COMMONWEALTH OF PUERTO RICO
BUREAU OF EMERGENCY SYSTEM 9-1-1
(AN OPERATIONAL COMPONENT OF
THE DEPARTMENT OF PUBLIC
SAFETY AND SECURITY)

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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López-Vega, CPA, PSC
Certified Public Accountants / Management Advisors

Member of:
- American Institute of Certified Public Accountants
- Puerto Rico Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Commissioner of the
Commonwealth of Puerto Rico
Bureau of Emergency System 9-1-1
(An Operational Component of the
Department of Public Safety and Security)
San Juan, Puerto Rico

Report on the Financial Statements

We have audited the accompanying financial statements of the **Commonwealth of Puerto Rico Bureau of Emergency System 9-1-1 (An Operational Component of the Department of Public Safety and Security) (the Bureau)**, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the **Bureau's** financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Calle Paraná #1686, El Cerezal, San Juan, P.R. 00926-3144 – Tel. (787) 777-8044 / Fax (787) 764-9377

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Basis for Qualified Opinion

The financial statements included a balance of capital assets of $5,424,280, net of accumulated depreciation. As of June 30, 2021, this balance does not reconcile with the capital assets subsidiary records. We were unable to satisfy ourselves about such balances or applying alternate audit procedures. Also, we were unable to satisfy about the fairness of the amounts presented for accumulated depreciation and expense. The generally accepted accounting principles in the United States of America establishes that long live assets should be recognized at the historical cost of the asset and the cost be spread over the expected useful life of the asset. The amounts by which this departure would affect the assets and expenses of the **Bureau** has not been determined.

Qualified Opinion

In our opinion, except for the effect of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the **Bureau** as of June 30, 2021 and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages **4** through **11**, the Schedule of Proportionate Share of Total Pension Liability and the Schedule of Proportionate Share of Total OPEB Liability on pages **46** through **48**, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Required Supplementary Information (continued)

We have applied certain limited procedures to the required supplementary information in accordance with the auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because of the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

López-Vega CPA, PSC

LOPEZ VEGA, CPA, PSC

San Juan, Puerto Rico
September 20, 2022

Stamp No. E486877 of the
Puerto Rico Society of Certified
Public Accountants was affixed to
the record copy of this report.

The Management of the **Commonwealth of Puerto Rico Bureau of Emergency System 9-1-1 (An Operational Component of the Department of Public Safety and Security**) (the **Bureau**) provides this Management's Discussion and Analysis for the readers of the **Bureau's** financial statements. This narrative provides our analysis of the **Bureau's** financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with the financial statements, which follows this section.

Entity Reorganization

The **Bureau** is an operational component of the Department of Public Safety and Security, created by Law No. 20 "Law of the Puerto Rico Department of Public Safety and Security" (Law No. 20), on April 10, 2017. Initially the 9-1-1 Service Government Board was created by Law No. 144 on December 22, 1994. The Puerto Rico Department of Public Safety and Security is an umbrella agency in charge of others Bureaus.

The provisions of Law No. 20 established the follow Bureaus: Emergency System 9-1-1, Police, Firefighters Corps, Forensic Sciences, Emergency Management and Disasters Administration, Medical Emergency Corps and Special Crime Investigation.

The **Bureau** manage the operations of the 9-1-1 call center for public safety and emergencies. Also, is responsible for the distribution of said calls to the Bureaus of the Public Security Department, other agencies or instrumentalities, other emergency service providers or any other that are authorized by the Department for their effective attention.

The Secretary of the Department of Public Safety and Security of the Commonwealth of Puerto Rico is responsible for the administration and direct supervision of the **Bureau**. The Law No. 20 created the position of Commissioner for the Bureau, which is in charge of the daily operations of the **Bureau**. The Commissioner is appointed by the Governor with the advice and consent of the Senate of Puerto Rico.

The Law No. 20 established an Executive Committee to design, implement, establish, and manage the fiscal and operating procedures for the Bureaus to achieve the objectives of the Law.

Previous to the Law No. 20 mentioned before, the **Bureau** was operated by a Board of Directors in accordance with previous Law No. 144 of December 22, 1994, which was superseded by the Law No. 20. Thus, the previous Board was disposed with the new Law and the **Bureau** (previously the 9-1-1 Service Government Board) is an operational component of the Department of Public Safety and Security.

Financial Highlights

The following comments about the financial condition and results of operations as reflected in the financial statements prepared for the fiscal year 2021 deserve special mention:

- Total assets and deferred outflows of resources increased by $4,049,398 and total liabilities and deferred inflows of resources decreased by $2,157,784.

- The **Bureau's** net position as of June 30, 2021 amounted to $38,551,180, an increase of $6,207,182, when compared with the 2020 fiscal year, as restated.

- Total operating revenues increased by $835,741 or 4.02%.

- Operating expenses increased by $219,033 or 1.45%.

- Distributions to emergency agencies and municipalities increased by $2,130,742, from $2,710,986 during 2020 to $4,841,728 during 2021.

Overview of the Financial Statements

This annual report includes the management's discussion and analysis report, the independent auditors' report, and the financial statements of the **Bureau**. The financial statements include notes that explain in more detail the information contained in the financial statements.

The financial statements of the **Bureau** report information using accounting methods similar to those used by private sector companies. The statements offer short-term and long-term financial information about its activities. The statement of net position is the first required statement; it includes all of the **Bureau's** assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and nature and extent of obligation (liabilities). It also provides the basis for computing the rates of return, evaluating the capital structure of the **Bureau** and assessing the liquidity and financial flexibility of the **Bureau**.

All of the current revenues and expenses are accounted for in the statement of revenues, expenses and changes in net position, which is the second required financial statement. This statement measures the profitability of the **Bureau's** operations over the current year and can be used to determine whether the **Bureau** has successfully recovered all its costs through its user fees and other charges.

The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the **Bureau's** cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and non-capital financial activities. It also provides information regarding sources of cash, uses of cash, and the changes in the cash balance during the reporting period.

Financial Analysis of the Bureau

The statement of revenues, expenses and changes in net position provides a broad view of the **Bureau's** operations in a manner similar to a private business sector, while the statement of net position provides both short-term and long-term information about the **Bureau's** financial position, which assists in assessing the **Bureau's** economic condition at the end of the fiscal year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting, similar to those used by most businesses. This method takes into account all revenues and expenses related with the fiscal year even if cash involved has not been received or paid. The statement of net position presents all of the **Bureau's** assets and liabilities, with the difference between the two reported as "net position". Over time, increase or decrease in the **Bureau's** net position may serve as a useful indicator of whether the financial position of the **Bureau** is improving or deteriorating.

The operations of the **Bureau** are intended to recover all or a significant portion of their costs through the imposition of a monthly charge of $0.50 for residential and cellular telephone accounts, and $1.00 for commercial telephone accounts. The charges are billed and collected by telephone service provider companies, who, at the end of each month, reimburse the amounts collected to the **Bureau**. Law No. 20 of April 10, 2017, obligate the **Bureau** to transfer the part of the funds collected from the provider companies to those agencies that provide the emergency services (Bureau of Firefighters Corps, Bureau of Police, Family Department's Social Emergency Program, Municipal Offices for Emergency Management and State Agency for Emergency Management). On May 25, 2018, the circular letter MCNSE911-18-0024 was issued to amend this procedure indicating that the **Bureau** must obligate the budgeted part for the distribution of funds to the emergency agencies.

