COMMONWEALTH OF PUERTO RICO

CULEBRA CONSERVATION AND DEVELOPMENT AUTHORITY

FISCAL YEAR ENDED JUNE 30, 2020

BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION

CULEBRA CONSERVATION
AND DEVELOPMENT AUTHORITY
BASIC FINANCIAL STATEMENTS ACCOMPANIED BY
REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Culebra Conservation and
Development Authority
Culebra, Puerto Rico

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of **Culebra Conservation and Development Authority** (the Authority), Puerto Rico as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 from 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 opinions.

INDEPENDENT AUDITOR'S REPORT (CONTINUED):

Unmodified opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the **Culebra Conservation and Development Authority, Puerto Rico** as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Uncertainties Regarding Commonwealth of Puerto Rico's Going Concern

The Authority is an instrumentality of the Commonwealth of Puerto Rico (the Commonwealth). The accompanying financial statements of the Authority have been prepared assuming that the Commonwealth will continue as a going concern. The Commonwealth and its components units currently face severe fiscal, economic, and liquidity situations, including accumulated net position and fund balances deficits, lack of access to financing, and difficulties in honoring its obligations as they become due. The Authority receives substantial operating funds from the Commonwealth in the form of intergovernmental subsidies. The Commonwealth and its components units are currently under the supervision of a Federal Oversight Board and are implementing fiscals' plans approved by the Board in order to remediate their situation. The financial statements of the Authority do not include any adjustment that might result from these uncertainties. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison schedule on pages 3 to 14 and 58 to 62, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Carlos R. Díaz, CPA, PSC

Carlos R. Díaz, CPA, PSC
License No. PSC-275
Expire December 1, 2021

February 9, 2022
Aguas Buenas, Puerto Rico

The Stamp No **E431233** of the Puerto Rico
Society of Certified Public Accountants was
affixed to the original of this report

The management of the **Culebra Conservation and Development Authority (the Authority)** offers this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2020. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year activities, resulting changes and currently known facts, and much of the information is comparable to prior year. This MD&A should be read in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

This MD&A is prepared in order to comply with such pronouncement and, among other purposes, to provide the financial statements users with the following major information:

- a broader basis in focusing important issues;
- acknowledgement of an overview of the Authority's financial activities;
- provide for an evaluation of its financial condition as of the end of the indicated fiscal year, compared with prior year results;
- identification of uses of funds in the financing of the Municipality 's variety of activities and;
- assess management's ability to handle budgetary functions.

FINANCIAL HIGHLIGHTS

The following are key financial highlights for the fiscal year:

- The Authority's assets exceeded its liabilities as of June 30, 2020 by $1,155,160, and as of June 30, 2019 assets exceeded its liabilities by $891,900;
- The Authority's total net position increase by $263,260 during fiscal year 2019-2020;
- As of June 30, 2020, the Authority's governmental funds reported combined ending fund balance of $599,201, an increase of $249,048 from the prior year;
- As of June 30, 2020, the statement of net position presented an unrestricted net position of $155,427;
- The Authority's capital assets inventory increase by $1,396. Capital assets (net of accumulated depreciation) and net position invested in capital assets (net of related debt) as of June 30, 2020 were $776,049;
- The accrued vacation liability, voluntary termination benefits, OPEB liability and pension liability amounted to $36,389, $44,063, $14,473 and $118,100, respectively, as of June 30, 2020.

USING THIS ANNUAL REPORT

This annual report financial statements focused on both the Authority as a whole (government-wide) and the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the Authority's accountability.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the Authority's financial statements. The authority's basic financial statements comprise three components: government-wide financial statements; fund financial statements; and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are composed of: (1) the statement of net position and (2) the statement of activities. These financial statements can be found immediately following this MDA and are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business.

STATEMENT OF NET POSITION

The purpose of the statement of net position is to attempt to report all assets owned and all liabilities owed by the Authority. The Authority reports of all of its assets when it acquires ownership over the assets and reports all of its liabilities when they are incurred. For example, the Authority reports buildings and improvements as assets, even though they are not available to pay the obligations incurred by the Authority. On the other hand, the Authority reports compensated absences even though this liability might not be paid until several fiscal years into the future.

The difference between the Authority's total assets and total liabilities reported in the statement of net position is presented as net position, which is similar to the total owners' equity reported by a commercial enterprise in its financial statements. Although the purpose of the Authority is not to accumulate net position, as this amount increases or decreases over time, such amount represents a useful indicator of whether the financial position of the Authority is either improving or deteriorating.

STATEMENT OF ACTIVITIES

The statement of activities presents information showing how the Authority's net position changed during the fiscal year ended June 30, 2020, by presenting all of the Authority's revenues and expenses. As previously discussed, the items reported in the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied, and expenses are recorded when incurred by the Authority. Consequently, revenues are reported even when they may not be collected for several months after the end of the fiscal year and expenses are recorded even though they may not have used cash during the current year.

Although the statement of activities looks different from a commercial enterprise's income statement, the difference is only in format, not substance. Whereas the bottom line in a commercial enterprise represents its net income, the Authority reports an amount described as net change in net position, which is essentially the same concept.

STATEMENT OF ACTIVITIES (CONTINUED)

The focus of the statement of activities is on the net cost of various activities provided by the Authority. The statement begins with a column that identifies the cost of each of the Authority's major functions. Another column identifies the revenues that are specifically related to the classified governmental functions. The difference between the expenses and revenues related to specific functions/programs identifies the extent to which each function of the Authority draws from general revenues or is self-financing through fees, intergovernmental aid, and other sources of resources.

This statement also presents a comparison between direct expenses and program revenues for each function of the Authority.

Both of the government-wide financial statements of the Authority are principally supported by charges for services and legislative appropriations. The governmental activities of the Authority include payroll and related costs, facilities and payment for public services, purchased services, transportation expenses, professional services, materials and supplies, purchase of equipment, depreciation and other operating expenses.

FUND FINANCIAL STATEMENTS

The Authority's fund financial statements consist of: (1) the balance sheet and (2) the statement of revenues, expenditures and changes in fund balances. These financial statements report the financial position and the results of operations of the Authority's governmental funds, with an emphasis on the Authority's major governmental funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Each fund is considered an independent fiscal entity accounted for within a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with legal, financial and contractual provisions.

GOVERNMENTAL FUNDS

The Authority's basic services are reported in the governmental fund financial statements. The governmental funds are reported using the modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The Authority adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information containing budget to actual comparisons for the general and major funds.

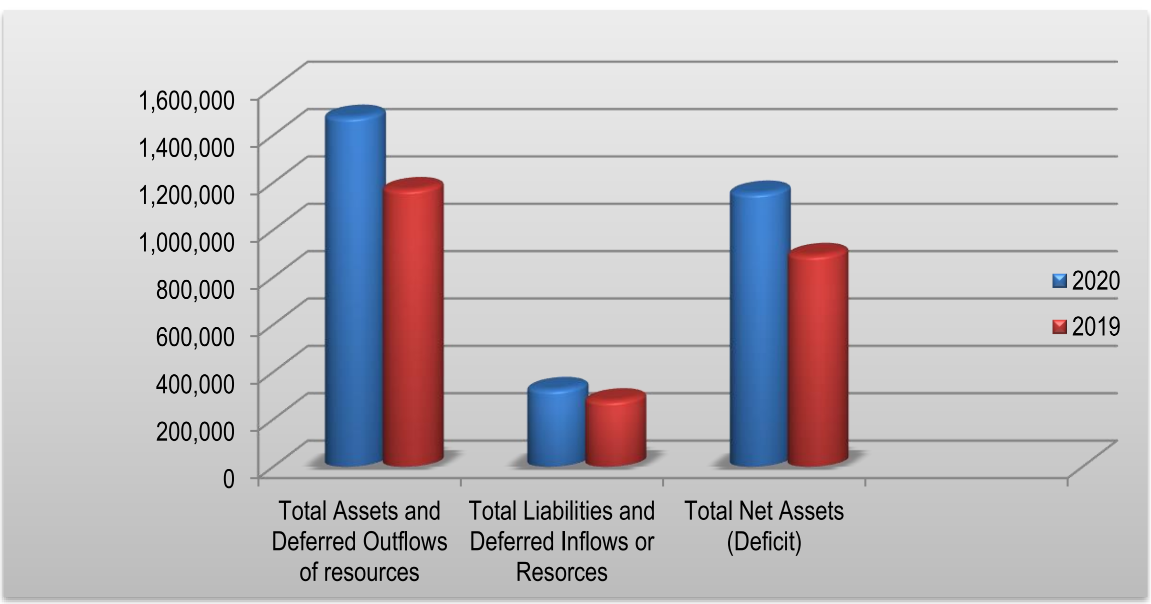
GOVERNMENT-WIDE FINANCIAL ANALYSIS

GOVERNMENTAL NET POSITION

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by $1,174,641 as of June 30, 2020, versus $891,900 as of June 30, 2019. Our analysis below focuses on the net position (**Table 1**) and changes in net positions of the Authority's governmental activities.

Table 1

Statement of Net Position	2020	2019
Current and non-current assets	$ 699,391	$ 395,390
Capital assets	776,049	774,653
Total Assets	1,475,440	1,170,043
Deferred outflows of resirces, pension	4,413	-
Total assetes and deferred outflos of resources	1,479,853	1,170,043
Current liabilities	147,698	92,532
Long-term liabilities	166,516	173,585
Total Liabilities	314,214	266,117
Deferred inflows of resources	11,563	12,026
Total liabilities and deferred inflows of resources	325,777	278,143
Net positions:		
Investment in capital assets, net of related debt	776,049	774,653
Restricted for other purposes	223,685	130,233
Unrestricted	154,342	(12,986)
Total Net Position (deficit)	$ 1,154,076	$ 891,900



GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The largest portion of the Authority's net position reflects its investment in capital assets, such as land, buildings and equipment. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. The additional portion of the Authority's net position represents unrestricted resources.

ANALYSIS OF NET ASSETS

The net assts increase $262,176 mostly due to an increase of cash for $304,001.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, liabilities exceeded assets by $1,154,076 as of June 30, 2020, versus $694,900 as of June 30, 2019. Our analysis below focuses on the net position (**Table 1**) and changes in net positions of the Authority's governmental activities.

