Puerto Rico Infrastructure Financing Authority
(A Component Unit of the Commonwealth of Puerto Rico)

Uniform Guidance Report
June 30, 2025
With Independent Auditors' Report

Puerto Rico Infrastructure Financing Authority
(A Component Unit of the Commonwealth of Puerto Rico)

Uniform Guidance Report
Year Ended June 30, 2025

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INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of the
Puerto Rico Infrastructure Financing Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Puerto Rico Infrastructure Financing Authority, a Component Unit of the Commonwealth of Puerto Rico, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Puerto Rico Infrastructure Financing Authority'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 and each major fund of the Puerto Rico Infrastructure Financing Authority, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the Puerto Rico Infrastructure Financing Authority 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 - Financial Dependency

As referred to in the Note 3 to the basic financial statement, the Puerto Rico Infrastructure Financing Authority's main source of revenue consists of legislative appropriations from the Commonwealth of Puerto Rico. As a result, the Puerto Rico Infrastructure Financing Authority's operations are dependent on the Commonwealth of Puerto Rico's ability to continue providing funding to the Puerto Rico Infrastructure Financing Authority through legislative appropriations which are approved by the Financial Oversight and Management Board.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Puerto Rico Infrastructure Financing Authority'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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Puerto Rico Infrastructure Financing Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Puerto Rico Infrastructure Financing Authority'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, the Schedule of Component Unit's Proportionate Share of Collective Total Pension Liability and Related Ratios, the Schedule of Component Unit's Proportionate Share of Collective Total Other Post Employment Benefits Liability and Notes to Required Supplementary Information be presented to supplement the basic financial statements. Such information although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2026 on our consideration of the Puerto Rico Infrastructure Financing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Puerto Rico Infrastructure Financing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Puerto Rico Infrastructure Financing Authority's internal control over financial reporting and compliance.

San Juan, Puerto Rico
March 30, 2026.

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Puerto Rico Infrastructure Financing Authority
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RSM Puerto Rico

This section presents a narrative overview and analysis of the financial performance of the Puerto Rico Infrastructure Financing Authority (the Authority). It is designed to assist the reader in focusing on significant financial issues, provide an overview of the Authority's financial activity, identify changes in the Authority's financial position, and identify individual issues or concerns. The information presented here should be read in conjunction with the basic financial statements, including the notes thereto.

1. FINANCIAL HIGHLIGHTS

- Total assets increased by approximately $22.5 million, or 8%, while deferred outflow of resources decreased by approximately $165 thousand, or 48.8%, when compared to the fiscal year ended June 30, 2024.

- Capital assets reflected a net decrease of approximately $366.3 thousand, or 1.7%, when compared to the fiscal year ended June 30, 2024.

- Total liabilities increased by approximately $15 million or 6.7%, while deferred inflow of resources decreased by approximately $25 thousand or 100%, when compared to fiscal year ended June 30, 2024.

- The net position of the Authority increased by approximately $7.4 million, or 12.5%, when compared to fiscal year ended on June 30, 2024.

- Revenues increased by approximately $9.6 million, or 22.5%, when compared to the fiscal year ended June 30, 2024.

- Expenses increased by $13.4 million, or 42.3%, when compared to the fiscal year ended June 30, 2024.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis is required supplementary information to the basic financial statements and is intended to serve as an introduction to the basic financial statements of the Authority. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the basic financial statements.

Government-wide Financial Statements – The government-wide financial statements provide readers with a broad overview of the Authority's finances, in a manner similar to a private sector business. The statements provide both short and long-term information about the Authority's financial position, which assists in assessing the Authority's economic condition at the end of the fiscal year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This basically means that the statements follow methods that are similar to those used by private non-governmental organizations. They take into account all revenues and expenses connected with the fiscal year even if the cash involved has not been received or paid.

The government-wide financial statements include two statements:

- ***Statement of Net Position*** – This statement presents all of the Authority's assets, liabilities and deferred outflows and inflows of resources. Net position is the difference between (a) assets and deferred outflows of resources, and (b) liabilities and deferred inflows of resources. Over time, increases or decreases in the Authority's net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

- ***Statement of Activities*** – This statement presents information showing how the Authority's net position (deficit) changed during the most recent fiscal year. All changes in net position (deficit) 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 not result in cash flows until future fiscal periods.

The government-wide financial statements present the following column segregated by activities:

- ***Governmental Activities*** – These activities are mostly supported by intergovernmental revenue (Contributions from the Commonwealth of Puerto Rico). Most services normally associated with the Authority fall into general government, economic development, education, aqueduct and sewers, transportation, recreation and sports, edifications, arts and entertainment, and public safety.

The government-wide financial statements can be found immediately following this Management's Discussion and Analysis.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority has one type of fund, which is governmental funds. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Authority's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental fund with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of financial decisions related to the Authority's governmental activities. 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.

Governmental Fund Financial Statements – The Authority has one major governmental fund. In instances that the entity has more than one fund, each major fund would be presented in a separate column in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The Authority's major governmental fund is the General Fund.

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

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Governmental entities are required by accounting principles generally accepted in the United States of America (US GAAP), as prescribed by the Government Accounting Standard Board (GASB), to report on their net position. The Statement of Net Position presents the value of all of the Authority's assets and deferred outflow of resources, liabilities and deferred inflow of resources, with the difference between them reported as net position.

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The following was derived from the Statement of Net Position as of June 30, 2025 and 2024:

	Governmental Activities			
	2025	**2024**	**Change**	**Percentage**
Assets:				
Current assets	$ 27,470,072	$ 23,684,970	$ 3,785,102	16.0%
Capital assets, net	20,889,110	21,255,370	(366,260)	(1.7)%
Noncurrent assets	255,730,960	236,603,495	19,127,465	8.1%
Total assets	304,090,142	281,543,835	22,546,307	8.0%
Deferred outflows of resources	173,101	338,396	(165,295)	(48.8)%
Liabilities:				
Liabilities due within one year	232,643,590	218,138,892	14,504,698	6.6%
Liabilities due after one year	5,050,451	4,538,582	511,869	11.3%
Total liabilities	237,694,041	222,677,474	15,016,567	6.7%
Deferred inflow of resources	-	24,986	(24,986)	(100.0)%
Net position:				
Net investment in capital assets	20,889,110	21,255,370	(366,260)	(1.7)%
Restricted for - Other purposes	24,001,255	10,995,155	13,006,100	118.3%
Unrestricted	21,678,837	26,929,246	(5,250,409)	(19.5)%
Total net position	$ 66,569,202	$ 59,179,771	$ 7,389,431	12.5%

Overall, the Authority's net position for governmental activities increased by approximately $7.4 million, or 12.5% during the fiscal year ended June 30, 2025.

Total assets for governmental activities increased by approximately $22.5 million, or 8%, during the fiscal year ended June 30, 2025, mainly related to an increase of approximately $23.9 million in funds received from other agencies to perform work related to construction projects, which was offset by a decrease in capital assets net of approximately $366 thousand.

Deferred outflows of resources decreased by approximately $165.3 thousand, or 48.8% for the fiscal year ended June 30, 2025, as a result of a change in estimate related to total pension liability.

