ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2025

Prepared by the Office of Fiscal and Financial Affairs
Secretary of Administration

SENADO
GOBIERNO DE PUERTO RICO

Page

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal 1

List of Senators - By District 18

List of Senators - At Large 24

List of Administrative Staff 27

Permanent, Committees and Joint Commissions 29

Office of the President Chart 30

General Administration of the Senate Chart 31

Office of the Secretary of the Senate Chart 32

Secretary of Administration 33

Office of the Sergeant of Arms of the Senate Chart 34

FINANCIAL SECTION

Independent Auditor's Report 35

Required Supplementary Information (Unaudited):

Management's Discussion and Analysis 37

Basic Financial Statements:

Government -Wide Financial Statements:

Statement of Net Position 51

Statement of Activities 52

Governmental Funds Financial Statements:

Balance Sheet – Governmental Funds 53

Reconciliation of the Balance Sheet – Governmental Funds
To the Government-wide Statement of Net Position 54

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds 55

Page

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds to the Government-Wide Statement of Activities 56

Notes to the Basic Financial Statements 57

Required Supplementary Information (Unaudited):

Schedule of Revenues and Expenditures – Budget to Actual – General Fund – Non-GAAP Budgetary Basis 121

Explanation of Differences between Revenues and Expenditures – General Fund – Budgetary Basis and GAAP Basis 122

Notes to the Schedule of Revenues and Expenditures - Budget to Actual – General Fund- Non-GAAP Budgetary Basis 123

Employees' Retirement System of the Government of the Commonwealth of Puerto Rico – Schedule of Proportionate Share of the Total Pension Liability 124

Employees' Retirement System of the Government of the Commonwealth of Puerto Rico - Schedule of Proportionate Share of the Total Other Postemployment Benefits Liability 125

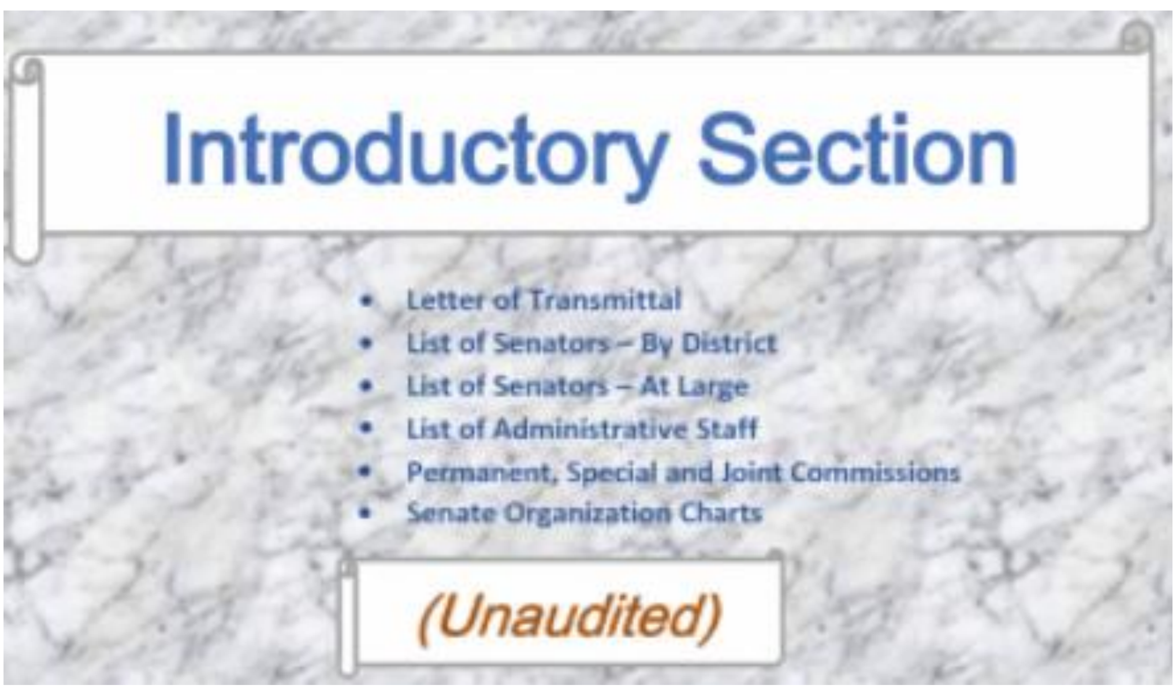
Notes to the Schedules of Proportionate Share of Total Pension Liability and Total Other Postemployment Benefits Liability 126

STATISTICAL SECTION (UNAUDITED)

Narrative and Table of Contents 127

Statistical Schedules 128

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025



This page was intentionally left blank.

THOMAS RIVERA SCHATZ
PRESIDENT

April 27, 2026

To the Governor of Puerto Rico
Members of the Senate and
Citizens of Puerto Rico

It is my pleasure to present the Annual Comprehensive Financial Report (Annual Report) of the Senate of the Commonwealth of Puerto Rico (hereinafter referred to as the "Senate") for the fiscal year ending June 30, 2025. The responsibility for both the accuracy of the presented data and the completeness of fairness of the presentation, including all disclosures, rests with management. The Office of Fiscal and Financial Affairs of the Secretary of Administration (Office) was in charge of preparing these financial statements and is responsible for the completeness and reliability of the information presented. To provide a reasonable basis for making these representations, the Office has established a comprehensive internal control framework designed to protect the Senate's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of this report in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). Because the cost of internal controls should not outweigh their benefits, the Senate's comprehensive framework of internal controls has been designated to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that the best of our knowledge and belief is that these financial statements are accurate and fairly stated in all material respects and presented in a manner designed to report the Senate's financial position, result of operations and changes in net position/fund balances.

The Annual Report is presented in three major sections that provide Introductory, Financial and Statistical information about the Senate. The Introductory Section includes this Transmittal Letter, a List of the Senators by District and At Large, Administrative Staff, Designated Committees and the Senate's Organization Charts. The Financial Section includes the Independent Auditor's Report, Basic Financial Statements, and Notes to the Basic Financial Statements and Required Supplementary Information. The Statistical Section, which is unaudited, includes selected financial and demographic information in the format of charts and graphs.

The Notes to the Basic Financial Statements are provided in the Financial Section and are considered essential for fair presentation and adequate disclosure. The notes include the summary of significant accounting policies for the Senate and other necessary disclosures of important matters relating to the financial position of the Senate. The notes are treated as an integral part of the financial statements and should be read in conjunction with them.

Generally accepted accounting principles (GAAP) require that management provide a narrative of introduction, overview and analysis to accompany the basic financial statements in the form of Management's Disclosures and Analysis (MD&A). This letter complements the MD&A and should be read in conjunction with it. The Senate's MD&A can be found in the Financial Section of this document, immediately following the Independent Auditor's Report.

REPORTING ENTITY

The legal entity of the Senate of Puerto Rico is the reporting entity for these financial statements. This includes all activities under the Senate such as administrative and opera•:ng functions conducted by the Senate. The Senate uses fund accounting to ensure that restricted sources of funds are properly used, and these financial statements contain the activities and positions both separately and combined.

PROFILE OF THE SENATE

The Jones Act of 1917 was passed by Congress for Puerto Rico. Said Act provided for a House of Representatives with 39 members elected by the people and create a Senate of 19 members who also be elected by the people of Puerto Rico. The elections, in which the people would continue to elect the Resident Commissioner of Puerto Rico in the United States (position created by Foraker Act of April 12, 1900), would be held every four years beginning in 1917.

The Constitution of the Commonwealth of Puerto Rico (hereafter referred to as the "Constitution"), with the approval of the people of Puerto Rico and the United States Congress, was enacted on July 25, 1952. The Constitution established the Legislative Power composed of the House of Representatives and the Senate organized by virtue of Article 3, Sections 1 to 2 of the Constitution. The Constitution establishes a republican form of government, and sets out three branches of government: Executive, Legislative and Judicial. The Legislative Branch enacts and approves all legislation; the Executive Branch executes the legislative mandate; and the Judicial Branch oversees the Puerto Rico Court System and construes the meaning of the Constitution and laws passed by the Legislative Assembly.

The Legislature's members are elected through direct votes in each general election. In this four-year term, the Senate comprises twenty-seven (27) Senators. For purposes of its members' election, Puerto Rico is divided into eight senatorial districts. Each district elects two (2) senators. In addition, the Senate has eleven senators at large. No elector can vote for more than one candidate to senators at large.

The Legislative Assembly is deemed a continuous body for the term for which its members are elected to meet in regular sessions each year commencing the second Monday of January. According to Act No. 9 of April 9, 1954, as amended, and Section 21.2 of the Resolution of the Senate No. 21 of January 15, 2013, the annual regular session of the Legislature is composed of two sessions, as follows:

A. The First Session begins on the second Monday of January and ends on June 30 of the same year; and

B. The Second Session begins on the third Monday of August and ends on Tuesday, preceding the third Tuesday of November. This Second Session shall not be held in years when general elections are to be held. During the 15 remaining weeks, the Committees shall continue working full time, and the prior approval of the President of the Senate and the Speaker of the House of Representatives shall be required to hold meetings outside of business days.

There are also extraordinary sessions that may be held on any date of the calendar year, except during the regular sessions. The Governor or the President of the Senate, as provided by the Constitution and Rules of the Senate, may convene an Extraordinary Session.

LEGISLATIVE PROCEEDING

The constitutional authority granted to the Legislative Assembly to enact its own legislation as well as to evaluate, through its committees and through public hearings, every bill introduced by citizens and the Executive Branch, for approval, amendment or rejection, highlights the leading role it plays in the general development of Puerto Rico. Following are the bills submitted by the Senators and approved during the Fiscal Year 2024-2025:

1. **Act No. 99 of July 10,2024 (Senate Bill No. 0644)**
   To establish the "Law for Tax Reform of the Public Corporation for the Supervision of Savings and Credit Cooperatives", in order to make viable the fiscal reforms of consensus in accordance with the Fiscal Plans certified by the Fiscal Oversight Board and in line with the public policy of advancing the development of the cooperative sector as a strategy for the socioeconomic progress of Puerto Rico; and for other related purposes.

2. **Act No. 101 of July 15, 2024 (Senate Bill No. 1400)**
   To amend Article 7.001 of Act 201-2003, as amended, known as the "Commonwealth of Puerto Rico Judiciary Act of 2003," to amend Articles 58 and 82 of Act 205-2004, as amended, known as the "Organic Law of the Department of Justice"; and amending Articles 277 and 283 of Act 210-2015, as amended, known as the "Real Estate Property Registry Act of the Commonwealth of Puerto Rico," in order to adjust the annual salary of the Judges of the General Court of Justice and use this structure to standardize the compensation scales applicable to district attorneys, assistant prosecutors, the attorney general, juvenile attorneys, family attorneys, the administrative director of the Land Registry and the property registrars of the Department of Justice, for the purpose of establishing adequate compensation to attract and retain qualified candidates; and for other related purposes.

3. **Act No.102 of July 15, 2024 (Senate Bill No. 0658)**
   To amend Section 7(B) of Article 8 of Act No. 115 of June 2, 1976, as amended, known as the "Law on the Board of Examiners of Electrical Experts", to increase the grace period from thirty (30) days to one hundred and twenty (120) days for filing an application for renewal of the expired Assistant Electrician License; as well as to establish as a transitory measure that any applicant whose license as an assistant electrician expired during the period from March 2020 to the date of the approval of this Law, may request its renewal during the term of sixty (60) days from the approval of this Law; and for other related purposes.

4. Act No. 104 of July 19, 2024 (Senate Bill No. 1460)
To amend Articles 1, 2, 4 and 6 of Law 56-2019, as amended, known as the "Law for the Extension of Appointments to Teachers with Provisional Transitional Status in categories of difficult recruitment and with Eligible Transitional Appointments in Any Academic Unit and Student Services Assistants (T1), Attached to the Associate Secretary of Special Education of the Puerto Rico Department of Education," in order to extend the period of implementation of this statute until the Fiscal Year 2026-2027; to allow teachers to obtain the requirements in academic certifications in all areas of difficult recruitment, which are necessary for students' academic offerings; to authorize the updating of any regulations necessary to fulfill said purpose; add the Student Services Assistants (T2) in the provisions of the Law to make some technical amendments; and for other related purposes.

5. Act No. 105 of July 23, 2024 (Senate Bill No. 1173)
To amend subsection (d) of Article 2 of Act 203-2007, as amended, known as the "Bill of Rights of the Puerto Rican Veteran of the Twenty-First Century", to include the "U.S. Space Force" in the definition of the Armed Forces of the United States of America, as established in the Act; and for other related purposes.

6. Act No.106 of July 23, 2024 (Senate Bill No. 1282)
To establish the "Law Against Discrimination on the Basis of Hair Styles"; establish public policy in Puerto Rico against racial discrimination against the various protective hairstyles and hair textures that are regularly associated with particular racial identities and national origin (including, but not limited to, tight rolls or curls, lacs, glued braids, twisted braids, braids, Bantu knots, and Afros) in the provision of public services, employment, education and housing, both in the public and private sectors; amend subsection (aa) of Article 3 of Act 45-1998, as amended, known as the "Puerto Rico Public Service Labor Relations Act"; amend subsection (35) of Article 3 and Section 6.3 of Article 6 of Act 8-2017, as amended, known as the "Act for the Administration and Transformation of Human Resources in the Government of Puerto Rico"; amend Articles 2,042, 2,048 and subsection 203 of Article 8,001 of Act 107-2020, as amended, known as the "Municipal Code of Puerto Rico"; amending Articles 1, 1-A, 2 and 2A of Law No. 100 of June 30, 1959; amend subsection (6), Article 8 of Act 90-2020, as amended, known as the "Act to prohibit and prevent workplace harassment in Puerto Rico"; amend subsections (a), (b), (c), (d), and (e) of Section 1 of Act No. 131 of May 13, 1943, as amended, known as the "Puerto Rico Civil Rights Act"; amend Article 9.01, subsection (g) of 9.02, and Article 11.01 of Act 85-2018, as amended, known as the "Puerto Rico Education Reform Act"; to order all agencies, instrumentalities, departments, public corporations of the Executive Branch, municipalities, the Legislative Branch, and the Judicial Branch to temper their personnel regulations to clearly state this public policy; and for other related purposes.

7. Act No.107 of July 23, 2024 (Senate Bill No. 1405)
To declare November 1 of each year as "Beginning of the Surfing Season Day in Puerto Rico", in order to recognize the importance of this Olympic sport and immortalize Jorge "Machuca" Figueroa Morales, and for other related purposes.

8. **Act No. 111 of July 24, 2024 (Senate Bill No. 1488)**
To amend Article 1(i) and Article 7(a) of Act No. 34 of June 11, 1957, as amended, known as the "Dairy Industry Regulation Act", in order to bring those subparagraphs into line with current dairy industry market trends, and for other related purposes.

9. **Act No. 120 of July 30, 2024 (Senate Bill No. 1002)**
To renumber the current Sections (6) and (7) as Sections (5) and (6), respectively, and to add a new Section (7) to Article 3(b) of Law No. 147 of June 18, 1980, as amended, better known as the "Organic Law of the Office of Management and Budget"; amend Article 37 and Article 46 of the Political Code of 1902, as amended, in order to add among the powers and duties of the Office of Management and Budget to create within its organizational structure, the Miguel J. Rodrfguez Fernandez Budget and Management Library, which in turn, will establish a virtual library with the technical support of the "Puerto Rico Innovation and Technology Services", as well as provide that the Secretary of State, by agreement with the Director of the Office of Management and Budget, shall digitally distribute the laws and joint resolutions immediately upon their passage, signed by the Governor, to said library; and for other related purposes.

10. **Act No. 121 of July 30, 2024 (Senate Bill No. 1303)**
To declare the last week of August of each year, as the "Week of Community Health Promoters"; to declare that August 30 of each year is specifically recognized as the "Day of the Community Health Promoter"; direct the Department of Health to coordinate with the Department of State, Department of the Family, Department of Education, Department of Housing, the Public Housing Administration, the Office of Socioeconomic and Community Development, and other agencies or collectives that group, employ, or engage with the community health promoter population, commemorative events, in order to recognize the work carried out by community health promoters as front-line public health workers, being liaison and facilitators between social services, health and the community; and for other related purposes.

11. **Act No. 123 of August 02, 2024 (Senate Bill No. 0738)**
To amend Article 88 of Act 146-2012, as amended, known as the "Penal Code of Puerto Rico", in order to include the crime of perjury among the crimes that do not prescribe when its commission contributes to the conviction of a defendant for any serious or less serious crime that carries a felony penalty.

12. **Act No.125 of August 05, 2024 (Senate Bill No.1395)**
To establish the "Law of the Natural Reserve The Underwater Gardens of Vega Baja and Manatf", designate the coastal coastline located in the Municipalities of Vega Baja and Manatf with that name; delimit the total area of the reserve, for the conservation of its biodiversity and its proper management; to order the Department of Natural and Environmental Resources and entities involved to design and structure a management plan for the Reserve; to have the application of laws and regulations related to the administration and uses of this Reserve; authorize the Department of Natural and Environmental Resources to enter into collaborative management agreements with those governmental entities, non-profit, community, and academic nongovernmental organizations for the joint management of the

reserve; on annual reports to the Legislative Assembly (this is understood if the Assembly allocates funds, since if these come from entities or agencies, the reports are submitted to the corresponding entity); to allocate funds for the implementation of the provisions of this Law; and for other related purposes.

13. **Act No. 126 of August 05, 2024 (Senate Bill No. 1360)**
To amend subsection (d) of Article 4.07 of Act 20-2017, as amended, known as the "Puerto Rico Department of Public Safety Act," to include the municipal offices for Emergency Management and Disaster Management and the municipal Emergency Medical Corps, in the dependencies that the call center must consider when distributing incidents that are reported to it through the call center attached to the 9-1-1 Emergency Systems Bureau, as long as these municipalities have an agreement or collaborative agreement with the Department of Public Safety or with the 9-1-1 Emergency System Bureau for such purposes; and for other related purposes.

14. **Act No.127 of August 05, 2024 (Senate Bill No. 1177)**
To amend Article 2 of Act No. 140 of 23 July 1974, as amended, known as the "Law on Disputes and Provisional Statuses of Law", for the purpose of granting the Court of First Instance jurisdiction to settle disputes concerning the possession of property owned, or in the name, of one of the members of a marital relationship or an affective relationship - whether or not it is extinguished; to make technical clarifications and amendments; and for other related purposes.

15. **Act No. 128 of August 06, 2024 (Senate Bill No. 0368)**
To amend Article 2 of Act 49-2003, as amended, also known as the "Act to Establish Public Policy on Flood Prevention, Conservation of Rivers and Streams, and Dedication to Public Use of Green Strips in Puerto Rico," to establish a term of thirty (30) business days for the issuance by the Department of Natural and Environmental Resources of authorization to municipalities for cleanup, channeling and carrying out works for flood control, and that if not issued within that term it will be understood to be tacitly authorized; and for other related purposes.

16. **Act No. 129 of August 06, 2024 (Senate Bill No. 0833)**
To create the "Municipal Boarding School Law", attached to the municipalities of the Commonwealth of Puerto Rico.

17. **Act No. 130 of August 07, 2024 (Senate Bill No.1085)**
To amend Articles 3, 4, 6, 8, 9, 11, 15, 17, 18, 19 and 20 of Law 121-2019, as amended, better known as the "Bill of Rights and Public Policy of the Government in favor of the Elderly", in order to expand the responsibility imposed on family members, legal guardians or persons responsible for the abandonment of older adults in medical-hospital institutions; and for other purposes.

18. **Act No.132 of August 07, 2024 (Senate Bill No. 0264)**
To create the "Law to Regulate the Practice of Athletic Therapeutics and Regulate the Profession of Athletic Therapists," to create the Athletic Therapeutics Examining Board; to

define their functions, duties and powers; to establish everything related to the issuance of licenses; establish penalties; and for other purposes.

19. **Act No. 133 of August 07, 2024 (Senate Bill No. 1194)**
To establish the "Law for the Prevention and Protection Against Sexual Harassment and Harassment in Sports in Puerto Rico"; to establish duties and responsibilities to the Central Government and sports entities for compliance with the Law; and for other related purposes.

20. **Act No. 134 of August 8, 2024 (Senate Bill No. 0546)**
To amend Article 6 of Law 45-2016, as amended, to incorporate a technical amendment in its transitional provisions for the purpose of clarifying the classification of HIV and confirming the reporting period to the Department of Health, and for other related purposes.

21. **Act No. 135 of August 8, 2024 (Senate Bill No. 0740)**
To add a new subsection (d) to Article 8 of Act 284-1999, as amended, known as the "Anti-Stalking Act in Puerto Rico"; and to amend Article 2.6 of Act No. 54 of August 15, 1989, as amended, known as the "Domestic Violence Prevention and Intervention Act", to give the Court the power to include in Protection Orders a minimum circumferential distance of fifty (50) meters between the petitioner and the petitioner; to renumber the subsequent paragraphs of Article 8 of Law 284-1999; and for other related purposes.

22. **Act No. 135 of August 8, 2024 (Senate Bill No. 0740)**
To add a new subsection (d) to Article 8 of Act 284-1999, as amended, known as the "Anti-Stalking Act in Puerto Rico"; and to amend Article 2.6 of Act No. 54 of August 15, 1989, as amended, known as the "Domestic Violence Prevention and Intervention Act", to give the Court the power to include in Protection Orders a minimum circumferential distance of fifty (50) meters between the petitioner and the petitioner; to renumber the subsequent paragraphs of Article 8 of Law 284-1999; and for other related purposes.

23. **Act No. 137 of August 8, 2024 (Senate Bill No. 0944)**
To amend Article 239 of Act 146-2012, as amended, known as the "Penal Code of Puerto Rico", in order to expand the prohibition against the improper notification of false alarms through any emergency system, in such a way as to include any type of conduct that causes the mobilization of public safety authorities to attend to the alleged emergency or need for rescue; and for other related purposes.

24. **Act No. 138 of August 8, 2024 (Senate Bill No. 0945)**
To amend Article 5.14 of Act 20-2017, as amended, known as the "Puerto Rico Department of Public Safety Act," in order to extend the scope of the penalties and elements of the offense associated with the prohibition of providing false information about a general or individual state of emergency and for other purposes.

25. **Act No. 139 of August 8, 2024 (Senate Bill No. 0953)**
To amend Article 11 of Act No. 8 of August 5, 1987, as amended, known as the "Vehicle Property Protection Act," to include within the functions of the Puerto Rico Police Bureau, in

coordination with the Department of Transportation and Public Works and the Puerto Rico Technology and Innovation Service (PRITS), the development of a Stolen Vehicle Registry for the use of citizenship through the Internet and mobile application; and for other purposes.

26. **Act No. 140 of August 8, 2024 (Senate Bill No.1258)**
To amend subsection (d) of Article 7,035 of Act 107-2020, as amended, known as the "Municipal Code of Puerto Rico", in order to prohibit the denial or revocation of the tax exemption to real property dedicated to residential purposes for the sole fact that the owner or his family temporarily moves or spends the night away from the exempted property for the purpose of assisting or caring for a family member affected by a critical illness requiring assistance or care, or for a disabling condition requiring assistance and care; recognize the same right when the family member in need of assistance and care has to move outside the property he or she owns; and for other related purposes.

27. **Act No.141 of August 8, 2024 (Senate Bill No. 1436)**
To amend Article 2,035 of Act 107-2020, as amended and known as the "Municipal Code of Puerto Rico", in order to increase from two hundred thousand (200,000) to five hundred thousand (500,000) dollars the amount necessary as a requirement to hold a public auction in any construction or public improvement work by contract; exempt from the public auction process any contract that does not exceed one million (1,000,000) dollars, provided that there is a declaration of emergency, made by the Mayor in accordance with the Municipal Code or by the Governor of Puerto Rico or by the President of the United States; provide that when the contract exceeds one million (1,000,000) dollars, it must comply with the provisions of Article 2,040 (e) of the Municipal Code; and for other related purposes.

28. **Act No.142 of August 8, 2024 (Senate Bill No. 1443)**
To demarcate the territorial extension that includes the municipalities of Aibonito, Arroyo, Barranquitas, Cayey, Cidra, Coamo, Comerfo, Corozal, Guayama, Juana Dfaz, Santa Isabel, Naranjito, Orocovis, Salinas and Villalba as "Sea and Land Gastronomic, Tourist and Cultural Route" and to order the Tourism Company to develop marketing, promotion and support plans for said area; and for other related purposes.

29. **Act No. 144 of August 9, 2024 (Senate Bill No. 0207)**
To add new Articles 2.09 and 2.1O and to renumber the current Articles 2.09, 2.10, 2.11, 2.12, 2.12(a), 2.12(b), 2.12(c), 2.12(d), 2.12(e), 2.12(f), 2.13, 2.14, 2.15 and 2.16 as Articles 2.13, 2.14, 2.15, 2.16, 2.17, 2.18, 2.19, 2.20, 2.21, 2.22, 2.23 and 2.24, respectively, to Act 85-2018, as amended, known as the "Puerto Rico Education Reform Act," to clearly and precisely establish the rights, duties, and responsibilities of teacher facilitators; and for other related purposes.

30. **Act No. 145 of August 9, 2024 (Senate Bill No. 0419)**
To amend Article 2.1 of Act No. 54 of 15 August 1989, as amended, known as the "Law for the Prevention and Intervention of Domestic Violence"; add a new subsection (f) to Article 6 of Act 284-1999, as amended, known as the "Anti-Stalking Act in Puerto Rico" in order to provide that upon a court's determination of cause or no cause to issue a protective order under

α

these laws, the parties shall be notified in writing, the findings of fact and conclusions of law that give rise to such determination.

31. **Act No. 146 of August 9, 2024 (Senate Bill No. 1091)**
To amend Article 1; subparagraphs (a), (b), (e) and (f) of Article 2; subparagraphs (a) and (b) of Article 3; and Articles 4 and 6 of Act 313-2000, as amended, known as the "Puerto Rican Veterans Rental Subsidy Program," to amend the title of the law; modify definitions of several terms; guaranteeing a minimum subsidy to all residents of the Veteran's House; to clarify the power of the Veteran's Ombudsman to adopt regulations; to clarify and expand the power of the Veteran's Ombudsman to dispose of surpluses in the Housing Rental Subsidy Fund; update the statutory reference to the Uniform Administrative Procedure Act; clarify language regarding the reporting obligation under the law; and for other related purposes.

32. **Act No. 147 of August 9, 2024 (Senate Bill No. 1199)**
To establish the new "Puerto Rico Arbitration Law", for the purpose of updating Puerto Rican law governing arbitral proceedings when the parties do not choose a particular arbitration organization or, if one has been chosen, to serve as a complement to the rules of the chosen organization; to repeal Act No. 376 of May 8, 1951, as amended, known as the "Puerto Rico Commercial Arbitration Act"; repeal Law 10-2012, known as the "International Commercial Arbitration Law in Puerto Rico"; and for other related purposes.

33. **Act No.148 of August 9, 2024 (Senate Bill No. 1307)**
To establish the new "Federal Lien Registration Act", in order to update Puerto Rican law governing commercial transactions, eliminate duplication of registration, and for other related purposes.

34. **Act No.149 of August 12, 2024 (Senate Bill No. 0571)**
To amend Articles 1, 2, 3, 4, 5 and 6 of Law 293-2004, known as the "Culebra Permanent Fund for Environmental Preservation Act", in order to include the Municipality ofVieques as part of the participants of the Permanent Fund; and for other legal purposes.

35. **Act No. 150 of August 12, 2024 (Senate Bill No. 0697)**
To amend Articles 1157 and 1318 of Law 55-2020, as amended, known as the "Civil Code of Puerto Rico", for the purpose of making a technical amendment that allows the most effective implementation of the legal terms related to legitimate heirs, and for other related purposes.

36. **Act No.151 of August 12, 2024 (Senate Bill No. 0842)**
To add a new subsection (a) and renumber the subsequent ones, amend the current subsection (r) and add a new subsection (u) to Article 2; amend subsections (c) and (e) of Article 6; add a new subsection (d), renumber the subsequent ones, delete subsection (g) and amend the current subsections (b) and (e) of Article 27; add a new Article 31; and renumber the current Article 31 as Article 32 of Act 296-2002, as amended, known as the "Puerto Rico Anatomical Donations Act," for the purpose of expediting the process to authorize the donation of the body or part of the body of a deceased person by their relatives; to give greater stability to the Donor Registry; and for other related purposes.

37. **Act No. 153 of August 12, 2024 (Senate Bill No.1444)**
To amend Section 3.19 of Act 38-2017, as amended, known as the "Uniform Administrative Procedure Act of the Government of Puerto Rico"; and Articles 4, 64 and 66 of Act 73-2019, as amended, known as the "General Services Administration Act for the Centralization of Government Purchases of Puerto Rico of 2019", for the purpose of reconciling the terms of review as established in Act 48-2024; and for other related purposes.

38. **Act No. 157 of August 13, 2024 (Senate Bill No. 0516)**
To amend Rule 72 of the Rules of Criminal Procedure of 1963, as amended, in order to align its content with the provisions of Law 168-2019, known as the "Puerto Rico Weapons Law of 2020".

39. **Act No.158 of August 13, 2024 (Senate Bill No. 0547)**
To designate June 27 of each year as "National HIV Testing Day"; and for other related purposes.

40. **Act No. 159 of August 13, 2024 (Senate Bill No. 0724)**
To amend Articles 1.3 and 2.2 of Act 81-2019, as amended, known as the "Puerto Rico Government Gaming Commission Act", for the purpose of creating the figure of "Gaming Agent" with the convenient and necessary powers to carry out its supervisory role, designating it as a law enforcement agent; to amend Article 1.02 of Act 168-2019, known as the "Puerto Rico Weapons Act of 2020" and Article 4 of Act 144-2020, known as the "Law to Unify the Functions of Law Enforcement Agents in Puerto Rico in the Case of a Declaration of Emergency or Disaster", in order to align the aforementioned laws with this Act; and for other related purposes.

41. **Act No. 160 of August 13, 2024 (Senate Bill No. 0992)**
To amend Section 1031.01 (b)(10)(A)(iii) of Subchapter A of Chapter 3 of Act 1-2011, as amended, known as the "Puerto Rico Internal Revenue Code of 2011", for the purpose of excluding from gross income the total amount of any debt forgiven for student loans by the Government of the United States of America, and for other related purposes.

42. **Act No. 161 of August 13, 2024 (Senate Bill No. 1163)**
To create the "Law to create the Special License for Volunteers and Community Leaders"; to establish requirements; and for other related purposes.

