COMMONWEALTH OF PUERTO RICO

AGRICULTURAL ENTERPRISES
DEVELOPMENT ADMINISTRATION

BASIC FINANCIAL STATEMENTS, REQUIRED SUPPLEMENTARY INFORMATION AND INDEPENDENT AUDITORS' REPORT

JUNE 30, 2024

INDEPENDENT AUDITORS' REPORT

To the Administrator of the
Agricultural Enterprises Development Administration
of the Commonwealth of Puerto Rico

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Agricultural Enterprises Development Administration ("AEDA"), (a programmatic and operational component of the Department of Agriculture of the Commonwealth of Puerto Rico) (the Department), as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise AEDA'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, the business-type activities, each major fund, and the aggregate remaining fund information of AEDA as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1, the financial statements of AEDA are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the remaining fund information of AEDA that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the Department, as of June 30, 2024, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with 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 Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about AEDA'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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the AEDA'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 AEDA's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, the Schedule of AEDA's Proportionate Share of the Total Pension Liability and Related Ratios on page 67, and the Schedule of the AEDA's Proportionate Share of the Total OPEB Liability on page 68 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.

Valdés, García, Marín & Martínez, LLP

San Juan, Puerto Rico
May 27, 2025

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Agricultural Enterprises Development Administration of the Commonwealth of Puerto Rico

The following is a discussion and analysis of the Agricultural Enterprises Development Administration's ("AEDA") financial performance, including an overview and analysis of the financial activities of AEDA for the fiscal year ended June 30, 2024. Readers should consider this information in conjunction with AEDA's financial statements, including the notes to the financial statements, which follow them.

FINANCIAL HIGHLIGHTS

Government-wide Highlights

The government-wide financial statements report information about AEDA as a whole, using the economic resources measurement focus and accrual basis of accounting:

- Net Position of AEDA Governmental Activities, on a government-wide basis, was a net deficit at the close of the fiscal year 2024 of $29.7 million and a deficit at the close of the fiscal year 2023 of $29.9 million.
- Net Position of AEDA Business-Type Activities, on a government-wide basis, presented a deficit at the close of the fiscal year 2024 of $62.2 million and a deficit at the close of the fiscal year 2023 of $77.2 million.
- Net Position of AEDA, on a government-wide basis, was a deficit at the close of the fiscal year 2024 of $91.9 million and at the close of the fiscal year 2023 of $107.2 million. This represents a decrease in deficit of $15.3 million.
- Total Revenues of AEDA Governmental Activities, on a government-wide basis, decreased by $247 thousand (0.4%) and expenses increased $10.7 million (19%) in comparison with the year 2023.
- Total Revenues of AEDA Business-Type Activities, on a government-wide basis, increased by $15 million (18%) and expenses decreased $3.5 million (5%) in comparison with the year 2023.

Fund Highlights

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

- At the close of the current fiscal year, AEDA's governmental funds reported a combined fund balance of $22.5 million, a decrease of $4.1 million, in comparison with the prior year.
- The General Fund reported revenues over expenditure of $6.5 million, an increase to total fund balance of $26.2 million.
- Enterprise funds reported a combined fund deficit of $62.2 million, a decrease of $15 million in comparison with the prior year.
- The business-type activities of AEDA include Agricultural Services.

General Financial Highlights

- The investment in capital assets from governmental activities as of June 30, 2024, was $4.4 million net of accumulated depreciation of $16.7 million, and $14.5 million net of accumulated depreciation of $26.5 million from business-type activities.
- Long-term debt notes payable and lines of credit were $843,282, which remained the same with respect to 2023 in governmental activities.
- Other noncurrent liabilities decreased by $6.8 million from governmental activities and decreased $12 million from business-type activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to AEDA's basic financial statements, which include three components: (i) Government-Wide Financial Statements; (ii) Fund Financial Statements; and (iii) Notes to the Basic Financial Statements. The focus is on both AEDA as a whole (i.e., governmental-wide) and the major individual funds. The dual perspectives allow the reader to address relevant questions, broaden a basis for comparison (year-to-year or government-to-government), and enhance AEDA's accountability.

Basic Financial Statements

AEDA's basic financial statements consist of two kinds of statements, each with a different view of AEDA's finances. The Government-Wide Financial Statements provide both long-term and short-term information about AEDA's overall financial status. The Fund Financial Statements focus on major aspects of AEDA's operations, reporting the operations in more detail than the government-wide statements. The following table summarizes the major features of the financial statements. The overview section below also describes the structure and contents of each of the statements in more detail.

<table>
<tr><th rowspan="2"></th><th rowspan="2">GOVERNMENT-WIDE STATEMENTS</th><th colspan="2">FUND FINANCIAL STATEMENTS</th></tr>
<tr><th>GOVERNMENTAL</th><th>ENTERPRISE</th></tr>
<tr><td>SCOPE</td><td>Entire entity</td><td>The day-to-day operating activities of AEDA for basic governmental services</td><td>The day-to-day operating activities of AEDA for business-type enterprises</td></tr>
<tr><td>ACCOUNTING BASIS AND MEASUREMENT FOCUS</td><td>Accrual accounting economic resources focus</td><td>Modified accrual accounting and current financial resources focus</td><td>Accrual accounting and economic resources focus</td></tr>
<tr><td>TYPE OF ASSET, LIABILITY, AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES INFORMATION</td><td>All assets and liabilities, both financial and capital, short-term and long-term, all deferred outflows and deferred inflows of resources</td><td>Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included. All deferred outflows and deferred inflows of resources</td><td>All assets and liabilities, both financial and capital, and short-term and long-term. All deferred outflows and deferred inflows of resources</td></tr>
<tr><td>TYPE OF INFLOW AND OUTFLOW INFORMATION</td><td>All revenues and expenses during the year, regardless of when cash is received or paid</td><td>Revenues for which cash is received during or soon after the year; expenditures when goods or services have been received and payments made during the year or soon Thereafter</td><td>All revenues and expenses during the year, regardless of when cash is received or paid</td></tr>
</table>

- ***Government-Wide Financial Statements***

The government-wide statements report information about AEDA as a whole using accounting methods similar to those used by private-sector businesses. They are prepared using the flow of economic resources measurement focus and the accrual basis of accounting.

Statement of Net Position – Presents information on all AEDA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position.

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

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

Statement of Activities – The *Statement of Activities* presents information showing how AEDA's net position (deficit) changed during the year. All changes in net position (current year's revenues less expenses) are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected service charges, and earned but unused vacation leave). The *Statement of Activities* is focused on both the gross and net cost of various activities (including governmental and business-type activities). This is intended to summarize and simplify the reader's analysis of the revenues and costs of various state activities and the degree to which activities are subsidized by general revenues.

Both of these government-wide financial statements distinguish functions of AEDA that are principally supported by Commonwealth's contributions (i.e., governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (i.e., business-type activities).

The governmental activities of AEDA include incentives and subsidies for agricultural entrepreneurship development. These activities are primarily financed through Commonwealth's contributions (i.e., governmental activities). The business-type activities of AEDA include the purchase and sale of different kinds of agricultural products, like coffee, and other agricultural services.

- ***Fund Financial Statements***

A fund is a group of related accounts used to maintain control over resources that are segregated for specific activities or objectives. AEDA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of AEDA can be divided into two categories: governmental funds and enterprise funds. The fund financial statements provide more detailed information about AEDA's most significant funds. Funds are accounting devices that AEDA uses to keep track of specific sources of funding and spending. Some funds are required by Federal and Government regulations.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in government-wide statements. However, unlike the government-wide statements, the governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating AEDA's near-term financing requirements.

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

An unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the current fiscal year, AEDA's governmental funds reported a combined fund balance of $22.5 million. Of this amount, there is a surplus in the General Fund of $32.8 million; therefore, there is an available balance for spending at the government's discretion (i.e., unassigned fund balance). The remainder fund balance is classified as non-spendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been committed.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

AEDA maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for two major funds and an aggregate total for all non-major funds. AEDA's major governmental funds are the General Fund and Incentives Fund.

The General Fund is the chief operating fund of AEDA. At the end of the current fiscal year, the Unassigned General Fund surplus balance was $32.3 million.

Enterprise Funds – AEDA maintains only one type of enterprise fund. *Enterprise funds* are used to report the same functions presented as business-type activities in government-wide financial statements. AEDA uses enterprise funds to account for its Agricultural Services Fund.

Enterprise funds financial statements provide the same type of information as the government -wide financial statements, but in greater detail. The enterprise fund financial statements provide separate information for the Agricultural Services Fund, which is the major enterprise fund of AEDA.

- ***Notes to the Basic Financial Statements***

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

- ***Required Supplementary Information – Total Pension Liability***

  The annual financial report includes the Schedule of Proportionate Share of the Total Pension Liability and Related Ratios as the result of the implementation of GASB Statement No. 73.

- ***Required Supplementary Information – OPEB Liability***

  The annual financial report includes the Schedule of Proportionate Share of Total Other Postemployment Benefits Liability as required by GASB Statement No. 75.

FINANCIAL ANALYSIS OF AEDA AS A WHOLE

Government-Wide Financial Statements Analysis

The following table presents a summary of the Statements of Net Position as of June 30, 2024, and 2023:

Commonwealth of Puerto Rico
Agricultural Enterprises Development Administration
Statement of Net Position
As of June 30,

	Governmental Activities		Business-Type Activities		Total		Total Change	
							Dollar	Percent
	2024	2023	2024	2023	2024	2023	2024	2024
Current and Non-current Assets	$ 52,322,100	$ 49,068,882	$ 47,589,675	$ 37,361,178	$ 99,911,775	$ 86,430,060	$ 13,481,715	16%
Capital Assets	4,428,637	4,892,210	14,465,933	14,025,116	18,894,570	18,917,326	(22,756)	0%
Total Assets	**56,750,737**	**53,961,092**	**62,055,608**	**51,386,294**	**118,806,345**	**105,347,386**	**13,458,959**	13%
Deferred Outflows of Resources	6,549,944	14,753,382	11,644,348	26,228,237	18,194,292	40,981,619	(22,787,327)	-56%
Current Liabilities	31,741,433	24,280,970	25,593,437	20,766,204	57,334,870	45,047,174	12,287,696	27%
Noncurrent Liabilities	60,293,950	66,760,217	109,394,770	121,271,350	169,688,720	188,031,567	(18,342,847)	-10%
Total Liabilities	**92,035,383**	**91,041,187**	**134,988,207**	**142,037,554**	**227,023,590**	**233,078,741**	**(6,055,151)**	-3%
Deferred Inflows of Resources	919,590	7,607,570	921,196	12,797,741	1,840,786	20,405,311	(18,564,525)	-91%
Net Position, as adjusted:								
Investment in Capital Assets	4,302,914	4,770,765	14,465,933	14,025,116	18,768,847	18,795,881	(27,034)	0%
Unrestricted (Deficit)	(33,957,206)	(34,705,048)	(76,675,380)	(91,245,880)	(110,632,586)	(125,950,928)	15,318,342	12%
Total Net Position	**$(29,654,292)**	**$(29,934,283)**	**$(62,209,447)**	**$(77,220,764)**	**$ (91,863,739)**	**$(107,155,047)**	**$ 15,291,308**	14%

Analysis of Net Position

Net position (deficit) may serve over time as a useful indicator of a government's financial position. AEDA's liabilities and deferred inflows exceeded its assets and deferred outflows by $91.9 million at the close of the fiscal year 2024.

A portion of AEDA's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, motor vehicles, and machinery and equipment) of $18.9 million (i.e., total capital assets less accumulated depreciation). AEDA uses these assets to provide services to citizens and consequently, these assets are not available for future spending. Unrestricted net position is the part of the net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

As of June 30, 2024, AEDA presented an unrestricted deficit of $110.6 million. This balance was affected by liabilities and deferred inflows of resources of $220.3 million including $182.2 million for payroll-related liabilities (e.g., compensated absences, voluntary termination benefits, other post-employment benefits, pensions) and financing liabilities of $843,282 (e.g., lines of credit, notes payable).

