporation.

3. CASH

The Corporation is authorized to deposit only in bank institutions approved by the Department of Treasury of the Commonwealth. Such deposits should be kept in separate accounts in the name of the Corporation. Under the Commonwealth's statutes, public funds deposited in commercial banks must be fully collateralized for the amount deposited in excess of federal depository insurance. It is the Corporation's policy to have all bank account openings approved by the Board.

Custodial Credit Risk

Custodial credit risk –is the risk that, in the event of a financial institution failure, the Corporation's deposits may not be returned to it. The Corporation maintains cash deposits in one commercial bank located in Puerto Rico. Under the Commonwealth's statutes, public funds deposited in commercial banks must be fully collateralized for the amount deposited in excess of insurance provided by the Federal Deposit Insurance Corporation (FDIC). All securities pledged as collateral by the Corporation are held by the Puerto Rico Secretary of Treasury but not in the Corporation's name. The total deposits in commercial banks amounted to \$28,684,102 and \$41,410,730 as of June 30, 2020 and 2019, respectively.

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

Deposits in Commercial Banks

The Corporation has the following depository accounts in a commercial bank:

Depository Account	June 30, 2020		June 30, 2019	
	Carrying Amount	Bank Balance	Carrying Amount	Bank Balance
Deposits insured by the FDIC	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Deposits subject to the collateral requirements	28,434,102	28,434,102	41,160,730	41,160,730
Total deposits	<u>\$ 28,684,102</u>	<u>\$ 28,684,102</u>	<u>\$ 41,410,730</u>	<u>\$ 41,410,730</u>

4. ACCOUNTS RECEIVABLE

The amounts related to the municipal sales and use tax collections made by the Collectors' Municipalities and submitted to the Corporation after fiscal years ended June 30, 2020 and 2019, respectively, are as follows:

<u>Municipality of</u>	<u>2020</u>	<u>2019</u>
Aguada	\$ 139	\$ 5
Aguadilla	-	408
Aguas Buenas	418	-
Aibonito	236	26
Añasco	2	-
Arecibo	6	-
Arroyo	-	84
Barceloneta	3	-
Caguas	2,228	2,049
Camuy	735	-
Cataño	466	-
Cayey	9	5
Coamo	-	49
Corozal	-	15
Dorado	-	264
Guayanilla	121	4

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

<u>Municipality of</u>	<u>2020</u>	<u>2019</u>
Hatillo	45	-
Hormigueros	-	321
Humacao	4,906	392
Isabela	37	116
Jayuya	-	-
Juana Díaz	178	16
Juncos	210	-
Lajas	1,543	21
Loíza	-	-
Luquillo	4,248	-
Manatí	122	-
Moca	138	-
Naguabo	-	398
Orocovis	52	-
Ponce	885,624	122
Rincón	26	269
Río Grande	266	2
Salinas	3,474	655
San Germán	79	-
San Lorenzo	-	-
San Sebastián	914	19
Santa Isabel	20	-
Toa Baja	18	-
Utuado	752	-
Vega Baja	154	10
Vieques	144	-
Yauco	49	-
	<u>\$ 907,362</u>	<u>\$ 5,250</u>

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

5. DUE FROM MUNICIPALITIES

The amount due from Municipalities consists of advances made in excess of the collected funds.

The Corporation is required by law to prepare a settlement statement on a fiscal year basis, whereby a reconciliation between the amounts advanced to the municipalities and amounts collected from taxpayers is made. The Corporation prepares a settlement not later than October 31, after the end of the fiscal year (see supplementary information). The amount due from Municipalities is recorded and amortized through a pro rata deduction from the next fiscal year collections.

The balance of due from municipalities amount to \$48,144 and \$27,978 at June 30, 2020 and 2019, respectively.

6. DUE FROM MUNICIPALITIES ON COLLECTION AGREEMENTS

Annually, the Corporation reconciles the total cash remitted to the municipalities with the net cash collections received through all collection's channels, including the Web Portal of the Corporation or by direct deposit to the individual accounts of the Corporation on behalf of the Municipalities. Through this reconciliation, the Corporation determines if there were advances to the Municipalities in excess of the collections made, resulting in an accounts receivable to the Corporation, or if advances were less than collections, resulting in a debt of the Corporation to the Municipalities.

Therefore, the Corporation identifies that several Municipalities maintain accounts receivable related from previous fiscal years, for which formal collection agreements are established.