43. **Act No. 162 of August 13, 2024 (Senate Bill No. 1286)**
To add a new Article 8 and renumber the current Articles 8 and 9 as the new Articles 9 and 10 of Law 184-2012, as amended, known as the "Law for Compulsory Mediation and Preservation of Your Home in the Processes of Foreclosure of a Primary Residence," for the purpose of promoting a better and greater collection and publication of statistical information on cases referred to compulsory mediation; and for other related purposes.

44. **Act No. 163 of August 13, 2024 (Senate Bill No. 1131)**
To create the "Law for the Protection, Safety, Integration, Well-being and Comprehensive Development of Persons with Autism Spectrum Disorders," for the purpose of establishing

the public policy and the necessary legal framework in the Government of the Commonwealth of Puerto Rico where all those mechanisms and services essential for the comprehensive development and the best well-being of these persons are promoted; to establish the responsibilities of Government Entities, to guarantee the continuity of all existing programs, registries, systems, information centers, evaluation instruments, committees and other services related to persons with Autism Spectrum Disorders; to promote the identification, diagnosis and early intervention throughout the life cycle of these persons and to provide support for their families; to provide for specialized continuing education for professionals and other personnel who work with these persons; to guarantee the continuity of medical coverage for this population; to guarantee the continuity of the Steering Committee and to establish a new name, duties, functions and responsibilities to promote and facilitate the enactment of this public policy, as well as its implementation; to establish penalties for noncompliance with the provisions of this Law; to repeal Law 220-2012, as amended, known as the "Law for the Welfare, Integration and Development of Persons with Autism"; and for other related purposes.

45. **Act No. 164 of August 15, 2024 (Senate Bill No. 1155)**
To create the "Hospital Education Act", for the purpose of establishing an educational program that supports students suffering from illnesses, including chronic diseases, traumas, or presenting conditions and impairments that require prolonged treatments, allowing the continuity of their studies and reintegration into the school system; to provide for the rights and responsibilities of students who are receiving medical-hospital health services in Puerto Rico; and for other related purposes.

46. **Act No. 165 of August 15, 2024 (Senate Bill No.1399)**
To amend Articles 3, 4, 5, 6, and 7 of Law 275-2012, as amended, known as the "Cancer Patients and Survivors Bill of Rights," in order to safeguard the right of patients to access information and documents contained in their health record; establish protections for patients during their medical treatment; increase the amount of fines to be imposed for noncompliance with this Law; and empower the Office of the Patient Advocate and the Office of the Insurance Commissioner to handle complaints and impose fines; in addition to establishing regulations, either individually or jointly; and for other related purposes.

47. **Act No. 173 of August 26, 2024 (Senate Bill No.1100)**
To add a new sub-section 68 to section b. of Article 2.04 of Law 85-2018, as amended, known as the "Puerto Rico Education Reform Act", for the purpose of including among the powers and duties of the Secretary the establishment of programs, activities and modules adapted for the elementary, intermediate and higher levels on the care, responsibility and protection of animals, which will include, without being understood as a limitation, guiding the students on the current legal framework on this important matter, in particular Law 154-2008, as amended, known as the "Animal Welfare and Protection Act", as well as the authority to enter into specific collaborative agreements with the Federal or Local Government, departments, agencies, municipalities, private, community or professional entities and organizations, among others and order the development of an information and dissemination campaign on this program; and for other related purposes.

48. **Act No. 3 of April 9, 2025 (Senate Bill No. 0031)**
Effective Date: 04/09/2025
To amend Article 19 of Act No. 81 of March 14, 1912, as amended, known as the "Organic Law of the Department of Health," to amend Article 7 of Act No. 41 of August 5, 1991, as amended, known as the "Act to Regulate the Relationship between the Department of State and the Attached Boards of Examinations" and to amend Article 8 of Act No. 254 of July 27, 1991, 1974, as amended, known as the "Act to Authorize the Police of Puerto Rico to Issue Criminal Record Certificates," in order to establish specific provisions on the use and application for the criminal record certificate to practice certain professions in Puerto Rico, in such a way as to continue to promote the rehabilitation of persons convicted of having committed a crime in our jurisdiction, as well as inserting processes electronically, in accordance with the procedures established by the Puerto Rico Innovation and Technology Service (PRITS}, under Act 75-2019; and for other related purposes.

49. **Act No. 4 of April 9, 2025 (Senate Bill No. 0215)**
To declare January 22 of each year as "Women's Aviation Day", in honor of Olga Esther Nevarez Nieves de Custodio, who was an outstanding captain for American Airlines and lieutenant colonel of the United States Air Force Reserve, and for other related purposes.

50. **Act No. 5 of April 11, 2025 (Senate Bill No. 0085)**
To amend Articles 1.3, 2.1, 3.3 and 3.6 of Act No. 54 of 15 August 1989, as amended, known as the "Law for the Prevention and Intervention of Domestic Violence", in order to include the threat of mistreatment of the animal or pet within the criminal conduct; make technical amendments; and for other related purposes.

51. **Act No. 10 of April 11, 2025 (Senate Bill No. 0004)**
To create and adopt the "Law on the Integration of Values and Ethics", for the purpose of developing, implementing and integrating into the educational curriculum of the Department of Education, principles of values and ethics, to promote respect and equity among people; and for other related purposes.

52. **Act No. 12 of April 11, 2025 (Senate Bill No. 0013)**
To amend Article 7,137 of Act 107-2020, as amended, known as the "Municipal Code of Puerto Rico", in order to extend the term for submitting audited financial statements and other documents prepared by authorized public accountants while keeping unchanged the date for filing the tax return on personal property; and for other related purposes.

53. **Act No. 13 of April 11, 2025 (Senate Bill No. 0386)**
To amend Section 1051.06 of Act 1-2011, as amended, known as the "Internal Revenue Code for a New Puerto Rico," in order to reinstate the Credit for Donations to the Santa Catalina Palace Foundation, and for other related purposes.

54. **Act No. 14 of April 13, 2025 (Senate Bill No. 0001)**
To establish the "Law of the Fundamental Right to Religious Freedom in Puerto Rico"; amend Article 5 of Act No. 25 of September 25, 1983, as amended, known as the "Law on Compulsory Immunizations for Preschool Children and Students in the Commonwealth of

Puerto Rico" to recognize that the religious freedom exception may not be revoked unless there is informed consent from the parents; that constitutional protections of religious freedom will not be conditional on receiving state or federal aid to pursue studies in Puerto Rico's private schools or colleges; that the state may not impose penalties including fines or imprisonment on any parent or legal guardian who, on the basis of his or her religious freedom, chooses not to vaccinate his or her children; to add a new section Sa to Act No. 25 of September 25, 1983, as amended, to require that in the process of immunization of any student to be admitted or enrolled in a school or Social Treatment Center, the parent or legal guardian be provided with the data containing the compounds of each of the vaccines, the benefits, side effects, and adverse effects in the short, medium, and long term so that the parent or legal guardian can decide which vaccine or vaccines their child will receive and for other related matters; repeal Law 95-2024, known as the "Law on Religious Freedom of Students in the Public Education System"; and for other related purposes.

55. Act No.16 of May 14, 2025 (Senate Bill No. 0044)
To add Section 3.2-A to Act 38-2017, as amended, known as the "Uniform Administrative Procedure Act of the Government of Puerto Rico", for the purpose of providing that complaints, petitions or requests, as well as notifications in adjudicative proceedings, may be made by email or any other electronic means accessible to the citizenry, being considered as documents certified by the agency that receives or issues them, respectively; require agencies to take the appropriate measures to enable the implementation of the necessary mechanisms for the use of technology in adjudicative processes; and for other related purposes.

56. Act No. 17 of May 14, 2025 (Senate Bill No. 0092)
To amend Articles 3, 8 and 11 of Law 121-2019, as amended, known as the "Bill of Rights and the Government's Public Policy in favor of the Elderly", in order to make technical amendments and shape the language in Laws 130-2024 and 195-2024, and for other related purposes.

57. Act No.18 of May 14, 2025 (Senate Bill No. 0449)
To amend Articles 4 and 5 of Act No. 20-2001, as amended, known as the "Law on the Office of the Women's Advocate", in order to establish a clear framework for the handling of permanent vacancies in the post of Women's Advocate; and for other related purposes.

58. Act No. 19 of May 14, 2025 (Senate Bill No. 0065)
To amend Article 10.05 of Act 22-2000, as amended, known as the "Puerto Rico Vehicle and Transit Law", for the purpose of extending the term of renewal of permits or certifications for the use of tints on the windshield and glass windows in its motor vehicles to a term of five (5) years from the date of issuance of the certification; to have the process of renewing the exemption from the certification for people with persistent or permanent clinical conditions; make technical amendments to the language; and for other related purposes.

59. Act No. 21 of June 02, 2025 (Senate Bill No. 0432)
To amend Article 2.006 of Act 201-2003, as amended, known as the "Commonwealth of Puerto Rico Judiciary Act of 2003" to require that it be an inherent part of the judicial

X

education system, to offer training on the subject of Domestic Violence to all judges of the General Court of Justice and that the training be offered at least two (2) times a year by the Office the Women's Ombudsman; and for other related purposes.

60. **Act No. 28 of June 23, 2025 (Senate Bill No. 0049)**
To amend Article 1,050 of Act 107-2020, as amended, known as the "Municipal Code of Puerto Rico", in order to temper said Article with the provisions of Article 2,040 of the same Code, which allows the notification of the award of an auction to certified bidders by email, and for other related purposes.

61. **Act No. 33 of June 30, 2025 (Senate Bill No. 0466)**
To create the "Youth Now Committee Act", attached to the Youth Development Program of the Department of Economic Development and Commerce, in order to encourage the active participation of youth in the design, development and evaluation of programs and proposals of the Government of Puerto Rico that benefit this population; add a new Article 12A to Act 171-2014, as amended, known as the "Act to Establish the Film Industry Development Program, the Youth Development Program, and the Puerto Rico Workforce Development and Training Program within the Department of Economic Development and Commerce," to create the "Youth Committee Now," to establish its functions and to temper the provisions of Law 171-2014 to the provisions of this Law; and for other related purposes.

62. **Act No. 34 of June 30, 2025 (Senate Bill No. 0459)**
To amend subsection (k) of Section 1 and Section 3 of Act No. 40 of May 1, 1945, as amended, known as the "Puerto Rico Aqueduct and Sewer Act," in order to reconstitute the members of the Board of Governors of the Puerto Rico Aqueduct and Sewer Authority; to clarify the scope of absolute prohibitions on officers or executive officers by reason of their position; make technical amendments; and other related purposes.

ECONOMIC CONDITIONS AND OUTLOOK

Puerto Rico's economy is closely linked to the United States' economy, as most of the external factors that affect the local economy are determined by the implemented policies and the performance of the mainland economy. These external factors include exports, direct investment, Federal transfer payments, level of interest rates, rate of inflation, and tourism expenditures.

During fiscal year 2023, the EDB-EAI, s. a. increased by 2.4% when compared to fiscal year 2022, and advanced by 2.9% during fiscal year 2024. But for the period of July-February of fiscal year 2025, it declined by 0.7%. Moreover, an increment of 3.0% was registered during calendar year 2023, after a 3.1% growth during calendar year 2022. Similarly, for calendar 2024, it grew by 0.6% when compared to calendar year 2023.

Total non-farm payroll employment, s. a. averaged 963,200 jobs in February, 961,400 jobs in January, and 941,200 in December, which means an expansion of 0.2% and 2.2% for February and January, respectively, while December showed a decrease of 1.5% on a month-over-month basis. The annual increment was 1.2%, 1.1%, and -1.0%, in that order.

Electric power generation, s. a. for February 2025 totaled 1,558.0 million kWh, for January 1,548.8 million kWh, and for December 1,559.9 million kWh. These results showed an upturn of 0.6% for February and declines of 0.7% and 0.4% for January and December, respectively, on a month-over-month basis. The year-over-year results were an increase of 0.2% in February, a decrease of 2.3% in January, and no change in December.

The preliminary estimate for gasoline consumption, s. a., in February 2025 totaled 71.2 million gallons, showing a decline of 2.0% from January. For January, it totaled 72.7 million gallons, and for December totaled 70.7 million gallons, which represented increases of 2.8% and 4.2%, respectively, when compared to the previous month. It fell by 11.0% in February and by 7.5% in January and December when compared to the same month of the previous year.

Cement sales, s. a. totaled 1.27 million 94-lb bags for February 2025, with an advance of 1.1% compared with January 2025; totaled 1.25 million 94-lb bags for January 2025, with a 2.6% growth compared to December 2024; and totaled 1.22 million 94-lb bags for December 2024, with an increment of 3.7% compared to November 2024. These results represent a year-on-year growth of 17.8% for February, a reduction of 2.0% for January, and an increase of 1.5% for December.

BUDGET AND FISCAL POLICY

The Required Supplementary Information section includes Budget to Actual comparison schedule for the General Fund. The Senate's budgeting process is described in the Notes to the Schedule of Revenues and Expenditures - Budget to Actual - General Fund - Non-GAAP Budgetary Basis. This schedule presents the fund's original budget, final budget, actual expenditures incurred on a budgetary basis, and the variance between the final budget and actual expenditures incurred. The adopted budget provides legal control over spending.

The fiscal year of the three branches of the Commonwealth of Puerto Rico begins every July 1 and ends on June 30 of the following year. Each legislative body is exempted by law from submitting a request to the Office of Management and Budget of the Commonwealth (0MB), as the Governor is supposed to recommend the same budgetary appropriations as the current fiscal year. The Senate's annual budget includes an estimate of operating expenditures for its legislative and administrative functions. The Legislative Assembly is responsible for any variations in the budget allocations of each legislative body. Any unreserved balance is available to cover non-recurring expenditure for a three-year period, according to Act No. 230 of July 23, 1974, as amended.

INTERNAL CONTROLS

Management of the Senate is responsible for establishing and maintaining internal controls to ensure that the Senate's assets are protected from loss, theft or misuse, and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with U.S. general accepted accounting principles. The internal control structure is designed to provide reasonable, rather than absolute, assurance that these objectives are met.

The Senate maintains extensive budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Legislative Assembly, Senate's rules and regulations and administrative orders. The general fund activities are included in the annual appropriate budget. Budgetary control for the legislative functions resides at the level of the office of each senator. However, regarding **administrative** offices, control is exercised at the administration level. The Senate also maintains an encumbrance accounting system as a method of upholding budgetary control.

INDEPENDENT AUDIT OF THESE FINANCIAL STATEMENTS

Commonwealth statutes require an annual audit of the Senate's financial reports by an independent certified public accountant firm. Aquino, De Cordova, LLC, an independent certified public accounting firm, performed an independent audit of the Senate's basic financial statements, for the fiscal year ended June 30, 2025. The auditors have issued unmodified opinions, the most favorable outcome of the audit process. The audit described in the auditor's report is not intended to meet all requirements of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards rule (commonly called "Uniform Guidance") implemented in December 2014. Rather, the Uniform Guidance Audit Report for the Senate is issued under separate cover. The Goal of an independent audit is to provide reasonable assurance that the financial statements of the Senate are fairly stated in all material respects in accordance with U.S. generally accepted accounting principles. The Independent Auditors' Report on the basic financial statements is included in the Financial Section of this report.

ACKNOWLEDGMENTS

This preparation of this report would not have been accomplished without the professionalism and dedication of the Director and personnel of the Fiscal and Financial Affairs Office of the Secretary of Administration of the Senate, as well as other officers of the Senate. Their dedicated efforts are sincerely appreciated. This report reflects their collective efforts and is issued in compliance with the highest standards of financial accountability. We welcome inquiries concerning the report and the finances of the Senate of Puerto Rico.

Respectfully submitted,

Thomas Rivera Schatz

This page was intentionally left blank.

	NAME	DISTRICT
	Hon. Juan Oscar Morales Rodríguez	San Juan I
	Hon. Nitza Moran Trinidad	San Juan I
	Hon. Carmelo J. Ríos Santiago	Bayamón II

	NAME	DISTRICT
	Hon. Migdalia Padilla Alvelo	Bayamón II
	Hon. Brenda Pérez Soto	Arecibo III
	Hon. Héctor G. González López	Arecibo III

	NAME	DISTRICT
	Hon. Karen M. Román Rodríguez	Mayagüez IV
	Hon. Jeison Rosa Ramos	Mayagüez IV
	Hon. Jamie Barlucea Rodríguez	Ponce V

	NAME	DISTRICT
	Hon. Marially González Huertas	Ponce V
	Hon. Wilmer Reyes Berríos	Guayama VI
	Hon. Rafael Santos Ortiz	Guayama VI

	NAME	DISTRICT
	Hon. Luis Daniel Colón La Santa	Humacao VII
	Hon. Wanda Soto Tolentino	Humacao VII
	Hon. Héctor Joaquín Sánchez Ávarez	Carolina VIII

	NAME	DISTRICT
	Hon. Marissa Jiménez Santoni	Carolina VIII

Hon. Thomas Rivera Schatz
President of the Senate

Hon. Gregorio B. Matías Rosario

Hon. Roxanna I. Soto Aguilú

Hon. María De Lourdes Santiago Negrón

Hon. Ángel A. Toledo López

Hon. Luis Javier Hernández Ortiz

Hon. José Luis Dalmau Santiago

Hon. Eliezer Molina Pérez

Hon. Ada Álvarez Conde

Hon. José A. Santiago Rivera

Hon. Joanne M. Rodríguez Veve

Administrative Staff

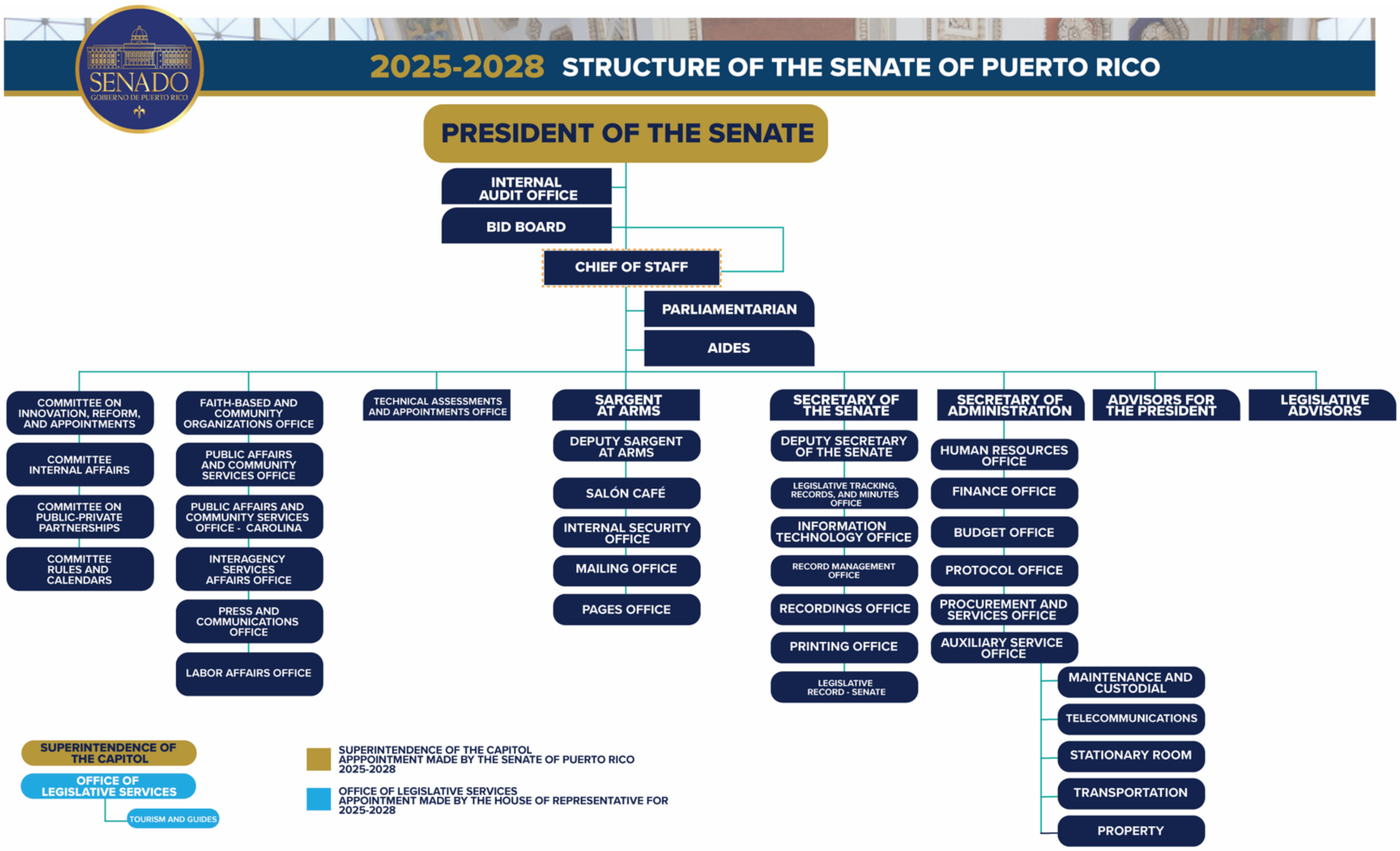
Javier Carrasquillo Cruz-Secretary of Administration

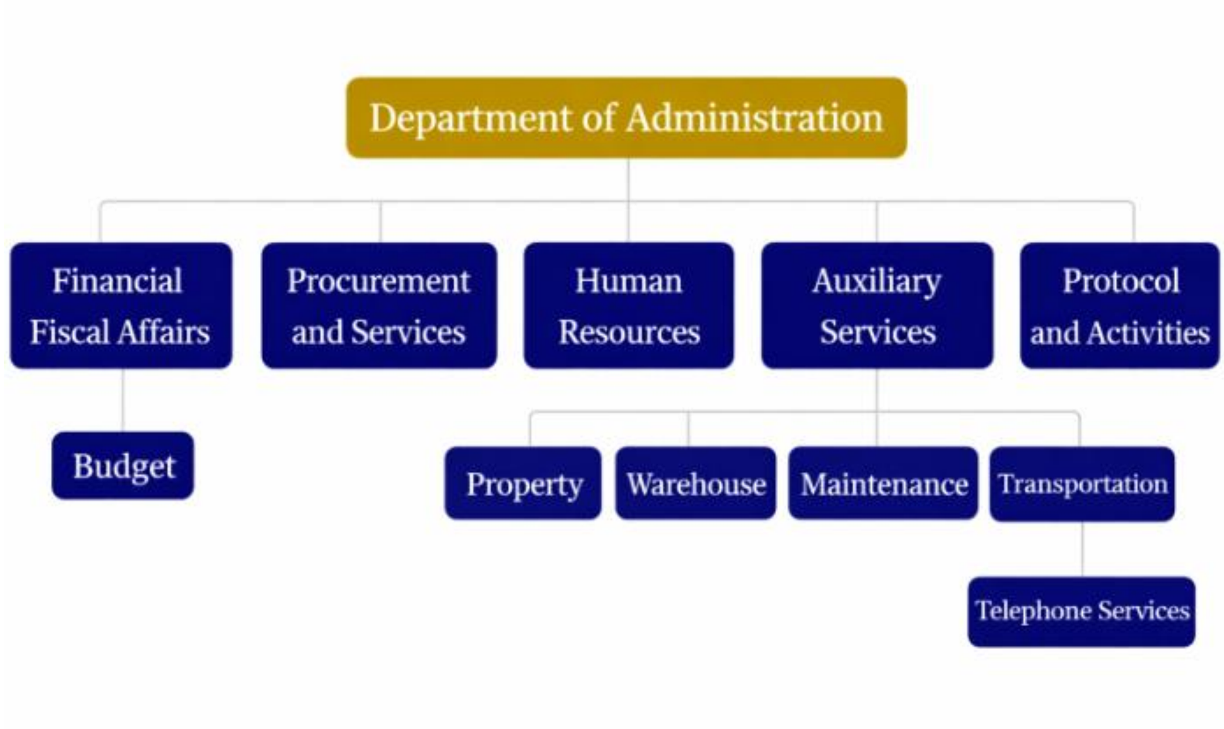
Manuel L. Velez Lacomba-Chief Seargent of Arms

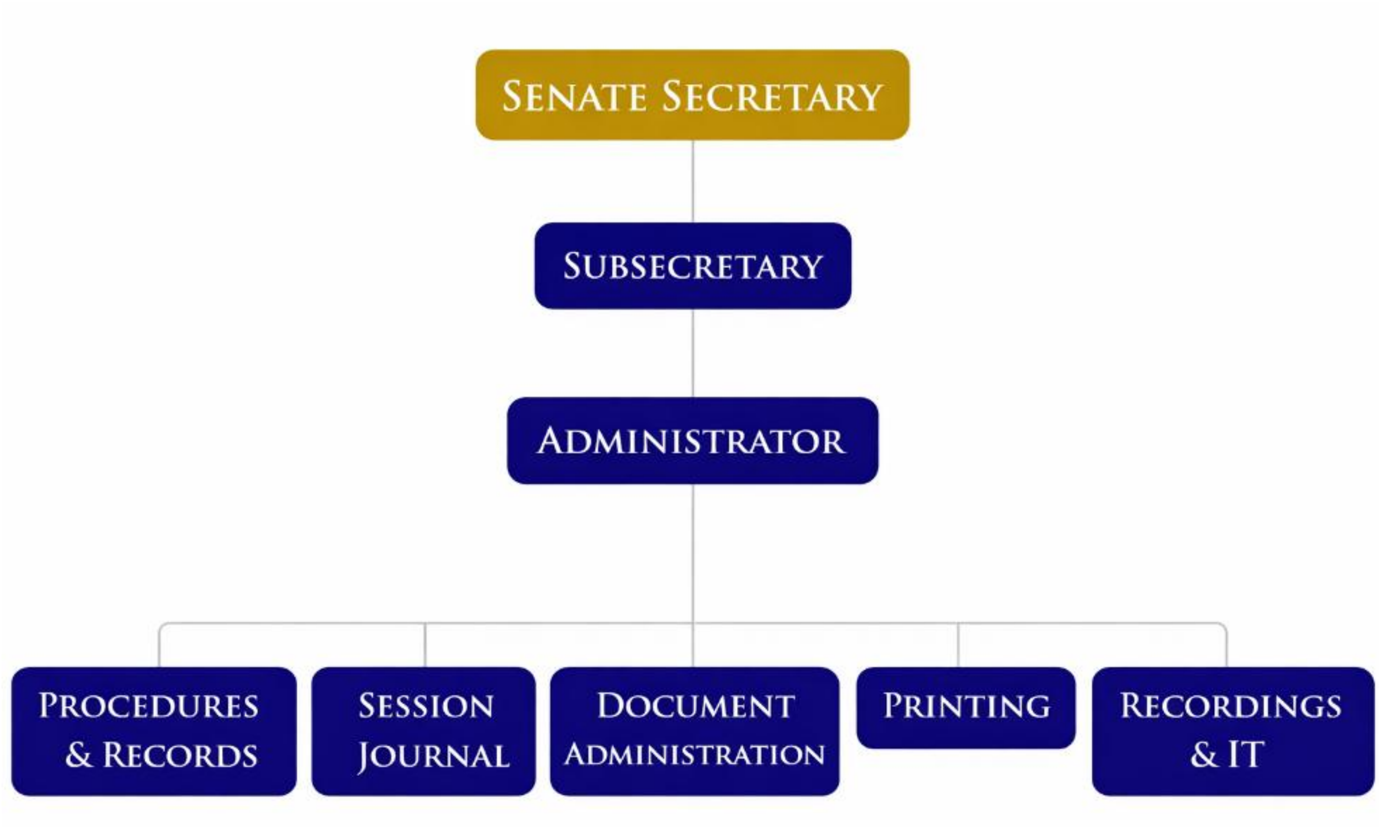
Carmen Velez-Director of Fiscal and Financial Affairs

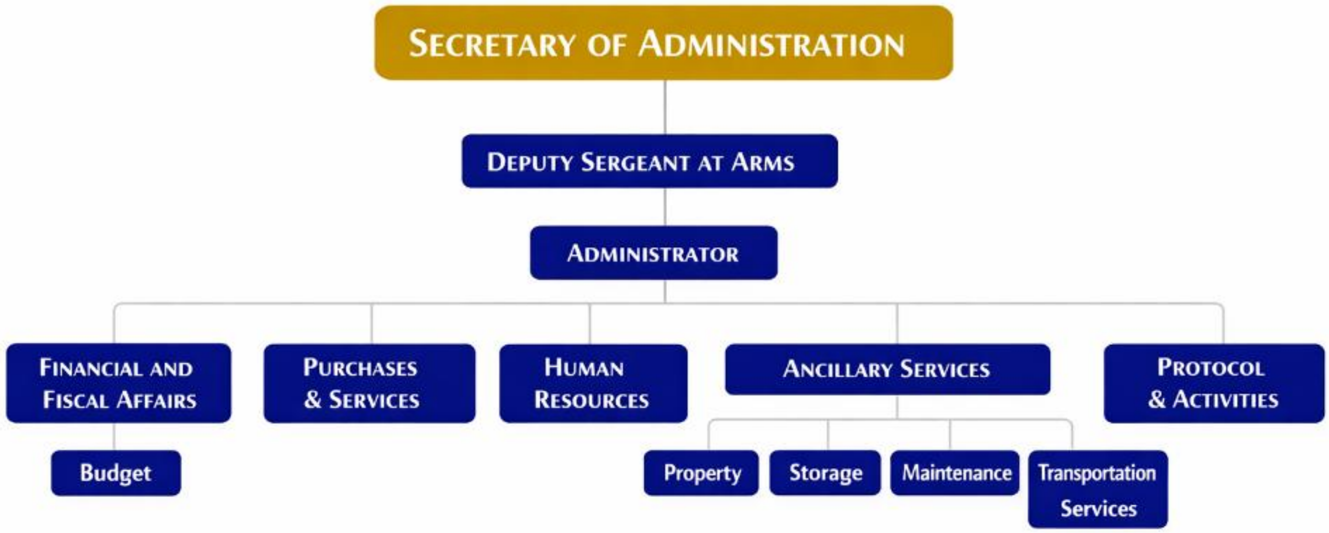
This page was intentionally left blank.

