

**PUERTO RICO OFFICE MANAGEMENT  
AND BUDGET  
(AN OFFICE OF THE  
COMMONWEALTH OF PUERTO RICO)**

**STATEMENT OF CASH RECEIPTS AND  
CASH DISBURSEMENT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2025**

**(With The Additional Reports Required  
By The Government Auditing Standards  
and The Uniform Guidance)**

**PUERTO RICO OFFICE MANAGEMENT AND BUDGET  
(AN OFFICE OF THE COMMONWEALTH OF PUERTO RICO)**

**Statement of Cash Receipts and Cash Disbursements  
For the fiscal year ended June 30, 2025**

---

**TABLE OF CONTENTS**

	<b>Pages</b>
<b>FINANCIAL SECTION:</b>	
Independent Auditors' Report	1-3
Statement of Cash Receipts and Cash Disbursements	4
Notes to Statement of Cash Receipts and Cash Disbursements	5-16
<b>SUPPLEMENTARY INFORMATION:</b>	
Schedule of Expenditures of Federal Awards	17
Notes to Schedule of Expenditures of Federal Awards	18-19
<b>INTERNAL CONTROL OVER COMPLIANCE WITH LAWS AND REGULATIONS:</b>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	20-21
Independent Auditors' Report on Compliance for Each Major Program on Internal Control Over Compliance Required by Uniform Guidance	22-24
<b>FINDINGS AND QUESTIONED COSTS:</b>	
Schedule of Findings and Questioned Costs	25-26



Rodríguez & Santiago, CPA's, PSC  
Certified Public Accountants and Consultants

## INDEPENDENT AUDITORS' REPORT

To the Executive Director of the  
Puerto Rico Office of Management and Budget  
(An Office of the Commonwealth of Puerto Rico)  
San Juan, Puerto Rico

### Report on the Audit of the Financial Statement

#### Opinion

We have audited the accompanying cash basis financial statement of the **Puerto Rico Office of Management and Budget (An Office of the Commonwealth of Puerto Rico) (the Office)** which comprise the Statement of Cash Receipts and Disbursements – Governmental Funds for the fiscal year ended June 30, 2025, and the related notes to the cash basis financial statement.

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash receipts and disbursements transactions of the **Office's** governmental funds, and the respective cash basis net changes thereof, for the fiscal year ended June 30, 2025, in conformity with the basis of accounting described in **Note 2**.

#### 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 Statement section of our report. We are required to be independent of the **Office** 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.

#### Basis of Accounting

As described in **Note 2**, the **Office** prepares its Statement of Cash Receipts and Disbursements – Governmental Funds on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in **Note 2**, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

PO Box 817  
Bayamón, PR 00960  
Tel. (939) 338-0450

Urb. El Paraíso, Calle Amazonas #114  
San Juan, Puerto Rico 00926  
rodriguezsantiagocpas@gmail.com

---

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### Responsibilities of Management for the Financial Statement – (continued)

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the **Office'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 Statement

Our objectives are to obtain reasonable assurance about whether the financial statement 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 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 statement.

In performing an audit in accordance with generally accepted auditing standards 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 statement, 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 statement.
- 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 **Office'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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the **Office'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.

### Emphasis of Matter

The **Office's** Statements are intended to present fairly the cash receipts, disbursements, and net changes of the governmental funds of only that portion of the financial reporting entity of the Commonwealth of Puerto Rico that is attributable to the transactions of the **Office**, they do not purport to, and do not, present fairly the financial position of the Commonwealth of Puerto Rico as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our report is not modified with respect to these matters.

---

INDEPENDENT AUDITORS' REPORT (CONTINUED)

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the cash basis financial statement that collectively comprise the **Office's** financial statement. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the cash basis financial statement or to the cash basis financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statement as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 6, 2026, on our consideration of the **Office's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting or on compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **Office's** internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the **Office's** internal control over financial reporting and compliance.

**Report on Other Legal and Regulatory Requirements**

This report is intended solely for the information and use of management, others within the organization and the Federal Awarding Agencies and is not intended to be and should not be used by anyone other than these specified parties.

