

## **Departamento de Finanzas y Presupuesto** **ASPECTOS FINANCIEROS**

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### **Situación Financiera**

Se incluye el estado financiero auditado al 30 de junio de 2011, en los cuales está integrada la Autoridad de Tierras de Puerto, Fondo Integral para el Desarrollo Agrícola (FIDA) y la Corporación Azucarera de Puerto Rico.

(ANEJO 1)

### **Presupuesto 2012-2013**

La Autoridad de Tierras de Puerto Rico genera sus propios fondos provenientes en su totalidad de los ingresos propios, generados del arrendamiento de tierras con potencial agrícola, la venta de terrenos no agrícolas, Proyecto de Mitigación y los servicios de infraestructura necesaria para garantizar la protección de terrenos. Se proyectan ingresos por la cantidad de \$ 17,573,500.00.

Para gastos de funcionamiento, recomendamos para el año fiscal 2012-2013, la cantidad de \$13,630,435. Este se desglosa de la siguiente forma: \$7,801,543 para nómina y costos relacionados; \$877,000 para facilidades y pagos por servicios públicos; \$927,000 para servicios comprados; \$250,500 para gastos de transportación; \$2,460,942 para servicios profesionales; \$1,066,850 para otros gastos operacionales y \$246,600 para materiales y suministros.

Este presupuesto está enmarcado en un plan de acción de desarrollo agrícola y protección de terrenos encaminados a desarrollar el futuro agrícola.

(ANEJO 2)

Por otra parte, al 30 de junio de 2012, la agencia cuenta con un balance en los bancos de \$7,418,976.77.

(ANEJO 3)



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## **Contratos Vigentes 2012**

Se incluye un detalle de los contratos vigentes al 2012, correspondiente a la Autoridad de Tierras de Puerto Rico, Programa de Infraestructura y Fondo Integral para el Desarrollo Agrícola (FIDA).

(ANEJO 4)

## **Deuda Pública**

La Autoridad de Tierras reconoce las siguientes deudas, las cuales ascienden aproximadamente a \$21,387,803.90. Entre estas, está:

- a. Retiro- Autoridad de Tierras \$266,402.88
- b. Sentencia CRIM- \$12,117,630.11
- c. Autoridad de Energía Eléctrica- \$3,696,457.17
- d. Depto. de Hacienda Contribución sobre Ingresos:\$520,688.00
- e. Asuntos Ambientales ATPR- Estimado: \$2,825,000.00
- f. Compañía de Fomento Industrial de PR (Sentencia)-\$1,961,625.74

(ANEJO 5)

## **Cuentas por Cobrar**

En cuanto a las cuenta por cobrar, la Autoridad de Tierras presenta un total de \$31,359,008.48, los cuales se desglosan de la siguiente manera:

- a. Autoridad de Tierras de Puerto Rico al 30 de junio de 2012-  
\$20,429,259.03
- b. Programa de Fincas Familiares al 30 de abril de 2012- \$10,929,749.45

(ANEJO 6)

### **CORPORACION AZUCARERA DE PUERTO RICO**

La Corporación Azucarera de Puerto Rico es una corporación pública la cual por virtud de la Ley 189 del 5 de septiembre de 1996, según enmendada transfirió todos sus activos a empresas de colonos. Los activos de terrenos remanentes fueron transferidos a la Autoridad de Tierras de Puerto Rico.

Por los pasados años, la Autoridad de Tierras de Puerto Rico ha tenido que asumir los gastos de la Corporación Azucarera de Puerto Rico. La Autoridad de Tierras de Puerto Rico no tiene la capacidad económica para asumir las obligaciones de tipo económico de la Corporación Azucarera. Es necesario que la Legislatura de Puerto Rico, asigne los fondos necesarios en virtud de lo establecido en la Ley 189 del 5 de septiembre de 1996 según enmendada, la cual en su Artículo IX sobre “Liquidación Ordenada”, establece lo siguiente:

“Se autoriza al Director Ejecutivo de la Corporación a solicitar de tiempo en tiempo a la Legislatura de Puerto Rico los fondos necesarios para liquidar todas aquellas obligaciones de la Corporación relacionadas a los planes de retiro y convenios colectivos de empleados, obligaciones ambientales, acciones legales y otras contingencias que pudiesen surgir luego de la Fecha de Transferencia relacionadas con actuaciones u omisiones de la Corporación antes de la Fecha de Transferencia.”

**Departamento de Finanzas y Presupuesto**  
**ASPECTOS FINANCIEROS**

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Para el mes de mayo de 2012, se sometió ante la consideración de la Asamblea Legislativa de la Cámara y Senado de Puerto Rico una petición de especial de fondos para cubrir las obligaciones de la Corporación Azucarera.

(ANEJO 7)

# ANEJO 1



**guzmán torres & co., psc**  
certified public accountants & business advisors

# PUERTO RICO LAND AUTHORITY

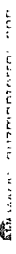
(A component Unit of the Commonwealth of Puerto Rico)

BASIC FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION

AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

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Cosui Building 310 Floor  
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**PUERTO RICO LAND AUTHORITY**  
(A Component Unit of the Commonwealth of Puerto Rico)

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**PUERTO RICO LAND AUTHORITY**  
(A Component Unit of the Commonwealth of Puerto Rico)

MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2011

FINANCIAL ANALYSIS OF THE AUTHORITY

Balance Sheet: The following caption summarized the changes in the net assets between June 30, 2011 and 2010.

	2011	2010	Changes
Assets			
Current assets	\$ 80,362,853	\$ 63,608,608	\$ 16,754,245
Non-current assets	<u>101,208,403</u>	<u>115,835,363</u>	<u>(14,626,960)</u>
Total assets	<u>\$ 181,571,256</u>	<u>\$ 179,443,971</u>	<u>\$ 2,127,285</u>
Liabilities			
Current liabilities	\$ 81,991,751	\$ 93,155,441	\$ (11,163,690)
Non-current liabilities	<u>24,887,297</u>	<u>25,110,323</u>	<u>(223,026)</u>
Total Liabilities	<u>\$ 106,879,048</u>	<u>\$ 118,265,764</u>	<u>\$ (11,386,716)</u>
Net assets			
Invested in Capital assets - net	\$ 92,580,158	\$ 92,814,946	\$ (234,788)
Restricted	119,369	424,658	(305,289)
Unrestricted (deficit)	<u>(18,007,319)</u>	<u>(32,061,397)</u>	<u>14,054,078</u>
Total Net Assets	<u>\$ 74,692,208</u>	<u>\$ 61,178,207</u>	<u>\$ 13,514,001</u>
Total Liabilities and Net Assets	<u>\$ 181,571,256</u>	<u>\$ 179,443,971</u>	<u>\$ 2,127,285</u>

Total assets increased by approximately \$2.1 millions.

Current liabilities decreased by approximately \$11.3 millions mainly due to payments of line of credit and principal payments on notes payables.



**PUERTO RICO LAND AUTHORITY**  
(A Component Unit of the Commonwealth of Puerto Rico)

MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2011

Operating Activities: The Authority enters into lease agreements on the land and properties it owns with government and private entities. The agreements vary in prices and terms dependent on the intended public use and benefits to the Commonwealth of Puerto Rico residents. The Authority also acquires and sells to other government agencies and instrumentalities or private entities, land and property that have been determined to be used or developed for public interest. Operating expenses consists principally of payroll and program for the production of farming products and infrastructure.

The following table summarizes the results of operations between fiscal year ended June 30, 2011 and 2010.

	2011	2010	Changes	Percent
Operating revenues	\$ 14,848,458	\$ 11,321,448	\$ 3,527,010	24%
Operating expenses	23,729,414	23,788,782	(59,368)	0%
Operating Loss	\$ (8,880,956)	\$ (12,467,334)	\$ 3,586,378	-40%
Non-operating revenues (Expenses)				
Coffe and sugar taxes Commonwealth appropriation	\$ 14,784,002	\$ 14,128,579	\$ 655,423	4%
Interest income	1,251,038	1,298,494	(47,456)	-4%
Mitigation project Interest expense	38,685 (236,954)	66,641 (622,244)	(27,956) 385,290	-72% -163%
Non-operating revenues, Net	(1,314,503)	(3,729,317)	2,414,814	-184%
Non-operating revenues, Net	\$ 14,522,268	\$ 11,142,153	\$ 3,380,115	23%
Change in net assets	\$ 5,641,312	\$ (1,325,181)	\$ 6,966,493	123%
Net assets at beginning of year, as restated	\$ 65,338,469	\$ 62,503,388	\$ 2,835,081	4%
Net assets at end of year	\$ 70,979,781	\$ 61,178,207	\$ 9,801,574	14%

**PUERTO RICO LAND AUTHORITY**  
(A Component Unit of the Commonwealth of Puerto Rico)

MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2011

Total operating revenues increase approximately by \$3.5 millions mainly due to the increase in sale of land of approximately \$89.5 thousands. Total operating expenses decreased by approximately \$59 thousands. Total non-operating revenues (net) increase \$3.4 millions related also to the decrease in the interest expenses by \$2.4 millions.

**SUGAR CORPORATION OF PUERTO RICO - CURRENTLY IN LIQUIDATION BASIS**

Statement of net assets in liquidation for the Corporation as of December 31, 2010 and 2009 is as follows:

	2010	2009	Changes	Percent
Assets	\$ 537,275	\$ 350,556	\$ 186,719	35%
Liabilities	<u>83,684,907</u>	<u>83,310,930</u>	<u>373,977</u>	0%
Excess of liabilities over assets under liquidation	<u>\$ (83,147,632)</u>	<u>\$ (82,960,374)</u>	<u>\$ (187,258)</u>	0%

As of December 31, 2010, the Corporation has approximately \$28.5 millions in accruals to cover the estimated costs related to its liquidation. The estimated cost includes \$3.2 millions in amount payable for Mercedita Refinery operations and other liabilities, \$24.6 for Central Office Liquidation and \$381,257 in other accruals to finish the liquidation process, which include the employee severance, pending legal cases, environmental clean up costs and other future losses to be incurred during the liquidation process.

**PUERTO RICO LAND AUTHORITY**  
(A Component Unit of the Commonwealth of Puerto Rico)

MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2011

The Corporation has a note payable of approximately \$53.2 millions to the Puerto Rico Public Finance Corporation (PFC). During this year, the Commonwealth appropriations payments were made by the Office of Management and Budget ("OGP") to PFC. Changes in net assets in liquidation for the Corporation are as follows:

	2010	2009	Changes	Percent
Excess of liabilities over assets under liquidation at beginning of the year	\$ (82,960,366)	\$ (82,810,959)	\$ (149,407)	0%
Net changes in estimated liabilities for liquidation of the Corporation	-	-	-	
Other changes in net assets in liquidation:				
Interest, rental and other items of income	3,073,618	4,729,947	(1,656,329)	-54%
Other charges and costs	<u>(3,260,884)</u>	<u>(4,879,362)</u>	<u>1,618,478</u>	-50%
Excess of liabilities over assets in liquidation	<u>\$ (83,147,632)</u>	<u>\$ (82,960,374)</u>	<u>\$ (187,258)</u>	0%

**PUERTO RICO LAND AUTHORITY**  
(A Component Unit of the Commonwealth of Puerto Rico)

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2011**

During the year ended December 31, 2010, the Corporation had no operations except from the continuance of its liquidation activities. The Corporation accumulated various liquidation accruals based on a number of different sources including: engineering, legal and environmental estimates. The amounts are updated annually to reflect recent development and new estimates.

During the fiscal year ended June 30, 2009, the Puerto Rico Sales Tax Financing Corporation (COFINA) made four bond issues: Series 2007 A, Series 2007 B, Series 2007 C and Series 2008 A. These four bond issues made by COFINA refinance portions of extra constitutional debt of Agencies and Public Corporations of the Commonwealth of Puerto Rico outstanding with the Government Development Bank of Puerto Rico (GDB) and portions of debt with PFC. As a result of these transactions, entities with outstanding debt with PFC now have new repayment schedules.