Total liabilities for governmental activities increased by approximately $15 million, or 6.7%, mainly related to a decrease in accounts payable and accrued expenses amounting to $6.5 million, an increase in accrued legal expenses amounting to $390 thousand and an increase in advances received from other agencies amounting to $21 million.

Condensed program net revenues or expenses and changes in net position are presented below:

	Governmental Activities			
	2025	**2024**	**Change**	**Percentage**
Revenues:				
Program revenues:				
Operating grants and contributions	$ 44,745,981	$ 31,825,611	$ 12,920,370	40.6%
Charges for services	235,378	81,328	154,050	189.4%
General revenues (expenses):				
Net increase (decrease) in fair value of investments	(120,549)	516,159	(636,708)	(123.4)%
Contribution to the Commonwealth of Puerto Rico	(749,207)	-	(749,207)	(100.0)%
Interest Income	8,302,961	10,367,555	(2,064,594)	(19.9)%
Total revenues	52,414,564	42,790,653	9,623,911	22.5%
Expenses:				
Functions/Programs:				
General government	37,088,773	22,315,270	14,773,503	66.2%
Education, aqueduct and sewers, and transportation	2,335,398	5,663,536	(3,328,138)	(58.8)%
Recreation and sports	1,424,819	-	1,424,819	100.0%
Edifications	4,176,143	3,652,881	523,262	14.3%
Total expenses	45,025,133	31,631,687	13,393,446	42.3%
Change in net position	7,389,431	11,158,966	(3,769,535)	(33.8)%
Beginning net position	59,179,771	48,020,805	11,158,966	23.2%
Ending net position	$ 66,569,202	$ 59,179,771	$ 7,389,431	12.5%

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Revenues – Total revenues increased by approximately $9.6 million, or 22.5% during the fiscal year ended June 30, 2025, mainly related to an increase in federal grants and contributions amounting to approximately $12.9 million over the $31.8 million received in fiscal year 2024, a contribution to the Commonwealth amounting to $749.2 thousand, a decrease in interest income of approximately $2 million, and a decrease in fair value of investments amounting to approximately $637.7 thousand.

Expenses – Total expenses increased by approximately $13.4 million, or 42.3% during the fiscal year ended June 30, 2025, mainly related to an increase in expenditures related to general government amounting to approximately $14.8 million, which are related to increase in federal grants received, and a decrease in education, aqueduct and sewers and transportation expenses amounting to $2.8 million.

4. GOVERNMENTAL FUNDS RESULTS

General Fund – Total assets in the general fund increased from approximately $258.8 million in fiscal year 2024 to approximately $281.8 million in fiscal year 2025, as a result of funds received from other governmental entities for the construction of projects amounting to approximately $24 million and a decrease in due from Commonwealth amounting to approximately $800 thousand.

Total liabilities increased from approximately $216.7 million in fiscal year 2024 to approximately $231.3 million in fiscal year 2025 as a result of a decrease in accounts payable and accrued liabilities amounting to approximately $6.5 million, and an increase in funds received from other governmental entities in the amount of approximately $21 million.

Revenues in the general fund increased from approximately $42.8 million in fiscal year 2024 to approximately $53.2 million in fiscal year 2025, mainly due to an increase in contributions of federal grants received amounting to approximately $34.5 million, when compared to $21 million from fiscal year 2024. Expenses in the general fund increased from $32.9 million in fiscal year 2024 to approximately 44.7 million in fiscal year 2025, mainly due to an increase in federal funds expended amounting to approximately $33.6 million related to the Memorandum of Understanding (MOU) signed between the Authority, Department of Education (DOE) and Puerto Rico Fiscal Agent and Financial Advisory Authority (AAFAF) for public schools improvements to be made.

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5. CAPITAL ASSETS

Capital Assets

Non-depreciable capital assets represent construction work in progress, including land in which infrastructure projects are or will be developed. Depreciable assets include furniture and equipment, vehicles, buildings, and right to use lease assets. The following is a schedule of the Authority's capital assets balances:

	Total	
	2025	**2024**
NON DEPRECIABLE CAPITAL ASSETS:		
Land	$ 10,126,943	$ 10,126,943
DEPRECIABLE CAPITAL ASSETS:		
Building	13,562,885	13,562,885
Right to use lease assets	208,595	208,595
Furniture and equipment	1,223,306	1,195,630
Vehicles	57,692	57,692
Total depreciable capital assets	15,052,478	15,024,802
Less accumulated depreciation and amortization	4,290,311	3,896,375
Capital assets - net	$ 20,889,110	$ 21,255,370

Governmental activities net capital assets decreased from approximately $21.3 million in fiscal year 2024 to approximately $20.9 million in fiscal year 2025. The decrease amounting to approximately $366 thousand is mainly related to the depreciation of assets during the fiscal year 2025.

6. CURRENTLY KNOWN FACTS

Authority Budget

The Commonwealth of Puerto Rico and the Financial Oversight and Management Board approved a budget amounting to approximately $3.7 million for the fiscal year ended on June 30, 2026.

During the fiscal year 2026 the Authority received $12 million from the Commonwealth construction or development of projects.

7. REQUEST FOR INFORMATION

This financial report is designed to provide all interested with a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Puerto Rico Infrastructure Financing Authority, PO Box 41207, Minillas Station, San Juan, PR 00940.

Puerto Rico Infrastructure Financing Authority
(A Component Unit of the Commonwealth of Puerto Rico)

Statement of Net Position
June 30, 2025

	Total
ASSETS:	
Cash and cash equivalents in commercial banks	$ 17,150,894
Due from other governmental entities	4,021,004
Due from Commonwealth of Puerto Rico	6,298,175
Prepaid expenses and other assets	1,416,927
Other	2,600
Restricted assets:	
Cash and cash equivalents in commercial banks	240,496,695
Accrued interest receivable	382,495
Investments in debt securities	13,432,242
Capital assets, net:	
Non-depreciable:	
Land	10,126,943
Depreciable assets, net	10,762,167
Total assets	304,090,142
DEFERRED OUTFLOWS OF RESOURCES:	
Pension related	173,101
Total deferred outflows of resources	173,101
Total assets and deferred outflows of resources	304,263,243
LIABILITIES, AND NET POSITION	
LIABILITIES:	
Accounts payable and accrued expenses	84,496,949
Advances received from other governmental entities	146,783,633
Liabilities due in one year:	
Lease liability	45,048
Accrued legal expenses	1,051,145
Compensated absences	199,795
Total pension liability	64,620
OPEB liability	2,400
Liabilities due in more than one year:	
Accrued legal expenses	947,020
Compensated absences	244,052
Total pension liability	3,802,726
OPEB liability	56,653
Total liabilities	237,694,041
NET POSITION :	
Net investment in capital assets	20,889,110
Restricted for:	
Capital Project	24,001,255
Unrestricted	21,678,837
TOTAL NET POSITION	$ 66,569,202

The accompanying notes are an integral part of this basic financial statement.