*R & S, CPA's, PSC*

**RODRIGUEZ & SANTIAGO, CPA's, PSC**

San Juan, Puerto Rico

March 6, 2026



DPSC325-126

PUERTO RICO OFFICE MANAGEMENT AND  
BUDGET

PUERTO RICO OFFICE MANAGEMENT AND BUDGET  
 (AN OFFICE OF THE COMMONWEALTH OF PUERTO RICO)

STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS  
 For the Fiscal Year Ended June 30, 2025

	<u>General Fund</u>	<u>Special Revenue Federal</u>	<u>Special Revenue State</u>	<u>Total</u>
<b>CASH RECEIPTS:</b>				
Legislative appropriations	\$ 17,687,714	\$ -	\$ -	\$ 17,687,714
Federal grants	-	24,197,086	-	24,197,086
Other state funds	<u>4,334,558</u>	<u>-</u>	<u>917,607</u>	<u>5,252,165</u>
 Total cash receipts	 <u>22,022,272</u>	 <u>24,197,086</u>	 <u>917,607</u>	 <u>47,136,965</u>
<b>CASH DISBURSEMENTS:</b>				
General Government	12,843,516	-	1,273,236	14,116,752
Economic Development	29,732,317	4,344,898	-	34,077,215
Education	<u>-</u>	<u>27,614,738</u>	<u>-</u>	<u>27,614,738</u>
 Total cash disbursements	 <u>42,575,833</u>	 <u>31,959,636</u>	 <u>1,273,236</u>	 <u>75,808,705</u>
 <b>EXCESS OF CASH DISBURSEMENTS OVER CASH RECEIPTS</b>	 <u>\$ (20,553,561)</u>	 <u>\$ (7,762,550)</u>	 <u>\$ (355,629)</u>	 <u>\$ (28,671,740)</u>

See accompanying notes to the statement of cash receipts and cash disbursements.

PUERTO RICO OFFICE MANAGEMENT AND BUDGET  
(AN OFFICE OF THE COMMONWEALTH OF PUERTO RICO)

Notes to the Statement of Cash Receipts and Cash Disbursements  
For the Fiscal Year Ended June 30, 2025

5

---

1. ORGANIZATION AND REPORTING ENTITY

A. Organization:

The Puerto Rico Office of Management and Budget (An Office of the Commonwealth of Puerto Rico) (the **Office**) was created by virtue of Act No. 147 of June 18, 1980, as amended, better known as the “Organic Law of the Office of Management and Budget.”

The Act establishes the **Office** as the main entity responsible for the planning, coordination, supervision, and evaluation of the public finances of the Government of Puerto Rico. Therefore, it grants the **Office** the authority to formulate the annual government budget, supervise and control its execution in accordance with the approved fiscal policies, coordinate the government’s financial resources ensuring an equitable and efficient distribution, promoting the optimal use of public resources.

The **Office** is responsible to advise the Governor and the different agencies in the development of their budget plans, as well as providing managerial advice and technical assistance in matters related to the operation of government agencies, as well as issuing regulations in this regard.

The operations of the **Office** are funded through annual budgetary appropriations approved by the Legislature of the Commonwealth of Puerto Rico and the Financial Oversight and Management Board (FOMB). The annual budgetary appropriation amounted to **\$21,479,000**, for the fiscal year ended June 30, 2025.

The **Office** maintained three functions to perform its activities, such as General Management, Economic Planning and Education.

B. Financial Reporting Entity

The **Office** is for financial reporting purposes a part of the Commonwealth of Puerto Rico. Because the **Office** is part, for financial reporting purposes, of the Commonwealth of Puerto Rico, its financial data is included as part of the Commonwealth of Puerto Rico financial statements. The **Office** accompanying financial statement is issued solely to comply with the Single Audit Act Amendments of 1996 (P.L. 104-156) and for the information and used of the **Office’s** management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

PUERTO RICO OFFICE MANAGEMENT AND BUDGET  
(AN OFFICE OF THE COMMONWEALTH OF PUERTO RICO)

Notes to the Statement of Cash Receipts and Cash Disbursements (Continued)  
For the Fiscal Year Ended June 30, 2025

6

---

2. SUMMARY OF SIGNIFICANT POLICIES

A. Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The Statement of Cash Receipts and Cash Disbursements of the **Office** is intended to present the receipts and disbursements on only that portion of the financial reporting entity of the Commonwealth of Puerto Rico that is attributable to the transactions of the **Office**, solely to provide the **Office's** cash receipts and cash disbursements to the Commonwealth of Puerto Rico and certain federal awarding agencies, and are not intended to be and should not be used by anyone other than these specified parties.

The **Office's** accompanying financial statement has been prepared in accordance with the cash basis of accounting, which is a special purpose framework other than generally accepted accounting principles in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. The basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred.

The cash basis of accounting differs from GAAP primarily because revenue (cash receipts) is recognized when received in cash rather than when earned and susceptible to accrual, and expenditures (cash disbursements) are recognized when paid rather than when incurred or subject to accrual. No accrual is recognized.

Capital assets resulting from cash transactions are reported as cash disbursements in the acquiring governmental fund upon cash acquisition. No capital assets are recorded in the **Office's** financial statement. No long-term debt is reported in the **Office's** financial statement. No accrued compensated absences are reported in the **Office's** financial statement. Compensated absences resulting from cash transactions are reported as cash disbursement in the governmental funds column upon cash payment.