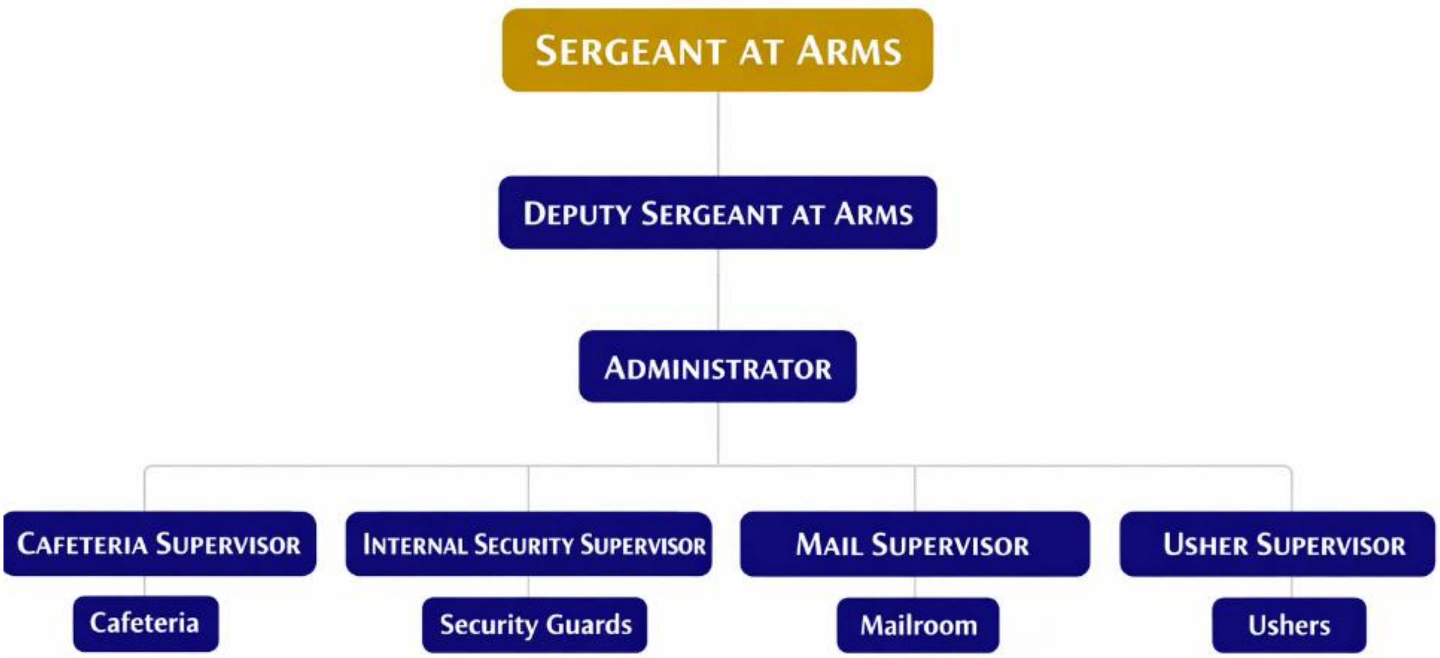
NAME	TYPE
Committee on Agriculture	Standing
Committee on Internal Affairs	Standing
Committee on Municipal Affairs	Standing
Committee on Science, Technology, and Artificial Intelligence	Standing
Committee on Economic Development, Small Business, Banking, Commerce, Insurance, and Cooperatives	Standing
Committee on Education, Arts, and Culture	Standing
Committee on Ethics	Standing
Committee on Family, Women, Older Adults, and Persons with Disabilities	Standing
Committee on Government	Standing
Committee on Finance, Budget, and PROMESA	Standing
Committee on Innovation, Reform, and Nominations	Standing
Committee on Legal Affairs	Standing
Committee on Youth, Recreation, and Sports	Standing
Committee on Planning, Permitting, Infrastructure, and Urban Development	Standing
Committee on Rules and Calendars	Standing
Committee on Federal Relations and Implementation of the People's Mandate for a Status Resolution	Standing
Committee on Health	Standing
Committee on Public Safety and Veterans Affairs	Standing
Committee on Labor and Labor Relations	Standing
Committee on Transportation, Telecommunications, Public Services, and Consumer Affairs	Standing
Committee on Tourism, Natural Resources, and Environmental Affairs	Standing
Committee on Housing and Social Welfare	Standing
Joint Legislative Commission on the Review of Puerto Rico's Electoral System	Joint
Joint Commission on the Revision of Puerto Rico's Penal Code	Joint
Joint Commission on Public-Private Partnerships of the Legislative Assembly of Puerto Rico	Joint
Joint Commission on Climate Change Mitigation, Adaptation, and Resilience	Joint
Joint Commission on the Jorge Alberto Ramos Comas Legislative Internship Program	Joint


2025-2028 STRUCTURE OF THE SENATE OF PUERTO RICO
PRESIDENT OF THE SENATE
INTERNAL AUDIT OFFICE
BID BOARD
CHIEF OF STAFF
PARLIAMENTARIAN
AIDES
COMMITTEE ON INNOVATION, REFORM, AND APPOINTMENTS
COMMITTEE INTERNAL AFFAIRS
COMMITTEE ON PUBLIC-PRIVATE PARTNERSHIPS
COMMITTEE RULES AND CALENDARS
FAITH-BASED AND COMMUNITY ORGANIZATIONS OFFICE
PUBLIC AFFAIRS AND COMMUNITY SERVICES OFFICE
PUBLIC AFFAIRS AND COMMUNITY SERVICES OFFICE - CAROLINA
INTERAGENCY SERVICES AFFAIRS OFFICE
PRESS AND COMMUNICATIONS OFFICE
LABOR AFFAIRS OFFICE
TECHNICAL ASSESSMENTS AND APPOINTMENTS OFFICE
SARGENT AT ARMS
DEPUTY SARGENT AT ARMS
SALÓN CAFÉ
INTERNAL SECURITY OFFICE
MAILING OFFICE
PAGES OFFICE
SECRETARY OF THE SENATE
DEPUTY SECRETARY OF THE SENATE
LEGISLATIVE TRACKING, RECORDS, AND MINUTES OFFICE
INFORMATION TECHNOLOGY OFFICE
RECORD MANAGEMENT OFFICE
RECORDINGS OFFICE
PRINTING OFFICE
LEGISLATIVE RECORD - SENATE
SECRETARY OF ADMINISTRATION
HUMAN RESOURCES OFFICE
FINANCE OFFICE
BUDGET OFFICE
PROTOCOL OFFICE
PROCUREMENT AND SERVICES OFFICE
AUXILIARY SERVICE OFFICE
MAINTENANCE AND CUSTODIAL
TELECOMMUNICATIONS
STATIONARY ROOM
TRANSPORTATION
PROPERTY
ADVISORS FOR THE PRESIDENT
LEGISLATIVE ADVISORS
SUPERINTENDENCE OF THE CAPITOL
OFFICE OF LEGISLATIVE SERVICES
TOURISM AND GUIDES
SUPERINTENDENCE OF THE CAPITOL
APPPOINTMENT MADE BY THE SENATE OF PUERTO RICO
2025-2028
OFFICE OF LEGISLATIVE SERVICES
APPOINTMENT MADE BY THE HOUSE OF REPRESENTATIVE FOR
2025-2028


Department of Administration
Financial Fiscal Affairs
Procurement and Services
Human Resources
Auxiliary Services
Protocol and Activities
Budget
Property
Warehouse
Maintenance
Transportation
Telephone Services


SENATE SECRETARY
SUBSECRETARY
ADMINISTRATOR
PROCEDURES & RECORDS
SESSION JOURNAL
DOCUMENT ADMINISTRATION
PRINTING
RECORDINGS & IT


SECRETARY OF ADMINISTRATION
DEPUTY SERGEANT AT ARMS
ADMINISTRATOR
FINANCIAL AND FISCAL AFFAIRS
PURCHASES & SERVICES
HUMAN RESOURCES
ANCILLARY SERVICES
PROTOCOL & ACTIVITIES
Budget
Property
Storage
Maintenance
Transportation Services


SERGEANT AT ARMS
DEPUTY SERGEANT AT ARMS
ADMINISTRATOR
CAFETERIA SUPERVISOR
INTERNAL SECURITY SUPERVISOR
MAIL SUPERVISOR
USHER SUPERVISOR
Cafeteria
Security Guards
Mailroom
Ushers

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025

Financial Section

- Independent Auditor's Report
- Management Discussion and Analysis (Unaudited)
- Basic Financial Statements
- Notes to the Basic Financial Statements
- Required Supplementary Information (Unaudited)

This page was intentionally left blank.

Jerry De Córdova, CPA, CICA, Esq.
Eduardo González-Green, CPA, CFF, CFE, FCPA, CICA
Maritza Rivera Serrano, CPA, CICA

INDEPENDENT AUDITOR'S REPORT

To the Governor of Puerto Rico,
Member of the Senate and
Citizens of Puerto Rico

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, of the Senate of the Commonwealth of Puerto Rico (the Senate) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Senate's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, of the Senate's, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Senate's, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Senate's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

P.O. Box 70262, San Juan, Puerto Rico 00936-8262 • Cecilia's Place Suite C-1, #7 Rosa Street
Isla Verde, P.R. 00979 • www.adacpa.com • Phone (787) 253-9595 • Fax (787) 253-9511

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Senate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Senate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

.**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical section's but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Certified Public Accountants
License Number 422, expires December 1, 2027

Aquino, De Córdova, LLC
by Eduardo González-Green
Lic. # 3171

Carolina, Puerto Rico
April 27, 2026

COLEGIO DE CONTADORES PÚBLICOS AUTORIZADOS DE PUERTO RICO
CPA
$5.00 SELLO $2.00 INDICE

DLLC422-974
Senate of the Commonwealth of Puerto Rico

.

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025

Management Discussion and Analysis

(Unaudited)

This page was intentionally left blank.

The information in this Section is not covered by the Independent Auditor's Report but is presented as required supplementary information for the benefit of the readers of the Basic Financial Statements.

As management of the Senate of Puerto Rico (hereafter the Senate), we offer readers of the Senate's financial statements this narrative overview and analysis of the financial activities of the Senate for the fiscal year ended June 30, 2025. The Management's Discussion and Analysis (MD&A) is designed to achieve the following:

- Assist the reader in focusing on significant financial issues;
- provide an overview of the Senate's financial activities;
- identify changes in the Senate's financial position (its ability to address subsequent year's challenges);
- identify material deviations from the financial plan (the approved budget); and
- identify individual fund issues or concerns.

Since the MD&A is designed to focus on the current fiscal year's activities, resulting changes, and currently known facts, please read it in conjunction with the Senate's basic financial statements beginning on page 51.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Highlights

- The Senate net position (deficit) amounted to ($16,690,610) on June 30, 2025. Such net position (deficit) decreased by $2,232,848 during the fiscal year ended June 30, 2025, when compared to the June 30, 2024 net position (deficit), amounting to ($18,923,458). This decrease is mostly attributable to the decrease of $2.3 million in the reduction of pension related accounts.

- The total assets of the Senate amounted to $19.0 million on June 30, 2025. This represented an decrease of $865 thousand during the fiscal year ending June 30, 2025 when compared to the June 30, 2024 total assets. It is mainly attributable to a decrease in cash for the ARPA program during the fiscal year.

- The total liabilities of the Senate amounted to $39.1 million include the accrual for vacations and sick leave in the amount of $3.2 million, $1.6 million due to contractors and suppliers, payroll and other accruals, $1.1 million lease liability, total pension liability $31.8 million, and total OPEB liability of $963 thousand at the close of the fiscal year ended June 30, 2025. The Senate has the resources to meet its ongoing obligations, including the liabilities for accrued vacations and sick leave.

This space was intentionally left blank.

Continued

Governmental Fund Financial Highlights

The fund financial statements provide detailed information about the Senate's most significant funds using the current financial resources measurement focus and modified accrual basis of accounting:

- At the close of the current fiscal year, the Senate's governmental funds reported ending fund balances of $14.4 million, a decrease of $1.4 million in comparison with the prior year, due principally to the use of prior years' economies to cover annual expenditures, primarily of payroll and related expenditures during the current fiscal year.

- The General Fund reported an excess of expenditures over revenues of ($1,629,154) and unassigned fund balance of $14.0 million.

General Financial Highlights

- The Net Investment in Capital Assets from Governmental Activities as of June 30, 2025, was $1,870,367 ($3,010,188 of capital assets, net of accumulated depreciation/amortization, less related debt of $1,139,821).

- Other noncurrent liabilities decrease by $3,903,048. Such a decrease is principally for changes in the total pension liability for the amount of $2.2 million during the fiscal year.

- Current assets decrease by $1,713,786. Such a decrease is principally for changes in the cash balances.

- On a budgetary basis, actual expenditures exceeded actual revenues by $1,629,154.

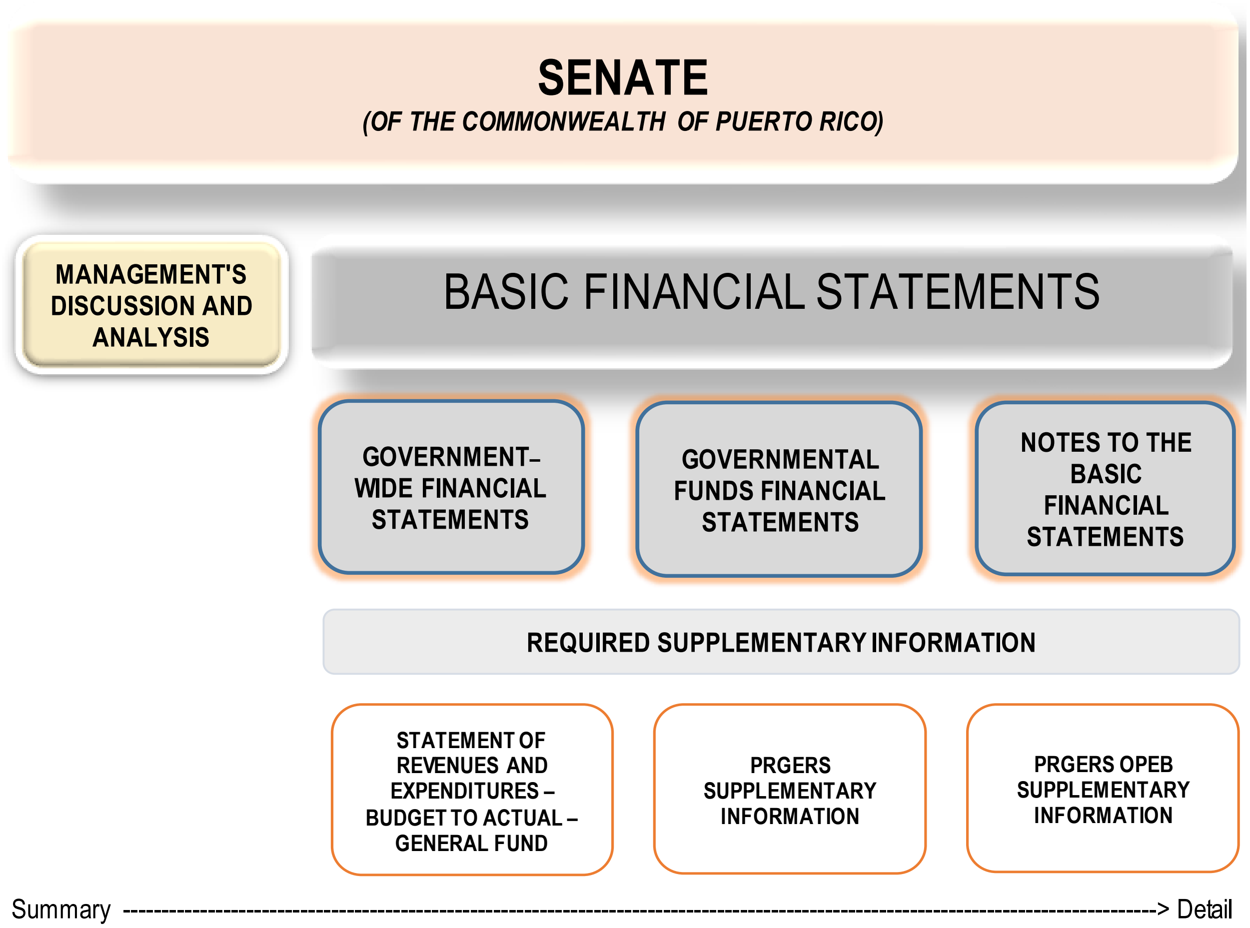
USING THE FINANCIAL SECTION OF THIS ANNUAL REPORT

This Management's Discussion and Analysis requires supplementary information to the basic financial statements and is intended to serve as introduction to the basic financial statements of the Senate. The basic financial statements are comprised of three components: (1) Government-Wide Financial Statements (GWFS); (2) Governmental Funds Financial Statements (GFFS), and (3) Notes to the Basic Financial Statements. This report also contains the required supplementary information (Statement of Revenues and Expenditures – Budget to Actual – General Fund) and others supplementary information to the basic financial statements themselves. The focus is on both the Senate as a whole (government-wide) and the major individual funds. The dual perspectives allow the reader to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government), and enhance the Senate's accountability. These components are described below in Figure 1.

This space was intentionally left blank.

continued

Required Components of Annual Financial Reports
Figure 1



Basic Financial Statements

The Senate's basic financial statements consist of two kinds of statements, each with a different view of the Senate's finances. The GWFS provides both long-term and short-term information about the Senate's overall financial status. The GFFS focuses on major aspects of the Senate's operations, reporting those operations in more detail than the government-wide financial statements. To understand the long-term impact of the Senate's near-term financing decisions, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the GWFS.

Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Senate maintains three governmental funds.

continued

The following figure summarizes the major features of the financial statements. The overview section below also describes the structure and contents of each of the statements in more detail.

	GOVERNMENT-WIDE STATEMENTS	**GOVERNMENTAL FUND FINANCIAL STATEMENTS**
SCOPE	Entire Senate	The day-to-day operating activities of the Senate for basic governmental services
ACCOUNTING BASIS AND MEASUREMENT FOCUS	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
TYPE OF ASSET, LIABILITY, AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES INFORMATION	All assets and liabilities, both financial and capital, short-term and long-term All deferred outflows and deferred inflows of resources	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included All deferred outflows and deferred inflows of resources
TYPE OF INFLOW AND OUTFLOW INFORMATION	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

- ***Government-Wide Financial Statements (GWFS)***

The GWFS are designed to provide users of the basic financial statements with a broad overview of the Senate's finances in a manner similar to the private sector business. These are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. These statements present short and long-term information about the Senate's financial position, which assists in assessing the Senate's economic condition at the end of the year. The Senate's functions are governmental activities as most Commonwealth of Puerto Rico government services.

Statement of Net Position – Presents information on all of the Senate's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations using the accrual basis of accounting and economic resources measurement focus.

Net Position = (Assets + Deferred Outflows of Resources) –
(Liabilities + Deferred Inflows of Resources)

Over time, increases or decreases in net position may serve as a useful indicator of whether its financial position is improving or deteriorating. Other non-financial factors such as the condition of the Senate's capital assets may need to be considered to assess the overall financial position of the Senate.

continued

Statements of Activities – Presents information showing how the Senate's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows* (Accrual Basis of Accounting). Thus, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 51-52 of this report.

- ***Governmental Funds Financial Statements***

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 Senate, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The fund financial statements provide more detailed information about the Senate's most significant funds. Funds are accounting devices that the Senate uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by Federal and Government regulations.

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 expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information is useful in evaluating the Senate's near term financial requirements.

As required by GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances for the governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government honors constraints on the specific purposes for which amounts in those funds can be spent.

In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, the Senate's governmental funds reported combined ending fund balances of $14.4 million. Approximately 99% of this amount is available for spending at the government's discretion (Unassigned Fund Balance). The remainder of the fund balance is restricted, committed or assigned to indicate that is not available for new spending because it has already been committed.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental fund with similar information presented for governmental activities in the government-wide financial statements. By doing so, users of the basic financial statements may better understand the long-term impact of the Senate's near term financial decisions. The Governmental Fund *Balance Sheet* and the Governmental Fund *Statement of Revenues, Expenditures and Changes in Fund Balances* provide a reconciliation to facilitate this comparison between *Governmental Funds* and *Governmental Activities*.

The Senate maintains three governmental fund and adopts an annual appropriated budget for its General Fund. A Statement of Revenues and Expenditures, and Changes in Fund Balance – Budget to Actual has been provided for the General Fund to demonstrate compliance with such a budget.

continued

The net decrease to fund balance for the General Fund for 2025 was $1,629,154. This decrease was a result of the increment of operating activities during the fiscal year. The Senate will continue streamlining operations throughout the Senate by monitoring its operating activities.

The governmental fund financial statements can be found on pages 53-56 of this report.

- **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 and can be found on pages 57-120 of this report.

- **Other Information**

The basic financial statements are followed by a section of Required Supplementary Information. This Section includes certain required supplementary information concerning the budgetary comparison to actual experience for the General Fund, as well as the Senate's progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees.

Required Supplementary Information – Budgetary Information – The Senate adopts an annual budget for its General Fund as part of the Commonwealth of Puerto Rico. Budgetary Schedule provides additional information to better understand the financial position of the Senate and contains the Schedule of Revenues and Expenditures – Budget and Actual – General Fund – Non-GAAP Budgetary Basis have been disclosed to demonstrate compliance with these budget, and are presented immediately following the notes to the basic financial statements and can be found on pages 122 through 123 of this report.

Required Supplementary Information – Pension – The required supplementary information reported are related to the GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68,* after fiscal year 2018, for pension liability reporting. After approval of Act No. 106-2017, the Fiduciary Fund of the Puerto Rico Government Employees Retirement System (PRGERS) was liquidated and a new defined contribution plan was created and the GASB Statement No. 73 is effective as of June 30, 2019. The required supplementary information is presented immediately following the notes to the financial statements. PRGERS has issued the required information for the fiscal year 2023-2024.

Required Supplementary Information – OPEB Information – The required supplementary information reported related to the GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, that replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, after fiscal year 2018, for other postemployment benefits liability reporting. The required supplementary information is presented immediately following the notes to the financial statements. PRGERS has issued the required information for the fiscal year 2023-2024.

These information for Pension Plan and OPEB Plan can be found on pages 124 through 126 of this report.

continued

New Significant Accounting Standards Implemented

The provisions of the following Governmental Accounting Standards Board (GASB) Statements are effective and have been implemented, when applicable, during the fiscal year ended June 30, 2025:

New Significant Accounting Standards Implemented

• Statement No. 101, Compensated Absences

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This space was intentionally left blank.

continued

FINANCIAL ANALYSIS OF THE BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements Analysis

The following are the condensed Statements of Net Position for the fiscal years ended June 30, 2025 and 2024:

	2025	Restated 2024	Change	%
Current Assets	$ 16,063,907	$ 17,777,693	$ (1,713,786)	-9.64%
Non Current Assets (Including Capital Assets, Net)	3,010,188	2,162,223	847,965	39.22%
Total Assets	19,074,095	19,939,916	(865,821)	-4.34%
Deferred Outflows of Resources	3,345,234	4,704,141	(1,358,907)	-28.89%
Current Liabilities	6,307,725	3,416,484	2,891,241	84.63%
Noncurrent Liabilities	32,802,214	40,050,496	(7,248,282)	-18.10%
Total Liabilities	39,109,939	43,466,980	(5,715,948)	-13.15%
Deferred Inflows of Resources	-	1,308,720	(1,308,720)	-100.00%
Net Position (Deficit):				
Net Invested in Capital Assets	1,870,367	1,998,492	(128,125)	-6.41%
Restricted	369,944	190,696	179,248	94.00%
Unrestricted (Deficit)	(18,930,921)	(21,112,646)	2,181,725	-10.33%
Total Net Position (Deficit)	**$ (16,690,610)**	**$ (18,923,458)**	**$ 2,232,848**	**-11.80%**

Normal Impacts

Five basic (normal) transactions will affect the comparability of the *Statement of Net Position* summary presentation:

Net-Results of Activities – This will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for Capital – This will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – this will reduce current assets and increase capital assets. There is a second impact, an increase in investment in capital assets and an increase in related net debt which will not change net investment in capital assets.

Principal Payment on Debt – This will reduce current assets and reduce long-term debt, and reduce unrestricted net position and increase net investment in capital assets.

Reduction of Capital Assets through Depreciation – This will reduce capital assets and net investment in capital assets.

continued

Current Year Impacts

As noted earlier, net position (assets + deferred outflow of resources over liabilities + deferred inflows of resources) may serve over time as a useful indicator of a government's financial position. Assets + deferred outflow of resources are under liabilities + deferred inflows of resources by ($16,690,610) at the close of the most recent fiscal year.

Net Investment in Capital Assets

The Senate net investment in capital assets for its governmental activities amounted to $8,047,607, net of accumulated depreciation and amortization of $5,037,419, for a net book balance of $3,010,188, less related debt of $1,139,821 of net investment in capital assets $1,870,367 on June 30, 2025. These investments in capital assets include equipment, computer equipment, furniture, vehicles, and information technology. Depreciation and amortization charges totaled $802,999 for the year ended June 30, 2025.

Restricted Net Position

An additional portion of the Senate's net position $369,944 represents resources that are subject to external restrictions on how they may be used or by enabling legislation.

Unrestricted Net Position (Deficit)

After the implementation of GASB Statement Nos. 73 and 75 adjustments and changes during the fiscal year ended June 30, 2025, and the economies generated by the Senate result in unrestricted net position (deficit) changed favorably by $2,232,848 or a deficit decrease in net position (deficit) of 11.80%, from ($18,923,458) to ($16,690,610).

Capital Assets and Debt Administration

Capital Assets

The Senate's investment in capital assets for its governmental activities carrying amount was $1,870,367 on June 30, 2025, as compared to $1,998,492 on June 30, 2024. Capital assets include equipment, computer equipment and software, furniture, and vehicles. Accumulated Depreciation and amortization for the year ended June 30, 2025, and 2024 amounted to $5,037,419 and $4,938,882, respectively.

Liabilities

Total liabilities of the Senate as of June 30, 2025, were $39,109,939 of which $6,307,725 are due within one year. Long term obligations decreased by $7,248,282, or approximately (18%) when compared with the prior fiscal year. The decrease is mainly related to the decrease in the amount of pension related liability. The total pension liability amounted to $31,816,342 of the total liabilities of the Senate.

Additional information on the Senate's capital assets and non-current liabilities can be found in Notes 7 and 9 to the basic financial statements on pages 80 and 81-82 of this report.

continued

Changes in Net Position

The following **Table** presents a condensed statement of activities that reflects how the Senate net position (deficit) changed during the fiscal years ended June 30, 2025 and 2024:

	2025	Restated 2024	Change	%
Expenses:				
Governmental Activities	$ 31,497,856	$ 12,894,837	$ 18,603,019	144%
Revenues:				
Legislative Appropriations	33,730,704	28,442,211	5,288,493	19%
Other	-	3,791,154	(3,791,154)	-100%
Total revenues	33,730,704	32,233,365	1,497,339	5%
Change in Net Position	2,232,848	19,338,528	(17,105,680)	-88%
Net Position (Deficit) at Beginning of Year, as restated	(18,923,458)	(38,261,986)	19,338,528	-51%
Net Position (Deficit), End of Year	$ (16,690,610)	$ (18,923,458)	$ 2,232,848	-12%

Normal Impacts

Four basic (normal) transactions of revenues and three of expenses will affect the comparability of the *Changes in Net Position* summary presentation:

Revenues:

Economic Condition – This will reflect a declining, stable, or growing economic environment and has a substantial impact on property, sales, income, and utility tax revenues as well as public spending habits for building permits, elective user fees, and volumes of consumption.

Changing Patterns in Intergovernmental and Grant Revenues (but recurring and non-recurring) – Certain recurring revenue (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on a year-to-ear comparison.

Expenses:

Changes in Authorized Personnel – This will reflect a declining, stable, or growing economic environment and has a substantial impact on revenues as well as public spending habits of consumption.

Salary Increase – The ability to attract and retain human resources requires the Senate to strive to approach a competitive salary range position in the marketplace.

Inflation – While inflation has a reasonably modest impact on expenses most years, the Senate is a major consumer of certain commodities such as supplies, fuels, and parts. Some functions may experience unusual commodity-specific increases.

continued

Current Year Impacts

Analysis of Changes in Net Position

The Senate had an increase in legislative appropriations of $5,288,493 when compared with 2024. The Senate mayor's expenses are related to salaries, benefits that include accrued vacations and sick leave and payroll taxes and others, which represent approximately 85% of total expenses.

Governmental Funds Highlights

The focus of the Senate governmental funds is to provide information on near-terms inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Senate financing requirements. In addition, fund balance for the governmental funds provides classifications that comprise a hierarchy based primarily on the extent to which the Senate is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The following are the condensed balance sheets-governmental funds as of June 30, 2025 and 2024, respectively:

	2025	2024	Change	%
Total Assets	$ 16,329,252	$ 18,043,038	$ (1,713,786)	-9.50%
Total Liabilities	1,881,679	2,145,559	(263,880)	-12.30%
Fund Balance				
Restricted	369,944	190,696	179,248	94.00%
Unassigned	14,077,629	15,706,783	(1,629,154)	-10.37%
Total Fund Balance	14,447,573	15,897,479	(1,449,906)	-9.12%
Total Liabilities and Fund Balance	$ 16,329,252	$ 18,043,038	$ (1,713,786)	-9.50%

As of the end of the fiscal year 2025, the Senate governmental funds reported a combined ending balance of $14,447,573. The general fund is the chief operating fund of the Senate. There are restricted fund balances amounting to $369,944. Restricted fund balance reflects resources that are subject to externally enforceable legal restrictions to pay for specific program purposes. An unassigned fund balance of $14,077,629 was reported in the governmental funds on June 30, 2025. The Senate fund balance decreased by $1,449,906 or approximately -9.12% as a result of the current fiscal year's net changes.

The general fund budget for the fiscal year ended June 30, 2025, was $33,153,369, an increase of $4,904,573 when compared with 2024, and the actual expenditures for the year were $28,653,238. The total expenditures represented approximately 86% of the total budget availability for the fiscal year 2025, an increased by $5,501,510 when compared with fiscal year 2024.

continued

The following table summarizes the budget revenues, expenditures and unexpended balance for fiscal years ended June 30, 2025 and 2024:

	2025 Budget	2024 Budget	Change
Revenues			
Intergovernmental	$ 33,153,369	$ 28,248,796	$ 4,904,573
	33,153,369	28,248,796	4,904,573
Expenditures	28,653,238	23,151,728	5,501,510
Unexpended Balance	$ 4,500,131	$ 5,097,068	$ (596,937)
Expenditure Rate	86.43%	81.96%	4.47%

PUERTO RICO OVERSIGHT, MANAGEMENT, AND ECONOMIC STABILITY ACT (PROMESA)

Economic Factors, Next Year Budget and Employment

During fiscal year 2025, the operations of the Senate of Puerto Rico continued to be significantly influenced by the provisions of the Puerto Rico Oversight, Management, and Economic Stability Act, Pub. Law 114-187 ("PROMESA" or the "Act"). PROMESA, enacted on June 30, 2016, established the Financial Oversight and Management Board for Puerto Rico ("Oversight Board"), which exercises broad authority over the fiscal, budgetary, and financial planning processes of the Government of Puerto Rico and its instrumentalities, including the Senate. The Oversight Board is responsible for certifying the Fiscal Plan and the annual budget for the Commonwealth and ensuring compliance with the Act's requirements for fiscal responsibility, structural balance, and long-term economic sustainability.