Puerto Rico Infrastructure Financing Authority
(A Component Unit of the Commonwealth of Puerto Rico)

Statement of Activities
For the Fiscal Year Ended June 30, 2025

		Program Revenues		Net (expense) / revenue and changes in net position
Functions / Programs	**Expenses**	**Operating Grants and Contributions**	**Charges for Services**	**Governmental Activities**
GOVERNMENTAL ACTIVITIES:				
General government	$ 36,847,817	$ 44,745,981	$ 235,378	$ 8,133,542
Education, aqueduct and sewers and transportation	2,335,398	-	-	(2,335,398)
Environmental protection	1,424,819	-	-	(1,424,819)
Edifications	4,176,143	-	-	(4,176,143)
Total governmental activities	$ 44,784,177	$ 44,745,981	$ 235,378	$ 197,182
GENERAL REVENUES (EXPENSES) :				
Change in fair value of investments				(120,549)
Contribution to Commonwealth of Puerto Rico				(749,207)
Interest income				8,302,961
Total general revenues				7,433,205
CHANGE IN NET POSITION				7,630,387
NET POSITION - Beginning of year, as previously reported				59,179,771
Adoption of Governmental Accounting Standard Statement 101				(240,956)
NET POSITION - Beginning of year as restated				58,938,815
NET POSITION - End of year				$ 66,569,202

The accompanying notes are an integral part of this basic financial statement.

Puerto Rico Infrastructure Financing Authority
(A Component Unit of the Commonwealth of Puerto Rico)

Balance Sheet-Governmental Fund
June 30, 2025

		Governmental Fund
ASSETS		
Cash and cash equivalents in commercial banks	$	17,150,893
Due from other governmental entities		4,021,004
Due from Commonwealth of Puerto Rico		6,298,175
Other		2,600
Restricted assets:		
Cash and cash equivalents in commercial banks		240,496,695
Accrued interest receivable		382,495
Investments		13,432,242
	$	281,784,104
LIABILITIES:		
Accounts payable and accrued liabilities	$	84,496,948
Advances received from other governmental entities		146,783,633
Total liabilities		231,280,581
FUND BALANCES:		
Restricted		30,241,613
Unassigned		20,261,910
Total fund balances		50,503,523
	$	281,784,104

The accompanying notes are an integral part of this basic financial statement.

Puerto Rico Infrastructure Financing Authority
(A Component Unit of the Commonwealth of Puerto Rico)

Reconciliation of the Balance Sheet to the Statement of Net Position
Fiscal Year Ended June 30, 2025

FUND BALANCES - GOVERNMENTAL FUNDS		$ 50,503,523
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These amounts are:		
Non-depreciable capital assets	10,126,943	
Depreciable capital assets, net	10,762,167	20,889,110
Prepaid expenses are not available to pay current period expenditures and, therefore, are not deferred in the funds		1,416,927
Deferred outflows of resources are not available to pay current period expenditures and, therefore, are not deferred in the funds		
Pension related		173,101
Liabilities, including bonds payable, loans payable, net pension liability, and accrued interest payable are not due and payable currently and, therefore, are not reported in the funds		
Long term lease	(45,047)	
Total pension liability	(3,867,347)	
Accrued legal reserve	(1,998,165)	
Other than pension benefits	(59,053)	
Compensated absences	(443,847)	(6,413,459)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 66,569,202

The accompanying notes are an integral part of this basic financial statement.

Puerto Rico Infrastructure Financing Authority
(A Component Unit of the Commonwealth of Puerto Rico)

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2025

	Governmental Fund
REVENUES:	
Intergovernmental revenues:	
Contributions from Commonwealth of Puerto Rico	$ 10,240,236
Contributions from Federal Funds	34,505,745
Interest and investment income:	
Interest bearing demand deposits	8,302,961
Change in fair value in investments	(120,549)
Other	235,378
Total revenues	53,163,771
EXPENDITURES:	
Current:	
General government	36,026,183
Education, aqueduct and sewers and transportation	2,335,398
Environmental protection	1,424,819
Edifications	4,176,143
Contribution to Commonwealth of Puerto Rico	749,207
Capital outlays	27,676
Total expenditures	44,739,426
NET CHANGES IN FUND BALANCES	8,424,344
FUND BALANCES - beginning of year	42,079,179
FUND BALANCES - end of year	$ 50,503,523

The accompanying notes are an integral part of this basic financial statement.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund to the Statement of Activities
Fiscal Year Ended June 30, 2025

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS			$	8,424,344
Amounts 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. This is the amount by which depreciation exceeded capital outlays in the current period. For the year these amounts are:				
Equipment acquisition	$	27,676		
Depreciation expense		(393,937)		(366,261)
Governmental funds report intangible right-to-use leased assets as expenditures and other financing sources but as they do not require the use or provide current financial resources, they are not reported as expenses or revenues in the statement of activities. However, in the statement of activities, this intangible asset is required to be amortized over its estimated useful life and reported as amortization expense, and consistent with the lease liability treatment				43,242
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount includes:				
Insurance expense	$	(68,227)		
Pension expense		1,027		
Other postemployment benefit expense		886		
Accrued compensated absences		(15,874)		
Legal reserve expense		(388,750)		(470,938)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES			$	7,630,387

The accompanying notes are an integral part of this basic financial statement.

1. REPORTING ENTITY

The Puerto Rico Infrastructure Financing Authority (the Authority or PRIFA) is a Component Unit of the Commonwealth of Puerto Rico (the Commonwealth) created by Act No. 44 of June 21, 1988, as amended (Act No. 44), and an affiliate of the Government Development Bank for Puerto Rico (GDB), another Component Unit of the Commonwealth. On March 23, 2018, GDB ceased its operations, and it is currently winding down its operations in an orderly fashion under Title VI of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA). The Authority was organized to provide administrative and other types of assistance to public corporations, municipalities, and other governmental instrumentalities or political subdivisions of the Commonwealth that develop and operate infrastructure facilities. The accompanying financial statements present the net position and results of operations of the entity as a whole and by major funds that are governed by the Authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Authority conform to accounting principles generally accepted in the United States of America (US GAAP) for governments, as prescribed by the Governmental Accounting Standard Board (GASB).

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Following is a description of the Authority's most significant accounting policies:

Government-Wide Financial Statements – The statement of net position and the statement of activities report information on all activities of the Authority. The effect of interfund balances has been removed from the government-wide statement of net position. Interfund charges for services among functions of the government-wide statement of activities have not been eliminated. Governmental activities are generally financed through intergovernmental revenue.

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

- *Net Investment in Capital Assets* – This component of net position consists of capital assets, net of accumulated depreciation and amortization and is reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets, if any. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are 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.

- *Restricted* – This component of net position consists of restricted assets and deferred outflows of resources reduced by related liabilities and deferred inflows of resources. Generally, a liability relates to restricted assets if the assets result from a resource flow that also results in the recognition of a liability or if a liability will be liquidated with the restricted assets reported. Restricted net assets result when constraints are placed on the use of net assets, either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

- *Unrestricted* – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. When both restricted and unrestricted resources are available for use, it is the Company's policy to use restricted resources first and the unrestricted resources when they are needed.

The statement of activities demonstrates the degree to which the expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Certain indirect costs have been allocated and are reported as direct program expenses of individual functions or programs. Program revenues include: (1) interest and investment income, including the changes in the fair value of investments; (2) grants and contributions that are restricted to meet the operational or capital requirements of a particular function; and (3) certain charges for services to customers that purchase, use or directly benefit from services given by a particular function. Other items not meeting the definition of program revenues are instead reported as general revenue.