The accounts of the **Office** are organized on the basis of fund types, which are responsible for the coordination, receipt, and management of funds. These are composed of three (3) funds which are described below. The accounts of the **Office** are accounted for with a set of accounts which only includes cash receipts and cash disbursements. No balance sheet accounts are maintained or reported.

The following funds account for the governmental resources allocated to them for the purpose of carrying on specified activities in accordance with laws, regulations, and other restrictions:

- ✓ **General Fund** - is the general operating fund of the **Office**. It is used to account for all financial resources, except for those required to be accounted for in another fund.

**PUERTO RICO OFFICE MANAGEMENT AND BUDGET  
(AN OFFICE OF THE COMMONWEALTH OF PUERTO RICO)**

**Notes to the Statement of Cash Receipts and Cash Disbursements (Continued)  
For the Fiscal Year Ended June 30, 2025**

**2. SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)**

**A. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued):**

During the fiscal year 2024, the **Office** received an assignment transfer of **\$176** million from assignments under the Custody of OMB, and a fund extension until June 30, 2025, to cover salaries, facilities and rent, purchased services, transportation, professional services, other operating expenses, materials and supplies, equipment purchases, and sub-grantee projects, related to the Puerto Rico Broadband Program, pursuant to Executive Order 2022-04, 2024-13480 Office of Management and Budget (016). During the year, the **Office** disbursed **\$29.7** million on this project.

- ✓ **Special Revenue Federal Funds** - The **Office** participates in a number of Federal Financial Assistance Programs funded by the Federal Government that are legally restricted to expenditures for specific purposes in accordance with grant agreements. Expenditures financed by these programs are subject to financial and compliance audits by the appropriate grantors.
- ✓ **Special Revenue State Funds** - This fund is used to account for the proceeds of specific revenue sources that are legally restricted to disbursements from state financial assistance funds specific purposes

**Description of Receipts and Disbursement**

*General appropriations*

Budgetary appropriations are approved by the Legislature of the Commonwealth of Puerto Rico. Budgeted amounts are as originally adopted, or as amended by the Puerto Rico Budget and Management Office. Appropriations for the year ended June 30, 2025, amounted to **\$21,479,000**

**Description of Revenues and Support**

Following is a summary of cash receipts/disbursements of the General Fund from legislative appropriations cash receipts recognized during the year ended June 30, 2025.

Legislative appropriations for fiscal year 2024-2025 – Certified Budget	<b>\$ 21,479,000</b>
Additional legislative appropriations for fiscal year 2024-2025	<b>2,830,182</b>
Less: Pay go charges discounted from budget	<b>(6,404,000)</b>
Retirement incentive (Act 70)	<b><u>(217,468)</u></b>
As per financial statement	<b><u>\$ 17,687,714</u></b>

PUERTO RICO OFFICE MANAGEMENT AND BUDGET  
(AN OFFICE OF THE COMMONWEALTH OF PUERTO RICO)

Notes to the Statement of Cash Receipts and Cash Disbursements (Continued)  
For the Fiscal Year Ended June 30, 2025

8

---

2. SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)

A. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued):

**Special Governmental Support**

From time to time the Office receives special assignments from the State Legislature or from the Governor's Office. The special assignments and funds assignments can be in effect for more than one year; in some cases, the funds are assigned to be spent for a period in excess of one year.

**Federal Assistance Programs**

The Office receives federal grants to carry out public programs in accordance to federal programs' budgeted activities in accordance with federal regulations. They may be in effect for more than one year; in some cases, the funds are assigned to be spent for a period in excess of one year.

B. Stewardship Compliance and Accountability

On January 2, 2017, the Governor of Puerto Rico signed the Executive Order No. 2017-005, which required that all Offices, 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 2018-2019 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).

The revenues recognized in the General Fund consist of appropriations from the Office of Management and Budget of the Commonwealth of Puerto Rico for recurrent and ordinary functions of the Office. The procedures followed in approving the annual budget is as follows:

- ✓ Between November and December, the Office prepares an operating budget petition for the fiscal year commencing the following July 1 of each fiscal year.
- ✓ At the beginning of the ordinary session of the Legislative Assembly of the Commonwealth of Puerto Rico, the Governor submits a proposed budget for the fiscal year covering the whole operations of the Commonwealth. This proposed budget includes estimated expenditures and the means of financing them.

---

2. **SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)**

**B. Stewardship Compliance and Accountability (Continued)**

- ✓ The annual budget is legally enacted through the approval by the Legislative Assembly of the Joint Resolution of the General Budget. Subsequently to enactment, the Office of Management and Budget of the Commonwealth has the authority to make the necessary adjustments to the budget.

The financial statement is presented at the programmatic level. However, budgetary control and accounting are maintained at a level more detailed to provide the management control in detail of the expenses to the appropriate level of the budget.