In November 2018, the Corporation and certain Municipalities entered in several Collection Agreements for the repayment of prior year unpaid advances. The Collection Agreements interest rate depends on the maturity option selected by each Municipality. The first due date of the payment plans was October 2019, with a fixed and discounted interest rate that fluctuates between 4% and 8%, and a maturity of 5 to 15 years. As of June 30, 2020, all payment plans are performing.

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

Due from Municipalities for the years ended June 30, 2020 and 2019, respectively, consist of the following:

<u>Municipality of</u>	<u>2020</u>	<u>2019</u>
Bayamón	\$ 6,653,645	\$ 6,544,840
Mayagüez	5,201,469	5,119,331
Carolina	3,543,382	3,227,930
Guaynabo	2,475,923	2,267,450
Canóvanas	783,086	738,790
Trujillo Alto	26,823	-
Total	<u>18,684,328</u>	<u>17,898,341</u>
Less: Current portion	<u>1,608,014</u>	<u>2,516,180</u>
	<u>\$ 17,076,314</u>	<u>\$ 15,382,161</u>

7. ACCOUNTS PAYABLE

The amount of accounts payable include the municipal sale and use taxes distribution of the last month of the fiscal years ended June 30, 2020 and 2019, respectively, and paid to the Municipalities after fiscals year ended, and certain other administrative expenses.

	<u>2020</u>	<u>2019</u>
Municipal sales and use taxes	\$ 8,515,753	\$ 10,359,943
Administrative services	10,000	16,000
Bank charges	87,443	-
Audit fees	<u>35,250</u>	<u>37,050</u>
Total	<u>\$ 8,648,446</u>	<u>\$ 10,412,993</u>

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

8. DUE TO MUNICIPALITIES

The amount due to Municipalities represents the funds collected in excess to the advances of money made to the municipalities during the fiscal year.

The amount due to Municipalities is paid at settlement. The Corporation prepares a settlement not later than October 31, after the fiscal year ended (see supplementary information). The amount due to Municipalities is recorded and paid through the next fiscal year.

At June 30, 2019, the amount due to Municipalities included funds deposited in the Corporation's concentration bank account that corresponds to unidentified municipal sales and use tax collections from prior years. On December 13, 2019, the Board of Directors of the Corporation adopted board resolution 2019-17, which authorized the distribution of funds deposited in the concentration bank account to the participating municipalities of the Corporation. The distribution corresponds to unidentified municipal sales and use tax collections deposited by the Treasury Department to the Corporation, for fiscal years 2017, 2018 and 2019, respectively, amounting to \$16,942,851.

The balance of due to municipalities amounts to \$5,581,273 and \$15,508,629 at June 30, 2020 and 2019, respectively.

9. SUBSEQUENT EVENTS

Subsequent events were evaluated through March 31, 2021, the date the basic financial statements were available to be issued, to determine if any such events should either be recorded or disclosed in the June 30, 2020 and 2019 basic financial statements.

Act No. 107-2020

On August 14, 2020, the Governor enacted Act No. 107-2020, as amended, establishing the Municipal Code of Puerto Rico (the "Code"). The Code revokes, among others, Act No. 19-2014, as amended, known as the "Municipal Financing Corporation Law". It also stipulates the norms, rules and laws related to income and financing for the operation of municipalities as well as describes the operation and new responsibilities of the Corporation in its articles 7.302 (21 L.P.R.A. § 8284) to 7.306 (21 L.P.R.A. § 8295).

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

As a result of the approval of the Code, the Corporation is attached to the Puerto Rico Fiscal Agency and Financial Advisory Authority (the “FAFAA”). The Code established that the FAFAA shall cover the operating expenses of the Corporation; provided, however, that if the FAFAA cannot cover such expenses, they shall be paid from the funds deposited in the Corporation’s accounts, which is derived from the municipal sales and use tax collections.

COVID-19

The outbreak of a new strain of coronavirus named SARS-CoV-2 and the disease caused thereby (“COVID-19”), an upper respiratory tract illness first identified in Wuhan, China, has spread to numerous countries across the globe, including the U.S. and Puerto Rico. COVID-19 has been characterized as a pandemic by the World Health Organization and resulted in a declaration of a national emergency by the Federal Government on March 13, 2020.

As a result of the COVID-19 pandemic, the Federal Government and the Government of Puerto Rico have implemented numerous measures to address the pandemic. For example, on March 15, 2020, the Governor issued Executive Order 2020-20 to implement the closure of governmental and private sector operations to combat the effects of COVID-19 in Puerto Rico. Although the Governor has modified this order several times, the government and private sector continue to be affected by partial closures, limitations on group activities, limited operating hours and limitations on the number of consumers that may patronize an establishment.