The net position reported in the financial statements by the **Bureau** show categories of restricted and unrestricted net position.

Restricted net position results when constraints on the use of net position are either externally imposed by creditors, grantors, or imposed by law through constitutional provisions or enabling legislation.

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Financial Analysis of the Bureau (continued)

The following table provides a summary for the **Bureau's** statements of net position as of June 30, 2021 and 2020, as restated:

	2021	2020 (as restated)	Change
Assets:			
Current assets	$ 44,294,424	$ 40,288,293	$ 4,006,131
Capital assets	5,424,280	5,655,135	(230,855)
Total assets	49,718,704	45,943,428	3,775,276
Deferred outflows of resources	636,987	362,865	274,122
Total assets and deferred outflows of resources	50,355,691	46,306,293	4,049,398
Liabilities:			
Current liabilities	8,447,698	10,814,357	(2,366,659)
Noncurrent liabilities	3,234,430	2,984,899	249,531
	11,682,128	13,799,256	(2,117,128)
Deferred inflows of resources	122,383	163,039	(40,656)
Total liabilities and deferred inflows of resources	11,804,511	13,962,295	(2,157,784)
Net assets	$ 38,551,180	$ 32,343,998	$ 6,207,182

Statement of Net Position

The **Bureau's** net position as of June 30, 2021 amounted to $38,551,180, resulting in a net increase of $6,207,182 from its net position as of June 30, 2020 amounting to $32,343,998 (as restated). Total assets and deferred outflows of resources increased by $4,049,398 during the fiscal year ended June 30, 2021. This increase is mainly due to the net effect of (1) the increase in cash of $2,493,088; (2) an increase in accounts receivable of $1,504,162.

The net capital assets balance decreased by $230,855. This decrease resulted primarily from the net effect of the acquisition of equipment and the depreciation expense recorded during the fiscal year 2021.

Total liabilities decreased by $2,117,128, mainly due to a decrease in the balance due to emergency management agencies of $1,663,391 and a decrease in accounts payable and accrued expenses of $1,055,717.

Statement of Revenues, Expenses and Changes in Net Position

The following table provides a summary of the **Bureau's** changes in net position for the years ended June 30, 2021 and 2020, as restated:

	2021	2020 (as restated)	Change
Operating revenues:			
Emergency telephone service charges, net	$ 21,621,503	$ 20,785,762	$ 835,741
Operating expenses:			
Personnel services	8,536,805	7,953,372	583,433
Administrative	1,560,517	4,465,424	(2,904,907)
Depreciation	426,645	16,880	409,765
Distribution to emergency management agencies and municipalities	4,841,728	2,710,986	2,130,742
Total operating expenses	15,365,695	15,146,662	219,033
Operating income (loss)	6,255,808	5,639,100	616,708
Non-operation revenues (expenses)	(48,626)	12,544,881	(12,593,507)
Increase (decrease) in net position	6,207,182	18,183,981	(11,976,799)
Beginning net position, as restated	32,343,998	14,160,017	18,183,981
Ending net position	$ 38,551,180	$ 32,343,998	$ 6,207,182

Analysis of Changes in Net Position

Net position increased by $6,207,182, from $32,343,998 in 2020 (as restated), to $38,551,180 in 2021 due to the result of current year operation, as follows:

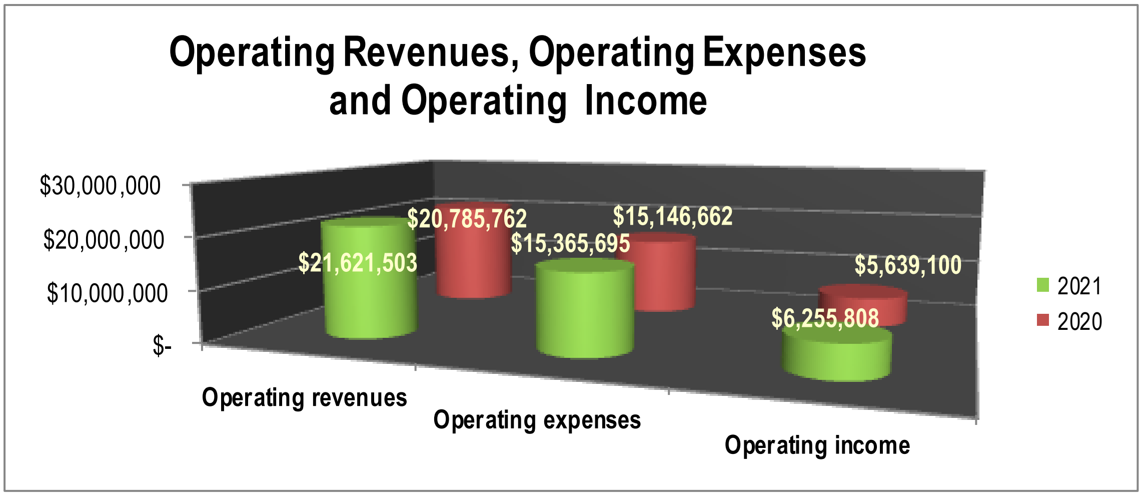
- Net operating revenue increased by $835,741, from $20,785,762 in 2020, as restated to $21,621,503 in 2021, an increase of 4.02%.

Analysis of Changes in Net Position (continued)

- Operating expenses increased by $219,033 or 1.45%.
- Total distributions to emergency management agencies and municipalities increased by $2,130,742, which represents an increase of 78.6% when compared with fiscal year 2020, as restated.

The Bureau as a Whole

The following chart presents a comparison of operating revenues, operating expenses and operating income of the **Bureau's** activities for the years ended June 30, 2021 and 2020, as restated:



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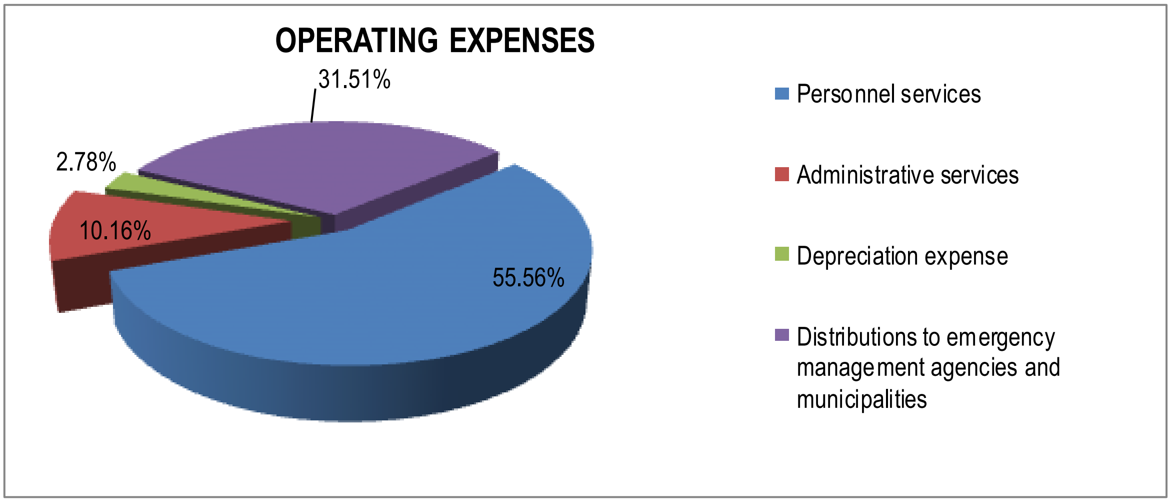
The Bureau as a Whole (continued)

The following chart presents the composition of operating expenses of the **Bureau** for the year ended June 30, 2021:



Capital Assets and Debt Administration

The capital assets of the **Bureau** are those assets that are used in the performance of its functions. The investments in capital assets (net of accumulated depreciation) as of June 30, 2021 amounted to $5,424,280. Additional information on the **Bureau's** capital assets can be found in the **Note 4** of the financial statements on page **23** of this report.