Federal grant funds can be carried over a specified amount of time, upon request to, and approval by the federal agencies. The financial statement is presented at the programmatic level. However, budgetary control and accounting is exercised at a lower level providing management with detailed control over expenditures at an appropriated budget level. Budgetary Comparison Schedule is not legally required to do so.

**C. Inventories**

The **Office** purchases office and printing supplies, gasoline, oil and other items. The cost of purchases is recorded as cash disbursements in the financial statement.

**D. Property and Equipment**

Property and equipment acquired are recorded as cash disbursements in the financial statement.

**E. Inter-fund Transactions**

Transfer of expenditures (reimbursements) made by one fund to another are recorded as expenditures in the reimbursing fund and as reduction of expenditures in the reimbursed fund.

**F. Compensated Absences**

On February 4, 2017, the Government enacted Law No. 8 for the Administration and Transformation of the Human Resources of the Government of Puerto Rico. Effective on that date, this Law established and recognizes that the government is a Single Employer. Under the provisions of this law annual vacation days were reduced from thirty (30) to fifteen (15) days. The vacation days may be accumulated to a maximum of sixty (60) days. Also, the employees hire before the effectiveness of this law, will be granted annually with eighteen (18) days of sick leave. In addition, the employees hire after the effectiveness of this law, will be granted annually with twelve (12) days of sick leave. In both cases, the sick leave days may be accumulated to a maximum of ninety (90) days.

---

2. SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)

F. Compensated Absences (Continued)

On April 29, 2017, the Governor of the Commonwealth signed into law Act No. 26 of 2017, Compliance with the Fiscal Plan Act (Act No. 26-2017), which among other things, changed the vacation and sick leave accrual formula for all government employees. Under the new law, all employees accrued 1.25 days per month of service up to 60 days for vacation leave. Employees generally accumulate sick leave at a rate of 1 day per month up to an annual maximum of 12 days and an accumulated maximum of 90 days. In addition, Act No. 26-2017 also altered the liquidation terms. After the enactment of Act No. 26-2017, only compensation of accrued vacation leave, up to 60 days, is paid upon employment termination. To be eligible to receive compensation, an employee must have been employed for at least three months. Accumulated unpaid sickness days are no longer liquidated upon employment termination.

The payment of regular vacations and sick leave is recorded when paid.

G. Risk Financing

1. The **Office** is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors and omissions, injuries to employees' health, and natural disasters. Commercial insurance policies covering such risk are negotiated by the Puerto Rico Treasury Office and costs are allocated among all the instrumentalities and agencies of the Commonwealth of Puerto Rico.

Also, principal officials of the **Office** are covered under various surety bonds. Management believes such coverage is sufficient to preclude any significant uninsured losses to the **Office**.

2. The **Office** 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.

3. The **Office** obtains unemployment compensation, non-occupational disability, and drivers' insurance coverage for its employees through various insurance programs administered by the Office 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.

**PUERTO RICO OFFICE MANAGEMENT AND BUDGET  
(AN OFFICE OF THE COMMONWEALTH OF PUERTO RICO)**

**Notes to the Statement of Cash Receipts and Cash Disbursements (Continued)  
For the Fiscal Year Ended June 30, 2025**

11

---

**2. SUMMARY OF SIGNIFICANT POLICIES (CONTINUED)**

**G. Risk Financing (Continued)**

4. For workers' compensation, the State Insurance Fund Corporation, a component unit of the Commonwealth of Puerto Rico, provides the workers compensation to the **Office's** employees

**H. 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 when paid.

**3. CASH WITH FINANCIAL INSTITUTIONS AND WITH FISCAL AGENTS (OFFICE OF THE TREASURY OF THE PUERTO RICO OFFICE MANAGEMENT AND BUDGET)**

The funds of the **Office** are under the custody and control of the Secretary of the Treasury Office of Puerto Rico pursuant to Act No. 230 of July 23, 1974, as amended, known as "Commonwealth of Puerto Rico Accounting Law". The Treasury Office follows the practice of pooling cash equivalents under the custody and control of the Secretary of the Treasury. The funds of the **Office** in such pooled cash accounts are available to meet its current operating requirements.

The funds of the **Office** are under the custody and control of the Secretary of the Treasury Office of Puerto Rico pursuant to Act No. 230 of July 23, 1974, as amended, known as "Commonwealth of Puerto Rico Accounting Law". The Treasury Office follows the practice of pooling cash equivalents under the custody and control of the Secretary of the Treasury. The funds of the **Office** in such pooled cash accounts are available to meet its current operating requirements.