The following table summarizes the changes in net position for the years ended June 30, 2024, and 2023:

Commonwealth of Puerto Rico
Agricultural Enterprises Development Administration
Changes in Net Position
For the Years Ended June 30,

	Governmental Activities		Business-Type Activities		Total		Dollar Change	Percent Change
	2024	2023	2024	2023	2024	2023	2024	2024
Revenues:								
Program Revenues:								
Charges for Services	$ -	$ -	$ 74,099,321	$ 77,777,091	$ 74,099,321	$ 77,777,091	$ (3,677,770)	-5%
Operating Grants and Contributions	53,611,488	55,266,031	21,657,838	2,885,500	75,269,326	58,151,531	17,117,795	29%
General Revenues:								
Interest Income	2,087,151	758,760	557,479	514,401	2,644,630	1,273,161	1,371,469	108%
Rent Income	105,301	76,362	19,674	36,022	124,975	112,384	12,591	11%
Other General Revenues	1,102,164	1,052,296	1,492	95,927	1,103,656	1,148,223	(44,567)	-4%
Total Revenues	**56,906,104**	**57,153,449**	**96,335,804**	**81,308,941**	**153,241,908**	**138,462,390**	**14,779,518**	11%
Governmental Activities Expenses:								
Incentives and Subsidies	48,893,505	43,667,532	-	-	48,893,505	43,667,532	5,225,973	12%
General Government - Administrative and Operating	17,197,768	12,280,922	-	-	17,197,768	12,280,922	4,916,846	40%
Interest Costs	71,704	58,646	-	-	71,704	58,646	13,058	22%
Miscellaneous	546,261	-	-	-	546,261	-	546,261	100%
Total Expenses	**66,709,238**	**56,007,100**	**-**	**-**	**66,709,238**	**56,007,100**	**10,702,138**	19%
Business-Type Activities Expenses:								
Agricultural Services	-	-	71,241,362	74,691,367	71,241,362	74,691,367	(3,450,005)	-5%
Total Expenses	**-**	**-**	**71,241,362**	**74,691,367**	**71,241,362**	**74,691,367**	**(3,450,005)**	-5%
Transfers:								
Transfer in (out)	10,083,125	4,158,208	(10,083,125)	(4,158,208)	-	-	-	
Contributions in (out) - Other agencies	-	145,000	-	450,533	-	595,533	(595,533)	
Total Transfers	**10,083,125**	**4,303,208**	**(10,083,125)**	**(3,707,675)**	**-**	**595,533**	**(595,533)**	
Increase (Decrease) in Net Position	279,991	5,449,557	15,011,317	2,909,899	15,291,308	8,359,456	6,931,852	83%
Changes in Net Position	**279,991**	**5,449,557**	**15,011,317**	**2,909,899**	**15,291,308**	**8,359,456**	**6,931,852**	83%
Net Position - Beginning, as Adjusted	(29,934,283)	(35,383,840)	(77,220,764)	(80,130,663)	(107,155,047)	(115,514,503)	8,359,456	7%
Net Position (Deficit) - Ending	**$ (29,654,292)**	**$ (29,934,283)**	**$ (62,209,447)**	**$ (77,220,764)**	**$ (91,863,739)**	**$ (107,155,047)**	**$ 15,291,308**	14%

Analysis of Changes in Net Position

AEDA's net deficit overall decreased by $15.3 million during the fiscal year 2024, compared to a $8.4 million decrease during the fiscal year 2023. The governmental activities component change in net position for 2024 was an increase of $279,991 and for business-type activities, the change in net position was an increase of $15 million. A discussion of these changes is presented in the government and business-type activities below.

Governmental Activities. Approximately 80% of AEDA's Governmental Activities revenues came from state grants and contributions, and 20% from other sources. AEDA's expenses cover a range of services. The largest expenses are incentives and subsidies with 73%, and general government and others with 27% of total expenses.

Business-Type Activities. The enterprise fund net position increased to $15 million during the fiscal year 2024.

The following table focuses on the cost of each of AEDA's largest functions/programs as well as each function/program's net cost (total cost less charges for services generated by the programs, Commonwealth's contributions, and grants):

Commonwealth of Puerto Rico
Agricultural Enterprises Development Administration
Agency Cost of Programs/Functions
Fiscal Years Ended June 30,

	Total Cost of Services		Net Cost of Services	
	2024	**2023**	**2024**	**2023**
Governmental Activities:				
Incentives and Subsidies	$ 48,893,505	$ 43,667,532	$ (9,545,087)	$ (5,916,589)
General Government - Administrative and Operating	17,197,768	12,280,925	(2,934,698)	5,234,163
Interest Costs	71,704	58,646	(71,704)	(58,646)
Miscellaneous	546,261	-	(546,261)	-
Total Expenses	66,709,238	56,007,103	(13,097,750)	(741,072)
Business-Type Activities:				
Agricultural Services	71,241,362	74,691,367	24,515,797	5,971,224
Total Expenses	71,241,362	74,691,367	24,515,797	5,971,224
Total	**$137,950,600**	**$130,698,470**	**$ 11,418,047**	**$ 5,230,152**

FINANCIAL ANALYSIS OF AEDA'S FUNDS

Governmental Funds

The focus of AEDA's governmental funds is to provide information on near-term inflows, outflows, and balances of resources available for spending. Such information is useful in assessing AEDA's financing requirements. Fund balances for the governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government honors constraints on the specific purposes for which amounts in those funds can be spent.

Commonwealth of Puerto Rico
Agricultural Enterprises Development Administration
Fund Balance
As of June 30,

	FUND BALANCES									
	Restricted		Nonspendable		Committed		Unassigned		Total	
FUNDS	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
General	$ -	$ -	$ 478,814	$ 383,718	$ -	$ -	$32,320,249	$25,861,232	$ 32,799,063	$ 26,244,950
Incentive	-	-	-	-	-	-	(23,696,508)	(12,928,220)	(23,696,508)	(12,928,220)
Joint Resolution	-	-	-	-	10,645,455	10,682,645	-	-	10,645,455	10,682,645
Federal	2,811,718	2,709,872	-	-	-	-	-	-	2,811,718	2,709,872
Total	**$ 2,811,718**	**$ 2,709,872**	**$ 478,814**	**$ 383,718**	**$ 10,645,455**	**$ 10,682,645**	**$ 8,623,741**	**$12,933,012**	**$ 22,559,728**	**$ 26,709,247**

An unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At the end of the fiscal year 2024, AEDA's governmental funds reported combined ending fund balances of $22.6 million, which is a net decrease of approximately $4.1 million compared to the prior year. $8.6 million is available for spending at the government's discretion (i.e., unassigned fund balance). The remainder fund balance is nonspendable or committed to indicate that it is not available for new spending because it has already been committed.

The general fund is the operating fund of AEDA. The unassigned Fund Balance of the General Fund presents a surplus of $32.2 million.

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Commonwealth of Puerto Rico
Agricultural Enterprises Development Administration
General Fund
As of June 30,

	2024	2023	Dollar Change	Percentage Change
Revenues:				
Contributions from Commonwealth	$ 14,263,070	$ 15,515,088	$ (1,252,018)	-8%
Federal Grants	307,536	3,318,962	(3,011,426)	-100%
Interest	2,087,151	758,760	1,328,391	175%
Rent	105,301	76,362	28,939	38%
Other	423,457	253,417	170,040	67%
Total Revenues	17,186,515	19,922,589	(2,736,074)	-14%
Expenditures:				
General Government	21,345,343	17,025,607	4,319,736	25%
Capital Outlays	261,469	513,927	(252,458)	-49%
Debt Service (Principal and Interest)	30,811	30,811	-	0%
Miscellaneous	30,699	-	30,699	100%
Total Expenditures	21,668,322	17,570,345	4,067,278	23%
Other Financing Sources (Uses)	11,035,913	(1,365,069)	12,400,982	908%
Net Change in Fund Balance, as adjusted	**$ 6,554,106**	**$ 987,175**	**$ 5,597,630**	567%

For the fiscal year 2024, the surplus of the general fund increased by $5.6 million in comparison to the previous year.

Enterprise Fund

AEDA's enterprise fund provides the same type of information found in the government-wide financial statements but in more detail.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, AEDA invested $18.9 million (net of accumulated depreciation) in a broad range of capital assets, including buildings, land, vehicles, and equipment. This amount represents a net decrease of $23 thousand or .12% less than in the prior year.

AEDA acquired a total of $1,557,842 of capital assets during the fiscal year 2024. Governmental Activities additions were $261,469 and Business-Type Activities were $1,296,373.

The following table presents the components of capital assets for the fiscal years 2024 and 2023:

Commonwealth of Puerto Rico
Agricultural Enterprises Development Administration
Capital Assets, Net
As of June 30,

	2024	2023	Dollar Change	Percentage Change
Governmental Activities:				
Non-Depreciable Capital Assets:				
Land	$ 546,678	$ 546,678	$ -	0%
Depreciable Capital Assets (Net):				
Buildings	1,174,901	1,227,930	(53,029)	-4%
Equipment	1,265,585	1,539,720	(274,135)	-18%
Furniture & Fixtures	1,064,147	1,179,876	(115,729)	-10%
Motor Vehicles	242,733	232,637	10,096	4%
Right to Use Leased Assets	97,497	157,556	(60,059)	100%
Other	37,096	7,813	29,283	375%
Total Governmental Capital Assets	**4,428,637**	**4,892,210**	**(463,573)**	-9%
Business-Type Activities:				
Non-Depreciable Capital Assets:				
Land	3,192,804	3,192,804	-	0%
Depreciable Capital Assets (Net):				
Buildings	7,412,335	7,782,529	(370,194)	-5%
Equipment	3,013,170	2,124,767	888,403	42%
Furniture & Fixtures	203,123	194,985	8,138	4%
Motor Vehicles	629,676	717,174	(87,498)	-12%
Other	14,825	12,858	1,967	15%
Total Business-Type Capital Assets	**14,465,933**	**14,025,117**	**440,816**	3%
Total	**$ 18,894,570**	**$ 18,917,327**	**$ (22,757)**	0%

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NONCURRENT LIABILITIES

At year-end, AEDA had $183.4 million in outstanding debt, including line of credit, notes payable, payroll-related liabilities, legal claims, and pension liability. This amount represents a decrease of $18.8 million or (9.3%) with respect to the prior year. Following is a summary of AEDA's outstanding long-term debts as of June 30, 2024, and 2023:

Commonwealth of Puerto Rico
Agricultural Enterprises Development Administration
Outstanding Long-Term Debts
As of June 30,

Governmental Activities:	**2024**	**2023**	**Dollar Change**	**Percentage Change**
Line of Credit	$ 71,728	$ 71,728	$ -	0%
Notes Payable	771,554	771,554	-	0%
Leases Payable	125,723	121,445	4,278	4%
Legal Claims	204,000	-	204,000	100%
Compensated Absences	692,735	754,582	(61,847)	-8%
Voluntary Termination Benefits	1,311,859	1,758,484	(446,625)	-25%
Total Other Postemployment Benefits	2,595,461	2,775,929	(180,468)	-7%
Total Pension Liability	60,667,221	67,006,293	(6,339,072)	-9%
Total	**$ 66,440,281**	**$ 73,260,015**	**$ (6,819,734)**	-9%
Business-Type Activities:				
Compensated Absences	$ 1,098,571	$ 788,921	$ 309,650	39%
Voluntary Termination Benefits	3,355,986	4,096,305	(740,319)	-18%
Total Other Postemployment Benefits	4,614,154	4,934,986	(320,832)	-7%
Total Pension Liability	107,852,834	119,122,296	(11,269,462)	-9%
Total	**$ 116,921,545**	**$ 128,942,508**	**$ (12,020,963)**	-9%

DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

Deferred Outflows of Resources

This classification balance, although similar to "assets," is set apart because these items do not meet the technical definition of being an asset of AEDA on the date of the financial statements. In other words, these amounts are not available to pay liabilities in the way assets are available. When all the recognition criteria are met, the deferred outflow of resources will become an expense/expenditure.

The most significant deferred outflows of resources reported are related to the implementation of GASB Statement No. 73 for pension liability reporting. On June 30, 2019, AEDA adopted the provisions of GASB Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68*". This statement requires that governmental employers whose employees are provided with defined benefit pensions recognize a liability and pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions administered through a trust that do not meet the requirements of GASB Statement No. 73. AEDA's pension plan is administered by the Employees

Deferred Outflows of Resources, cont.

Retirement System Administration ("ERS"). However, there may be some deferred outflows of resources attributable to the various components that impact pension changes, and may include investment changes amortization, changes due to actuarial assumptions, and differences between expected or actual experience.

Deferred Inflows of Resources

Deferred inflows of resources are the counterpart to deferred outflows of resources on the Statement of Net Position. Deferred inflows of resources are not technically liabilities of AEDA as of the date of the financial statements. When all the recognition criteria are met, the deferred inflow of resources will become revenue or an increase in the net position.