Governmental Funds Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements, when applicable.

Governmental Fund

Governmental funds focus on the sources and uses of funds and provide information on near-term inflows, outflows and balances of available resources. The Authority reports the following governmental fund:

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

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

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Funds Financial Statements – The governmental funds' financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues available if they are collected within 60 days after the end of the current fiscal year. Other revenues are considered measurable and available only when cash is received by the Authority. Expenditures generally are recorded when a liability is incurred. However, principal and interest on long term debt, loans and notes payable are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt, notes and loans and acquisitions under capital leases are reported as other financing sources.

Cash Equivalents – Cash equivalents are defined as highly liquid investments with original maturities at the date of purchase of 90 days or less.

Investments – To the extent available, the Authority's investments, except for money market investments, which use a cost base measure, are recorded at fair value as of June 30, 2025, following Governmental Accounting Standard Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 Investments whose values are based on quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 Investments with inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Investments have unobservable inputs for an asset or liability and may require a degree of professional judgment.

Realized gains and losses from the sale of investments and unrealized changes in fair values are recorded as investment income.

Accounts Receivable – Accounts receivable are stated net of estimated allowances for uncollectible accounts. The allowance is based on the evaluation of the risk characteristics of the receivable, including past collection experience and current economic conditions. Write-offs are recorded against the allowance when management believes that collectability is unlikely. Recoveries of amounts previously charged off are credited to the allowance and revenue is recognized when received. Because of uncertainties inherent in the estimation process, management's estimate may change in the future.

Prepaid Expenses – Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

Restricted Assets – Certain resources are received from the Commonwealth governmental entities and Municipalities for construction of capital projects and other purposes. All of these assets are classified as restricted assets in the accompanying statement of net position and governmental funds balance sheet because these resources are limited for these purposes by applicable agreements.

Capital Assets – Capital assets include land, construction in progress, buildings and building improvements, furniture and equipment, and vehicles. The threshold for capitalizing furniture and equipment, vehicles, and building improvements is $750. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are recorded at cost or estimated historical cost. Contributed assets are recorded at estimated fair value at the time received. Capital assets and related depreciation are recognized in the government-wide financial statements. Depreciation is determined using the straight-line method over the related asset's estimated useful lives. There is no depreciation recorded for land and construction in progress. In governmental funds financial statements, capital assets are recorded as expenditures, and no depreciation is recognized.

The ranges of the useful lives are as follows:

Description	Years
Building	40
Building improvements	15
Furniture and equipment	3-5
Vehicles	3-5

The costs of normal maintenance and repairs that do not add value to the asset or materially extend assets' lives are expensed.

Capital assets are evaluated for impairment, using the guidance provided by GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. Under this statement, governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of capital assets has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations, or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of capital assets, and construction stoppage, among others. The Authority's management determined that there were no impairment losses for the year ended June 30, 2025.

Leases

The Authority follows GASB Statement No. 87, Leases, which requires an assessment of all lease contracts. The Authority assesses whether a contract is or contains a lease, at inception of the contract. The Authority recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. Lease liabilities include the net present value of fixed payments. The lease payments are discounted using the interest rate in the lease which is 4.10%.

Lease payments are allocated between principal and interest or finance cost. The interest or finance cost is charged to statement of activities over the lease period. Right-of-use assets are measured at cost and are comprised of the following: 1) the amount of the initial measurement of lease liability; 2) any lease payments made at or before the commencement date less any lease incentives received; 3) any initial direct costs; and 4) restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The depreciation starts at the commencement date of the lease. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses) until then. The Authority has one item that qualifies for reporting in this category in the government-wide Statement of Net Position: certain pension-related items. In relation to the pension related items, which are related with the GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 (GASB No. 73)*, the changes in proportional share of contributions and differences between expected and actual experience are capitalized and recognized over a period equal to the expected remaining working lifetime of active and inactive participants. Net differences between projected and actual earnings on pension plan investments are deferred and recognized over a five-year period. Pension contributions made subsequent to the measurement date will be recognized as a reduction of the total pension liability after the next measurement date according to the requirements of GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*. There were no deferred outflows of resources at the governmental funds level.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

Changes in proportional share of contributions, differences between expected and actual experience, and changes in actuarial assumptions, are deferred and recognized over a period equal to the expected remaining working lifetime of active and inactive participants. Net differences between projected and actual earnings on pension plan investments are deferred and recognized over a five-year period. There were no deferred inflows of resources at the governmental funds level.

Advances Received from Other Governmental Entities – Accounts for funds received by the Authority from governmental entities and municipalities for the construction of capital projects, improvements or other purposes.

Compensated Absences – Based on the provisions of Act No. 26 of April 29, 2017, known as the Fiscal Plan Compliance Act (Act No. 26-2017), employees earn vacation benefits at a rate of 15 days per year, with 60 days as the maximum permissible accumulation at the end of any natural year. The Authority records as a liability and as an expense the vested accumulated vacation benefits accrued to employees, as provided by Act No. 26-2017.

During the fiscal year 2025 the Authority adopted GASB 101, Compensated Absences which required to recognize a liability for sick leave, as a result a sick leave liability was recognized based on the 90 day maximum permissible accumulation. For more information, please refer to Note 3.

Fund Balance – Fund balances for the governmental fund are displayed into the following classifications, when applicable, depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

Non-spendable – Amounts that cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of the resource providers.

Committed – Amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned – Amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.

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

For classification of governmental fund balances, the Authority considers expenditures to be made from restricted resources first, then in the following order: committed, assigned, and unassigned resources.

The Authority has no non-spendable, committed or assigned fund balances.

Risk Management – The Authority is responsible for assuring that the Authority's property is properly insured. Annually, the Authority evaluates the information regarding all property owned and the respective replacement values, and purchases property and casualty insurance policies. Insurance coverages for fiscal year 2025 remained similar to those of prior years. For the last five years, insurance settlements have not exceeded the amount of coverage.

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

As a result of the implementation of the PayGo system, the Plan no longer met the criteria of GASB Statement No. 68*, Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27 (*GASB Statement 68) to be considered a plan that is administered through a trust or equivalent arrangement, and therefore, it was necessary to start applying the guidance of GASB Statement No. 73. Statement No. 73 maintains the "accrual basis" model under Statement 68, where the total pension liability is actuarially determined. GASB Statement No. 73 requires a liability for pension obligations, known as the total pension liability, to be recognized on the balance sheets of participating employers. Changes in total pension liability are immediately recognized as pension expenses. As Act 106-2017 eliminated all contribution requirements for the Plan and converted it into a PayGo system, the corresponding actuarial calculation of the total pension liability and related accounts became one based on benefit payments rather than contributions. As a result, the Authority recognizes a total pension Liability, pension expenses and related accounts, accordingly. Further details on the accounting for pension costs are disclosed in Note 12.

The Central Government 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. Other employers also participate in the Plan. Because certain employers that are component units of the Commonwealth, such as the Authority, prepare individual financial statements, a proportionate share of pension related amounts is determined for these employers. Such proportionate share should be consistent with the manner in which 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.

ERS elected to use July 1 of each fiscal year as the measurement date for financial information. Based on this election, the June 30, 2024 actuarial measurement data was used for the pension benefits financial reporting recognition as of and for the fiscal year ended June 30, 2025.