***Custodial Credit Risk***

This is the risk that, in the event of the failure of a depository financial institution, the **Office** 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, as amended, adopted by the **Office** may invest in obligations of the Commonwealth, obligations of the United States, certificates of deposit, commercial paper, or banker's acceptance. Therefore, **Office's** management has concluded that at June 30, 2025, the custodial credit risk associated with the **Office's** cash and cash equivalents is considered low.

**4. FUND ADVANCES**

The **Office** receives fund advances from the Treasury Office of Puerto Rico for the interim financing of federal programs, as authorized by Act No. 21 of 1979. This Act establishes that all fund advances made will be reimbursed to the General Fund of the Commonwealth's Treasury as the corresponding federal funds are received. During the fiscal year ended June 30, 2025, no funds were advanced to the **Office** for this purpose.

**PUERTO RICO OFFICE MANAGEMENT AND BUDGET  
(AN OFFICE OF THE COMMONWEALTH OF PUERTO RICO)**

**Notes to the Statement of Cash Receipts and Cash Disbursements (Continued)  
For the Fiscal Year Ended June 30, 2025**

**12**

---

**5. LEASE COMMITMENTS**

The **Office** is obligated under certain leases accounted for as operating leases. Under the cash basis of accounting, neither the assets nor liabilities of leasing arrangements (right of use) are reflected in the accounting records. Rental payments made during the year that ended on June 30, 2025 under these lease agreements amounted to **\$123,329**. This amount should be approximately the same expenditures in the following five fiscal years.

**6. EMPLOYEE'S RETIREMENT PLAN**

**Pension Retirement System – prior to July 1, 2017**

The **Office** is a participating employer in a retirement plan administered by the Employee's Retirement System of the Government of Puerto Rico and its Instrumentalities (ERS). ERS covered all regular full-time public employees working for the executive and legislative branches of the Commonwealth and the municipalities of Puerto Rico (including mayors); the firefighters and police of Puerto Rico and employees of certain public corporations not having their own retirement systems.

Act No. 106 of August 23, 2017 ("Act 106") was enacted to reform the Commonwealth retirement systems and, among other dispositions, provide the necessary legal and operational structure of the determination and payment of accrued pension benefits as of June 30, 2017, the creation and transition to a new defined contribution plan and the reform of ERS's governance, effective on July 1, 2017. Those dispositions are summarized as follows:

Effective July 1, 2017 participants ceased to accrue new pension benefits and are no longer able to make direct credit payments or to make additional contributions to the ERS. The ERS created and will maintain, for each participant or actual beneficiary, an individual record as of June 30, 2018, which includes the accrued pension benefits, employment history and accumulated contributions made. All benefits including retirement, disability, death, and other pensioner additional benefits were determined in accordance to the specific benefit structures under Act 447, Act 1, Act 305 and Act 3 and will be paid based on the information provided in the individual record. The accrued pension benefits will be funded through:

- The net proceeds of the sale of ERS's assets,
- A pay-as-you-go ("PayGo") charge to the participant employers determined by ERS and billed by the P.R. Office of Treasury ("PRDT"),
- Commonwealth's legislative expenditure appropriations,
- Donations by any public or private entity,
- 25% of first or periodic payments on public-private partnership contracts,
- Other funds determined by the Commonwealth's Legislature.

---

6. **EMPLOYEE'S RETIREMENT PLAN (CONTINUED)**

**Pension Retirement System – prior to July 1, 2017 (Continued)**

On June 27, 2017 the PRDT issued the Circular Letter No. 1300-46-17 to communicate to the Commonwealth, the Municipalities and other participants of the ERS the conversion procedures to a new PayGo model, effective on July 1, 2017. Under the PayGo funding, the participant employers directly pay the pension benefits as they are due rather than attempt to build up assets to pre-fund future benefits. This funding method allows the retirement systems to continue to pay benefits even after the plans' assets have been exhausted. In addition, as a result of the implementation of PayGo funding, employers' contributions related to special laws and additional uniform contributions are eliminated. Payments are made by the employers (the **Office**) through a government treasury single account (TSA) maintained on a separate trust under the custody of PRDT. TSA funds are deposited and maintained in a private commercial bank. It is expected that, as the ERS's assets become depleted, the PayGo charge will increase.

Act 106 includes penalties and specific procedures for collection of unpaid PayGo charges. During the fiscal year ended June 30, 2025, the **Office** approved budget included PayGo charges of **\$6,404,000**.

**General** - Effective July 1, 2017, a new defined contribution plan ("DC Plan") is created and maintained in a separate trust. It covers all active participants of the ERS as of that date and participants enrolled in the public service after that date. The Retirement Board (as discussed later) is responsible for oversight of the DC Plan; the PRDT currently serves as the trustee and custodian of the DC Plan's assets, which are deposited in a private bank account. The transition to the new DC Plan is currently in process. In accordance with Act 106 requirements, the Retirement Board is evaluating proposals to appoint a plan administrator which will perform recordkeeping and management functions for the DC Plan, including the development and adoption of a plan document, effective July 1, 2019. The transition includes the creation of a separate trust and the transfer of participant accounts.