Deferred inflows of resources related to pensions represent a net amount attributable to the various components that impact pension changes and may include investment changes amortization, changes due to actuarial assumptions, and differences between expected or actual experience.

CURRENTLY KNOWN FACTS

The following is a summary description of currently known facts, decisions, and conditions that have had or are expected to have an impact on AEDA's financial position and results of operations.

COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization - WHO - declared the coronavirus disease (COVID-19) a global pandemic. Subsequently, on March 15, 2020, the Commonwealth declared a "State of Emergency and Quarantine" as a consequence of the spread of COVID-19 in Puerto Rico, issuing a series of provisions to contain its spread, such as exceptional restrictive traffic measures, the drastic reduction of activities and the issuance of economic regulations, among others; that have affected and are expected to significantly affect the economic activity of the country and the markets in general. Subsequent executive orders have been issued through the date of the financial statements to continue addressing the pandemic, always in an attempt to balance the measures directed to containing the spread of the virus with those measures geared toward the stabilization of the economy. Extensive economic stabilization measures have been enacted by both the Federal and local governments, in order to alleviate the heavy impact of this pandemic on economic activity. As the Commonwealth observes and assesses the results of the reopening of the economy, it will continue to re-evaluate and further amend business restrictions as necessary to promote economic recovery while preserving the health, welfare, and safety of the people of Puerto Rico. At the date of issuance of the financial statements, the duration of the aforementioned exceptional measures and the effects that they may have on AEDA cannot be reasonably estimated. To help with the economic impact of the pandemic, the Federal Government distributed funds through different federal programs and agencies. During the audited fiscal year ended on June 30, 2024, AEDA received the amount of $2 million from these concepts.

CONTACTING AEDA'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of AEDA's finances and to demonstrate AEDA's accountability for the money it receives. If you have questions about this report or need additional information, contact AEDA's Office of Finance Affairs at (787) 304-5350 Ext. 2159 or P.O. Box 9200, San Juan, Puerto Rico 00908-0200.

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	PRIMARY GOVERNMENT		
ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Current Assets			
Cash and Cash Equivalents	$ 43,442,432	$ 39,137,486	$ 82,579,918
Receivables, net			
Trade	170,929	14,920	185,849
Other	3,015,884	-	3,015,884
Lease	128,102	-	128,102
Due from Commonwealth	261,951	4,587,007	4,848,958
Due from Commonwealth's Public Corporation	1,500,000	-	1,500,000
Inventories	275,709	3,816,679	4,092,388
Prepaid Expenses	203,105	33,583	236,688
Total Current Assets	**48,998,112**	**47,589,675**	**96,587,787**
Non-Current Assets			
Lease Receivables	401,415	-	401,415
Due from Commonwealth's Public Corporation	2,922,573	-	2,922,573
Capital Assets, net	4,428,637	14,465,933	18,894,570
Total Non-Current Assets	**7,752,625**	**14,465,933**	**22,218,558**
TOTAL ASSETS	**56,750,737**	**62,055,608**	**118,806,345**
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related	6,366,056	11,317,436	17,683,492
Other Post-Employment Benefits Related	183,888	326,912	510,800
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$ 6,549,944**	**$ 11,644,348**	**$ 18,194,292**

(Continues)

The accompanying notes are an integral part of these financial statements.

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Current Liabilities			
Accounts Payable- Trade	$ 4,143,542	$ 16,571,677	$ 20,715,219
Accounts Payable- Farmers	3,458,362	-	3,458,362
Accrued Expenses	8,904,787	1,494,985	10,399,772
Line of Credit-FIDA	71,728	-	71,728
Notes Payable- FIDA	771,554	-	771,554
Due to Governmental Units	216,938	-	216,938
Due to Other Entities	8,533,608	-	8,533,608
Accrued Interest	337,865	-	337,865
Leases Payable	24,976	-	24,976
Compensated Absences	472,813	329,192	802,005
Voluntary Termination Benefits Payable	329,609	757,013	1,086,622
Total Other Post-Employment Benefits Liability	209,428	301,372	510,800
Total Pension Liability	4,266,223	6,139,198	10,405,421
Total Current Liabilities	**31,741,433**	**25,593,437**	**57,334,870**
Non-Current Liabilities			
Reserve for Legal Claims	204,000	-	204,000
Leases Payable	100,747	-	100,747
Compensated Absences	219,922	769,379	989,301
Voluntary Termination Benefits Payable	982,250	2,598,973	3,581,223
Total Other Post-Employment Benefits Liability	2,386,033	4,312,782	6,698,815
Total Pension Liabilty	56,400,998	101,713,636	158,114,634
Total Noncurrent Liabilities	**60,293,950**	**109,394,770**	**169,688,720**
TOTAL LIABILITIES	**92,035,383**	**134,988,207**	**227,023,590**
DEFERRED INFLOWS OF RESOURCES			
Pension Related	518,175	921,196	1,439,371
Lease Related	401,415	-	401,415
Total Deferred Inflows of Resources	**919,590**	**921,196**	**1,840,786**
Total liabilities and deferred inflows of resources	**92,954,973**	**135,909,403**	**228,864,376**
NET POSITION			
Net Investment in Capital Assets	4,302,914	14,465,933	18,768,847
Unrestricted (Deficit)	(33,957,206)	(76,675,380)	(110,632,586)
TOTAL NET POSITION (DEFICIT)	**$ (29,654,292)**	**$ (62,209,447)**	**$ (91,863,739)**

The accompanying notes are an integral part of these financial statements.

		Program Revenue		Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges For Services**	**Operating Grants and Contributions**	**Governmental Activities**	**Business - Type Activities**	**Total**
PRIMARY GOVERNMENT						
Governmental Activities						
Incentives and Subsidies	$ 48,893,505	$ -	$ 39,348,418	$ (9,545,087)	$ -	$ (9,545,087)
General Government - Administrative and Operating	17,197,768	-	14,263,070	(2,934,698)	-	(2,934,698)
Interest on Long-Term Debt	71,704	-	-	(71,704)	-	(71,704)
Miscellaneous	546,261	-	-	(546,261)	-	(546,261)
Total Governmental Activities	**66,709,238**	**-**	**53,611,488**	**(13,097,750)**	**-**	**(13,097,750)**
Business-Type Activities						
Agricultural Services	71,241,362	74,099,321	21,657,838	-	24,515,797	24,515,797
Total Business-Type Activities	**71,241,362**	**74,099,321**	**21,657,838**	**-**	**24,515,797**	**24,515,797**
Total Primary Government	**$ 137,950,600**	**$ 74,099,321**	**$ 75,269,326**	**(13,097,750)**	**24,515,797**	**11,418,047**
General Revenue:						
Rent				105,301	19,674	124,975
Interest				2,087,151	557,479	2,644,630
Other Income				1,102,164	1,492	1,103,656
Transfers				10,083,125	(10,083,125)	-
Total General Revenue and Transfers				13,377,741	(9,504,480)	3,873,261
CHANGES IN NET POSITION				**279,991**	**15,011,317**	**15,291,308**
Net Position (Deficit) – Beginning of Year				(29,934,283)	(77,220,764)	(107,155,047)
NET POSITION (DEFICIT)– END OF YEAR				**$ (29,654,292)**	**$ (62,209,447)**	**$ (91,863,739)**

The accompanying notes are an integral part of these financial statements.

	GENERAL FUND	INCENTIVES FUND	JOINT RESOLUTIONS FUND	FEDERAL GRANTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	$ 32,162,407	$ -	$ 11,081,614	$ 198,411	$ 43,442,432
Receivables, net					
Trade	170,929	-	-	-	170,929
Due from Commonwealth's Public Corporation	1,500,000	-	-	-	1,500,000
Other	13,245	388,688	-	2,613,951	3,015,884
Lease Receivable	128,102	-	-	-	128,102
Due from Commonwealth	261,951	-	-	-	261,951
Due from Other Funds	10,754,253	-	-	-	10,754,253
Inventory	275,709	-	-	-	275,709
Prepaid Expenses	203,105	-	-	-	203,105
Total Assets	**$ 45,469,701**	**$ 388,688**	**$ 11,081,614**	**$ 2,812,362**	**$ 59,752,365**
LIABILITIES					
Accounts Payable - Trade	$ 840,211	$ 2,875,672	$ 427,015	$ 644	$ 4,143,542
Accounts Payable - Farmers	-	3,458,362	-	-	3,458,362
Accrued Expenses	3,187,424	5,708,219	9,144	-	8,904,787
Line of Credit-FIDA	71,728	-	-	-	71,728
Notes Payable-FIDA	-	771,554	-	-	771,554
Due to Commonwealth's Public Corporation	-	216,938	-	-	216,938
Due to Other Funds	-	10,754,253	-	-	10,754,253
Due to Other Entities	8,533,608	-	-	-	8,533,608
Interest Payable	37,667	300,198	-	-	337,865
Total Liabilities	**12,670,638**	**24,085,196**	**436,159**	**644**	**37,192,637**
FUND BALANCES					
Restricted	-	-	-	2,811,718	2,811,718
Nonspendable	478,814	-	-	-	478,814
Commited	-	-	10,645,455	-	10,645,455
Unassigned (Deficit)	32,320,249	(23,696,508)	-	-	8,623,741
Total Fund Balances	32,799,063	(23,696,508)	10,645,455	2,811,718	22,559,728
Total Liabilities and Fund Balances	**$ 45,469,701**	**$ 388,688**	**$ 11,081,614**	**$ 2,812,362**	**$ 59,752,365**

The accompanying notes are an integral part of these financial statements.

Total Fund Balances of Governmental Funds		**$ 22,559,728**
Amount reported for Governmental Activities in the Statement of Net Position is different because:		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. In the current period, these amounts are:		
Capital Assets	21,100,746	
Accumulated Depreciation	(16,672,109)	
		4,428,637
Assets (receivables) not available to provide current resources:		
Notes Receivable from Commonwealth's Public Corporation	2,922,573	
Lease Receivables	401,415	
		3,323,988
Deferred Outflows of Resources in Governmental Activities are paid in the current available period and therefore are reported in the funds.	6,549,944	
Deferred Inflows of Resources in Governmental Activities corresponded to future period and therefore are not reported in the funds.		
Pension Related	(518,175)	
Lease Related	(401,415)	
		5,630,354
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Reserve for Legal Claims	(204,000)	
Leases Payable	(125,723)	
Compensated Absences	(692,735)	
Voluntary Termination Benefits Payable	(1,311,859)	
Total Other Post-employment Liability	(2,595,461)	
Total Pension Liability	(60,667,221)	
		(65,596,999)
Total Net Position (Deficit) of Governmental Activities		**$ (29,654,292)**

The accompanying notes are an integral part of these financial statements.

REVENUE	GENERAL FUND	INCENTIVES FUND	JOINT RESOLUTIONS FUND	FEDERAL GRANTS FUND	TOTAL GOVERNMENTAL FUNDS
Contributions from Commonwealth	$ 14,263,070	$ 36,023,195	$ -	$ -	$ 50,286,265
Federal Grants	307,536	386,165	-	2,631,522	3,325,223
Rent	105,301	-	-	-	105,301
Interest	2,087,151	-	-	-	2,087,151
Miscellaneous	423,457	620,182	-	58,525	1,102,164
Total Revenue	**17,186,515**	**37,029,542**	**-**	**2,690,047**	**56,906,104**
EXPENDITURES					
Incentives, Subsidies and Other Services	-	46,318,770	37,191	2,537,544	48,893,505
General Government - Administrative and Operating Activities	21,345,343	252,348	-	140,980	21,738,671
Capital Outlays	261,469	-	-	-	261,469
Debt Service:					
Principal	21,370	-	-	-	21,370
Interest	9,441	62,263	-	-	71,704
Miscellaneous	30,699	121,335	-	-	152,034
Total Expenditures	**21,668,322**	**46,754,716**	**37,191**	**2,678,524**	**71,138,753**
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	**(4,481,807)**	**(9,725,174)**	**(37,191)**	**11,523**	**(14,232,649)**
OTHER FINANCIAL SOURCES (USES)					
Transfers	11,035,913	(1,043,112)	-	90,324	10,083,125
Net Change in Fund Balances (Deficiency)	**6,554,106**	**(10,768,286)**	**(37,191)**	**101,847**	**(4,149,524)**
Fund Balances (Deficit) - Beginning of year	26,244,957	(12,928,222)	10,682,646	2,709,871	26,709,252
FUND BALANCES (DEFICIT) – End of Year	**$ 32,799,063**	**$ (23,696,508)**	**$ 10,645,455**	**$ 2,811,718**	**$ 22,559,728**

The accompanying notes are an integral part of these financial statements.