As a result of the COVID-19 emergency, the Secretary of Treasury has also issued several related administrative determinations. Most of these determinations provided or currently provide Sales and Use Tax (“SUT”) exemptions on certain items, including items necessary to prevent the spread of COVID-19 and certain foods.

Because of the evolving nature of the COVID-19 pandemic and the federal and local responses thereto, the Corporation cannot predict the extent or duration of the outbreak or what impact it may have, if any, on the Corporation’s receipt of sales and use tax collections for fiscal year 2021. While the effects of COVID-19 may be temporary, they may alter the behavior of businesses and people in a manner that may have negative impacts on global, national and local economies, including the collection of sales and use taxes by the Commonwealth and Municipalities.

SUPPLEMENTARY INFORMATION

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
SCHEDULE OF CLOSE YEAR LIQUIDATION (UNAUDITED)
JUNE 30, 2020

Municipality of	Collections	Prior Year Collections	Total Collections	Advances to Municipality	Due from Municipality	Due to Municipality
Adjuntas	\$ 110,952	\$ 50,309	\$ 161,261	\$ 158,873	\$ -	\$ 2,388
Aguada	1,141,668	198,577	1,340,245	1,335,933	-	4,312
Aguadilla	3,263,542	438,084	3,701,626	3,613,655	-	87,971
Aguas Buenas	411,770	90,616	502,386	495,503	-	6,883
Aibonito	971,015	169,296	1,140,311	1,113,110	-	27,201
Añasco	713,353	140,995	854,348	834,003	-	20,345
Arecibo	2,798,155	370,796	3,168,951	3,082,343	-	86,608
Arroyo	345,014	77,714	422,728	391,274	-	31,454
Barceloneta	3,228,578	388,950	3,617,528	3,552,376	-	65,152
Barranquitas	679,432	125,897	805,329	787,081	-	18,248
Bayamón	250,961	-	250,961	-	-	250,961
Cabo Rojo	1,486,718	218,416	1,705,134	1,675,803	-	29,331
Caguas	16,100,584	1,993,121	18,093,705	17,982,970	-	110,735
Camuy	791,575	149,331	940,906	889,095	-	51,811
Canóvanas	34,745	-	34,745	13,330	-	21,415
Carolina	361,303	-	361,303	-	-	361,303
Cataño	4,269,493	441,117	4,710,610	4,635,642	-	74,968
Cayey	4,086,307	494,737	4,581,044	4,386,302	-	194,742
Ceiba	195,797	60,705	256,502	253,415	-	3,087
Ciales	304,045	72,472	376,517	358,295	-	18,222
Cidra	1,322,646	226,809	1,549,455	1,479,725	-	69,730
Coamo	711,128	139,860	850,988	812,522	-	38,466
Comerio	282,996	72,819	355,815	349,428	-	6,387
Corozal	668,831	134,384	803,215	766,164	-	37,051
Culebra	152,549	59,234	211,783	210,003	-	1,780
Dorado	3,058,972	396,537	3,455,509	3,381,192	-	74,317
Fajardo	3,238,067	409,936	3,648,003	3,664,339	16,336	-
Florida	145,061	53,253	198,314	189,613	-	8,701
Guánica	245,251	77,026	322,277	327,836	5,559	-
Guayama	2,242,330	287,034	2,529,364	2,524,045	-	5,319
Guayanilla	259,337	73,004	332,341	320,804	-	11,537
Guaynabo	694,881	-	694,881	-	-	694,881
Gurabo	1,590,099	229,509	1,819,608	1,779,905	-	39,703

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
SCHEDULE OF CLOSE YEAR LIQUIDATION (UNAUDITED) (CONTINUED)
JUNE 30, 2020

