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HOJA DE TRAMITE

OFICINA DE PRESUPUESTO DE LA ASAMBLEA LEGISLATIVA
(OPAL)

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Jose

HON. JUAN DALMAU SANTIAGO,
Presidente
Senado de Puerto Rico

A-2024-10069

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OFICINA DEL SECRETARIO
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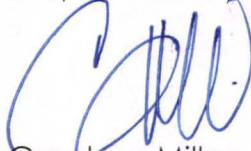
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PRESIDENCIA DEL SENADO

Estados Financieros de la Oficina de
Presupuesto de la Asamblea Legislativa,
Periodo del 3 de enero al 30 de junio
del 2023.

Informe de Auditor Independiente

Fecha: 28 de junio de 2024

Respetuosamente,



Grechen Millan
Chief of Staff

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PRESIDENCIA DEL SENADO

RA

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A-2024-10069

SENADO DE PUERTO RICO

OFICINA DEL SECRETARIO

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Oficina de Presupuesto de la Asamblea Legislativa

Basic Financial Statements for the period from
January 3, 2023 to June 30, 2023

and

Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Members of
Oficina de Presupuesto de la Asamblea Legislativa
San Juan, Puerto Rico

Opinion

We have audited the accompanying financial statements of the governmental activities of Oficina de Presupuesto de la Asamblea Legislativa ("OPAL"), as of June 30, 2023 and for the period from January 3, 2023 to June 30, 2023, and the related notes to the financial statements, which collectively comprise OPAL's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of OPAL as of June 30, 2023, and the respective changes in financial position, and, where applicable, its cash flows thereof for the period from January 3, 2023 to June 30, 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OPAL, 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 opinion. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.



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Responsibilities of Management for the Financial Statements – (continued)

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 OPAL'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.

Auditors' 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 auditors' report that includes our opinion. 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 GAAS and *Government 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.

In performing an audit in accordance with GAAS and *Government 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 OPAL'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 OPAL's ability to continue as a going concern for a reasonable period of time.

Auditors' Responsibilities for the Audit of the Financial Statements – (continued)

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, on pages 4-9 and the Schedule of Revenues and Expenditures – Budget to Actual – General Fund information on page 34, 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.



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Oficina de Presupuesto de la Asamblea Legislativa

Management’s Discussion and Analysis (Unaudited)

June 30, 2023

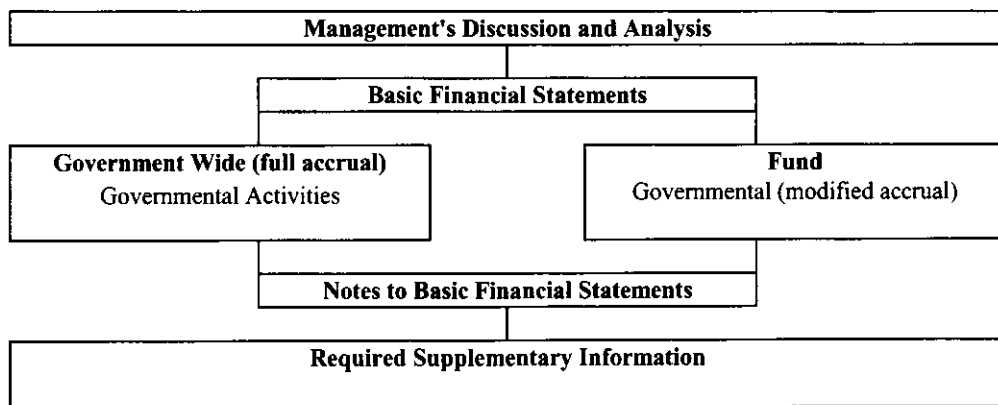
As management of the Oficina de Presupuesto de la Asamblea Legislativa (OPAL), we present the following management’s discussion and analysis (MD&A) to provide an overview of the financial performance of OPAL as of and for the period from January 3, 2023 to June 30, 2023, and to provide readers with additional financial information for placing the basic financial statements in an appropriate operational, economic, or historical context. We recommend the readers to consider the analysis, narrative and data information presented in this report in conjunction with the financial statements that follow this section.

Financial Highlights

- OPAL net position amounted to \$2,784,941 as of June 30, 2023. Such net position represented the results of its operations for the year then ended.
- The total assets of OPAL amounted to \$2,920,214 as of June 30, 2023. This mainly represented the cash available at year end in addition of net capital assets amounting to \$20,601.
- The total liabilities of OPAL amounted to \$135,273 and include the accrual for vacations and sick leave in the amount of \$22,254 of which \$14,994 are due in the next twelve months. In addition, other accounts payable amounted to \$35,672, other accruals liabilities amounted to \$67,417 and a lease liability amounted to \$9,930 as of June 30, 2023. OPAL has the resources to meet its ongoing obligations.