The Authority's pension activity for the fiscal year ended June 30, 2025 amounted to a pension expense of approximately $174 thousand and the total pension liability as of June 30, 2025 amounted to approximately $3.9 million. See Note 11 for further required disclosures related to the Authority's pension obligations.

Accounting for Postemployment Benefit Costs other than Pensions - The Authority accounts for postemployment benefit costs other than pensions (OPEB) under the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as amended by GASB Statement No. 85, Omnibus 2017, which also requires additional reporting and disclosures for OPEB benefits provided through the ERS sponsored Medical Insurance Plan Contribution (ERS MIPC). GASB Statement No. 75 requires a liability for OPEB obligations, known as the Net OPEB Liability (Total OPEB Liability for unfunded plans), to be recognized on the balance sheets of participating employers. Changes in the Net OPEB Liability (Total OPEB Liability for unfunded plans) are immediately recognized as OPEB expenses.

GASB Statement No. 75 employs an "accrual basis" model, where the total OPEB obligation (actuarially determined) is compared to the plan's net position and the difference represents the Net OPEB Liability (Total OPEB Liability for unfunded plans). Further details on the accounting for OPEB costs are disclosed in Note 12.

The Central Government and its component units are considered to be one employer. Other employers also participate in the ERS OPEB Plan. Because certain employers that are component units of the Commonwealth, such as the Authority, prepare individual financial statements, a proportionate share or OPEB expense is determined for these employers. Statement No. 75 requires that such proportionate share should be consistent with the manner in which 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.

Because all participants in the ERS OPEB plan are inactive, there are no deferred inflows and outflows as any changes due to changes in actuarial assumptions or economic or demographic gains and losses are recognized immediately during the measurement year.

Termination Benefits – The Authority accounts for termination benefits in accordance with GASB Statement No. 47, *Accounting for Termination Benefits* (GASB Statement No. 47). Pursuant to the provisions of GASB Statement No. 47, in financial statements prepared on the accrual basis of accounting, employers should recognize a liability and expense for voluntary termination benefits (for example, early retirement incentives) when the offer is accepted, and the amount can be estimated. A liability and expense for involuntary termination benefits (for example, severance benefits) should be recognized in the government-wide financial statements when: (i) a plan of termination has been approved by those with the authority to commit the government to the plan, (ii) the plan has been communicated to the employees, and (iii) the amount can be estimated. In financial statements prepared on the modified accrual basis of accounting, liabilities and expenditures for termination benefits should be recognized to the extent the liabilities are normally expected to be liquidated with expendable available financial resources.

New Accounting Standards Adopted - During the fiscal year ended on June 30, 2025, certain governmental accounting pronouncements became effective, the adoption of GASB Statement No. 101 Compensated Absences had impact in the results of the operations, or in the presentation of the financial statements of the Authority, refer to Note 3 for more information.

Recently Issued Accounting Guidance - GASB has issued the following accounting pronouncements that have an effective date after June 30, 2025:

- **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.

  This Statement requires that the information presented in the Management's Discussion and Analysis (MD&A) be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Assets and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions.

  This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence.

  This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements.

This Statement requires governments to present budgetary comparison information using a single method of communication-RSI.

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 -** The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

  This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, and intangible right-to-use assets recognized in accordance with Statement No. 94, should be disclosed separately by major class of underlying assets in the capital asset note disclosures. Subscription assets recognized in accordance with Statement No. 96, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

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

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

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

Management is evaluating the impact that these Statements will have on the Authority's basic financial statements.

3. RESTATEMENT OF NET POSITION

During the fiscal year 2025 the Authority adopted GASB Statement No. 101 Compensated absences which provide guidance regarding the recognition of compensated absences including vacation and sick leave. The cumulative effect of the adoption of GASB 101 is explained as follows:

Net Position at the beginning of year as previously reported	$59,179,771
Cumulative effect of adoption of GASB 101:	
Increase in sick leave liability	(240,956)
Net Position at beginning of the year, as restated	$58,938,815

4. FINANCIAL DEPENDENCY AND CONSTRAINTS

The Authority's main source of revenue consists of legislative appropriations from the Commonwealth. As a result, the Authority's operations are dependent on the Commonwealth's ability to continue providing funding to the Authority through legislative appropriations which are approved by the Financial Oversight and Management Board (FOMB).

The Authority was organized to provide administrative and other types of assistance mainly related to constructions of facilities to public corporations, municipalities, and other governmental instrumentalities or political subdivisions of the Commonwealth that develop and operate infrastructure facilities. Funds received by the Authority from public corporations, municipalities or other governmental instrumentalities are restricted for the development or construction of projects.

5. CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits might not be recovered. However, the Commonwealth requires that public funds deposited in commercial banks in Puerto Rico must be fully collateralized for the amount deposited in excess of federal depository insurance.

As of June 30, 2025, the Authority's cash and cash equivalents are as follows:

	Cash and Cash Equivalents as of June 30, 2025	
Description	Book Balance	Bank Balance
Unrestricted:		
Cash in commercial banks	$ 17,150,894	$ 17,151,080
Restricted:		
Cash in commercial banks	240,496,695	240,646,538
	$ 257,647,589	$ 257,797,618

Restricted Funds amounting to approximately $240.5 million relate to construction of projects for governmental agencies or municipalities.

6. PUBLIC ENTITY TRUST CLAIM RECEIVABLE

On November 29, 2018, GDB completed a restructuring of certain of its indebtedness pursuant to a Qualifying Modification under Title VI of PROMESA (the GDB Qualifying Modification). Under the GDB Qualifying Modification, holders of certain bond and deposit claims exchanged their claims for bonds issued by a newly created public instrumentality, the GDB Debt Recovery Authority, and GDB transferred to such entity its municipal loan portfolio, a portion of its public entity loan portfolio, its real estate assets, and its unencumbered cash. In addition, pursuant to Act No. 109 of 2017, also known as the Government Development Bank for Puerto Rico Debt Restructuring Act (the GDB Restructuring Act), the balance of liabilities owed between the Commonwealth and its agents, instrumentalities and affiliates, including the Authority (each a Non-Municipal Government Entity) and GDB were determined by applying the outstanding balance of any deposits held at GDB in a Non-Municipal Government Entity's name against the outstanding balance of any loan of such Non-Municipal Government Entity owed to GDB or of any bond or note of such Non-municipal Government Entity held by GDB as of such date.

Those Non-Municipal Government Entities having net claims against GDB after giving effect to the foregoing adjustment, including the Authority, received their pro rata share of interests in a newly formed trust created by the GDB Restructuring Act, the Public Entity Trust (the PET). The interest received against the PET was deemed to be in full satisfaction of any and all claims the Authority may have against GDB.

As a result of the execution of the GDB Qualifying Modification, the Authority received beneficial units of the PET amounting to $19 million in exchange for the deposits held at GDB.