**CAPITAL ASSETS**

The Authority acquires and or develops land and structures with agricultural potential for future development by farmers. Also, the Authority is authorized by law to sell surplus land and properties to other government entities and individuals. The following table summarizes the capital assets of the Authority as of June 30, 2011 and 2010.

	2011	2010	Changes	Percent
Capital assets not being depreciated				
Land	\$ 82,547,275	\$ 82,557,227	\$ (9,952)	0%
Construction in progress	169,072	1,242,546	(1,073,474)	-635%
Total capital asset not being depreciated	<u>\$ 82,716,347</u>	<u>\$ 83,799,773</u>	<u>\$ (1,083,426)</u>	-1%
Capital assets being depreciated	\$ 35,113,862	\$ 33,331,513	\$ 1,782,349	5%
Less: Accumulated depreciation	<u>(25,296,881)</u>	<u>(24,358,997)</u>	<u>(937,884)</u>	4%
	<u>\$ 92,533,328</u>	<u>\$ 92,772,289</u>	<u>\$ (238,961)</u>	0%

**PUERTO RICO LAND AUTHORITY**  
(A Component Unit of the Commonwealth of Puerto Rico)

MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2011

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

The financial report has the purpose of informing the Commonwealth of Puerto Rico residents and taxpayers, and our clients with a general financial overview of the Authority's finances and to comply with the Authority's accountability of the assets, funds and appropriations it holds and receives. If you have any questions about this report or need additional information, contact, Finance Director, at Puerto Rico Land Authority, 1311 Fernandez Juncos Avenue, 19½, San Juan, Puerto Rico 00908.

**Commonwealth of Puerto Rico**  
**Puerto Rico Land Authority**  
**Statements of Net Assets**  
**June 30, 2011**

2011

	Land Authority	FIDA	Combined
<b>Assets:</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 9,434,148	\$ 17,607,668	\$ 27,041,816
Notes and accounts receivable	16,228,496	33,857,004	50,085,500
Due from (to) other funds	3,328,387	(103,311)	3,225,076
Prepaid and other current assets	5,841	4,620	10,461
<b>Total current assets</b>	<u>28,996,872</u>	<u>51,365,981</u>	<u>80,362,853</u>
Capital assets, net of accumulated depreciation	92,533,328	46,831	92,580,158
Other assets	119,369	8,508,876	8,628,245
<b>Total assets</b>	<u>\$ 121,649,569</u>	<u>\$ 59,921,688</u>	<u>\$ 181,571,256</u>
<b>Liabilities and net assets (deficit)</b>			
<b>Current liabilities:</b>			
Notes payable	\$ -	\$ 42,809,885	\$ 42,809,885
Accounts payable and accrued liabilities	24,167,972	390,514	24,558,487
Due to other funds	-	-	-
Deposit on sale of land	11,019,701	-	11,019,701
Advances for farming developing	3,403,637	-	3,403,637
Deferred revenue	91,384	-	91,384
<b>Total current liabilities</b>	<u>38,682,694</u>	<u>43,200,399</u>	<u>81,883,093</u>
Long-term liabilities			
Notes payable	23,435,832	-	23,435,832
Compensated absences	1,451,465	120,979	1,572,444
<b>Total long-term liabilities</b>	<u>24,887,297</u>	<u>120,979</u>	<u>25,008,276</u>
<b>Total liabilities</b>	<u>63,569,991</u>	<u>43,321,378</u>	<u>106,891,369</u>
<b>Net assets (deficit)</b>			
Invested in capital assets, net of related debt	92,533,328	46,831	92,580,158
Restricted	119,369	-	119,369
Unrestricted	(34,573,118)	16,553,478	(18,019,640)
<b>Total net assets</b>	<u>58,079,578</u>	<u>16,600,309</u>	<u>74,679,887</u>
<b>Total liabilities and net assets</b>	<u>\$ 121,649,569</u>	<u>\$ 59,921,688</u>	<u>\$ 181,571,256</u>

The accompanying notes are an integral part of the financial statements

Commonwealth of Puerto Rico  
Sugar Corporation of Puerto Rico  
Statements of Net Assets in Liquidation  
December 31, 2011

	2011
<b>Assets</b>	
Cash and cash equivalents	-
Accounts receivable, net of allowance \$4,920,311	672,635
Capital assets	50,000
Deferred charges	-
Total assets	<u>722,635</u>
<b>Liabilities</b>	
Note payable	\$ 53,279,296
Due to other funds	58,464
Accounts payable, accrued liabilities and accrued liquidation costs	<u>30,262,126</u>
Total liabilities	<u>83,599,886</u>
Excess of liabilities over assets in liquidation	<u>(82,877,251)</u>
Total	<u>\$ 722,635</u>

The accompanying notes are an integral part of the financial statements  
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**Commonwealth of Puerto Rico**

**Puerto Rico Land Authority**

Statement of Revenues, Expenses and Changes in Net Assets

Year ended June 30, 2011

	2011		
	Land Authority	FIDA	Combined
<b>Operating revenues:</b>			
Sales of land	\$ 4,022,184		\$ 4,022,184
Rental income	5,657,021		5,657,021
Interest income	-	1,090,721	1,090,721
Service to farmers	2,458,435	-	2,458,435
Income from family lots	3,722,373	-	3,722,373
Other operating revenue	1,605,729	2,047	1,607,776
<b>Total operating revenues</b>	<b>17,465,741</b>	<b>1,092,768</b>	<b>18,558,509</b>
<b>Operating expenses:</b>			
Cost of land sold	10,311	-	10,311
Program for the production of farm products	-	3,211,833	3,211,833
Payroll and related	8,050,044	939,734	8,989,779
Repairs and maintenance	315,775	-	315,775
Utilities	1,105,740	-	1,105,740
Professional services	228,167	-	228,167
Insurance	320,021	-	320,021
Depreciation	942,016	8,372	950,388
Bad debts	-	-	-
Reserve for uncollectible investment	-	-	-
Loss on disposition of capital assets	-	-	-
Other operating expenses	412,163	8,185,237	8,597,400
Contingencies	9,945	-	9,945
<b>Total operating expenses</b>	<b>11,394,183</b>	<b>12,345,176</b>	<b>23,739,359</b>
<b>Operating income (loss)</b>	<b>6,071,558</b>	<b>(11,252,408)</b>	<b>(5,180,849)</b>
<b>Non-operating income (expense)</b>			
Coffe and sugar tax appropriation	-	14,784,002	14,784,002
Commonwealth operating grant	1,251,038	-	1,251,038
Interest income	38,684	-	38,684
Mitigation project	(236,954)	-	(236,954)
Interest expense	(1,314,503)	-	(1,314,503)
<b>Total non-operating income (expense)</b>	<b>(261,734)</b>	<b>14,784,002</b>	<b>14,522,268</b>
<b>Change in net assets</b>	<b>5,809,824</b>	<b>3,531,594</b>	<b>9,341,418</b>
<b>Net assets:</b>			
Beginning of year	48,110,899	13,068,715	61,179,614
Prior period adjustment	4,158,855	-	4,158,855
<b>End of year</b>	<b>\$ 58,079,578</b>	<b>\$ 16,600,309</b>	<b>\$ 74,679,887</b>

The accompanying notes are an integral part of the financial statements



**Commonwealth of Puerto Rico**  
**Sugar Corporation of Puerto Rico**  
Statement of Changes in Net Assets in Liquidation  
Year ended December 31, 2010

	<u>2011</u>
Excess of liabilities over assets in liquidation at beginning of year	\$ (83,147,632)
Decrease of excess of liabilities over net assets Revenues	3,429,877
Increase of excess of liabilities over net assets Liquidation expenses and other charges	<u>(3,159,496)</u>
Excess of liabilities over assets in liquidation at end of year	<u>\$ (82,877,251)</u>

The accompanying notes are an integral part of the financial statements  
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**Commonwealth of Puerto Rico**  
**Puerto Rico Land Authority**  
Statement of Cash Flows  
Year ended June 30, 2011

	PR Land	FIDA	Total
<b>Cash flows from operating activities:</b>			
Proceeds from sales of land	\$ 4,726,889	-	\$ 4,726,889
Cash received from receivables and interest	-	4,096,944	4,096,944
Rental collections	4,741,278	-	4,741,278
Collections from services to farmers	(24,222)	-	(24,222)
Miscellaneous collections	1,612,787	2,001,742	3,614,529
Payments to employees for services	(6,541,414)	(939,734)	(7,481,148)
Payments to suppliers for goods and services	(6,119,369)	(11,405,442)	(17,524,811)
Cash flows provided by (used in) operating activities	<u>(1,604,051)</u>	<u>(6,246,490)</u>	<u>(7,850,541)</u>
<b>Cash flows from non-capital financing activities:</b>			
Capital grants from commonwealth of Puerto Rico	1,251,038	-	1,251,038
Coffe and sugar tax collected	-	12,534,389	12,534,389
Mitigation project cost paid	(236,954)	-	(236,954)
Interest paid	(4,087,400)	-	(4,087,400)
Payment of notes payable	(700,000)	(4,386,730)	(5,086,730)
Net cash provided by (used in) non-capital financing activities	<u>(3,773,316)</u>	<u>8,147,659</u>	<u>4,374,343</u>
<b>Cash flows from capital and related financing activities:</b>			
Capital expenditures	-	-	-
Capital asset disposals	(705,054)	(12,545)	(715,599)
Collection of deposit for land acquisition	-	-	-
Net cash provided by (used in) capital and related financing activities	<u>(705,054)</u>	<u>(12,545)</u>	<u>(715,599)</u>
<b>Cash flows from investing activities:</b>			
Collection of notes receivable	3,722,373	-	3,722,373
Proceeds from disposition of investment	-	(1,526,914)	(1,526,914)
Interest income received	38,684	-	38,684
Due from/to other funds	(791,435)	239,784	(551,651)
Net cash provided by (used in) investing activities	<u>2,969,622</u>	<u>(1,287,130)</u>	<u>1,682,492</u>
<b>Net increase (decrease) in cash</b>	<u>(3,110,799)</u>	<u>601,494</u>	<u>(2,509,305)</u>
<b>Cash and cash equivalents:</b>			
Beginning of year	12,544,947	17,006,174	29,551,121
End of year	<u>\$ 9,434,148</u>	<u>\$ 17,607,668</u>	<u>\$ 27,041,816</u>
<b>Reconciliation with cash and cash equivalents in the statement of net assets:</b>			
Cash and cash equivalents	\$ 9,434,148	\$ 17,607,668	\$ 27,041,816
Restricted cash	119,369	-	119,369
Total cash and cash equivalents	<u>\$ 9,553,517</u>	<u>\$ 17,607,668</u>	<u>\$ 27,161,185</u>

The accompanying notes are an integral part of the financial statements

**Commonwealth of Puerto Rico**  
**Puerto Rico Land Authority**  
Statement of Cash Flows  
Year ended June 30, 2011

	PR Land	FIDA	Total
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Difference, in net assets balance at beginning of year when compared to ending balance of prior year

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 6,071,558	\$ (11,252,408)	\$ (5,180,850)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	942,016	8,392	950,408
Bad debt	-	-	-
Loss on disposition of capital assets	-	-	-
Net change in operating assets and liabilities:			
Rental and other accounts receivable	(1,039,505)	8,214,946	7,175,441
Prepaid and other assets	9,738	-	9,738
Accounts payable and accrued liabilities	(5,951,038)	(3,217,411)	(9,168,449)
Deposits on sale of land	715,017	-	715,017
Advances for farming development	(2,482,657)	-	(2,482,657)
Deferred revenue	130,820	-	130,820
Net cash provided by (used in) operating activities:	<u>\$ (1,604,050)</u>	<u>\$ (6,246,481)</u>	<u>\$ (7,850,531)</u>

The accompanying notes are an integral part of the financial statements

**PUERTO RICO LAND AUTHORITY**  
(A Component Unit of the Commonwealth of Puerto Rico)

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011

**1. Reporting Entity**

The Puerto Rico Land Authority ("the Authority") is a public corporation and a component unit of the Commonwealth of Puerto Rico. The Authority was created by Act No. 26 approved on April 12, 1941, as amended, to carry out the provisions of the Land Law of Puerto Rico. By provision of Reorganization Plan No. 1 of May 4, 1994, the Land Authority became a programmatic and operational component of the Department of Agriculture.