GOVERNMENTAL ACTIVITIES

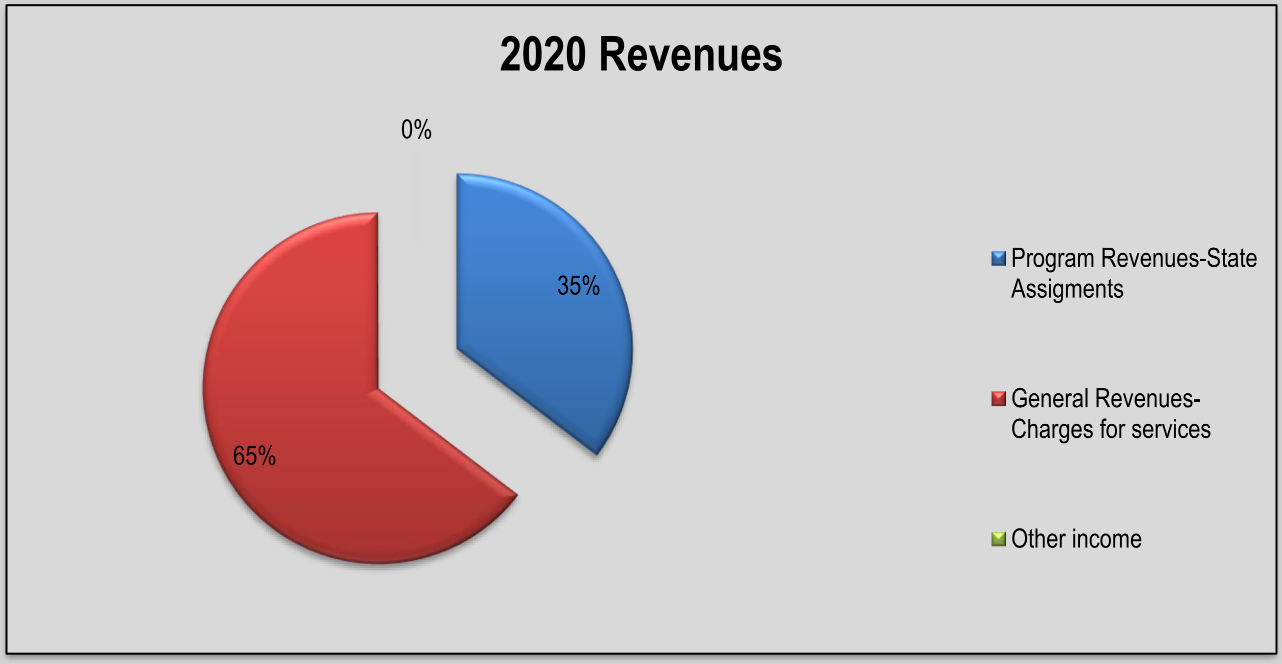
The cost of all governmental activities this year was $373,319. **Table 2** presents the revenue and cost of the Authority's programs.

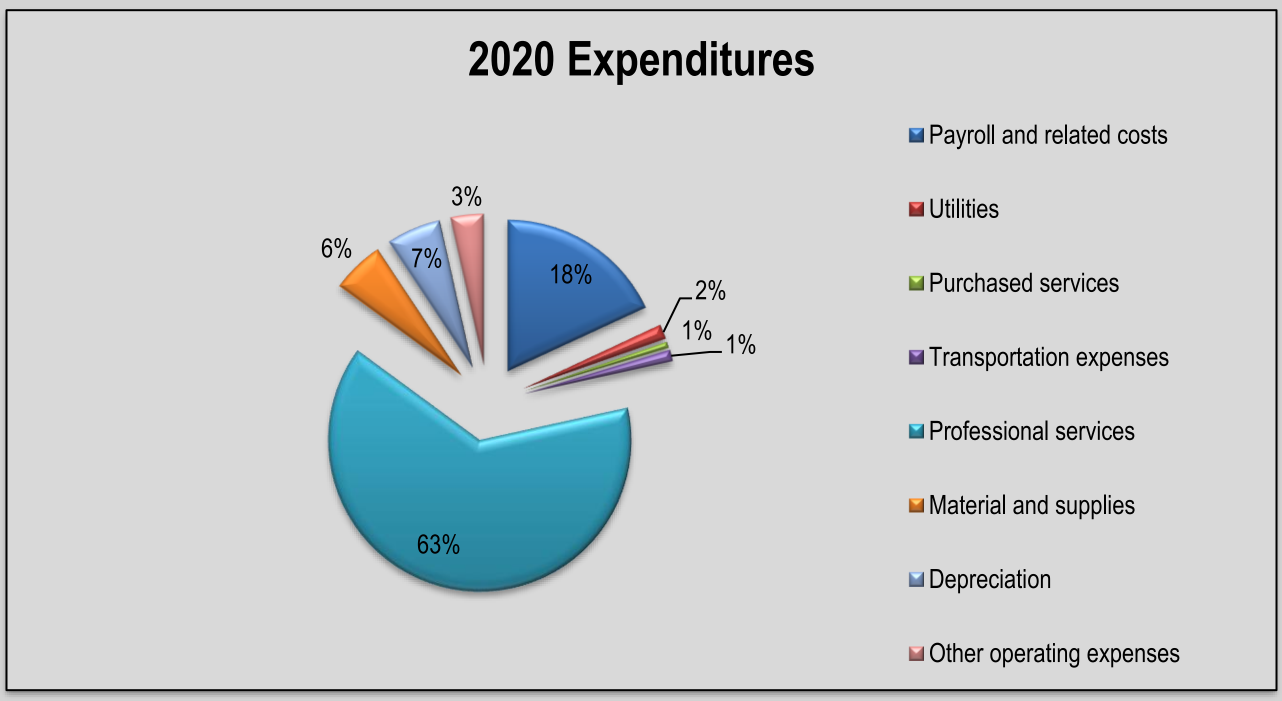
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Table 2
Statement of Activities

	2020	2019
Program revenues:		
State Assignments	$ 232,000	$ 222,000
Charges for services	423,725	422,994
Interest income	335	-
Total revenues	656,060	644,994
Expenses:		
Payroll and related costs	71,255	125,775
Utilities	6,205	38,708
Purchased services	2,728	3,951
Transportation expenses	4,794	4,492
Professional services	250,075	32,135
Material and supplies	22,100	18,861
Depreciation	22,925	18,061
Other operating expenses	13,801	13,525
Total expenses	393,883	255,508
Net operating income	262,177	389,486
Effect of change in accounting principle	-	1,469,989
Changes in net position	262,177	1,859,475
Net position – beginning, as restated	891,900	(967,575)
Net position (deficit)– ending	$ 1,154,077	$ 891,900

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)





GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Approximately seventy percent (65%) of the Authority's governmental activities total revenue came from charges for services and ten percent (35%) come from legislative appropriations. The Authority's governmental activities expenses included items such as payroll and related costs, facilities and payment for public services, purchased services, transportation, professional services, materials, supplies and purchase of equipment.

Approximately eighteen percent (18%) of total expenses resulted from payroll and related costs, two percent (2%) resulted from utilities, sixty-three percent (63%) resulted from professional services, six percent (6%) from depreciation and six percent (6%) from materials and supplies.

GOVERNMENTAL FUNDS

The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of its fiscal year. As of June 30, 2020, the Authority's governmental funds reported combined ending fund balances of $599,201, an increase of $249.048 from the prior year. Increase due to collection of parking and admission fees to visitors of the beach

GOVERNMENT FUND FINANCIAL ANALYSIS

The following is a detailed financial analysis of the Authority's governmental funds:

General Fund – The general fund is the principal operating fund of the Authority. Its total assets amounted to $12,387 as of June 30, 2020, which consist mostly of cash in commercial banks and its total liabilities amounted to $66,515.

The Authority has an unassigned fund balance deficit of $54,128 in its general fund.

State Assignment Fund – The state assignment fund total assets amounted to $318,6224. Of this amount, $61,263 consists of due from the general fund. The state assignment fund total liabilities amounted to $94,937.

The Authority has a restricted fund balance of $223,684 in its state assignments fund.

Parking Fund – The parking fund accounts for revenue from voluntary contribution received from beach visitors for the use of parking and entrance permits. The parking fund's assets and fund balance amounted to $429,645 as of June 30, 2020.

GOVERNMENT FUND FINANCIAL ANALYSIS (CONTINUED)

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Table 3

Balance Sheet	2020	2019
Assets:		
Cash	$ 699,391	$395,390
Due from other fund	61,263	61,263
Total assets	$ 760,654	$456,653
Liabilities:		
Accounts payable and accrued expenses	$ 100,189	$ 45,238
Due to other fund	61,263	61,263
Total liabilities	161,452	106,501
Fund Balances:		
Restricted	223,685	130,233
Assigned	300,000	278,516
Unassigned	75,517	(58,597)
Total fund balances	599,202	350,152
Total liabilities and fund balances	$ 760,654	$456,653

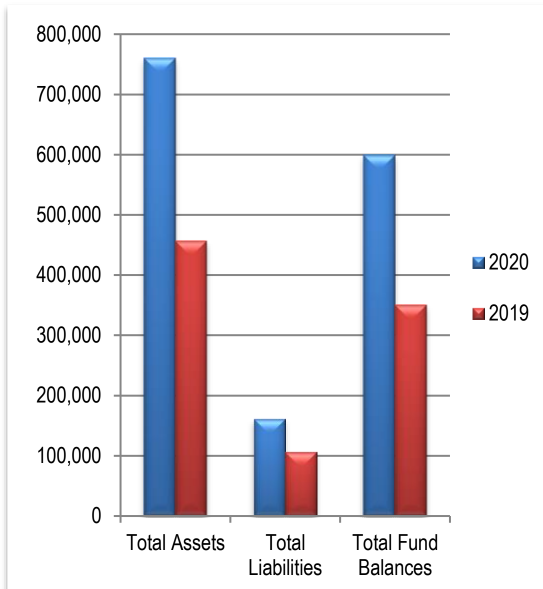
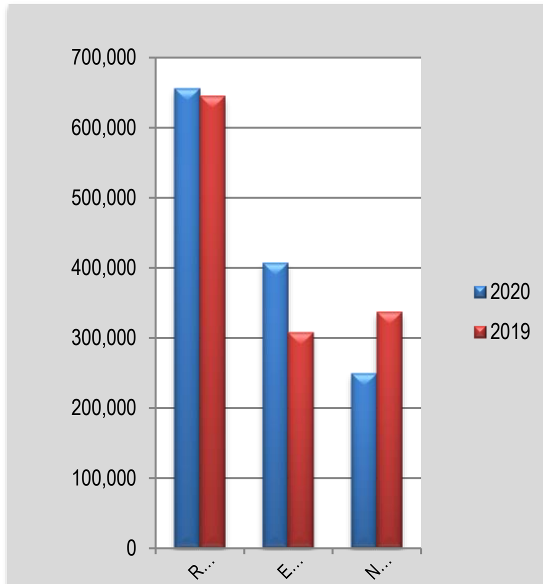


Table 4

Changes in Fund Balances	**2020**	**2019**
Revenues:		
Charges for services	$ 423,725	$422,994
Operating grant	232,000	222,000
interest income	335	-
Total revenues	656,060	644,994
Expenditures:		
Payroll and related costs	82,986	194,351
Utilities	6,205	38,708
Purchased services	2,728	3,951
Transportation expenses	4,794	4,492
Professional services	250,075	32,135
Material and supplies	22,100	18,861
Purchase of equipment	24,321	2,155
Other operating expenses	13,801	13,525
Total expenditures	407,010	308,178
Excess of revenue over expenditures	249,050	336,816
Other Financial resources:		
Transfer in	115,000	10,300
Transfer out	(115,000)	(10,300)
	-	-
Met change in fund balance	249,050	336,816
Fund Balance – beginning	350,152	13,336
Fund Balance – ending	$ 599,202	$350,152



BUDGETARY HIGHLIGHTS

Budget and actual comparison schedules are provided in the basic financial statements for the General Fund and the State Assignment Fund. The Budgetary Comparison Schedule shows the original adopted budgets, the final revised budget, actual results, and variance between the final budget and actual results. **Table 5** summarizes the results of the Budgetary Comparison Schedule:

Table 5	**Final Budget**	**Actual Amounts**	**Variance**
Total resources	$444,000	$ 656,060	$ 212,060
Total charges to appropriations	444,000	407,011	36,989
Excess or deficiency	$ -	$ 249,049	$ 249,049

The total actual resources (budgetary basis) for the fiscal year ended June 30, 2020 were $654,994, which is $210,994 more than the budgeted resources. In addition, the total actual charges to appropriations (budgetary basis) for the fiscal year ended June 30, 2020 were $349,710, which is $94,290 less than the budgeted charges to appropriations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Authority's investment in capital assets for its governmental type activities as of June 30, 2020 amounted to $776,049 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, furniture and fixtures, and motor vehicles. **Table 6** present the major classes of capital assets.