**Participant accounts and contributions** - Funds are maintained in individual accounts for each participant which are credited with participant's pre-tax contributions and investment earnings. Participants are required to contribute at least **10%** of gross salary. The Plan provides for voluntary additional pre-tax contributions as permitted by the Puerto Rico Internal Revenue Code of 2011 ("2011 PR Code"). After July 1, 2019, participants may direct the investment of their contributions into various investment options offered by the DC Plan. During the fiscal year ended June 30, 2025, employees' contributions amounted to **\$726,606**.

**Payment of benefits** - Upon termination of service a participant or the participant beneficiaries may elect to receive an amount equal to the value of the participant's interest in his or her account in a lump-sum amount, maintain his or her account in the DC Plan, or roll-over their account to a qualified plan under the 2011 PR Code. Upon participant's death the account balance will be distributed to its designated beneficiaries. Distributions are subject to income tax in accordance with the provisions of the 2011 PR Code. For participants of the DC Plan with accrued pension benefits as of June 30, 2018, benefits will include amounts participant's interest in his or her account plus accrued pension benefits funded through the PayGo system.

---

6. **EMPLOYEE'S RETIREMENT PLAN (CONTINUED)**

**Reform of ERS's governance**

Act 106 creates a Retirement Board composed of thirteen (13) members (government officials, representatives of teachers, judicial system, public corporations and mayors) which replaces the Board of Trustees and perform overall governance of all retirement systems, including ERS, the Teachers and Judiciary Retirement Systems. Additional information on the Retirement System is provided in its financial statements, a copy of which can be obtained from the Retirement System, Minillas Station, PO Box 42003, San Juan, Puerto Rico 00940-2003.

7. **OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan description**

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

**Benefits provided**

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

**Contributions**

The contribution requirement of ERS MIPC is established by Act No. 95 approved on June 29, 1963. This OPEB plan is financed by the Commonwealth on a pay-as-you-go basis. The funding of the OPEB benefits is provided to the ERS through legislative appropriations each July 1 by the Commonwealth's General Fund for former government and certain public corporations without own treasuries employees, and by certain public corporations with own treasuries and municipalities for their former employees.

The **Office's** contribution is financed through the monthly "PayGo" charge. There is no contribution requirement from the plan member during active employment. Retirees contribute the amount of the healthcare insurance premium not covered by the Commonwealth contribution. As a result, these OPEB are 100% unfunded. The legislative appropriations are considered estimates of the payments to be made by the ERS for the healthcare benefits throughout the year.

---

8. CONTINGENCIES

A. Federal Awards

The **Office** is a grantee in various Federal Financial Assistance Programs funded by the Federal Government. Entitlement to the resources is generally based on compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes.

Substantially all grants are subject to financial and compliance audits by the grantor agencies. All disallowed costs as a result of these audits become a liability of the fund that receives the grant and must be reimbursed to the Federal Government from the **Office's** local funds.

Since the **Office's** statement of net assets is not presented, no provision for any liability has been reported for possible federal claims for refunds of those grant funds. The amount, if any, of expenditures which may be disallowed cannot be determined at this time.

B. Litigations and claims

The **Office** is a defendant in lawsuits arising in the normal course of operations. The Commonwealth of Puerto Rico Act 104 of June 30, 1955, as amended, establishes that any claims and lawsuits initiated against an agency or instrumentality of the Commonwealth of Puerto Rico, or against any of its employees, directors, majors, and others, may be legally represented by the Office of Justice of the Commonwealth of Puerto Rico. Any claims with negative financial impact will be paid from the General Fund of the Commonwealth of Puerto Rico, with no effect on the budget or resources of the **Office**.

Any adverse claim to the defendants is to be paid by the General Fund of the Commonwealth. However, the Secretary of the Treasury of the Commonwealth of Puerto Rico has the discretion of requesting reimbursement of the funds expended for these purposes from public corporations, governmental institutions, or municipalities of the defendants.

**PUERTO RICO OFFICE MANAGEMENT AND BUDGET  
(AN OFFICE OF THE COMMONWEALTH OF PUERTO RICO)**

**Notes to the Statement of Cash Receipts and Cash Disbursements (Continued)  
For the Fiscal Year Ended June 30, 2025**

**16**

---

**9. SUBSEQUENT EVENTS**

In preparing these financial statements, the Management has evaluated significant transactions for potential recognition or disclosure through March 6, 2026 the date the financial statements were issued. At that date no significant events that should have been recorded or disclosed in the financial statements were noted.