The Authority main activity consists of the rental land held for agricultural purposes principally to farmers. The Authority is authorized by law to sell land to other governmental entities or private individuals or entities. Also the Authority provides services to farmers for an agreed fee.

Act No 26 authorizes the Authority to carry out the following:

- Acquiring land with agricultural potential through purchase, transfer, exchange, bequest and donation or by the exercise of power of forceful expropriation.
- Selling land that has no agricultural use.
- Maintaining land with agricultural potential under lease,
- Leasing heavy agricultural machinery and equipment,
- Conducting all types of transactions related to land purchase, sale and leasing applications,
- Making appraisals of land to be sold,
- Preparing plans and control of land for sale and rent, and

The Authority manages infrastructure projects on behalf of the Department of Agriculture. Legislative funds were appropriated to create and improve drainage systems, water and sewer systems, bridges, roads, lakes, lighting systems and others. The Authority's basic financial statements do not reflect effects of transactions related to such infrastructure projects.

The Authority's basic financial statements include the balances of the Integral Fund for the Agriculture Development of Puerto Rico or "Fondo Integral para el Desarrollo Agrícola" ("FIDA"), a component unit. All significant interfund transactions were eliminated. FIDA was created during fiscal year 2001/2002. The primary purpose is to promote the economic private investment in the farm industry in general, with the approval of loans, warranties, direct and indirect investments, and other credit financing facilities, with favorable repayment conditions and interest rates to the agricultural industries.

**PUERTO RICO LAND AUTHORITY**  
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NOTES TO FINANCIAL STATEMENTS  
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The Authority has another component unit, the Sugar Corporation of Puerto Rico (the Sugar Corporation); which financial statements are presented in a liquidation basis, a comprehensive basis of accounting other than the accrual basis. The Sugar Corporation was organized on January 29, 1973 to consolidate the Commonwealth's activities in the sugar industry which were previously carried on by the Authority and the Land Administration of Puerto Rico.

**2. Summary of Significant Accounting Policies**

The accounting and reporting policies of the Authority conform to accounting principles generally accepted in the United States of America, as applicable to governmental entities. The Authority follows Governmental Accounting Standard Board ("GASB") under the hierarchy established by Statement 55, *The Hierarchy of Generally Accepted Accounting Principles for States and Local Government*, in the preparation of the financial statements.

The Authority has elected to apply all Financial Accounting Standard Board's pronouncements issued after November 30, 1989, to the extent they did not conflict with GASB pronouncements.

The following is a description of the Authority's most significant accounting policies:

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Measurement Focus and Basis of Accounting**

The Authority's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

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**Cash and Cash Equivalents**

In the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates. In particular, they include cash on hand and on deposit and short-term investments with maturities of three months or less.

**Allowance for Doubtful Accounts**

The allowance for doubtful accounts is an amount that management believes will be adequate to absorb possible losses on existing accounts receivable that may become uncollectible based on evaluations of collectability of accounts receivable and prior credit loss experience. Because of uncertainties inherent in the estimation process, management's estimate of credit losses inherent in the existing accounts receivable and related allowance may change in the future.

**Investments in Agricultural Business**

Investments in agricultural business are reported at cost, since these are not intended to obtain profit, but rather to promote agricultural and related businesses.

**Capital Assets**

Capital assets are recorded at historical cost or estimated historical cost, net of accumulated depreciation and amortization. Capital asset is defined by the Authority as assets with an initial cost of more than \$100 and an estimated useful life of more than three years. Depreciation and amortization is computed on a straight-line method over estimated useful lives of the related-asset. Maintenance and repairs are charged to operations, while renewals and betterments are capitalized. When property and equipment are disposed of, the cost and applicable accumulated depreciation and amortization are removed from the respective accounts and the resulting gain or loss is recorded in operations.

The estimated useful lives of the capital assets follow:

Buildings and structures	20-40 years
Infrastructure	10-20 years
Machinery equipment	5-20 years
Furniture and fixtures	3-7 years
Machinery and equipment	5-10 years
Vehicles	3-7 years

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**Accounting for the Impairment or Disposal of Long-Lived Assets**

The Authority follows GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries". This Statement establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This Statement also clarifies and establishes accounting requirements for insurance recoveries. During the year ended June 30, 2011, the Authority evaluated its capital assets for impairment under the guidance of this Statement and determined that the possible impairment amount, if any, would not have a material impact in the Authority's basic financial statements.

**Compensated Absences**

The employees of the Authority are granted 30 days of vacation and 18 days of sick leave annually. Vacation and sick leave may be accumulated up to a maximum of 60 and 90 days, respectively. In the event of employee resignation, an employee is reimbursed at the current rate for accumulated vacation days up to the maximum of 60 days. In case for sick leave if the employee has at least 10 years of service, the employee is reimbursed up to a maximum of 90 days. Any excess over eighteen days is paid to employees vested during January of each year. Prior to the labor agreement, employees could accrue sick leave up to ninety (90) days. For such employees, any excess over 90 days is also paid in January of each year.

As of June 30, 2011 the Authority accrued compensated absences amounts to \$1,572,444 which represents the Authority's commitment to fund such compensated absences for future operations. Of this amount the Authority estimates that approximately \$1,572,444 is due during the next fiscal year.

**Net assets**

Net assets are classified in the following two components in the accompanying statements of net assets:

**PUERTO RICO LAND AUTHORITY**  
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**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2011**

Invested in Capital Assets, Net of Related Debt

This component of net assets consist of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of this component of net assets. Rather that portion of the debt is included in the same net asset component as the unspent proceeds.

Restricted

This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors (such as through covenants), contributors, or law or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation.

Unrestricted

Unrestricted net assets consist of net assets that do not meet the definition of invested in capital assets, net of related debt.

**Operating Revenues and Expenses**

The Authority distinguishes between operating and nonoperating revenues and expenses in its Statement of Revenues, Expenses, and Changes in Net Assets. The principal revenues of the Authority are charges for land rental, service to farmers. The Authority also recognizes as operating revenue interest income generated on loans granted by FIDA. Operating expenses for the Authority include the costs of cost of developing farming products, payroll and personnel cost, and other administrative expenses, such as utilities, repairs and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Revenue Recognition**

All leases are deemed operating leases, therefore rental income is recognized as operating revenue over the term of the lease. Advance lease payments are recorded as deferred revenue and recognized as rental revenue when earned over the lease period. Rental income amount consist of the rent charge plus the property tax calculated using the Municipal Revenues Collection Center (CRIM) tax rate times the number of lots leased. No property tax charges were made to tenants during the year ended June 30, 2011.



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YEAR ENDED JUNE 30, 2011

Revenue from service to farmers is recognized as revenue when the service is rendered.

Revenues from sales of land and other properties are recognized when the title is transferred to the buyer.

**Contributions**

The Authority receives operating and capital grants from the Commonwealth of Puerto Rico. This grant, which is subject to annual appropriations, is used to finance the Authority's operations and acquisition of capital assets. Amounts received under this grant are recorded as revenues in the period stated in the grant.

In addition FIDA receives an allocation of sugar and coffee taxes from the Commonwealth of Puerto Rico. These taxes are recognized as other operating revenue when received by FIDA.

**Risk Financing**

The Authority carries commercial insurance to cover casualty, theft, claims and other losses. The current insurance policies have not been cancelled or terminated. The Authority has not settled any claims in excess of its insurance coverage during the three years. The Authority also pays premiums for workers compensation insurance to another component unit of the Commonwealth of Puerto Rico.

**Accrual for legal claims**

The estimated amount of the liability for legal claims is recorded on the accompanying Statements of Net Assets based on the Authority's evaluation of the probability of an unfavorable outcome in the litigation of such legal claims. The Authority consults with legal counsel upon determining whether an unfavorable outcome is expected. Because of uncertainties inherent in the estimation process, management's estimate of the liability for legal claims may change in the near term.

**3. Cash and Cash Equivalents**

Cash and cash equivalents at June 30, 2011 consist of cash on hand and on bank deposit.

The Authority is restricted by law to deposit funds only in institutions approved by the Puerto Rico Treasury Department, and such deposits are required to be kept in separate accounts in the name of the Authority.

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**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2011**

Pursuant to the Investment Guidelines for the Commonwealth adopted by Government Development Bank for Puerto Rico ("GDB"), the Authority may invest in obligations of the Commonwealth, obligations of the United States, certificates of deposit, commercial paper, repurchase agreements, bankers acceptances, or in pools of obligations of the municipalities of Puerto Rico, among others. There are no investments at June 30, 2011.

For deposits, custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned to it. Under Puerto Rico statutes public funds deposited in commercial bank must be fully collateralized for the amount deposited in excess of federal depository insurance. All securities pledged as collateral are held by the Secretary of the Treasury of the Commonwealth of Puerto Rico. The bank balance of the Authority's deposit at June 30, 2011, excluding deposits in Government Development Bank for Puerto Rico described below, amounted to approximately \$18,508,737, of which \$250,000 is insured by Federal Deposit Insurance Corporation at June 30, 2011.

In addition, at June 30, 2011, the Authority maintained cash deposited at the Economic Development Bank for Puerto Rico (GDB), in the amount approximately \$4,302,355. These amounts are uncollateralized since by law, the governmental banks of the Commonwealth of Puerto Rico are exempt of the requirement of insuring the deposits of funds of the entities of the Commonwealth of Puerto Rico.

**4. Restricted Cash**

Puerto Rico Land Authority received federal assistance for the amount of approximately \$1 million to be used for the construction of a Pineapple Packing Facility in the Municipality of Florida and federal funds from Federal Emergency Management Agency ("FEMA") to help farmers in their infrastructure and recovery of crops for damages suffered in hurricanes and flooding during past years. As of June 30, 2011, the Authority maintains unused funds amounted to \$119,369 which is presented as restricted cash in the accompanying statement of net assets.

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NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2011

5. Accounts Receivable

Accounts receivable at June 30, 2011 consist of:

	Puerto Rico Land Authority	FIDA
Note receivable	\$ 4,268,023	\$ 31,215,569
Rent receivable	28,145,074	
Coffee and sugar tax from Commonwealth of Puerto Rico	-	2,970,607
Interest and other receivables	86,876	5,195,452
Total accounts receivable	<u>32,499,973</u>	<u>39,381,628</u>
Less allowance for bad debts	16,271,477	5,524,624
Accounts receivable, net	<u>\$ 16,228,496</u>	<u>\$ 33,857,004</u>

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NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011

16. Capital Assets

*Puerto Rico Land Authority*

Capital assets at June 30, 2011 consist of the following:

	Balance at June 30, 2010	Increases	Decreases	Balance at June 30, 2011
Assets not being depreciated:				
Land	\$ 82,557,227	\$ -	\$ (9,952)	\$ 82,547,275
Construction in progress	1,242,546	-	(1,073,474)	169,072
Total assets not being depreciated	<u>83,799,773</u>	-	<u>(1,083,426)</u>	<u>82,716,347</u>
Assets being depreciated:				
Buildings and improvements	6,808,175	108,050	-	6,916,225
Infrastructure	14,776,048	1,277,565	-	16,053,613
Industrial equipment	2,413,817	-	-	2,413,817
Machinery and equipment	6,274,544	342,087	-	6,616,631
Vehicles	786,697	29,925	-	816,622
Furnitures and fixtures	2,268,688	28,266	-	2,296,954
Total	<u>33,327,969</u>	<u>1,785,895</u>	-	<u>35,113,862</u>
Less accumulated depreciation	<u>24,355,452</u>	<u>941,429</u>	-	<u>25,296,881</u>
Capital assets being depreciated, net	<u>8,972,517</u>	<u>844,464</u>	-	<u>9,816,981</u>
Total capital assets, net	<u>\$ 92,772,290</u>	<u>\$ 844,464</u>	<u>\$ (1,083,426)</u>	<u>\$ 92,533,328</u>

The infrastructure program is designed to improve water resource usage and fertilization of land dedicated to the production of fruits and vegetables through the maintenance of risk pumps and other utilities. Currently, the majority of improvements made through the infrastructure funds are provided by the Agriculture Department.