Overview of the Basic Financial Statements

The following discussion and analysis is intended to serve as an introduction to OPAL’s basic financial statements. This report includes the independent auditors’ report, management’s discussion and analysis, the basic financial statements, the notes that explain in more detail the information contained in the financial statements, and the applicable required supplementary information.



The basic financial statements are comprised of three components: (1) Government-Wide Financial Statements; (2) Fund Financial Statements, and (3) Notes to the Basic Financial Statements. This report also contains Required Supplementary Information (Schedule of Revenues and Expenditures – Budget to Actual – General Fund).

Management's Discussion and Analysis (Unaudited) – (continued)

June 30, 2023

Government-Wide Financial Statements

The government-wide financial statements provide information about OPAL's overall financial position and results of operations. These statements, which are presented on the accrual basis of accounting, consist of the statement of net position and the statement of activities.

The statement of net position includes all OPAL's assets and liabilities and is a useful indicator of OPAL financial position at the end of the year. The statement of activities presents information showing how OPAL net position changed during the fiscal year. All the current year's revenues and expenses are accounted for in the statement of activities regardless of when the cash is received or paid.

Fund Financial Statements

The fund financial statements present OPAL's governmental fund, for which activities are funded primarily from Commonwealth appropriations and for which OPAL follows the modified accrual basis of accounting. The fund financial statements provide more detailed information about OPAL's governmental fund and not OPAL as a whole.

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. OPAL uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

OPAL has one fund type which is the governmental fund. This fund is used to account for essentially the same functions as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on current inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. This information may be useful in evaluating OPAL's current financing requirements.

Notes to the Basic Financial Statements

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

Required Supplemental Information

The Basic Financial Statements are followed by a Section of Required Supplementary Information. This section includes a Budgetary Comparison Schedule, which includes reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the General Fund as presented in the Governmental Fund Financial Statements.

Oficina de Presupuesto de la Asamblea Legislativa

Management's Discussion and Analysis (Unaudited) – (continued)

June 30, 2023

Financial Analysis of OPAL as a Whole

OPAL was created by nature of Act No. 1 dated January 3, 2023. Accordingly, these basic financial statements include the net position and the results of operations as of June 30, 2023 and for the period from January 3, 2023 to June 30, 2023.

We provide the readers of these basic financial statements with the following summarized discussion and analysis of the relevant facts that affected the government-wide financial statements and governmental fund financial statements for the period from January 3, 2023 to June 30, 2023:

Government-wide condensed financial statements

Statement of Net Position

	<u>Governmental Activities</u>
Assets:	
Current assets	\$ 2,899,613
Capital assets	<u>20,601</u>
Total assets	<u>2,920,214</u>
Liabilities:	
Current liabilities	104,631
Non-current liabilities	<u>30,642</u>
Total liabilities	<u>135,273</u>
Net position:	
Net investment in capital assets	11,649
Unrestricted	<u>2,773,292</u>
Total net position	<u>\$ 2,784,941</u>

In overall, the net position of OPAL amounted to \$2,784,941 which include net investment in capital assets of \$11,649 and unrestricted net position of \$2,773,292.

The current liabilities are related to unsatisfied payments as a result of services received and the non-current liabilities are related to compensated absences and the equipment lease liability.

Current assets

OPAL's current assets are related to the unspent portion of the state legislative appropriation granted during the fiscal year.

Oficina de Presupuesto de la Asamblea Legislativa

Management's Discussion and Analysis (Unaudited) – (continued)

June 30, 2023

Non-current assets

OPAL's net investment in capital assets as of June 30, 2023 amounted to approximately \$11,000, net of accumulated depreciation. Capital assets includes computer equipment. Also, during the period, OPAL implemented the GASB Statement No. 87 "Leases", which resulted in the recognition of right-of-use asset of approximately \$9,600, net of its related amortization.

Current liabilities

OPAL's current liabilities are related to unsatisfied payments as a result of services received and the non-current liabilities are related to compensated absences and the equipment lease liability.

Statement of Activities

Revenues	\$ 3,013,944
Expenses	<u>229,003</u>
Change in net position	2,784,941
Net position - beginning of year	<u>-</u>
Net position - end of year	<u>\$ 2,784,941</u>

In overall, the statement of activities of OPAL includes a legislative appropriation of \$3,000,000. The major administrative and operating expenses are related to salaries, professional services and fringe benefits.