The Oversight Board certified the Fiscal Plan for fiscal year 2025, which incorporates macroeconomic assumptions, revenue projections, and expenditure controls based on a series of key economic indicators published by official government entities. These indicators provide insight into Puerto Rico's economic performance and are essential inputs for the development of the certified budget under which the Senate operates. The Senate is required to comply with the parameters established in the certified budget, including expenditure limits, reporting requirements, and fiscal controls mandated by the Oversight Board.

Puerto Rico's economic outlook during fiscal year 2025 remained influenced by global economic conditions, inflationary pressures, energy costs, and the pace of deployment of federal reconstruction funds. The Fiscal Plan assumes the continued disbursement of disaster relief and COVID-19 recovery funds through fiscal year 2035. Deviations from these assumptions could affect Puerto Rico's projected economic growth and fiscal stability.

To evaluate economic trends and inform its fiscal projections, the Oversight Board relies on several key monthly economic indicators, including gasoline consumption, cement sales, electric power generation, employment levels, and the Economic Activity Index (EAI). These indicators, published by the Department of Hacienda, the Puerto Rico Institute of Statistics, LUMA Energy, the Puerto Rico Electric Power Authority (PREPA), and the Economic Development Bank (EDB), provide a comprehensive view of the Island's economic conditions.

The EDB-EAI, seasonally adjusted (s. a). reached 126.7 points in December 2024, 126.8 in January, and 127.5 in February 2025; it denotes decreases of 1.4% for December, 1.6% for January, and 0.9% for February 2025, when compared to the same period of the previous year. The recovery in economic activity maintained an up-trend pace during 29 consecutive months, which is consistent with labor reports displaying employment gains across various industries. However, electrical system grid instability remains, inflationary pressures are still a concern, and geopolitical pressures are proving to be a major uncertainty factor.

During fiscal year 2023, the EDB-EAI, s. a. increased by 2.4% when compared to fiscal year 2022, and advanced by 2.9% during fiscal year 2024. But for the period of July–February of fiscal year 2025, it declined by 0.7%. Moreover, an increment of 3.0% was registered during calendar year 2023, after a 3.1% growth during calendar year 2022. Similarly, for calendar 2024, it grew by 0.6% when compared to calendar year 2023.

Total non-farm payroll employment, s. a. averaged 963,200 jobs in February, 961,400 jobs in January, and 941,200 in December, which means an expansion of 0.2% and 2.2% for February and January, respectively, while December showed a decrease of 1.5% on a month-over-month basis. The annual increment was 1.2%, 1.1%, and –1.0%, in that order.

Electric power generation, s. a. for February 2025 totaled 1,558.0 million kWh, for January 1,548.8 million kWh, and for December 1,559.9 million kWh. These results showed an upturn of 0.6% for February and declines of 0.7% and 0.4% for January and December, respectively, on a month-over-month basis. The year-over-year results were an increase of 0.2% in February, a decrease of 2.3% in January, and no change in December.

The preliminary estimate for gasoline consumption, s. a., in February 2025 totaled 71.2 million gallons, showing a decline of 2.0% from January. For January, it totaled 72.7 million gallons, and for December totaled 70.7 million gallons, which represented increases of 2.8% and 4.2%, respectively, when compared to the previous month. It fell by 11.0% in February and by 7.5% in January and December when compared to the same month of the previous year.

Cement sales, s. a. totaled 1.27 million 94-lb bags for February 2025, with an advance of 1.1% compared with January 2025; totaled 1.25 million 94-lb bags for January 2025, with a 2.6% growth compared to December 2024; and totaled 1.22 million 94-lb bags for December 2024, with an increment of 3.7% compared to November 2024. These results represent a year-on-year growth of 17.8% for February, a reduction of 2.0% for January, and an increase of 1.5% for December.

The Senate's fiscal operations for fiscal year 2025 were conducted within this broader economic context and under the oversight of the Oversight Board. The Senate complied with the reporting and expenditure requirements established under PROMESA and operated within the parameters of the certified budget. The economic indicators described above continue to play a critical role in shaping the fiscal assumptions and projections that guide the Senate's financial planning and budget execution.

REQUEST OF INFORMATION

This financial report is designed to provide a general overview of the Senate's finances for all the citizens, taxpayers, costumer and creditors. Also, this report serves to demonstrate the Senate's accountability for the money it receives from legislative appropriations. For questions regarding the information provided or additional information requests, please contact: Senate of the Commonwealth of Puerto Rico, Secretary of Administration, Office of Fiscal and Financial Affairs, PO Box 9022228, San Juan, PR 00902-2228.

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025

This page was intentionally left blank.

		GOVERNMENTAL ACTIVITIES	
ASSETS:			
Current Assets:			
Cash	$	15,964,404	AE-1
Receivable (Net):			
Other		99,503	
Total Current Assets		**16,063,907**	
Non-Current Assets:			
Capital Assets, Net		3,010,188	
TOTAL ASSETS		**19,074,095**	
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related		3,220,952	
OPEB Related		124,282	
TOTAL DEFERRED OUTFLOWS OF RESOURCES		**3,345,234**	
LIABILITIES:			
Current Liabilities:			
Accounts Payable	$	1,129,369	AE-2
Accrued Liabilities		486,965	
Short-Term Obligations:			
Lease Liability		269,294	
Compensated Absences		708,439	
Other Post-Employment Benefits Obligations		124,282	
Pension Liabilities		3,220,952	
Christmas Bonus		368,424	
Total Current Liabilities		**6,307,725**	
Non-Current Liabilities:			
Lease Liability		870,527	
Compensated Absences		2,497,019	
Other Post-Employment Benefits Obligations		839,278	
Pension Liabilities		28,595,390	
Total Non-Current Liabilities		**32,802,214**	
TOTAL LIABILITIES		**39,109,939**	
NET POSITION (DEFICIT):			
Net Investment in Capital Assets		1,870,367	
Restricted for:			
Subsidies and Incentives		369,944	
Unrestricted		(18,930,921)	
TOTAL NET POSITION (DEFICIT)	**$**	**(16,690,610)**	

The accompanying Notes to the Basic Financial Statements are an integral part of this Statement.

Functions/Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
PRIMARY GOVERNMENT:					
Governmental Activities:					
General Government - Administrative and Operating	$ 31,476,608	$ -	$ -	$ -	$ (31,476,608)
Total Primary Government	$ 31,476,608	$ -	$ -	$ -	$ (31,476,608)
	AE-3				
General Revenues:					
Intergovermental					33,370,764 AE-3
Other Revenues					359,940
Total General Revenues					33,730,704
Other Items					
Loss on disposition of assets					(21,248)
Total General Revenues and other items					33,709,456
CHANGE IN NET POSITION					**2,232,848**
Restatement - Correction of error (To correct Beginning balances for overstatement of Compensated Absences Liability GASB 101)					1,208,185
Net Position (Deficit) - Beginning (as previously reported)					(20,131,643)
Net Position (Deficit) - Beginning (as restated)					(18,923,458)
NET POSITION (DEFICIT) – ENDING OF YEAR					$ (16,690,610)

The accompanying Notes to the Basic Financial Statements are an integral part of this Statement.

	GENERAL FUND	SPECIAL FUND	ARPA FUND	TOTAL FUNDS
ASSETS:				
Cash	$ 15,331,539	$ 632,865	$ -	$ 15,964,404
Receivables (Net):				
Due from other funds	265,345	-	-	265,345
Other	67,664	31,839	-	99,503
Total Assets	**$ 15,664,548**	**$ 664,704**	**$ -**	**$ 16,329,252**
LIABILITIES:				
Accounts Payable	1,124,693	4,676	-	1,129,369
Due to other funds	-	265,345	-	265,345
Deferred Revenue	-	-	-	-
Accrued Liabilities	462,226	24,739	-	486,965
Total Liabilities	**1,586,919**	**294,760**	**-**	**1,881,679**
FUND BALANCES:				
Spendable:				
Restricted	-	369,944	-	369,944
Unassigned	14,077,629	-	-	14,077,629
Total Fund Balances	**14,077,629**	**369,944**	**-**	**14,447,573**
Total Liabilities and Fund Balances	**$ 15,664,548**	**$ 664,704**	**$ -**	**$ 16,329,252**

The accompanying Notes to the Basic Financial Statements are an integral part of this Statement.

Total Fund Balances – Government Funds		**$ 14,447,573**
Amount reported for Governmental Activities in the Statement of Net Position (Page 51) are different because:		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. In the current period, these amounts are:		
Capital Assets	$ 8,047,607	
Accumulated Depreciation and Amortization	(5,037,419)	
Total Capital Assets		3,010,188
Deferred Outflows of Resources in Governmental Activities are paid in the current available soon period and therefore are reported in the funds.		3,345,234
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Christmas Bonus	(368,424)	
Accrued Compensated Absences	(3,205,458)	
Total Pension Liability	(31,816,342)	
Total OPEB Liability	(963,560)	
Leases Liability (Intangible Right-To-Use)	(1,139,821)	
Total Long-Term Liabilities		(37,493,605)
Total Net Position of Governmental Activities (Page 52)		**$ (16,690,610)**

The accompanying Notes to the Basic Financial Statements are an integral part of this Statement.

	GENERAL FUND	SPECIAL FUND	ARPA FUND	TOTAL FUNDS
REVENUES:				
Intergovernmental	$ 32,799,684	$ 252,102	$ 318,978	$ 33,370,764
Other Revenues	353,685	6,255	-	359,940
Total Revenues	**33,153,369**	**258,357**	**318,978**	**33,730,704**
EXPENDITURES:				
Current:				
General Government - Administrative and Operating Activities	34,322,189	79,109	318,978	34,720,276
Capital Outlays	1,676,556	-	-	1,676,556
Debt Service:				
Principal	170,727	-	-	170,727
Interest	1,423	-	-	1,423
Total Expenditures	**36,170,895**	**79,109**	**318,978**	**36,568,982**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**(3,017,526)**	**179,248**	**-**	**(2,838,278)**
Other Financing Sources (Uses)				
Other Financing Sources - Intangible Right to Use	1,388,372	-	-	1,388,372
Total Other Financing Sources (Uses)	**1,388,372**	**-**	**-**	**1,388,372**
Net Change in Fund Balances	**(1,629,154)**	**179,248**	**-**	**(1,449,906)**
Fund Balances, Beginning	15,706,783	190,696	-	15,897,479
FUND BALANCES – ENDING	**$ 14,077,629**	**$ 369,944**	**$ -**	**$ 14,447,573**

The accompanying Notes to the Basic Financial Statements are an integral part of this Statement.

Net Change in Fund Balances – Government Funds		**$ (1,449,906)**
Amount reported for Governmental Activities in the Statement of Activities (Page 55) are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement 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:		
Depreciation Expense	$ (487,871)	
Amortization Expense	(315,128)	
Capital Outlays	1,676,556	
Excess of Depreciation Expense over Capital Outlays		873,557
Governmental Funds only report the proceeds received in the disposal of assets. In the Statement of Activities, a gain or loss is reported for each disposal. Thus, the change in net assets differs from the change in fund balance by the cost of the disposed asset		(21,248)
Some expenses reported in the Statement of Activities do not require the use of current financial resouces and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Change in Compensated Absences	1,034,467	
Principal Payments on Leases Liability (Right-To-Use)	74,332	
Principal Payments on SBITA Liability (SBITA)	96,395	
Change in Lease Liability	(1,190,008)	
Change in Total OPEB Liability	112,034	
Change in Christmas Bonus	532,899	
Change in Total Pension Liability	2,170,326	
Total Additional Expenses		2,830,445
Change in Net Position of Governmental Activities (Page 52)		**$ 2,232,848**

The accompanying Notes to the Basic Financial Statements are an integral part of this Statement

1. FINANCIAL REPORTING ENTITY

The accompanying financial statements present information on the financial activities of the Senate of the Commonwealth of Puerto Rico over which the President and Senators, have direct or indirect governing and fiscal control. These financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for State and Local Governments in the United States of America as prescribed by the Government Accounting Standard Board (GASB).

A. Organization

The Senate of the Commonwealth of Puerto Rico ("the Senate'') was organized by virtue of Article 3, Sections 1 to 3 of the Constitution of the Commonwealth of Puerto Rico ("the Constitution") enacted on July 25, 1952, as approved by the people of Puerto Rico and the United States Congress. The Commonwealth's Constitution provides for separations of powers of the executive, legislative and judicial branches of the government. The Constitution establishes that the Commonwealth's Legislative power will be exercised by a legislature composed of two bodies: a Senate and a House of Representatives, whose members will be elected through direct vote in each general election. This four-year term, the Senate is composed of twenty-seven senators who are elected by the citizens. The majority and minority caucuses nominate candidates for the Senate officer positions. The administration of the Senate is autonomous and is under the direction of the President of the Senate.

The Senate and the House of Representatives enact and approve all legislation related to public safety, public health, public housing, public works and transportation, culture and recreation, welfare, urban development, education, and economic development, while the Executive Branch executes the legislation to provide such services to the citizens of the Commonwealth of Puerto Rico.

B. Reporting Entity

The Senate is for financial reporting purposes a part of the Commonwealth of Puerto Rico. Its financial data is included as part of the general government section in the general fund of the Commonwealth of Puerto Rico financial statements.

Effective August 1, 2007, the Senate became fiscally autonomous pursuant to the provisions of Act No. 230 of July 23, 1974, as amended on June 11, 2004, known as the "Commonwealth of Puerto Rico Accounting Law". The funds of the Senate are under the custody of the Secretary of Treasury of Puerto Rico until transferred to the Senate. The accompanying basic financial statements are issued solely and for the information and use of the Secretary of Treasury, the President of the Senate, the Senators, the Governor, and the citizens of the Commonwealth of Puerto Rico.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34,* as amended, provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude.

There are two methods of presentation of the component unit in the financial statements: blending – the financial data of the component unit's balances and transactions in a manner similar to the presentation of the Senate's balances and transactions; and discrete – presentation of the component unit's financial data in column separates from the Senate's balances and transactions. 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.

1. FINANCIAL REPORTING ENTITY – continuation

Based on these criteria, there are no other organizations which should be included in these basic financial statements.

C. Going Concern Evaluation

On an annual basis, as required by Governmental Accounting Standards Board ("GASB") Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, the Senate performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), considered in the aggregate, that raise substantial doubt about the Senate's ability to continue as a going concern within one year for the twelve (12) months beyond the financial statements date, including any currently known information that raise substantial doubt shortly thereafter. Management has concluded that there is no material uncertainty related to the Senate's ability to continue as a going concern through the date the financial statements were available to be issued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements present the financial position of the Governmental Activities, each major fund, and the aggregate remaining fund information of the Senate, as of June 30, 2025, and the respective changes in financial position, and the cash flows, where applicable, thereof for the fiscal year then ended. The Senate follows accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Boards (GASB) that is the accepted standard-setting body for established governmental accounting and financial reporting principles.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, Identifies GASB Statements and Interpretations as sources of accounting and financial reporting guidance in Category A of the hierarchy of generally accepted accounting principles (GAAP) for state and local governments. As presented in those documents, standards of governmental accounting and financial reporting, interpretations, and glossary definitions are approved by the GASB and are authoritative as Category A guidance.

GASB Statement No. 76 also identifies GASB Technical Bulletins, GASB Implementation Guides, and literature of the American Institute of Certified Public Accountants cleared by the GASB as sources of accounting and financial reporting guidance in Category B of the hierarchy of GAAP for state and local governments. As presented in those documents, questions and responses, questions and answers, and glossary definitions are cleared for issuance by the GASB and are authoritative as Category B guidance.

The more significant of the Senate's accounting policies are described below.

A. Basic Financial Statements Presentation

The accompanying basic financial statements of the Senate present the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Senate, as of June 30, 2025, the respective changes in financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the fiscal year ended June 30, 2025, in conformity with GAAP as applicable to local governmental units, as prescribed by the GASB. The basic financial statements include both government-wide (based on the Senate as a whole) and fund financial statements, which provide a more detailed level of financial information. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as governmental type.

Continue

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continuation

The financial information of the Senate is presented in this report as follows:

Required Supplementary Information – Management's Discussion and Analysis (Unaudited)

Management's discussion and analysis require supplementary information that introduces the basic financial statements and provides an analytical overview of the Senate's financial activities.

Government-Wide Financial Statements (GWFS)

While separate government-wide and governmental fund financial statements are presented, they are interrelated. The GWFS (the *Statement of Net Position* and the *Statement of Activities*) are reported using the economic resources measurement focus and the accrual basis of accounting on all the activities of the Senate. Revenues from grants and other contributions are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Senate must provide local resources to be used for specified purposes, and expenditure requirements, in which the resources are provided to the Senate on a reimbursement basis.

The focus of GWFS is on the operational accountability of the Senate as a single economic unit and not on compliance with budgets, regulatory requirements or on the use of available or currently expendable financial resources (referred to as fiscal accountability). Operational accountability is the Senate's responsibility to report to the extent to which it has met its operating objectives efficiently and effectively, using all resources available for that purpose.

The *Statement of Net Position* is designed to be similar to bottom line results for the Senate's Governmental Activities. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. The *Statement of Net Position* presents the reporting entities' assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net positions are classified as net investment in capital assets, restricted when constraints are placed on them that are imposed by external parties or by laws or regulations, and unrestricted. Designations solely imposed by the Senate's management are not presented as restricted net position.

The *Statement of Activities* presents a comparison between direct expenses and program revenues for the activities of the Senate and for each function of the Senate's Governmental Activities. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

Governmental Funds Financial Statements (GFFS)

The GFFS (the *Balance Sheet*, and the *Statement of Revenues, Expenditures and Changes in Fund Balance*) provide information about the Senate's funds. The emphasis of fund financial statements is on major governmental, each displayed in a separate column.

Each fund is a separate accounting entity with a self-balancing set of accounts used to record the financial transactions and balances of that entity. Individual funds have been established as stipulated by legal provisions or by administrative discretion. The Senate uses fund accounting, which is designed to demonstrate legal compliance and to segregate transactions related to certain government functions or activities.

Continue

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continuation

By definition, the general fund is always considered a major fund. Governmental funds other than the general fund must be reported as major funds if they meet both the ten percent and five percent criterion, defined respectively, (1) an individual governmental fund reports at least ten percent of any of the following: a) total governmental fund assets, b) total governmental fund liabilities, c) total governmental fund revenues, or d) total governmental fund expenditures; (2) an individual governmental fund reports at least five percent of the aggregated total for both governmental funds and enterprise funds of any one of the items for which it met the ten percent criterion. In addition, a fund may be reported as major if it is believed to be of particular importance to financial statement users.

The Senate reports the following major governmental funds:

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

Special Fund – This is the fund used to account for all transactions with special assignment resolution.

ARPA Fund – This is the fund used to account for transactions of funds received for the Coronavirus State and Local Fiscal Recovery Funds program.

The Senate periodically undertakes a comprehensive evaluation of its fund structure to ensure that it complies with all aspects that are of importance to users of general purpose external financial reports. Consequently, all superfluous funds and some operational funds currently used by the Senate in the day-to-day accounting procedures have not been reported as individual governmental funds in the accompanying fund financial statements. Accordingly, the accompanying fund financial statements include only the minimum number of funds consistent with legal and operating requirements.

The financial statements of the governmental funds are the following:

Balance Sheet – Report's information on June 30, 2025, about the current financial resources (assets, liabilities, deferred inflows of resources and fund balances) of each major governmental fund.

Statement of Revenues, Expenditures and Changes in Fund Balances – Report's information about the inflows, outflows and balances of current financial resources of each major governmental fund for the fiscal year ended June 30, 2025.

Since the GFFS are presented in a different measurement focus and basis of accounting than the GWFS, reconciliation is presented and separate explanation for each difference.

During the course of operations, the Senate has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in financial fund statements, certain eliminations are made in the preparation of the GWFS. Balances between the funds included in Governmental Activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the Governmental Activities column.

Further, certain activity occurs during the fiscal year involving transfers of resources between funds. In GFFS these amounts are reported as gross amounts as transfers in/out. While reported in GFFS, certain eliminations are made in the preparation of the GWFS. Transfers between the funds included in Governmental Activities are eliminated so that only the net amount is included as transfers in the Governmental Activities column.

Continue

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continuation

The Senate reports its financial position (*Balance Sheet*) and results of operations in funds (*Statement of Revenues, Expenditures and Changes in Fund Balances*), 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.

Notes to the Basic Financial Statements

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

Required Supplementary Information – Statement of Revenues and Expenditures and Changes in Fund Balance – Budget to Actual – General Fund – Non-GAAP Budgetary Basis (Unaudited)

The *Statement of Revenues and Expenditures and Changes in Fund Balance – Budget to Actual – General Fund*, includes reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the General Fund as presented in the GFFS.

Required Supplementary Information – Employees Retirement System (Unaudited)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, that was effective for the Senate's fiscal year beginning July 1, 2014, revises existing standards for measuring and reporting pension liabilities for pension plans provided by the Senate to its employees, and required supplementary information that include the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Senate's Contributions to the Employees' Retirement Systems. After approval of Act No. 106-2018, the Fiduciary Fund of the Puerto Rico Government Employees Retirement System (PRGERS) was liquidated and a new define contribution plan was created and the GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68,* is effective as June 30, 2019.

Required Supplementary Information – Other Postemployment Benefits (OPEB) (Unaudited)

The contribution requirement of ERS Medical Insurance Plan Contribution (MIPC) is established by Act No. 95 approved on June 29, 1963. There are no member or employer contributions on behalf of the MIPC. This benefit is financed on a "Pay-As-You-Go" basis from the General Fund of the Commonwealth of Puerto Rico. Since this benefit is not funded in advance, the Annual Required Contribution (ARC) for this benefit has been calculated based on an assumed investment return rate of 3.10% based on the asset allocation on the Commonwealth's general assets that are used to pay this benefit.

In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, changes similar to those implemented on GASB No. 67, *Financial Reporting for Pension Plans*, and No. 68, *Accounting and Financial Reporting for Pensions* should be made. As of June 30, 2024, the PRGERS has issued the information in order to properly adjust and disclose the deferred outflow/inflow of resources, and Total OPEB obligation applicable to the Senate.

Continue

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continuation

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements have been met. The Statement of Net Position presents the assets and liabilities with the difference reported as net position. Net position is reported in three categories.

Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation, that are attributed to the acquisition, construction or improvement of those assets, net of debts.

Restricted Net Position – consists of restricted net assets with constraints placed on the use of resources which either a) externally imposed by creditors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – consists of net assets that are neither restricted nor investment in capital assets. Unrestricted net assets often have constraints that are imposed by management, but that can be removed or modified.

Governmental Funds Financial Statements

The GFFS are reported to use the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Senate considers revenues to be available if they are collected within the current period or soon enough thereafter. The Senate uses a 60-day availability period for revenue recognition. All other revenue items are considered to be measurable and available only when collected by the Senate. On June 30, 2025, all revenues sources met this availability criterion.

Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Principal and interest debt are recorded when they mature (when payment is due). Proceeds of acquisitions under capital leases, if any, are reported as other financing sources.

The accompanying *Balance Sheet – Governmental Funds* generally reflects only assets that will not be converted into cash to satisfy current liabilities. Long-term assets and those assets that will not be converted into cash to satisfy current liabilities are generally not accounted for in the accompanying *Balance Sheet – Governmental Funds*. The measurement focus of the GFFS is on decreases of net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related governmental fund liability is incurred. Allocation of costs, such as depreciation and amortization, are recorded in the accompanying *Statement of Activities*, but are not recorded in the accompanying GFFS.

Continue

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continuation

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balance

1) Cash

The Senate held its cash balances in commercial banks. Under Commonwealth of Puerto Rico statutes, public funds deposited in commercial banks must be fully collateralized for the amount deposited in excess of Federal Depository Insurance Corporation. All securities pledged as collateral are held by the Secretary of the Treasury of Puerto Rico.

2) Receivables and Payables

Receivables consist of all revenues earned but not collected on June 30, 2025. These account receivables are shown net of estimated allowances for uncollectible accounts, which are determined upon past collection experience, historical trends, and current economic conditions. Federal receivable, if any, are amounts due from the Federal government to reimburse the Senate's expenditures incurred. Intergovernmental receivables represent amounts owed to the Senate for reimbursement of expenditures incurred pursuant to state appropriations.

Accounts payable represent amounts, including salaries and wages, owed for goods and services received prior to year-end.

3) Capital Assets

Capital assets, which include equipment and equipment under capital lease agreements, computer equipment and software, furniture and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the Senate as assets with an initial individual cost of more than $500 (amount not rounded) and an estimated useful life of five years or more.

Capital outlay is recorded as expenditures of the General Fund and other governmental funds and as assets in the GFFS to the extent the Senate capitalization threshold is met. All purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available (except for Intangible Right-To-Use Assets, the measurement of which is discussed in the Leases section below). Depreciation and amortization expense are recorded only in the GWFS. No depreciation is recorded for works of art and historical treasures. The other equipment and vehicles of the primary government are depreciated using the straight-line method over the estimated useful lives, as follow:

CAPITAL ASSETS	YEARS
Equipment	5-7
Computer Equipment and Software	5
Furniture	7
Vehicles	5
Right-To-Use Assets	2-5

Depreciation expense of capital assets is recorded as a direct expense of the function/program specifically identified with the asset.

The amortization expense related to Right-To-Use Assets was determined using the straight-line method over the remaining contract lease term, or the estimated useful lives of the asset, whichever is shorter.

The accounting policy for Works of Art is that they are capitalized at their historical cost or acquisition value at date of donation whether they are held as individual items or in a collection. Depreciation is not required for collections or individual items that are inexhaustible. On June 30, 2025, all Work of Art are considered inexhaustible.

Continue

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continuation

Leases Accounting Policies – Lessee

The Senate determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of an intangible right-to-use assets and lease liabilities on the Statement of Net Position. Right-to-use assets represent the use of an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Senate determines lease classification as operating or finance at the lease commencement date. Finance leases, if applicable, are included in capital assets, other current liabilities and other long-term liabilities in our Statement of Net Position.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The right-to-use asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Senate uses the incremental borrowing rate (IBR) when readily determined. As most of the leases do not provide an IBR, the Senate uses the interest rate charged by the Lessor based on the information available at the commencement date to determine the present value of lease payments. IBR used to determine the present value of lease payments were derived by reference to the interest rate on the Lessor corresponding to the lease commencement date. Lease assets are amortized on a straight-line basis over the shorter of the useful life of the underlying asset or the lease term.

The lease term is the non-cancelable period per the contract. Additionally, the lease term may include options to extend or to terminate the lease that the Senate is reasonably certain to exercise.

The Senate annually performs an impairment analysis of its capital assets in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.* Impaired capital assets that will no longer be used by the Senate, if any, are reported at the lower of carrying value or fair value. Impairment losses on capital assets with physical damages that will continue to be used by the Senate are measured using the restoration cost approach. Impairments of capital assets that are subject to a change in the manner or duration of use, or assets affected by enactment or approval of laws or regulations or other changes in environmental factors or assets that are subject to technological changes or obsolescence, if any, are measured using the service unit's approach.

The Senate is prevented legally from entering into obligations extending beyond one fiscal year, and most lease agreements entered by the Senate contain fiscal funding clauses or cancellation clauses that make the continuation of the agreements subject to future appropriations.

4) Deferred Outflows/Inflows of Resources

Deferred outflows of resources and deferred inflows of resources are defined in GASB Concept Statement No. 4, *Elements of Financial Statements*, as the acquisitions and consumptions of net assets by the government that is applicable to future periods. Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position",* and GASB Statement No. 65, *"Items Previously Reported as Assets and Liabilities",* the Senate recognizes deferred outflows of resources in a separate section following Assets and deferred inflows of resources in a separate section following Liabilities in the *Statement of Net Position*.

The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

Continue

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continuation

The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Based on this concept, the Senate reports the following as deferred inflows of resources.

- The deferred outflows/inflows of resources resulting from GASB Statement No. 73. Notes 8 and 10 presents additional information about the composition of this item.
- Revenues earned but not available within 60 days of fiscal year end, if any.

The Senate has items, which arise under accrual basis and modified accrual basis of accounting that qualify for reporting in deferred outflows/inflows of resources. Accordingly, the items related to the pension system are reported in the government-wide *Statement of Net Position*, and *unavailable revenue*, is reported only in the governmental funds *Balance Sheet*. The governmental funds report *unavailable revenues* from Federal Grants, if any. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

5) Long-Term Obligations

The liabilities reported in the GWFS include long-term liabilities such as vacations and sick leave, leases, contingencies, and pension and OPEB liabilities.

6) Compensated Absences

The Senate accrues accumulated unpaid vacation and sick leave and associated employee-related costs when earned (or estimated to be earned) by the employee. Compensated absences are accounted for under the provisions of GASB 101 Accounting Standards Codification Section C60, *Compensated Absences*. Compensated absences include paid time off made available to employees in connection with vacation, sick leave and compensatory time. The liability for compensated absences recorded in the accompanying Statement of Net Position is limited to leave that: (1) is attributable to services already rendered on or before June 30, 2025 and (2) Sick leave should be accumulated to the extent that is more likely-than-not that they will be used. The liability for compensated absences includes salary-related costs, which are directly and incrementally related to the amount of salary paid to the employee (such as employer's share of social security taxes and Medicare taxes).

The employees of the Senate do not apply by the Act No. 26 of April 29, 2017 (Act No. 26-2017), the employees of the Senate are granted fifteen (15) days of vacation and eighteen (18) days of sick leave annually. The employee has the right to accumulate an excess of vacation up to sixty (60) days and sick leave up to ninety (90) days, until December 31st of each year.

Compensated absences are accrued when incurred using the pay or salary rates in effect at the date of the *Statement of Net Position*.

Continue

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continuation

Upon termination of employment, an employee receives compensation for all accumulated unpaid regular vacation leave at the current rate up to the maximum of sixty (60) days. When the reason for the separation is to qualify for the retirement for years of services or disability, a deferred pension or after having worked for at least ten (10) years of services without being a participant in a retirement system sponsored by the government you will also be entitled to pay of the lump sum of sick leave accumulated and not use up to maximum of ninety (90) days. However, if the employee worked ten years in the services within which some years, he has port of some retirement system sponsored by the government and the other were not involved, he will not be entitled to the payment of the mentioned license, except if he withdraws the contributions made to the retirement systems, which would make him a non-participant with 10 years or service.