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YEAR ENDED JUNE 30, 2011

*Integral Fund for the Agriculture Development of Puerto Rico (FIDA)*

Capital assets at June 30, 2011 consist of:

	Balance at June 30, 2010	Increases	Decreases	Balance at June 30, 2011
Assets being depreciated:				
Buildings and improvements	\$ 29,900	\$ -	\$ -	29,900
Machinery and equipment	88,930	12,547	-	101,477
Vehicles	20,207	-	-	20,207
Total	139,037	12,547	-	151,584
Less accumulated depreciation	96,380	8,373	-	104,753
Capital assets being depreciated, net	\$ 42,657	\$ 4,174	\$ -	\$ 46,831

**7. Real Estate and Equipment for Future Use**

By virtue of Act No. 189, September 5, 1996, known as the "Negotiation for the transfer of Assets and Liabilities of the Sugar Corporation and/or the Land Authority Act", the Sugar Corporation and the Land Authority were authorized to transfer certain assets used in the production, marketing and selling of sugar to the sugarcane farmers (Colonos). The Act imposed several restrictions upon the assets transferred to the sugar cane owners in order to maintain the benefits of the Act. Because of the restrictions imposed by the Act and because of the infringement by the sugarcane growers of said restrictions, the assets were returned to the Sugar Corporation and the Land Authority. On September 2, 2004, the "Agroindustria Azucarera del Oeste, Inc. ("AGRASO") and Land Authority and the Sugar Corporation agreed to return all assets by virtue of Act. No. 189 in exchange of payments of certain obligations and release of debt owed to the Sugar Corporation.

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NOTES TO FINANCIAL STATEMENTS  
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The assets received have an estimated book value of \$4,090,000 and consist of the following:

Land	\$ 1,535,000
Buildings	873,000
Machinery and equipment	1,682,000
Total	\$ 4,090,000

The Act established that in case of infringement, all assets transferred would be returned at cost or fair market value, whichever is lower. Due to significant adverse environmental damages, equipment becomes obsolete and unfit for industrial purposes and a projection of future costs associated to clean up premises and legal actions involved, the Authority considers this property as fully impaired, therefore, no value had been assigned in the accompanying financial statements. The Authority is trying to consolidate all impaired equipment and obsolete structures in sugar mills to convert into disposal material to be sold. As of financial statements date, the Authority cannot determine future losses or gains related to these impaired assets.

**8. Notes Payable**

*Puerto Rico Land Authority*

Notes payable at June 30, 2011 consist of the following:

	Balance at June 30, 2010	Increases	Decreases	Balance at June 30, 2011	Current Portion
Note payable to Government					
Development Bank	\$ 23,435,822	\$ -	-	23,435,822	\$ -
Note payable to Desarrollos Agrícolas del Este	700,000	-	(700,000)	-	-
Total notes payable	\$ 24,135,822	\$ -	\$ (700,000)	\$ 23,435,822	\$ -

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NOTES TO FINANCIAL STATEMENTS  
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Note payable to Government Development Bank consist of a series of notes payable that were refinanced on June 30, 2008 with a series of bonds issued by the Puerto Rico Finance Corporation. The outstanding balance bears interest at an annual rate of 2.25% and is payable in annual installments each June that include principal and interest. The outstanding balance is due on June 30, 2031. The annual debt service of this debt will be funded with annual appropriations from the Commonwealth of Puerto Rico.

The estimated repayment schedule of the notes payable to Government Development Bank during the next years follows:

Year ending June 30,	Principal	Interest	Total
2012	-	\$ 1,274,046	\$ 1,274,046
2013	-	981,285	981,285
2014	466,438	1,013,188	1,479,625
2015	435,017	1,000,486	1,435,503
2016	525,382	963,072	1,488,454
2017-2021	2,702,817	3,337,032	6,039,849
2022-2027	4,159,815	4,152,683	8,312,498
2028-2031	15,146,363	1,467,903	16,614,266
Total	<u>\$ 23,435,831</u>	<u>\$ 14,189,695</u>	<u>\$ 37,625,526</u>

On July 3, 2003, Desarrollos Agricola Del Este, S.E. ("DADE"), Banco Popular ("Escrow Agent") and Puerto Rico Land Authority ("Buyer") executed a "Deed of Purchase and Sale", where the Authority acquired a parcel of land in the Valley of Yabucoa. Under such transaction, DADE and the Authority established an escrow account of \$700,000 to confirm limits of the property. As of June 30, 2011, escrow cash account balance is \$0.00 including accrued interest, which could be returned to the Authority if certain conditions are met. Otherwise the amount in the escrow account will be transferred to DADE in payment of the outstanding debt.

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YEAR ENDED JUNE 30, 2011

*Integral Fund for the Agriculture Development of Puerto Rico (FIDA)*

FIDA maintains a line of credit with the Government Development Bank in which FIDA may borrow up to \$85 million. Proceeds from this line of credit are used by FIDA to fund investments in agricultural business, loans to farmers and contributions as permitted by laws and regulations. Repayment of principal and interests are made from the collection of coffee and sugar taxes allocated by the Commonwealth of Puerto Rico. Outstanding amounts bear interest at an annual rate of 8.00%.

A summary of the activity in the line of credit during the year ended June 30, 2011 follows:

	Balance at June 30, 2010	Increases	Decreases	Balance at June 30, 2011	Current Portion
Line of credit payable to Government Development Bank	\$ 46,030,761	\$ -	\$ (3,220,877)	42,809,884	\$ 42,809,844

**9. Related Party Transaction**

Intercompany transaction occurred during the fiscal year 2010-2011 between PR Land Authority and FIDA, because by request of FIDA, the Authority makes payments behalf of FIDA and records the corresponding receivable or payable transactions, as applicable.

**10. Retirement System**

*Defined Benefit Pension Plan*

The Employees' Retirement System of the Commonwealth of Puerto Rico and its entities (the "Retirement System") created pursuant to Act No. 447 of May 15, 1951, as amended, is a cost-sharing, multiple-employer defined benefit pension plan sponsored by and reported as a component unit of the Commonwealth of Puerto Rico. All regular employees of the Authority hired before January 1, 2000 and less than 55 years of age at the date of employment became members of the Retirement System as a condition to their employment. No benefits are payable if the participant receives a refund of accumulated contributions.



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The Retirement System provides retirement, death and disability benefits pursuant to legislation enacted by the Commonwealth's Legislature of Puerto Rico. Retirement benefits depend upon age at retirement and the number of years of creditable service. Benefits vest after 10 years of plan participant. Disability benefits are available to members for occupational and non-occupational disabilities. However, a member must have at least 10 years of service to receive non-occupational disability benefits.

Members who have attained 55 years of age and have completed at least 25 years of creditable service, or members who have attained 58 years of age and have completed 10 years of creditable service, are entitled to an annual benefit payment monthly for life. The amount of the annuity shall be 1.5% of the average compensation, as defined, multiplied by the number of years of creditable service in excess of 20 years. In no case will the annuity be less than \$300 per month.

Participants who have completed at least 30 years of creditable service are entitled to receive a merit annuity. Participants who have not attained 55 years of age will receive 65% of the average compensation, as defined; otherwise, they will receive 75% of the average compensation, as defined.

Commonwealth legislation requires employees to contribute 5.775% for the first \$550 of their monthly gross salary and 8.275% for the excess over \$550 of monthly gross salary. The Authority is required by the same statute to contribute 9.275% of the participant's gross salary.

*Defined Contribution Plan*

The Legislature of the Commonwealth of Puerto Rico enacted Act No. 305 on September 24, 1999, which amends Act No. 447 to establish, among other things, a defined contribution savings plan program (the "Program") to be administered by the Retirement System. All regular employees hired for the first time on or after January 2000, and former employees who participated in the defined pension plan, received a refund of their contributions, and were rehired on or after January 1, 2000, become members of the Program as a condition to their employment. In addition, employees who at December 31, 1999 were participants of the defined benefits pension plan had the option, up to March 31, 2000, to irrevocably transfer their contributions to the defined benefit plan plus interest thereon to the Program.

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NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011

Act No. 305 required employees to contribute 8.275% of their monthly gross salary to the Program. Employees may elect to increase their contribution up to 10% of their monthly gross salary. Employee contributions are credited to individual accounts established under the Program. Participants have three options to invest their contributions to the Program. Investment income is credited to the participant's account semiannually.

The Authority is required by Act No. 305 to contribute 9.275% of the participant's gross salary. The Retirement System will use these contributions to increase its assets level and reduce the unfunded status of the defined benefit pension plan.

Upon retirement, the balance in the participant's account will be used to purchase an annuity contract, which will provide for a monthly benefit during the participant's life and 50% of such benefit to the participant's spouse in case of the participant's death. Participants with a balance of \$10,000 or less at retirement will receive a lump-sum payment. In case of death, the balance in the participant's account will be paid in a lump sum to any beneficiaries. Participants have the option of a lump-sum payment or purchase of an annuity contract in case of permanent disability.

Total payroll covered for fiscal year 2011 was approximately \$6,666,028. Total approximate employee and employer contributions for the years ended June 30, 2011 are as follows:

<u>Description</u>	<u>Contribution</u>
Employer	\$ 496,954
Employee	441,053

Total \$ 937,987

Additional information on the Retirement System is provided in its stand-alone financial statements for the year ended June 30, 2011, a copy of which can be obtained from the Employees Retirement System of the Commonwealth of Puerto Rico and its instrumentalities, PO Box 42004, San Juan, PR 00940-2004.

**PUERTO RICO LAND AUTHORITY**  
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NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011

11. Leases

The Authority's land operating lease terms vary generally from one to five years. Minimum future rental revenues on non-cancelable operating lease with terms of one year or longer are as follows:

<u>Years</u>	<u>Contribution</u>
2011	\$ 5,186,267
2012	5,238,130
2013	5,290,511
2014	5,343,416
2015	5,877,758
Total	<u>\$ 26,936,082</u>

Real estates taxes, insurance and maintenance expenses are usually obligations of the lessees. Contracts provide, in certain cases, for rent increases during renewal periods to be based on fixed percentages. Usually, rent is collected six (6) months in advance, and is billed taking into consideration the rent of the parcel and property taxes estimated using the CRIM invoices sent to the Authority related the specific parcel of land. The lessee is responsible to provide a certificate of "bonafide farmer", in order to be released of such payment. In most cases, farmers need to pay in advance the total amount of the rent, and when condition is satisfied, an adjustment of such amount is credited to their account balance.

12. Contingencies

*Puerto Rico Land Authority*

The Authority is a defendant in various claim most of them resulting from the closing of several sugar mills throughout the years and from events generally incidental to its operations. Also, it has various environmental claims and penalties imposed by The Environmental Protection Agency (EPA), mainly from the handling of pesticide warehouses. The Authority is in the process of litigating such claims. The accompanying statement of net assets include a reserve of approximately \$6.3 millions in relation to this matter, but the ultimate outcome is uncertain at this time and accordingly, the ultimate liability, if any, cannot be presently determined.

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NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2011

In July 2004, the Land Authority deposited in the Superior Court in San Juan, the amount of \$5 million for expropriation of land from "Comunidad Agrícola Bianchi". The case is still in court because "Comunidad Agrícola Bianchi" does not consider the amount given as fair value of the property. The Authority's management believes that the case will be settled for an additional of \$4 millions, which was considered in the reserve for contingencies included in the accompanying, basic financial statements.

**13. Restatement of Net Assets**

*Puerto Rico Land Authority*

During the year ended June 30, 2011, the Authority identified certain accounting errors belonging to prior years. The effect of these prior period adjustments on the net assets of the Authority as of July 1, 2010 is as follows:

Net assets, beginning of year	\$ 48,110,899
Restatement adjustment, net:	
Others	<u>4,158,855</u>
Net restatement adjustments	<u>4,158,855</u>
As, restated	<u>\$ 52,269,754</u>

**14. Deposits on Sale of Land**

The Authority is authorized by the Land Law of Puerto Rico to sell surplus land and properties that have no agricultural use to other governmental entities and individuals. The liability for deposits reflected in the accompanying statement of net assets represents amounts received in connection with land transactions in process. It also includes legal foreclosures and expropriations cases not finally executed by court.