Municipality of	Collections	Prior Year Collections	Total Collections	Advances to Municipality	Due from Municipality	Due to Municipality
Hatillo	\$ 5,274,618	\$ 647,174	\$ 5,921,792	\$ 5,819,841	\$ -	\$ 101,951
Hormigueros	978,320	190,381	1,168,701	1,128,518	-	40,183
Humacao	4,128,441	470,186	4,598,627	4,411,232	-	187,395
Isabela	2,083,609	274,672	2,358,281	2,150,370	-	207,911
Jayuya	339,397	82,064	421,461	445,617	24,156	-
Juana Díaz	1,469,400	207,412	1,676,812	1,624,995	-	51,817
Juncos	1,076,392	182,980	1,259,372	1,229,321	-	30,051
Lajas	531,121	113,042	644,163	636,418	-	7,745
Lares	604,411	118,260	722,671	710,961	-	11,710
Las Marías	62,354	42,805	105,159	100,270	-	4,889
Las Piedras	980,389	174,582	1,154,971	1,125,954	-	29,017
Loíza	277,048	74,715	351,763	350,903	-	860
Luquillo	595,531	117,494	713,025	672,045	-	40,980
Manatí	3,301,831	422,709	3,724,540	3,585,803	-	138,737
Maricao	20,573	37,317	57,890	56,877	-	1,013
Maunabo	77,985	47,166	125,151	127,244	2,093	-
Mayagüez	91,217	-	91,217	-	-	91,217
Moca	734,698	139,205	873,903	862,950	-	10,953
Morovis	588,647	114,486	703,133	681,401	-	21,732
Naguabo	412,222	90,522	502,744	490,769	-	11,975
Naranjito	811,436	154,092	965,528	940,774	-	24,754
Orocovis	471,130	96,124	567,254	552,696	-	14,558
Patillas	281,556	78,508	360,064	348,931	-	11,133
Peñuelas	441,764	89,969	531,733	510,974	-	20,759
Ponce	12,913,765	1,491,303	14,405,068	14,328,397	-	76,671
Quebradillas	529,376	114,823	644,199	614,461	-	29,738
Rincón	582,580	114,684	697,264	690,080	-	7,184
Río Grande	1,688,181	229,496	1,917,677	1,900,575	-	17,102
Sabana Grande	536,038	108,224	644,262	622,253	-	22,009
Salinas	809,351	138,365	947,716	910,360	-	37,356
San Germán	1,075,474	209,621	1,285,095	1,242,309	-	42,786
San Juan	780,054	-	780,054	(69)	-	780,123
San Lorenzo	1,106,242	189,505	1,295,747	1,228,179	-	67,568
San Sebastián	1,361,977	227,954	1,589,931	1,531,140	-	58,791

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
SCHEDULE OF CLOSE YEAR LIQUIDATION (UNAUDITED) (CONTINUED)
JUNE 30, 2020

Municipality of	Collections	Prior Year Collections	Total Collections	Advances to Municipality	Due from Municipality	Due to Municipality
Santa Isabel	\$ 1,519,988	\$ 216,230	\$ 1,736,218	\$ 1,700,067	\$ -	\$ 36,151
Toa Alta	1,292,401	207,577	1,499,978	1,464,984	-	34,994
Toa Baja	5,412,818	676,398	6,089,216	6,015,222	-	73,994
Trujillo Alto	2,435,736	323,571	2,759,307	2,153,527	-	605,780
Utua	670,152	118,128	788,280	769,342	-	18,938
Vega Alta	1,273,273	204,779	1,478,052	1,443,046	-	35,006
Vega Baja	1,686,529	254,305	1,940,834	1,899,598	-	41,236
Vieques	366,465	86,564	453,029	441,665	-	11,364
Villalba	283,550	72,970	356,520	349,413	-	7,107
Yabucoa	718,908	123,635	842,543	821,165	-	21,378
Yauco	1,310,886	228,316	1,539,202	1,499,554	-	39,648
Total	\$ 120,144,989	\$ 16,942,851	\$ 137,087,840	\$ 131,554,711	\$ 48,144	\$ 5,581,273