Net Change in Fund Balances of Governmental Funds		**$ (4,149,524)**
Amount reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts are:		
Depreciation and Amortization Expense	(691,587)	
Capital Outlays	261,469	
Excess of Depreciation Expense over Capital Outlays		(430,118)
In the Statement of Activities some revenues are recognized that do not provide current financial resources and are not recognized as revenues in the govermental funds until available		(403,768)
Some liabilities are not due and payable on the current period and therefore are not reported in the funds. These liabilities consist of:		
Change in Reserve for Legal Claims	(204,000)	
Change in Lease Payable	(37,731)	
Change in Accrued Compensated Absences Liability	61,847	
Change in Voluntary Termination Benefits Payable	446,625	
Change in Total Other Postemployment Benefits Liability	173,736	
Change in Total Pension Liability	4,822,924	
Total Change in Liabilities		5,263,401
Change in Net Position of Governmental Activities		**$ 279,991**

The accompanying notes are an integral part of these financial statements.

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 39,137,486
Receivables, net:	
Trade	14,920
Due from Commonwealth	4,587,007
Inventories	3,816,679
Prepaid Expenses	33,583
Total Current Assets	**47,589,675**
Noncurrent Assets	
Capital Assets, net	14,465,933
TOTAL ASSETS	**62,055,608**
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	11,317,436
Other Postemployment Benefits Related	326,912
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$ 11,644,348**

(Continues)

The accompanying notes are an integral part of these financial statements.

LIABILITIES	
Current Liabilities	
Accounts Payable - Trade	$ 16,571,677
Accrued Expenses	1,494,985
Compensated Absences	329,192
Voluntary Termination Benefits Payable	757,013
Total Other Postemployment Benefits Liability	301,372
Total Pension Liability	6,139,198
Total Current Liabilities	**25,593,437**
Noncurrent Liabilities	
Compensated Absences	769,379
Voluntary Termination Benefits Payable	2,598,973
Total Other Postemployment Benefits Liability	4,312,782
Total Pension Liability	101,713,636
Total Noncurrent Liabilities	**109,394,770**
Total Liabilities	**134,988,207**
DEFERRED INFLOWS OF RESOURCES - Pension Related	921,196
NET POSITION	
Investment in Capital Assets	14,465,933
Unrestricted (Deficit)	(76,675,380)
TOTAL NET POSITION (DEFICIT)	**$ (62,209,447)**

The accompanying notes are an integral part of these financial statements.

OPERATING REVENUE	
Sales of Goods	$ 74,099,321
Rent	19,674
Other	1,492
Total Operating Revenue	74,120,487
OPERATING EXPENSES	
Cost of Sales	66,078,948
Administrative and Operating Expenses	4,274,084
Depreciation	855,388
Total Operating Expenses	71,208,420
Operating Income	2,912,067
NON-OPERATING REVENUE (EXPENSES)	
Grants and Contributions	21,657,838
Interest	557,479
Loss on Disposal of Capital Assets	(169)
Miscellaneous	(32,773)
Total Non-Operating Revenue (Expenses)	22,182,375
TRANSFERS:	
Transfer to Other Funds	(10,083,125)
Net Change in Net Position	15,011,317
Net Position (Deficit) - Beginning of Year	(77,220,764)
NET POSITION (DEFICIT) - END OF YEAR	**$ (62,209,447)**

The accompanying notes are an integral part of these financial statements.

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	$	69,195,525
Payments to Suppliers		(69,495,844)
Payments to Employees		(6,355,016)
Net Cash used in Operating Activities		(6,655,335)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfer to Other Funds		(10,083,125)
Contributions to other agencies		(32,773)
Intergovernmental Grants and Contributions		21,657,838
Net Cash Provided by Noncapital Financing Activities		11,541,940
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisitions of Property and Equipment, Net		(1,296,373)
Net Cash Used in Capital and Financing Activities		(1,296,373)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received		557,479
Net Cash Provided by Investing Activities		557,479
Net Increase in Cash and Cash Equivalents		**4,147,711**
Cash and Cash Equivalents at Beginning of Year		34,989,775
Cash and Cash Equivalents at End of Year	**$**	**39,137,486**

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	$	2,912,067
Adjustments to Reconcile Operating Income to Net Cash Used in Operating Activities:		
Depreciation		855,388
Bad Debt Expense		1,028,160
Net Change in Assets and Liabilities:		
Accounts Receivable		(4,924,962)
Inventory and supplies		(2,183,984)
Deferred Outflows of Resources		14,583,889
Accounts Payable		6,084,111
Accrued Expenses		(1,112,496)
Compensated Absences Liability		309,650
Voluntary Termination Benefits Liability		(740,319)
Other Postemployment Benefits Liability		(320,832)
Total Pension Liability		(11,269,462)
Deferred Inflows of Resources		(11,876,545)
Net Cash used in Operating Activities	**$**	**(6,655,335)**

Supplemental disclosure of cash flows information:		
Loss on Disposition of Capital Assets	$	169

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Agricultural Enterprises Development Administration ("AEDA") is one of the programmatic and operational components of the Department of Agriculture created under the Reorganization Plan No. 4 of the Department of Agriculture (the "Department") on July 29, 2010 (the "Reorganization Plan"). The Reorganization Plan eliminated Rural Development and Agricultural Enterprises Service and Development Administration. The functions of the two entities were transferred to AEDA, which was created to provide a wide variety of services and incentives to the agricultural sector. Under the Reorganization Plan, AEDA has fiscal and operational autonomy and receives administrative support from the Department.

The Secretary of the Department of Agriculture: (1) implements AEDA's public policy and approves the necessary, appropriate, and suitable standards, rules, and regulations to exercise the power and comply with the purposes of the Reorganization Plan and any applicable law; (2) appoints the Administrator, who administers AEDA in accordance with the provisions of the Reorganization Plan; and (3) may delegate to the Administrator and, at the same time, other employees of AEDA, such powers, and duties as it deems necessary, except the power to regulate.

Summary of Significant Accounting Policies

The accompanying basic financial statements of AEDA have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), as prescribed by the Governmental Accounting Standard Board ("GASB").

Measurement Focus

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

Government-Wide Financial Statements ("GWFS")

The GWFS are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is generally recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which AEDA gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and entitlements. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been met, other than time requirements. These resources relate to a future period (when the advance is first permitted to be used by the government-mandated non-exchange transaction or a voluntary non-exchange transaction) and, therefore, should be classified as deferred inflows of resources until the resources are first permitted to be used.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Governmental Funds Financial Statements ("GFFS")

The GFFS are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For these purposes, AEDA considers revenues to be available if they are collected within sixty (60) days after the end of the current fiscal period. Revenues that AEDA earns by incurring obligations are recognized in the same period as when the obligations are recognized. For the fiscal year ended on June 30, 2024, all revenue sources met the availability criterion.

Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements and the amount is received during the period or when the availability requirements have been met, and the amount is received during the period or within the availability period for this revenue source (i.e., 60 days of year-end). However, those resources not available for spending in the current period should be classified as deferred inflows of resources. Expenditures-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Accordingly, such resources, if any, should be reported as unearned revenue in the liability section of the GFFS's Balance Sheet. All other revenue items are measurable and available only when cash is received by AEDA.

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

Basis of Presentation

The accompanying basic financial statements present the financial position of the governmental activities, business-type activities, each major governmental fund, and the aggregate remaining fund information of AEDA as of June 30, 2024, and the respective changes in financial position, and the cash flows, where applicable, thereof for the fiscal year then ended, in conformity with GAAP, as prescribed by GASB.

The basic financial statements of AEDA have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America as applicable to local governmental units. The basic financial statements include both government-wide (based on AEDA as a whole) and fund financial statements, which provide a more detailed level of financial information. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Basis of Presentation, cont.

Principal revenue sources include Commonwealth's appropriations, charges for services, grants, and contributions.

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

- Employees vested in annual vacation and sick leave are recorded as expenditures when matured. The unmatured amount of accumulated annual vacation leave as of June 30, 2024, is reported only in the GWFS.
- Interest and principal on general long-term obligations are recorded when due, except for interest and principal due on July 1 of the following fiscal year, if resources are available for payment as of June 30.
- Debt service expenditures, federal funds' cost disallowances, other long-term obligations, and amounts subject to judgments under litigation are recorded in the governmental funds only when payment is due; and in the case of judgments under litigation, when a settlement has been made and awaiting payment. Until these criteria are met, these liabilities are recorded only in the GWFS.

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

A summary reconciliation of the difference between the net change in fund balances as reflected in the governmental funds statement of revenue, expenditures, and changes in fund balances and the 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.

Proprietary Funds and Fiduciary Funds – The financial statements of the proprietary funds and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting, like the GWFS.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses. The major sources of revenue of the proprietary funds are service charges (e.g., the sale and distribution of coffee).

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Basis of Presentation, cont.

Government-Wide Financial Statements ("GWFS")

The GWFS (i.e., statement of net position, statement of activities) report information on all the nonfiduciary activities of AEDA. For the most part, the effect of interfund activity has been removed from the GWFS. Governmental Activities, which normally are supported by Commonwealth's appropriations, are reported separately from Business-Type Activities, which rely to a significant extent on charges for services or which are financed and operated in a manner like private business enterprises.

The GWFS are prepared using the economic resources measurement focus and the accrual basis of accounting. This approach differs from the way GFFS are prepared. Therefore, GFFS include reconciliations with brief explanations to better identify the relationship between the GWFS and the GFFS.

The statement of net position presents the reporting entities' nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual measure reported as net position. Net position is reported in two categories:

- *Net Investment in Capital Assets* – This component of net position consists of capital assets net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are directly attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at year-end, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of this component of net position. Rather, that portion of the debt or deferred inflows of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.

- *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, generally, it is AEDA's policy to use restricted resources first, then unrestricted resources as they are needed. Designations solely imposed by AEDA's management are not presented as restricted net position.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Government-Wide Financial Statements ("GWFS"), cont.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses for centralized services and administrative overhead are allocated among the programs and functions using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not.

Program revenue includes charges to customers who purchase, use, or directly benefit from goods or services provided by a given function or segment. Program revenue also includes grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenue that is not classified as program revenue, including rent and interest, are presented as general revenue. Resources that are dedicated internally are reported as general revenue rather than as program revenue.

For the most part, the effect of inter-fund activity has been removed from these statements. The government-wide *Statement of Activities* presents a comparison between expenses, both direct and indirect, and program revenues for each of the programs of AEDA.

Governmental Funds Financial Statements ("GFFS")

The GFFS (i.e., balance sheet, statement of revenues, expenditures, and changes in fund balances) provide information about AEDA's funds. The emphasis of fund financial statements is on major governmental funds, which are displayed in a separate column. Non-major funds are summarized in a single column.

Each fund is a separate accounting entity with a self-balancing set of accounts used to record the financial transactions and balances of that entity. Individual funds have been established as stipulated by legal provisions or by administrative discretion. AEDA uses fund accounting, which is designed to demonstrate legal compliance, segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with legal, financial, and contractual provisions.

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

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Governmental Funds Financial Statements ("GFFS"), cont.

Governmental Funds focus on the sources and uses of funds and provide information on near-term inflows, outflows, and balances of available resources. AEDA reports the following governmental funds as of June 30, 2024:

- *General Fund* – The General Fund is the primary operating fund of AEDA. It is used to account for and report all financial resources received and used for those services traditionally provided by a government, except those required to be accounted for and reported in another fund. The financial resources received and used in the General Fund mostly include Commonwealth's contributions as approved by the Legislature and as adjusted for timing and basis of accounting differences. The General Fund also includes nonrecurring Federal Grants received from the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

- *Incentives Fund* – This major fund accounts for resources devoted to providing farmers support, subsidies, economic incentives, protection, and provision of agricultural resources to develop infrastructure, entrepreneurship, and implementation of necessary technology for the following industries: apiculture, poultry, coffee, livestock, dairy, fisheries, swine, vegetable, fruit, food, and producers of rabbits, goats, and sheep. The Incentives Fund also includes nonrecurring Federal Grants received from the Unallied Management Project through the National Oceanic and Atmospheric Administration (NOAA).