# SUGAR CORPORATION OF PUERTO RICO

(A Component Unit of the Puerto Rico Land Authority)

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010

## 1. Reporting Entity

The Sugar Corporation of Puerto Rico (the Sugar Corporation), currently under liquidation proceedings, is a component unit of the Puerto Rico Land Authority (the Authority). The Sugar Corporation was organized on January 29, 1973 to consolidate the Commonwealth's activities in the sugar industry which were previously carried on by the Authority and the Land Administration of Puerto Rico.

On September 5, 1996, the Governor of the Commonwealth of Puerto Rico signed Law No. 189 authorizing the transfer, for the nominal value of one dollar (\$1.00), most of the assets and the operations of the Sugar Corporation to a group of private entities created and owned by the sugar cane growers. These operations consisted of two sugar mills and a sugar refinery. In addition, the Corporation transferred to the Authority fully depreciated buildings, machinery and equipment with an original cost approximately \$52 million as well as \$14.2 millions in fully reserved accounts receivable resulting from advances to the growers.

Subsequent to the transfer of the assets and operations described above the Sugar Corporation ceased operations and enter a process of an orderly liquidation.

## 2. Summary of Significant Accounting Policies

### Basis of Presentation

As a result of the transfer of assets and operations described above, the Sugar Corporation changed its basis of accounting from a going-concern to a liquidation basis of accounting. Under the liquidation basis of accounting, assets are valued at estimated net realizable value and liabilities have been reflected at the estimated net settlement amount including estimated costs to be incurred during the period of liquidation. The valuation of assets and liabilities is based on management's estimates and assumptions as of the date of the financial statements; actual realization of the assets and settlement of liabilities could be higher or lower than the amounts indicated. There are a number of important factors which could cause actual results to differ from the estimates, including the settlement amount of claims and other liabilities to be paid in the liquidation, the amounts to be received for assets which have not yet been sold, and the time period and actual costs necessary to complete the plan of liquidation.

**SUGAR CORPORATION OF PUERTO RICO**  
(A Component Unit of the Puerto Rico Land Authority)

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (as applicable to entities under liquidation) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in assets in liquidation during the reporting period. Actual results could differ from those estimates.

**Liquidation Accruals**

The Sugar Corporation accumulated various liquidation accruals based on a number of different sources including engineering, legal and environmental estimates. The amounts are updated annually to reflect recent developments, new estimates or the general cost of living in the absence of more recent estimates. Management believes these accruals to be sufficient, however given the many uncertainties involved, the ultimate outcome cannot be determined with certainty at this time and actual liquidation costs could differ from the amounts recorded.

**B. Notes Payable**

The activity in the notes payable by the Sugar Corporation during the year ended June 30, 2011 consist of:

	Balance at June 30, 2010	Increases	Decreases	Balance at June 30, 2011	Current Portion
Notes payable	\$ 53,279,296	\$ -	\$ -	53,279,296	\$ -

During the fiscal year ended June 30, 2008, the Puerto Rico Sales Tax Financing Corporation (COFINA) made four bond issues: Series 2007 A, Series 2007 B, Series 2007 C and Series 2008 A. These four bond issues made by COFINA refinance portions of extra constitutional debt of Agencies and Public Corporations of the Commonwealth of Puerto Rico outstanding with the Government Development Bank of Puerto Rico (GDB) and portions of debt with PFC. As a result of these transactions, entities with outstanding debt with PFC now have new repayment schedules. The outstanding debt of the Sugar Corporation with PFC was reduced by approximately \$57.5 millions.

# SUGAR CORPORATION OF PUERTO RICO

(A Component Unit of the Puerto Rico Land Authority)

## NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2010

The Note's outstanding balance as of December 31, 2008 of the Sugar Corporation of Puerto Rico consists of four separate bonds in the amount of approximately \$53.2 millions. Interest on the unpaid principal amount of the Note is equal to the applicable percentage of the aggregate interest payable on the Public Finance Corporation Bonds. Applicable percentage is the percentage representing the proportion of the amount paid by Public Finance Corporation on the PFC Bonds serviced by the Note to the aggregate amount paid by Public Finance Corporation on all the PFC Bonds issued by the Public Finance Corporation under Act. No 164. No legislative appropriation has been made to repay such note.

The estimated repayment schedule of the notes payable follows:

Year Ending June 30,	Interest	Principal	Totals
2012	\$ 2,896,432	-	\$ 2,896,432
2013	2,230,865	-	2,230,865
2014	2,303,393	1,060,405	3,363,798
2015	2,274,517	988,974	3,263,491
2016	2,189,459	1,194,410	3,383,869
2017-2021	10,372,166	6,144,616	16,516,782
2022-2026	8,100,960	9,426,537	17,527,498
2027-2031	4,676,946	34,464,354	39,141,300
Total	<u>\$ 35,044,738</u>	<u>\$ 53,279,296</u>	<u>\$ 88,324,034</u>

### Contingencies

The Corporation is a defendant in several actions for back wages and other claims, including environmental claims. Most of these claims resulted from the closing of several sugar mills through the years. As of December 31, 2009, such claims amounted to approximately \$24.0 millions. The accompanying statement of net assets in liquidation includes a reserve of approximately \$6.0 millions in relation to legal matters, but the ultimate outcome is uncertain as of financial statements date and accordingly, the ultimate liability, if any, cannot be presently determined.

**SUGAR CORPORATION OF PUERTO RICO**  
(A Component Unit of the Puerto Rico Land Authority)

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2010

During 2006, the "Compania de la Central Roig, Inc.", which is one of the two corporations organized by sugarcane farmers that received 50% of the transferred assets of the PR Sugar Corporation (the sugar mills known as Central Roig, Central Coloso, Central Piata and Central Mercedita, together with the "Refineria Mercedita") in compliance with and according to the provisions of Public Law No. 189 of December 26, 1997, is suing, among other parties the Land Authority, alleging all sorts of action in damages against the different parties, based upon their inability to produce sugarcane as contemplated by the Public Law No. 189 at the time that aforementioned assets were transferred to them. The plaintiffs are basically alleging that because of the failure of the different governmental agencies and third parties involved, to comply with certain, undefined and allegedly multiple obligations and commitments to which they were bound, they suffered economical damages in excess of \$100 millions. This case is related to two other cases considered in our contingency reserve. Management believes that no potential loss is forecasted as of this date, other than attorney's fees and litigation expenses.



## ANEJO 2

AUTORIDAD DE TIERRAS DE PUERTO RICO  
DESGLOSE DEL PRESUPUESTO  
AÑO FISCAL 2012-2013  
PRESUPUESTO OPERACIONAL POR CONCEPTO

CUENTA	CONCEPTO	Presupuesto 2012-2013
6100101	Venta de Terrenos	\$ 4,000,000
6100103	Venta de Relleno y Grava	
6100104	Venta o Disposición de Equipo, Vta. Excedente Centrales, Venta de Materiales, Chatarra	2,000,000
6100107	Proyecto de Mitigación	3,400,000
6100109	Ingresos Misceláneos- Fianzas, Planes Médicos, Planta Lotus, Reclamaciones de Seguros, Compra de Terrenos, Reembolsos, Otros Ingresos	40,500
6100112	Servicios de Riego por Goteo	200,000
6100122	Programa de Fincas Familiares	425,000
6200201	Arrendamiento de Maquinaria	35,500
6200201	Servicios de Maquinaria	60,000
6200204	Otros Servicios- Proy. Monos, FEMA, Servs. De Empaque, Servs.entre Programas, Proyecto Distrito Caribe	125,000
6400401	Arrendamiento de Terreno	7,200,000
6400402	Arrendamiento Otros- (Estructuras)	57,500
6500602	Intereses Bancarios	30,000

**TOTAL INGRESOS** \$ 17,573,500

**NOMINAS Y COSTOS RELACIONADOS**

7001101	Salarios Administrativos	\$ 5,364,104
7001102	Bono de Navidad	176,525
7001103	Día Feriado	20,633
7001104	Bonificación	70,000
7001105	Tiempo Extra	
7001106	Vacaciones de Enfermedad	360,000
7001107	Liquidación Licencia Regular	47,000
7001201	Seguro Social Aportación	462,000
7001202	Seguro Desempleo	53,500
7001203	Seguro Incapacidad	4,500
7001204	Estipendio	
7001205	Seguro de Vida	21,500
7001206	Plan Médico	625,000
7001207	Seguro Choferil	330
7001208	Fondo de Retiro	523,200
7001209	Corp. Fondo del Seguro del Estado	73,251

**SUBTOTAL** \$ 7,801,543

**FACILIDADES Y PAGOS POR SERVICIOS PUBLICOS**

7004101	Agua	\$ 31,500
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AUTORIDAD DE TIERRAS DE PUERTO RICO  
DESGLOSE DEL PRESUPUESTO  
AÑO FISCAL 2012-2013  
PRESUPUESTO OPERACIONAL POR CONCEPTO

CUENTA	CONCEPTO	Presupuesto 2012-2013
7004102	Energía Eléctrica	776,900
7004103	Teléfono	68,600
<b>SUBTOTAL</b>		<b>\$ 877,000</b>

**SERVICIOS COMPRADOS**

7002204	Rep. y Mant. De Computadora & Comm.	\$ 520,000
7002206	Rep y Mant. Eq. Oficina	36,600
7005101	Arrendamiento-Otros	1,400
7005102	Arrend de Maq y Equipo Agrícola	1,500
7005103	Arrend Mobiliario y Eq de Oficina	900
7005104	Arrend. de Terrenos	
7005105	Arrend de Vehiculos	
7009101	Seguro Propiedad Mueble e Inmueble	150,000
7009102	Seg. de Responsabilidad Pública	36,600
7009103	Seguros-Otros	167,000
7009104	Seguro Vehiculos	13,000
<b>SUBTOTAL</b>		<b>\$ 927,000</b>

**GASTOS DE TRANSPORTE**

7007101	Millaje	\$ 178,245
7007102	Dietas	70,255
7007103	Gastos de Viaje (Exterior)	2,000
<b>SUBTOTAL</b>		<b>\$ 250,500</b>

**SERVICIOS PROFESIONALES**

7012101	Servicios Legales	\$ 96,000
7012102	Servicios de Auditoria y Consultoría	331,109
7012103	Servicios-Otros (Proy de Mitigación)	2,033,833
7012104	Proyecto Especial -Monos	
<b>SUBTOTAL</b>		<b>\$ 2,460,942</b>

**OTROS GASTOS OPERACIONALES**

7001301	Uniformes	\$ 19,600
7001302	Adiestramientos	17,500
7001303	Cuidado Diurno	12,900
7002102	Herramientas Pequeñas	2,900
7002103	Materiales de Limpieza	11,500
7002105	Productos Agroquímicos	15,600
7002201	Mantenimiento de Terrenos	148,700
7002202	Rep. y Mant de Edificios y Estructura	31,600
7002203	Rep. y Mant. Equipo Agrícola	65,000

AUTORIDAD DE TIERRAS DE PUERTO RICO  
DESGLOSE DEL PRESUPUESTO  
AÑO FISCAL 2012-2013  
PRESUPUESTO OPERACIONAL POR CONCEPTO