Total accrued compensated absences and Christmas bonus owed by **Bureau's** amounted to $871,445 as of June 30, 2021. Additional information on the **Bureau's** long-term liabilities can be found in the **Note 6** of the financial statements on page **25** of this report.

GASB Statements No. 73 and No. 75

The **Bureau** adopted the provisions of GASB Statement No. 73, *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68"*, which requires that governmental employers whose employees are provided with defined benefit pensions recognize a liability and pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions administered through a trust that do not meet the requirements of GASB Statement No. 73.

GASB Statements No. 73 and No. 75 (continued)

The **Bureau's** pension plan is administered by the Employee Retirement System of the Government of the Commonwealth of Puerto Rico (ERS). The ERS has provided to the **Bureau** the financial and technical information necessary for the proper recognition and reporting of its total pension liability, deferred inflows of resources and deferred outflows of resources. Accordingly, the **Bureau** complies with the accounting and financial reporting requirements set forth in GASB Statement No. 73. Consequently, the **Bureau's** financial statements report and disclose the required information for its pension plan. As of June 30, 2021, total pension liability amounted to $3,084,506.

In addition, the **Bureau's** pension plan administrator provided the **Bureau** with the audited schedules of employment allocations an OPEB amounts by employer as of June 30, 2020 (**Bureau's** measurement date), necessary to comply with the requirements of GASB No. 75 *"Accounting and Financial Reporting for Postretirement Benefits Other Than Pensions"*, as of June 30, 2021. As a result, amounts to be reported as deferred outflows/inflows of resources related to OPEB, the total OPEB liability, applicable disclosures and required supplementary information have been presented in the accompanying financial statements. As of June 30, 2021, total other postemployment benefit (OPEB) liability amounted to $46,183.

Contacting the Bureau Financial Management

This financial report is designed to provide a general overview of the **Bureau** finances for all of telephone subscribers, Puerto Rico's citizens, customers, and creditors. This financial report seeks to demonstrate the **Bureau's** accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the **Bureau of Emergency System 9-1-1**, Finance Office, PO Box 270200, San Juan, Puerto Rico, 00927-0200.

Assets	
Current assets:	
Cash	$ 41,040,300
Accounts receivable:	
Trade, net of allowance	3,176,853
Other	63,037
Supplies inventory	14,234
Total current assets	44,294,424
Capital assets:	
Depreciable assets	12,535,343
Less: accumulated depreciation and amortization	(7,600,673)
Total depreciable assets, net	4,934,670
Non-depreciable assets	489,610
Total capital assets, net	5,424,280
Total assets	49,718,704
Deferred outflows of resources:	
Pension related	633,587
Other postemployment benefits related	3,400
Total deferred outflows of resources	636,987
Total assets and deferred outflows of resources	$ 50,355,691

Continues

Liabilities and Net Position	
Current liabilities:	
Due to emergency agencies	$ 6,415,087
Due to telephone companies	551,630
Accounts payable	160,807
Accrued expenses	552,470
Compensated absences	130,717
Pension liability	633,587
Other postemployment benefits liability	3,400
Total current liabilities	8,447,698
Noncurrent liabilities:	
Compensated absences	740,728
Pension liability	2,450,919
Other postemployment benefits liability	42,783
Total noncurrent liabilities	3,234,430
Total liabilities	11,682,128
Deferred in flows of resources:	
Pension related	122,383
Total liabilities and deferred inflows of resources	11,804,511
Net position:	
Net investment in capital assets	5,424,280
Restricted for:	
Contingencies	1,822,562
Expansion and equipment replacement	3,763,479
Telephone companies billing fees	682,958
Unrestricted	26,857,901
Total net position	$ 38,551,180

The notes to the financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2021

Operating revenues:	
Emergency telephone service charges	$ 21,621,503
Operating expenses:	
Personnel services	8,536,805
Administrative	1,560,517
Depreciation	426,645
Distributions to emergency management agencies and municipalities	4,841,728
Total operating expenses	15,365,695
Operating income	6,255,808
Non-operating revenues and expenses:	
Interest revenue	9,080
Loss on disposition of capital assets	(57,706)
Total non-operating revenues and expenses	(48,626)
Change in net position	6,207,182
Net position, beginning of year, as previously reported	31,251,058
Prior period adjustments	1,092,940
Net position, beginning of the year, as restated	32,343,998
Net position, end of year	$ 38,551,180

The notes to the financial statements are an integral part of this statement.

Cash flows from operating activities:	
Receipts from customers	$ 20,112,560
Payments to suppliers	(3,175,955)
Payments to employees and related expenses	(7,693,982)
Payments to emergency management agencies and companies	(6,505,119)
Net cash provided by operating activities	2,737,504
Cash flows from capital and related financing activities:	
Capital assets additions	(253,496)
Net cash used by capital and related financing activities	(253,496)
Cash flows from investing activities:	
Interest receipts and other	9,080
Net cash provided by investing activities	9,080
Net increase in cash	2,493,088
Cash at beginning of the year	38,547,212
Cash at end of the year	$ 41,040,300

Continues

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 6,255,808
Adjustment to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	426,645
Changes in assets and liabilities:	
Accounts receivable – trade	(1,504,162)
Accounts receivable – other	(4,781)
Deferred outflows of resources	(274,122)
Supplies inventory	(4,100)
Accounts payable	(1,234,879)
Amounts due to emergency agencies and telephone companies	(1,613,923)
Compensated absences	192,388
Accrued expenses	179,162
Pension liability	356,082
Other postemployment benefits liability	4,042
Deferred inflows of resources	(40,656)
Total adjustments	(3,518,304)
Net cash provided by operating activities	$ 2,737,504

The notes to the financial statements are an integral part of this statement.

Note 1 - Entity Reorganization

The **Commonwealth of Puerto Rico Bureau of Emergency System 9-1-1 (the Bureau**), is an operational component of the Department of Public Safety and Security, created by Law No. 20 "Law of the Department of Public Safety and Security of Puerto Rico" (Law No. 20), on April 10, 2017. Initially the 9-1-1 Service Government Board was created by Law No. 144 on December 22, 1994. The Department of Public Safety and Security is an umbrella agency in charge of others Bureaus.

The provisions of Law No. 20 established the follow Bureaus: Emergency System 9-1-1, Police, Firefighters Corps, Forensic Sciences, Emergency Management and Disasters Administration, Medical Emergency Corps and Special Crime Investigation.

The **Bureau** manage the operations of the 9-1-1 call center for public safety and emergencies. Also, is responsible for the distribution of said calls throughtout the Bureaus of the Department of Public Safety and Security, other agencies or instrumentalities, other emergency service providers or any other organization that is authorized by the Department for their effective attention. The Secretary of the Department of Public Safety and Security of Puerto Rico is responsible for the administration and direct supervision of the **Bureau**. The Law No. 20 created the position of Commissioner for the **Bureau,** which is in charge of the daily operations of the **Bureau**. The Commissioner is appointed by the Governor with the advice and consent of the Senate of Puerto Rico.