In accordance with the above criteria and requirements in conformance with GASB Accounting Standards Codification Section C60, *Compensated Absences,* the Senate has accrued a liability for compensated absences, which has been earned but not taken by Senate's employees, including its share of social security and Medicare payments made on behalf of the employees in the accrual for vacation and sick leave pay using salary rates effective on June 30, 2024. All vacation pay is accrued when incurred in the GWFS. For the GWFS, the current portion is the amount estimated to be used in the following year.

For the GFFS, all of the compensated absences are considered long-term and therefore, are not a fund liability and represent a reconciling item between the fund level and government-wide presentations. Also, GFFS record expenditures when employees are paid for leave or the balance due in accrued upon the employee's separation from employment.

7) Reduction of Working Day

Act No. 8 of February 6, 2017, establishes that any employee will have the option of requesting a voluntary reduction of their working day by means of a prior agreement with their employer, for a reduction period equivalent to one day of work.

8) 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 when the liability is incurred. The Long-Term Obligations include an amount estimated as a contingent liability or liabilities with a fixed or expected due date, which will require future available financial resources for its payment.

9) Fair Value

The Senate follows the provisions of GASB Statement No. 72, *Fair Value Measurements and Application. GASB Statement No. 72* defines fair market value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurements made in the accompanying financial statements assume that transactions take place in the Senate's principal market, or the Senate's most advantageous market in the absence of a principal market.

Fair values have been measured assuming that general market participants would act in their best economic interest To determine fair value measurements, fair values have not been adjusted for transaction costs and the Senate has considered the unit of account of the asset or liability. The unit of account refers to the level at which an asset or a liability is aggregated or disaggregated for measurement, recognition, or disclosure purposes as provided by the accounting standards.

Continue

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continuation

The Senate has used valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair values. The techniques applied are consistent with one or more of the following approaches: (i) the market approach, (ii) the cost approach, or (iii) the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount. Valuation techniques have been applied consistently, though a change may be appropriate in certain circumstances.

The fair value measurements applied by management take into account the highest and best use for a non-financial asset. A fair value measurement of a liability assumes that the liability would be transferred to a market participant and not settled with the counterparty. In the absence of a quoted price for the transfer of an identical or similar liability and if another party holds an identical item as an asset, the Senate uses the fair value of that asset to measure the fair value of the liability. The Senate's financial instruments consist of cash and cash equivalents, accounts receivable, other assets, accounts payable and accrued liabilities, and other long-term obligations.

This Statement also established a hierarchy of inputs to valuation techniques used to measure fair value. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuations are observable. The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that we can access.

Level 2 – Inputs to the valuation methodology whose values are based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar instruments in markets that are not active; and model derived valuation in which all significant inputs are observable.

Level 3 – Inputs to the valuation methodology are unobservable inputs for asset or liability and may require a degree of professional judgment.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. Based on the criteria set forth above, the Senate has classified its financial instruments as Level 2 instruments as of June 30, 2025.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Senate's valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The observability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer would be reported at the beginning of the fiscal year. For the fiscal year ended June 30, 2025, there were no transfers from Level 2 to other categories.

Continue

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continuation

The following methods and assumptions were used to estimate the fair values of the most significant financial instruments on June 30, 2025. There have been no changes in valuation methods.

- For cash in commercial banks, accounts receivable, other assets and accounts payable and accrued liabilities, their respective estimated fair values approximate their carrying amounts recorded in the accompanying financial statements. The cost or contract value (net realizable value of assets and estimated settlement amounts of liabilities) was used to determine their respective fair values of these assets and liabilities due to their short-term nature and maturity periods.

- For long-term obligations, the estimated fair values also approximate carrying amounts. The Senate determined their fair values using valuation models that use observable market quotes.

Fair value reporting requires management to make estimates and assumptions about the effects of matters that are inherently uncertain. The judgments made in determining the estimated fair value assigned to each financial instrument is significant and can materially impact the changes in net position and fund balances of the Senate. The valuations are based on information available on June 30, 2025, and are based on expectations and assumptions that have been deemed reasonable by management.

Estimates developed using alternate are subjective, requiring significant judgments such as the amount and timing of future cash flows and the selection of appropriate discount rates that reflect market and credit risk.

The preceding valuation methods described may produce a fair value calculation that may not be indicative of net realizable or reflective of future fair values. Furthermore, while management believes that the Senate's valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

However, the difference between the estimated fair values and carrying values of the Senate's financial instruments were not considered significant by the Senate on June 30, 2025.

10) Accounting for Pension Costs

As further disclosed in Note 12, effective July 1, 2017, a new “Pay-As-You-Go” (“Pay-Go”) system was enacted into law by Act No. 106 of 2017 (Act No. 106-2017), significantly reforming the defined benefit plan (the Plan) of the Employees’ Retirement System of the Government of the Commonwealth of Puerto Rico (ERS). Under the “Pay-Go” system, employers’ contributions and other contributions ordered by special laws were all eliminated and substantially all the assets of the Plan were liquidated, and its proceeds transferred to the Commonwealth’s General Fund for payment of pension benefits; therefore, since the enactment of Act No. 106-2017, the Commonwealth’s General Fund makes direct payments to the pensioners and is then reimbursed for those payments by the participating employers.

Act No. 106-2017 impacts the benefits provided to ERS members as follows:

- New employees hired July 1, 2017, or later will be participants in a separate defined contribution plan and will not become ERS members.
- Effective July 1, 2017, current ERS members will no longer make any contributions to ERS. Prospectively, active members will participate in a separate defined contribution plan.

Continue

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continuation

In addition, Act No. 106-2017 provides that ERS will be funded on a "Pay-As-You-Go" basis. This funding change resulted in the change in the applicable accounting standard from GASB Statement Nos. 67/68 to GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*, for employer financial accounting purpose. The following contributions are eliminated by Act No. 106-2017:

- Act No. 116-2011 employer contributions – was 15.525% of payroll in 2016-2017 and was scheduled to increase by 1.25 of payroll per year to an ultimate rate of 20.525% of payroll in 2020-2021 and later.
- Act No. 32-2013 Additional Uniform Contribution.
- Act No. 3-2013 Supplemental Contributions – was $2,000 for each pensioner who was previously benefiting as an Act No, 447-1951 and Act No. 1-1990 member while an active employee. The contribution paid for the Medical Insurance Plan Contribution (up to $1,200 per member), the Christmas Bonus ($200 per member), and Medication Bonus ($100 per member) payable to members who retired prior to July 1, 2013. The excess of these Supplemental Contributions remained in the System to pay down the unfunded actuarial accrued liability.

As ERS is a multiple employer plan and the benefits are no longer funded by a pension trust, GASB Statement No. 73 applies to the pension benefits provided to each participating employer's own employees. The Central Government and its component units are considered to be one employer. Other employers, like the Senate, also participate in ERS (see Note 12).

11) Other Postemployment Benefits

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, that replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, governs the specifics of accounting for public OPEB plan obligations for participating employers and is required to be implemented for employer fiscal years beginning after June 15, 2017.

In addition to the pension benefits described in Note 12, the Commonwealth provides other retirement benefits, such as Christmas Bonus, and postemployment healthcare benefits (OPEB) for its retired employees in accordance with local law. Substantially, all of the employees may become eligible for these benefits if they reach normal retirement age while working for the Commonwealth. There are no member or employer contributions on behalf of the MIPC. This benefit is financed on a "Pay-As-You-Go" basis from the General Fund of the Commonwealth of Puerto Rico.

12) Net Position/Fund Balance

A) Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources in the GWFS.

The GWFS utilize a net position presentation, which is categorized as follows:

Continue

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continuation

- *Net Invested in Capital Assets* – These consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of bonds payable, notes payable and other debts that are attributed to the acquisition, construction or improvements of those assets. For the purpose of determining the outstanding debt attributed to capital assets, the total long-term debt related to the acquisition, construction or improvements of capital assets has been reduced by any related unspent debt proceeds. In addition, the outstanding debt attributed to capital assets does not include accrued interest payable, non-capital accrued liabilities, inter-fund loans and other financial assets.

  Net Investment in Capital Assets is comprised of the following:

Net Investmet in Capital Assets is comprised of the following		
Capital Assets ………………………………………………………	$	8,047,607
Less Lease Liability ………………………………………………		(1,139,821)
Accumulated Depreciation / Amortization ……………………		(5,037,419)
Total Net Investment in Capital Assets ………………………	$	1,870,367

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

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

Net Position Flow Assumption

Sometimes the Senate will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Senate's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

B) Fund Balance

Fund Balance Classification

Fund balances for the governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the Senate honors constraints on the specific purposes for which amounts in those funds can be spent.

- *Nonspendable* – amounts that cannot be spent because they are either (1) not spendable in form; or (2) legally or contractually required to be maintained intact.

Continue

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continuation

- *Committed* – amounts that can only be used for specific purposes determined by formal action of the Senate's highest level of decision-making authority (Legislature Assembly) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

- *Restricted* – amounts with constraints placed on their use that are either (1) externally imposed by creditors, grantors, contributors, or laws or regulation of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

- *Assigned* – amounts that are constrained by the Senate's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose.

- *Unassigned* – the residual classification for the Senate's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

Fund Balance Flow Assumption

Sometimes the Senate will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the GFFS a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Senate's policy to consider restricted fund balance to have been depleted before using any of the components or unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policy

The Senate believes that sound financial management principles require that sufficient funds be retained by the Senate to always provide a stable financial base. To retain this stable financial base, the Senate needs to maintain a General Fund balance sufficient to fund all cash flows of the Senate, to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. The purpose of this policy is to specify the size and composition of the Senate's financial reserves and to identify certain requirements for replenishing any fund balance reserves utilized.

Restrictions of Fund Balance

Restrictions of fund balance represent portions of fund balances that are legally segregated for a specific future use or are not appropriable for expenditure. The Senate has implemented the provisions of the GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* as of July 1, 2010, in which it is required to classify, and report amounts in the appropriate fund balance classification by applying their accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to have been spent.

Continue

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continuation

Policy on Committing Funds

It is the policy of the Senate that fund balance amounts will be reported as “Committed Fund Balance” only after formal action and approval of the President. It is the policy of the Senate that the Legislative Assembly may commit fund balance for any reason that is consistent with the definition of Committed Fund Balance.

Examples of reasons to commit fund balance would be to display intentions to use portions of fund balance for future capital projects, stabilization funds, or to earmark special General Fund streams unspent at year-end that are intended to be used for specific purposes.

Policy on Assigning Funds

Funds that are *intended* to be used for a specific purpose but have not received formal approval action at the Legislative Assembly level may be recorded as Assigned Fund Balance. Having reviewed the requirements for assigning fund balance, therefore, is the policy of the Senate that the President shall have the authority to assign fund balance of the Senate based on the intentions of the use of funds. In addition, the President can delegate to the Fiscal and Financial Office Director or other employee of the Senate, the authority to assign the funds.

Policy on Unassigned General Fund Balance

It is the goal of the Senate to achieve and maintain an Unassigned General Fund Balance equal to 5% of budgeted expenditures. The Senate considers a balance of less than 2.5% to be a cause for concern, barring unusual or deliberate circumstances, and a balance of more than 10% as excessive. An amount in excess of 20% is to be considered for reservation to accumulate funding for the purchase of machinery and equipment for capital projects, and shall be determined in conjunction with the annual budget process. In the event that the Unassigned General Fund Balance is less than the policy anticipates, the Senate shall plan to adjust budget resources in the subsequent fiscal years to restore the balance.

Prioritization of Fund Balance Use

In circumstances where expenditure is for a purpose that quantities are available in multiple fund balance classifications, the order in which the resources will be used shall be as follows: Restricted Fund Balance, followed by Committed Fund Balance, Assigned Fund Balance, and last but not least, Unassigned Fund Balance.

D. Risk Financing

The Commonwealth of Puerto Rico purchases commercial insurance covering casualty, theft, tort, claims, and other losses for the Senate. The Senate reimburses the Commonwealth for premium payments made on its behalf. The Senate’s current insurance policies have not been canceled or terminated.

The Senate carries commercial insurance to cover property and casualty, theft, tort claims and other losses with private insurance companies. Also, principal officials of the Senate are covered under various surety bonds. Cost of insurance to the Senate for the year ended June 30, 2025 amounted to $53,716, paid in full at the beginning of the fiscal year. The current insurance policies have not been cancelled or terminated.

Continue

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continuation

The Senate carries insurance coverage for death and bodily injuries caused by the motor vehicles accidents. The insurance is obtained through the Automobile Accidents Compensation Administration (AACA), a component unit of the Commonwealth of Puerto Rico. This insurance is compulsory for all licensed vehicles used on public roads and highways in Puerto Rico. The annual premium is $35 per licensed motor vehicle, which is paid directly to AACA.

The Senate obtains workers' compensation insurance through the State Insurance Fund Corporation (SIFC), a component unit of the Commonwealth of Puerto Rico. This insurance covers workers against injuries, disability or death because of work or employment-related accidents, or because of illness suffered as a consequence of their employment. The cost of insurance allocated to the Senate for the year ended June 30, 2025 amounted to $397,081.

The Senate obtains unemployment compensation, non-occupational disability, and drivers' insurance coverage for its employees through various insurance programs administered by the Department of Labor and Human Resources of the Commonwealth of Puerto Rico (DOLHR). These insurance programs cover workers against unemployment and provide supplementary insurance coverage for temporary disability, or death because work or employment-related accidents or non-occupational disability and drivers' insurance premiums are paid to DOLHR on a cost reimbursement basis. During the fiscal year the total amount paid was $23,485.

E. Use of Estimates

The preparation of the basic financial statements in conformity with GAAP 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. The actual result could differ from those estimates.

F. Reclassifications

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

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The Senate annually receives an appropriation from the general Budget Resolution of the Commonwealth of Puerto Rico. Budgetary control is legally maintained at the fund level. The budget is prepared using the modified accrual basis of accounting with encumbrance included as budgetary basis expenditures. Unexpended appropriations at the end of the fiscal year generally lapse. However, they may be re-appropriated for expenditures in the following two fiscal year.

Expenditures are generally recorded when the related expenditure is incurred or encumbered. Available appropriations and encumbrances will lapse the year following the end of the fiscal year when the encumbrance was established, by means of Act No. 123 from August 17, 2001, which amended the existing appropriations and encumbrances lapsing provision of Act No. 230 from July 23, 1974.

Amounts requiring claims and judgments against the Senate, and certain other liabilities are not recognized until they are encumbered or otherwise processed for payment. Under the statutory basis of accounting, the Senate uses encumbrance accounting to record the full amount of purchase orders, contracts and other commitments of appropriate resources as deductions from the appropriation prior to actual expenditure. In the Senate governmental funds, encumbrance is a significant aspect of budget control.

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – continuation

Budgetary Control

On January 2, 2017, the Governor of Puerto Rico signed the Executive Order No. 2017-005, which required that all departments, agencies, and instrumentalities of the Government of Puerto Rico and those expressly required by the Governor, are ordered to implement the Zero-Base Budget methodology for the preparation of the budget for fiscal year 2017-2018 and subsequent fiscal years, per the applicable techniques and approaches of Zero-Base Budget and should be in conformity with the Fiscal Plan approved by the Oversight Board for Puerto Rico, pursuant to the Federal Law Pub. L. 114-187, *Puerto Rico Oversight, Management and Economic Stability Act* (PROMESA).

For budgetary purposes, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The encumbrances (i.e., purchase orders, contracts) are considered expenditures when incurred. For GAAP reporting purposes, encumbrances outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. In addition, under the budgetary basis of accounting, revenues are recorded when cash is received. The unencumbered balance of any appropriation at the end of the year will lapse at the end of such fiscal year. Other appropriations, mainly capital project appropriations, are continuing accounts for which the Legislative Assembly has authorized that an unspent balance from the prior year be carried forward and made available for current spending.

Pursuant to Section 202(a) of PROMESA, the Oversight Board should certify the Consolidated Budget of the Commonwealth of Puerto Rico in accordance with a schedule for a period of six months ending June 30, for the process of developing, submitting, approving, and certifying the Fiscal Year Budget as follows:

- Consistent with PROMESA 202(b), Oversight Board sends Governor and Legislature a forecast of revenues. The Oversight Board sends the Governor and Legislature agency budget targets on personnel and non-personnel basis and a detailed data request.
- Consistent with PROMESA 202(c)(1), the Governor submits a proposed Fiscal Year Budget based on the forecast of revenues and budget targets together with detailed supporting documentation for any variances. The Government must update the inventory listing of all agencies, including agency contacts and details on any consolidation of agencies or new agencies. The Government must provide a signed certificate from the OCFO stating that the proposed budget was developed in accordance with modified accrual accounting standards.
- The Boards of Directors of Independently Forecasted Component Units submit proposed budget resolutions based on the forecast revenues and agency budget targets along with detailed support documentation for any variances.
- Pursuant to PROMESA 202(c)(1)(B), the Oversight Board shall send the Governor a notice of violation if it determines that the proposed budget is not compliant with the Certified Commonwealth Fiscal Plan.
- Pursuant to PROMESA 202(c)(2), the Governor must submit a revised proposed budget, as needed.
- Pursuant to PROMESA 202(c)(2), the Oversight Board submits a compliant Fiscal Year Budget to the Governor and Legislature.
- Pursuant to PROMESA 202(d)(1), the Legislature must submit a proposed adopted Fiscal Year Budget to the Oversight Board.
- Pursuant to PROMESA 202(d)(1)(B), the Oversight Board must send the Legislature a notice of violation, as needed.
- Pursuant to PROMESA 202(d)(2), the Legislature must submit a revised adopted Fiscal Year Budget to the Oversight Board, as needed.
- Pursuant to PROMESA 202(e), the Oversight Board shall certify the Fiscal Year Budget.

Continue

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – continuation

The Governmental Funds Financial Statements each include a schedule that reconciles the fund balances and net changes in fund balances in the governmental fund statements to the net position and changes in net position in the Government-Wide Financial Statements. Differences between the two occur because the current financial resources measurement focus and modified accrual basis of accounting that is used in governmental funds must be converted to the economic resources' measurement focus and accrual basis of accounting that is used in government-wide reporting. In addition, differences will occur because balances and transactions associated with interfund activity must be eliminated in the process of preparing the Government-Wide Financial Statements.

4. RECONCILIATION OF GOVERNMENT–WIDE AND FUND FINANCIAL STATEMENTS

A. *Explanation of certain differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position*

Total fund balances of the **Senate**'s governmental funds, reported in the *Balance Sheet*, ***$14,447,573***, differ from net position (deficit) of Governmental Activities, **(*$16,690,610)***, reported in the *Statement of Net Position*.

- When capital assets (works of arts and historic treasures, equipment, computer equipment and software, furniture, motor vehicles, and right-to-use equipment) that are to be used in Governmental Activities are purchased and recognized at cost, which are reported as expenditures in governmental funds. However, the *Statement of Net Position* includes those capital assets, net of accumulated depreciation/amortization, among the assets of the **Senate** as a whole.

Cost of Capital Assets	$ 8,047,607
Accumulated Depreciation/Amortization	(5,037,419)
Net adjustment to increase Fund Balance – Governmental Funds to arrive at Net Position – Governmental Activities	$ 3,010,188

- Deferred outflows of resources and deferred inflows of resources are reported when a given item that otherwise meets the definition of a revenue or expenditure/expense relates to a future period. These deferred amounts apply to governmental activities related to the implementation of GASB Statements Nos. 73 and 75.

Deferred Outflows of Resources – Pension Related Items	$ 3,220,952
Deferred Outflows of Resources – OPEB Related Items	$ 124,282
Deferred Inflows of Resources – Pension Related Items	$ -

- Noncurrent liabilities applicable to the **Senate**'s Governmental Activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and noncurrent, are reported in the *Statement of Net Position*.

- Also, an elimination of the Due from/to Other Funds of $265,345 was excluded in the *Statement of Net Position*.

Continue

4. RECONCILIATION OF GOVERNMENT–WIDE AND FUND FINANCIAL STATEMENTS – continuation

Compensated Absences	$ 3,205,458
Right-To-Use Liability	1,139,821
Sub-Total	4,345,279
Christmas Bonus	368,424
Total Pension Liability	31,816,342
Total OPEB Liability	963,560
Net adjustment to decrease Fund Balance – Governmental Funds to arrive at *Net Position (Deficit) – Governmental Activities*	$ (31,138,183)

BALANCE SHEET/STATEMENT OF NET POSITION

	Total Governmental Funds	Noncurrent Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
Assets:				
Current Assets:				
Cash	$ 15,964,404	$ -	$ -	$ 15,964,404
Accounts Receivable, net:	99,503	-	-	99,503
Due from Other Funds	265,345	-	(265,345)	-
Non-Current Assets:				
Capital Assets, Net	-	3,010,188	-	3,010,188
Total Assets	16,329,252	3,010,188	(265,345)	19,074,095
Deferred Outlows of Resources:				
Pension Related	-	3,220,952	-	3,220,952
OPEB Related	-	124,282	-	124,282
Total Deferred Outlows of Resources	-	3,345,234	-	3,345,234
Total Assets and Deferred Outlows of Resources	**$ 16,329,252**	**$ 6,355,422**	**$ (265,345)**	**$ 22,419,329**
Liabilities:				
Accounts Payable	1,129,369	-	-	1,129,369
Accrued Liabilities	486,965	-	-	486,965
Lease Liability	-	269,294	-	269,294
Christmas Bonus	-	368,424	-	368,424
Compensated Absences	-	708,439	-	708,439
Due to Other Funds	265,345	-	(265,345)	-
Noncurrent Liabilites				
Lease Liability	-	870,527	-	870,527
Compensated Absences	-	2,497,019	-	2,497,019
Total OPEB Liabilites	-	963,560	-	963,560
Total Pension Liabilities	-	31,816,342	-	31,816,342
Total Liabilities	1,881,679	37,493,605	(265,345)	39,109,939
Fund Balances/Net Position (Deficit):				
Total Fund Balances/Net Position (Deficit)	14,447,573	(31,138,183)	-	(16,690,610)
Total Liabilities, Deferred Inflows of Resources and Fund Balances / Net Position (Deficit)	**$ 16,329,252**	**$ 6,355,422**	**$ (265,345)**	**$ 22,419,329**

Continue

4. RECONCILIATION OF GOVERNMENT–WIDE AND FUND FINANCIAL STATEMENTS – continuation

B. *Explanation of certain differences between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities*

The net change in fund balances for governmental funds, (***$1,449,906)***, differs from the change in net position for Governmental Activities ***$2,232,848***. The differences arise primarily from the long-term economic focus in the *Statement of Activities* versus the current financial resources focus on the governmental funds. The differences are presented and explained as follows.

- When capital assets purchased or constructed, their cost is allocated over their estimated useful lives and reported as depreciation/amortization expenses; the resources expended for those assets are reported as expenditures in governmental funds. However, in the *Statement of Activities*, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation/amortization expenses and loss on disposition of assets charged for the year.

Capital Outlays of Governmental Activities	$	1,676,556
Depreciation/Amortization Expenses		(802,999)
Net Adjustment to Decrease Net Changes in Fund Balance – Total Governmental Funds to arrive at Changes in Net Position – Governmental Activities	$	873,557
Loss on Disposal of Capital Asset	$	(21,248)

- Certain noncurrent liabilities reported in the prior year *Statement of Net Position* were paid during the current period resulting in expenditures in the governmental funds. This is the amount by which the decrease in noncurrent liabilities reduced the expenses reported in the *Statement of Activities* that do not require the use of current financial resources:

Change in Compensated Absences	$	1,034,467
Principal Payments on Leases Liability (Right-To-Use)		74,332
Principal Payments on SBITA Liability (SBITA)		96,395
Change in Lease Liability		(1,190,008)
Christmas Bonus		532,899
OPEB Liability		112,034
Pension Liability		2,170,326
	$	2,830,445
Net Adjustment to Increase Net Changes in Fund Balance – Total Governmental Funds to arrive at Changes in Net Position – Governmental Activities	$	3,682,754

Continue

4. RECONCILIATION OF GOVERNMENT–WIDE AND FUND FINANCIAL STATEMENTS – continuation

	Total Governmental Funds	Capital-Related Items	Noncurrent Debt Transactions	Statement of Activities Totals
Revenues:				
Intergovernmental	$ 33,370,764	$ -	$ -	$ 33,370,764
Federal Awards	359,940	-	-	359,940
Total Revenues	33,730,704	-	-	33,730,704
Expenditures/Expenses:				
Current:				
General Government – Adminstrative and Operating Activities	34,720,276	824,247	(2,659,718)	32,884,805
Capital Outlay	1,676,556	(1,676,556)	-	-
Debt Service:				
Principal	170,727	-	(170,727)	-
Interest and Other Charges	1,423	-	-	1,423
Total Expenditures/Expenses	36,568,982	(852,309)	(2,830,445)	32,886,228
Other Financing Sources (Uses)				
Other Financing Sources – Intangible Right To Use Asset	1,388,372	-	-	1,388,372
Total Other Financing Sources (Uses)	1,388,372	-	-	1,388,372
Net Change in Fund Balances / Change in Net Position	**$ (1,449,906)**	**$ 852,309**	**$ 2,830,445**	**$ 2,232,848**

5. CASH

Cash in Commercial Banks

Puerto Rico laws authorize governmental entities to invest in direct obligations or obligations guaranteed by the Federal government or the Commonwealth. The Senate is also allowed to invest in bank acceptances, other bank obligations and certificates of deposit in financial institutions authorized to do business under the Federal and Commonwealth laws. Under the laws and regulations of the Commonwealth, public funds deposited by the Senate in commercial banks must be fully collateralized for the amounts deposited in excess of the Federal Deposit Insurance Corporation (FDIC) coverage. All securities pledged as collateral are held by agents designated by the Commonwealth's Secretary of the Treasury, but not in the Senate's name. The Senate cash balances in commercial banks were approximately $15.9 million as of June 30, 2025.

Concentration of Credit Risk

This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. On June 30, 2025, the Senate invested only in cash equivalents of $15.9 million consisting of interest-bearing accounts in commercial banks, which are insured by the FDIC, generally up to a maximum of $250,000. As previously mentioned, public funds deposited by the Senate in commercial banks must be fully collateralized for the amounts deposited in excess of the FDIC coverage. No investments in debt of equity securities were made during the Fiscal Year ending June 30, 2025.

This space was intentionally left blank.

5. CASH – continuation

Therefore, the Senate's management has concluded that the concentration of credit risk related to any possible loss related to defaults by commercial banks on the Senate's deposits is considered low on June 30, 2025.

Custodial Credit Risk

This is the risk that, in the event of the failure of a depository financial institution, the Senate will not be able to recover its cash and investments or will not be able to recover collateral securities that are in the possession of an outside party. Pursuant to the Investment Guidelines for the Commonwealth adopted by FAFAA, the Senate may invest in obligations of the Commonwealth, obligations of the United States, certificates of deposit, commercial paper, banker's acceptance, or in pools of obligations of the municipalities of Puerto Rico, which are managed by FAFAA. On June 30, 2025, the Senate has balances deposited in commercial banks amounting to $15.9 million which are insured by the FDIC up to the established limit and the excess are fully collateralized as explained above.

Interest Rate Risk

This is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Senate manages its exposure to declines in fair values by: (1) not including debt or equity investments in its investments portfolio on June 30, 2025, (2) limiting the weighted average maturity of its investments in certificates of deposit to periods of four months or less, and (3) keeping most of its bank's deposits and certificates of deposit in interest bearing accounts generating interest at prevailing market rates. Therefore, on June 30, 2025, the interest risk associated with the Senate's cash and cash equivalent is considered low.

Foreign Exchange Risk

This is the risk that changes in exchange rates will adversely affect the value of an investment or a deposit. According to the aforementioned investment guidelines, adopted by the Senate, the Senate is prevented from investing in foreign securities or any other types of investments for which foreign exchange risk exposure may be significant. Accordingly, management has concluded that the foreign exchange risk related to the Senate's deposits is considered low on June 30, 2025.

6. RECEIVABLE

GASB Statement No. 38, *Certain Financial Statement Note Disclosures,* requires disclosure of significant receivable balances not expected to be collected within one year of the date of the financial statements. As of June 30, 2025, amounts are aggregated into the accounts receivable line for certain funds and aggregated columns. Accounts receivable, net on June 30, 2025 amounted to $99,503.

This space was intentionally left blank.

Continue

7. CAPITAL ASSETS

Capital Assets for governmental activities for the fiscal year ended June 30, 2025 was as follows:

	Balance at June 30, 2024 as restated	Additions	Retirements	Balance at June 30, 2025
Governmental Activities:				
Capital Assets:				
Non-Depreciable Capital Assets:				
Works of Arts and Historic Treasures	$ 64,932	$ 25,000	$ -	$ 89,932
Depreciable Capital Assets:				
Equipment	1,931,438	253,433	(46,206)	2,138,665
Computer equipment and sofware	1,582,633	3,218	(357,810)	1,228,041
Furniture	1,985,194	6,533	(126,576)	1,865,151
Vehicles	1,291,834	-	(195,118)	1,096,716
Right-To-Use Equipment	119,765	1,388,372	-	1,508,137
Subscription Asset	120,965	-	-	120,965
Total Depreciable Capital Assets	**7,031,829**	**1,651,556**	**(725,710)**	**7,957,675**
Less: Accumulated Depreciation				
Equipment	(1,200,742)	(192,299)	401,988	(991,053)
Computer equipment and sofware	(1,221,741)	(96,790)	-	(1,318,531)
Furniture	(1,755,667)	(72,305)	119,382	(1,708,590)
Vehicles	(726,827)	(126,477)	183,092	(670,212)
Less: Accumulated Amortization for Leased Asset & Subscription Asset				
Right-To-Use Equipment	(30,315)	(290,844)	-	(321,159)
Subscription Asset	(3,590)	(24,284)	-	(27,874)
Total Accumulated Depreciation and Amortization	**(4,938,882)**	**(802,999)**	**704,462**	**(5,037,419)**
Total Depreciable Capital Assets (Net)	**2,092,947**	**848,557**	**(21,248)**	**2,920,256**
CAPITAL ASSETS, NET	**$ 2,157,879**	**$ 873,557**	**$ (21,248)**	**$ 3,010,188**

Depreciation and amortization expenses were charged to governmental functions/programs for the fiscal year ended June 30, 2025 as Administrative and Operating.