CUENTA	CONCEPTO	Presupuesto 2012-2013
7003101	Cuentas Incobrables	
7006101	Subscripciones	2,550
7006102	Cuotas & Membresía (Colegiaciones)	425
7007104	Representación	500
7008101	Franqueo	13,460
7013101	Contribución Prop. Inmueble	
7013102	Contribución Prop. Mueble	
7013103	Impuestos Estatales - Arbitrios	
7013105	Pérdida/ Ganancia Retiro Propiedad	
7013106	Anuncios y Publicidad (Esquelas, edictos, anuncios)	1,300
7013107	Aportaciones (Semana de la Tierra)	3,000
7013108	Traslado/Remolque Maq y Equipo	2,200
7013109	Contingencia- Casos Legales	
7013110	Aportación Pat. Especial- Sist. Retiro	658,415
7013111	Otros Gastos Misceláneos	27,600
7013112	Medicinas	600
7013113	Multas y Penalidades	
7013114	Experimentación y Estudio	
7013115	Cargos Bancarios	18,000
7013116	Financiamientos e Intereses	10,000
7013117	Otros Intereses	
7013117	Fletes	500
7013118	Reunión Ejecutiva (Junta de Gobierno)	3,000
7013119	Perdida Cuentas Incobrables	
7013120	Programa de Reciclaje	
	<b>SUBTOTAL</b>	<b>\$ 1,066,850</b>

**MATERIALES Y SUMINISTROS**

7002101	Combustible	\$ 147,000
7002104	Lubricantes	17,400
7002205	Rep y Mant. Vehículos	53,000
7011101	Materiales y Efectos de Oficina	29,200
	<b>SUBTOTAL</b>	<b>\$ 246,600</b>

**TOTAL GASTOS FUNCIONAMIENTO**

**\$ 13,630,435**

**GANANCIA O PERDIDA**

**\$ 3,943,065**

# ANEJO 3

**AUTORIDAD DE TIERRAS DE PUERTO RICO  
BALANCE CUENTAS DE BANCO  
AL 30 DE JUNIO DE 2012**

Cuenta	Description	Balance 6-30-12
1045000	EFACT. Cuenta Concentración	\$ 120,400.41
1051000	Caja Menuda	1,000.00
1052000	Short Petty Cash	779.46
1053000	Caja Menuda - Cambio	100.00
1054000	Caja Menuda - Prog Hortalizas	50.00
1105000	Cta Inversion - Infraestructura	1,283,399.71
1106000	Programa Fincas Familiares	171,490.98
1109000	Prog Infra Otorgado por Dpt Agr	425,377.85
1113000	FONDOS CORPORACION AZUCARERA	2,475.14
1114000	Inversion-Banco Popular	1,273,663.29
1116000	Mitigacion Aeropuerto LMM	258,521.38
1117001	"Escrow" SJ Abstract - High Sta	641,823.37
1117002	"Escrow" Popular Insurance Inc.	12,088.10
1117003	"Escrow" The Title Security Gr	110,160.97
1117004	"Escrow" Property Title Insuran	47,000.00
1117005	"Escrow" BGF - Fca. Josefa, Res	331,696.26
1117007	"Escrow" Popular Insurance - Pi	15,000.00
1117008	"Escrow" SJ Abstract - Merck	93,889.91
1117009	"Escrow" Chicago Tittle Ins. Ru	48,679.35
1117010	"Escrow" Popular Insurance, Inc	15,000.00
1117011	"Escrow" SJ Abstract - Housing	3,000.00
1120000	Fondo Beca Dpt. Agricultura	35,218.10
1122000	Asuntos Ambientales	2,149.01
1123000	Certificados Inv Corto Plazo	255,597.30
1124000	Programa Inversiones Agricolas	697,783.97
1127000	FONDO RESTRICTO - INVASIONES TE	100,406.26
1128000	FEMA - LLUVIAS SEPTIEMBRE 2008	492,905.05
1131000	FEMA - LLUVIAS OCT. 2010 (1949)	12,320.90
1132000	CERTIFICADO - PROY. DIGITALIZAC	967,000.00
		<u>\$ 7,418,976.77</u>

# ANEJO 4

AUTORIDAD DE TIERRAS DE PUERTO RICO  
CONTRATOS VIGENTES

AUTORIDAD DE TIERRAS	TÉRMINO	MONTO	PAGADO	BALANCE
Austin Recycling Inc. (limpieza centrales)	01-10-2012 @ 01-09-2015	500,000.00	-----	500,000.00
ERTEC (requerimiento EPA)	11-01-2005 @ culminación trabajos	1,907,114.53	1,736,637.32	170,477.21
Juan F. Charles (perito en valoración)	08-06-2012 @ 12-31-2012	3,000.00	500.00	2,500.00
Caribe Enviromental (asesor)	04-27-2012 @ 12-31-2012	40,000.00	1,250.00	38,750.00
Guzmán & Torres (auditores externos)	03-30-2012 @ 12-31-2012	22,250.00	-----	-----
GADB CORP (cobro)	03-28-2012 @ 12-31-2012	20% de los cobros	5,411.79	-----
Atkins (mitigación)	12-31-2011 @ 12-31-2012	269,875.00	93,866.12	176,008.88
Microjuris (biblioteca legal)	07-01-2012 @ 06-30-2013	3,540.00	295.00	3,245.00
Moca Eco Part (limpieza Coloso)	04-27-2012 @ 04-26-2015	200,000.00	-----	200,000.00
Martínez O'Dell Calabria (asesor ambiental)	04-27-2012 @ 12-31-2012	75,000.00	-----	75,000.00
RG Caribe (ingenieros)	07-01-2012 @ 06-30-2013	80,000.00	-----	80,000.00
Lcdo. Alberto Ramos (legal-ambiental)	07-01-2012 @ 06-30-2013	80,000.00	-----	80,000.00
Toshiba (mantenimiento fotocopiadora)	07-01-2012 @ 06-30-2013	600.00	-----	600.00
<b>TOTALES</b>		<b><u>3,181,379.53</u></b>	<b><u>1,807,960.23</u></b>	<b><u>1,326,581.09</u></b>

INFRAESTRUCTURA	TÉRMINO	MONTO	PAGADO	BALANCE
Lizabeth M. Busquets (agronomo)	07-01-2012 @ 12-31-2012	23,910.00	2,667.60	21,242.40
Lcdo. Fernando Machado (legal)	07-01-2012 @ 12-31-2012	22,800.00	3,450.00	19,650.00
Jesús M. Santiago (asesor administrativo)	07-01-2012 @ 12-31-2012	51,000.00	3,975.00	47,025.00
<b>TOTALES</b>		<b><u>97,710.00</u></b>	<b><u>9,792.60</u></b>	<b><u>87,917.40</u></b>



FIDA	TÉRMINO	MONTO	PAGADO	BALANCE
Autoridad de Tierras de PR (arrendamiento facilidades)	07-01-2010 @ 06-30-2015	287,500.00	57,500.00	230,000.00
FMME Consulting (legal)	07-01-2012 @ 06-30-2013	60,000.00	5,000.00	55,000.00
Guzmán & Torres (auditores externos)	03-30-2012 @ 12-31-2012	2,500.00	-----	2,500.00
La Pontificia Universidad Católica (investigaciones)	11-29-2011 @ 12-31-2012	30,000.00	10,000.00	20,000.00
La Pontificia Universidad Católica (investigaciones)	11-29-2011 @ 12-31-2012	71,000.00	70,000.00	1,000.00
Nestor Reyes Ramos (servicios técnicos)	05-11-2010 @ 05-11-2020	100,000.00	-----	100,000.00
Tomás Rodríguez Navarro	11-22-2010 @ 11-21-2020	240,000.00	-----	240,000.00
Universidad de PR Mayagüez (investigaciones)	01-22-2010 @ 12-31-2012	325,000.00	147,547.67	177,452.33
<b>TOTALES</b>		<b><u>1,116,000.00</u></b>	<b><u>290,047.67</u></b>	<b><u>825,952.33</u></b>

# ANEJO 5

**FACTURA AL COBRO**

Nombre: SR. HECTOR SERRANO VALLE

AUTORIDAD DE TIERRAS

Direccion: PO BOX 9745

SAN JUAN PR 00908

<b>NUMERO DE LA FACTURA</b>
0000005603
<b>Division: Recaudaciones</b>

<b>FECHA DE TRANSACCION:</b>	7/1/2012	<b>FECHA DE VENCIMIENTO:</b>
<b>CONCEPTO:</b>	Aumento a Leyes Especiales , Costo Cola y Bonos de Pensionado	
<b>TOTAL</b>	266,402.88	

<b>DESCRIPCION DE LA DEUDA</b>	<b>IMPORTE</b>
Ley 35B Pension Minima	19,752.84
Ley 35C Costo Cola	21,702.96
Ley 40 Costo Cola	21,947.16
Ley 433 Aumento Bono Navidad	18,350.00
Ley 144 Aumento Bono Navidad	18,350.00
Ley 155 Bonos Medicinales	18,450.00
Ley 156 Aumento Pension Minima	8,054.16
Ley 157 Costo Cola	33,717.72
Ley 158 Aumento Pension Benef	21,044.88
Ley 159 Aumento Bono de Navida	18,350.00
Ley 221 Costo Cola	15,637.92
Ley 207 Costo Cola	9,046.08
Ley 35 Costo Cola	41,999.16

Importe pendiente de pago por la deuda del costo por aumentos y beneficios otorgados a los pensionados de su Entidad Gubernamental.  
Este importe corresponde al año fiscal 2012-2013. Desglose adjunto

CERTIFICO que los datos arriba indicados son correctos y que el pago de la deuda no se ha recibido. Usted tiene hasta 15 dias a partir de la fecha de esta factura para objetar la misma. Dicha notificacion puede hacerse por telefono al 787-777-1500 o por escrito a la direccion que se indica arriba. De no recibir notificacion se continuara con el tramite del caso

7/1/2012

Elena Garcia

Firma del Jefe o su Representante Autorizado

Debe efectuar el pago con un cheque certificado o giro a nombre del Secretario de Hacienda y enviarlo a: ADM. SISTEMAS DE RETIRO, P.O. BOX 42003 ESTACION MINILLAS, SAN JUAN, PR 00940 o entregarlo en la Division de Recaudaciones, piso G del 437 Ave. Ponce de Leon, Hato Rey. Para aclarar cualquier duda relacionada a la deuda, puede comunicarse a los numeros antes mencionados.

RETENGA EL ORIGINAL DE LA FACTURA Y ACOMPANE LA COPIA CON SU PAGO.

ESTADO LIBRE ASOCIADO DE PUERTO RICO  
TRIBUNAL DE PRIMERA INSTANCIA  
SALA DE SAN JUAN

AUTORIDAD DE TIERRAS DE CIVIL NUM. K AC2003-4736  
PUERTO RICO quien comparece por sí SALA 506  
y en representación de la Corporación  
Azucarera

**DEMANDANTE**

Vs.

CENTRO DE RECAUDACIONES DE  
INGRESOS MUNICIPALES DE  
PUERTO RICO Y NORMAN E. FOY, en  
su capacidad Oficial como DIRECTOR  
EJECUTIVO DEL CRIM  
**DEMANDADO**

**SOBRE: SENTENCIA DECLARATORIA**

**S E N T E N C I A**

De conformidad a las incidencias de la vista celebrada en esta fecha, el Tribunal dicta sentencia que ordena a la parte demandante pagar a la parte demanda por concepto de contribuciones sobre la propiedad inmueble acumuladas hasta el 30 de junio de 2010, la suma principal de \$5,430,470.00, más la suma adicional por concepto de intereses y recargos acumulados hasta la misma fecha ascendentes a \$6,687,160.11.

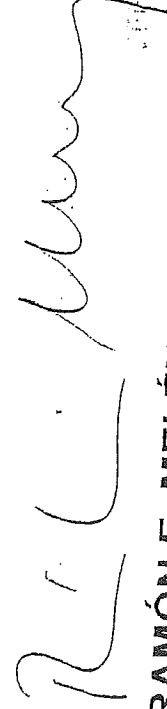
Se destaca que la parte demandada reconoce que la parte demandante es un agricultor bonafide bajo las disposiciones de la Ley Núm. 225 de 1 de diciembre de 1995 y que en virtud de esta ley y otras leyes especiales, quedaron excluidas del computo que da base a la fijación de la deuda principal que reconoce esta sentencia, los terrenos agrícolas, las centrales azucareras y los bosques auxiliares.

Esta sentencia representa la resolución final de este caso, por lo que de entenderse que implícita o explícitamente existe alguna reclamación adicional no adjudicada por esta sentencia, el Tribunal decreta el archivo de la misma, con perjuicio.