The assets of the PET (the PET Assets) consist of, among other items, an unsecured claim of $578 million against the Commonwealth, which is the subject of a proof of claim filed in the Commonwealth’s Title III case (the PET Claim). The FOMB objected to the PET Claim and the claim objection remains outstanding at this time. Non-municipal Government Entities’ recoveries on account of their interests in the PET will depend upon the recovery ultimately received by the PET on account of the PET Assets. As of the date hereof, the Court has not determined if the PET Claim is an allowed claim that will be entitled to a distribution. As a result, units received from the PET were accounted for with a carrying value of zero:

Description	Balance as of June 30, 2025	Allowance of Doubtful Accounts	Book Balance
PET Claim balance	$ 19,010,794	$ (19,010,794)	$ -

7. INVESTMENTS

In accordance with investment guidelines promulgated under Act No. 113 of August 3,1995, and Executive Order 1995-50A (the Investment Guidelines), the Authority is authorized to purchase or enter into the following investment instruments:

- U.S. Government and agencies obligations
- Certificates of deposit
- Bankers' acceptances
- Commercial paper
- Participations in the Puerto Rico Government Investment Trust Fund
- Obligations of the Commonwealth of Puerto Rico, its agencies, municipalities, public corporations, and instrumentalities
- Obligations of state and local governments of the United States of America
- Mortgage and asset-backed securities
- Corporate debt

The Investment Guidelines also establish other limitations and guidelines. Investments related to bond issuances are purchased in accordance with the related bond indenture.

Fair value of investments based on the hierarchy of inputs are determined as follows:

Description	Fair Value
Investments by Fair Value Level Type I	
Debt Securities:	
Puerto Rico Sales Tax Financing Corporation Revenue Bonds	$ 13,432,242

Based on concentrations of credit risk, investment by type in any one issuer representing 5% or more of total investments have been separately disclosed. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

The credit quality ratings for investments as of June 30, 2025, are as follows:

	Credit Risk Rating	
Counterparty	Standard & Poor's	Moody's
Puerto Rico Sales Tax Financing Corporations Revenue's Bonds	N/R	N/R

8. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets:				
Nondepreciable:				
Land	$ 10,126,943	$ -	$ -	$ 10,126,943
Depreciable:				
Building	13,562,885	-	-	13,562,885
Furniture and equipment	1,195,630	27,676	-	1,223,306
Right-to-use lease asset	208,595	-	-	208,595
Vehicles	57,692	-	-	57,692
Total capital assets	25,151,745	27,676	-	25,179,421
Less: Accumulated depreciation				
Building	2,583,407	322,926	-	2,906,333
Furniture and equipment	1,130,119	29,292	-	1,159,411
Right-to-use lease asset	125,157	41,719	-	166,876
Vehicles	57,692	-	-	57,692
Total accumulated depreciation	3,896,375	393,937	-	4,290,312
Capital assets, net	$ 21,255,370	$ (366,261)	$ -	$ 20,889,109
Total capital assets, net	$ 21,255,370	$ (366,261)	$ -	$ 20,889,109

The general fund received legislative appropriations for the construction of various projects for other governmental entities which are presented as an advance from other governmental entities.

During the year ended June 30, 2025, the Authority used unspent proceeds for construction costs incurred for the benefit of other instrumentalities, which are presented as current expenditures in the accompanying Statement of Revenues, Expenditures, and Changes in Fund balances — Governmental Funds, as follows:

Description	Amount
Education, aqueduct and sewers and transportation	$ 2,335,398
Environmental protection	1,424,819
Edifications	4,176,143
General Government	2,429,952
	$ 10,366,312

9. INTANGIBLE RIGHT-TO-USE LEASED ASSET AND LEASE LIABILITY

PRIFA entered into an agreement with AAFAF for the rent of approximately 8,633 rentable square feet of office space, and 15 parking spaces in certain building identified as the Roberto Sánchez Vilella Government Center (Minillas Government Center). The agreement has a termination date of June 30, 2026, and either party can terminate the agreement upon 30 days advance notice. Other terms and conditions for maintenance, operation of office building, insurance, and other miscellaneous items apply and are covered under several articles of the contract. As of July 1, 2021, PRIFA adopted GASB Statement No. 87, Leases which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this GASB Statement, PRIFA, as a lessee, is required to recognize a lease liability and an intangible right-to-use lease asset at the present value of its future minimum lease payments as of the adoption date. The right-to-use leased asset as of June 30, 2025, amounted to $41,719, net of accumulated amortization of $166,876.

The future minimum right-to-use lease obligations and the net present value of these minimum right-to-use lease payments as of June 30, 2025, were as follows:

Years Ending June 30,	Principal	Interest	Total Amount
2026	$ 45,048	$ 1,008	$ 46,056

Amortization and finance costs applicable to right-to-use leased asset and included within rent expense amounted to approximately $43,200 and $2,800, respectively, for the year ended June 30, 2025.

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10. DUE FROM COMMONWEALTH AND ADVANCES RECEIVED FROM OTHER GOVERNMENTAL ENTITIES

The following table presents a summary of the total amount due from Commonwealth and advances received from other governmental entities as of June 30, 2025:

Due from Commonwealth	Amount
Puerto Rico Department of Transportation and Public Works	$ 2,067,928
Puerto Rico Department of Health	7,136,780
Other Agencies	401,138
Total	9,605,846
Allowance for Doubtful Accounts	(3,307,671)
Net Value	$ 6,298,175
Advances from Other Governmental Entities	
Department of Education	$ 11,599,612
Department of Health	617,151
Department of Natural and Environmental Resources	14,640,822
Municipality of Vieques	2,779,471
Puerto Rico Public Building Authority	420,399
Puerto Rico Public Private Partnership Authority	3,142,838
The Department of Treasury (ARPA)	36,477,501
University of Puerto Rico Comprehensive Cancer Center	31,756,356
Fortaleza	3,642,511
Commonwealth of Puerto Rico (CAPEX)	39,973,867
Other	1,733,105
	$ 146,783,633

Due from the Puerto Rico Department of Transportation and Public Works amounting to approximately $2 million, is related to work performed in fiscal year 2008 to prevent floods.

Due from the Puerto Rico Department of Health amounting to $7.1 million is related to improvements made to hospitals.

Due from other agencies is related to minor's projects performed to these agencies.

Management decided to record an allowance for doubtful accounts because the Commonwealth has not appropriated funds to those agencies to pay the Authority. However, the Authority will continue collections efforts with each agency.

ADVANCES

Commonwealth Agencies and Public Corporations and Municipalities.

Advances received by the Authority from the Commonwealth, Agencies, Public Corporations and municipalities are for the construction or improvements of buildings.