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Oficina de Presupuesto de la Asamblea Legislativa

Management's Discussion and Analysis (Unaudited) – (continued)

June 30, 2023

Government fund condensed financial statements

Balance Sheet

Total assets	\$ 2,899,613
Total liabilities	<u>103,089</u>
Fund balance	
Assigned	61,050
Unassigned	<u>2,735,474</u>
Total fund balance	<u>2,796,524</u>
Total liabilities and fund balance	<u>\$ 2,899,613</u>

OPAL's total assets are related to the unspent portion of the state legislative appropriation granted during the fiscal year.

OPAL's total liabilities are related to unsatisfied payments as a result of services received.

Statement of Revenues, Expenditures and Changes in Fund Balances

Revenues	
Intergovernmental	\$ 3,000,000
Interest income	<u>13,944</u>
	3,013,944
Expenditures	<u>217,420</u>
Excess of revenues over expenditures	2,796,524
Fund balances - beginning of year	<u>-</u>
Fund balances - end of year	<u>\$ 2,796,524</u>

In overall, the statement of revenues and expenditures and changes in fund balance of OPAL includes a legislative appropriation of \$3,000,000 and interest income. The major expenditures are related to salaries, and professional services.

Oficina de Presupuesto de la Asamblea Legislativa

Management's Discussion and Analysis (Unaudited) – (continued)

June 30, 2023

Requests for Information

This financial report is designed to provide a general overview of the Oficina de Presupuesto de la Asamblea Legislativa. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to OPAL's Executive Director, San Juan, Puerto Rico.

Oficina de Presupuesto de la Asamblea Legislativa

Statement of Net Position

June 30, 2023

	<u>Governmental Activities</u>
Assets:	
Current assets	
Cash in commercial bank	\$ 2,899,613
Non-current assets	
Capital assets, net	11,002
Right-of-use asset, net	<u>9,599</u>
	<u>20,601</u>
Total assets	<u>2,920,214</u>
Liabilities:	
Current liabilities	
Lease liability	1,542
Accounts payable	35,672
Accrued liabilities	67,417
Compensated absences	<u>14,994</u>
	119,625
Non-current liabilities	
Lease liability	8,388
Compensated absences	<u>7,260</u>
Total liabilities	<u>135,273</u>
Net position:	
Net investment in capital assets	11,649
Unrestricted	<u>2,773,292</u>
Total net position	<u>\$ 2,784,941</u>

See accompanying notes to the basic financial statements

Oficina de Presupuesto de la Asamblea Legislativa

Statement of Activities

For the Period from January 3, 2023 to June 30, 2023

Functions/Programs	Expenses	Program Revenue		Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Administrative and Operating	\$ 229,003	\$ -	\$ 3,000,000	\$ -
				\$ 2,770,997
General revenue (expenses):				
Interest income				13,944
Total general revenue				13,944
Change in net position				2,784,941
Net position - beginning of year				-
Net position - end of year				\$ 2,784,941

See accompanying notes to the basic financial statements

Oficina de Presupuesto de la Asamblea Legislativa

Balance Sheet – Governmental Fund

June 30, 2023

	<u>General Fund</u>	<u>Total Governmental Fund</u>
Assets:		
Cash in commercial bank	\$ 2,899,613	\$ 2,899,613
Total	<u>\$ 2,899,613</u>	<u>\$ 2,899,613</u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ 35,672	\$ 35,672
Accrued liabilities	<u>67,417</u>	<u>67,417</u>
Total liabilities	<u>103,089</u>	<u>103,089</u>
Fund balances:		
Spendable		
Assigned	61,050	61,050
Unassigned	<u>2,735,474</u>	<u>2,735,474</u>
Total fund balances	<u>2,796,524</u>	<u>2,796,524</u>
Total liabilities and fund balances	<u>\$ 2,899,613</u>	<u>\$ 2,899,613</u>

See accompanying notes to the basic financial statements

Oficina de Presupuesto de la Asamblea Legislativa

Reconciliation of the Balance Sheet of Governmental Fund to the
Statement of Net Position

June 30, 2023

Total fund balances of governmental fund \$ 2,796,524

Amounts reported for governmental activities in the statement of net position
are different than the amounts reported in the governmental fund because:

Capital assets used in governmental activities are not current financial resources
and, therefore, are not reported in the fund. Those amounts consist of:

Capital assets	11,649
Right-of-use asset	9,930
Accumulated depreciation and amortization	<u>(978)</u>
Total capital assets	<u>20,601</u>

Some liabilities are not due and payable in the current period and,
therefore, are not reported in the fund. Those liabilities consist of:

Lease liability	(9,930)
Compensated absences	<u>(22,254)</u>
Total liabilities	<u>(32,184)</u>

Net position of governmental activities \$ 2,784,941

See accompanying notes to the basic financial statements

Oficina de Presupuesto de la Asamblea Legislativa

Statement of Revenues, Expenditures and
Changes in Fund Balances – Governmental Fund

For the Period from January 3, 2023 to June 30, 2023

	<u>General Fund</u>	<u>Total Governmental Fund</u>
Revenues:		
Intergovernmental	\$ 3,000,000	\$ 3,000,000
Interest income	<u>13,944</u>	<u>13,944</u>
Total revenues	<u>3,013,944</u>	<u>3,013,944</u>
Expenditures:		
Administrative and operating activities	205,771	205,771
Capital outlays	<u>11,649</u>	<u>11,649</u>
Total expenditures	<u>217,420</u>	<u>217,420</u>
Excess of revenues over expenditures	2,796,524	2,796,524
Fund balances - beginning of year	<u>-</u>	<u>-</u>
Fund balances - end of year	<u>\$ 2,796,524</u>	<u>\$ 2,796,524</u>

See accompanying notes to the basic financial statements

Oficina de Presupuesto de la Asamblea Legislativa

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Fund to the Statement Activities

For the Period from January 3, 2023 to June 30, 2023

Revenues of governmental fund in excess of expenditures	\$ 2,796,524
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the fund	11,649
Governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense.	(978)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.	<u>(22,254)</u>
Change in net position of governmental activities	<u>\$ 2,784,941</u>

See accompanying notes to the basic financial statements

Oficina de Presupuesto de la Asamblea Legislativa

Notes to Basic Financial Statements

June 30, 2023

Note 1 - Organization and reporting entity

The Oficina de Presupuesto de la Asamblea Legislativa (OPAL) is a governmental entity created by virtue of the Act No. 1 dated January 3, 2023 (the Act) under the laws of the Commonwealth of Puerto Rico. OPAL provides advice to members of the Legislative Assembly on matters related to taxes, fiscal budget and other economic and fiscal aspects without intervening in the deliberation or decision-making processes.

The funds necessary for operating expenses of OPAL are consigned within the General Expenses Budget of the Commonwealth of Puerto Rico as established in the Act. These funds are allocated to the administrative expenses required to organize, begin and continue the operation of OPAL until a greater or additional budget amount is designated. If an additional amount is not established in the Commonwealth General Budget of the subsequent fiscal year, or if said budget is not approved, an automatic minimum amount equivalent to \$3,000,000 will be assigned until otherwise provided.

OPAL 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.

Note 2 - Basis of presentation

The accounting policies of OPAL conform to accounting principles generally accepted in the United States of America (US GAAP) for governments, as prescribed by the Government Accounting Standards Board (GASB).

The accompanying basic financial statements present the financial position of OPAL, the results of its operations and its fund, and the changes in fund balances. It does not intend to and does not present fairly the financial position and changes in financial position of the Commonwealth in conformity with accounting principles generally accepted in the United States of America. The basic financial statements are presented as of June 30, 2023 and for the period from January 3, 2023 to June 30, 2023.

OPAL includes all funds and functions that have been determined to meet the requirement for inclusion in OPAL's financial reporting entity.

June 30, 2023

Note 2 - Basis of presentation – (continued)

Government-Wide financial statements

Government-Wide Financial Statements - The statement of net position and the statement of activities report information of all the activities of OPAL.

The statement of net position presents OPAL's assets, deferred outflows of resources (when applicable), liabilities, and deferred inflows of resources (when applicable), with the difference reported as net position. Net position is reported in three categories:

- *Net Investment in Capital Assets* – This component of net position consists of capital assets net of accumulated depreciation, reduced by the outstanding balance of borrowings directly attributable to the acquisition, construction, or improvement of those assets.
- *Restricted Net Position* – This component of net position consists of restricted assets and deferred outflows of resources reduced by related liabilities and deferred inflows of resources. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets supported. Restricted assets result when constraint placed on those assets use is either, externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

The accompanying statement of activities presents OPAL's results of operations by showing how the net position changed over the period. The statement presents the cost of each function/program as well as the extent to which each of OPAL's functions, programs or other services either contributes to or draws from OPAL's general revenues.

June 30, 2023

Note 2 - Basis of presentation – (continued)

Government-Wide financial statements – (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include (i) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (ii) management fees charged to the operational components for administrative services. Other items not meeting the definition of program revenues are instead reported as general revenues.