Table 6

Capital Assets	Amount
Land	$ 640,000
Buildings and improvements	115,299
Equipment	20,750
Total Capital Assets	$ 776,049

LONG-TERM DEBT

As of June 30, 2020 the Authority had long-term debts amounting to $210,521, as shown in **Table 7**.

Table 7

Long Term Debts	**Amount**
Compensated absences	$ 36,389
Voluntary termination benefits	45,063
OPEB liability	14,473
Pension liability	118,100
Total Long Term Debts	**$214,025**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Local, national and international economic factors influence the Authority's revenues. Positive economic growth is correlated with increased revenues charges for services, as well as state grants. Economic growth in the local economy may be measured by a variety of indicators such as employment growth, unemployment, new construction, assessed valuation, and other revenues. All of these factors were considered in preparing the Authority's budget for the 2020 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information contact the Authority's Finance Department at (787) 742-3880.

CULEBRA CONSERVATION
AND DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

	Primary Government Governmental Activities
Assets:	
Cash	$ 699,391
Capital assets, net of accumulated depreciation	776,049
Total assets	1,475,440
Deferred outflows of resources``	4,413
Total assrets and deferred outflowa of resources	1,479,853
Liabilities:	
Accounts payable and accrued expenses	100,189
Long-term liabilities:	
Due within one year	47,509
Due in more than one year	166,516
Total Liabilities	314,214
Deferred inflows of resources:	
Unamortized investment in employee's retirement system	11,563
Total liabilities and deferred inflows of resources	325,777
Net Position:	
Invested in capital assets, net of related debt	776,049
Restricted for other purposes	223,685
Unrestricted	154,342
Total Net position (deficit)	$ 1,154,076

See accompanying notes to basic financial statements.

CULEBRA CONSERVATION
AND DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Primary Government Governmental Activities
Expenses-recreation	
Payroll and related costs	$ (71,255)
Utilities	(6,205)
Purchased services	(2,728)
Transportation	(4,794)
Professional services	(250,075)
Materials and supplies	(22,100)
Depreciation	(22,925)
Other operating expenses	(13,801)
Total Expenses	(393,883)
Program Revenues	
State Assignments	232,000
Net program expenses	(161,883)
General Revenues	
Interest income	335
Charges for services	423,725
	424,060
Net change in net assets	262,177
Net position, beginning of year	891,899
Net position, end of year	$ 1,154,076

See accompanying notes to basic financial statements.

CULEBRA CONSERVATION
AND DEVELOPMENT AUTHORITY
BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF ENDED JUNE 30, 2020

	Major Programs		
	General Fund	State Assigment Fund	Parking Fund
Assets:			
Cash	$12,387	$ 257,359	$429,645
Due from other fund	-	61,263	-
Total assets	$12,387	$ 318,622	$429,645
Liabilities and fund balance:			
Liabilities:			
Accounts payable and accrued liabilities	$ 5,252	$ 94,937	$ -
Due to other fund	61,263	-	-
Total Liabilities	66,515	94,937	-
Fund balance:			
Restricted	-	223,685	-
Assigned			300,000
Unassigned	(54,128)	-	129,645
Total Fund Balance	(54,128)	223,685	429,645
Total liabilities and fund balance	$12,387	$ 318,622	$429,645

See accompanying notes to basic financial statements.

CULEBRA CONSERVATION
AND DEVELOPMENT AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

TOTAL FUND BALANCES- GOVERNMENTAL FUNDS	$ 599,202
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds	776,049
Amounts presented in the statement of net position, but not in fund balance due to different basis of accounting:	
Deferred inflows of resources related to pension	(12,026)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consists of:	
Compensated absences	(36,389)
Voluntary termination benefits	(43,979)
OPEB liability	(14,448)
Net pension liability	(115,705)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 1,152,704

See accompanying notes to basic financial statements

CULEBRA CONSERVATION
AND DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Major Programs		
	General Fund	State Assignment Fund	Parking Fund
Revenues:			
Charges for services	$106,933	$ -	$ 316,792
Operating grant	-	232,000	
Interest incme	-	-	335
Total Revenues	106,933	232,000	317,127
Expenditures			
Payroll and related costs	-	82,986	-
Utilities	-	6,205	-
Purchased services	55	2,673	-
Transportation	-	4,794	-
Professional Services	214,713	-	35,362
Materials and supplies	-	8,624	13,476
Purchase of equipment	-	24,321	
Other operating expenditures	2,696	8,945	2,160
Total Expenditures	217,464	138,548	50,998
Excess of revenue over expenditures	(110,531)	93,452	266,129
Other financial sources:			
Tranfer in	115,000	-	
Tranfer out	-	-	(115,000)
	115,000	-	(115,000)
Net change in fund balances	4,469	93,452	151,129
Fund balance- beginning	(58,597)	130,233	278,516
Fund balance- ending	$(54,128)	$223,685	$ 429,645

See accompanying notes to basic financial statements.

CULEBRA CONSERVATION AND DEVELOPMENT AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

NET CHANGE IN FUND BALANCES- TOTAL GOVERNMENTAL FUNDS	$ 249,050
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:	
Capital Outlays	24,321
Depreciation Expense	(22,925)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consists of:	
Pension liability	2,015,757
Deferred outflows of resources	(507,137)
Deferred inflows of resources	28,769
OPEB liability	(14,448)
Decrease in compensated absences	5,984
Decrease in voluntary termination benefits	9,640
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$1,789,011

See accompanying notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Culebra Conservation and Development Authority, a component unit of the Commonwealth of Puerto Rico, (the Authority) was created by Law. No. 66 of June 22, 1975, as amended, to formulate, adopt and administer the program and plan for the conservation, use and development of natural resources of the Municipality of Culebra. The Authority is administered through a board of directors composed of five members, including the major of the Municipality of Culebra. The administration and operations of the Authority are conducted by an executive director designated by the Authority's board of directors. Law No. 66 of June 22, 1975 was amended by Law No. 76 of June 6, 2002 to ascribe the Authority to the Municipality of Culebra.

The accompanying basic financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations) constitutes GAAP for governmental units.

The accompanying basic financial statements present the financial position and the results of operations of the Authority and its various funds and fund types. The basic financial statements are presented as of June 30, 2020, and for the fiscal year then ended. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

According to the financial reporting model established by GASB No. 34, the minimum required financial statement presentation applicable to the Authority is composed of the following elements: (1) government-wide financial statements (GWFS), (2) governmental fund financial statements (GFFS), (3) notes to basic financial statements, and (4) required supplementary information (RSI).

The required supplementary information consists of a management discussion and analysis (MD&A). The MD&A and budgetary comparison schedule is information presented along with, but separate from, the Authority's basic financial statements. The MD&A is a narrative report that introduces the accompanying basic financial statements and provides an analytical overview of the Authority's financial activities for the year ended June 30, 2020, based on the Authority's knowledge of the transactions, events and conditions reflected in the basic financial statements. The MD&A also highlights certain key fiscal policies that control the Authority's operations.

Budgetary information provides additional information to better understand the financial position of the Authority and is presented immediately following the notes to the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. FINANCIAL REPORTING ENTITY

The accompanying basic financial statements include all departments and organizations units whose funds are under the custody and control of the Authority. In evaluating the Authority as a reporting entity, management has addressed all the potential component units.

The basic criteria for including a potential component unit within the reporting entity is if potential component units are financially accountable and other organizations for which the nature and significance of their relationship with the entity are such that exclusion would cause the Authority's financial statements to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) ability of the Authority to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Authority.

The relative importance of each criterion must be evaluated in light of specific circumstances in order to determine which components units are to be included as part of the reporting entity. Our specific evaluations of the criteria applicable to the Authority indicate no organizations meet the criteria to be included as component units. Accordingly, these basic financial statements present only the Authority as the reporting entity.

These financial statements present the respective financial position of the governmental activities and each major fund of the Authority, as of June 30, 2020, and the respective changes in financial position, where applicable for the fiscal year then ended.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met, other than time requirements. These resources relate to a future period (when the advance is first permitted to be used in accordance with the government-mandated nonexchange transaction or a voluntary nonexchange transaction) and, therefore, should be classified as a deferred inflow of resources until such time as the resources are first permitted to be used. Receipts on any type of revenue sources collected in advance for use in the following fiscal year are recorded as unearned revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual; as soon as it is both measurable and available. "Available" means collectible within the current period or soon enough thereafter, normally within sixty (60) days, to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred.

The exception to this general rule is the principal and interest on general obligation long-term debt and compensated absences, if any, are recognized when due.

In applying the "susceptible to accrual" concept to intergovernmental revenues (federal grants) pursuant to GASBS No. 33, *Accounting and Financial Reporting for Non exchange Transactions* (the Authority may act as either provider or recipient), the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and a liability by the recipient.

Those resources not available for spending in the current period should be classified as a deferred inflow of resources. Expenditures-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Accordingly, such resources should be reported as unearned revenue in the liability section of the general fund's balance sheet. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include the following:

- ❖ Employee's vested annual vacation and sick leave is recorded as expenditure when utilized. The amount of accumulated annual vacation and sick leave unpaid as of June 30, 2020, has been reported only in the government-wide financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. FINANCIAL STATEMENT PRESENTATION

The basic financial statements include both government-wide (based on the Authority as a whole) and fund financial statements. While the previous financial reporting model emphasized fund types (the total of all funds of a particular type), in the new financial model the focus is on either the Authority as a whole, or major individual funds (within the basic financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (the statement of net position and the statement of activities) report information of all the activities of the Authority. For most part, the effect of inter fund activity has been removed from these government-wide financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The focus of the statement of net position is designed to be similar to bottom line results for the Authority and its governmental activities. This statement combines and consolidates governmental fund's current financial resources (short-term expendable resources) with capital assets and long-term obligations.

The statement of net position presents the reporting entities' assets and liabilities, with the difference reported as net position. Net positions are reported in three categories:

- **Invested in Capital Assets, Net of Related Debt** – These consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

- **Restricted Net Position** – These results when constraints are placed on net positions use, which can be either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted Net Position** – These consists of net positions which do not meet the definition of the two preceding categories. Unrestricted net position often is designated, to indicate that management does not consider them to be available for general operations. Unrestricted net positions often have constraints on resources that are imposed by management, but can be removed or modified.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT – WIDE FINANCIAL STATEMENTS (CONTINUED)

The Statement of Activities is focused on both the gross and net costs per functional category. The statement reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. This is intended to summarize and simplify the user's analysis of cost of various governmental services.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The fund financial statements (the balance sheet and the statement of revenues, expenditures, and changes in fund balance) emphasize on the major funds in the governmental category. Non-major funds are summarized into a single column.

The Governmental Fund Statements are presented on current financial resources and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Authority's actual experience conforms to the budgeted fiscal plan.

Since the governmental fund statements are presented in a different measurement focus and basis of accounting than the government-wide statements, reconciliation is presented and a separate explanation for each differences.