**REGISTRESE Y NOTIFIQUESE.**

En San Juan, Puerto Rico a 9 de septiembre de 2010.

Transcrita a 10 de septiembre de 2010.

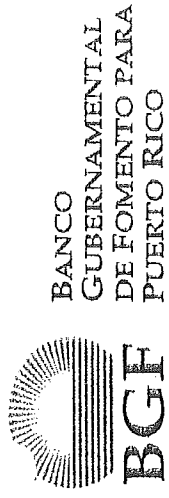


**RAMÓN E. MELÉNDEZ CASTRO**  
**JUEZ SUPERIOR**

*Ramón E. Meléndez Castro*  
*Ramón E. Meléndez Castro*

ALTER  
DEPTO. FINANZAS  
RECIBIDO

2012 JUL 10 AM 9:09



28 de junio de 2012

PO Box 42801  
San Juan, PR 00940-2001  
Teléfono: (787) 722-2525

Sr. Carlos A. Villanueva Rivera  
Director Interino de Finanzas  
Autoridad de Tierras de Puerto Rico  
P.O Box 9745  
San Juan, PR 00908-9745

Estimado señor Villanueva:

El pasado 16 de diciembre de 2011, el Banco Gubernamental de Fomento ("BGF"), en su carácter de Agente Fiscal, y en coordinación con la Autoridad de Energía Eléctrica ("AEE") le envió una carta dándole a conocer la necesidad de la AEE de recuperar el costo del servicio que suministra. El pago puntual de las deudas entre las entidades gubernamentales es un factor que puede ser determinante en la salud financiera de la AEE, particularmente en su liquidez (flujo de caja).

El propósito principal de este comunicado es darle seguimiento al proceso de cobro que iniciamos a mediados del mes de diciembre, lograr reducir el balance de las cuentas por cobrar de la AEE y establecer alternativas de pago viables entre la Autoridad de Tierras de Puerto Rico y la AEE.

De acuerdo con los registros de la AEE, al 31 de mayo de 2012, la Autoridad de Tierras de Puerto Rico adeuda \$3,696,457.17 por cargos de energía. Este balance se compone de \$3,555,682.95 correspondiente a periodos fiscales anteriores y \$140,774.22 del año fiscal 2011-2012.

Le solicitamos que se comunique con el Sr. Luciano García Gerente Interino, Centro de Cobros de la AEE al 787-521-4154, si existe alguna discrepancia entre el balance que reflejan sus libros y el de la AEE y/o para establecer un plan de pago para la misma lo acordar un plan viable, el BGF actuará conforme a sus facultades como agente fiscal al amparo de la Ley Núm. 17-1948, según enmendada.

De necesitar información adicional no dude en comunicarse con nuestro equipo de Agencia Fiscal, particularmente con Mercedes Hernández al 787-722-2525 ext. 15336 ó directamente con el Sr. Luciano García al 787-521-4154.

Cordialmente,

Sr. Juan M. Román

Vicepresidente Ejecutivo y Agente Fiscal

Banco Gubernamental de Fomento para Puerto Rico

Depto. Hacienda-Contribución  
sobre Ingresos –ATPR

MODELO ESTADO LIBRE ASOCIADO DE PUERTO RICO  
 SC 6096 DEPARTAMENTO DE HACIENDA  
 17 MAY 10 AREA DE RENTAS INTERNAS  
 FECHA: 21-06-2012  
 HORA: 10:22  
 CRV0588

CERTIFICACION DE DEUDA

NUM. CUENTA: 001 650-43-3758/000 AUTORIDAD DE TIERRAS DE P R

PD BOX 9745  
 SAN JUAN PR 00908-0745

\*COMPUTES HASTA: 21-06-2012

TIP PERIODO NUM CON COM. TAS	PRINCIPAL	INTERESES	RECORDOS	TOTAL
001 300 01/2000 02	29085.57	1926.89	0.00	304574.12
CASO: CALCENTER ABIERTO CALLENT				
002 300 04/2000 01	500.00	0.00	0.00	500.00
CASO: SERV COMT CERRADO UCTA ABIERTO				
005 300 04/2000 05	1194.74	1415.66	119.47	4689.25
CASO: CALCENTER ABIERTO CALLENT				
004 300 07/2000 01	0.00	0.00	0.00	2001.27
CASO: CALCENTER ABIERTO CALLENT				
005 300 01/2001 01	494.59	331.89	0.00	1637.61
CASO: SERV COMT CERRADO UCTA ABIERTO				
006 300 10/2002 01	0.00	328.24	0.00	2688.59
CASO: CALCENTER ABIERTO CALLENT				
007 300 01/2003 01	0.00	322.31	0.00	2212.97
CASO: CALCENTER ABIERTO CALLENT				
008 300 04/2003 01	741.80	497.77	0.00	1259.57
CASO: CALCENTER ABIERTO CALLENT				
009 300 07/2003 01	0.00	269.10	0.00	2585.94
CASO: CALCENTER ABIERTO CALLENT				
010 300 10/2003 01	0.00	0.00	0.00	889.47
CASO: CALCENTER ABIERTO CALLENT				
011 300 01/2004 01	0.00	70.85	0.00	1441.14
CASO: CALCENTER ABIERTO CALLENT				
012 300 07/2004 01	0.00	441.88	0.00	3511.85
CASO: CALCENTER ABIERTO CALLENT				
013 300 10/2004 01	0.00	63.40	0.00	1784.29
CASO: CALCENTER ABIERTO CALLENT				

CONTINUA

MEDELO ESTADO LIBRE ASOCIADO DE PUERTO RICO FECHA: 21-06-2012  
 SC 6026 DEPARTAMENTO DE HACIENDA HORA : 10:22  
 17 MAY 10 AREA DE RENTAS INTERNAS DIVISES

CERTIFICACION DE DEUDA

NUM. CUENTA: 001 660-43-2758/000 AUTORIDAD DE TIERRAS DE P R

PO BOX 9745 COMPUTOS HASTA: 21-06-2012  
 SAN JUAN PR 00908-0745

TIP PERIODO	MUN	MULTAS/	INTERESES	RECHARGOS	TOTAL
CON CONT.	TAS	PENALTD.			
014 300 01/2005 01	PRINCIPAL	0.00	335.66	0.00	3002.55
CASO: CALCENTER ABIERTO CALCENT		2666.89			
015 300 04/2005 01	0.00	1252.56	51.78	0.00	1283.74
CASO: CALCENTER ABIERTO CALCENT		3024.55	206.15	30.00	3560.70
016 300 07/2005 01	300.00	2102.97	140.20	4.97	2297.84
CASO: CALCENTER ABIERTO CALCENT	49.70	0.00	0.02	0.00	0.02
018 300 10/2005 02	0.00	3469.01	753.14	0.00	4222.15
CASO: CALCENTER ABIERTO CALCENT	0.00	2674.37	2669.97	460.51	10409.97
019 300 04/2006 01	4605.12	712.17	1093.55	195.91	3960.72
CASO: CALCENTER ABIERTO CALCENT	1959.09	569.31	0.77	0.00	570.08
021 300 07/2006 01	0.00	275.52	0.00	0.00	275.52
CASO: CALCENTER ABIERTO CALCENT		1594.85	111.20	0.00	1706.05
022 300 10/2006 01	0.00	1414.78	102.24	0.00	1517.02
CASO: CALCENTER ABIERTO CALCENT		824.87	66.67	0.00	893.54
023 300 01/2006 01	0.00	1601.64	69.38	0.00	1671.02
CASO: CALCENTER ABIERTO CALCENT	20.00	2191.71	280.29	2.00	2494.00
024 300 04/2006 01	20.00	2761.52	661.50	54.85	4046.15
CASO: CALCENTER ABIERTO CALCENT	548.30				

CONTINUA



MODELO ESTADO LIBRE ASOCIADO DE PUERTO RICO FECHA: 21-06-2012  
 SC 6096 DEPARTAMENTO DE HACIENDA HORA: 10:22  
 17 MAY 16 AREA DE RENTAS INTERNAS CHYO580  
 CERTIFICACION DE DEUDA

NUM. CUENTA: R01 660-43-3758/000 AUTORIDAD DE TIERRAS DE P R

PO BOX 9745 \*COMPTROS HASTA: 21-06-2012  
 SAN JUAN PR 00906-0745

TIP	PERIODO	NUM	MULTAS/	INTERESES	RECARGOS	TOTAL
CON	CONT.	TAS	PENALTD.			
030	300	01/2010	0.00	245.84	0.00	1032.52
031	300	04/2010	0.00	426.13	0.00	2531.80
032	300	07/2010	0.00	1986.75	0.00	2504.23
033	300	10/2010	0.00	3440.11	0.00	1702.21
034	300	07/2011	85563.38	2431.31	0.00	93898.80
035	400	01/2007	0.00	0.00	0.00	180.25
CASO: CALLEENTER ABIERTO CALLENT						
036	400	07/2002	0.00	0.00	0.00	557.41
CASO: CALLEENTER ABIERTO CALLENT						
037	400	01/2003	9565.07	8540.71	936.51	24776.46
CASO: CALLEENTER ABIERTO CALLENT						
038	400	01/2004	0.00	72.79	0.00	1302.15
CASO: CALLEENTER ABIERTO CALLENT						
039	400	01/2005	72.81	345.33	7.28	2716.02
CASO: CALLEENTER ABIERTO CALLENT						
040	400	01/2007	7040.10	4814.37	895.32	31652.94
041	400	01/2008	8925.15	248.33	0.00	1939.68
042	400	07/2009	0.00	46.35	0.00	417.99
TOTALES:			142935.32	61701.34	2705.00	287468.78
GRAN TOTAL:			142935.32	61701.34	2705.00	287468.78

\*\*ESTE GRAN TOTAL NO INCLUYE DEUDAS DE PLANCHILLAS DEL INU NI CONTRIBUCION ESPECIAL\*\*  
 BALANCE PENDIENTE: CONTRIBUCION ESPECIAL PROPIEDAD INMUEBLE \$165,611.06.

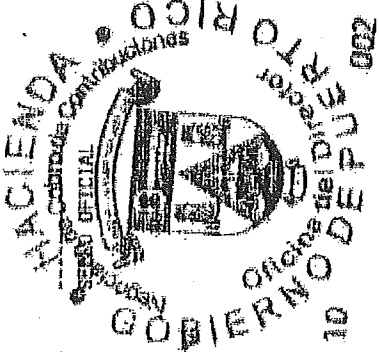
ESTA CERTIFICACION NO INCLUYE DEUDAS PENDIENTES POR TASA O EN PROCESO DE INVESTIGACION POR EL HERENCIADO IMPROPOSITIVO A LA FECHA DE ESTA CERTIFICACION.

A D V E R T E N C I A :

FAVOR DE REVISAR ESTE DOCUMENTO EN DETALLE. SI USTED NO ESTA DE ACUERDO CON ALGUNA DE LA INFORMACION AQUÍ PROVISITA DEBERA PRESENTAR SU RECLAMACION JUNTO CON LOS DOCUMENTOS QUE EVIDENCIAN LA MISMA A LAS DIRECCIONES QUE SE INDICAN EN LA HOJA ADJUNTA.