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
SCHEDULE OF CLOSE YEAR LIQUIDATION (UNAUDITED)
JUNE 30, 2019

Municipality of	Collections	Advances to Municipality	Due from Municipality	Due to Municipality
Adjuntas	\$ 143,235	\$ 141,741	\$ -	\$ 1,494
Aguada	1,256,351	1,237,816	-	18,535
Aguadilla	3,823,902	3,765,931	-	57,971
Aguas Buenas	436,392	433,412	-	2,980
Aibonito	1,069,867	1,075,480	5,613	-
Añasco	819,621	798,884	-	20,737
Arecibo	3,237,297	3,185,067	-	52,230
Arroyo	342,461	345,820	3,359	-
Barceloneta	3,462,091	3,436,877	-	25,214
Barranquitas	709,262	704,476	-	4,786
Bayamón	459,193	459,193	-	-
Cabo Rojo	1,706,687	1,649,466	-	57,221
Caguas	18,762,332	18,345,933	-	416,399
Camuy	889,147	866,246	-	22,901
Canóvanas	50,307	50,307	-	-
Carolina	564,614	564,614	-	-
Cataño	5,153,555	5,142,260	-	11,295
Cayey	4,338,189	4,264,907	-	73,282
Ceiba	214,013	214,836	823	-
Ciales	298,179	295,559	-	2,620
Cidra	1,505,641	1,475,279	-	30,362
Coamo	806,930	786,014	-	20,916
Comerío	297,053	292,498	-	4,555
Corozal	770,085	743,116	-	26,969
Culebra	196,723	194,738	-	1,985
Dorado	3,513,947	3,403,984	-	109,963
Fajardo	3,557,398	3,510,806	-	46,592
Florida	148,055	148,582	527	-
Guánica	330,589	320,491	-	10,098
Guayama	2,442,487	2,418,211	-	24,276
Guayanilla	306,298	303,919	-	2,379
Guaynabo	898,832	898,832	-	-
Gurabo	1,830,955	1,808,987	-	21,968

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
SCHEDULE OF CLOSE YEAR LIQUIDATION (UNAUDITED) (CONTINUED)
JUNE 30, 2019

Municipality of	Collections	Advances to Municipality	Due from Municipality	Due to Municipality
Hatillo	\$ 5,814,089	\$ 5,738,851	\$ -	\$ 75,238
Hormigueros	1,185,571	1,126,334	-	59,237
Humacao	4,148,316	4,044,720	-	103,596
Isabela	2,295,796	2,046,876	-	248,920
Jayuya	387,192	355,306	-	31,886
Juana Díaz	1,613,429	1,573,232	-	40,197
Juncos	1,159,343	1,142,168	-	17,175
Lajas	611,817	600,864	-	10,953
Lares	646,794	630,682	-	16,112
Las Marías	68,147	67,396	-	751
Las Piedras	1,090,068	1,075,346	-	14,722
Loíza	319,526	322,140	2,614	-
Luquillo	638,756	618,751	-	20,005
Manatí	3,674,768	3,555,234	-	119,534
Maricao	25,931	25,148	-	783
Maunabo	101,632	98,288	-	3,344
Mayagüez	51,054	51,054	-	-
Moca	806,431	793,511	-	12,920
Morovis	615,428	601,774	-	13,654
Naguabo	434,171	428,660	-	5,511
Naranjito	920,903	888,790	-	32,113
Orocovis	476,398	466,990	-	9,408
Patillas	342,394	353,257	10,863	-
Peñuelas	456,361	448,085	-	8,276
Ponce	14,938,423	14,673,648	-	264,775
Quebradillas	619,598	612,937	-	6,661
Rincón	620,465	617,735	-	2,730
Río Grande	1,812,979	1,743,283	-	69,696
Sabana Grande	566,867	571,046	4,179	-
Salinas	845,955	824,665	-	21,290
San Germán	1,358,976	1,322,256	-	36,720
San Juan	1,245,777	-	-	1,245,777
San Lorenzo	1,218,692	1,203,240	-	15,452
San Sebastián	1,484,958	1,463,133	-	21,825

MUNICIPAL FINANCE CORPORATION
(A Component Unit of the Commonwealth of Puerto Rico)
SCHEDULE OF CLOSE YEAR LIQUIDATION (UNAUDITED) (CONTINUED)
JUNE 30, 2019

Municipality of	Collections	Advances to Municipality	Due from Municipality	Due to Municipality
Santa Isabel	\$ 1,694,982	1,660,949	\$ -	\$ 34,033
Toa Alta	1,326,612	1,297,337	-	29,275
Toa Baja	6,197,295	6,059,307	-	137,988
Trujillo Alto	2,476,516	2,388,199	-	88,317
Utua	647,451	636,774	-	10,677
Vega Alta	1,597,696	1,590,511	-	7,185
Vega Baja	2,090,327	2,027,191	-	63,136
Vieques	404,678	394,472	-	10,206
Villalba	297,626	290,578	-	7,048
Yabucoa	686,247	669,919	-	16,328
Yauco	1,803,183	1,777,368	-	25,815
Unassigned	-	-	-	11,481,632
Total	<u>\$ 136,161,306</u>	<u>\$ 132,162,287</u>	<u>\$ 27,978</u>	<u>\$ 15,508,629</u>