The Authority reports its financial position (balance sheet) and results of operations (statement of revenues, expenditures and changes in fund balance) in funds, which are considered separate accounting entities. The operations of each fund are accounted for within a set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with legal, financial, and contractual provisions.

GASBS No. 34 establishes criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category in the governmental fund) for the determination of major funds. The non-major funds are combined in a single column in the fund financial statements. The Authority reports the following major funds:

General Fund – This is the general operating fund of the Authority. It is used to account for all financial resources, except those required to be accounted for in another fund.

State Assignment Fund – This is the fund used to account for the transactions of the State legislative appropriations.

Parking Fund – The parking fund accounts for revenue from voluntary contribution received from beach's visitors for use of the parking facilities and for entrance permits per visitor.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. FUND BALANCES

The fund balances amounts are reported as no spendable, restricted, committed, assigned and unassigned, based on the relative strength of the constraints that control how specific amounts can be spent, as described follows:

- **No spendable** – Represent resources that cannot be spent readily with cash or are legally or contractually required not to be spent, including but not limited to inventories, prepaid items, long-term balances of loans and notes receivable.

- **Restricted** – Represent resources that can be spent only for the specific purposes stipulated by constitutional provisions, external resource providers (externally imposed by creditors or grantors), or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.

- **Committed** – Represent resources used for specific purposes, imposed by formal action of the entity's highest level of decision making authority (governing body through resolutions) and can only be changed by similar resolutions, no later than the end of the fiscal year.

- **Assigned** – Represent resources intended to be used by the entity for specific purposes but do not meet the criteria to be classified as restricted or committed (generally resolutions approved by the governing body). Intent can be expressed by the governing body, or by an official or body to which the governing body delegates authority in conformity with the by-laws of the Authority. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

- **Unassigned** – Represent the residual classification for the entity's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

As of June 30, 2020, the accompanying fund financial statements reported fund balances as restricted, assigned and unassigned.

E. CAPITAL ASSETS

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date received. The Authority 's capitalization levels are $500 on personal property with expected useful life of five or more years. Other costs incurred for repairs and maintenance is expended as incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. CAPITAL ASSETS (CONTINUED)

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Capital Assets	Years
Buildings and improvements	10 to 50
Motor vehicles	5
Furniture and fixtures	5 to 10

F. TERMINATION BENEFITS

The Authority accounts for termination benefits in accordance with the provisions of GASB 47, *Accounting for Termination Benefits*, which states that employers should recognize a liability and expense for voluntary termination benefits when the offer is accepted, and the amount can be estimated. A liability and expense for involuntary termination benefits should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees, and the amount can be estimated.

G. PENSION BENEFITS

The Authority is a participant in the Commonwealth of Puerto Rico Employees Retirement System (the Pension Plan), a multiemployer retirement plan. Until June 30, 2018, the Authority accounted for its participation in the Pension Plan in accordance with the provisions of GASB 68, *Accounting and Financial Reporting for Pensions*, however, because of the implementation of the pay-as-you-go (PayGo) system, as provided by Act No. 106 of 2017 (Act 106), the Pension Plan no longer met the criteria to be considered a plan that is administered through a trust or equivalent arrangement under GASB 68 and, therefore, it was required to apply the guidance in GASB 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*, effective July 1, 2018. The adoption of GASB 73 resulted in a net decrease in the Pension Plan liability and related deferred outflows and inflows of resources of $1.5 million as of July 1, 2018, which is presented as a separate component of income from operations in the accompanying statement of revenues, expenses, and changes in net position for the year ended June 30, 2020.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. PENSION BENEFITS (CONTINUED)

Pursuant to the provisions of GASB 73, the Authority recognizes a pension liability for its proportionate share of the collective pension liability under the Pension Plan, as well as its proportionate share of the collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The Authority's allocation percentage is based on the ratio of the Authority's benefit payments to total benefit payments under the Pension Plan. Changes in the total pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in the total pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the average of the remaining service life of all participants including retirees, in the qualified pension plan and recorded as a component of pension expense beginning with the period in which they arose.

H. Postemployment Benefits Other Than Pensions

The Authority also participates in the Commonwealth's postemployment benefits other than pensions plan (the OPEB Plan). The Authority accounts for postemployment benefits under the OPEB Plan in accordance with the provisions of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense.

For defined benefit OPEB, GASB identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

I. COMPENSATED ABSENCES

The Authority accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. The Authority's employees are granted 30 days of vacations and 18 days of sick leave annually. Vacations may be accumulated up to a maximum of sixty (60) days and sick leave up to a maximum of ninety (90) 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, except for employees with ten years of service who are entitled to sick leave pay up to the maximum allowed. The Authority accrued a liability for compensated absences, which meet the following criteria:

1. The Authority's obligation relating to employee's rights to receive compensation for future absences is attributable to employee's services already rendered.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. COMPENSATED ABSENCES (CONTINUED)

2. The obligation relates to rights that vest or accumulate.

3. Payment of the compensation is probable.

4. The amount can be reasonably estimated.

In accordance with the above criteria the Authority has accrued a liability for compensated absences, which has been earned but not taken by Authority's employees. For the government-wide statements, the current portion is the amount estimated to be used in the following year. For the governmental funds statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and government-wide presentations.

J. INSURANCE

The Authority is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, errors and omissions, employee injuries and illnesses, natural disasters, environmental and other losses. Commercial insurance coverage is obtained for claims arising from such matters. The commercial insurance coverage is negotiated by the Treasury Department of the Commonwealth of Puerto Rico, and the insurance premium is paid by the Authority.

K. CLAIMS AND JUDGMENTS

The estimated amount of the liability for claims and judgments, if any, which is due on demand, such as from adjudicated or settled claims, is recorded in the general fund.

L. USE OF ESTIMATES

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

M. FUTURE ADOPTION OF ACCOUNTING PRONOUNCEMENTS

- *GASB Statement No. 84, Fiduciary Activities – The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.*

- *GASB Statement No. 87, Leases*- The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. FUTURE ADOPTION OF ACCOUNTING PRONOUNCEMENTS (CONTINUED)

- *GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement* – The requirements of Statement 88 are effective for reporting periods beginning after June 15, 2019. Earlier application is encouraged.

- *GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period* **-** The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

- *GASB Statement No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61)* **-** The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

- *GASB Statement No. 91, Conduit Debt Obligations*- The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

- *GASB Statement No. 92, Omnibus 2020* – The requirements of this statements are effective for fiscal years beginning after June 15, 2021.

- GASB Statement No. 93, *Replacement of Interbank Offered Rates* – The requirements of this Statement, except for paragraph 11b, are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. Earlier application is encouraged.

- *GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements - The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.*

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* - The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

- *GASB Statement No. 97, Certain Component 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 requirements of this Statement are effective for fiscal years beginning after June 15, 2021.*

NOTE 2 – CASH AND CASH EQUIVALENTS

The Authority's management has not determined the impact in the Authority's financial statements the future adoption of these GASB Statements.

The Authority is authorized to deposit only in institutions approved by the Treasury Department of the Commonwealth of Puerto Rico, and such deposits should be kept in separate accounts in the name of the Authority.

The Authority's bank balances in commercial banks were entirely covered by the Federal Deposit Insurance Authority or by collateral held by the Puerto Rico Treasury Department in the Authority's name.

NOTE 3 – CAPITAL ASSETS

Capital assets activities for the fiscal year ended on June 30, 2020 were as follows;

Governmental Activities	Balance June 30, 2019	Additions	Retirements / Reclassifications	Balance June 30, 2020
Capital asset, not being depreciated:				
Land	$ 640,000	$ -	$ -	$ 640,000
Capital assets, being depreciated:				
Buildings and improvements	750,400	-	-	750,400
Equipment	112,791	24,321	-	137,112
Motor vehicles	80,697	-	-	80,697
Furniture and fixtures	32,560	-	-	32,560
Total capital assets being depreciated	976,448	24,321	-	1,000,769
Less accumulated depreciation for:				
Buildings and improvements	(617,471)	(17,630)	-	(635,101)
Equipment	(111,067)	(5,295)	-	(116,362)
Motor vehicles	(80,697)	-	-	(80,697)
Furniture and fixtures	(32,560)	-	-	(32,560)
Total accumulated depreciation	(841,795)	(22,925)	-	(864,720)
Total capital assets being depreciated, net	134,653	1,396	-	$ 136,049
Governmental activities capital assets, net	**$ 774,653**	**$ 1,396**	$ -	**$ 776,049**

NOTE 4 – LONG-TERM DEBTS

Long-term liability activity for the year ended June 30, 2020 was as follow

	Beginning Balance July 1, 2019	Borrowing or Additions	Payments or Deductions	Ending Balance June 30, 2020	Due withir one year
Compensated absences	$ 36,389	$ -	$ -	$ 36,389	$36,789
Voluntary termination benefits	54,337	-	(9,274)	45,063	10,720
OPEB liability	14,448	-	25	14,473	
Pension liability	115,705	2,395	-	118,100	-
Total	$ 220,879	$ 2,395	$ (9,249)	$ 214,025	$47,509

A. COMPENSATED ABSENCES

Employees accumulate vacation leave at a rate of 2.5 days per month up to maximum of 60 days. Unpaid vacation time accumulated is fully vested to the employees from the first day of work. Employees accumulate sick leave at a rate of 1.5 days per month up to a maximum 90 days. In the event of employee resignation, the employee is paid for accumulated vacations 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, except for employees with ten years or more of service who are entitled to sick leave pay up to the maximum allowed.

Employees' maximum allowed vacations and vested sick benefits are accounted for in the statement of net position.

B. VOLUNTARY TERMINATION BENEFITS

On July 2, 2010, the Commonwealth enacted Act No. 70 to establish a program that provides benefits for early retirement or economic incentives for voluntary employment termination to eligible employees, as defined, including employees of the Authority. Act No. 70 established that early retirement benefits will be provided to eligible employees that have completed between 15 to 29 years of credited service in the Retirement System and will consist of biweekly benefits ranging from 37.5% to 50 % of each employee' salary, as defined. In this early retirement benefit program, the Authority will make the employer contributions to the Retirement System and pay the corresponding pension until the employee complies with the requirements of age and 30 years of credited service in the Retirement System. Economic incentives are available to eligible employees who have less than 15 years of credited service in the Retirement System or who have at least 30 years of credited service in the Retirement System and the age for retirement or who have the age for retirement. Economic incentives will consist of a lump-sum payment ranging from one-month to six-month salary based on employment years. Additionally, eligible employees that choose to participate in the early retirement benefit program or that choose the economic incentive and have less than 15 years of credited service in the Retirement System are eligible to receive health plan coverage for up to 12 months in a health plan selected by management of the Authority.

NOTE 4 – LONG-TERM DEBTS (CONTINUED)

The financial impact resulting for the benefits granted to participants on this program was the recognition within the Authority's financial statements of a liability of $43,979 in the statement of net position as of June 30, 2020. As of June 30, 2020, unpaid long-term benefits granted on this program were discounted at 2.2%. This obligation will be paid in monthly installments of $950.