ESTA CERTIFICACION NO ES VALIDA SIN LA FIRMA AUTORIZADA Y EL SELLO OFICIAL EN ORIGINAL DEL DEPARTAMENTO DE HACIENDA

*Maria Rosa...*  
 SECRETARIO AUXILIAR DE RENTAS INTERNAS FECHA  
 O SU REPRESENTANTE AUTORIZADO



6/21/11

Depto. Hacienda-Contribución  
sobre Ingresos –Prog. Piña

MODELO ESTADO LIBRE ASOCIADO DE PUERTO RICO FECHA: 21-06-2012  
 SC 6096 DEPARTAMENTO DE HACIENDA HORA : 10:52  
 17 MAY 10 AREA DE RENTAS INTERNAS CHV0568

CERTIFICACION DE DEUDA

NUM. CUENTA: 001 660-67-1549/000 AUTORIDAD DE TIERRAS DE PR

PO BOX 366 PR 00657-0666 \*COMPUTOS HASTA: 21-06-2012

TIP PERIODO NAM	MULTAS/	INTERESES	RECARGOS	TOTAL
CON CONT. TAS	PENALID.			
001 300 01/1999 01	PRINCIPAL	7229.87	5381.54	12611.41
002 300 04/1999 01		0.00	249.65	249.65
003 300 10/1999 01		0.00	0.00	0.00
004 300 07/2000 01		100452.76	8477.84	214055.87
TOTALES:		111054.01	9258.05	233219.22
GRAN TOTAL:		111054.01	9258.05	233219.22

\*\* ESTE GRAN TOTAL NO INCLUYE DEUDAS DE PLANILLAS DEL IMU NI CONTRIBUCION ESPECIAL \*\*

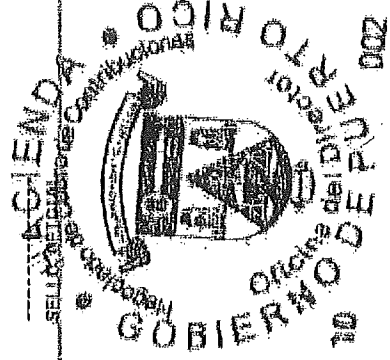
ESTA CERTIFICACION NO INCLUYE DEUDAS PENDIENTES POR TASAR O EN PROCESO DE INVESTIGACION POR EL RESCACHO IMPOSITIVO A LA FECHA DE ESTA CERTIFICACION.

A D V E R T E N C I A :

FAVOR DE REVISAR ESTE DOCUMENTO EN DETALLE. SI USTED NO ESTA DE ACUERDO CON ALEMANA DE LA INFORMACION AQUI PROPUESTA DEBERA PRESENTAR SU RECLAMACION JUNTO CON LOS DOCUMENTOS QUE EVIDENCIAN LA MISMA A LAS DIRECCIONES QUE SE INDICAN EN LA HOJA ADJUNTA.

ESTA CERTIFICACION NO ES VALIDA SIN LA FIRMA AUTORIZADA Y EL SELLO OFICIAL EN ORIGINAL DEL DEPARTAMENTO DE HACIENDA.

*[Firma manuscrita]*  
 SECRETARIO AUXILIAR DE RENTAS INTERNAS  
 O SU REPRESENTANTE AUTORIZADO



# ALBERTO L. RAMOS LAW OFFICES

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PO BOX 750 TEL. (767) 284-2971  
MERCEDITA, PUERTO RICO 00715-0750

FAX. (767) 284-6292

3126 JULIO E. MONAGAS AVE.  
CONSTANCIA DEVELOPMENT  
PONCE, PUERTO RICO 00717-2400

*alberto\_ramosperez@yahoo.com*

August 1, 2012

Mr. Carlos Villanueva  
Finance Director  
Puerto Rico Land Authority  
PO Box 9745  
San Juan, PR. 00908-9745

## PUERTO RICO LAND AUTHORITY

Dear Mr. Villanueva:

Our office is working in the following legal cases for Puerto Rico Land Authority,

### 1. Vega Baja-Brisas del Rosario Landfill

In this case, EPA request to PRLA a good faith offer of \$1.00 Million. This offer was accepted by the Governing Board on March 15, 2011. On August 7, 2011, EPA request another \$300,000 to cover past EPA cost, this was approved by the Governing Board on July 2012.. The actual responsibility of PRLA for the 2012-2013 is \$1.3 Million.

### 2. Pesticide Warehouse – Murcielago- Arecibo

This case was closed by EPA on May 2011.

### 3. Pesticide Warehouse III-Palo Alto-Manati

This order signed with EPA since year 2005 us ready to star the field investigation work. PRLA contracted ERTEC to conduct the investigation and the quotation presented by ERTEC provide an estimate of \$1.8 million. We estimate that approximately \$900,000.00 will be expense in the next 12 months.

Regarding this case there is a pending invoice from EPA for the amount of \$1,000,000.00 approximately for expenses incur by EPA, EQB and CDM (EPA contractor).

Page 2  
Mr. Carlos Villanueva  
August 1,, 2012

**4. Pesticide Warehouse I – Walcott- Arecibo**

This order was signed with EPA on 2007. The initial requested work by EPA was estimated in \$200,000.00 and was finally of \$168,000.00. We estimate that approximately \$500,00.00 will be expenses in the next 12 months.

**5. Bufalo Warehouse-Barceloneta**

This site is also in the final phase. The remaining estimate work was estimates in \$25,000.00.

**Canovanas Wetland Case**

This case is waiting for the signature of the Conservation Easement Deed. No additional money is expected to be expense during the next 12 months.

**6. Toa Baja Municipal Landfill**

EPA issues an order regarding the closure of the Toa Baja Landfill on September 2008. PRLA understand that the closure responsibility is of the Municipalities of Bayamon, Toa Baja and the Solid Waste Authority.

**7. Arecibo Municipal Landfill**

EPA issues a proposed order against the Municipality of Arecibo, Landfill Technologies and PRLA regarding the operation of the Arecibo Landfill. This case was settle by \$50,000.00 and some improvements with a additional cost of \$100,000.00. These amount has to be paid in the next 12 months.

**8. Corporación Azucarera de Puerto Rico Environmental Project**

The Environmental Project in the sites of the Corporacion Azucarera is estimate in 8.9 millions that includes, asbestos, chemical disposal, lead and mercury removal or abatement, closure of underground storage tanks, among others environmental issues. The estimate for this year is of \$800,000.00.

Page 3  
Mr. Carlos Villanueva  
August 1, 2012

**9. Outstanding Invoices**

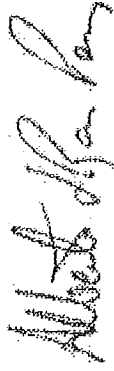
<https://mail.hmc.gobierno.pr/owa/WebReadyViewBody.aspx?f=att&id=RgAAAAAf69kFT...> 8/15/2012

An outstanding invoice for June 30, 2012 in the amount of approximately \$12,600. still unpaid.

The above mentioned cases are under our consideration, but I know that there is another cases such as EQB complaint for the Fire incident in Aguirre for the amount of \$1.3 Millions, and other cases that are under the consideration of other offices.

Cordially,

**ALBERTO L. RAMOS LAW OFFICES**



Lcdo. Alberto L. Ramos

ESTADO LIBRE ASOCIADO DE PUERTO RICO  
TRIBUNAL DE PRIMERA INSTANCIA  
SALA SUPERIOR DE SAN JUAN

COMPANIA DE FOMENTO INDUSTRIAL DE  
PUERTO RICO  
PARTE DEMANDANTE

Vs.

AUTORIDAD DE TIERRAS DE PUERTO RICO  
PARTE DEMANDADA

CIVIL NUM. K PE2005-2845  
SALA 504

SOBRE

R

DESAHUICIO Y COBRO DE  
DINERO

### SENTENCIA

La Demanda de epígrafe trata de una acción de Desahucio y Cobro de Dinero. El 9 de agosto de 2007 se dictó Sentencia Parcial en cuanto al desahucio. Quedó pendiente de adjudicación la reclamación sobre el cobro de dinero.

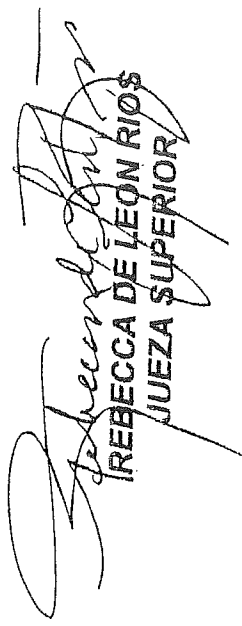
A la vista del caso de epígrafe celebrada el día 20 de diciembre de 2007, compareció la parte demandante representada por el Lcdo. Jaime Riera. La parte demandada compareció representada por el Lcdo. Dickson Ortiz Maíz.

El 21 de noviembre de 2007, la parte demandante presentó solicitud para que se dictara Sentencia Sumaria por la suma de \$1,961,625.74, la parte demandada se allanó a que se dictara Sentencia por la suma antes mencionada.

Cónsono con lo expresado, se declara HA LUGAR la Demanda y se condena a la parte demandada al pago de la suma de \$1,961,625.74.

REGISTRESE Y NOTIFIQUESE.

En San Juan, Puerto Rico, a 27 de diciembre de 2007.

  
REBECCA DE LEON RIOS  
JUEZA SUPERIOR

CERTIFICO:

Lic. Rebecca Rivera Torres  
Secretaria Rios

WILNELIA ERAZO

Por:

Secretaria Auxiliar

AUG 20 2012  
USO OFICIAL  
Autoridad de Tierras

# ANEJO 6





Autoridad de Tierras de Puerto Rico  
Apartado 9745  
San Juan, Puerto Rico 00908

**Resumen de las Cuentas por Cobrar**

*Autoridad de Tierras*

Corporaciones	\$ 7,990,589.12
Agencias Gubernamentales y Municipios	5,297,941.72
Individuos	<u>7,140,728.19</u>
<b>Total Aging Autoridad de Tierras</b>	<b><u>\$ 20,429,259.03</u></b>

\* Al 30 de junio de 2011 la Autoridad contaba con una Provisión de Cuentas por Cobrar por la cantidad de \$16,271,477.00 de los cuales \$5,172,193.98 corresponden a Cuentas Inactivas.

*Programa de Fincas Familiares*

<b>Total Aging Fincas Familiares</b>	<b><u>\$ 10,929,749.45</u></b>
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\* Al 30 de junio de 2011 el Programa de Fincas Familiares contaba con una Provisión de Cuentas por Cobrar por la cantidad de \$7,599,279.20

# ANEJO 7

**MEMORIAL EXPLICATIVO  
PRESUPUESTO AÑO FISCAL 2012-2013**

**Petición Especial para la Corporación Azucarera de Puerto Rico**

Por los pasados años, la Autoridad de Tierras de Puerto Rico ha tenido que asumir los gastos de la Corporación Azucarera de Puerto Rico. La Autoridad de Tierras de Puerto Rico no tiene la capacidad económica para asumir las obligaciones de tipo económico de la Corporación Azucarera. Es necesario que la Legislatura de Puerto Rico, asigne los fondos necesarios en virtud de lo establecido en la Ley 189 del 5 de septiembre de 1996 según enmendada, la cual en su Artículo IX sobre "Liquidación Ordenada", establece lo siguiente:

"Se autoriza al Director Ejecutivo de la Corporación a solicitar de tiempo en tiempo a la Legislatura de Puerto Rico los fondos necesarios para liquidar todas aquellas obligaciones de la Corporación relacionadas a los planes de retiro y convenios colectivos de empleados, obligaciones ambientales, acciones legales y otras contingencias que pudiesen surgir luego de la Fecha de Transferencia relacionadas con actuaciones u omisiones de la Corporación antes de la Fecha de Transferencia."

Para el mes de diciembre de 2010, se sometió ante la consideración de la Legislatura por conducto del Representante Arnaldo Iván Jiménez Valle un borrador de Resolución Conjunta, solicitándole fondos a la Asamblea Legislativa para cubrir las obligaciones de la Corporación Azucarera.

Las deudas de la Corporación Azucarera ascienden a \$31,770,765.00 los cuales se desglosan de la siguiente manera:

1) Planes de Retiro	\$ 5,000,000.00
2) Convenios Colectivos (Reclamaciones)	3,175,000.00
3) Acciones Legales	6,700,000.00

4) Obligaciones Ambientales	12,227,600.00
5) Centro de Recaudación de Ingresos Municipales (CRIM)	1,533,399.00
6) Autoridad de Energía Eléctrica	622,669.00
7) Autoridad de Acueductos y Alcantarillado	57,248.00
8) Otras Contingencias	2,454,849.00

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**Total**      **\$31,770,765.00**

Es necesaria la asignación presupuestaria anual por la cantidad de \$6,354,153.00 por los próximos 5 años para cubrir las diferentes obligaciones, evitando sobrecargar las finanzas de la Autoridad de Tierras de Puerto Rico.