8. DEFERRED OUTFLOWS OF RESOURCES

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* the Senate recognized deferred outflows of resources in the government-wide statements. These items are a consumption of net position by the Senate that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Continue

8. DEFERRED OUTFLOWS OF RESOURCES – continuation

At the end of the current fiscal year, the Senate has an item that are reportable on the Government-Wide *Statement of Net Position* that are relates to outflows from changes in the Total Pension Liability (Note 11), as follows:

Deferred Outflows of Resources	
Pension Related	$ 3,220,952
OPEB Related	124,282
	$ 3,345,234

9. LONG-TERM LIABILITIES

Long-term obligations on June 30, 2025 and changes for the year then ended was as follows:

	Balance at June 30, 2024 as restated	Increase	Decrease	Balance at June 30, 2025	Due within One (1) Year	Due after One (1) Year
Compensated Absences	$ 4,239,925	$ -	$ (1,034,467)	$ 3,205,458	$ 708,439	$ 2,497,019
Leases Liability (Right-To-Use)	74,332	1,139,821	(74,332)	1,139,821	269,294	870,527
Subscription Liability (SBITAS)	96,395	-	(96,395)	-	-	-
Christmas Bonus	901,323	368,424	(901,323)	368,424	368,424	-
Total Pension Liability	33,986,668	-	(2,170,326)	31,816,342	3,220,952	28,595,390
Total OPEB Liability	1,075,594	-	(112,034)	963,560	124,282	839,278
TOTAL	$ 40,374,237	$ 1,508,245	$ (4,388,877)	$ 37,493,605	$ 4,691,391	$ 32,802,214

The change in compensated absences above is a net change for the year.

Compensated Absences

The GWFS, *Statement of Net Position*, includes approximately $3.2 million in the governmental funds for the estimated accrued vacation benefits, accrued sick leave benefits and payroll related benefits, representing the Senate's commitment to fund such costs from future operations. The General Fund has been used to liquidate the liability for this concept.

Christmas Bonus

This amount represents the estimated accrued Christmas bonus accumulated as of June 30, 2025 and payroll related benefits, representing the benefit to employees to be paid during the first week of December 2025.

Total Pension Liability

As of June 30, 2025, the amount of Total Pension Liability amounted to $31,816,342 for the proportional share in the cost-sharing multi-employers pension plan (see Note 11).

Continue

9. LONG-TERM LIABILITIES – continuation

Total OPEB Liability

The Senate implemented the GASB Statement No. 75 that represented a change in accounting principle and required recognition of a one-time prior period adjustment to restate the beginning net position (deficit) with the recognition of a total other postemployment benefit liability during fiscal year 2020. As of June 30, 2025, the amount of Total OPEB Liability amounted to $963,560 (see Note 13).

10. INTERGOVERNMENTAL REVENUES

The Senate principal source of revenue is legislative appropriations from the Commonwealth of Puerto Rico. Appropriations are general purpose revenues of the Senate.

11. PENSION PLAN

After the approval of Act No. 106-2017, with the elimination of the Board of Trustees and the liquidation of plan assets, the GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*, was implemented instead of GASB Statement No. 68 effective on July 1, 2018. Accordingly, Total Pension Liability, Deferred Outflows / Inflows of Resources is presented. The information related to the Total Pension Liability presented is as of June 30, 2024, and for reporting purpose is as of June 30, 2025.

Employee's Retirement System of the Government of the Commonwealth of Puerto Rico

As summarized in Section Vi, the Puerto Rico Government Employees Retirement System (PRGERS) provides benefits to members, or their beneficiaries, upon:

- Retirement
- Disability
- Vested Withdrawal
- Death
- Nonvested Withdrawal (return of contributions)

These benefits will be referred to as the "Basic System Benefits" throughout this report. Prior to Act No. 106-2017, these benefits were paid from System assets.

For members who retired prior to July 1, 2013, annuity benefits are subject to a $500 monthly minimum. The amount in excess of $200 and less than $300 is a System Administered Benefit (see below) for all employees. The amount in excess of $300 and less than $400 is a System Administered Benefit for Public Corporation and Municipality employees. For Act No. 447-1951 and Act No. 1-1990 members who retire July 1,2013 or later, the accrued benefits as of June 30, 2013, or date of termination if earlier, are subject to a $400 monthly minimum.

Continue

11.PENSION PLAN – continuation

	July 1, 2022 Census Data Collection	July 1, 2023 Census Data Collection	Total Changes
Participant Data			
Active Members			
Number	34,380	31,102	-3,278
Average Salary	$35,406	$38,097	$2,691
Total Annual Salary	$1,217,252,004	$1,184,893,921	($32,358,083)
Terminated Vested Members *			
Number	12,451	12,181	(270)
Average Monthly Basic System Benefit	585	580	(5)
Retirees			
Number	95,127	94,973	(154)
Average Monthly Basic System Benefit	$1,105	$1,114	$9
Average Monthly System Administered Benefit	$69	$67	($2)
Disabled Members			
Number	11,661	11,117	(544)
Average Monthly Basic System Benefit	$419	$423	$4
Average Monthly System Administered Benefit	$207	$205	($2)
Beneficiaries			
Number	15,884	16,143	259
Average Monthly Basic System Benefit	$417	$432	$15
Average Monthly System Administered Benefit	$24	$22	($2)

* Effective with the July 1, 2022 census data collection, valuation quality data on terminated vested members was provided by

Basic System Benefit and System Administered Benefit amounts shown above are for pension benefits, including minimum benefits, COLAs, and future benefits to Act 211 retirees, and excludes benefits payable at a later date to Law 70 Section 4B retirees. Special Law "bonus" benefits are not reflected.

Change in Plan Provisions since Prior Valuation

There have been no changes in plan provisions since the prior valuation.

Continue

11.PENSION PLAN – continuation

Change in Assumptions since Prior Valuation

In accordance with GASB Statement No. 73, the discount rate is based on a bond market index. PRGERS has selected the Bond Buyer General Obligations 20-Bond Municipal Bond Index for this purpose. The index rate and resulting discount rate increase from 3.65% as of June 30, 2023 to 3.93% as of June 30, 2024.

As PRGERS indicated that very few members who retired July 1, 2013 and later [post- Act No. 3 of April 4, 2013 (Act No. 3-2013 retirees)] have elected a joint & survivor annuity, the assumed form of payment for pos-Act No 3-2013 retirees who were indicated as married and not entitled to future benefits payable as a result of Act No. 211 has been revised to a modified cash refund. Previously such retirees were assumed to have a joint and 100% survivor annuity, with a spouse's date of birth imputed based on an assumed age difference of 4 years with males older than females and an adjustment for the probability the spouse has pre-deceased the retiree as of the valuation date.

As valuation quality data on terminated vested members was provided by PRGERS effective with the July 1, 2022 census data collection, the 5% load on the GASB Statement No.73 actuarial accrued liabilities to approximate the value of the liability on behalf of deferred vested participants eliminated.

The Total Pension Liability as of June 30, 2024 decreased by (1) $1 billion approximately due to the increase in the discount rate, (2) $0.53 billion due to the change in the assumed for of payment for certain current post-Act No. 3-2013 and (3) $0.04 billion due to reflecting valuation quality data for individual terminated vested members in lieu of loading the actuarial accrued liability.

(1) Summary of Plan Provisions

Act No. 106 of August 23, 2017 (Act No. 106-2017) closed participation in the Defined Benefit Pension Plan for Participants of the Employee's Retirement System of the Government of the Commonwealth of Puerto Rico (PRGERS) to new members effective July 1, 2017, and moved prospective accruals for all current active members to a separate defined contribution plan outside of PRGERS. This summary details the provisions under Act No. 3 of April 4, 2013 (Act No. 3-2013), which was effective July 1, 2013 and under which the benefits to be paid to PRGERS members are determined. Certain provisions are different for the three groups of members who entered PRGERS prior to July 1, 2013 as described below:

- Members of Act No. 447-1951 are generally those members hired before April 1, 1990 (Contributory, Defined Benefit Program)

- Members of Act No. 1-1990 are generally those members hired on or after April 1, 1990 and on or before December 31, 1999 (Contributory, Defined Benefit Program)

- Members of Act No. 305-2000 are generally those members hired on or after January 1, 2000 and on or before June 30, 2013 (Define Contributory Hybrid Program or System 2000).

Act No. 106-2017 eliminate the prior statutory employer contributions and changed the funding of PRGERS benefits to Pay-As-You-Go by the Commonwealth., public corporation or municipality. Prior to July 1, 2017, most benefits were paid from system assets while some benefits were paid by the General Fund, public corporation or municipality.

Continue

11.PENSION PLAN – continuation

Subsequent to Act No. 106-2017, 2022 Plan of Adjustment eliminated the Act No. 127-1958 high risk death and disability benefits for System 2000, Act No. 3-2013, and Act No. 106-2017 members in high risk positions, eliminated future cost of living adjustment, including those on the Act No. 127-1958 benefits, and eliminated all future PRGERS benefits for System 2000 and Act No. 3-2013 members who were not in payment status as of March 15, 2022.

As directed by the System, the June 30, 2019 through June 30, 2021 valuations included the Act No. 127-1958 death and disability benefits for Act No. 106-2017 employees (e.g. those hired July 1, 2017 and later) in high-risk positions. These benefits are described in items 8b and 9b.

1. Type of Plan

   The System is a contributory, hybrid defined benefit plan.

2. Effective Date

   The System was established in 1951 by Act No. 447 of May 15, 1951 to be effective January 1, 1952. The plan was last amended under the 2022 Plan of Adjustment.

3. Eligibility for Membership

   Members of the Employees Retirement System of the Government of Puerto Rico and its instrumentalities include all regular full-time and non-municipal temporary employees who are not contributing to other Retirement Systems (Articles 1-104 and 1-105) and were hired before July 1,2017 (Act No. 106-2017). Employees include those in the following categories:

   - Police of Puerto Rico,
   - Firefighters of Puerto Rico,
   - Elective Officers of the People of Puerto Rico and the employees of the Legislature,
   - Officers and employees of the Government of Puerto Rico,
   - Officers and employees of public enterprises,
   - Officers and employees, including mayors of the municipalities, and
   - Irregular personnel fulfilling the requirements of regular employees.

   Membership is mandatory, except for the Governor of Puerto Rico, Government Secretaries, heads of public agencies and instrumentalities, the Governor's aides, gubernatorial appointees of commissions and boards, members of the Legislature, the Controller of Puerto Rico, the employees of the Agricultural Extension Service of the U.P.R., the Ombudsman and the Commonwealth Election Board employees (Article 1-105). In addition, membership is optional for eligible employees while working and residing outside the territorial limits of the Commonwealth of Puerto Rico (Act No. 112-2004).

   System 2000 and Act No. 3-2013 members who were not in payment status as of March 15, 2022 are no longer entitled to PRGERS benefits based on the provisions of the 2022 Plan of Adjustment.

4. Definitions

   a. Fiscal Year: A Fiscal Year is a 12-month period beginning on July 1 and ending on June 30 (Article 1-104).

Continue

11.PENSION PLAN – continuation

b. General Fund: The General Expenses Budget of the Government of the Commonwealth of Puerto Rico.

c. Government of Puerto Rico or Government: The Government of the Commonwealth of Puerto Rico, its departments, divisions, bureaus, offices, agencies and dependencies (Article 1-104).

d. Public Enterprise: Any government instrumentality of the People of Puerto Rico (Article 1-104).

e. Municipality: The Municipality of San Juan (Article 1-104).

f. Employer: The Government of Puerto Rico, any public enterprise that has elected to participate in the System, or any municipality that has elected to participate in the System (Article 1-104 and 1-110).

g. Employee: Any officer or employee of the Employer is regularly employed on a full time basis (Article 1-104).

h. Creditable Service for Act No. 447-1951 members: The years and months of plan participation, during which contributions have been made, beginning on the later date of hire or January 1,1952 and ending on date of separation from service. For purposes of calculating Creditable Service, the following schedule shall apply:

Service During a Fiscal Year	Creditable Service Earned
15 days during the same month	1 month
2 months and 15 days to 5 months and 14 days	½ year
5 months and 15 days to 8 months and 14 days	¾ year
8 months and 15 days to 12 months	1 year

Months in which less than 15 days of service are rendered do not count towards Creditable Service (Article 1-106).

In general, Creditable Service may be earned for any period of employment during which no contributions were made if Accumulated Contributions for such periods are paid to the System. The same rules hold for rehired employees who previously received a refund of Accumulated Contributions at separation. (Article 1-106)

Creditable Service also includes purchased service, if any (Article 1-106).

i. Creditable Service for Act No. 1-1990 members: The years and completed months of plan participation, during which contributions have been made, beginning on date of hire and ending on date of separation from service (Articles 1-106 and 2-109). For purposes of calculating Creditable Service, the following schedule shall apply:

Service During a Fiscal Year	Creditable Service Earned
Less than 3 months	None
3 to 5 months	½ year
6 to 8 months	¾ year
9 months or more	1 year

Continue

11.PENSION PLAN – continuation

In general, Creditable Service may be earned for any period of employment during which no contributions were made fi Accumulated Contributions for such periods are paid to the System. The same rules hold for rehired employees who previously received a refund of Accumulated Contributions at separation. (Article 1-106)

Creditable Service also includes purchased service, if any (Article 1-106).

j. Compensation: The gross cash compensation, excluding bonuses and overtime, upon which contributions by a Member to the Fund are based (Article1-104).

k. Average Compensation for Act No. 447-1951 members: The average of the 3 highest years (36 highest months) of compensation that the participant has received for Creditable Service (Article 1-104).

l. Average Compensation for Act No 1-1990 members: the average of the last 5 years of compensation that the participant has received for Creditable Service. If annual compensation in the average period exceeds by more than 10% the annual compensation in the immediately preceding year, the compensation in excess of said 10% shall not be included in the calculation of Average Compensation. (Article 2-108)

m. Contributions: The amount deducted from the compensation of a Member and the employer (Sectio 781).

n. Regular Interest: The interest rate as prescribed by the Board of Trustees (Article 1-104). Prior to July 1, 2017, the rate was 2.50%. Due to Act No. 106-2017, regular interest ceased July 1, 2017.

o. Accumulated Contributions: The sum of all amounts deducted from the compensation of a Member prior to July 1, 2013 with regular Interest (Article 1-104).

p. Actuarial Equivalent: Equality in value such that the present value of the amount under any form of payment is essentially the same as the present value of the amount under the normal form of annuity payment for single participants. Actuarially Equivalent factors are determined based on annuity and mortality tables adopted by the Board of Trustees based on the System's experience and in accordance with the recommendations of the actuary.

For purposes of converting the Define Contribution Hybrid Contribution Account to a lifetime annuity, the current factors adopted by the Board are the single life annuity factors using an interest rate of 4% and the RP-2000 Healthy Annuitant Mortality Table for ages 50 and over and the RP-2000 Employees Mortality Table for ages under 50, projected to 2025 using Scale AA and blended 50% male / 50% female.

q. Public Officers in High-Risk Positions: The Commonwealth of Puerto Rico Police, the Municipal Police, the Commonwealth Firefighter Corps, the Municipal Firefighter Corps, and the Custody Officers Corps.

r. Social Security Retirement Are (SSRA): The Social Security Retirement Age varies based on the year of birth as indicated in the table below:

Continue

11.PENSION PLAN – continuation

Year of Birth	Social Security Retirement Age
1937 or earlier	65 years
1938	65 years and 2 months
1939	65 years and 4 months
1940	65 years and 6 months
1941	65 years and 8 months
1942	65 years and 10 months
1943 to 1954	66 years
1955	66 years and 2 months
1956	66 years and 4 months
1957	66 years and 6 months
1958	66 years and 8 months
1959	66 years and 10 months
1960 and later	67 years

s. Retirement Savings Account: The individual retirement account established for each member of System 2000 (Article 1-104). Each member has a nonforfeitable right to the value of his Retirement Account (Article 3-107).

t. Credits to Retirement Savings Account: The credits to the retirement savings account include (1) any initial transfer balance for transferred participants, (2) contributions of the members to System 2000, and (3) the investment yield for each semester of the fiscal year based on the investment alternatives elected by the member (Article 3-107).

u. Investment Alternatives for Retirement Savings Account: System 2000 members could choose to allocate their Retirement Savings Account, in multiples of 10%, to the following investment options prior to July 1, 2013. Changes in allocation could have been made annually, effective each July 1.

   i. Fixed income – The yield is equal to the average monthly yield of the Two-Year Constant Maturity Treasuries during each semester of the fiscal year.

   ii. System's investment portfolio – the yield is equal to 90% (75% prior to July 1,2004) of the investment portfolio yield of the System during each semester of each fiscal year minus management fees such as fees payable to administrators of the portfolio.
   iii. Other alternatives adopted by the Board of the System.

v. Defined Contribution Hybrid Contribution Account: The individual account established for each active member as of July 1, 2013 and for each future member thereafter. Each member has a nonforfeitable right to their contributions to the Defined Contribution Hybrid Contribution Account and, for the System 2000 members, the initial transfer of their Retirement Saving Account as of June 30, 2013.

w. Credit to Defined Contribution Hybrid Contribution Account: The credits to the retirement savings account include (1) the Retirement Savings Account as of June 30, 2013 for System 2000 members, (2) contributions by all members from July 1, 2013 to June 30, 2017 to PRGERS, and (3) the investment yield for each semester of the fiscal year as determined by the Board. The investment yield determined by the Board shall never be less than 80% of the investment portfolio yield of the System during each semester of each fiscal year minus management fees such as, but not limited to, fees payable to administrator of

Continue

11.PENSION PLAN – continuation

the portfolio, safekeeping of securities and investment counseling. With the move to Pay-As-You-Go funding under Act No. 106-2017, no credits are applied after June 30, 2017.

5. Coordination with Social Security for Act No. 447-1951 Members: Except for police, mayors and employees of the Agricultural Extension Service of the U.P.R., participants may elect to coordinate coverage under the System with Federal Social Security by selecting the lower of two contribution options. Those participants selecting Option (1), the Coordination Plan, are subject to a benefit recalculation upon attainment of Social Security Retirement Age. Those participants selecting Option (2), the Supplementation Plan, will continue to receive the same benefits for life, without any adjustments at SSRA. At any time up to retirement, participants may change from Option (1) to Option (2) by making a contribution including interest to the System retroactive to the later of July 1, 1968 or to the date of plan entry, that will bring their career Accumulated Contributions to the Option (2) level. All police, mayors and employees of the Agricultural Extension Service of the U.P.R. are covered under Option (2), the Supplementary Plan.

6. Retirement Benefits

   1) *Eligibility for Act No. 447-1951 Members*: Act No. 447-1951 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. 447-1951 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, and (4), for Mayors, attainment of age 50 with 8 years of Credited Service as a Mayor. In addition, Act No. 447-1951 members who attained 30 years of Credited Service by December 31, 2013 would be eligible to retire at any time.

   Act No. 447-1951 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 would be eligible to retire upon attainment of the retirement eligibility age shown in the following table 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

   2) *Eligibility for Act No. 1-1990 Members:* Act No. 1-1990 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. 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, and (3) for Mayors, attainment of age 50 with 8 years of Credited Service as a Mayor.

   Act No. 1-1990 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.

   3) *Eligibility for System 2000 Members:* System 2000 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, System 2000 members could retire upon attainment of age 60.

Continue

11.PENSION PLAN – continuation

System 2000 members who were not eligible to retire as of June 30, 2013 would be eligible to retire upon attainment of the retirement eligibility age shown in the following table.

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

System 2000 members who were not in payment status as of March 15, 2022 are no longer entitled to future benefits from PRGERS based on the provisions of the 2022 Plan of Adjustment.

4) *Eligibility for Members Hired after June 30, 2013:* Attainment of age 67.

   Act No.3-2013 members who were not in payment status as of March 15, 2022 are no longer entitled to future benefits from PRGERS based on the provisions of the 2022 Plan of Adjustment.

5) *Eligibility for Public Officers in High Risk Positions*: Public Officers in High Risk Positions are eligible to retire from active service at age 55 and must retire at age 58, regardless of membership law. Two two-ear extensions (delaying retirement until age 62) may be requested by the member from the Superintendent of the Puerto Rico Police, the Chief of the Firefighter Corps, or supervising authority as applicable. Public Officers in High Risk Positions who terminate employment with a vested benefit prior to age 55 are eligible to retire based on the above provisions for the applicable membership law.

6) *Benefit*: An annuity payable for the lifetime of the members equal to the annuitized value of the balance in the Defined Contribution Hybrid Contribution Account at the time of retirement, plus, for Act No. 447-1951 and Act No. 1-1990 members, the Accrued Benefit determined as of June 30,2013. If the balance in the Defined Contribution Account is $10,000 or less, the balance in the Defined Contribution Hybrid Contribution Account shall be paid as a lump sum instead of as an annuity.

7) *Accrued Benefit as of June 30, 2013 for Act No. 447-1951 Members*: The accrued benefit as of June 30, 2013 shall be determined based on the Average Compensation for Act No. 447-1951 members, the years of Creditable Service, and the attained age of the member all as of June 30, 2013. For Act No. 447-1951 Mayors, the Highest Compensation as a Mayor is determined as of June 30, 2013.

   If the Act No. 447-1951 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 to Coordinate Plan, the benefit is re-calculated at the SSRA 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.

Continue

11.PENSION PLAN – continuation

If the Act No. 447-1951 member had less than 30 years of Credited Service as of June 30, 2013, and attains 30 years of Credited Service by December 31, 2013, the accrued benefit equals 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 is re-calculated 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. 447-1951 members eligible for this transitory benefit during the period beginning July 1, 2013 and ending upon the attainment of 30 years of Credited Service are considered pre-July 1, 2013 contributions; the contributions to the Defined Contribution Hybrid Contribution Account begin after the member attains 30 years of Credited Service.

If the Act No. 447-1951 member had less than 30 years of Credited Service as of December 31, 2013, the accrued benefit equals 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. The maximum benefit is 75% of the Average Compensation. Except for Commonwealth Police and Commonwealth Firefighters, the benefit is actuarially reduced for each year payment commences prior to age 58. For participants selecting the Coordination Plan, the basic benefit is re-calculated 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 in excess of $6,600 multiplied by years of Credited Service in excess of 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 is actuarially reduced for each year payment commences prior to age 58.

For Act No. 447-1951 Mayors with at least 8 years of Credited Service as a mayor, the accrued benefit will not 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-Mayor 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-Mayor Credited Service includes service earned as a Mayor in excess of 10 years. The maximum benefit is 90% of the Highest Compensation as a Mayor.

8) *<u>Accrued Benefit as of June 30, 2013 for Act No. 1-1990 Members</u>:* The accrued benefit as of June 30, 2013 shall be determine based on the average compensation for Act No. 1 members, the years of Credited Service, and the attained age of the member all as of June 30, 2013. For Act No. 1-1990 Mayors, the Highest Compensation as a Mayor is determined as of June 30, 2013.

If the Act No. 1-1990 Commonwealth Police or Firefighter 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 all other Act No. 1-1990 members, the accrued benefits equal 1.5% of Average Compensation multiplied by years of Creditable Service. The benefit is actuarially reduced for each year payment commences prior to age 65.

Continue

11.PENSION PLAN – continuation

For Act No. 1-1990 Mayors with at least 8 years of Credited Service as a mayor, the accrued benefit will not be less than 5% of Highest Compensation as a Mayor for each year of Credited Service as a Mayor up to 10 years, pus 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 includes service earned as a Mayor in excess of 10 years. The maximum benefit is 90% of the Highest Compensation as a Mayor.

7. Termination Benefits

a. *Lump Sum Withdrawal*

Eligibility: A Member is eligible upon termination of service prior to 5 years of service or if the balance in the Define Contribution Hybrid Contribution Account is $10,000 or less.

Benefit: The benefit equals a lump sum payment of the balance in the Defined Contribution Hybrid Contribution Account as of the date of the permanent separation of service.

b. *Deferred Retirement*

Eligibility: A Member is eligible upon termination of service prior to 5 or more years of service(10 years of Credited Service for Act No. 447-1951 and Act No.1-1990 members) prior to the applicable retirement eligibility, provided the member has not taken a lump sum withdrawal of the Accumulated Contribution and the Define Contribution 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 Defined Contribution Hybrid Contribution Account at the time of retirement, plus, for Act No. 447-1951 and Act No. 1-1990 members, the Accrued Benefit determined as of June 30, 2013.

8. Death Benefits

a. *Pre-retirement Death Benefit*

Eligibility: Any current non-retired member is eligible.

Benefit: A refund of the Defined Contribution Hybrid Contribution Account, plus the Accumulated Contributions for Act No. 447-1951 and Act No. 1-1990 members.

b. *High-Risk Death Benefit under Act No. 127-1958*

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. 127-1958 (as amended). System 2000, Act No. 3-2013 and Act No. 106-2017 members who were not in payment status as of March 15, 2022 are no longer eligible based on the provisions of the 2022 Plan of Adjustment.

Spouse's Benefit: 50% of the participant's Compensation at date of death, payable as an annuity until death or remarriage (Act No. 127-1958 as amended).

Continue

11.PENSION PLAN – continuation

Children's Benefit: 50% of the participant's Compensation at date of death, payable as an annuity, allocated pro-rata among eligible children. The annuity is payable for life for a disabled child, until age 18 for a non-disabled child not pursuing studies, and until age 25 for a non-disabled child who is pursuing studies. (Act No. 127-1958 as amended)

Benefit if no spouse or children: The parents of the member shall each receive 60% of the participant's Compensation at date of death, payable as an annuity for life. (Act No. 127-1958 as amended)

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. Future COLAs were eliminated effective March 15, 2022. (Act No. 127-1958 as amended)

c. *Post-retirement Death Benefit for Members who retired prior to July 1, 2013*

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

Benefit: The benefit is as follows (Act No. 105-1969 as amended by Act No. 4-1985).

(i) For those married or with dependent children at the time of death, the annual income to a widow, or widower of dependent children is equal to 60% (50% if 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 non-disabled 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.

(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 shall the benefit be less than $1,000. (Article 2-113 and Act No. 524-2004)

d. *Post-retirement 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.

Spouse's 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 Defined Contribution Hybrid Contribution Account, plus the Accumulated Contribution for Act No. 447-1951 and Act No. 1-1990 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 shall be payable to a beneficiary or the Member's estate.

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

Continue

11.PENSION PLAN – continuation

9. Disability Benefits

   a. *Disability*

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

   Benefit: The balance of the Defined Contribution Hybrid Contribution Account payable as lump distribution, an immediate annuity or a deferred annuity at the election of the participant. Act No. 447-1951 and Act No. 1-1990 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. 127-1958*

   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. 127-1958 (as amended). System 2000, Act No. 3-2013 and Act No. 106-2017 members who were not in payment status as of March 15, 2022 are no longer eligible based on the provisions of the 2022 Plan of Adjustment.

   Benefit: 80% (100% for Act No. 447 members) of Compensation as of date of disability, payable as an annuity. If the member dies while still disabled, this annuity benefit continues to his beneficiaries. Beneficiaries include the surviving spouse and/or disabled children (for life), non-disabled 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 is increased by 3% provided that the member (or beneficiary) had been receiving payments for at least three years. Future COLAs were eliminated effective March 15,2022. (Act No. 127-1958 as amended)

   c. Members who qualify for occupational or non-occupational disability benefits as of June 30,2013 continue to be eligible to receive such benefits.

10. Minimum Benefits

   a. *Past Ad hoc Increases:* The Legislature, from time, increases pensions for certain retirees as described in Act No. 124-1973 and Act No. 23-1983.

   b. *Minimum Benefit for Members who Retired before July 1, 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). (Act No. 156-2003, Act No. 35-2007, and Act No. 3-2013)

   c. *Minimum Benefit for Act No. 447-1951 and Act No. 1-1990 Members who Retired before July 1, 2013 or later*: The minimum monthly accrued benefit as of June 30, 2013, or date of termination if earlier, for Act No. 447-1951 and Act No. 1-1990 members who retire July 1, 2013 or later is $400 per month effective July 1, 2013. The benefit derived from the Defined Contribution Hybrid Account is added after this minimum benefit is applied.

   d. *Coordination Plan Minimum Benefit:* A minimum monthly benefit is payable upon attainment of SSRA such that the benefit, when added to the Social Security Benefit, is not less than the benefit payable prior to SSRA.

Continue

11.PENSION PLAN – continuation

11. Cost-of-Living Adjustments (COLA) to Pension Benefits: The Legislature, from time to time, increases pensions by 3% for retired and disabled members. Beneficiaries are not entitled to COLAs granted after the retiree's death. The first increase was granted by Act No. 10-1992. 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. 35-2007). 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. 35-2007).Future COLAs were eliminated effective March 15, 2022. (Various Acts)

12. Medical Insurance Plan Contribution: A payment of up to $100 per month to the eligible medical insurance plan selected by the retiree or disabled member provided the member retired prior to July 1, 2013. (Act No. 483-2004 as amended by Act No. 3-2013)

13. Special "Bonus" Benefits:

    a. *Christmas Bonus:* An annual bonus of $200 for each retiree, beneficiary, and disabled member paid in December provided the member retired prior to July 1, 2013. (Act No. 144-2005 as Amended by Act No. 3-2013)

    b. *Medication Bonus:* 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. (Act No. 155-2003, as Amended by Act No. 3-2013)

(2) Allocation Methodology

GASB Statement No. 73 requires that the primary government and the component units that provide pensions through the same defined benefits pension plan of its primary government, recognize their proportionate share of the total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense (benefit). The employer allocation percentage presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ration of each participating entity's actual benefit payments for allocation to the aggregate total of benefit payments for allocation paid by all participating entities during the year ending on the measurement date. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer may result in immaterial differences. The difference between the actual benefits payments' column and the benefits payments for allocation in the schedule of employer allocations represents lump-sum distributions of accumulated benefits that were not considered for allocation purposes.

(3) Total Pension Liabilities and Actuarial Information

The Total Pension Liability of the System was approximately $22.2 billion as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024 (measurement date as of June 30, 2024).

(a) Actuarial Methods and Assumptions

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

Continue

11.PENSION PLAN – continuation

Discount Rate

The discount rate for June 30, 2024, was 3.93%. This represents the municipal bond return rate as chosen by the Commonwealth. The source is the bond Buyer general Obligation (GO) 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 on the June 30, 2024; actuarial valuation was as follows:

– *Pre-retirement Mortality*

For general employees not covered under Act No. 127-1958, the PubG-2010 employee rates, adjusted by 100% for males and 110% for females, projected using MP-2021 on a generational basis. For members covered under Act No. 127-1958, the PubS-2010 employee rates for males and females, projected using MP-2021 on a generational basis. As generational table, 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. 127-1958.

– *Post-retirement Retiree Mortality*

The PubG-2010 healthy retiree rates, adjusted by 100% for males and 110% for females, projected using MP-2021 on a generational basis. As a generational table, it reflects mortality improvements both before and after the measurement date. This assumption is also used for beneficiaries prior to the member's death.