The annual requirements to amortize the obligation under the voluntary termination benefits outstanding as of June 30, 2020 are as follows:

Year Ending June 30,	Principal payment	Interest payment	Total
2021	$10,720	$ 680	$11,400
2022	10,885	515	11,400
2023	11,103	297	11,400
2024	11,271	129	11,400
Total	$43,979	$1,621	$45,600

NOTE 5 - EMPLOYEE'S RETIREMENT PLAN

The Employees' Retirement System of the Commonwealth of Puerto Rico and its Instrumentalities (ERS) was created pursuant to Act No. 447 in May 15, 1951, as amended. ERS sponsors the Pension Plan, which is a cost-sharing multiemployer defined benefit pension plan, as amended by Act 106. Act 106 provides for a substantial pension reform for all of the Commonwealth's retirement systems, which include ERS, the Retirement System for the Judiciary of the Commonwealth, and the Puerto Rico System of Annuities and Pensions for Teachers (collectively referred to as the Retirement Systems). This reform modified most of the Retirement System's activities, eliminated all employer contributions and created the legal framework to implement the PayGo system. Act 106 required ERS to liquidate its assets and to transfer the proceeds from such liquidation to the Commonwealth for the payment of pension benefits. Under the PayGo system, the Commonwealth's General Fund makes direct pension payments to the pensioners and then gets reimbursed for those payments by the participating employers.

The Commonwealth, including the Authority, accounts for pensions based on actuarial valuations using a measurement date as of the beginning of the year.

Before July 1, 2017, ERS administered different benefit structures pursuant to Act No. 447, as amended, including a cost-sharing, multi-employer, defined benefit program, a defined contribution program (System 2000 program) and a contributory hybrid program. Benefit provisions vary depending on member's date of hire.

Substantially all full-time employees of the Commonwealth and its instrumentalities were covered by ERS. The benefits under the aforementioned benefit structures were paid by ERS until June 30, 2017.

NOTE 5 - EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

Before August 23, 2017, membership was mandatory for all regular, appointed, and temporary employees of the Commonwealth at the date of employment in ERS' prior programs.

The benefits provided to members of ERS were statutorily established by the Commonwealth and may be amended only by the Legislature with the Governor's approval. Act No. 3 of 2013, in conjunction with other recent funding and design changes, provided for a comprehensive reform of ERS. This summary details the provisions under Act No. 3- of 013, which were in effect prior to August 23, 2017.

Certain provisions are different for the three groups of members who entered ERS prior to July 1, 2013 as described below:

- Members of Act No. 447 of 1951 are generally those members hired before April 1, 1990 (contributory, defined benefit program.)
- Members of Act No. 1 of 1990 are generally those members hired on or after April 1, 1990 and on or before December 31, 1999 (together with Act No. 447 participants, the Defined Benefit Program).
- Members of Act No. 305 of 1999 (Act No. 305 of 1999 or System 2000) are generally those members hired on or after January 1, 2000 and on or before June 30, 2013 (the System 2000 Program).

All regular employees hired for the first time on or after July 1, 2013, and former employees who participated in the defined benefit program and the System 2000 program, and were rehired on or after July 1, 2013, became members of the Contributory Hybrid Program as a condition to their employment. In addition, employees who on June 30, 2013 were participants of previous programs became part of the Contributory Hybrid Program on July 1, 2013. Before July 1, 2017, the assets of the Defined Benefit Program, the System 2000 Program, and the Contributory Hybrid Program were pooled and invested by ERS. Each member has a nonforfeitable right to the value of his/her account. Members have three options to invest their contributions. Investment income is credited to the member's account semiannually. Benefits at retirement age are not guaranteed.

<u>Pension Plan Benefits</u>

<u>(i) Service retirements</u>

The following summary of ERS plan provisions is intended to describe the essential features of the plan. All eligibility requirements and benefit amounts should be determined in strict accordance with the applicable laws and regulations.

a) Eligibility for Act No. 447 of 1951 Members: Act No. 447 of 1951 members who were eligible to retire as of June 30, 2013 would continue to be eligible to retire at any time. Prior to July 1, 2013, Act No. 447 of 1951 members could retire upon (1) attainment of age 55 with 25 years of credited service; (2) attainment of age 58 with 10 years of credited service; (3) any age with 30 years of credited service; (4) for Public Officers in High Risk Positions (the PRPOB and Commonwealth Firefighter Corps, the Municipal Police and Firefighter Corps and the Custody Office Corps), attainment of age 50 with 25 years of credited service; and (5) for Mayors of municipalities, attainment of age 50 with 8 years of credited service as a Mayor.

NOTE 5 - EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

In addition, Act No. 447 of 1951 members who would attain 30 years of credited service by December 31, 2013 would be eligible to retire at any time.

Act No. 447of 1951 members who were not eligible to retire as of June 30, 2013 and did not attain 30 years of credited service by December 31, 2013 are eligible to retire upon attainment of the retirement eligibility age shown in the table below with 10 years of credited service.

Date of birth	Attained age as of June 30, 2013	Retirement eligibility age
July 1, 1957 or later	55 or less	61
July 1, 1956 to June 30, 1957	56	60
Before July 1, 1956	57 and up	59

In addition to the requirements in the table above, Act No. 447 of 1951 Public Officers in High-Risk Positions who were not eligible to retire as of June 30, 2013 and did not attain 30 years of credited service by December 31, 2013 are eligible to retire directly from active service upon the attainment of age 55 with 30 years of credited service.

b) Eligibility for Act No. 1 of 1990 Members: Act No. 1 of 1990 members who were eligible to retire as of June 30, 2013 continue to be eligible to retire at any time. Prior to July 1, 2013, Act No. 1-1990 members could retire upon (1) attainment of age 55 with 25 years of credited service; (2) attainment of age 65 with 10 years of credited service; (3) for public officers in high-risk positions, any age with 30 years of credited service; and (4) for Mayors, attainment of age 50 with 8 years of credited service as a Mayor.

   Act No. 1 of 1990 members who were not eligible to retire as of June 30, 2013 are eligible to retire upon attainment of age 65 with 10 years of credited service. In addition, Act No. 1 of 1990 public officers in high-risk positions who were not eligible to retire as of June 30, 2013 are eligible to retire directly from active service upon the attainment of age 55 with 30 years of credited service.

c) Eligibility for System 2000 Members: System 2000 members who were eligible to retire as of June 30, 2013 continue to be eligible to retire at any time. Prior to July 1, 2013, System 2000 members could retire upon attainment of age 55 for public officers in high-risk positions and attainment of age 60 otherwise.

   System 2000 members who were not eligible to retire as of June 30, 2013 are eligible to retire upon attainment of age 55 for public officers in high-risk positions and upon attainment of the retirement eligibility age shown in the table below otherwise.

NOTE 5 - EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

Date of birth	Attained age as of June 30, 2013	Retirement eligibility age
July 1, 1957 or later	55 or less	65
July 1, 1956 to June 30, 1957	56	64
July 1, 1955 to June 30, 1956	57	63
July 1, 1954 to June 30, 1955	58	62
Before July 1, 1954	59 and up	61

d) Eligibility for Members Hired after June 30, 2013: Attainment of age 58 if a public officer in a high-risk position and attainment of age 67 otherwise.

(ii) Compulsory retirement

All Act No. 447 of 1951 and Act No. 1 of 1990 Public Officers in High-Risk Positions were required to retire upon attainment of age 58 and 30 years of credited service. A two-year- extension may be requested by the member from the Superintendent of the PRPOB, the Chief of the Firefighter Corps, or supervising authority as applicable.

(iii) Service retirement annuity benefits

An annuity payable for the lifetime of the member equal to the annuitized value of the balance in the hybrid contribution account at the time of retirement plus, for Act No. 447 of 1951 and Act No. 1 of 1990 members, the accrued benefit determined as of June 30, 2013. If the balance in the hybrid contribution account was $10,000 or less, it would have been paid as a lump sum instead of as an annuity.

a) Accrued Benefit as of June 30, 2013 for Act No. 447 of 1951 Members: The accrued benefit as of June 30, 2013 was determined based on the average compensation, as defined, for Act No. 447 of 1951 members, the years of credited service, and the attained age of the member all as of June 30, 2013. For Mayors, the highest compensation, as defined, for Act No. 447 of 1951 members, determined as of June 30, 2013.

   If the Act No. 447 of 1951 member had at least 30 years of credited service as of June 30, 2013, the accrued benefit equals 65% of average compensation if the member was under age 55 as of June 30, 2013 or 75% of average compensation if the member was at least age 55 as of June 30, 2013. For participants selecting the Coordination Plan, the benefit was recalculated at the Social Security Retirement Age (SSRA), as defined, as 1.5% of average compensation up to $6,600 multiplied by years of credited service, up to 30 years, plus 65% (75% if member was at least age 55 as of June 30, 2013) of average compensation in excess of $6,600.

NOTE 5 - EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

If the Act No. 447 of 1951 member had less than 30 years of credited service as of June 30, 2013 and attained 30 years of credited service by December 31, 2013, the accrued benefit equaled 55% of average compensation if the member was under age 55 as of June 30, 2013 or 60% of average compensation if the member was at least age 55 as of June 30, 2013. For participants selecting the Coordination Plan, the benefit was recalculated at SSRA as 1.5% of average compensation up to $6,600 multiplied by years of credited service, up to 30 years, plus 55% (60% if member was at least age 55 as of June 30, 2013) of average compensation in excess of $6,600. Member contributions received from Act No. 447 of 1951 members eligible for this transitory benefit during the period beginning July 1, 2013 and ending upon the attainment of 30 years of credited service were considered pre July 1, 2013 contributions; the contributions to the hybrid contribution account begin after the member attains 30 years of credited service.

If the Act No. 447 of 1951 member had less than 30 years of credited service as of December 31, 2013, the accrued benefit equaled 1.5% of average compensation multiplied by years of credited service up to 20 years, plus 2% of average compensation multiplied by years of credited service in excess of 20 years. Maximum benefit is 75% of average compensation. Except for the PRPOB policemen and Commonwealth Firefighters, the benefit was actuarially reduced for each year payment commences prior to age 58. For participants selecting the Coordination Plan, the basic benefit is recalculated at SSRA as 1% of average compensation up to $6,600 multiplied by years of credited service up to 20 years, plus 1.5% of average compensation up to $6,600 multiplied by years of credited service in excess of 20 years, plus 1.5% of average compensation in excess of $6,600 multiplied by years of credited service up to 20 years, plus 2.0% of average compensation in excess of $6,600 multiplied by years of credited service in excess of 20 years. Except for police and firefighters, the benefit was actuarially reduced for each year payment commences prior to age 58.

For Act No. 447 of 1951, Mayors with at least 8 years of credited service as a mayor, the accrued benefit was not to be less than 5% of highest compensation, as defined, as a Mayor for each year of credited service as a Mayor up to 10 years, plus 1.5% of highest compensation as Mayor for each year of non-Mayoral credited service up to 20 years, plus 2.0% of highest compensation as Mayor for each year of non-mayoral credited service in excess of 20 years. Non-Mayoral credited service included service earned as a mayor in excess of 10 years. Maximum benefit was 90% of highest compensation as a mayor.

b) Accrued Benefit as of June 30, 2013 for Act No. 1 of 1990 Members: The accrued benefit as of June 30, 2013 is determined based on the average compensation for Act No. 1 of 1990 members, the years of credited service, and the attained age of the member all as of June 30, 2013. For mayors, the highest compensation as a mayor was determined as of June 30, 2013.

NOTE 5 - EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

If the Act No. 1 of 1990 member is a police officer or firefighter member that had at least 30 years of credited service as of June 30, 2013, the accrued benefit equaled 65% of average compensation if the member was under age 55 as of June 30, 2013 or 75% of average compensation if the member was at least age 55 as of June 30, 2013. For all other Act No. 1 of 1990 members, the accrued benefit equaled 1.5% of average compensation multiplied by years of credited service. The benefit was actuarially reduced for each year payment commences prior to age 65.