- *Joint Resolutions Fund* - This major fund accounts for joint resolutions from the Commonwealth's Legislative Assembly assigned to AEDA to develop several infrastructure projects. Also, this fund makes contributions and transfers to other agencies and municipalities for capital projects.

- *Federal Grants Fund* – The Federal Fund accounts for revenues and expenditures related to WIC Farmers' Market Nutrition Program and Senior Farmers' Market Nutrition Program from the US Department of Agriculture.

The GFFS are the following:

- *Balance Sheet* – Reports information as of June 30, 2024, about the current financial resources (assets, liabilities, and fund balances) of each major governmental fund. Generally, reflects only assets that will be converted into cash to satisfy current liabilities. Long-term assets and those assets that will not be converted into cash to satisfy current liabilities are generally not accounted for in the accompanying *Balance Sheet – Governmental Funds*.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Governmental Funds Financial Statements ("GFFS"), cont.

- *Statement of Revenue, Expenditures, and Changes in Fund Balances* – Reports information about the revenues and expenditures of the governmental funds for the fiscal year ended June 30, 2024. The measurement focus of the GFFS is on decreases in net financial resources (i.e., expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related governmental fund liability is incurred. Allocation of costs, such as depreciation and amortization, are recorded in the accompanying *Statement of Activities* but are not recorded in the accompanying GFFS.

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 AEDA 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. The highest level of decision authority for AEDA is the Secretary of the Department of Agriculture.

- *Assigned* – includes fund balance amounts that are constrained and are intended to be used for specific purposes that are neither considered restricted nor committed. The Administrator of AEDA is authorized to assign an amount for a specific purpose.

- *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.

AEDA uses restricted amounts first when both restricted and unrestricted fund balances are available unless there are legal documents/contracts that prohibit doing this (e.g., grant agreement requiring dollar-for-dollar spending). Additionally, unless required by law or agreement, AEDA would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. AEDA does not have a formal minimum fund balance policy.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Governmental Funds Financial Statements ("GFFS"), cont.

Enterprise Funds

The enterprise funds follow the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash, respectively. The enterprise funds also distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operation. Revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

AEDA includes as operating transactions in the Agricultural Services Fund (i.e., enterprise fund) any activity undertaken during the ordinary business, as well as ancillary activities or activities that are a natural extension of, or that result from these activities. Transactions resulting from events or transactions clearly distinct from ordinary activities and which are not expected to occur frequently or regularly are reported as non-operating transactions. This fund accounts for those activities for which the intent of management is to recover, primarily through charges for services or goods, and the cost of providing goods or services to the public.

The financial statements of the Agricultural Services Fund are the following:

Statement of Net Position – Assets and liabilities are presented in a classified format to distinguish between current and long-term assets and liabilities. The deferred outflows/inflows of resources are presented as part of the implementation of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, and GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions.*

Statement of Revenue, Expenses, and Changes in Fund Net Position – Revenue and expenses are reported by distinguishing between operating and non-operating revenues and expenses.

Statement of Cash Flows – The primary purpose of the *Statement of Cash Flows* is to provide relevant information about the cash receipts and disbursements of AEDA during the fiscal year. The information of the *Statement of Cash Flows* should help financial report users assess AEDA's: (i) ability to generate future net cash flows; (ii) ability to meet its obligations as they come due; (iii) needs for external financing; and (iv) reasons for differences between operating income and associated cash receipts and disbursements and the effects on Agricultural Services Fund's financial position of operating, capital and related financing activities, non-capital related financing activities and investment activities during the period.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Governmental Funds Financial Statements ("GFFS"), cont.

Enterprise Funds, cont.

The accompanying statement of cash flows is presented in accordance with the provisions of GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. For purposes of reporting cash flows, cash includes cash on hand, amounts due from banks, and items in process of collection.

Risk Management

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

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

AEDA is authorized to deposit only in financial institutions approved by the Department of the Treasury of the Commonwealth of Puerto Rico, and such deposits should be kept in separate accounts in the name of AEDA. Under Puerto Rico statutes, public funds deposited in commercial banks must be fully collateralized for the amount deposited in excess of the amounts insured by the Federal Deposit Insurance Corporation.

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NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates made by management include the allowance for loan losses, the useful lives of capital assets, the valuation of capital assets, and accruals for legal claims and other contingencies. The current economic environment has increased the degree of uncertainty inherent in estimates and assumptions.

Cash and Cash Equivalents

AEDA considers all highly liquid investments with an original maturity of three (3) months or less when purchased to be cash equivalents. The cash balances are available to meet the current operating requirements in various interest-bearing accounts with commercial banks.

Receivables and Payables

The receivables are shown net of estimated allowances for uncollectible accounts, which are determined by past collection experience, historical trends, and current economic conditions. Receivables represent mostly agricultural service charges corresponding to June revenues collected thereafter. Intergovernmental receivables (e.g., due from Commonwealth, due from Commonwealth's public corporations) represent amounts owed to AEDA pursuant to charges for services and state contributions. Accounts payable represent amounts, including salaries and wages, payable for goods and services received prior to year-end.

Intergovernmental receivables are stated net of estimated allowances for uncollectible accounts, which are determined, based on past collection experience and current economic conditions. This intergovernmental revenue is recognized in the governmental funds when it becomes measurable and available based on actual collections for 90 days following the fiscal year-end related to transactions that occurred before the end of the year.

The accounts receivable from nongovernmental customers are net of estimated uncollectible amounts. These receivables arise primarily from service charges to users. Accounts receivable from Commonwealth and from Commonwealth's public corporations are evaluated for collectability.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Significant Accounting Policies, cont.

Federal Grants

Contributions received from federal grants are recorded as operating revenues under the U.S. Department of Agriculture ("USDA") and National Oceanic and Atmospheric Administration ("NOAA") programs in the accounting period in which all eligibility requirements and/or time and purposes restrictions are met.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out ("FIFO") method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both GWFS and GFFS.

Interfund Transactions

In the normal course of operations, ADEA engages in various transactions between its individual funds. These transactions result in Due to and Due from balances that are reported as assets and liabilities, respectively, in the fund-level financial statements.

These interfund balances primarily arise from temporary loans, reimbursements, or the timing of cash transfers. Each Due from recorded in one fund has a corresponding Due to in another fund within the agency, resulting in balances that net to zero on a government-wide basis. All interfund amounts are expected to be settled within the following fiscal year and do not represent long-term receivables or payables.

Capital Assets

Capital assets, which include buildings and improvements, equipment, furniture and fixtures, motor vehicles, and others, are reported in the applicable governmental or business-type activities column in the GWFS. Capital assets are defined by AEDA as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. For improvements other than buildings, the capital outlay must be greater than $5,000, extend the estimated useful life for ten years, and be greater than 10% of the original cost of the asset.

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NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Significant Accounting Policies, cont.

Capital Assets, cont.

As AEDA constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essential amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, AEDA values the capital asset at the estimated fair value of the item at the date of its donation.

Capital outlay is recorded as an expenditure in the General Fund and other governmental funds and as assets in the GWFS to the extent AEDA's capitalization threshold is met. Depreciation and amortization expense is recorded only in the GWFS. No depreciation is recorded for land and construction in progress. Other properties, equipment, furniture and fixtures, and motor vehicles of the primary government are depreciated using the straight-line method over the following estimated useful lives:

CAPITAL ASSETS	YEARS
Buildings	40
Building Improvements	40
Equipment, Furniture & Fixtures, and Motor Vehicles	5 - 20
Other	5

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

Impaired capital assets that will no longer be used by AEDA, if any, are reported at the lower of the carrying value or the fair value. Impairment losses on capital assets with physical damages that will continue to be used by AEDA are measured using the restoration cost approach. Impairments of capital assets that are subject to a change in the manner or duration of use, assets affected by enactment or approval of laws or regulations or other changes in environmental factors, or assets that are subject to technological changes or obsolescence, if any, are measured using the service units' approach.

Leases

A lease liability and an intangible right-to-use lease asset (RTU lease asset) are recognized in the government-wide financial statements for each noncancelable lessee transaction.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Significant Accounting Policies, cont.

Leases, cont.

At the commencement of each lease, the lease liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liabilities are reduced by the principal portions of lease payments made. The RTU lease assets are measured as the initial amount of the individual lease liabilities, adjusted for lease payments made at or before the lease commencement dates, plus certain initial direct costs. Subsequently, the RTU lease assets are amortized on a straight-line basis over their useful lives.

Key estimates and judgments related to leases include how the AEDA determines the discount rate it uses to discount the expected lease payments to present value, lease term, and lease payments.

- The interest rate charged by the lessor is used as the discount rate. When an interest rate charged by the lessor is not provided, the estimated incremental borrowing rate is used as the discount rate for leases.
- The lease terms include the noncancelable period of the leases and option years that the AEDA is reasonably certain to exercise. Lease payments included in the measurement of the lease liabilities are composed of fixed payments and purchase option prices that the AEDA is reasonably certain to exercise.

The AEDA monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The AEDA is a lessor for noncancelable leases of buildings and equipment. Lease receivables and deferred inflows of resources are recognized in the government-wide and governmental fund financial statements.

At the commencement of the leases, the lease receivables are measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivables are reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the amounts of the lease receivables, adjusted for lease payments received at or before the lease commencement dates. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease terms.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Significant Accounting Policies, cont.

Leases, cont.

Key estimates and judgments include how the AEDA determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The AEDA uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease terms include the noncancelable periods of the leases.
- Lease receipts included in the measurement of the lease receivables are composed of fixed payments from the lessees.

The AEDA monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amounts of the lease receivables. Lease detail is included in Note 12.

Claims and Judgments

The estimated amount of the liability for claims and judgments, if any, which is due on demand, such as from adjudicated or settled claims, is recorded in the General Fund when the liability is incurred. The Non-Current Liabilities include amounts estimated as contingent liabilities or liabilities with a fixed or expected due date, which will require future available financial resources for their payment.

Long-Term Obligations

The liabilities reported in the GWFS include long-term notes, and other noncurrent liabilities (e.g., employees' vacations, and noncurrent liabilities to other governmental entities and third parties). Expenditures for principal and interest payments of the government general fund and the incentives fund are recognized in the corresponding fund when due.

Compensated Absences

Compensated absences are accounted for under the provisions of GASB Accounting Standards Codification Section C60, *Compensated Absences*. Compensated absences include paid time off made available to employees in connection with vacation. The liability for compensated absences recorded in the accompanying statement of Net Position is limited to a leave of absence that: (i) is attributable to services already rendered on or before June 30, 2024; and (ii) is not contingent on a specific event (such as illness) that is outside the control of AEDA and the employee. The liability for compensated absences includes salary-related costs, which are directly and incrementally related to the amount of salary paid to the employee (e.g., employer's share of social security and Medicare taxes).

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Significant Accounting Policies, cont.

Compensated Absences, cont.

According to Act 8-2017 and Act 26-2017, the compensated absences policy of the Commonwealth that applies to AEDA's employees provides for a maximum annual accumulation of 15 days of vacations and 18 days of sick leave if hired before February 4, 2017, or 12 days of sick leave if hired February 4, 2017 or after.

Compensated absences are accrued when incurred using the pay or salary rates in effect at the date of the statement of Net Position. The cost of compensated absences expected to be paid in the next twelve (12) months is classified as a current liability while amounts expected to be paid after twelve (12) months are classified as noncurrent liabilities.

Vacation and sick leave may be accumulated up to a maximum of 60 and 90 days, respectively. In the event of employee termination, an employee is paid for accumulated vacation days up to the maximum allowed of 60 days. Termination of employment voids the right of compensation for accumulated sick leave.

Pension Benefits

AEDA accounts for pension costs under the provisions of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of Statement No. 73 extend the approach for accounting and financial reporting established in Statement No. 68 to all pensions with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information like that required by Statement No. 68 be included in notes to the financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities.

Refer to Note 10 for the allocation methodology used by AEDA to report its allocated share of the total pension liability and the related pension accounts.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Significant Accounting Policies, cont.

Voluntary Termination Benefits

AEDA accounts for termination benefits in accordance with GASB Statement No. 47, *Accounting for Termination Benefits* ("GASB 47"). Pursuant to the provisions of GASB 47, AEDA, as an employer, should recognize a liability and expense for voluntary termination benefits (e.g., early retirement incentives) when the offer is accepted, and the amount can be estimated. A liability and expense for involuntary termination benefits (e.g., severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees, and the amount can be estimated.