**PUERTO RICO OFFICE MANAGEMENT AND BUDGET  
(AN OFFICE OF THE COMMONWEALTH OF PUERTO RICO)**

**Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2025**

17

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Sub-recipients	Total Federal Expenditures
<b>U.S. Department of Commerce</b>				
<b>Direct Award:</b>				
Broadband Equity Access and Deployment Program	11.035	N/A	\$ -	<u>\$ 2,901,766</u>
<b>Total for U.S. Department of Commerce</b>			<u>-</u>	<u>2,901,766</u>
<b>U.S. Department of Treasury</b>				
<b>Pass-through Puerto Rico Fiscal Agency and Financial Advisory Authority:</b>				
Coronavirus State and Local Fiscal Recovery Fund	21.027	NAV	-	899,884
<b>Pass-through the Puerto Rico Department of Treasury:</b>				
Coronavirus Capital Project Fund	21.029	CPFFN0146SUB	-	<u>543,248</u>
<b>Total for U.S. Department of Treasury</b>			<u>-</u>	<u>1,443,132</u>
<b>U.S. Department of Education</b>				
<b>Pass-Through the Puerto Rico Office of the Governor:</b>				
<b>Education Stabilization Fund</b>				
COVID 19 – Governor Emergency Education Relief Fund	84.425 C	NAV	1,649,666	4,285,046
COVID 19 – American Rescue Plan – Emergency Assistance to Non-Public Schools Program	84.425 V	NAV	<u>1,783,073</u>	<u>23,329,692</u>
<b>Total Education Stabilization fund</b>			<u>3,432,739</u>	<u>27,614,738</u>
<b>Total US Department of Education</b>			<u>3,432,739</u>	<u>27,614,738</u>
<b>Total of Expenditures of Federal Awards</b>			<u>\$ 3,432,739</u>	<u>31,959,636</u>

See Notes to the Schedule of Expenditures of Federal Awards

PUERTO RICO OFFICE MANAGEMENT AND BUDGET  
(AN OFFICE OF THE COMMONWEALTH OF PUERTO RICO)

Notes to the Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2025

18

---

1. **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the **Puerto Rico Office Management and Budget (An Office of the Commonwealth of Puerto Rico)** (the **Office**) under programs of the federal government for the fiscal year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the **Office**, it is not intended to and does not purport to present the financial position, changes in net assets, or cash flows of the **Office**.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis method of accounting. It is drawn primarily from the **Office's** internal accounting records, which are the basis for the **Office's** Statement of Cash Receipts and Cash Disbursements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for States, Local, and Indian Tribal Governments* and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures for Public Assistance Grants (FEMA) are recognized in the period under: (1) FEMA has approved the PW, and (2) eligible expenditures are incurred. The Federal Assistance Listing number (formerly known as Catalog of Federal Domestic Assistance (CFDA) Number), is a program identification number. The first two digits identify the federal Office of agency that administers the program and the last three digits numbers are assigned by numerical sequence.

State or local government redistributions of federal awards to the **Office**, known as "pass-through awards" should be treated by the **Office** as though they were received directly from the federal government. The Uniform Guidance requires the Schedule to include the name of the "pass-through entity" and the identifying number assigned by the "pass-through entity" for the federal awards received as a sub-recipient. Numbers identified as N/A are not applicable and numbers identified as N/AV are not available.

3. **INDIRECT COST RATE**

The **Office** has not elected to use the 10% de minimis indirect cost rate allowed under the 200.414 Indirect (F&A) costs of the Uniform Guidance.

PUERTO RICO OFFICE MANAGEMENT AND BUDGET  
(AN OFFICE OF THE COMMONWEALTH OF PUERTO RICO)

Notes to the Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2025

19

---

4. EDUCATION STABILIZATION FUND

On September 24, 2021, the Central Government of Puerto Rico through its Office of the Governor received a total award of **\$104,193,482** in Emergency Assistance to Non-Public Schools from the American Rescue Plan (ARP-EANS). Said funds are administered and executed by the Puerto Rico Department of Education (PRDE), as the State Director. On February 15, 2024, the PRDE notified the Office of the Governor the reversion of **\$84,088,681** EANS funds from the American Rescue Plan (ARP EANS) to the Governor's Emergency Education Relief Fund (GEER II).

The Office of the Governor authorized the transfer of the **\$84,088,681** reverted ARP EANS to be administered and executed by the **Office**. ARP-EANS funds reverted to GEER funds may be used for authorized purposes under the Governor's Emergency Education Relief program as authorized in CRRSA Act. Accordingly, use of funds will adhere to all applicable terms, conditions and guidance for the GEER II funds.

During fiscal year ended June 30, 2025, OMB expended **\$23,329,692** of these reverted ARP EANS funds.