For Act No. 1 of 1990 Mayors with at least 8 years of credited service as a mayor, the accrued benefit was not to be less than 5% of highest compensation as a Mayor for each year of credited service as a Mayor up to 10 years, plus 1.5% of highest compensation as Mayor for each year of non-Mayoral credited service up to 20 years, plus 2.0% of highest compensation as Mayor for each year of non-Mayoral credited service in excess of 20 years. Non-Mayoral credited service included service earned as a mayor in excess of 10 years. Maximum benefit is 90% of highest compensation as a mayor.

(iv) Termination benefits

a) Lump sum withdrawal

Eligibility - A Member was eligible upon termination of service prior to 5 years of service or if the balance in the hybrid contribution account is $10,000 or less.

Benefit - The benefit equaled a lump sum payment of the balance in the hybrid contribution account as of the date of the permanent separation of service.

b) Deferred retirement

Eligibility - A Member was eligible upon termination of service with 5 or more years of service (10 years of credited service for Act No. 447 of 1951 and Act No. 1 of 1990 members) prior to the applicable retirement eligibility, provided the member had not taken a lump sum withdrawal of the accumulated contributions from the hybrid contribution account.

Benefit - An annuity payable for the lifetime of the member commencing at the applicable retirement eligibility age equal to the annuitized value of the balance in the hybrid contribution account at the time of retirement, plus, for Act No. 447 of 1951 and Act No. 1 of 1990 members, the accrued benefit determined as of June 30, 2013.

NOTE 5 - EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

(v) Death benefits

a) Pre-retirement - death benefit

Eligibility - Any current nonretired member was eligible.

Benefit - A refund of the hybrid contribution account, plus the accumulated contributions for Act No. 447 of 1951 and Act No. 1 of 1990 members.

b) High risk death benefit under Act No. 127 of 1958

Eligibility - Police, firefighters, and other employees in specified high-risk positions who die in the line of work due to reasons specified in Act No. 127 of 1958, as amended.

Spouse's Benefit - 50% of the participant's compensation at date of death, payable as an annuity until death or remarriage.

Children's Benefit - 50% of the participant's compensation at date of death, payable as an annuity, and allocated pro rata among eligible children. The annuity was payable for life for a disabled child, until age 18 for a nondisabled child not pursuing studies, and until age 25 for a nondisabled child who is pursuing studies.

Benefit if No Spouse or Children - The parents of the member should each receive 50% of the participant's compensation at date of death, payable as an annuity for life.

Post-death Increases - Effective July 1, 1996 and subsequently every three-years, the above death benefits are increased by 3% provided that the beneficiary(ies) had been receiving payments for at least three-years.

The cost of these benefits was paid by the Commonwealth.

c) Postretirement death benefit for members who retired prior to July 1, 2013

Eligibility - Any retiree or disabled member receiving a monthly benefit who had not elected a reversionary annuity and whose benefits commenced prior to July 1, 2013.

NOTE 5 - EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

(v) Death benefits (Continued)

Benefit - The benefit is as follows (Act No. 105, as amended by Act No. 4):

i. For those married or with dependent children at the time of death, the annual income to a widow, or widower or dependent children is equal to 60% (50% if in the Coordination Plan - 30%, prior to January 1, 2004) of the retirement benefit payable for life for a surviving spouse and/or disabled children and payable until age 18 (age 25 if pursuing studies) for nondisabled children. If in the Coordination Plan, the benefit to the surviving spouse does not begin until the spouse's attainment of age 60 and the surviving spouse must have been married to the member for at least 10 years to be eligible for this benefit. The increase in the percentage from 30% to 50% if in the Coordination Plan is paid by the Commonwealth for former government employees or by the public enterprise or municipality for their former employees. See Act No. 105 of 1969, as amended by Act No. 158 of 2003.

ii. The benefit, when there is no relation as stated above, is equal to the remaining balance of accumulated contributions at the time of retirement after the deduction of lifetime annual income paid and is payable to a beneficiary or to the Member's estate. In no case may the benefit be less than $1,000. Either the Commonwealth for former government employees or the public enterprise or municipality for their former employees pays the difference, up to $250, between (1) the accumulated contributions less the lifetime annual income paid and (2) $1,000. ERS pays for the rest. See Article 2-113 of Act No. 447 of 1951, as amended by Act No. 524 of 2004.

d) Postretirement death benefit for members who retired after June 30, 2013

Eligibility - Any retiree or disabled member who began receiving a monthly benefit after June 30, 2013.

Benefit: If the member elected at the time of retirement to transfer a portion of the annuity to a beneficiary by selecting an actuarially equivalent optional form of payment, the applicable survivor benefit.

For all members, the excess, if any, of the hybrid contribution account, plus the accumulated contributions for Act No. 447 of 1951 and Act No. 1 of 1990 members, at the time of retirement over the total annuity payments paid to the member and any beneficiary per the terms of the optional form of payment must be payable to a beneficiary or the member's estate.

NOTE 5 - EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

(v) Death benefits (Continued)

e) Beneficiaries receiving occupational death benefits as of June 30, 2013 continue to be eligible to receive such benefits.

(vi) Disability benefits

a) Disability

Eligibility - All members are eligible upon the occurrence of disability.

Benefit - The balance of the hybrid contribution account payable as lump sum distribution, an immediate annuity, or a deferred annuity at the election of the participant. Act No. 447 of 1951 and Act No. 1 of 1990 members remain eligible to receive the accrued benefit as of June 30, 2013 commencing at the applicable retirement eligibility age.

b) High risk disability under Act No. 127 of 1958

Eligibility - Police, firefighters, and other employees in specified high-risk positions who are disabled in the line of work due to reasons specified in Act No. 127 of 1958 (as amended).

Benefit - 80% (100% for Act No. 447 of 1951 members) of compensation as of date of disability, payable as an annuity. If the member died while still disabled, this annuity benefit continued to his beneficiaries. Beneficiaries include the surviving spouse and/or disabled children (for life), nondisabled children until age 18 (age 25 if pursuing studies), and the parents if no other beneficiaries. Effective July 1, 1996 and subsequently every three-years, the disability benefit was increased by 3% provided that the member (or beneficiary) had been receiving payments for at least three-years (Act No. 127 of 1958, as amended). The cost of these benefits was paid by the Commonwealth.

c) Members who qualified for occupational or nonoccupational disability benefits as of June 30, 2013 continue to be eligible to receive such benefits.

(vii) Special benefits

a) Minimum benefits

i. *Past Ad hoc Increases* - The Legislature, from time to time, increased pensions for certain retirees as described in Act No. 124-1973 and Act No. 23 of 1983. The benefits were paid 50% by the Commonwealth and 50% by ERS.

NOTE 5 - EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

(vii) Special benefits (Continued)

ii. *Minimum Benefit for Members Who Retired before July 1, 2013 (Act No. 156 of 2003, Act No. 35 of 2007, and Act No. 3 of 2013)* - The minimum monthly lifetime income for members who retired or become disabled before July 1, 2013 is $500 per month effective July 1, 2013 ($400 per month effective July 1, 2007 and $300 per month up to June 30, 2007). The increase in the minimum monthly benefit from $200 per month to $300 per month was paid by the Commonwealth for former government and certain public corporations without their own treasuries' employees or by certain public corporations with their own treasuries or municipalities for their former employees. The increase in the minimum monthly benefit from $300 per month to $400 per month was to be paid by ERS for former government and certain public corporations without their own treasuries' employees or by certain public corporations with their own treasuries or municipalities for their former employees.

iii. Coordination Plan Minimum Benefit - A minimum monthly benefit was payable upon attainment of SSRA such that the benefit, when added to the Social Security Benefit, was not less than the benefit payable prior to SSRA.

b) Cost of Living Adjustments (COLA} to Pension Benefits - The Legislature, from time to time, increased pensions by 3% for retired and disabled members. Beneficiaries were not entitled to COLAs granted after the retiree's death. The first increase was granted by Act No. 10 of 1992. Subsequent 3% increases have been granted every third year since 1992, with the latest 3% increase established on April 24, 2007 and effective July 1, 2007 (retroactive to January 1, 2007) for retired and disabled members that were receiving a monthly benefit on or before January 1, 2004 (Act No. 35 of 2007). In addition, effective July 1, 2008, any retired or disabled member that was receiving a monthly annuity on or before January 1, 2004 less than $1,250 per month received an increase of up to 3% without exceeding the limit of $1,250 per month (Act No. 35 of 2007). The COLAs granted in 1992 to all retirees and in 1998 to retirees who are former government or municipal employees are to be paid by ERS.

All other COLAs granted in 1995 and later were required to be paid by the Commonwealth for former government and certain public corporations without their own treasuries or by certain public corporations with their own treasuries or municipalities for their former employees.

NOTE 5 - EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

(vii) Special benefits (Continued)

c) Special bonus benefits

i. *Christmas Bonus (Act No. 144 of 2005, as Amended by Act No. 3 of 2013):* An annual bonus of $200 for each retiree, beneficiary, and disabled member has historically been paid in December provided the member retired prior to July 1, 2013. This benefit is paid from the supplemental contributions received from the Commonwealth for former government and certain public corporations without their own treasuries, or by certain public corporations with their own treasuries or municipalities for their former employees.

ii. *Medication Bonus (Act No. 155 of 2003, as Amended by Act No. 3 of 2013)*: An annual bonus of $100 for each retiree, beneficiary, and disabled member to cover health costs paid in July provided the member retired prior to July 1, 2013. Evidence of coverage is not required. The amount is prorated if there are multiple beneficiaries.

This benefit is paid from the Supplemental Contributions received from the Commonwealth for former government and certain public corporations without their own treasuries, or by certain public corporations with their own treasuries or municipalities for their former employees.

Before July 1, 2017, the Commonwealth made contributions to ERS for the special benefits granted by special laws. The funding of the special benefits was provided to ERS through legislative appropriations each January 1 and July 1. Special benefits to eligible Act 447 of 1951 participants are being paid by each employer as they become due since July 1, 2017.

(viii) Contributions

Prior to July 1, 2017, the plan contributions requirements were as follows:

a) *(Article 5 of 105 of Law 447, as amended by Law No. 3 of 2013, amended by Law No. 106 of 2017 and amended by Law 71 of 2019)* - Effective July 1, 2013 through June 30, 2017, contributions by members consisted of 10% of compensation.

However, for Act No. 447 members who selected the Coordination Plan, the member contributions were 7% of compensation up to $6,600 plus 10% of compensation in excess of $6,600 during the 2013-2014 fiscal year and 8.5% of compensation up to $6,600 plus 10% of compensation in excess of $6,600 during the 2014-2015 fiscal year. Effective July 1, 2015 for members who selected the Coordination Plan, member contribution increased to 10% of compensation.

NOTE 5 - EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

(viii) Contributions (Continued)

Members may voluntarily make additional contributions to their Defined Contribution Hybrid Contribution Account.

Prior to July 1, 2013, contributions by Act No. 447 members selecting the Coordination Plan were 5.775% of compensation up to $6,600 plus 8.275% of compensation in excess of $6,600. Contributions by all other members were 8.275% of compensation. System 2000 members may also have made voluntary contributions of up to 1.725% of compensation prior to July 1, 2013.