Programs' revenues are generated directly from a program itself or may come from parties outside OPAL. In the statement of activities, program revenues reduce the costs (expenses) of the function/program to arrive at the net cost of the function/program that must be financed from OPAL's general revenues.

The accompanying statement of activities reports the following categories of program revenues:

- *Charges for Services* – These revenues generally consist of exchange or exchange-like transactions involving charges to customers or applicants who purchase, use, or directly benefit from the goods, services or privileges provided, or are otherwise directly affected by the services. These revenues include fees charged to its operational units, which are component units of the Commonwealth, for administrative functions.
- *Program-Specific Operating Grants and Contributions* – These revenues consist of transactions that are either mandatory or voluntary non-exchange transactions with other governments that restrict the resources for use in a particular program. Operating grants and contributions consist of resources that are required to be used to finance the costs of operating a specific program or can be used either for operating or capital purposes of a specific program. Restricted operating grants and contributions are program revenues because they are specifically attributable to a program and reduce the net expense of that program to OPAL. They are reported net of estimated uncollectible amounts.
- *Capital Grants and Contributions* - These revenues consist of assets or resources that are restricted for capital purposes, such as purchasing, constructing, or renovating capital assets associated with a specific program. These funds represent income that directly supports a specific initiative.

June 30, 2023

Note 2 - Basis of presentation – (continued)

Government Fund financial statements

Governmental Fund Financial Statements – Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The financial activities of OPAL that are reported in the accompanying basic financial statements have been classified into a governmental fund. Governmental fund focus on the sources and uses of funds and provide information on near-term inflows, outflows, and balances of available resources.

OPAL reports the following governmental fund:

- *General Fund* – This fund is used to account for and report all financial resources received and used for those services traditionally provided by a government, except for those required to be accounted for and reported in another fund. The financial resources received and used in this fund mostly include budgeted resources as approved by the Commonwealth Legislature.

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the classification of fund balance is based on the extent to which OPAL is bound to observe constraints imposed upon the use of resources in governmental funds. The classifications are as follows:

- *Non-Spendable* – Amounts that are not in a spendable form or are legally or contractually required to be maintained intact.
- *Restricted* – Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for a specific purpose.
- *Committed* – Amounts that are constrained for specific purposes that are internally imposed by the government's formal action at the highest level of decision-making authority and do not lapse at year-end. The highest level of decision authority for OPAL is the Executive Director, and the formal action is the passage of a law specifying the purposes for which amounts can be used.
- *Assigned* – includes fund balance amounts that are constrained by OPAL and are intended to be used for specific purposes that are neither considered restricted or committed.

June 30, 2023

Note 2 - Basis of presentation – (continued)

Government Fund financial statements – (continued)

- *Unassigned* – is the residual classification for the General Fund. In a governmental fund other than the General Fund, a negative amount indicates that the expenditures incurred for a specific purpose exceeded the amounts in the fund that are restricted, committed, and assigned to that purpose.

OPAL uses restricted amounts first when both restricted and unrestricted fund balances are available, unless there are legal documents/contracts that prohibit doing this, such as a grant agreement, OPAL would first use committed, then assigned, and lastly unassigned amount of unrestricted fund balance when expenditures are made.

Measurement focus and basis of accounting

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 a 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.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are 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 the liabilities of the current period. For this purpose, OPAL considers revenues to be available if they are collected within 90 days after the end of the fiscal year. Principal revenue sources are recorded in the accounting period in which they are expended. Intergovernmental revenues, representing annual appropriations from the Commonwealth, are recorded when measurable and available.

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

- Employees vested annual vacation are recorded as expenditures when matured. The unmatured amount of accumulated annual vacation and unpaid on June 30 is reported only in the government-wide financial statements.

June 30, 2023

Note 2 - Basis of presentation – (continued)

Measurement focus and basis of accounting – (continued)

- General capital asset acquisitions are reported as expenditures (capital outlays) in governmental funds.
- Other expenses that do not require the use of current financial resources are reported only in the government-wide financial statements.

A summary reconciliation of the difference between total fund balance as reflected in the governmental funds balance sheet and net position of governmental activities as shown on the government-wide statement of net position is presented in an accompanying reconciliation of the balance sheet of governmental funds to the statement of net position.

A summary reconciliation of the difference between net change in fund balance as reflected in the governmental funds statement of revenue, expenditures, and changes in fund balance and change in net position in the statement of activities of the government-wide financial statements is presented in the accompanying reconciliation of revenue, expenditures, and changes in fund balances of governmental funds to the statement of activities.