– *Post-retirement Disabled Mortality*

The PubG-2010 disabled retiree rates, adjusted by 80% for males and 100% for females, projected using Mortality Improvement Scale MP-2021 on a generational basis. As generational table, it reflects mortality improvements both before and after the measurement date.

– *Post-retirement Beneficiary Mortality*

Prior to the retiree's death, beneficiary mortality is assumed to be the same as the post-retirement retiree mortality. For periods after the retiree's death, the PubG-2010(B) contingent survivor rates, adjusted by 110% for males and 120% for females, projected using MP-2021 on a generational basis. As generational table, it reflects mortality improvements both before and after the measurement date.

(b) Total Pension Liability

The information disclosed below is presented in accordance with GASB No 73, after the implementation of Act No. 106-2017. The Senate's Total Pension Liability was measured as of June 30, 2022. The measurement Date is June 30, 2023, the date as of which the Total Pension Liability is determined. The Reporting Date is for periods ending July 1, 2023 through June 30, 2024.

Continue

11.PENSION PLAN – continuation

As June 30, 2025, the Senate's proportional share of the Total Pension Liability used was as follows (last available information):

Proportion - June 30, 2024	0.16363%
Proportion - June 30, 2025	0.16020%
Change - Increase (Decrease)	(0.00343)%

As June 30, 2025, the Senate reported $31,816,342 as Total Pension Liability for its proportionate shares of the Total Pension Liability of ERS.

Total Pension Liability	June 30,2025	
	Total	Proportional Share (0.16020)
Commonwealth Total Pension Liability	$ 22,288,148,917	$ 31,816,342
Covered Payroll	$ 1,184,893,921	$ 1,636,040
Commonwealth Total Pension Liability as % of Covered Payroll	1881.02%	1881.02%

(c) Pension Expense

For the fiscal year ended June 30, 2025, the Senate recognized pension expense of $3,248,937 of total pension payments of the "Pay-As-You-Go" system.

(d) Deferred Outflows/Inflow of Resources

As of June 30, 2025, the Senate reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 3,220,952	$ -
Differences between expected and actual experience in measuring the Total Pension Liability	-	-
Changes in assumptions	-	-
Change in employer's Proportionate Share	-	-
Total	$ 3,220,952	$ -

Continue

11.PENSION PLAN – continuation

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to Total Pension Liability to be recognized in future periods in a systematic and rational manner.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June, 30	Amount
2025	$ 644,190
2026	644,190
2027	644,190
2028	644,190
2029	644,192
Total	$ 3,220,952

Discount Rate

After June 30, 2017, the Commonwealth enacted legislation that changed the structure of pension administration managed by ERS. For further information regarding such pension legislation, see Note 2. The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

The discount rate on June 30, 2023 and 2024, was as follow:

	June 30, 2023	June 30, 2024
Discount Rate	3.65%	3.93%
20 Year Tax-Exempt Municipal Bond Yield	3.65%	3.93%

Changes in Total Pension Liability

Changes in Total Pension Liability	Increase (Decrease) Total Pension Liability	Increase (Decrease) Proportional Share
Balance as of June 30, 2024 Central Government	$ 20,770,773,432	$ 33,274,798
Changes for the year:		
Service Cost	18,204,296	29,163
Interest on Total Pension Liability	734,514,478	1,176,693
Effect of Plan Changes	206,445,542	330,726
Effect of Economic / Demographic Gains or (Losses)	41,438,971	66,385
Effect Assumptions Changes or Inputs	(568,379,815)	(910,545)
Benefits Payments	(1,342,619,663)	(2,150,878)
Balance as of June 30, 2025 for Central Government	$ 19,860,377,241	$ 31,816,342

Continue

11. PENSION PLAN – continuation

(e) Sensitivity of the Proportionate Share of the Total Pension Liability to Changes in the Discount Rate

The following presents the Senate's proportionate share of the Total Pension Liability calculated using the discount rate, as well as what the Senate's proportionate share of the Total Pension Liability would be if it were calculated using a discount rate that is 1 – percentage point lower or 1 – percentage point higher than the current rate:

	1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
Total Pension Liability	$ 35,287,445	$ 31,816,342	$ 28,899,214

"Pay-As-You-Go" Funding

On June 27, 2017, the Treasury Department issued Circular Letter No. 1300-46-17 in order to convey to the central government agencies, public corporations and municipalities the new implementation procedures to adopt, effective July 1, 2017, a new "Pay-As-You-Go" ("Pay-Go") mechanism for the ERS.

Subsequently, on August 23, 2017, the Governor signed into law the "Act to Guarantee the Payment to Our Pensioners and Establish a New Plan for Defined Contributions for Public Servants" (Act No. 106-2017), which reformed the Commonwealth Retirement Systems. Act No. 106-2017 terminated the previously existing pension programs for the ERS's participants as of June 30, 2017. The members of the prior programs and new system members hired on and after July 1, 2017 are now enrolled in a new defined contributions program. Act No. 106-2017 also established by law the "Pay-Go" mechanism for the payment of accumulated pension benefits and eliminated employers' contributions and other analogous contributions. Approximately $2 billion was allocated for the payment of "Pay-Go" benefits in each of the budgets for fiscal years 2018 through 2021.

Furthermore, Act No. 106-2017 modified the ERS's governance. Under Act No. 106-2017, the ERS' Board of Trustees was substituted with a new Retirement Board, which is currently responsible for governing all of the Commonwealth's Retirement Systems.

Act No. 106-2017 also ordered a suspension of the ERS's loan programs and ordered a merger of the administrative structures of the retirement systems. At the Retirement Board's discretion, the servicing of the ERS's existing loan portfolio may be externalized. Pursuant to Act No. 106-2017, the employees of the ERS that are not retained under the new administrative structure will be transferred to other public agencies in conformity with Act No. 8-2017.

At a basic level, ERS will need to hold some level of operating cash to account for any ongoing timing issues between receipt and disbursement of funds. The "Pay-Go" funding needed in a given year is the difference between actual contributions and actual disbursements:

- Contributions to ERS are primarily based on statutory percentage of payroll.
- Disbursements are comprised of benefit payments, administrative expenses, and Pension Obligation Bond debt service.

Continue

11.PENSION PLAN – continuation

Contributions and disbursements will experience natural variation due to emerging demographic experience. Contributions and disbursements can also be greatly impacted by specific management decisions, such as an early retirement incentive program or other workforce reduction. A major issue that needs to be addressed by ERS and the Commonwealth is determining what the process of ERS budgeting for "Pay-Go" funding will be. While the ERS can set an expected "Pay-Go" amount at the time of budgeting for an upcoming fiscal year, both actual contributions and disbursements can vary from expectations during the fiscal year.

- If the budget is set based on expected contributions and disbursements, in the event of adverse experiences during the fiscal year, should provide for additional funds from the sponsoring employers.

- If the ERS be permitted to develop a budget request of a "Pay-Go" amount for the fiscal year that includes a margin to provide a buffer against adverse outcomes.

- And how would the impacts of specific management decisions be handled.

There are certainly many more operational details to be considered. "Pay-Go" operation is a complex issue that requires careful though and planning, constant monitoring, and the ability to respond to emerging events quickly.

The Employee's Retirement System of the Government of the Government of Puerto Rico provides additional information of the Defined Benefit Program and Hybrid Program. They issue a publicly available financial report that includes financial statements and required supplementary information for ERS, as a component unit of the Government. That report may be obtained by writing to the Administration at PO Box 42003, Minillas Station, San Juan, PR 00940-2003.

12. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In addition to the pension benefits described in Note 11 the Commonwealth provides other retirement benefits, such as Christmas Bonus, and healthcare benefits for its retired employees in accordance with local laws. Substantially, all of the employees may become eligible for these benefits if they reach normal retirement age while working for the Commonwealth.

(1) Plan Description

The Other Postemployment Benefit Plan of the Commonwealth of Puerto Rico for Retired Participants of the Employees' Retirement System (the Plan) is an unfunded, defined benefit other postemployment healthcare benefit plan (OPEB). The Plan is administered on a "Pay-As-You-Go" basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB Statement No. 75). Under the guidance of GASB Statement No. 75, the Commonwealth and its component units are considered to be one employer and are classified for financial reporting purposes as a single employer defined benefit OPEB plan.

Healthcare Benefits

The Plan covers a payment of up to $100 per month to the eligible medical insurance plan selected by each member provided that the member retired prior to July 1, 2013 (Act No. 483, as Amended by Act No. 3-2013).

Continue

12.OTHER POSTEMPLOYMENT BENEFITS (OPEB) – continuation

Christmas Bonus Benefits

The Christmas Bonus was $200 per retiree, beneficiary, and disabled member paid in December provided the member retired prior to July 1, 2013 (Act No. 144, as Amended by Act No. 3-2013).

Medication Bonus

The Plan covers 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. (Act No. 155, as Amended by Act No. 3-2013).

(2) Allocation Methodology

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

(3) Total OPEB Liabilities and Actuarial Information

The Total OPEB Liability was approximately $684.9 million as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2024 which was rolled forward to June 30, 2025 (measurement date as of June 30, 2024).

Actuarial Methods and Assumptions

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

Discount Rate

The discount rate for June 30, 2025, was 3.93%. this represents the municipal bond return rate as chosen by the Commonwealth. The source is the bond Buyer general Obligation (GO) 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality

– *Pre-retirement Mortality*

For general employees not covered under Act No. 127-1958, the PubG-2010 employee rates, adjusted by 100% for males and 110% for females, projected using MP-2021 on a generational basis. For members covered under Act No. 127-1958, the PubS-2010 employee rates for males and females, projected using Mortality Improvement Scale MP-2021 on a generational basis. As generational table, they reflect mortality improvements both before and after the measurement date.

Continue

12.OTHER POSTEMPLOYMENT BENEFITS (OPEB) – continuation

100% of deaths while in active service are assumed to be occupational for members covered under Act No. 127-1958.

– *Post-retirement Mortality*

Rates which vary by gender are assumed for healthy retirees and beneficiaries based on a study of the Plan's experience from 2013 to 2018 and updated expectations regarding future mortality improvement. The PubG-2010 healthy retiree rates, adjusted by 100% for males and 110% for females, projected using MP-2021 on a generational basis. As a generational table, it reflects mortality improvements both before and after the measurement date.

– *Post-retirement Disabled Mortality*

Rates which vary by gender are assumed for disabled retirees based on a study of the Plan' experience from 2013 to 2018 and updated expectations regarding future mortality improvement. The PubG-2010 disabled retiree rates, adjusted by 80% for males and 100% for females, projected using Mortality Improvement Scale MP-2021 on a generational basis. As generational table, it reflects mortality improvements both before and after the measurement date.

– *Post-retirement Beneficiary Mortality*

Prior to the retiree's death, beneficiary mortality is assumed to be the same as the post-retirement retiree mortality. For periods after the retiree's death, the PubG-2010(B) contingent survivor rates, adjusted by 110% for males and 120% for females, projected using MP-2021 on a generational basis. As generational table, it reflects mortality improvements both before and after the measurement date.

Relationship Between Valuation Date, Measurement Date, and Reporting Date

The Valuation Date is July 1, 2023. This is the date as of which the actuarial valuation is performed. The Measurement Date is June 30, 2024. This is the date on which the Total OPEB Liability is determined. The Reporting Date is the employer's fiscal year date. This report is for measurement year July 1, 2023 to June 30, 2024 for reporting period ending June 30, 2025.

Significant Changes

There have been no significant changes between the valuation date and measurement year end.

Total OPEB Liability

The Total OPEB Liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB No. 75.

Continue

12.OTHER POSTEMPLOYMENT BENEFITS (OPEB) – continuation

Total OPEB Liability	June 30, 2025	
	Total	Proportional Share (0.16179)
Commonwealth Total OPEB Liability	$ 595,547,873	$ 963,560
Covered Payroll	N/A	N/A
Commonwealth Total OPEB Liability as % of Covered Payroll	N/A	N/A

The Senate's proportionate share of the Total OPEB Liability used was as follows:

Proportion - June 30, 2024	0.16636%
Proportion - June 30, 2025	0.16179%
Change - Increase (Decrease)	(0.00456)%

Discount Rate

The discount rate on June 30, 2024 and 2025, was as follow:

	June 30, 2024	June 30, 2025
Discount Rate	3.65%	3.93%
20 Year Tax-Exempt Municipal Bond Yield	3.65%	3.93%

As of June 30, 2024, the PRGERS have issued its audited financial statements schedules as of and for the fiscal year ended June 30, 2024 and has it provided the Senate with the audited schedules of employment allocations and OPEB amounts by employer as of June 30, 2024 (Senate's measurement date), necessary to comply with the requirements of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* as of June 30, 2025. As a result, amounts reported as Total OPEB Liability, applicable disclosures and required supplementary information were presented with unaudited data.

Changes in Commonwealth Total OPEB Liability	Increase (Decrease)	
	Total OPEB Liability	Proportional Share
Balance as of June 30, 2024 Central Government	$ 646,564,186	$ 1,075,594
Changes for the year:		
Service Cost	-	-
Interest on Total Pension Liability	22,518,579	36,434
Effect of Plan Changes	3,142,171	5,084
Effect of Economic / Demographic (Gains) or Losses	(3,960,329)	(6,408)
Effect Assumptions Changes or Inputs	(12,947,386)	(20,948)
Benefits Payments	(59,769,348)	(126,196)
Balance as of June 30, 2025 for Central Government	$ 595,547,873	$ 963,560

Continue

12.OTHER POSTEMPLOYMENT BENEFITS (OPEB) – continuation

Deferred Inflows and Outflows

Because all participants are inactive, there are no deferred inflows and outflows as any changes due to changes in actuarial assumptions or demographic gains and losses are recognized immediately during the measurement year.
Sensitivity of the Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Senate's proportionate share of the Total OPEB Liability calculated using the discount rate, as well as what the Senate's proportionate share of the Total OPEB Liability would be if it were calculated using a discount rate that is 1 – percentage point lower or 1 – percentage point higher than the current rate:

	At 1% Decrease	At current Discount Rate	At 1% Increase
	2.93%	3.93%	4.93%
Total OPEB Liability	$1,042,472	$963,560	$895,146

13. LEASES

Lease Assets – Lessee

The Senate has recorded intangible right-to-use lease assets as a result of implementing GASB Statement No. 87. The lease assets are initially measured at an amount equal to the initial measurement of the related lease liability [plus any lease payments made prior to the lease term and ancillary charges necessary to place the lease into service, less lease incentives], if any. Lease assets are amortized on a straight-line basis over the shorter of the useful life of the underlying asset or the lease term.

Lease Liability – Lessee

The Senate has entered into agreements to lease facilities. The lease agreements haves been recorded at the present value of the future lease payments as of the date of their inception or, for leases existing prior to the implementation fiscal year at the remaining terms of the agreement, using the facts and circumstances available on July 1, 2021.

An agreement was in effect on July 1, 2021, to lease equipment through September 2023, requiring 27 monthly payments of $17,713. The lease liability is measured at the applicable Incremental Borrowing Rate (IBR) of 4.5%. this debt was paid in full during fiscal year ending June 30, 2024.

A new agreement was in effect on May 8, 2024, to lease equipment with a total cost of $88,881, for five (5) years, requiring one payment of $18,000 on this date and a second payment of $72,000 on November 2024. The lease liability is measured at the applicable Incremental Borrowing Rate (IBR) of 4.0%.

As a result of these leases, the Senate has a total lease assets with a net book value of $1,280,069, and a lease liability of $1,139,821 on June 30, 2025.

Continue

13. LEASES -continuation

The future minimum payments on this lease as of June 30, 2025, were as follows:

Year Ending June 30,	Principal	Interest
2026	$ 269,294	$ 45,802
2027	281,668	33,428
2028	294,561	20,535
2029	294,298	7,106
	$ 1,139,821	$ 106,871

14. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

A. SBITAs Accounting Policies

The Senate determines if a contract to use another party's information technology (IT) software qualifies as a subscription-based information technology arrangement (SBITAs) at inception. SBITAs result in the recognition of an intangible right-to-use subscription assets and subscription liabilities on the Statement of Net Position. Right-to-use subscription assets represent the use of an underlying asset for the subscription term, and subscription liabilities represent the obligation to make subscription payments arising from the contract, measured on a discounted basis.

At subscription inception, when the subscription asset is placed into service, the subscription liability is measured at the present value of the subscription payments over the subscription term. The right-to-use subscription asset equals the subscription liability adjusted for any payments made before the subscription term, capitalizable implementation costs, and subscription incentives received before the subscription term. The Senate uses the incremental borrowing rate (IBR) when readily determinable. As most of the subscription contracts do not provide an IBR, the Senate uses its most recent borrowing rate based on the information available at the commencement date to determine the present value of lease payments.

IBR used to determine the present value of subscription payments were derived by reference to the interest rate on the vendor corresponding to the subscription commencement date. Subscription assets are amortized on a straight-line basis over the shorter of the useful life of the underlying asset or the subscription term.

The subscription term is the noncancelable period per the contract. Additionally, the subscription term may include options to extend or to terminate the subscription that the Senate is reasonably certain to exercise.

B. Subscription Assets

The Senate has recorded intangible right-to-use subscription assets as a result of implementing GASB No. 96. The subscription assets are initially measured at an amount equal to the initial measurement of the related subscription liability [plus any subscription payments made prior to the subscription term and capitalizable implementation costs, less subscription incentives], if any.

Subscription assets are amortized on a straight-line basis over the shorter of the useful life of the underlying asset or the subscription term.

Continue

15. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs) – continuation

Subscription asset activity for the Senate for the year ended June 30, 2024, was as follows:

Right-To-Use Subscription Asset	$ 120,965
Amortization - Right-To-Use Subscription Asset	(27,874)
Total Right-To-Use Subscription Asset Less Accumulated Amortization	$ 93,091

C. Subscription Liability

The Senate has entered into agreements for subscription-based information technology. For subscription agreements with remaining payments, the Senate records a subscription liability and related subscription asset in accordance with GASB Statement No. 96.

On May 8, 2024, the Senate entered into a subscription-based information technology agreement with a five-year term. The agreement required a payment of $24,570 on May 8, 2024, and a second payment of $98,280 in November 2024. Both payments were made during fiscal year 2024-2025.

Because all required payments under the agreement were fully settled during the fiscal year, no subscription liability exists as of June 30, 2025, and therefore no present value measurement was recognized. The Senate reports a subscription asset with a carrying amount of $85,214 as of June 30, 2025.

The future minimum payments on those subscriptions as of June 30, 2025, are $0.

16. CONTINGENCIES

The Senate is also a defendant in several other lawsuits arising out of the normal course of operations. In the aggregate, these claims seek monetary damages in significant amounts. With respect to pending and threatened litigations, the Senate plans to defend vigorously each individual case. The ultimate outcome of such legal proceedings cannot be determined at this time, based on our legal counsel's advice. The Senate is also subject to audits performed by the Office of the Comptroller of Puerto Rico.

Continue

17. COMPONENTS OF FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 2 for a description of these categories). A detailed schedule of fund balances on June 30, 2025 is as follows:

	GENERAL FUND	SPECIAL FUND	TOTAL FUNDS
Nonspendable:			
Restricted For:			
General Goverment and Internships	$ -	$ 369,944	$ 369,944
Total Restricted	**-**	**369,944**	**369,944**
Unassigned	14,077,629	**-**	14,077,629
Total Fund Balances	**$ 14,077,629**	**$ 369,944**	**$ 14,447,573**

18. PUERTO RICO OVERSIGHT, MANAGEMENT, AND ECONOMIC STABILITY ACT (PROMESA)

The Puerto Rico Oversight, Management, and Economic Stability Act, Pub. Law 114-187 ("PROMESA" or the "Act"), was enacted into law on June 30, 2016. The Senate had passed PROMESA on June 29, 2016, and President Obama signed the Act into law on June 30, 2016, one day before the Commonwealth of Puerto Rico was expected to, and did, default on substantial payment obligations.

Fiscal responsibility is a high standard. It is the foundation of Puerto Rico's recovery, the mandate of PROMESA to enable Puerto Rico to prosper, and the essence of effective government. Puerto Rico can and will meet this standard.

The Puerto Rico Government and the Financial Oversight and Management Board for Puerto Rico (the Oversight Board) together have made significant progress in achieving fiscal responsibility, stabilizing Puerto Rico's finances, substantially reducing its debt burden, and making significant strides to reform its civil service. Fiscal responsibility, however, is more than completing the debt restructuring and stabilizing Puerto Rico's finances.

Fiscal responsibility includes reforms that are critical to ensure budgetary discipline in the future, some of which may require legislative action. Fiscal responsibility requires clear spending priorities. No government can pay for everything it wants to do – every government and every legislature must first determine what needs to be done, prioritizing healthcare, education, and economic development.

When U.S. Congress passed the bi-partisan Puerto Rico Oversight, Management, and Economic Stability Act of 2016 (PROMESA) that created the Oversight Board, the Governor of Puerto Rico had declared the debt unpayable, and the Government was in default. Decades of economic decline and chronic financial mismanagement left Puerto Rico in crisis, soon exacerbated by natural disasters, including Hurricanes Irma and María in 2017, earthquakes, and the global COVID-19 pandemic in 2020.

Continue

18. PUERTO RICO OVERSIGHT, MANAGEMENT, AND ECONOMIC STABILITY ACT (PROMESA) **– continuation**

According to a U.S. Government Accountability Office (GAO) report from 2018, the causes of the crisis were:

- Inadequate financial management and oversight practices, such as the overestimation of potential revenues and persistent spending in excess of appropriated amounts;
- Prolonged economic contraction, impacted by outmigration and resulting diminished labor force, the high cost of energy and importing goods, regulatory challenges to doing business, the phaseout of the possessions tax credit, and banking and housing struggles; and
- Policy decisions, such as allowing the use of debt proceeds to balance budgets, insufficiently addressing public pension funding shortfalls, and inadequately managing the financial condition of the Puerto Rico Electric Power Authority (PREPA).

EXHIBIT 1: ROOT CAUSES OF THE FISCAL CRISIS AND ACTIONS TO ACHIEVE FISCAL RESPONSIBILITY AND ADEQUATE ACCESS TO CREDIT MARKETS

1. As stated in the U.S. Government Accountability Office (GAO) report from 2018

Prior to PROMESA and for each of the first 16 consecutive years of this century, from fiscal years 2000 to 2016, Government spending exceeded recurring Government revenues. Controls and guardrails, to the extent they existed, were insufficient to prevent overestimation of revenues, excessive borrowing, overspending, and the deficits that eroded Puerto Rico's economic stability. Before PROMESA, Government pensions were not sufficiently funded, putting pension payments for current and future retirees at risk.

As result of these practices, the consolidated Commonwealth's outstanding debt and pension liabilities had grown to over $120 billion – with more than $70 billion in financial debt and more than $50 billion in pension liabilities – an amount almost twice the size of Puerto Rico's economy.

Puerto Rico has come a long way. Today, Puerto Rico is stable, and the Commonwealth government is solvent. The massive debt is almost completely restructured, a critical element of fiscal responsibility and access to market access. This Fiscal Plan, as mandated by PROMESA, defines the path to complete the journey from bankruptcy to prosperity and to reverse decades of fiscal mismanagement. Completing this path will lead Puerto Rico to sustainable economic growth and opportunity for the people of Puerto Rico right here, in Puerto Rico.

Continue

18. PUERTO RICO OVERSIGHT, MANAGEMENT, AND ECONOMIC STABILITY ACT (PROMESA) – continuation

The 2024 Fiscal Plan provides the principles and priorities for Puerto Rico so the Government and the Oversight Board together can fulfill the purpose of PROMESA to achieve fiscal responsibility and adequate access to credit markets, so Puerto Rico will never repeat the mistakes that made PROMESA necessary and has access to investments that will help build a solid infrastructure to improve the quality of life in Puerto Rico and foster economic growth.

This 2024 Fiscal Plan has four parts: (1) Puerto Rico's progress in stabilizing government finances, (2) the Commonwealth's current financial conditions and risks, (3) details of the actions required to achieve fiscal responsibility and adequate access to credit markets, and (4) description of the actions the Oversight Board and the Government must take to complete PROMESA's mandate.

EXHIBIT 2: THE OVERSIGHT BOARD'S PRINCIPAL AREAS OF FOCUS

Financial Stability Accomplishments

The Oversight Board was successful in significantly reducing Puerto Rico's debt burden through restructuring agreements and plans that were confirmed by the U.S. District Court for the District of Puerto Rico. The Commonwealth of Puerto Rico's debt has been drastically reduced and made affordable. Through the concerted efforts of the Oversight Board and the Government described below, the debt burden is on course to be reduced to $31 billion. Prior to the debt restructuring, 25 cents of every tax dollar Puerto Rico raised was needed to pay debt service. The lower debt service on the post-restructuring debt obligations now accounts for approximately 6% of debt policy revenues compared to roughly 25% before the restructuring. All said, the Oversight Board led debt restructuring will save the people of Puerto Rico approximately $70 billion in principal and interest payments to creditors.

Puerto Rico must not fall back. Stability must turn into recovery. The change that helped Puerto Rico overcome the fiscal crisis must be permanent. Budget reform is essential.

Continue

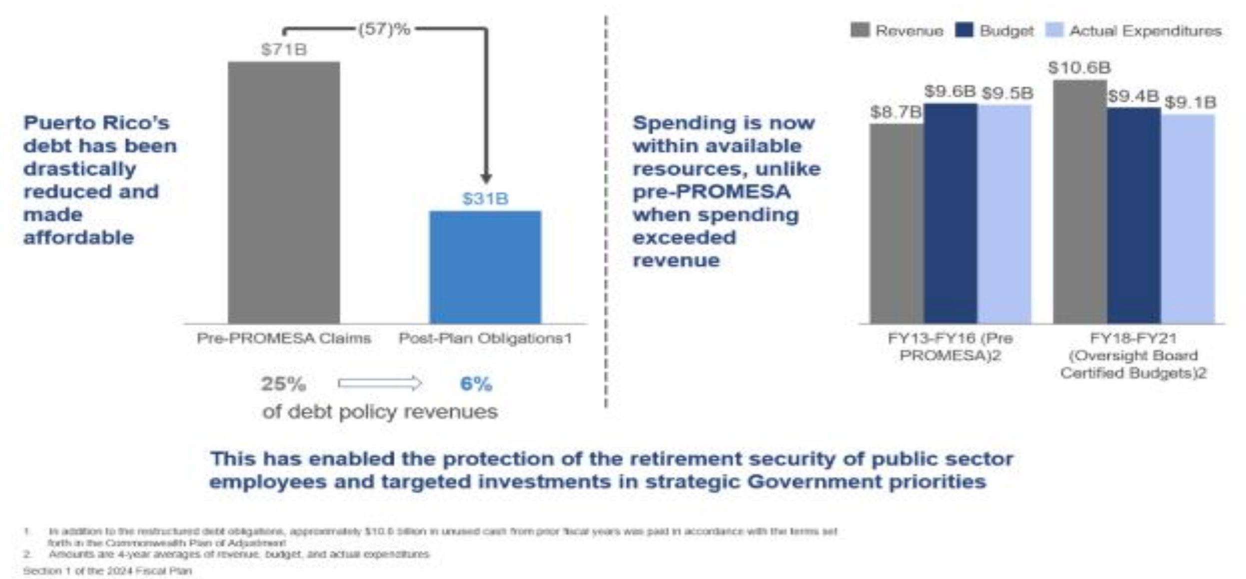
18. PUERTO RICO OVERSIGHT, MANAGEMENT, AND ECONOMIC STABILITY ACT (PROMESA) – continuation

Under the Fiscal Plans and PROMESA certified budgets, Puerto Rico has moved from structural deficits to fiscal stability. The Oversight Board developed a comprehensive process to evaluate budget changes throughout the year to ensure sufficient funding sources are available to support operating needs.

Through the Fiscal Plan, the Government and the Oversight Board made significant investments even as the government budget was rightsized through fiscal year 2022, to fit available resources. Select investments include funding to expand healthcare services, facilities, and infrastructure; police officer and teacher salary increases and new positions for school nurses and psychologists, expanding the Earned Income Tax Credit (EITC) program that benefits low-income households.

The current Government administration has engaged in critical reform initiatives, including the implementation of the Uniform Remuneration Plan across Puerto Rico's civil service, the introduction of private operators to the management of electricity generation and distribution, and the implementation of a uniform time and attendance policy for Government employees.

EXHIBIT 3: SINCE PROMESA, CONSIDERABLE PROGRESS HAS BEEN MADE TOWARDS ACHIEVING FINANCIAL STABILITY



Actions Needed to Achieve Fiscal Responsibility and Adequate Access to Credit Markets

The Oversight Board, in partnership with the Government, has achieved several critical milestones to tend to the symptoms of Puerto Rico's fiscal crisis, yielded billions in surpluses and ensured that the Government and covered entities' expenditures are in line with revenues. However, the Government must still undertake significant work to put in place the practices needed to ensure that this progress is sustained beyond the longevity of the Oversight Board. In particular, the Government must establish robust financial management and oversight practices, while also making targeted investments to promote sustainable and inclusive economic development.

Continue

18. PUERTO RICO OVERSIGHT, MANAGEMENT, AND ECONOMIC STABILITY ACT (PROMESA) – continuation

For example, in addition to bringing delinquent audited financial statements up to date, accessing credit markets will require the government to demonstrate its capacity to consistently deliver future audited financials on a timely basis, typically within 180 days from end of the prior fiscal year consistent with industry and Government Finance Officer Association (GFOA) "best practices" guidelines. Furthermore, the Commonwealth and Instrumentalities will have to adopt and institutionalize the financial practices and fiscal management reforms outlined elsewhere in this Fiscal Plan that are consistent with market standards and investor requirements. The government will also need to demonstrate its ability to comply with the regulatory requirements and securities laws for the issuance of municipal securities. This includes the ability to enter into a standard Continuing Disclosure Agreement (CDA) with dealers and obtain standard market legal and audit opinions.

To lay the groundwork to achieve market access, the Government recently met with credit agencies. It is likely credit rating agencies will look beyond the Section 209 provisions in assessing Puerto Rico's credit worthiness. The rating agencies maintain detailed models to assess the riskiness of public sector debts. In addition to its standard metrics, the rating agencies have also historically required sustained periods of fiscal reform and recovery before assigning new credit ratings for previously bankrupt issuers. The government will need to demonstrate its ability to meet the criteria necessary to achieve credit ratings. The Oversight Board continues to work with the Government so it can eventually meet the requirements to gain access to, and the trust of, the credit markets.

In evaluating whether Puerto Rico has achieved reasonable rates, the Oversight Board will look to see whether new or restructured outstanding debt is actively trading in the municipal market at reasonable levels relative to market indices and will look for evidence investors are ready to invest in Puerto Rico again, including the level of interest from traditional municipal bond buyers. The Oversight Board will rely on the expert opinion of independent third-party entities with municipal market experience for compliance with this requirement.