Other Postemployment Benefits

AEDA participates in the Other Postemployment Benefit Plan for Retired Employees of the Commonwealth ("OPEB"), which is an unfunded, multi-employer defined benefit other post-employment healthcare benefit plan ("OPEB Plan") provided by the Commonwealth to its retired plan members. The Plan is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* ("GASB 75"). Because certain employers that are component units of the Commonwealth, such as AEDA, prepare individual financial statements, a proportionate share of OPEB expense is determined for those employers.

GASB 75 requires that such proportionate share should be consistent with the way the amounts that are paid as benefits come due are determined. The proportionate share as of each measurement date is based on the ratio of each agency and component unit's actual benefit payments to the total actual benefit payments paid during the year ending on the measurement date.

Deferred Outflows/ Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position includes separate sections for deferred outflows/inflows of resources. Such separate financial statement elements, deferred outflows/inflows of resources, represent a depletion (expenses/expenditures) or accretion (income) of net position that applies to a future period, and thus, will not be recognized as an outflow/inflow of resources until then.

Enterprise Fund Operating and Non-operating Revenue and Expenses

The principal operating revenue of AEDA's enterprise fund is from charges to customers for the sale and distribution of coffee. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Recently Implemented Accounting Pronouncements

- GASB Statement No. 99, Omnibus 2024. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

- GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. This Statement enhances 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.

- GASB issued Statement No. 102, "Certain Risk Disclosures". This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

  The adoption of these pronouncements does not have any impact on the AEDA's basic financial statements.

Future Adoption Accounting Pronouncements

The following new accounting standards have been issued but are not yet effective for the fiscal year ended June 30, 2024:

The Governmental Accounting Standards Board issued the following pronouncements that have effective dates after June 30, 2024. The ADEA is currently evaluating its accounting practices to determine the potential impact on the basic financial statements for the GASB Statements.

- GASB Statement No. 101, *Compensated Absences*. This Statement updates the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, cont.

Future Adoption Accounting Pronouncements, cont.

- GASB 103 GASB Statement No. 103, *Financial Reporting Model Improvements.* The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

- GASB Statement No. 104, *Disclosure of Certain Capital Assets.* This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

  This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. This Statement is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

NOTE 2 – CASH AND CASH EQUIVALENTS

Puerto Rico laws authorize governmental entities to invest in direct obligations or obligations guaranteed by the federal government or the Commonwealth. AEDA is also allowed to invest in bank acceptances, other bank obligations, and certificates of deposit in financial institutions authorized to do business under federal and Commonwealth laws.

During the year, AEDA invests its funds in interest-bearing bank accounts. AEDA is authorized to deposit only in institutions approved by the Department of the Treasury of the Commonwealth. Such deposits should be kept in separate accounts in the name of AEDA. Under Puerto Rico statutes, public funds deposited in commercial banks must be fully collateralized for the amount deposited in excess of the amounts insured by the Federal Deposit Insurance Corporation.

AEDA's cash and cash equivalents as of June 30, 2024, consist of the following:

	Book Balance	Depository Bank Balance
GOVERNMENTAL FUNDS		
Cash deposited in commercial banks	$ 43,442,432	$ 55,099,534
ENTERPRISE FUNDS		
Cash deposited in commercial banks	39,137,486	31,895,795
Total of cash and equivalents	$ 82,579,918	$ 86,995,329

AEDA follows the provisions of GASB Accounting Standards Codification Section C20, *Cash Deposit with Financial Institutions*, related to cash deposits and interest-earning investment contracts with financial institutions. Accordingly, the following is essential information about credit risk, interest rate risk, custodial credit risk, and foreign exchange exposure of deposits and investments of AEDA as of June 30, 2024.

Credit Risk

Credit risk refers to the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of June 30, 2024, AEDA has invested only in cash equivalents of $86,995,329 consisting of interest-bearing accounts in commercial banks, which are insured by the Federal Deposit Insurance Corporation ("FDIC"), generally up to a maximum of $250,000. As previously mentioned, public funds deposited by AEDA in commercial banks must be fully collateralized for the amounts deposited in excess of the FDIC coverage. Neither investments in debt nor equity securities were made during the fiscal year ended on June 30, 2024. Therefore, AEDA's management has concluded that the credit risk related to any possible loss related to defaults by commercial banks on AEDA's deposits is considered low as of June 30, 2024.

NOTE 2 – CASH AND CASH EQUIVALENTS, cont.

Custodial Credit Risk Reserve

This is the risk that, in the event of the failure of a depository financial institution, AEDA will not be able to recover its cash and investments or will not be able to recover collateral securities that are in the possession of an outside party. Pursuant to the Investment Guidelines for the Commonwealth adopted by the Treasury Department, AEDA may invest in obligations of the Commonwealth, obligations of the United States, certificates of deposit, commercial paper, banker's acceptance, or in pools of obligations of the municipalities of Puerto Rico. It is management's policy to only maintain deposits in banks affiliated with the FDIC to minimize the custodial credit risk.

Interest Rate Risk

It is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. AEDA manages its exposure to declines in fair values by (i) not including debt or equity investments in its investments portfolio as of June 30, 2024; (ii) limiting the weighted average maturity of its investments in certificates of deposit to periods of four months or less; and (iii) keeping most of its bank's deposits and certificates of deposit in interest-bearing accounts generating interest at prevailing market rates. Therefore, as of June 30, 2024, the interest risk associated with AEDA's cash and cash equivalents is considered low.

Foreign Exchange Risk

It is the risk that changes in exchange rates will adversely affect the value of an investment or a deposit. According to the investment guidelines adopted, AEDA is prevented from investing in foreign securities or any other types of investments for which foreign exchange risk exposure may be significant. Accordingly, management has concluded that the foreign exchange risk related to AEDA's deposits is considered low as of June 30, 2024.

As of June 30, 2024, AEDA has on behalf of the Department of Agriculture the amount of $8,566,608 in an interest-bearing account at a commercial bank. Deposits in commercial banks are insured by the FDIC, generally up to a maximum of $250,000. However, public funds deposited by AEDA in commercial banks must be fully collateralized for the amounts deposited in excess of the FDIC coverage. Therefore, AEDA's management has concluded that the credit risk related to any possible loss related to defaults by commercial banks on AEDA's Fiduciary Fund is considered low as of June 30, 2024.

NOTE 3 – NOTES AND ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2024, consist of the following:

	Governmental Activities	Business-Type Activities	Total
Current Assets:			
Trade	$ 8,634,405	$ 5,099,922	$ 13,734,327
Due from Other Governmental Entities	1,147,451	25,709,677	26,857,128
Due from Commonwealth's Public Corporation	1,500,000	-	1,500,000
Lease Receivable	529,517	-	529,517
Other	3,369,503	906,550	4,276,053
Total	15,180,876	31,716,149	46,897,025
Non-current Assets:			
Due from Commonwealth's Public Corporation	5,532,159	-	5,532,159
Less: Allowance for doubtful accounts	(12,312,181)	(27,114,222)	(39,426,403)
Notes and accounts receivable, net	$ 8,400,854	$ 4,601,927	$ 13,002,781

Changes in the allowance for doubtful accounts during the year ended June 30, 2024, are as follows:

	Governmental Activities	Business-Type Activities	Total
Allowance for doubtful accounts, beginning of year	$ 12,131,963	$ 26,086,062	$ 38,218,025
Plus: Provision for doubtful accounts	180,218	1,028,160	1,208,378
Allowance for doubtful accounts, end of year	$ 12,312,181	$ 27,114,222	$ 39,426,403

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NOTE 3 – NOTES AND ACCOUNTS RECEIVABLE, cont.

Notes Receivable:

Due From Commonwealth's Public Corporation

Due from Commonwealth's Public Corporation balance as of June 30, 2024, for the Governmental Activities is composed of the following:

- Note Receivable of $5,000,000 with the "Corporación de Seguros Agricolas" with a maturity date of Three (3) months after the expenditure was made by AEDA, no annual interest rate. The balance as of June 30, 2024, is $2,922,573.

- Note Receivable of $1,500,000 with the "Corporación de Seguros Agricolas" with a maturity date one year after expenditure was made by AEDA, no annual interest rate. The balance as of June 30, 2024, is $1,500,000.

NOTE 4– INVENTORIES

Inventories, including supplies, are stated at the lower cost or market determined using the first-in, first-out valuation method. The inventory balance by location as of June 30, 2024, is as follows:

Description	Location	Valuation
Business Type:		
Coffee - Yahuecas	Adjuntas	$ 3,490,511
Other	Various	969,150
		4,459,661
Inventory Reserve		(642,982)
Total Inventory		3,816,679
Governmental Type:		
Supplies	Various	275,709
Total Inventory and Supplies		**$ 4,092,388**

NOTE 5 – CAPITAL ASSETS

A summary of the activity of capital assets of the Governmental Activities follows:

Description	Balance at June 30, 2023	Additions	Retirements	Remeasurement	Balance at June 30, 2024
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	$ 546,678	$ -	$ -	$ -	$ 546,678
Depreciable Capital Assets:					
Buildings	3,307,252	-	-	-	3,307,252
Equipment	11,142,191	-	-	-	11,142,191
Furniture & Fixtures	4,585,983	157,591	-	-	4,743,574
Motor Vehicles	1,007,009	73,933	-	-	1,080,942
Right to use leased assets	205,508	-	-	(33,455)	172,053
Other	78,111	29,945	-	-	108,056
Total Depreciable Capital Assets	**20,326,054**	**261,469**	**-**	**(33,455)**	**20,554,068**
Less: accumulated depreciation or amortization					
Buildings	(2,079,322)	(53,029)	-	-	(2,132,351)
Equipment	(9,602,471)	(274,135)	-	-	(9,876,606)
Furniture & Fixtures	(3,406,107)	(273,320)	-	-	(3,679,427)
Motor Vehicles	(774,372)	(63,837)	-	-	(838,209)
Right to use leased assets	(47,952)	(26,604)	-	-	(74,556)
Other	(70,298)	(662)	-	-	(70,960)
Total Accumulated Depreciation or Amortization	**(15,980,522)**	**(691,587)**	**-**	**-**	**(16,672,109)**
Total Depreciable Capital Assets (Net)	**4,345,532**	**(430,118)**	**-**	**(33,455)**	**3,881,959**
CAPITAL ASSETS, NET	**$ 4,892,210**	**$ (430,118)**	**$ -**	**$ (33,455)**	**$ 4,428,637**

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NOTE 5 – CAPITAL ASSETS, cont.

A summary of the activity of capital assets of the Business-Type Activities follows:

Description	Balance at June 30, 2023	Additions	Retirements	Remeasurement	Balance at June 30, 2024
Business-Type Activities:					
Non-Depreciable Capital Assets:					
Land	**$ 3,192,804**	**$ -**	**$ -**	**$ -**	**$ 3,192,804**
Depreciable Capital Assets:					
Buildings	20,234,108	-	-	-	20,234,108
Equipment	10,162,687	1,263,000	-	-	11,425,687
Furniture & Fixtures	1,269,359	31,138	-	-	1,300,497
Motor Vehicles	4,670,327	-	(1,688)	-	4,668,639
Other	128,595	2,235	-	-	130,830
Total Depreciable Capital Assets	**36,465,076**	**1,296,373**	**(1,688)**	**-**	**37,759,761**
Less: accumulated depreciation					
Buildings	(12,451,579)	(370,194)	-	-	(12,821,773)
Equipment	(8,037,920)	(374,597)	-	-	(8,412,517)
Furniture & Fixtures	(1,074,374)	(23,000)	-	-	(1,097,374)
Motor Vehicles	(3,953,153)	(87,329)	1,519	-	(4,038,963)
Other	(115,737)	(268)	-	-	(116,005)
Total Accumulated Depreciation	**(25,632,763)**	**(855,388)**	**1,519**	**-**	**(26,486,632)**
Total Depreciable Capital Assets (Net)	**10,832,313**	**440,985**	**(169)**	**-**	**11,273,129**
CAPITAL ASSETS, NET	**$ 14,025,117**	**$ 440,985**	**$ (169)**	**$ -**	**$ 14,465,933**

Depreciation and amortization expenses of Governmental Activities were charged to general governmental administrative and operating functions. Depreciation expenses of Business–Type Activities were charged to agricultural services for the year ended June 30, 2024.