Note 3 - Summary of significant accounting policies

Use of estimates

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

Cash

For deposits, custodial credit risk is the risk that in the event of bank failure, OPAL's deposits may not be recovered. Under Puerto Rico statutes, public funds deposited in commercial banks must be fully collateralized for the amounts deposited in excess of federal depository insurance generally provided by the Federal Deposit Insurance Corporation (FDIC). All securities pledged as collateral are held by the Secretary of the Treasury of the Commonwealth, but not in OPAL's name. The custodial credit risk, the availability, and recoverability of cash is evaluated continuously by OPAL.

June 30, 2023

Note 3 - Summary of significant accounting policies – (continued)

Cash – (continued)

OPAL is required, by law, to deposit funds only in institutions approved by the Puerto Rico Treasury Department.

The Puerto Rico Commissioner of Financial Institutions requires that Puerto Rico's private financial institutions deposit collateral securities to secure the deposits of the Commonwealth and all other governmental entities in each of these institutions. The amount of collateral securities to be pledged for the security of public deposits must be established by the rules and regulations promulgated by the Commissioner of Financial Institutions.

Capital assets

OPAL's capital assets are reported at historical cost. Depreciation is provided over the estimated useful life of 3 years and is computed using the straight-line method. OPAL capitalizes assets with an individual cost in excess of \$500. At the time capital assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the OPAL's books and the resulting gain or loss, if any, is credited or charged to operations.

Leases

OPAL accounts for leases in accordance with GASB Statement No. 87, *Leases*. GASB No. 87 requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This single model for lease accounting is based on the foundational principle that leases are financing for the right to use an underlying asset and eliminates the distinction between operating and capital leases. GASB No. 87 instructs that leases be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation or of the earliest period restated.

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease, or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

June 30, 2023

Note 3 - Summary of significant accounting policies – (continued)

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources, which represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources, which represent 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. As of June 30, 2023, there are no deferred outflows or inflows.

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 is reported in the statement of net position. A liability for compensated absences is reported in the fund financial statements only when payment is due.

The liability for compensated absences recorded in the accompanying statement of net position is limited to leave that is attributable to services already rendered and is not contingent on a specific event. The liability 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 OPAL are granted thirty days of vacation and eighteen days of sick leave annually. The employee has the right to accumulate the excess of vacation up to sixty days and sick leave up to ninety days, until June 30st 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.

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 days. When the reason for the separation is to qualify for the retirement for years of service or disability or after having worked for at least ten years of service without being a participant in a retirement system sponsored by the government, an employee will also be entitled to the payment of the lump sum of sick leave accumulated and not used up to a maximum of ninety days. However, if the employee has ten years of service within which some years he has participated in a retirement system sponsored by the government, he will not be entitled to the payment of the aforementioned license, except if he withdraws the contributions made to the retirement systems, which would make him a non-participant with ten years of service.

June 30, 2023

Note 3 - Summary of significant accounting policies – (continued)

Compensated absences – (continued)

In accordance with the above criteria and requirements in conformance with GASB Accounting Standards Codification Section C60, *Compensated Absences*, OPAL has accrued a liability for compensated absences, which have been earned but not taken by OPAL 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, 2023. All vacation pay is accrued when incurred in the government-wide financial statements. The current portion is the amount estimated to be used in the following year.

For the governmental fund financial statements, 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, expenditures are recorded when employees are paid for leave or the balance due is accrued upon the employee's separation from employment.

Voluntary termination benefits

OPAL accounts for voluntary termination benefits in accordance with GASB Statement No. 47, *Accounting for Termination Benefits*. Pursuant to the provisions of GASB Statement No. 47, in financial statements prepared on the accrual basis of accounting, employers should recognize a liability and expense for voluntary termination benefits (for example, early retirement incentives) when the offer is accepted, and the amount can be estimated.

A liability and expense for termination benefits (for example, severance benefits) is to be recognized in the government-wide financial statements when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees, and the amount can be estimated. In financial statements prepared on the modified accrual basis of accounting, liabilities and expenditures for termination benefits should be recognized to the extent the liabilities are normally expected to be liquidated with expendable available financial resources.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the General Fund to control expenditures. The unencumbered balance of any appropriation of the General Fund at June 30, each year, lapses immediately. Appropriations, other than in the General Fund, are continuing accounts for which OPAL has authorized that an unspent balance from the prior year be carried forward and made available for current spending.

June 30, 2023

Note 3 - Summary of significant accounting policies – (continued)

Claims and judgments

In the government-wide financial statements, OPAL recognizes an expense and a liability for claims and judgments only when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The liability for claims and judgments includes all claim adjustment expenses that are incremental (directly related to individual claims). In governmental fund financial statements, an expenditure and a liability are recognized only as liabilities come due for payment.