The Financial Management Agenda

The 12 required initiatives to support the Financial Management Agenda, described in Exhibit 1, are grouped into three categories: Foundational, Central, and Supporting:

The 2024 Fiscal Plan highlights a set of initiatives that aim to ensure the successful pursuit of these objectives. The initiatives are designed to cascade throughout the Government of Puerto Rico and serve as an overarching guide to allocating the resources needed to achieve the Commonwealth's long-term fiscal and economic outcomes.

Actions to Establish Robust Financial Management and Oversight

The 2024 Fiscal Plan identified eight areas of focus to achieve long-term fiscal responsibility. Success in these areas is critical for Puerto Rico to fully recover from bankruptcy and to fulfil the mandate of PROMESA to achieve fiscal responsibility. The 2024 Fiscal Plan includes initiatives across these eight areas, which aim to address the most crucial financial management challenges that Puerto Rico faces.

Continue

18. PUERTO RICO OVERSIGHT, MANAGEMENT, AND ECONOMIC STABILITY ACT (PROMESA) – continuation

EXHIBIT 4: LIST OF FOCUS AREAS TO ACHIEVE LONG-TERM FISCAL RESPONSIBILITY

Focus area	Description
Improved economic and revenue forecasting	The Government should assemble its revenue, economic, and budget functions and create a coordinated process to produce and maintain one integrated set of economic and revenue projections over both the short- and long-term.
Budget best practices	The Government must establish a comprehensive framework budget that includes procurement, budgeting, revenue administration, and performance management, and the Office of Management and Budget (OMB) must ensure that all entities adopt best practices in budget preparation.
Comprehensive capital delivery program	The Government must develop and adopt a multi-year capital plan for all its agencies and instrumentalities. The plan would use standardized project prioritization criteria to ensure all investments are aligned with the Government's strategic objectives and with the capacity of Puerto Rico's private sector to absorb investments.
Improved management of education resources	The Government must support high-quality education to Puerto Rico's school children and higher-education students through equitable, fiscally sustainable, and transparent processes.
Improved government service delivery & labor relations	The Government must undertake significant reforms to improve public services in Puerto Rico by building a more efficient civil service and addressing challenges regarding labor relations.
Outcome-based, data-driven, and controlled healthcare spending	The Government must take an active role to support the improvement of public health outcomes and ensure the financial sustainability of Puerto Rico's healthcare system. A plan to address challenges in the health care system is required including an assessment of regulatory and statutory obstacles that contribute to shortcomings in access and quality.
Improved, transparent financial reporting	The Government must address the fiscal management deficiencies and implement procedures and practices that will continue to exist in the post-PROMESA. It must track and report key information about Puerto Rico's financial condition, such as the performance of revenues and expenditures.
Optimized municipal fiscal management	The Government must work with the Oversight Board and municipalities to implement a restructured grant and transfer system that will provide municipalities with a transparent process for the awarding of specific service grants that augment existing municipal service delivery. This envisioned system will also improve performance and enhance accountability through the monitoring of outcome metrics.

Continue

18. PUERTO RICO OVERSIGHT, MANAGEMENT, AND ECONOMIC STABILITY ACT (PROMESA) – continuation

Actions to Promote Economic Growth

With the debt restructurings near completion, the confusion and uncertainty that has plagued the economy for much of the last decade has subsided. To generate revenues that are resilient even when the current influx of federal funding subsides, fiscal stability alone will not suffice. The Government will also need to execute targeted investments and implement profound structural reforms to produce sustainable growth, support Government revenues, and prevent debt-financed operating expenditures. The 2024 Fiscal Plan describes an effort to develop an integrated plan that will serve as a roadmap to unlock future growth. While that plan is developed, the Oversight Board and the Government will continue to support specific priorities through a first wave of economic growth initiatives that aim to address the most crucial challenges that Puerto Rico faces.

EXHIBIT 5: LIST OF FOCUS AREAS TO PROMOTE ECONOMIC GROWTH

Focus area	Description
Integrated framework for economic growth	A robust effort that assesses the current situation and positioning of Puerto Rico, consolidates its identified opportunities, and allows for a coordinated integration of economic development efforts, supported by the Oversight Board, the Government, and stakeholders.
Human capital, focused on robust, highly-skilled, and healthy workforce	*Highly skilled workforce:* Government must identify the appropriate funding level and manage existing resources responsibly to reform K-12 education to give all Puerto Ricans the opportunity to develop core competencies in areas such as information synthesis, creativity, problem-solving, communication, and teamwork. *Healthy workforce:* Government must engage key stakeholders to create a roadmap for the improvement of healthcare in Puerto Rico and develop a deep understanding of the situation of the healthcare workforce to appropriately address the shortage of healthcare professionals that Puerto Rico has historically faced. *Robust workforce:* The Government must prioritize initiatives to boost labor force participation, rolling out targeted re-skilling programs for high-growth occupations and creating an environment that encourages public assistance program recipients to work in the formal sector.
Economic strategies, focused on improved ease of doing business	The Government must create an environment that encourages innovation and entrepreneurship, attracts investment, and promotes exports. To increase the ease of doing business in Puerto Rico.
Economic policies, focused on reforms of Puerto Rico's tax system	The Government must reduce the structural complexity of Puerto Rico's tax system, thus reducing the cost of administration and the cost of compliance for private businesses and enhance the transparency of the system by reducing exemptions and the use of special tax regimes.
Infrastructure, focused on reduced cost and increased reliability of energy, transportation, and internet connectivity	Government must prioritize infrastructure initiatives to build resilient and sustainable infrastructure that reduces the cost of energy, transportation, and internet connectivity. Moreover, the Government must optimize the management of existing infrastructure assets, e.g., by improving the regulation of the electric power sector and by consolidating public transportation assets into mode-aligned entities.

Continue

18. PUERTO RICO OVERSIGHT, MANAGEMENT, AND ECONOMIC STABILITY ACT (PROMESA) – continuation

Completing the Oversight Board's PROMESA Mandate

Prolonged financial stability, necessary to ensure that a debt default and crisis does not happen again in Puerto Rico, will require addressing the root causes described in the 2018 GAO report through the establishment of robust financial management and oversight practices as well as the execution of targeted investments to enhance economic development. The Government must also implement the key structural reforms and confront the reality that the record level of federal fiscal support is waning. Revenue collections appear to have crested, and growth has moderated, highlighting the need for Puerto Rico to focus on accelerating economic growth using its own resources, assets, and capabilities.

Successfully restructuring the vast majority of Puerto Rico's debt is only one step towards achieving fiscal responsibility. It is not enough to declare the mandate completed. The debt was a symptom of a much larger problem: the lack of fiscal responsibility. To complete our mandate, sound fiscal management practices must be accepted and implemented over the long term. For now, only the Oversight Board's presence prevents Puerto Rico from falling back into budget deficits. By the time the Oversight Board terminates, the government must be able to pass and maintain a balanced budget with a long term multiyear financial plan that is in balance to prevent future deficits and the painful adjustments that are so difficult to implement by any elected government.

That is why the Fiscal Plan and the Oversight Board's efforts are now focused on partnering with the Government to complete the reforms required to achieve fiscal responsibility over the long term as required under PROMESA, including the implementation of robust financial management and oversight practices as well as structural reforms, economic growth plans, the advancement and completion of critical projects, and improving the Government's overall economic conditions.

A key element of this Fiscal Plan is to transfer the responsibility to safeguard this balance to Puerto Rico's elected leaders, through significantly strengthened budget processes and guardrails to ensure budgetary discipline enshrined in practice, regulation, and law.

The Oversight Board has consistently been clear that its mandate is finite, and it should only exist until the Oversight Board and the Commonwealth fulfill the requirements of PROMESA. This Fiscal Plan shows the progress the Government has made to fulfill these conditions, the gaps that remain, and the actions the Oversight Board is taking to help the Government close these gaps. Taken together, the actions included in this Fiscal Plan, if thoughtfully implemented, can set the stage for increased growth and opportunity for all in Puerto Rico and the termination of the Oversight Board.

Puerto Rico has come a long way. It is well positioned to take advantage of its current fiscal recovery and the economic upswing to restore sustainable growth and prosperity. Completing the mandate of PROMESA will help to regain trust and restore confidence in the future, and signal to the world the tremendous comeback of Puerto Rico as the shining star of the Caribbean. This Fiscal Plan is the road map to finishing the job.

19. NEW ACCOUNTING STANDARDS

A. Implementation of Governmental Accounting Standards Board (GASB) Statements

The provisions of the following Governmental Accounting Standards Board (GASB) Statements are effective and have been implemented, when applicable, during the year ended June 30, 2025:

GASB Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for

19. NEW ACCOUNTING STANDARDS – continuation

compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

RECOGNITION AND MEASUREMENT

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurements of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

NOTES TO FINANCIAL STATEMENTS

This Statement amends the existing requirement to disclose the gross increases and decreases in liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 (FY 2024-2025), and all reporting periods thereafter. Earlier applications are encouraged.

GASB Statement No. 102, *Certain Risk Disclosures*. State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to

Continue

19. NEW ACCOUNTING STANDARDS – continuation

certain concentrations or constraints. Examples include, but are not limited to, the composition of any of the following:

a. Employers
b. Industries
c. Inflows of resources
d. Workforce covered by collective bargaining agreements
e. Providers of financial resources
f. Suppliers of material, labor, or services.

This Statement defines concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. Examples include, but are not limited to, the following:

a. Limitations on raising revenue
b. Limitations on spending
c. Limitations on the incurrence of debt
d. Mandated spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint
- Each event associated with concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024 (FY 2024-2025), and all reporting periods thereafter. Earlier applications are encouraged.

The Senate implemented these guides with no material impact on the basic financial statements.

B. Future Adoption of Governmental Accounting Standards Board (GASB) Statements

The Governmental Accounting Standards Board issued the following pronouncements that have effective dates after June 30, 2025. The Senate is currently evaluating its accounting practices to determine the potential impact on the financial statements for the GASB Statements.

Continue

19. NEW ACCOUNTING STANDARDS – continuation

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

Management's Discussion and Analysis

This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions.

Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

Unusual or Infrequent Items

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund

Continue

19. NEW ACCOUNTING STANDARDS – continuation

(a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

Major Component Unit Information

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements were reduced, combining statements of major component units should be presented after the fund financial statements.

Budgetary Comparison Information

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

Effective Date and Transition

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025 (FY 2025-2026), and all reporting periods thereafter. Earlier applications are encouraged.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date.

This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

Continue

19. NEW ACCOUNTING STANDARDS – continuation

Effective Date

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier applications are encouraged.

GASB Statement No. 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed.

This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

Effective Date

The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier applications are encouraged.

The Senate has not yet determined the effect these statements will have on the basic financial statements.

This space was intentionally left blank

20. RESTATEMENT

During the year ended June 30, 2025, management restated prior year's financial statements to implement and establish the beginning balances of GASB Statement No. 87, and GASB Statement No. 96. The restatement includes the initial balance of the Right-To-Use Asset, SBITA Asset, lease liability, SBITA liability, and accumulated amortization. The restatement also includes the requirements of GASB Statement No. 101 compensated absences. The following table summarizes changes to net position at the beginning of the year as previously reported in the Statement of Activities.

	2024 Total Net Position (Deficit)
Net position (deficit) at beginning of year as previously reported	$ (20,131,643)
Restatement adjustment:	
Overstatement of Right-To-Use Asset (ROUA)	(424,845)
Overstatement of SBITA Asset	(8,605)
Overstatement of accumulated amortization - ROUA	428,377
Overstatement of accumulated amortization - SBITA	729
Understatement of lease liability - ROUA	(5,101)
Understatement of lease liability - SBITA	(1,895)
Overstatement of Compensated Absences Liability	1,219,525
Net position (deficit) at beginning of year, as restated	$ (18,923,458)

21. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 27, 2026, which is the same date the financial statements were available to be issued. No additional subsequent events were identified that should be disclosed or adjusted in the financial statements or its notes.

END OF NOTES

This page was intentionally left blank.

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025

Required Supplementary Information

(Unaudited)

This page was intentionally left blank.

	Budget Amounts		Actual Amounts	
	Original	Final	(Budgetary Basis)	Variance
REVENUES:				
Intergovernmental	$ 32,799,684	$ 32,799,684	$ 32,799,684	$ -
Other Revenues	353,685	353,685	353,685	-
Total Revenues	33,153,369	33,153,369	33,153,369	-
EXPENDITURES:				
Current:				
General Government – Administrative and Operating Activities	31,304,663	31,304,663	32,933,817	1,629,154
Debt Service – Principal & Interest	172,150	172,150	172,150	-
Capital Outlays	1,676,556	1,676,556	1,676,556	-
Total Expenditures	33,153,369	33,153,369	34,782,523	1,629,154
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -	$ -	$ (1,629,154)	$ (1,629,154)

See Independent Auditor's Report and Notes to the Schedule of Revenues and Expenditures – Budget to Actual – General Fund.

The following schedule presents comparisons of the legally adopted budget with actual data on a budget basis. Because accounting principles applied for purposes of developing data on a budget basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of differences in expenditures for the fiscal year ended June 30, 2025 is presented below:

		General Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Available for Appropriation" from the Budgetary Comparison Schedule (See Page 121)	$	33,153,369
Difference – Budget to GAAP:		
Non Budgetary Items – Other Revenues		-
Total Revenues as Reported on the Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balance (See Page 55)	$	33,153,369
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Charges to Appropriation" from the Budgetary Comparison Schedule (See Page 121)	$	28,653,238
Difference – Budget to GAAP:		
Non Budgetary Items – Expenditures of Savings Fund		6,129,285
Total Expenditures as Reported on the Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balance (See Page 55)	$	34,782,523

See Independent Auditor's Report and Notes to the Schedule of Revenues and Expenditures – Budget to Actual – General Fund.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Control

The Senate budget is prepared on the budgetary basis of accounting, which is not in accordance with US GAAP, and represents departmental appropriations recommended by the President and approved by the Legislature prior to the beginning of the fiscal year. Amendments to the budget require the approval of the Legislature. Transfers of certain appropriations within the budget do not require the approval of the Legislature in accordance with Administrative Order 07-10 of July 2007. The Senate prepares its annual budget including the operations of the general fund. The final annual appropriated budget for the fiscal year ended June 30, 2025 was $33,153,369.

For budgetary purposes, encumbrance accounting is used. The encumbrances (i.e., purchase orders contracts) are considered expenditures when incurred. For US 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 Commonwealth of Puerto Rico Accounting Law establishes that unreserved funds (excess of revenues over expenditures) at the end of the fiscal year from the Legislative Branch will be carried forward and made available for spending for the next three fiscal years. The Senate's Administrative Order 2010-35 of January 2010 stipulates that such unreserved funds must be spent for non-recurrent expenditures. The remaining unexpended amounts after the three years have lapsed should be returned to the Secretary of Treasury of Puerto Rico pursuant to Act No. 230-1974.

The Senate has presented a position contrary to what is established in said communication because the amount indicated does not agree with the records of the Senate. As of the date of the financial statements, no decision has been made on this matter.

END OF NOTES

This page was intentionally left blank.

	2025	2024	2023	2022	2021	2020	2019
Proportion of the Total Pension Liability *	0.16020%	0.16363%	0.17123%	0.29747%	0.31129%	0.31545%	0.32262%
Proportionate Share of the Collective Total Pension Liability	$ 31,816,342	$ 33,986,668	$ 37,930,771	$ 80,866,391	$ 87,377,694	$ 78,391,353	$ 90,992,789
Covered - Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Proportionate Share of the Collective Total Pension Liability as Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:
* The amount presented have a measument date of the previous year end.
* Covered payroll is no longer appicable since contributions are not longer based on payroll and were eliminated pursuant to Act No. 106-2017.
** The Modified Eight Amended Tile III Joint Plan of Adjustment of the Commonwealth of Puerto Roo, et al (2022 Plan of Adjustment) confirmed by the U.S. District Court for the District of Puerto Rico on January 18, 2022, eliminated the Act No. 127-1958 high risk death and disability benefits for System 2000, Act No. 3-2013, and Act No. 106-2017 members in high risk positons, estimated future cost of living adjustment, including those on the Act No. 127-1958 benefits, and eliminated all future PRGERS benefits for System 2000 and Act No. 3-2013 members who were not in payment status as of March 15, 2022. These changes reduced the Total Pension Liabilty as of June 30, 2022 by $2.0 billion. The reduction is recognized by the Senate as a plan change and included in the FY2023 financial statements as stated by GASB No. 73.

Note: Fiscal year 2019 was the last year that the Senate transitioned from GASB Statement No. 68 to GASB Ratement No. 73 as a result of the PayGo implementaion. This schedule is required to ilustrate 10 years of information. However, until a 10-year trend has been completed, information is presented only for the years for which the required supplementary information is available.

See Independent Auditor’s Report and Notes to the Schedules of Proportionate Share of Total Pension Liability and Total Other Post-Employment Benefits Liability.

	2025	2024	2023	2022	2021	2020	2019	2018
Proportion of the Other Post-Employment Benefit Liability *	0.16179%	0.16636%	0.17380%	0.24328%	0.24641%	0.24832%	0.25604%	0.25604%
Proportionate Share of the Collective Total Other Post-Employment Benefit Liability	$ 963,560	$ 1,075,594	$ 1,208,972	$ 1,941,667	$ 2,155,134	$ 2,066,612	$ 2,156,218	$ 2,156,218
Covered - Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Proportionate Share of the Collective Total Other Post-Employment Benefit Liability as Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

- The amounts presented have a measument date of the previous year end.
- Covered payroll is no longer appicable since contributions are not longer based on payroll and were elminated pursuant to Act No. 106-2017

Note: Fiscal year 2019 was the first year that the new requirements of GASB Statement No. 75 were implemented by the Senate. This schedule is required to ilustrate 10 years of information. However, and a 10-year trend has been completed, information is presented only for the years for which the required supplementary information is available.

See Independent Auditor's Report and Notes to the Schedules of Proportionate Share of Total Pension Liability and Total Other Postemployment Benefits Liability.

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

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

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

4. The Modified Eight Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al. ("2022 Plan of Adjustment") confirmed by the U.S. District Court for the District of Puerto Rico on January 18, 2022, eliminated the Act No. 127-1958 high risk death and disability benefits for System 2000, Act No. 3-2013, and Act No. 106-2017 members in high risk positions, eliminated future cost of living adjustment, including those on the Act No. 127-1958 benefits, and eliminated all future PRGERS benefits for System 2000 and Act No. 3-2013 members who were not in payment status as of March 15, 2022. These changes reduced the Total Pension Liability as of June 30, 2022 by $2.0 billion. The reduction is recognized immediately as a plan change.

END OF NOTES

This page was intentionally left blank.

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025

Statistical Section

(Unaudited)

This page was intentionally left blank.

INTRODUCTION

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Senate's overall financial health. Unless otherwise noted, the information in the following schedule is derived from the comprehensive annual financial reports for the relevant year. The Senate implemented GASB Statement No. 34 in 2008, when it became fiscally autonomous, pursuant to the provisions of Act No. 230 of July 23, 1974 as amended.

The following are the categories of the various schedules that are included in this Section:

	Page
Financial Trends Information	
These schedules contain trendy information to help the reader understand how the Senate's financial performance and well-being have changed over time.	128-132
Debt Capacity	
These schedules present information to help the reader understand the Senate's levels of debt.	133
Revenue Capacity Information	
This schedule contains information to help the reader assess the Senate most significant revenue source, legislative appropriations.	134
Demographic and Economic Information	
This schedule offers demographic and economic indicators to help the reader understand the environment within the Senate financial activities take place.	135
Operating Information	
This schedule contains service data to help the reader understand how the information in the financial reports relates to the services the Senate provides and the activities it performs.	136

Net Position (Deficit)	2025	Restated 2024	2023	2022	Restated 2021	Restated 2020	2019	Restated 2018	2017	Restated 2016
Invested in Capital Assets	$ 1,870,367	$ 1,998,492	$ 1,299,458	$ 836,955	$ 985,121	$ 1,244,046	$ 1,722,328	$ 2,365,705	$ 2,042,529	$ 1,430,417
Restricted	369,944	190,696	185,951	196,349	158,567	307,585	232,772	213,307	179,751	172,915
Unrestricted (Deficit)	(18,930,921)	(21,112,646)	(40,966,920)	(70,964,049)	(75,339,900)	(81,160,060)	(24,466,101)	(21,271,138)	(20,937,489)	(27,092,834)
Total Net Position (Deficit)	$ (16,690,610)	$ (18,923,458)	$ (39,481,511)	$ (69,930,745)	$ (74,196,212)	$ (79,608,429)	$ (22,511,001)	$ (18,692,126)	$ (18,715,209)	$ (25,489,502)

.

	2025	Restated 2024	2023	2022	2021	2020	2019	Restated 2018	2017	Restated 2016
Revenues										
Legislative Appropriations	$ 33,370,764	$ 28,248,796	$ 29,396,415	$ 26,917,205	$ 27,539,267	$ 26,001,000	$ 30,614,000	$ 39,355,000	$ 40,704,000	$ 40,204,000
Other Revenues	359,940	193,415	372,857	360,429	245,980	5,548,839	5,983,205	1,626,000	3,085,635	370,973
Special Legislative Assignments	-	3,802,494	6,815,609	936,000	-	414,795	77,165	169,155	19,942	-
Total Revenues	33,730,704	32,244,705	36,584,881	28,213,634	27,785,247	31,964,634	36,674,370	41,150,155	43,809,577	40,574,973
Expenses										
Government Actitivies	31,497,856	12,894,837	6,135,648	24,793,959	26,511,362	37,324,285	40,493,245	41,941,479	35,462,026	42,891,281
Transfers, Net	-	-	-	-	-	-	-	814,407	(1,573,258)	-
Total Change in Net Position	$ 2,232,848	$ 19,349,868	$ 30,449,233	$ 3,419,675	$ 1,273,885	$ (5,359,651)	$ (3,818,875)	$ 23,083	$ 6,774,293	$ (2,316,308)

General Fund	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fund Balance										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	369,944	190,696	185,952	196,349	158,567	307,585	232,772	213,307	179,751	172,915
Unassigned	14,077,629	15,706,783	17,918,411	11,450,604	8,068,711	7,924,463	12,492,429	16,615,614	14,838,186	11,308,866
Total General Fund Balance	$ 14,447,573	$ 15,897,479	$ 18,104,363	$ 11,646,953	$ 8,227,278	$ 8,232,048	$ 12,725,201	$ 16,828,921	$ 15,017,937	$ 11,481,781

.

Governmental Activities	2025	Restated 2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Legislature Appropriations	$ 33,370,764	$ 28,248,796	$ 29,396,415	$ 26,917,205	$ 27,539,267	$ 26,001,000	$ 30,614,000	$ 39,355,000	$ 40,704,000	$ 40,204,000
Other	359,940	193,415	372,857	360,429	245,980	5,548,839	5,983,205	1,626,000	2,550,000	-
Special Legislative Assignment	-	3,802,494	6,815,609	936,000	-	414,795	77,165	169,155	364,273	43,485
Total Revenues	33,730,704	32,244,705	36,584,881	28,213,634	27,785,247	31,964,634	36,674,370	41,150,155	43,618,273	40,247,485
Expenditures										
Governmental Activities	35,180,610	34,657,890	30,127,471	24,793,959	27,790,017	36,457,787	40,778,090	39,339,171	38,508,859	43,830,420
Excess (Deficiency) of Revenues Over Expenditures	(1,449,906)	(2,413,185)	6,457,410	3,419,675	(4,770)	(4,493,153)	(4,103,720)	1,810,984	5,109,414	(3,582,935)
Other Financing Sources (Uses)										
Transfer – In	-	-	-	-	995,000	-	-	-	-	-
Transfer – Out	-	-	-	-	(995,000)	-	-	-	(1,573,258)	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	(1,573,258)	-
Net Change in Fund Balance	$ (1,449,906)	$ (2,413,185)	$ 6,457,410	$ 3,419,675	$ (4,770)	$ (4,493,153)	$ (4,103,720)	$ 1,810,984	$ 3,536,156	$ (3,582,935)
Debt Service as Percentage of Noncapital Expenditures	0.52%	0.26%	0.29%	0.36%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Governmental Activities	2025	Restated 2024	2023	Restated 2022*	2021	Restated 2020	2019	2018	2017	2016
Capital Assets										
Capital Assets, Not Being Depreciated:										
Works of Arts and Historic Treasures	$ 89,932	$ 64,932	$ 64,932	$ 61,750	$ 61,750	$ 61,750	$ 61,750	$ 58,000	$ 25,000	$ -
Capital Assets, Being Depreciated:										
Equipment	2,138,665	1,931,438	1,690,544	1,323,980	1,308,483	1,269,743	1,480,758	1,528,074	1,505,592	1,283,740
Computer Equipment and Software	1,228,041	1,582,633	1,743,700	1,701,823	1,586,327	1,586,327	2,095,748	2,226,037	2,218,748	1,879,610
Furniture	1,865,151	1,985,194	2,030,070	2,055,720	2,108,863	2,108,863	2,180,353	2,310,294	1,591,507	1,415,671
Vehicles	1,096,716	1,291,834	912,980	896,189	896,189	818,889	818,889	828,042	797,073	847,385
Right-To-Use Equipment	1,508,137	119,765	455,729	455,729	-	-	-	-	-	-
Right-To-Use Equipment	120,965	120,965	-	-	-	-	-	-	-	-
Total Capital Assets	8,047,607	7,096,761	6,897,955	6,495,191	5,961,612	5,845,572	6,637,498	6,950,447	6,137,920	5,426,406
Less: Accumulated Depreciation/Amortization										
Equipment	(991,053)	(1,200,742)	(1,242,067)	(1,234,057)	(1,169,585)	(1,057,016)	(1,171,665)	(1,117,749)	(1,045,381)	(961,221)
Computer Equipment and Software	(1,318,531)	(1,221,741)	(1,434,002)	(1,575,503)	(1,523,008)	(1,456,458)	(1,813,483)	(1,623,582)	(1,471,646)	(1,330,555)
Furniture	(1,708,590)	(1,755,667)	(1,707,625)	(1,613,383)	(1,536,085)	(1,395,750)	(1,307,555)	(1,277,357)	(1,162,407)	(1,136,061)
Vehicles	(670,212)	(726,827)	(722,134)	(774,857)	(747,813)	(692,302)	(622,467)	(566,054)	(415,957)	(568,152)
Right-To-Use Equipment	(321,159)	(30,315)	(405,092)	(202,546)	-	-	-	-	-	-
Right-To-Use Equipment	(27,874)	(3,590)	-	-	-	-	-	-	-	-
Total Accumulated Depreciation/Amortization	(5,037,419)	(4,938,882)	(5,510,920)	(5,400,346)	(4,976,491)	(4,601,526)	(4,915,170)	(4,584,742)	(4,095,391)	(3,995,989)
Total Capital Assets, Net	$ 3,010,188	$ 2,157,879	$ 1,387,035	$ 1,094,845	$ 985,121	$ 1,244,046	$ 1,722,328	$ 2,365,705	$ 2,042,529	$ 1,430,417

* Implementation of GASB No. 87

		Restated			Restated	Restated *				
Obligations:	2025	2024	2023	2022	2021**	2020	2019*	2018	2017	2016
Accrued Compensated Absences	$ 3,205,458	$ 4,239,925	$ 4,283,988	$ 3,911,500	$ 3,370,917	$ 4,113,306	$ 3,908,966	$ 5,227,189	$ 4,668,855	$ 5,829,019
Leases Liability (Intangible Right-To-Use)	1,139,821	74,332	87,577	257,890	455,729	-	-	-	-	-
Subscription Liability (SBITAs)	-	96,395	-	-	-	-	-	-	-	-
Others	368,424	901,323	701,760	332,240	137,501	-	-	-	-	-
Total Pension Liability	31,816,342	33,986,668	37,930,771	80,866,391	87,377,694	75,052,980	75,052,980	-	-	-
Total OPEB Liability	963,560	1,075,594	1,208,972	1,941,667	2,155,134	2,066,612	2,156,218	-	-	-
Total Obligations	$ 37,493,605	$ 40,374,237	$ 44,213,068	$ 87,309,688	$ 93,496,975	$ 81,232,898	$ 81,118,164	$ 5,227,189	$ 4,668,855	$ 5,829,019

* As Restated Implementation GASB No. 73

* Implementation of GASB No. 75

** Implementation of GASB No. 87

Governmental Activities	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Legislature Appropriations	$ 33,370,764	$ 28,248,796	$ 29,396,415	$ 26,917,205	$ 27,539,267	$ 26,001,000	$ 30,614,000	$ 39,355,000	$ 40,704,000	$ 40,204,000
Special Legislative Assignment	-	193,415	372,857	360,429	245,980	1,346,500	1,626,000	1,626,000	3,085,635	370,973
Other Revenues	359,940	3,802,494	6,815,609	936,000	-	-	-	-	-	-
Total Legislature Appropriations	$ 33,730,704	$ 32,244,705	$ 36,584,881	$ 28,213,634	$ 27,785,247	$ 27,347,500	$ 32,240,000	$ 40,981,000	$ 43,789,635	$ 40,574,973

Fiscal Year	Population (In Thousands)	Personal Income (In Thousands)	Per Capita	Inflation Rate	Employment (In Thousands)	Unemployment Rate
2024p	3,241	88,467	37,170	2.3%	1,132	5.8%
2023p	3,206	71,112	25,240	1.9%	1,107	6.2%
2022p	3,220	70,806	26,224	2.1%	1,114	6.7%
2021	3,263	66,382	24,682	3.3%	969	8.1%
2020	3,286	60,923	22,818	2.1%	966	7.3%
2019	3,194	57,256	21,206	0.5%	995	8.5%
2018	3,259	59,595	22,204	1.6%	968	10.3%
2017	3,366	53,956	19,270	0.6%	982	11.5%
2016	3,440	51,769	18,489	-0.2%	989	11.8%
2015	3,504	56,405	18,195	-0.3%	977	12.8%

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Legislators	27	27	27	27	31	31	31	31	27	27
Number of Employees by Function:										
Legislative	159	165	187	269	274	208	324	324	272	301
Administrative	286	291	255	321	328	316	239	239	304	302
Total Employees	445	456	442	590	602	524	563	563	576	603
Legislative Sessions:										
Number of Days	43	61	67	57	67	75	75	53	67	73
Legislative Bills	237	334	448	522	956	891	926	583	274	693
Number of Commissions Hearings	56	430	430	252	658	886	759	668	659	713
Enacted Laws	82	75	73	72	38	38	89	38	110	154

END OF SECTION