Accounting for the impairment of capital assets

AEDA accounts for assets impairment under the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. The statement establishes accounting and financial reporting standards for the impairment of capital assets. A capital asset is considered impaired when the utility of its service has declined significantly and unexpectedly. The statement also establishes accounting requirements for insurance recoveries. A capital asset generally should be considered impaired if both: (i) the decline in service utility of the capital asset is large in magnitude; and (ii) the event of a change in circumstances is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used by AEDA should be reported at the lower of carrying value or fair value. As of June 30, 2024, no capital assets were considered impaired by AEDA.

NOTE 6 – FIDA TRANSACTIONS

Line of Credit

Line of credit balance as of June 30, 2024, for the Governmental Activities is composed of the following:

- Revolving line of credit of $7,800,000 with the "Fondo Integral para el Desarrollo Agrícola de Puerto Rico" with a maturity date of June 24, 2014, at a fixed annual interest rate of 6.50%. Balance as of June 30, 2024, is $71,728 of principal and $37,667 of accrued interest.

Note payable

Note payable balance as of June 30, 2024, for the Governmental Activities is composed of the following:

- Debt obligation originally of $11,837,802 with the "Fondo Integral para el Desarrollo Agrícola de Puerto Rico" with a maturity date of June 30, 2016, payable in six (6) equal annual installments of $1,469,168 of principal and fixed annual interest rate of 6%. Balance as of June 30, 2024, is $771,554 of principal and $300,198 of accrued interest which was classified as payable due within one year since its past due for this audited period.

NOTE 7 – LONG TERM OBLIGATIONS

The following summarizes the activities of the long-term obligations as of June 30, 2024:

	Balance at June 30, 2023	Increase	Decrease	Balance at June 30, 2024	Due within One Year	Due after One Year
Governmental Activities:						
Line of Credit	$ 71,728	$ -	$ -	$ 71,728	$ 71,728	$ -
Notes Payable	771,554	-	-	771,554	771,554	-
Leases Payable	121,445	4,278	-	125,723	24,976	100,747
Legal Claims	-	204,000	-	204,000	-	204,000
Compensated Absences	754,582	-	(61,847)	692,735	472,813	219,922
Voluntary Termination Benefits	1,758,484	-	(446,625)	1,311,859	329,609	982,250
Total Other Postemployment Benefits	2,775,929	-	(180,468)	2,595,461	209,428	2,386,033
Total Pension Liability	67,006,293	-	(6,339,072)	60,667,221	4,266,223	56,400,998
TOTAL	$ 73,260,015	$ 208,278	$ (7,028,012)	$ 66,440,281	$ 6,146,331	$ 60,293,950
Business-Type Activities:						
Compensated Absences	$ 788,921	$ 309,650	$ -	$ 1,098,571	$ 329,192	$ 769,379
Voluntary Termination Benefits	4,096,305	-	(740,319)	3,355,986	757,013	2,598,973
Total Other Postemployment Benefits	4,934,986	-	(320,832)	4,614,154	301,372	4,312,782
Total Pension Liability	119,122,296	-	(11,269,462)	107,852,834	6,139,198	101,713,636
TOTAL	$ 128,942,508	$ 309,650	$ (12,330,613)	$ 116,921,545	$ 7,526,775	$ 109,394,770

NOTE 8 – VOLUNTARY TERMINATION BENEFITS

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

The financial impact resulting from the benefits granted to participants in this program was the recognition within AEDA's financial statements of a liability of $4,318,992 in the statement of net position as of June 30, 2024. As of June 30, 2024, unpaid long-term benefits granted on this program were discounted at 3.30%.

On December 8, 2015, the Commonwealth enacted a program based on provisions established on Act No. 211. All eligible employees may retire from employment in exchange for an early pension and other benefits. Furthermore, Act No. 211 provides those eligible employees may retire from employment in exchange for an early pension and other benefits. Act No. 211 only applied to employees with twenty years or more participating in the ERS created pursuant to Act No. 447 of 1951 and who have not reached 61 years of age.

Act No. 211, known as "Voluntary Pre-Retirement Program Act" (Act No. 211) provides that the employee will receive an annuity equivalent to 60% of the average compensation, as defined, as of December 31, 2015, and until the participating member has attained 61 years old, which is the age the employee will become part of the ERS. AEDA is responsible for the payment of the employer contribution to Social Security and Medicare, based on 60% of the average compensation as of December 31, 2015. Also, AEDA is responsible for the payment of the related employee and employer contributions to the ERS based on 100% of the average salary as of December 31, 2015, for amounts that guarantee a 50% minimum compensation to an eligible employee of its average compensation as of June 30, 2013. The participating employee will also receive the benefits of health insurance for a period not more than two years or when the employee reaches 61 years old, whichever comes first.

As of June 30, 2024, the total liability related to these termination benefits was $348,853. Payments of such voluntary termination plans are expected to be made until 2030.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

Plan Description

In addition to the pension benefits described in Note 10, AEDA participates in the Other Postemployment Benefit Plan of the Commonwealth of Puerto Rico for Retired Participants of the Employees' Retirement System (the "OPEB plan"), through the Employees Retirement System & its Instrumentalities Medical Insurance Plan Contribution (ERS MIPC), in accordance with Act No. 106 of 2017.

The OPEB plan is an unfunded defined benefit plan administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB Statement No. 75). Under the guidance of GASB Statement No. 75, the Commonwealth and its component units are one employer and are classified for financial reporting purposes as a single employer defined benefit OPEB plan.

The OPEB plan covers a payment of up to $100 per month to the eligible medical insurance plan selected by each member provided that the member retired prior to July 1, 2013 (Act No. 483, as amended by Act No. 3 of 2013). The OPEB Plan is financed by the Commonwealth through legislative appropriations. There is no contribution requirement from the plan members during active employment. The retirees contribute the amount of the healthcare insurance premium not covered by the Commonwealth contribution. Plan members were eligible for benefits upon reaching the applicable retirement age. Act No. 3 of 2013 eliminated this healthcare benefit to the OPEB plan members that retired after June 30, 2013.

Total OPEB Liability, OPEB Expense, and Actuarial Assumptions and Methods

The total OPEB liability is $7,209,615 as of June 30, 2024. The total OPEB liability as of June 30, 2024, was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023 (measurement date). As of June 30, 2024, AEDA's proportion was 1.11507%, which resulted in an increase of 0.00655% from its proportion as of June 30, 2023 (using the measurement date as of June 30, 2023). AEDA recognized an OPEB expense of approximately $510,800 during the year ended June 30, 2024. The actuarial valuation used the following actuarial assumptions applied to all periods in the measurement period.

Proportion June 30, 2022	1.10852%
Proportion June 30, 2023	1.11507%
Change - Increase	**0.00655%**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS ("OPEB"), cont.

Total OPEB Liability, OPEB Expense, and Actuarial Assumptions and Methods, cont.

Discount Rate

The discount rate for June 30, 2023 (measurement date) was 3.65%. This represents the municipal bond return rate as chosen by the Commonwealth. The source is the Bond Buyer General Obligation 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality

a) *Pre-retirement Mortality* — For general employees not covered under Act No. 127-1958, PubG-2010 Employee Mortality Rates, adjusted by 100% for males and 110% for females projected to reflect Mortality Improvement Scale MP-2021 on a general basis. For members covered under Act No. 127, PubS-2010 Employee Mortality Rates are assumed for males and females, projected to reflect Mortality Improvement Scale MP-2023 on a generational basis. As generational tables, they reflect mortal improvements both before and after the measurement dates. 100% of deaths while in active service are assumed to be occupational for members covered under Act 127 as per Milliman's Actuarial Valuation Report.

b) *Post-retirement Healthy Mortality* — Rates that vary by gender are assumed for healthy retirees and beneficiaries based on a study of the Plan's experience from 2013 to 2018 and updated expectations regarding future mortality improvement. The PubG-2010 healthy retiree rates, adjusted by 100% of the rates for Males and 110% for Females, are projected using Mortality Improvement Scale MP-2021 on a generational basis. As a generational table, it reflects mortality improvements both before and after the measurement date.

c) *Post-retirement Disabled Mortality* — Rates that vary by gender are assumed for disabled retirees based on a study of the Plan's experience from 2013 to 2018 and updated expectations regarding future mortality improvement. The PubG-2010 disabled retiree rates were adjusted by 80% of the rates for Males and 100% for Females. The base rates are projected using Mortality Improvement Scale MP-2021 on a generational basis. As a generational table, it reflects mortality improvements both before and after the measurement date.

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

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS ("OPEB"), cont.

Sensitivity of AEDA's Proportionate Share of Total OPEB Liability to Change in the Discount Rate

The following table presents AEDA's proportionate share of the total OPEB liability for the OPEB Plan as of June 30, 2024, calculated using the current discount rate of (3.65%) as well as what AEDA's proportionate share of the Plan's total OPEB liability if it were calculated using a discount rate of one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current rate:

Description	At 1% decrease (2.65%)	At current discount rate (3.65%)	At 1% increase (4.65%)
OPEB liability:			
Govermental Activities	$ 2,818,027	$ 2,595,461	$ 2,403,446
Business-Type Activities	5,009,826	4,614,154	4,272,793
	$ 7,827,853	$ 7,209,615	$ 6,676,239

Deferred Outflows of Resources

The deferred outflows of resources related to OPEB Plan resulting from AEDA's benefits payments made after the measurement date amounting to $510,800 as of June 30, 2024, will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024. Because all participants are inactive, there are no deferred outflows or inflows of resources as changes in actuarial assumptions, economic or demographic gains and losses, and changes in proportionate share are recognized immediately during the measurement year.

NOTE 10 – EMPLOYEE'S RETIREMENT PLAN

Pension and Plan Description

The Defined Benefit Pension Plan for Participants of the Employees' Retirement System of the Government of the Commonwealth of Puerto Rico (the Commonwealth) (the Plan) was created pursuant to Act No. 447 on May 15, 1951, as amended (Act No. 447) to provide pension and other benefits to retired employees of the Commonwealth, its public corporations, and municipalities ("ERS participants"). Prior to the effect of Act No. 106 of August 23, 2017 (Act No. 106-2017) the Plan was administered by the Employees' Retirement System of the Government of the Commonwealth of Puerto Rico. Effective July 1, 2017, all employer contributions were eliminated pursuant to Act No. 106-2017 and the Commonwealth implemented a "pay-as-you-go" (PayGo) system for the payment of pensions. Total employee contributions for the PayGo system during the year ended June 30, 2024, were approximately $10.8 million.

NOTE 10 – EMPLOYEE'S RETIREMENT PLAN, cont.

Pension and Plan Description, cont.

As a result of the implementation of the PayGo system, the Plan does not meet the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 68*, Accounting and Financial Reporting for Pensions*, to be considered a plan that is administered through a trust or equivalent arrangement and, therefore, is required to apply the guidance in GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* Under the guidance of GASB Statement No. 73, the Commonwealth and its component units are considered to be one employer and are classified for financial reporting purposes as a single-employer defined benefit pension plan.

Act No. 106-2017 also terminated the previously existing pension programs for ERS participants as of June 30, 2017, and created a new defined contribution plan (the New Defined Contribution Plan) for existing active members and new employees hired on or after July 1, 2017. This plan is like a 401(k) and is managed by a private entity. Future benefits will not be paid by the Plan. Under the New Defined Contribution Plan, members of the prior programs and new governmental employees hired on and after July 1, 2017, will be enrolled in the New Defined Contributions Program that will be selected by the Retirement Board established under Act No. 106-2017.

Act No. 106-2017, among other things, amended Act No. 447 with respect to the Plan's governance, funding, and benefits for active members of the actual program and newly hired members. Under Act 106-2017, the Plan's Board of Trustees was eliminated, and a new Retirement Board was created. The Retirement Board is currently responsible for governing all the Commonwealth's three major pension systems, including the Plan.

Defined Benefit Program

The benefits provided to the Plan participants are established by Commonwealth law and may be amended only by the Legislature with the Governor's approval, or by court decision.

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

- Members of Act No. 447 are generally those members hired before April 1, 1990 (contributory, defined benefit program).
- Members of Act No. 1 of February 16, 1990 (Act No. 1) are generally those members hired on or after April 1, 1990, and on or before December 31, 1999 (contributory, defined benefit program).
- Members of Act No. 305 of September 24, 1999 (Act No. 305 or System 2000) are generally those members hired on or after January 1, 2000, and on or before June 30, 2013 (defined contribution program).

NOTE 10 – EMPLOYEE'S RETIREMENT PLAN, cont.

Defined Benefit Program, cont.