Risk financing

The Capitol District for Superintendency purchases commercial insurance covering casualty, theft, tort, claims and other losses for the OPAL.

The OPAL obtains workers' compensation insurance coverage through the State Insurance Fund Corporation, a component unit of the Commonwealth. This insurance covers workers against injuries, disability, or death because of work or employment-related accidents, or because of employment related illness.

The OPAL obtains unemployment compensation and non- occupational disability for its employees through various insurance programs administered by the Commonwealth's Department of Labor and Human Resources (DOL). These insurance programs cover workers against unemployment and provide supplementary insurance coverage for temporary disability, or death because of work or employment-related accidents or non-occupational disability.

New accounting principles

The following accounting standards are effective in fiscal year 2023:

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Management concluded that this standard is not applicable to OPAL.

June 30, 2023

Note 3 - Summary of significant accounting policies – (continued)

New accounting principles – (continued)

- GASB Statement No. 96, *Subscription – Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription – based information technology arrangements (SBITA's) for government end users (governments). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Management concluded that this standard is not applicable to OPAL.

Future adoption of accounting standards

GASB has issued the following accounting standards that OPAL has not yet adopted:

- GASB Statement No. 99, *Omnibus 2022* – The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:
 - Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
 - Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
 - Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription - based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
 - Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
 - Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
 - Disclosures related to nonmonetary transactions.
 - Pledges of future revenues when resources are not received by the pledging government.

June 30, 2023

Note 3 - Summary of significant accounting policies – (continued)

Future adoption of accounting standards – (continued)

- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Management is currently evaluating to conclude if any impact would be considered material.

- GASB Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes.

As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the

June 30, 2023

Note 3 - Summary of significant accounting policies – (continued)

Future adoption of accounting standards – (continued)

qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period.

The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in the absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amounts of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management is currently evaluating to conclude if impact would be considered material.

- GASB 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.

June 30, 2023

Note 3 - Summary of significant accounting policies – (continued)

Future adoption of accounting standards – (continued)

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 a 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 a 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 measurement 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. This Statement amends the existing requirement to disclose the gross increases and decreases in a 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, and all reporting periods thereafter. Earlier application is encouraged. Management is currently evaluating to conclude if any impact would be considered material.

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Notes to Basic Financial Statements – (continued)

June 30, 2023

Note 4 - Custodial credit risk

Deposits held in commercial banks are maintained in Puerto Rico and are insured as of June 30, 2023. The carrying amount of the deposits of OPAL as of June 30, 2023, consists of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
<u>Governmental activities</u>		
Commercial banks	\$ 2,899,613	\$ 2,930,536

Note 5 - Capital assets

Capital assets activity for the period from January 3, 2023 to June 30, 2023, consists of the following:

	<u>Balance January 3, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2023</u>
Governmental Activities:				
Capital assets being depreciated				
Computer equipment	\$ -	\$ 11,649	\$ -	\$ 11,649
Less accumulated depreciation	-	(647)	-	(647)
Total capital assets, net	<u>\$ -</u>	<u>\$ 11,002</u>	<u>\$ -</u>	<u>\$ 11,002</u>

Note 6 - Right-of-use asset

OPAL is a lessee under noncancellable lease agreement of equipment. The lease term is five (5) years, ending in April 2028, and requiring monthly payments. As of June 30, 2023, the total amount of lease assets, and the related accumulated amortization and changes therein for the period then ended, is as follows:

	<u>Balance January 3, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>
Right-of-use asset	\$ -	\$ 9,930	\$ -	\$ 9,930
Right-of-use asset accumulated amortization	-	(331)	-	(331)
Total right-of-use asset, net	<u>\$ -</u>	<u>\$ 9,599</u>	<u>\$ -</u>	<u>\$ 9,599</u>

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Notes to Basic Financial Statements -- (continued)

June 30, 2023

Note 6 - Right-of-use asset -- (continued)

The future principal commitment under this lease is as follows:

Year Ending June 30,	Amount
2024	\$ 2,650
2025	2,650
2026	2,650
2027	2,650
2028	2,650
Total future minimum lease payments	13,250
Less: amounts representing interest	3,320
Present value of minimum lease payments	9,930
Less: current portion	1,542
Obligation under capital lease, net of current portion	<u>\$ 8,388</u>

Note 7 - Compensated absences

The accrued compensated absences balance on June 30, 2023, consists as follows:

	Balance January 3, 2023	Increase	Decrease	Balance June 30, 2023	Due within One year	Due after One year
Compensated absences	\$ -	\$ 24,612	\$ (2,358)	\$ 22,254	\$ 14,994	\$ 7,260

Note 8 - Intergovernmental revenues

OPAL principal source of revenue is legislative appropriations from the Commonwealth of Puerto Rico. Appropriations are program revenues of OPAL.