The Law No. 20 established an Executive Committee to design, implement, establish, and manage the fiscal and operating procedures for the Bureaus to achieve the objectives of the Law.

Previous to the Law No. 20 mentioned before, the **Bureau** was operated by a Board of Directors in accordance with the provisions Law No. 144 of December 22, 1994, which was superseded by the Law No. 20. Thus, the previous Board was disposed with the new Law and the **Bureau** (previously the 9-1-1 Service Government Board) is now an operational component of the Department Public Safety and Security.

Note 2 - Summary of significant accounting policies

The accounting and reporting policies of the **Bureau** conform to the accounting rules prescribed by the *Governmental Accounting Standards Board (GASB)*. The **Bureau** functions as an enterprise fund and maintain its accounting records on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The following describes the most significant accounting policies followed by the **Bureau.**

Note 2 - Summary of significant accounting policies (continued)

a) Financial statement presentation

The financial statements are presented as an enterprise fund and conform to the provisions of *Governmental Accounting Standards Board* Statement No. 34 *"Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments"* (GASB 34), as amended, which establishes standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.

b) Measure focus and basis of accounting

The **Bureau's** operations are accounted for using the economic resources measurement focus and the accrual basis of accounting. Under this method, all assets and liabilities associated with operations are included on the statement of net position, and revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The **Bureau's** activities are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or changes of net position is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenue and expenses.

When both restricted and unrestricted resources are available for use, it is the **Bureau's** policy to use unrestricted resources first, and then restricted resources as they are needed.

As a proprietary fund, the **Bureau** prepares the statement of net position, the statement of revenues expenses and changes in net position and the statement of cash flows using the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recorded when incurred.

c) Cash equivalents

The **Bureau** considers all highly liquid investments with a maturity of three (3) months or less when purchased to be cash equivalents.

Note 2 - Summary of significant accounting policies (continued)

d) Trade accounts receivable

Receivables are stated net of estimated allowances for uncollectible accounts, which are determined, based upon past collection experience and current economic conditions, among other factors.

e) Capital assets

Capital assets are recorded at cost. The **Bureau** capitalizes its property and equipment with a unit cost of $500 or higher and with a useful life of more than one (1) year. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of capital assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of revenues, expenses and changes in net position.

Depreciation is provided over the estimated useful life of the respective assets using the straight-line method. Leasehold improvements, if any, are amortized on a straight-line basis over the shorter of the lease term or estimated life of the asset. The estimated useful life of all the capital assets is five (5) years.

f) Accounting for compensated absences

The **Bureau's** policy allows employees to accumulate unused sick leave up to 90 days and vacation leave up to 60 days. In the event of employee resignation, the employee is paid for accumulated vacation days up to the maximum allowed. Separation from employment prior to use of all or part of the sick leave terminates all rights for compensation according to the Article 2.11 of the Law No. 26 of April 29, 2017. The Article 2.10 of the Law No. 26 of April 29, 2017, established the prohibition to pay the excess sick leave or vacation leave.

g) Pension benefits

The **Bureau** has evaluated the provisions of GASB Statement No. 73 *"Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of* GASB Statement No. 68, *and Amendments to Certain Provisions of* GASB Statements No. 67 and 68" and Statement No. 75 *Accounting and Financial Reporting Postemployment Benefits Other Than Pensions*".

The **Bureau** accounts for pension costs from the standpoint of a participant in a multi-employer cost-sharing plan.

Note 2 - Summary of significant accounting policies (continued)

g) Pension benefits (continued)

Accordingly, the pension liability, pension expense and deferred outflows/inflows of resources recognized in the accompanying financial statements shall be equal to the **Bureau's** proportionate shares of the collective pension liability, pension expense and collective deferred outflows/inflows of resources reported for unaudited actuarial valuation report as of June 30, 2020 (**Bureau's** Measurement date).

Prior to July 1, 2017, the retirement plans were administered as a trust and followed the guidance of GASB Statement No. 68. The establishment of the new pension system caused that participating employer of the ERS including the Municipality change their accounting for pensions from GASB Statement No. 68 to GASB Statement No. 73 *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68"*. In addition, if the **Bureau's** annual contributions are less than the statutorily required amounts, a liability is recorded for any unpaid balances.

h) Net position

Net position is the difference between assets and liabilities in governmental-wide financial statements. Net position is reported in three (3) categories:

1. **Net investment in capital assets -** consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any long-term debt that is attributable to the acquisition, construction or improvement of those assets.

2. **Restricted net position -** results when constraints placed on net position use are externally imposed by grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

   The restricted net position consists of the following reserves: Contingencies, Expansion and Equipment Replacement and Telephone Companies Billing Fees. These reserves were stated by the 9-1-1 Service Government Board and were transferred to the new **Bureau** under the Law No. 20. As of June 30, 2021, these restricted reserves amounted $6,268,999.

3. **Unrestricted net position -** consists of net position, which does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources that are imposed by management, but can be removed or modified.

Note 2 - Summary of significant accounting policies (continued)

i) Risk management

The **Bureau** has acquired commercial insurance to mitigate its exposure to certain losses involving casualty, theft, tort claims, damages and injuries caused by automobile accidents and other losses. In the past, settlement claims have not exceeded insurance coverage. Worker's compensation insurance coverage is provided by the State Insurance Fund Corporation, a component unit of the Commonwealth of Puerto Rico, which provides compensation to both public and private employees.

j) Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The **Bureau** has two (2) items that may qualify for reporting in this category:

- **Government-mandated or voluntary non-exchange transactions received before the time requirements have been met -** Federal and state grants received before the beginning of the fiscal year to which they pertain are recognized as deferred inflows of resources on the Statement of Net Position. The amounts deferred would be recognized as an inflow of resources (revenue) in the period in which the time requirements are fulfilled.

- **Deferred outflows/inflows of resources related to pensions -** Amounts reported for changes in calculation of the net pension liability that result from: a) differences between expected and actual experience; b) changes of assumptions; c) net difference between projected and actual earnings on pension plan investments; d) changes in proportion and difference between the **Bureau's** contributions and proportionate share contributions; and e) **Bureau's** contributions subsequent to the measurement date.

Note 2 - Summary of significant accounting policies (continued)

k) Use of estimates

Management of the **Bureau** has made a number of estimates and assumptions relating to the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the period. Actual results could differ from those estimates.

l) Reclassification

Certain reclassifications have been made in the accompanying financial statements which affect the comparability with the financial statements issued for previous fiscal years.

m) Subsequent events

Subsequent events have been evaluated through September 16, 2022, which is the date the financial statement were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2021.

Note 3 - Cash

Deposits

The **Bureau** is authorized to deposit only in bank institutions approved by the Department of the Treasury of the Commonwealth of Puerto Rico. Such deposits should be kept in separate accounts in the name of the **Bureau**. Under the Commonwealth's statutes, public funds deposited in commercial banks must be fully collateralized for the amount deposited in excess of federal depository insurance.

Custodial credit risk

Custodial credit risk - deposits: is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The **Bureau** maintains cash deposits in one commercial bank located in Puerto Rico. Under Commonwealth of Puerto Rico statutes, public funds deposited in commercial banks must be fully collateralized for the amount deposited in excess of insurance provided by the Federal Deposit Insurance Corporation (FDIC). All securities pledged as collateral by the **Bureau** are held by agents designated by the Puerto Rico Secretary of Treasury but not in the **Bureau's** name. At June 30, 2021, total deposits in the commercial bank amounted to $42,274,159. All deposits are carried at cost plus accrued interest, if any.