Effective July 1, 2017, contributions by members consist of 8.5% of compensation and are being directly deposited by the Treasury Department in the individual member accounts under the New Defined Contribution Plan created pursuant to Act 106. Also, as of that date, system's participants shall make no individual contributions or payments to the accumulated pension benefits payment account or additional contributions to ERS. However, in the case of members of the Puerto Rico Police Department, the mandatory contribution is 2.3% of their compensation. In the case of those members of the Puerto Rico Police Department, which have less than 10 years to qualify for retirement as established by Act No. 447, the reduction in the percentage of contribution from the 8.5% level will apply voluntarily.

b) *Employer Contributions (Article 2 116, as Amended by Act No. 116 of 2010 and Act No. 3 of 2013)*: Prior to July 1, 2011, employer contributions were 9.275% of compensation. Effective July 1, 2011, employer contributions are 10.275% of compensation. For the next four fiscal years effective July 1, 2012, employer contributions will increase annually by 1% of compensation. For the next five fiscal years, employer contributions will increase annually by 1.25% of compensation, reaching an employer contribution rate of 20.53% of compensation effective July 1, 2020.

Act 106 eliminated all employer contributions to ERS as of July 1, 2017. Instead, participating employers are responsible for the payment of the PayGo fee to the newly created accumulated pension benefits payment account, which is computed based on the amount of actual benefits paid to retirees, disabled and beneficiaries of each participating employer.

NOTE 5 - EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

(viii) Contributions (Continued)

c) *Supplemental Contributions from the Commonwealth Certain Public Corporations, and Municipalities (Act No. 3 of 2013)*: Effective July 1, 2013, ERS received a supplemental contribution of $2,000 each year for each pensioner (including beneficiaries receiving survivor benefits) that was previously benefitting an Act No. 447 of 1951 or Act No. 1 of 1990 member while an active employee. This supplemental contribution was paid by the Commonwealth Fund for former government and certain public corporations without their own treasuries or by certain public corporations with their own treasuries or municipalities for their former employees.

   Act 106 eliminated the special benefits contribution requirement to ERS, instead they will be allocated to the new PayGo System through legislative appropriations, as necessary.

d) *Additional Uniform Contribution (Act No. 32 of 2013, as Amended)*: The additional uniform contribution (AUC) was to be certified by the external actuary of ERS each fiscal year from fiscal year 2015 through 2033 as necessary to avoid the projected gross assets of ERS, falling below $1 billion during any subsequent fiscal year. The AUC was to be paid by the Commonwealth, public corporations with their own treasuries, and municipalities. Only a fraction of the AUC from prior years had been received by ERS. Total AUC due to ERS from fiscal years 2015, 2016 and 2017 was approximately $776 million in the aggregate. The AUC determined for fiscal year 2018 is $685 million payable at the end of the year. As result of the enactment of Act 106, all employers' contributions, including the additional uniform contribution were eliminated effectively on July 1, 2017.

(ix) Early retirement programs

On July 2, 2010, the Commonwealth enacted Act No. 70 establishing a program that provides benefits for early retirement or economic incentives for voluntary employment termination to eligible employees, as defined.

Act No. 70 also established that early retirement benefits will be provided to eligible employees that have completed between 15 and 29 years of creditable services and will consist of monthly benefits ranging from 37.5% to 50% of each employees' monthly salary. Benefits under this program will be paid by the General Fund of the Commonwealth (the General Fund) and by the public corporations, covering their respective employees until the plan member reaches the later of age 55 for members under Act No. 447 of 1951 or age 65 for members under Act No. 1 of 1990, or the date the plan member would have completed 30 years of service had the member continued employment.

NOTE 5 - EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

(ix) Early retirement programs (Continued)

In addition, the public corporations will also be required to continue making the required employee and employer contributions to ERS. The General Fund will be required to continue making its required employer contributions. ERS will be responsible for benefit payments afterward.

On December 8, 2015, the Commonwealth enacted the Voluntary Early Retirement Law, Act No. 211 of 2015 (Act No. 211), establishing a voluntary program to provide pre-retirement benefits to eligible employees, as defined. Act 106 repealed Act No. 211, while creating an incentives, opportunities and retraining program for public workers.

Total Pension Liability and Actuarial Information

The total Pension Plan liability recorded by the Authority as of June 30, 2020 (measurement date June 30, 2018) amounted to $115,705 representing its proportionate share of the total pension liability of the Pension Plan as of such date. The total pension liability as of June 30, 2020 (measurement date June 30, 2018) was determined by an actuarial valuation as of July 1, 2017 that was rolled forward to June 30, 2018 (measurement date).

The Authority 's proportion of the total pension liability was actuarially determined based on the ratio of the Authority's benefit payments to the total benefit payments made by all participating employers under the Pension Plan for the year ending on the measurement date. At June 30, 2018 (measurement date), the Authority 's proportionate share was 0.00047%.

(a) Actuarial methods and assumptions

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

Discount rate

The discount rate for June 30, 2018 (measurement date) was 3.87%. This represents the municipal bond return rate as selected by the Commonwealth. The source is the Bond Buyer Obligation 20 Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

NOTE 5 - EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

(ix) Early retirement programs (Continued)

Mortality

The mortality tables used in the June 30, 2018 (measurement date) actuarial valuation were as follows:

- Pre-Retirement Mortality - For general employees not covered under Act No. 127 of 1958, RP-2014 Employee Mortality Rates for males and females adjusted to reflect Mortality Improvement Scale MP-2018 on a generational basis.

  For members covered under Act No. 127 of 1958, RP-2014 Employee Mortality Rates are assumed with blue collar adjustments for males and adjusted to reflect Mortality Improvement Scale MP-2018 from the 2006 base year and projected forward using MP-2018 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 of 1958.

- Post-Retirement Healthy Mortality - Rates which vary by gender are assumed for healthy retirees and beneficiaries based on a study of the Pension Plan's experience from 2007 to 2012 and updated expectations regarding future mortality improvement. The 2010 base rates are equal to 92% of the rates from the UP-1994 Mortality Table for Males and 95% of the rates from the UP-1994 Mortality Table for Females, both projected from 1994 to 2010 using Scale AA. The base rates are projected using Mortality Improvement Scale MP-2018 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 Pension Plan's experience from 2007 to 2012 and updated expectations regarding future mortality improvements. The 2010 base rates are equal to 105% of the rates from the UP-1994 Mortality Table for Males and 115% of the rates from the UP-1994 Mortality Table for Females. The base rates are projected using Mortality Improvement Scale MP-2018 on a generational basis. As a generational table, it reflects mortality improvements before and after the measurement date.

NOTE 5 - EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

(ix) Early retirement programs (Continued)

Other assumptions

Actuarial cost method	Entry age normal
Inflation rate	Not applicable
Salary increases	3.00% per year. No compensation increases are assumed until July 1, 2021 as a result of Act 3 of 2017, four-year extension of Act No. 66 of 2014 and the current general economy.

(a) Sensitivity of the total pension liability to changes in the discount rate

The following presents the Authority's Pension Plan liability calculated using the discount rate of 3.50%, as well as what the Authority 's proportionate share of the total Pension Plan liability would be if it were calculated using a discount rate of 1% point lower (2.50%) or 1% point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total pension liability	$ 134,298	$ 118,100	$ 104,940

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2020 (measurement date June 30, 2019), the reported deferred outflows of resources and deferred inflows of resources related to pensions consist of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$3,835	$ 4,004
Changes of assumptions	578	3,053
Changes in proportion	-	4,506
Total	$4,413	$11,563

Pension benefits paid subsequent to the measurement date have been excluded from the table below.

NOTE 5 - EMPLOYEE'S RETIREMENT PLAN (CONTINUED)

Deferred Outflows of Resources and Deferred Inflows of Resources – (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2019 (measurement date) will be recognized as adjustment to pension expense in the Authority's financial statements as follows:

Years Ending June 30	Amount
2020	$ (1,788)
2021	(1,788)
2022	(1,788)
2023	(1,788)
Total	$ (7,152)

Pension Expense (Benefit)

The composition of the Authority's proportional share of the Pension Plan's expense (benefit) for the year ended June 30, 2020 (measurement date June 30, 2019) are as follows:

Service cost	$ 311
Interest on total pension liability	4,395
Effect of plan changes	
Recognition (amortization) of deferred inflows/outflows of resources:	
Difference between expected and actual experience	(1,001)
Changes in assumptions	195
Pension benefit	3,900
Net amortization from changes in proportion	(982)
Net pension benefit	$ 2,918

Additional Information

Additional information on the Pension Plan is provided on the stand-alone financial statements of ERS, a copy of which can be obtained from the Employees' Retirement System of the Commonwealth of Puerto Rico, P.O. Box 42004, San Juan, P.R. 00940-2004.

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Authority participates in the OPEB Plan of the Commonwealth for retired participants of ERS, which is an unfunded, multi-employer defined benefit other postemployment healthcare benefit plan created under Act No. 95 of 1963. The OPEB Plan is administered on a pay-as-you-go basis. Accordingly, there are no assets accumulated in a qualifying trust for the OPEB plan that meet the criteria in paragraph 4 of GASB 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*.

OPEB Plan Description

The OPEB Plan covers a payment of up to $100 per month to the eligible medical insurance plan selected by each member provide that the member retired prior to July 1, 2013 (Act No. 483, as amended by Act No. 3). The OPEB Plan is financed by the Commonwealth through legislative appropriations. However, the Commonwealth claims reimbursements from each employer on a monthly basis for the corresponding OPEB payments made by the Commonwealth in relation to the retirees associated with each employer.

There is no contribution requirement from the plan members during active employment. The retirees contribute the amount of the healthcare insurance premium not covered by the Commonwealth contribution.

GASB 75 requires participating employers to recognize their proportionate share of the collective total OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense.

Total OPEB Liability and Actuarial Information

The total OPEB liability recorded by the Authority as of June 30, 2020 (measurement date June 30, 2019) amounted to $14,473 representing its proportionate share of the total OPEB liability of the OPEB Plan as of such date. The total OPEB liability as of June 30, 2020 (measurement date June 30, 2019) was determined by an actuarial valuation as of July 1, 2018 that was rolled forward to June 30, 2019 (measurement date).

The Authority 's proportion of the OPEB Plan liability was actuarially determined based on the ratio of the Authority's benefit payments to the total benefit payments made by all participating employers under the OPEB Plan for the year ending on the measurement date. At June 30, 2019 (measurement date), the Authority 's proportionate share of the OPEB Plan liability was 0.00172%.

(a) Actuarial assumptions

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

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Discount rate

The discount rate for June 30, 2019 (measurement date) was 3.50%. This represents the municipal bond return rate as selected by the Commonwealth. The source is the Bond Buyer Obligation 20 Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality

The mortality tables used in the June 30, 2018 (measurement date) actuarial valuation were as follows:

- Pre-Retirement Mortality - For general employees not covered under Act No. 127 of 1958, RP-2014 Employee Mortality Rates for males and females adjusted to reflect Mortality Improvement Scale MP-2018 on a generational basis. For members covered under Act No. 127 of 1958, RP-2014 Employee Mortality Rates are assumed with blue collar adjustments for males and adjusted to reflect Mortality Improvement Scale MP-2018 from the 2006 base year and projected forward using MP-2018 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 of 1958.