Note 9 - Budgetary information

General

OPAL 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 encumbrances included as budgetary basis expenditures. Expenditures are generally recorded when the related expenditure is incurred or encumbered.

June 30, 2023

Note 9 - Budgetary information – (continued)

General – (continued)

Amounts required for settling claims and judgments against the OPAL, and certain other liabilities are not recognized until they are encumbered or otherwise processed for payment. Under the statutory basis of accounting, the OPAL uses encumbrance accounting to record the full amount of purchase orders, contracts and other commitments of appropriated resources as deductions from the appropriation prior to actual expenditure. In the OPAL governmental fund, encumbrance is a significant aspect of budget control. Refer to page 35, Budgetary Control Note.

Note 10 - Litigation and claims

The Commonwealth's Act No. 4 of June 30, 1955, as amended, known as Claims and Lawsuits against the State provides that lawsuits against an agency or instrumentality of the Commonwealth, present and former employees, directors and other may be represented by the Department of Justice of the Commonwealth. Any adverse claims to the defendants are to be paid by the Commonwealth's General Fund. However, the Secretary of the Treasury of the Commonwealth has the discretion of requesting reimbursement of the funds expended for the purposes from the public corporations, governmental institutions, and municipalities of the defendants.

OPAL may be involved in litigation arising from the normal course of operations. The management of OPAL believes that the ultimate liability, if any, in connection with these matters will not have a material effect on OPAL's financial position and results of operations.

Note 11 - Fund balances

Fund balances are classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which OPAL is bound to observe constraints imposed upon the use of the resources in the government fund.

Note 12 - Uncertainty and liquidity risk

OPAL' principal source of revenue is legislative appropriations from the Commonwealth of Puerto Rico (the Commonwealth). Considering that OPAL is financially dependent on the Commonwealth, the limitations of the Commonwealth to meet its obligations on a timely manner may impact OPAL' operations in the near future.

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Notes to Basic Financial Statements – (continued)

June 30, 2023

Note 13 - Subsequent events

OPAL has evaluated subsequent events through June 13, 2024, the date on which the financial statements were available to be issued. No events have occurred subsequent to the statement of net position date and through the date the financial statements were available to be issued, that would require additional adjustment to, or disclosure in the financial statement.

Oficina de Presupuesto de la Asamblea Legislativa
Required Supplementary Information (Unaudited)

Schedule of Revenues and Expenditures
Budget and Actual – General Fund

For the Period from January 3, 2023 to June 30, 2023

	Budget Amounts		Actual Amounts	Variance
	Original	Final	(Budgetary Basis)	
REVENUES:				
Intergovernmental	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ -
EXPENDITURES:				
Current:				
General Government - administrative and operating activities	1,500,000	1,488,351	205,771	1,282,580
Capital outlays	-	11,649	11,649	-
 Total expenditures	1,500,000	1,500,000	217,420	1,282,580
 Excess of revenues over expenditures	\$ 1,500,000	\$ 1,500,000	\$ 2,782,580	\$ 1,282,580
				General Fund
Sources/Inflows of Resources:				
Actual Amounts (Budgetary Basis) "Available for Appropriation" from the Budgetary Comparison Schedule				\$ 3,000,000
Difference – Budget to GAAP:				
Non budgetary items – Other Revenues				\$ 13,944
Total Revenues as Reported on the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance				\$ 3,013,944
Uses/Outflows of Resources:				
Actual Amounts (Budgetary Basis) "Total Charges to Appropriation" from the Budgetary Comparison Schedule				\$ 217,420
Difference – Budget to GAAP:				
Non budgetary items – Expenditures				\$ -
Total Expenditures as Reported on the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance				\$ 217,420

See accompanying notes to the required supplementary information

Oficina de Presupuesto de la Asamblea Legislativa
Required Supplementary Information (Unaudited)

Notes to Schedule of Revenues and Expenditures Budgeted and Actual – General Fund

June 30, 2023

Budgetary Control Note

OPAL annual budget is prepared on the budgetary basis of accounting, which is not in accordance with US GAAP, and represents legislative appropriations designated by law through the General Fund. The annual appropriation budget for the period from January 3, 2023 to June 30, 2023, was \$3,000,000.

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.