11. CHANGES IN LONG-TERM DEBT AND OTHER LIABILITIES

Long-term liability activity in the governmental activities for the fiscal year ended June 30, 2025, was as follows:

Description	Beginning Balance, as restated	Additions	Deductions	Ending Balance	Due Within One Year	Due in More than One Year
Other Liabilities:						
Lease liability	$ 88,289	$ -	$ (43,241)	$ 45,048	$ 43,241	$ 1,807
Accrued legal expenses	1,609,414	470,001	(81,250)	1,998,165	1,051,145	947,020
Compensated absences	427,973	218,287	(202,413)	443,847	199,795	244,052
Total pension liability	4,006,282	35,625	(174,561)	3,867,346	64,620	3,802,726
Other postemployment benefits	62,339	-	(3,286)	59,053	2,400	56,653
Total	$ 6,194,297	$ 723,913	$ (504,751)	$ 6,413,459	$ 1,361,201	$ 5,052,258

12. RETIREMENT PLAN

Structure of Retirement System and Accounting for Pension Costs

The ERS was a trust created by the Legislature under Act No. 447 of 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. Before the enactment of Act No. 106-2017 on August 23, 2017, ERS administered different benefit structures under Act No. 447, as amended, including a cost-sharing, multiple-employer, defined benefit program, a defined contribution program and a contributory hybrid program. Act No. 106-2017 approved a substantial pension reform for all of the Commonwealth's retirement systems, including the ERS. This reform modified most of the ERS's activities, eliminated the employer contributions, created the legal framework to implement a PayGo system, and required the ERS to liquidate substantially all of its assets and to transfer the proceeds from such liquidation to the Commonwealth for the payment of pension benefits. Under the PayGo system, the Commonwealth's General Fund makes direct payments to the pensioners and then is reimbursed for those payments by the participating employer, including the Authority. Future benefits will not be paid by the ERS.

Under Act No. 106-2017, the ERS's board of trustees was eliminated, and a new Retirement Board was created. Act No. 106-2017 also ordered a suspension of ERS's loan programs and ordered a merger of the administrative structures of the Retirement Systems. At the Retirement Board's discretion, the administration of ERS benefits may be externalized. The Retirement Board is currently responsible for governing both ERS, the Judiciary Retirement System (JRS), and Teachers Retirement System (TRS).

Act No. 106-2017 also created a Defined Contributions Plan, similar to a 401(k) plan, which is managed by a private entity. Act No. 106-2017 terminated the previously existing pension programs for ERS participants as of June 30, 2017. The members of the prior programs and new system members hired on and after July 1, 2017, have been enrolled into this new Defined Contributions Plan program. The accumulated balance on the accounts of the prior program was transferred to the member accounts in the new Defined Contributions Plan, effective as of June 22, 2020.

Pension Benefits

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

The Modified Eighth Amended Title III Joint Plan of Adjustment of the Commonwealth of Puerto Rico, et al, ("2022 Plan of Adjustment") confirmed by the U.S. District Court for the District of Puerto Rico on January 18, 2022, eliminated several benefits to certain Plan participants. In summary, participants within benefits for System 2000 and Act 3 members, as previously defined, who were not in payment status as of March 15, 2022 were transferred out from Plan benefits. Also, eliminated future cost of living adjustments, and benefits to active members under the Act 127-1958 (members in high risk positions).

Plan participants within the System 2000, includes members hired on or after January 1, 2000 and on or before June 30, 2013 (defined contribution program). All regular employees hired for the first time on or after July 1, 2013, and former employees who participated in the defined benefit program and the System 2000 program, and were rehired on or after July 1, 2013, become members of the Contributory Hybrid Program as a condition to their employment. In addition, employees who at 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 retirements 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.

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

- Members of Act No. 447 were generally those members hired before April 1, 1990 (contributory, defined benefit program).
- Members of Act No. 1 of February 16, 1990 (Act No. 1) were generally those members hired on or after April 1, 1990, and on or before December 31, 1999 (contributory, defined benefit program).

A summary of benefits and eligibility requirements is presented below:

(a) Service Retirement Eligibility Requirements

(1) *Eligibility for Act No. 447 Members* – Act No. 447 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, (4) for Public Officers in High Risk Positions (the Commonwealth Police and Firefighter Corps, the Municipal Police and Firefighter Corps and the Custody Office Corps), attainment of age 50 with 25 years of credited service, and (5), for Mayors of municipalities, attainment of age 50 with 8 years of credited service as a Mayor. 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 and 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 June 30, 1957	56	60
Before July 1, 1956	57 and up	59

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

(2) *Eligibility* for Act No. 1 Members – Act No. 1 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, (2) attainment of age 65 with 10 years of credited service, (3) for Public Officers in High-Risk Positions, any age with 30 years of credited service, and (4) for Mayors, attainment of age 50 with 8 years of credited service as a Mayor.

Act No. 1 members who were not eligible to retire as of June 30, 2013, are eligible to retire upon attainment of age 65 with 10 years of credited service. In addition, Act No. 1 Public Officers in High-Risk Positions who were not eligible to retire as of June 30, 2013, are eligible to retire directly from active service upon the attainment of age 55 with 30 years of credited service.

(b) Compulsory Retirement

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

(c) Service Retirement Annuity Benefits

An annuity payable for the lifetime of the member equal to the annuitized value of the balance in the Defined Contribution Hybrid Contribution Account at the time of retirement, plus, for Act No. 447 and Act No. 1 members, the accrued benefit determined as of June 30, 2013. If the balance in the Defined Contribution Hybrid Contribution Account is $10,000 or less, it shall be paid as a lump sum instead of as an annuity.

(1) Accrued Benefit as of June 30, 2013, for Act No. 447 Members – The accrued benefit as of June 30, 2013, shall be determined based on the average compensation, as defined, for Act No. 447 members, the years of credited service, and the attained age of the member all as of June 30, 2013. For Act No. 447 Mayors, the highest compensation, as defined, as a Mayor is determined as of June 30, 2013.

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

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

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

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

(2) Accrued Benefit as of June 30, 2013, for Act No. 1 Members – The accrued benefit as of June 30, 2013, shall be determined based on the average compensation for Act No. 1 members, the years of credited service, and the attained age of the member. For Act No. 1 Mayors, the highest compensation as a Mayor is determined as of June 30, 2013.

If the Act No. 1 member is a police officer or firefighter with at least 30 years of credited service as of June 30, 2013, the accrued benefit equals 65% of average compensation if the member was under age 55 as of June 30, 2013, or 75% of average compensation if the member was at least age 55 as of June 30, 2013.

For all other Act No. 1 members, the accrued benefit equals 1.5% of average compensation multiplied by years of credited service. The benefit is actuarially reduced for each year payment commences prior to age 65.

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

(d) Special Benefits

(1) Minimum Benefits

— Past Ad hoc Increases

The Legislature, from time to time, increases pensions for certain retirees as described in Act No. 124 approved on June 8, 1973, and Act No. 23 approved on September 23, 1983.

— Minimum Benefits for Members who retired before July 1, 2013 (Act No. 156 of 2004, Act No. 35 of 2007, and Act No. 3 of 2013).

The minimum monthly lifetime income for members who retired or became disabled before July 1, 2013, is $500 per month effective July 1, 2013 ($400 per month effective July 1, 2007, and $300 per month up to June 30, 2007).

— Coordination Plan Minimum Benefit

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

(2) Special “Bonus” Benefits

— Christmas Bonus (Act No. 144, as Amended by Act No. 3)

An annual bonus of $200 for each retiree, beneficiary, and disabled member paid in December provided the member retired prior to July 1, 2013.

— Medication Bonus (Act No. 155, as Amended by Act No. 3)

An annual bonus of $100 for each retiree, beneficiary, and disabled member to cover health costs paid in July provided the member retired prior to July 1, 2013. Evidence of coverage is not required. The amount is prorated if there are multiple beneficiaries.

Total Pension Liability

The total pension liability as of June 30, 2025 was determined by an actuarial valuation as of July 1, 2023 that was rolled forward to June 30, 2024 (the measurement date used for financial reporting for fiscal year 2024). The proportional share of the Authority for Total pension liability amounts to $3.9 million, which was 0.01947% of the total pension liability.