All regular employees hired for the first time on or after July 1, 2013, and former employees who participated in the defined benefit program and the System 2000 program, and were rehired on or after July 1, 2013, become members of the Contributory Hybrid Program as a condition to their employment. In addition, employees who on June 30, 2013, were participants of previous programs became part of the Contributory Hybrid Program on July 1, 2013. Also, Act No. 3 of April 4, 2013 (Act No. 3 of 2013) froze all retirement benefits accrued through June 30, 2013, under the defined benefit program and, thereafter, all future benefits accrued under the defined contribution formula used for the System 2000 program participants.

Service Retirement Eligibility Requirements

(1) *Eligibility for Act No. 447 Members* – members who were eligible to retire as of June 30, 2013, continue to be eligible to retire at any time. Prior to July 1, 2013, Act No. 447 members could retire upon (1) attainment of age 55 with 25 years of credited service, (2) attainment of age 58 with 10 years of credited service, (3) any age with 30 years of credited service. In addition, Act No. 447 members who attained 30 years of credited service by December 31, 2013, are eligible to retire at any time. Act No. 447 members who were not eligible to retire as of June 30, 2013, did not attain 30 years of credited service by December 31, 2013, are eligible to retire with 10 years of credited service upon attainment of the retirement eligibility age shown in the table below.

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

(2) *Eligibility for Act No. 1 Members* – members who were eligible to retire as of June 30, 2013, continue to be eligible to retire at any time. Prior to July 1, 2013, Act No. 1 members could retire upon (1) attainment of age 55 with 25 years of credited service, or (2) attainment of age 65 with 10 years of credited service. Act No. 1 members who were not eligible to retire as of June 30, 2013, are eligible to retire upon attainment of age 65 with 10 years of credited service.

(3) *Eligibility for System 2000 Members* – members who were eligible to retire as of June 30, 2013, continue to be eligible to retire at any time.

NOTE 10 – EMPLOYEE'S RETIREMENT PLAN, cont.

Service Retirement Eligibility Requirements, cont.

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

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

Service Retirement Annuity Benefits

An annuity is payable for the lifetime of the member equal to the annuitized value of the balance in the hybrid contribution account at the time of retirement, plus, for Act No. 447 and Act No. 1 members, the accrued benefit determined as of June 30, 2013. If the balance in the hybrid contribution account is $10,000 or less, it shall be paid as a lump sum instead of as an annuity. For System 2000 participants this service retirement annuity benefit is not available.

Retirement benefits were determined by the application of stipulated benefit ratios to the member's average compensation. Average compensation was computed based on the highest 36 months of compensation recognized by the Plan. The annuity, for which a plan member was eligible, was limited to a minimum of $500 per month and a maximum of 75% of the average compensation.

Refer to the stand-alone financial statements of the Plan for further information on additional benefits.

Total Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2024, AEDA reported a liability of approximately $168 million for its proportionate share of the total pension liability.

AEDA's total pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the total pension liability was determined by an actuarial valuation as of July 1, 2022, rolled forward to the measurement date of June 30, 2023. AEDA's proportion of the total pension liability was based on the ratio of AEDA's actual benefit payments for allocation to the aggregate total benefit payments for allocation paid by all participating entities during the year ending on the measurement date.

NOTE 10 – EMPLOYEE'S RETIREMENT PLAN, cont.

Total Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions, cont.

As of June 30, 2024, AEDA's proportion was 0.81133%, which was the June 30, 2023, base as required by GASB No. 73:

Proportion June 30, 2022	0.84022%
Proportion June 30, 2023	0.81133%
Change - Increase (Decrease)	**-0.02889%**

Actuarial Assumptions and Methods:

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

Discount Rate

The discount rate for June 30, 2023, was 3.65%. This represents the municipal bond return rate as chosen by the Commonwealth. The source is the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality

The mortality tables used for June 30, 2023; actuarial valuation was as follows:

a) *Pre-retirement Mortality*

For general employees not covered under Act No. 127-1958, PubG-2010 Employee Mortality Rates adjusted by 100% for males and 110% for females, projected to reflect Mortality Improvement Scale MP-2021 on a generational basis. For members covered under Act No. 127, PubS-2010 Employee Mortality Rates are assumed for males and females, projected forward using MP-2021 on a generational basis. As generational tables, they reflect mortality improvements both before and after the measurement date. 100% of deaths while in active service are assumed to be occupational for members covered under Act 127-1958.

b) *Post-retirement Retiree Mortality*

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

NOTE 10 – EMPLOYEE'S RETIREMENT PLAN, cont.

Actuarial Assumptions and Methods, cont.

c) *Post-retirement Disabled Mortality*

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

d) *Post-Retirement Beneficiary Mortality*

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

Other Assumptions as of June 30, 2023

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

Sensitivity of AEDA's proportionate share of the total pension liability to changes in the discount rate.

The following table presents AEDA's proportionate share of the total pension liability for the Plan calculated using the discount rate of 3.65% as well as what AEDA's proportion of the total pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Description	At 1% decrease (2.65%)	At current discount rate (3.65%)	At 1% increase (4.65%)
Total Pension Liability:			
Govermental Activities	$ 67,641,269	$ 60,667,221	$ 54,825,372
Business-Type Activities	120,251,142	107,852,834	97,467,324
	$ 187,892,411	$ 168,520,055	$ 152,292,696

NOTE 10 – EMPLOYEE'S RETIREMENT PLAN, cont.

As of June 30, 2024, the reported deferred outflows of resources and deferred inflows of resources related to pensions are related to the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 117,436	$ 1,051,020
Change in assumptions	6,434,737	-
Changes in Proportion	725,899	388,351
Benefits paid subsequent to measurement date	10,405,420	-
	$ 17,683,492	1,439,371

Deferred outflows of resources related to pension benefit payments made by AEDA subsequent to the measurement date amounted to approximately $10.4 million, will be recognized as a reduction of the total pension liability for the ended June 30, 2024.

Sensitivity of AEDA's proportion of the total pension liability to changes in the discount rate.

Amounts reported as deferred outflows/inflows of resources from pension activities as of June 30, 2024, will be recognized in the pension expense (benefit) for the following five years period:

Year ending June 30,	Amount
2025	$ 1,167,740
2026	1,167,740
2027	1,167,740
2028	1,167,740
2029	1,167,741
Total	$ 5,838,701

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NOTE 11– COMPONENTS OF FUND BALANCE

Fund balances are presented in the following categories: non-spendable, restricted, committed, assigned, and unassigned. A detailed schedule of fund balances on June 30, 2024, is as follows:

	GENERAL FUND	INCENTIVES FUND	JOINT RESOLUTIONS FUND	FEDERAL GRANTS FUND	TOTAL GOVERNMENTAL FUNDS
Restricted	$ -	$ -	$ -	$ 2,811,718.00	$ 2,811,718
Nonspendable	478,814	-	-	-	478,814
Commited	-	-	10,645,455	-	10,645,455
Unassigned (Deficit)	32,320,249	(23,696,508)	-	-	8,623,741
Total Fund Balances	$ 32,799,063	$ (23,696,508)	$ 10,645,455	$ 2,811,718	$ 22,559,728

NOTE 12 – LEASES

A. Lease Receivables

AEDA has entered into contract agreements with third parties to lease land, property and equipment owned by AEDA for commercial and agricultural purposes. The lease terms range from five to fifteen years and AEDA will receive monthly payments that range from $25 to $1,140. AEDA recognized $241,127 in lease revenue and $36,129 in interest revenue during the current fiscal year. As of June 30, 2024, AEDA's governmental activities receivables for lease payments totaled $529,517.

Lease receivables are recorded by AEDA at the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on prevailing market rates as of June 30, 2024, for discounting cash flows based on a 100% cash allocation. Prevailing markets rates are based on expected returns for cash based on a survey of expert forecasts for the yields on 3-Month Treasury Bills over the next 10 years published by Blue Chip Financial Forecasts and longer-term forecasts published by the Congressional Budget Office. Lease receivables are measured at discount rates between 1.7% and 8.25%.

NOTE 12 – LEASES, cont.

A. Lease Receivables, cont.

The following schedule details future minimum payments to be received by year as of June 30, 2024:

Year Ending June 30	Govermental Activities Principal	Interest
2025	$ 128,102	$ 32,932
2026	58,467	29,282
2027	62,730	25,163
2028	53,683	21,309
2029	60,230	17,512
2030-2039	166,305	40,849
Total Lease Receivables	$ 529,517	$ 167,047

B. Lease Payables

AEDA routinely leases land, buildings and equipment in lieu of purchasing assets. During the current fiscal year, AEDA entered into a five-year lease agreement as a lessee for the use of land as a parking lot for employees and visitors. AEDA is required to make monthly principal and interest payments of $2,700. As of June 30, 2024, AEDA's governmental activities for lease liabilities totaled $125,723. Lease obligations are measured at a discount rate of 1.15% and are based on AEDA's estimated prevailing market rates unless the discount rate is known.

The following is a schedule by fiscal year of principal and interest payments due for lease payments as of June 30, 2024:

Fiscal Year Ending June 30	Govermental Activities Principal	Interest
2025	$ 24,976	$ 7,424
2026	26,684	5,717
2027	74,063	3,375
Total lease liabilities	$ 125,723	$ 16,516

NOTE 13 – CONTINGENCIES

Litigations

AEDA is a defendant in several lawsuits arising in the normal course of business. A reserve of $204,000 has been recorded related to lawsuits filed by employees asserting claims against the Agency. Management believes the reserve appropriately reflects the estimated loss associated with these matters. Management also believes that the ultimate resolution of these claims will not have a material adverse effect on AEDA's financial position, results of operations, or cash flows beyond the amounts already reserved.

Federal and State Awards

AEDA participates in several financial assistance programs funded by the federal government. Expenditures financed by these programs are subject to financial and compliance audits by the appropriate grantors or their representatives. If expenditures are disallowed due to noncompliance with grant program regulations, AEDA may be required to reimburse the grantors for such expenditures.

AEDA is, from time to time, audited by the Office of the Comptroller of Puerto Rico ("OCPR") where audits could result in request for reimbursements or other resolutions. These amounts, if any, of expenditures, which may be disallowed, cannot be determined at this time. Management believes that such disallowances, if any, will not have a material effect on the financial statements of AEDA.

NOTE 14 – SUBSEQUENT EVENTS

AEDA has evaluated all transactions occurring after the statement of net position as of June 30, 2024, for items that should potentially be recognized or disclosed in the financial statements. The evaluation was conducted through May 27, 2025, the date the accompanying financial statements were available to be issued. No subsequent events occurred that need to be disclosed.

END OF NOTES

Required Supplementary Information

COMMONWEALTH OF PUERTO RICO
AGRICULTURAL ENTERPRISES DEVELOPMENT ADMINISTRATION

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONAL SHARE OF THE TOTAL PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Description	2024*	2023*	2022*	2021*	2020*	2019*	2018*
Proportion of Total Pension Liability	0.81133%	0.84022%	0.75054%	0.66241%	0.64824%	0.64925%	0.66073%
Proportionate Share of Total Pension Liability	$ 168,520,055	$ 186,128,589	$ 204,030,330	$ 185,935,812	$ 161,090,274	$ 158,998,885	$ 186,354,914

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

There are no assets accumulated in a trust for payment of defined pension benefits participants, and the plan is not administered through a trust or equivalent arrangement

Fiscal year 2019 was the first year that the AEDA transitioned from GASB No. 68 to No. GASB 73, as a result of the PayGo system implementation. This schedule is required to illustrate 10 years of information. However, until a 10-year trend has been completed, information is presented only for the years for which the required supplementary information is available.

Description	2024*	2023*	2022*	2021*	2020*	2019*	2018*
Proportion of Total Other Post Employment Benefit Liability	1.11507%	1.10852%	0.85216%	0.75373%	0.75866%	0.75475%	0.75772%
Proportionate Share of Total Other Post Employment Benefit Liability	$7,209,615	$7,710,915	$6,801,210	$6,592,327	$6,313,811	$6,356,191	$6,974,928

*The amounts presented have a measurement date of the previous fiscal year end.
*The coverage payroll disclosure is omitted because contributions were eliminated after the enactment of Act No. 106-2017 and are no longer based on payroll.

There are no assets accumulated in a trust for payment of OPEB related benefits, and the plan is not administered through a trust or equivalent arrangement

Fiscal year 2018 was the first year that the new requirements of GASB 75 were implemented by AEDA. This schedule is required to illustrate 10 years of information. However, until a 10-year trend has been completed, information is presented only for the years for which the required supplementary information is available.