- Post-Retirement Healthy Mortality - Rates which vary by gender are assumed for healthy retirees and beneficiaries based on a study of the OPEB Plan's experience from 2007 to 2012 and updated expectations regarding future mortality improvement. The 2010 base rates are equal to 92% of the rates from the UP-1994 Mortality Table for Males and 95% of the rates from the UP-1994 Mortality Table for Females, both projected from 1994 to 2010 using Scale AA. The base rates are projected using Mortality Improvement Scale MP-2018 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 OPEB Plan's experience from 2007 to 2012 and updated expectations regarding future mortality improvements. The 2010 base rates are equal to 105% of the rates from the UP-1994 Mortality Table for Males and 115% of the rates from the UP-1994 Mortality Table for Females. The base rates are projected using Mortality Improvement Scale MP-2018 on a generational basis. As a generational table, it reflects mortality improvements before and after the measurement date.

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

(a) Sensitivity of total OPEB liability to changes in the discount rate

The following presents the Authority's OPEB Plan liability calculated using the discount rate of 3.50%, as well as what the Authority 's proportionate share of the OPEB Plan liability would be if it were calculated using a discount rate of 1% point lower (2.50%) or 1% point higher (4.50%) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	$15,874	$ 14,473	$ 13,283

Deferred Outflows of Resources Related to the OPEB Plan

At June 30, 2020 (measurement date June 30, 2019), no deferred outflows of resources related to the OPEB Plan has been reported.

Pension Expense (Benefit)

The composition of the Authority's proportional share of the Pension Plan's expense (benefit) for the year ended June 30, 2020 (measurement date June 30, 2019) are as follows:

Interest on total OPEB liability	$ 543
Effect of economic/demographics gains and losses	85
Effect of assumptions changes or inputs	399
OPEB benefit	1,027
Net amortization from changes in proportion	198
Net OPEB expense	$ 1,225

Additional Information

Additional information on the OPEB Plan is provided on the stand-alone financial statements of ERS, a copy of which can be obtained from the Employees' Retirement System of the Commonwealth of Puerto Rico, P.O. Box 42004, San Juan PR 00940-2004.

NOTE 7 - TERMINATION BENEFITS

During the year ended June 30, 2011, the Legislature approved a one-time retirement incentive plan for all regular employees of the Central Government Agencies and certain Public Corporations, known as Act No. 70 of July 2, 2010 (Act 70). The plan included early retirement incentives for certain eligible employees.

Under the termination benefits plan, employees could select one of three options as follows:

Option A - Article 4(a) provides a one-time economic incentive based on the following parameters:

Years of Service in Public Sector	Incentive Gross Amount
Up to 1 year	1 month of salary
From 1 year and 1 day and less than 3 years	3 months of salary
More than 3 years	6 months of salary

Termination Benefits Plan Provisions

Option B - Article 4(b) provides, employees meeting certain years of service criteria (between 15 and 29 years) and opting for early retirement, to receive a higher pension benefit rate than they would otherwise be entitled to receive based on their current years of service, but such pension rate is lower than what they would have been entitled to if they had waited to meet the full vesting requirements.

Annuity pension payments are based on the following parameters:

Credited Years of Service	Pension Payment (As a % of Salary)
15	37.5%
16	40.0%
17	42.5%
18	45.0%
19	47.5%
20 to 29	50.0%

The Authority will be responsible for making the applicable employer contributions to the Pension Plan, as well as making the payments to cover the annuity payments to the employees opting for the early retirement window, until both; the years of service and age requirements for full vesting would have occurred, at which time ERS will continue making the annuity payments.

NOTE 7 - TERMINATION BENEFITS (CONTINUED)

Termination Benefits Plan Provisions (Continued)

Employees selecting options A or B were entitled to receive full payment of healthcare plan benefits for a period of up to 12 months or the date that the employee is eligible for a healthcare plan benefit offered by another employer, whichever occurs first.

The voluntary termination benefits liability activity for employees selecting option B as of June 30, 2020 was as follows:

Beginning Balance	Amortization/ Adjustments Net and Payments	Ending Balance	Due within One Year
$54,337	$(9,274)	$45,063	$10,815

Option C - Article - 4(c) provides eligible employees that have 30 years of credited services contributing to the Pension Plan and request to start receiving their pension benefits will be entitled to receive the economic incentive disposed on article 4(a) but not entitled to the incentives provided on article 4(b). Employees that have the required retirement age but have not achieved the years of credited services contributing to the Pension Plan will be entitled to an economic incentive of up to 6 months of salary to cover for the years of service not credited.

The Authority funds the program with appropriations assigned from the annual budget of the Commonwealth. Since the inception of the program 32 employees have elected to retire, 7 in 2013, 10 in 2012 and 15 in 2011.

NOTE 8 – CONTINGENCIES

The Authority is, at present, a defendant in a number of legal matters that arise from alleged improper application of policies and negligence in the ordinary course of the Authority's activities. The legal counsel of the Authority has advised that at this stage in the proceedings of lawsuits he cannot offer an opinion as to the probable outcome.

In addition, the Authority is a defendant or co-defendant in several legal proceedings, which are in discovery stage. Certain of these claims are covered by insurance. Legal counsels with the information currently available cannot determine the final outcome of these claims. However, it has been the Authority's experience that such actions are settled for amounts substantially less than the claim amounts and, in the opinion of the administration, the outcome of these lawsuits will not have a materially adverse effect in the accompanying financial statements and, accordingly, no provision for losses has been recorded.

NOTE 9 – COMMITMENTS

The Authority has agreed with the Municipality of Culebra provide to the Municipality $300,000 for the improvement of the facilities in the beach Playa Flamenco located in the Municipality of Culebra. The total improvement costs will be approximately $2,466,000. The Authority managed Playa Flamenco and is the usufructuary of the facilities. The Authority has assigned the revenue of parking fund to this project.

NOTE 10 – SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through February 9, 2022, which is the date the financial statements were available to be issued. Except as described in Note 3 and the following paragraphs, no events have occurred subsequent to the statement of net position date that would require additional adjustment to, or disclosure, in the financial statements.

Note 11 - COVID-19

The Authority's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 ("COVID-19"), which in March 2020, has been declared a pandemic by the World Health Organization. The ultimate disruption that may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Authority's financial position, operations and cash flows.

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Authority's business and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which the Authority's operates in and the related impact on consumer confidence and spending, all of which are highly uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

CULEBRA CONSERVATION AND DEVELOPMENT AUTHORITY

BUDGETARY COMPARISON SCHEDULE (UNAUDITED)

FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Final Budget Positive
	Original	Final	Budgetary Basis	(Negative)
RESOURCES:				
Legislative appropriations	$ 250,000	$ 250,000	$232,000	$ (18,000)
Charges for services	194,000	194,000	424,060	230,060
Total resources (Inflows)	444,000	444,000	656,060	212,060
CHARGES TO APPROPRIATIONS:				
Payroll and related costs	261,000	261,000	82,986	178,014
Utilities	40,000	40,000	6,205	33,795
Purchased services	14,000	14,000	2,728	11,272
Transportation expenditures	4,000	4,000	4,794	(794)
Professional services	50,000	50,000	250,076	(200,076)
Materials and supplies	16,000	16,000	22,100	(6,100)
Pension	19,000	19,000		19,000
Purchase of equipment	3,000	3,000	24,321	(21,321)
Other operating expenditures	37,000	37,000	13,801	23,199
Total charges to appropriations	444,000	444,000	407,011	36,989
Excess (deficiency) of revenues over expenditures	$ -	$ -	$249,049	$ 249,049

BUDGETARY CONTROL

The Authority's annual budget is prepared on the budgetary basis of accounting, which is not in accordance with GAAP.

The Authority prepares its annual budget including the operations of the general fund. For budgetary purposes, encumbrance accounting is used. The encumbrances (i.e., purchase orders, contracts) are considered expenditures when incurred. For GAAP reporting purposes, encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

The annual budget as presented in the Budgetary Comparison Schedule-General Fund is the budget ordinance as of June 30, 2020 representing the original budget. There were no supplemental appropriations for the year ended June 30, 2020.

BUDGETARY DATA

The budget consists of General Fund appropriations for recurrent and ordinary functions of the Authority and for special purpose program or activities. The procedures followed in approving the annual budget are as follows:

Between November and December of each year, the Authority submits to the Office of Management and Budget of the Commonwealth of Puerto Rico an operating budget petition for the fiscal year commencing the following July 1st.

At the beginning of the ordinary session of the legislative assembly of the Commonwealth of Puerto Rico, the Governor submits a proposed budget for the fiscal year covering the entire operation of the Commonwealth. This proposed budget includes estimated expenditures and the means of financing them.

The annual budget is legally enacted through the approval of the joint resolution of the general budget. Subsequently to the enactment, the Office of Management and Budget of the Commonwealth of Puerto Rico has authority to make the necessary adjustments to the budget.

Since the budgetary basis differs from accounting principles generally accepted in the United States of America (GAAP), actual amounts for the General Fund in the accompanying Budgetary Comparison Schedule, is presented on the budgetary basis to enhance comparability.

BUDGETARY DATA (CONTINUED)

The principal differences between the budgetary and GAAP bases are the following:

1. Encumbrances are recorded as expenditures under the budgetary basis and as a reserve of fund balances under GAAP.

2. Certain accrued liabilities and other debts are not included in the budgetary basis.

3. Certain revenues susceptible to accrual, i.e., both measurable and available, are not included in the budgetary data.

CULEBRA CONSEVATION AND DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE COLLECTIVE TOTAL PENSION LIABILITY

JUNE 30, 2020

	GASB 73		GASB 68		
	2020	2019	2018	2017	2016
Proportion (percentage) of the net collective total pension liability	0.00048%	0.00047%	0.00620%	0.00565%	0.00600%
Proportion (amount) of the net collective total pension liability	$118,100	$115,705	$2,121,178	$2,131,462	$ 1,626,623

Notes to Required Supplementary Information

1. As a result of the implementation of the PayGo system, as provided by Act No. 106 of 2017 (Act 106), the Pension Plan no longer met the criteria to be considered a plan that is administered through a trust or equivalent arrangement under GASB 68 and, therefore, was required to apply the guidance in GASB 73 effective July 1, 2018. Act 106 eliminated all employer contributions and required ERS to liquidate its assets and to transfer the proceeds to the Commonwealth for the payment of pension benefits.

2. The Authority's proportion of the total pension liability was actuarially determined based on the ratio of the Authority's benefit payments to the total benefit payments made by all participating employers under the Pension Plan for the year ending on the measurement date.

3. The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

4. The amounts presented were determined by an actuarial valuation as of July 1, 2017 that was rolled forward to June 30, 2018, the measurement date.

CULEBRA CONSEVATION AND DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY

JUNE 30, 2020

	2020	2019	2018
Proportion of the collective net OPEB liability	0.00174%	0.00172%	0.00156%
Proportionate share of the collective net OPEB liability	$ 14,473	$ 14,448	$ 17,622
Covered employee payroll	N/A	N/A	N/A
Proportionate share of the collective net OPEB liability as a percentage of the covered employee payroll	N/A	N/A	N/A
Plan's fiduciary net position as a percentage of the total OPEB liability	N/A	N/A	N/A

Notes to Required Supplementary Information

1. The Authority's proportion of the net OPEB liability was actuarially determined based on the ratio of the Authority's benefit payments to the total benefit payments made by all participating employers under the OPEB Plan for the year ending on the measurement date.
2. The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.
3. The amounts presented were determined by an actuarial valuation as of July 1, 2017 that was rolled forward to June 30, 2018, the measurement date.