Note 4 - Capital assets

Capital assets' activity of the **Bureau** for fiscal year ended June 30, 2021 was as follows:

	Balance as of July 1, 2020	Additions	Retirements	Balance as of June 30, 2021
Capital assets, not being depreciated:				
Land	$ 489,610	$ -	$ -	$ 489,610
Total capital assets, not being depreciated	489,610	-	-	489,610
Capital assets, being depreciated:				
Building	3,341,742	-	-	3,341,742
Leasehold improvements	1,934,311	-	-	1,934,311
Equipment	6,122,206	253,496	(289,330)	6,086,372
Furniture and fixtures	874,977	-	(9,247)	865,730
Vehicles	307,187	-	-	307,187
Total capital assets, being depreciated	12,580,423	253,496	(298,577)	12,535,342
Less accumulated depreciation and amortization:				
Building	(255,474)	(56,772)	-	(312,246)
Leasehold improvements	(1,384,376)	(87,003)	-	(1,471,379)
Equipment	(5,047,986)	(238,676)	236,910	(5,049,752)
Furniture and fixtures	(583,379)	(19,629)	3,961	(599,047)
Vehicles	(143,683)	(24,565)	-	(168,248)
Total accumulated depreciation and amortization	(7,414,898)	(426,645)	240,871	(7,600,672)
Total capital assets, being depreciated, net	5,165,525	(173,149)	(57,706)	4,934,670
Total capital assets, net	$ 5,655,135	$ (173,149)	$ (57,706)	$ 5,424,280

Note 4 - Capital assets (continued)

The **Bureau** follows the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, an amendment of GASB Statement No. 34. This Statement establishes guidance for accounting and reporting for impairment of capital assets and insurance recoveries. The **Bureau** did not recognize any impairment loss during the fiscal year ended June 30, 2021.

Note 5 - Due to emergency agencies and telephone companies

Emergency agencies

The operations of the **Bureau** are intended to recover almost all of their costs through the imposition of monthly emergency telephone service charge of $0.50 for residential and cellular telephone accounts, and $1.00 for commercial accounts. The charges are billed and collected by telephone companies, which at the end of each month shall reimburse the amounts collected to the **Bureau.** Law No. 20 of April 10, 2017, obligate the **Bureau** to make a distribution of a part of the funds collected from the telephone services companies to those agencies that provide the emergency services (Bureau of Firefighters Corps, Bureau of Police, Family Department's Social Emergency Program, Municipal Offices for Emergency Management and the Bureau of Emergency Management and Disasters Administration).

On May 25, 2018, the circular letter MCNSE911-18-0024 was issued which amends this procedure indicating that the **Bureau** must obligate in the annual budget funds for its distribution to the emergency agencies. The funds allocated to each agency is made proportionally based on the ratio of transferred calls from the agency to total calls transferred from the service during the current fiscal year. As of June 30, 2021, there is a balance payable to the emergency agencies of $6,415,087.

Telephone companies

According to Law No. 20 of April 10, 2017, telephone companies will be reimbursed for the net cost of billing and collection of charges, without exceeding the provisions of the Law. Based on the **Bureau's** regulation, they must not exceed .30% of the account receivable from each telephone company. As of June 30, 2021 the balance of the due to telephone companies amounted to $551,630.

Note 6 - Long-term liabilities

Bureau's long-term liabilities balance at June 30, 2021 consists of the following:

	Balance as of June 30, 2020, as Restated	Net Change	Balance as of June 30, 2021	Current Portion
Accrued compensated absences	$ 679,057	$ 192,388	$ 871,445	$ 130,717
Pension liability	2,728,424	356,082	3,084,506	633,587
Other postemployment benefits liability	42,141	4,042	46,183	3,400
Total	$ 3,449,622	$ 552,512	$ 4,002,134	$ 767,704

Note 7 – Pension plan benefits

On August 23, 2017, Act No. 106 was enacted, which is known as the "Law to Guarantee Payment to our Pensioners". Under this Act, effective July 1, 2017, the General Fund, through the system of "pay-as-you-go" (PayGo), assumes the payments of the three Retirement Systems (Employees Retirement System [ERS] of the Government of the Commonwealth, the Teachers' Retirement System and Judiciary Retirement System), because the retirement plan have depleted the assets set aside to pay benefits.

Under the provisions of Act No. 106, the **Bureau** assumed the proportional share of the pension benefits of the **Bureau's** retirees. Also, under Act No. 106, active employees are required to contribute a minimum of 10% of their compensation, into a defined contribution plan, with no employer matching. Contributions are deposited in a separate account for each employee and invested in accordance with certain guidelines. Upon retirement, employees will receive retirement benefits accumulated after the enactment of Act No. 106, with certain limitations, plus benefits accumulated until the enactment of Act No. 106, with certain limitations, including benefits accumulated under previous defined benefit, defined contribution and hybrid plans.

Benefits accumulated after the enactment of Act No. 106 include only those amounts contributed by the participant during that period and the yield from those deposits. Based on the investment instruments acquire by the participant there are investment risks that may impair the value of the participant account.

Note 7 - Pension plan benefits (continued)

As of June 30, 2021, the **Bureau** disclosed a liability of $3,084,506 for its proportionate share of the total pension liability. This liability was determined as of June 30, 2020 (measurement date), based on the requirements of the GASB Statements No. 73. Accordingly, this total pension liability is recorded in the **Bureau's** accounting records as of June 30, 2021. The amount was measured as of June 30, 2020 and the total pension liability used to calculate the liability was determined by an actuarial valuation as of July 1, 2019, rolled forward to the measurement date of June 30, 2020.

The **Bureau's** share of the total pension liability was based on a projection of the **Bureau's** long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. On June 30, 2020, the **Bureau's** proportionate share was 0.01099%.

The pension expense incurred during fiscal year ended June 30, 2021 amounted to **$185,359**.

Also, as of June 30, 2021, the reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 6,362	$ 69,435
Change in assumptions	387,229	52,948
Change in proportions and difference between the employer's contributions and proportionate share of contributions	95,741	-
Benefits payments subsequent to measurement date	144,255	-
Total	$ 633,587	$ 122,383

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions at June 30, 2021 will be recognized in pension expense (benefit) in future years as follows:

Year ending June 30,	Amount
2021	$ 94,903
2022	94,903
2023	94,903
2024	82,240
Total	$ 366,949

Note 7 - Pension plan benefits (continued)

Actuarial Methods and Assumptions

The actuarial valuation used the following actuarial methods and assumptions applied to all periods in the measurement:

Actuarial cost method	Entry age normal
Inflation rate	Not applicable
Compensation increases	3% per year. No compensation increases are assumed until July 1, 2021, as a result of Act No. 3-20117, four-year extension of Act No. 66-2014 and the current general economy.

The mortality tables used in the June 30, 2020 valuation were as follows:

Pre-Retirement Mortality: For general employees not covered under Act No. 127, PubG-2010 Employee Mortality Rates, adjusted by 100% for males and 110% for females, projected to reflect Mortality Improvement Scale MP-2020 on a generational basis. For members covered under Act No. 127, the PubS-2010 Employee Mortality Rates are assumed for males and females, projected to reflect Mortality Improvement Scale MP-2020 on a generational basis. As generational tables, they reflect mortality improvements both before and after the measurement date.