5. RELATIONSHIP TO THE STATEMENT

Expenditures included in the Schedule agree with the amounts included in the accompanying Statement of Cash Receipts and Cash Disbursements.



Rodríguez & Santiago, CPA's, PSC  
Certified Public Accountants and Consultants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Executive Director of the  
Puerto Rico Office Management and Budget  
(An Office of the Commonwealth of Puerto Rico)  
San Juan, Puerto Rico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the Statement of Cash Receipts and Cash Disbursements (the Statement) of the **Puerto Rico Office Management and Budget (An Office of the Commonwealth of Puerto Rico)**, (the Office) for the fiscal year ended June 30, 2025, and the related notes to the Statement, and have issued our report thereon dated March 6, 2026. Our report on the financial statements discloses that, as described on Note 2, the Office prepares its Statement of Cash Receipts and Disbursements-Governmental Funds on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the Statement, we considered the Office's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Statement, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Office's Statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness of significant deficiencies may exist that were not identified.

PO Box 817  
Bayamón, PR 00960  
Tel. (939) 338-0450

Urb. El Paraíso, Calle Amazonas #114  
San Juan, Puerto Rico 00926  
rodriguez santiagocpas@gmail.com

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the **Office's** Financial Statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests do not disclosed any instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **Office's** internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**RODRIGUEZ & SANTIAGO, CPA's, PSC**

San Juan, Puerto Rico  
March 6, 2026



DPSC325-127

PUERTO RICO OFFICE MANAGEMENT AND  
BUDGET



Rodríguez & Santiago, CPA's, PSC  
Certified Public Accountants and Consultants

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Executive Director of the  
Puerto Rico Office of Management and Budget  
(An Office of the Commonwealth of Puerto Rico)  
San Juan, Puerto Rico

### Report on Compliance for Each Major Federal Program

### Opinion on Each Major Federal Program

We have audited the **Puerto Rico Office of Management and Budget (An Office of the Commonwealth of Puerto Rico)** (the **Office**) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the **Office's** major federal programs for the year ended June 30, 2025. The **Office's** major federal programs are identified in the Summary of Auditors' Results Section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the **Office** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

### Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance Section of our report.

We are required to be independent of the **Office** 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the **Office's** compliance with the compliance requirements referred to above.

### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statues, regulations, rules, and provisions of contracts or grant agreements applicable to the **Office's** federal programs.

PO Box 817  
Bayamón, PR 00960  
Tel. (939) 338-0450

Urb. El Paraíso, Calle Amazonas #114  
San Juan, Puerto Rico 00926  
rodriguez santiagocpas@gmail.com

---

### Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the **Office's** compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the **Office's** compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 **Office's** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the **Office's** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the **Office's** internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### Report on Internal Control over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

**Report on Internal Control over Compliance (Continued)**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance. Given this limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**RODRIGUEZ & SANTIAGO, CPA's, PSC**

San Juan, Puerto Rico  
March 6, 2026



DPSC325-128

PUERTO RICO OFFICE MANAGEMENT AND  
BUDGET

**PUERTO RICO OFFICE MANAGEMENT AND BUDGET  
(AN OFFICE OF THE COMMONWEALTH OF PUERTO RICO)**

**Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2025**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

Type of auditors’ report issued		Unmodified
Internal control over financial reporting:		
Material weakness (es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency (ies)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Federal Awards**

Internal Control over Major Federal Programs:		
Material weakness (es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency (ies)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Type of auditor’s report issued on compliance for Major Federal Programs		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section 200.516(a) of the Uniform Guidance?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Identification of Major Programs:**

<b><u>Name of Federal Program</u></b>	<b><u>AL Number</u></b>
1. Broadband Equity, Access and Deployment Program	11.035
2. Education Stabilization Fund:	84.425
• COVID 19 – Governor Emergency Education Relief Fund	84.425 C
• COVID 19 – American Rescue Plan – Emergency Assistance to Non-Public Schools Program	84.425 V
Dollar threshold used to distinguish between Type A and Type B programs	<b><u>\$ 958,789</u></b>
Auditee qualified as a low-risk auditee?	No

**PUERTO RICO OFFICE MANAGEMENT AND BUDGET  
(AN OFFICE OF THE COMMONWEALTH OF PUERTO RICO)**

**Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2025**

**26**

---

**SECTION II – FINANCIAL STATEMENTS FINDINGS**

During our audit, we did not detect deficiencies, significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

**SECTION III - FINDINGS AND QUESTIONED COSTS- MAJOR FEDERAL AWARD PROGRAM AUDIT**

During our audit, we did not detect deficiencies, significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with the OMB Uniform Guidance.

**OTHER ISSUES**

The summary Schedule of Prior Period Findings is not required because there were no prior year audit findings required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.

A Corrective Action Plan is not required because there were no current year findings required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.