100% of deaths while in active service are assumed to be occupied only for members covered under Act No. 127.

Post-Retirement Healthy Mortality: Rates which vary by gender are assumed for healthy retirees and beneficiaries based on a study of a Plan's experience from 2013 to 2018 and updated expectations regarding future mortality improvement.

The PubG-2010 healthy retiree rates, adjusted by 100% for males and 110% for female, projected using MP-2020 on a generational basis. Prior to retiree's death, beneficiary mortality is assumed to be the same as the post-retirement healthy retiree mortality.

For periods after the retiree's death, the PubG-2010(B) contingent survivor rates, adjusted by 110% for males and 120% for females, projected using MP-2020 on a generational basis. As a generational table, it reflects mortality improvements both before and after the measurement.

Post-Retirement Disabled Mortality: Rates which vary by gender are assumed for disabled retirees based on a study of the Plan's experience from 2013 to 2018 and updated expectations regarding future mortality improvement.

Note 7 - Pension plan benefits (continued)

Actuarial Methods and Assumptions (continued)

The PubG2010 disabled retiree rates, adjusted by 80% for males and 100% for females. The base rates are projected using Mortality Improvement Scale MP-2020 on a generational basis. As a generational table, it reflects mortality improvements both before and after the measurement date.

Discount Rate

The discount rate was 2.21% on June 30, 2020. This represents the municipal bond return rate as chosen by the Commonwealth. The source is the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of the Bureau's total pension liability to changes in the discount rate

The following table presents the **Bureau's** total pension liability calculated using the discount rate of 2.21%**,** as well as what it would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease	At Current Discount Rate	1% Increase
	1.21%	2.21%	3.21%
Total pension liability	$ 3,538,184	$ 3,084,506	$ 2,718,658

Note 8 - Other postemployment benefits (OPEB)

Plan description

The **Bureau** is a participating employer in the Employee's Retirement System of the Government of Puerto Rico and its Instrumentalities Medical Insurance Plan Contribution ("ERS-MIPC"). ERS MIPC is an unfunded, cost sharing, multi-employer defined benefit plan sponsored by the Commonwealth. Substantially all fulltime employees of the Commonwealth's primary government, and certain municipalities of Puerto Rico and certain component units of the Commonwealth not having their own postemployment benefit plan, are covered by the OPEB.

Commonwealth employees became members upon their date of employment. Plan members were eligible for benefits upon reaching the pension benefits retirement ages.

Benefits provided

ERS MIPC covers a payment of up to $100 per month to the eligible medical insurance plan selected by the member provided the member retired prior to July 1, 2013 (Act No. 483, as amended by Act No. 3).

Note 8 - Other postemployment benefits (OPEB) (continued)

Benefits Payments

This OPEB plan is financed by the Commonwealth on a pay-as-you-go basis. The funding of the OPEB benefits is provided to the ERS through legislative appropriations each July 1 by the Commonwealth's General Fund for former government and certain public corporations without own treasuries employees, and by certain public corporations with own treasuries and municipalities for their former employees. The **Bureau's** benefits payments are financed through the monthly "PayGo" charge. There is no contribution requirement from the plan member during active employment. Retirees contribute the amount of the healthcare insurance premium not covered by the Commonwealth benefits payments.

As a result, these OPEB are 100% unfunded. The legislative appropriations are considered estimates of the payments to be made by the ERS for the healthcare benefits throughout the year.

Allocation Methodology

GASB Statement No. 75 requires that the primary government and its component units that provide OPEB benefits through the same defined benefit OPEB plan recognize their proportionate share of the total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. The employer allocation percentage presented in the schedule of employer allocations and applied to amounts presented in the schedule of OPEB amounts by employer are based on the ratio of the **Bureau's** actual benefit payments to the total actual benefit payments paid by all participating entities during the year ending on the measurement date. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer may result in immaterial differences.

Total OPEB Liability and Actuarial Information

As of June 30, 2021, the **Bureau** reported a liability of $46,183 for its proportionate share of total collective OPEB liability. The total OPEB liability as of June 30, 2021, was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020 (measurement date). As of June 30, 2020, the **Bureau's** proportionate share was 0.00528%. Also, for the year ended June 30, 2021, the **Bureau** recognized an OPEB expense of $7,642.

The **Bureau's** total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The actuarial valuation used the following actuarial assumptions applied to all periods in the measurement period.

Note 8 - Other postemployment benefits (OPEB) (continued)

Actuarial assumptions

Discount rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Commonwealth. The source is the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality

Pre-retirement Mortality

For general employees not covered under Act No. 127, PubG-2010 Employee Mortality Rates, adjusted by 100% for males and 110% for females, projected to reflect Mortality Improvement Scale MP-2020 on a generational basis. For members covered under Act No. 127, the PubS-2010 Employee Mortality Rates are assumed for males and females, projected to reflect Mortality Improvement Scale MP-2020 on a generational basis. As generational tables, they reflect mortality improvements both before and after the measurement date.

100% of deaths while in active service are assumed to be occupational for members covered under Act No. 127.

Post-retirement Healthy Mortality

Rates which vary by gender are assumed for healthy retirees and beneficiaries based on a study of the Plan's experience from 2013 to 2018 and updated expectations regarding future mortality improvement. The PubS-2010 healthy retiree rates, adjusted by 100% for males and 110 for females, projected using MP-2020 on a generational basis. Prior to retiree's death, beneficiary mortality is assumed to be the same as the post-retirement healthy retiree mortality. For periods after the retiree's death, the PubG-2010(B) contingent survivor rates, adjusted by 110% for males and 120% for females, projected using MP-2020 on a generational basis. As a generational table, it reflects mortality improvements both before and after the measurement date.

Post-retirement Disabled Mortality

Rates which vary by gender are assumed for disabled retirees based on a study of the Plan's experience from 2013 to 2018 and updated expectations regarding future mortality improvement. The PubG-2010 disabled retiree rates, adjusted by 80% for males and 100% for females. The base rates are projected using Mortality Improvement Scale MP-2020 on a generational basis. As a generational table, it reflects mortality improvements both before and after the measurement date.

Note 8 - Other postemployment benefits (OPEB) (continued)

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the **Bureau** at June 30, 2020, (measurement date), calculated using the discount rate of 2.21%, as well as the Plan total OPEB liability if it were calculated using the discount rate of 1-percentage point lower (1.21%) or 1-percentage point higher (3.21%) than the current rate:

	1% Decrease	At Current Discount Rate	1% Increase
	1.21%	2.21%	3.21%
Total OPEB liability	$ 50,916	$ 46,183	$ 42,184

Deferred Outflows of Resources and Deferred Inflows of Resources

GASB No. 75 requires to determine deferred outflows of resources and deferred inflows of resources in order to be amortized and recognized in the annual OPEB expense. There are no deferred outflows or inflows of resources as changes in actuarial assumptions, economic or demographic gains and losses, and changes in proportionate share are recognized immediately during the measurement date. However, as of June 30, 2021, $3,400 reported as deferred outflows of resources related to OPEB, resulting from the benefits paid subsequent to the measurement date, will be recognized as a reduction of total OPEB liability in the year ended June 30, 2022.

Note 9 - Contingencies

Litigation and claims

The **Bureau** is a defendant in some arbitration cases presented to the Public Service Appellate Commission of the Commonwealth of Puerto Rico and the Equal Employment Opportunities Commission (EEOC). The most of these cases are dismissed. However, there are some cases pending for hearing and final resolution. Management has estimated that if any of the cases adversely affect the **Bureau**, it will not have a material impact to the financial position of the **Bureau**.

As of June 30, 2021, the **Bureau** maintained a collection claim related to amounts that are required to be paid by a telephone company to the **Bureau** in accordance with Law 20. The claim from the **Bureau** to the telephone company in the amount of $10.4 million, was referred to the Puerto Rico Department of Justice for collection procedures. A formal complaint was filed by the Department of Justice on November 10, 2020 on the First Instance Court. This claim is not recognized in the accompanying financial statements. The income will be recognized in the fiscal year in which the amount is collected.

Note 10 - Commitments

Operating leases

The **Bureau** entered into a lease agreement for a two (2) story building with 68 parking units located on San Juan, Puerto Rico. This lease agreement calls for monthly rental payments of $32,559 for a period of 60 months and is due on June 30, 2025. Also, the Bureau entered into a lease agreement for an office space of 7,516 square feet located on San Juan, Puerto Rico. This lease agreement calls for monthly payments of $20,659 approximately, which include the cost of certain expenses and utilities for a period of 60 months and is due on June 30, 2026.

Future minimum non-cancelable lease payments for the five (5) years are as follow:

Year ending June 30,	Amount
2022	$ 633,823
2023	639,823
2024	639,823
2025	639,823
2026	249,110
	$ 2,802,402

Rent expense for fiscal year ended June 30, 2021 amounted to $616,056.

Note 11 - Statement of cash flows

The **Bureau** prepares its statement of cash flows using the direct method. For the purpose of this statement, the **Bureau** includes as cash equivalent all unrestricted and restricted highly liquid debt instruments with original maturities of three months or less at time of purchase.

Note 12 - Prior period adjustment

Net position, at beginning of fiscal year, as previously reported	$ 31,251,058
Prior period adjustment:	
Account payable and accrued expenses over accrual	845,239
Pension and OPEB related beginning balances	173,703
Account receivable understatement	100,167
Other	(26,169)
Total prior period adjustment	1,092,940
Net position, at beginning of fiscal year, as restated	$ 32,343,998

Note 13 - Adoption of new accounting pronouncements

Effective July 1, 2020, the **Bureau** adopted the provisions of the following GASB Statements:

- **GASB Statement No. 84, *"Fiduciary Activities"*:** The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement, which were postponed one year by GASB Statement No. 95, are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

- **GASB Statement No. 90, *"Majority Equity Interest – An Amendment of GASB Statements No. 14 and 61"*:** The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment.

  A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method.

  This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

Note 13 - Adoption of new accounting pronouncements (continued)

- **GASB Statement No. 90, *"Majority Equity Interest – An Amendment of GASB Statements No. 14 and 61" (continued):***

  The requirements of this Statement, which were postponed one year by GASB Statement No. 95, are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

  The implementation of these statements has not significant impact on the **Bureau's** financial statements for the fiscal year ended June 30, 2021.

Note 14 - Future adoption of accounting pronouncements

The *Governmental Accounting Standards Board* has issued the following accounting standards that have effective dates after June 30, 2021:

- **GASB Statement No. 87, *"Leases"*:** The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement, which were postponed 18 months by GASB Statement No. 95, are effective for reporting periods beginning after June 15, 2021 and all reporting period thereafter. Earlier application is encouraged.

- **GASB Statement No. 89, *"Accounting for Interest Costs Incurred Before the End of a Construction Period"*:** The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement.

Note 14 - Future adoption of accounting pronouncements (continued)

- **GASB Statement No. 89, *"Accounting for Interest Costs Incurred Before the End of a Construction Period" (continued):***

  This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

  This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles

  The requirements of this Statement, which were postponed one year by GASB Statement No. 95, are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

- **GASB Statement No. 91, *"Conduit Debt Obligations":*** The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

  This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

  The requirements of this Statement, which were postponed one year by GASB Statement No. 95, are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

Note 14 - Future adoption of accounting pronouncements (continued)

- **GASB Statement No. 92, "*Omnibus 2020*":**

  Effective Date: The requirements of this Statement, which were postponed one year by GASB Statement No. 95, are effective as follows:

  - The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
  - The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
  - The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
  - The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

  Earlier application is encouraged and is permitted by topic.

- **GASB Statement No. 93, *"Replacement of Interbank Offered Rates":*** Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

  - Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
  - Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
  - Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
  - Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap

Note 14 - Future adoption of accounting pronouncements (continued)

- **GASB Statement No. 93, *"Replacement of Interbank Offered Rates (continued):***

  - Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap

  - Clarifying the definition of reference rate, as it is used in Statement 53, as amended

  - Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

  The requirements of this Statement were postponed one year by GASB Statement No. 95. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged.

- **GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements":** The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

  This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

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

Note 14 - Future adoption of accounting pronouncements (continued)

- **GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements":*** This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

  To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability.

  A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term.

  Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable.

  A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

  This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented.

Government are permitted, but not required, to include in the measurement of the subscription asset capitalizable outlay associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

Note 14 - Future adoption of accounting pronouncements (continued):

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

  This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

  This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of *all* Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

  Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The Board considered the effective dates for the requirements of this Statement in light of the COVID-19 pandemic and in concert with Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

Note 14 - Future adoption of accounting pronouncements (continued)

- **GASB Statement No. 98 "The Annual Comprehensive Financial Report":** This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

  One of the principles guiding the Board's setting of standards for accounting and financial reporting is the assessment of expected benefits and perceived costs. The Board strives to determine that its standards address significant user needs and that the costs incurred through the application of its standards, compared with possible alternatives, are justified when compared to the expected overall public benefit. Little direct cost will be incurred as a result of instituting the new term. Moreover, there will be no direct benefits in the form of new or improved information for making decisions or assessing accountability. However, establishing a new name for the financial report in response to the concerns of stakeholders benefits all stakeholders. The Board believes that those benefits are qualitative and justify the costs that will result from implementing the new term.

  Unless otherwise specified, pronouncements of the GASB apply to financial reports of all state and local governmental entities, including general purpose governments; public benefit corporations and authorities; public employee retirement systems; and public utilities, hospitals and other healthcare providers, and colleges and universities.

- **GASB Statement No. 99, "Omnibus 2022":** The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

  - Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument

  - Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives

Note 14 - Future adoption of accounting pronouncements (continued)

- **GASB Statement No. 99, "Omnibus 2022" (continued):**

  - Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and *Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset

  - Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability

  - Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt

  - Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).

  - Disclosures related to nonmonetary transactions.

  - Pledges of future revenues when resources are not received by the pledging government.

  - Clarification of provisions in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements.

  - Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

  - Terminology used in Statement 53 to refer to resource flows statements.

  The requirements of this Statement that is effective as follows:

  - The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

  - The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

Note 14 - Future adoption of accounting pronouncements (continued)

- **GASB Statement No. 99, "Omnibus 2022" (continued):**

  - The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

- **GASB Statement No. 100, "Accounting Changes and Error Corrections - an amendment of GASB Statements No. 62":** The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements."

  This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

  This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

  Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

Note 14 – Future adoption of accounting pronouncements (continued)

- **GASB Statement No. 100, "Accounting Changes and Error Corrections—an amendment of GASB Statements No. 62 (continued):**

  The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 (FY 2023-2024), and all reporting periods thereafter. Earlier application is encouraged.

- ***GASB Statement No. 101, "Compensated Absences":*** The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

  The impact of the implementation of these statements on the **Bureau's** financial statements, if any, has not yet been determined.

Note 15 - Subsequent events

Subsequent events were evaluated through September 20, 2022, the date the financial statements were available to be issued.

Approval of Commonwealth's Plan of Adjustment

Prior to March 15, 2022, the Commonwealth and many of its component units suffered a fiscal, economic and liquidity crisis, the culmination of many years of significant governmental deficits, an economic recession that persisted since 2006, prior liquidity challenges, a high unemployment rate, population decline, and high levels of debt and pension obligations. As the Commonwealth's tax base shrunk and its revenues were affected by prevailing economic conditions, an increasing portion of the Commonwealth's general fund budget consisted of health care and pension-related costs and debt service requirements through fiscal year 2019, resulting in reduced funding for other essential services. The Commonwealth's historical liquidity constraints, among other factors, adversely affected its credit ratings and its ability to obtain financing at reasonable interest rates.

Note 15 - Subsequent events (continued)

Approval of Commonwealth's Plan of Adjustment (continued)

On June 30, 2016, the United States Congress enacted the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) to address these problems, which included the establishment of the Financial Oversight and Management Board for Puerto Rico (the Oversight Board), an in-court restructuring process under Title III of PROMESA, and an out-of-court restructuring process under Title VI of PROMESA. Thereafter, the Commonwealth and other governmental entities, including the Puerto Rico Sales Tax Financing Corporation (COFINA), the Employees Retirement System of the Government of the Commonwealth of Puerto Rico (ERS), the Puerto Rico Highways and Transportation Authority (HTA), the Puerto Rico Electric Power Authority (PREPA), and the Public Building Authority (PBA) initiated proceedings under Title III, and the GDB, the Puerto Rico Infrastructure Financing Authority (PRIFA), and CCDA initiated proceedings under Title VI, each at the request of the Governor to restructure or adjust their existing debt.

On July 30, 2021, the Oversight Board—as representative to the Commonwealth, ERS, and PBA in their respective Title III cases—filed its Seventh Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al. [ECF No. 17629] (the Seventh Amended Plan) and a corrected disclosure statement related thereto [ECF No. 17628], which was approved by the United States District Court for the District of Puerto Rico (the Title III Court).

On October 26, 2021, the Governor signed into law Act No. 53 of 2021 (Act 53), known as the "Law to End the Bankruptcy of Puerto Rico," which provided legislative approval for the bond transactions contemplated in the Seventh Amended Plan conditioned on the elimination of its monthly pension cut provisions in an amended version of that plan.

On November 3, 2021, the Oversight Board filed its Modified Eighth Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al. [ECF No. 19053] (the Eighth Amended Plan), which further revised the Seventh Amended Plan to eliminate its monthly pension cut provisions consistent with Act 53, among other things. The hearing to consider confirmation of the Eighth Amended Plan commenced on November 8, 2021, and concluded on November 23, 2021. The final modified version of the Eighth Amended Plan was filed on January 14, 2022 [ECF No. 19813-1] (as confirmed, the Commonwealth Plan of Adjustment).

On January 18, 2022, the Title III Court entered its findings of fact and conclusions of law in connection with the Eighth Amended Plan [ECF No. 19812] (the Findings of Fact) and an order confirming the Eighth Amended Plan [ECF No. 19813] (the Commonwealth Confirmation Order). In both the Commonwealth Confirmation Order and Findings of Fact, the Title III Court found that Act 53 properly authorized the issuance of new bonds and provided adequate means for implementation of the Commonwealth Plan of Adjustment.

Note 15 - Subsequent events (continued)

Approval of Commonwealth's Plan of Adjustment (continued)

Between January 28, 2022, and February 17, 2022, six appeals of the Confirmation Order were filed in the First Circuit. On March 8, 2022, the First Circuit entered an order dismissing the appeal by the Judge's Association [Case No. 22-1098] following a motion to voluntarily dismiss. By March 11, 2022, the First Circuit denied all parties' motions for a stay pending appeal, which allowed the Commonwealth Plan of Adjustment to become effective despite the appeals. On April 26, 2022, the First Circuit affirmed the Commonwealth Plan of Adjustment with respect to the appeal filed by the teachers' associations. See Case No. 22-1080. Oral argument on the merits of the remaining four appeals [Case Nos. 22-1079, 22-1092, 22-1119, 22-1120] was held on April 28, 2022, but a final determination on those appeals remains pending.

On March 15, 2022 (the Effective Date), the conditions precedent to the Effective Date of the Commonwealth Plan of Adjustment were satisfied and/or waived by the Oversight Board, and the plan became effective. Accordingly, the Commonwealth Plan of Adjustment has been confirmed and is currently effective as of the date hereof.

As of June 30,	2021	2020
Bureau's proportionate share of the pension liability	0.01099%	0.01098%
Bureau's proportion of the total pension liability	$ 3,084,506	$ 2,728,424

Notes to Schedule:

* The amounts presented have a measurement date of the previous year end.

** Covered payroll is no longer applicable since contributions are no longer based on payroll and were eliminated pursuant to Act No. 106-2017.

Note: Fiscal year 2021 was the second year that the **Bureau** transitioned from GASB Statement No. 68 to GASB Statement No. 73 as a result of the PayGo implementation. This schedule is required to illustrate 10 years of information. However, until a 10-year trend has been completed, information is presented only for the years for which the required supplementary information is available.

As of June 30,	2021	2020
Bureau's proportionate share of the total OPEB liability	0.00528%	0.00506%
Bureau's proportion of the total OPEB liability	$ 46,193	$ 42,141

Notes to Schedule:

* The amounts presented have a measurement date of the previous year end.

** Covered payroll is no longer applicable since contributions are no longer based on payroll and were eliminated pursuant to Act No. 106-2017.

Note: Fiscal year 2021 was the second year that new requirements of GASB Statement No. 75 were implemented by the **Bureau**. This schedule is required to illustrate 10 years of information. However, until a 10-year trend has been completed, information is represented only for the years for which the required supplementary information is available.

1. The schedules are intended to show information for ten years. Additional years will be displayed as they become available. The information presented relates solely to the **Bureau** and not Employee's Retirement System of the Government of the Commonwealth of Puerto Rico as a whole.

2. The data provided in the schedules is based as of the measurement date of the total pension and total other postemployment benefits liabilities, which is as of the prior fiscal year ended June 30th.

3. On August 23, 2017, was enacted the Act No. 106, known as the "Act to Guarantee Payment to Our Retirees and Establish a New Plan for Defined Contributions for Public Employees". This Act determined and declared that the ERS, JRS and TRS are in a financial emergency. Also, by this Act is hereby created the Account for the Payment of Accumulated Pensions, a trust account, separated from the general assets and accounts of the Government, designated to pay the Accumulated Pensions by the ERS, JRS and TRS under the "Pay-As-You-Go" scheme, as established in Chapter 2 of this Act. Once Retirement Systems exhaust their assets, the Accumulated Pension Payment Account, which will be largely nourished by the General Fund, as provided in this Act, will assume and guarantee the payment of the Accumulated Pensions as established in this Act. However, the Municipalities, the Legislative Branch, the Public Corporations, the Government and the Administration of the Courts will be obliged to pay the PayGo Charge as appropriate to each one to nurture the Account for the Payment of the Accumulated Pensions.