Actuarial Methods and Assumptions

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

Discount Rate

The discount rate used to measure the total pension liability was 3.93% as of June 30, 2024 (the measurement date). This rate represents the municipal bond return rate as chosen by the Commonwealth. The source is the Bond Buyer General Obligation (GO) 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality

The mortality tables used in the actuarial valuations were as follows:

— *Pre-retirement Mortality*

For general employees not covered under Act No. 127-1958, PubG-2010 Employee Mortality Rates were 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. 127-1958, the PubS-2010 Employee Mortality Rates were assumed for males and females, projected to reflect Mortality Improvement Scale MP-2021 on a generational basis. As generational tables, they reflected mortality improvements both before and after the measurement date.

100% of deaths while in active service were assumed to be occupational for members covered under Act 127-1958.

— *Post-retirement Retiree Mortality*

Rates which vary by gender are assumed for healthy retirees and beneficiaries based on a study of the Plan’s experience from 2013 to 2018 and updated expectations regarding future mortality improvement. The PubG-2010 healthy retiree rates were adjusted by 100% for males and 110% for females, projected using Mortality Improvement Scale MP-2021 on a generational basis. As a generational table, it reflected mortality improvements both before and after the measurement date. This assumption is also used for beneficiaries prior to the member’s death.

— *Post-retirement Disabled Mortality*

Rates which 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% 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 reflected mortality improvements both before and after the measurement date.

— *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 reflected mortality improvements both before and after the measurement date.

Discount Rate

The following presents the total pension liability calculated using the discount rate of 3.93%, as well as what it would be if it were calculated using the discount rate of 1-percentage point lower (2.93%) or 1-percentage-point higher (4.93%) than the current rate:

***(a)* Sensitivity of the Total Pension Liability to Changes in the Discount Rate**

The following presents the total pension liability calculated using the discount rate of 3.93%, as well as what it would be if it were calculated using the discount rate of 1-percentage point lower (2.93%) or 1-percentage-point higher (4.93%) than the current rate:

	1% Decrease or (2.93%)	Current discount rate of (3.93%)	1% Increase or (4.93%)
Total pension liability	$4,289,266	$3,867,346	$3,512,763

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

The following table presets a summary of changes in the deferred outflows of resources and deferred inflows of resources for the fiscal year ended on June 30, 2025:

	June 30, 2025	
Description	**Deferred outflows of resources**	**Deferred inflows of resources**
Pension benefits paid subsequent to measurement date	173,101	$ -
Total	$ 173,101	$ -

Amounts reported as deferred outflows of resources at June 30, 2025, will be recognized in pension expense (benefit) in future years as follows:

Years Ending June 30,	Amount
2026	$ 173,101

The previous amounts do not include employer specific deferred outflows and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 3 years for 2025.

13. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

The Plan covers a payment of up to $100 per month to the eligible medical insurance plan selected by each member provided that the member retired prior to July 1, 2013 (Act No. 483, as amended by Act No. 3). The 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 Plan members that retired after June 30, 2013.

Allocation Methodology

GASB Statement No. 75 requires that the primary government and its component units that provide OPEB benefits through the same defined benefit OPEB plan to recognize their proportionate share of the total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense (benefit).The proportionate share is based on the ratio of the total OPEB liability determined directly for each agency based on each agency's members to the total OPEB liability for all Central Government members as of the measurement date.

Total OPEB Liability and Actuarial Information

The total OPEB liability was $59,053 as of June 30, 2025. The total OPEB liability as of June 30, 2025, was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024 (measurement date).

Actuarial Assumptions

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

Discount Rate

The discount rate for June 30, 2024, was 3.93%. This represents the municipal bond return rate as chosen by the Commonwealth. The source is the Bond Buyer General Obligation (GO) 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality

- *Post-retirement Mortality*- Rates which vary by gender are assumed for healthy retirees and beneficiaries based on a study of Plan's experience from 2013 to 2018 and updated expectations regarding future mortality improvement. The PubG-2010 healthy retiree rates, adjusted by 100% for males and 110% for females, projected using MP-2021 on a generational basis. As a generational table, it reflects mortality improvements both before and after the measurement date.
- *Post-retirement Disabled Mortality*- Rates which vary by gender are assumed for disabled retirees based on a study of the Plan's experience from 2013 to 2018 and updated expectations regarding future mortality improvement. The PubG-2010 disabled retiree rates, adjusted by 80% for males and 100% for females. 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.

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Sensitivity of the total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability calculated using the discount rate of 3.93%, as well as what it would be if it were calculated using the discount rate of 1- percentage point lower (2.93%) or 1-percentage point higher (4.93%) than the current rate:

	1% decrease or 2.93%	Current discount rate of 3.93%	1% increase or 4.93%
Authority's Proportionate share of the total OPEB liability	$ 63,891	$ 59,053	$ 54,862

14. CONTINGENCIES

As of June 30, 2025, the Authority is a defendant in various legal proceedings arising from its normal operations. Management, based on the advice of its legal counsel, is of the opinion that the ultimate liability, if any, resulting from these pending proceedings and legal actions in the aggregate will not have a material effect on the Authority's financial statements.

15. SUBSEQUENT EVENTS

Subsequent events were evaluated through March 30, 2026, the date the financial statements were available to be issued, to determine if such events should be recognized or disclosed in the fiscal year 2025 financial statements.

The Commonwealth of Puerto Rico and the Financial Oversight and Management Board approved a budget amounting to approximately $3.7 million for the fiscal year ended on June 30, 2026.

During the fiscal year 2026 the Authority received $12 million from the Commonwealth construction or development of projects.

REQUIRED SUPPLEMENTARY INFORMATION

Puerto Rico Infrastructure Financing Authority
(A Component Unit of the Commonwealth of Puerto Rico)

Schedule of Component Unit's Proportionate Share of Collective Total Pension Liability and Related Ratios (Unaudited)
For the year ended June 30, 2025

The schedule of Component Unit's Proportionate Share of Collective Total Pension Liability for the Authority for the year ended June 30, 2025:

	GASB 73					
	2025	2024	2023	2022	2021	2020
Proportion (percentage) of the collective total pension liability	0.019470%	0.019290%	0.020670%	0.011240%	0.011120%	0.011110%
Proportion (amount) of the collective total pension liability	$ 3,867,346	$ 4,006,282	$ 4,578,368	$ 3,056,211	$ 3,122,482	$ 2,762,017

Notes to the Schedule of Component Unit’s Proportionate Share of Collective Total Pension Liability and Related Ratios (Unaudited)
For the year ended June 30, 2025

The Authority total pension liability as of June 30, 2025, was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024 (measurement date as of June 30, 2024).

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

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

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

There are no assets accumulated in a trust to pay related benefits.

Puerto Rico Infrastructure Financing Authority
(A Component Unit of the Commonwealth of Puerto Rico)

Schedule of Component Unit's Proportionate Share of Collective Total Other Post Employment Benefit Liability (Unaudited)
For the year ended June 30, 2025

The schedule of Component Unit's Proportionate Share of Collective Total Other Post Employment Benefits Liability for the Authority for the year ended June 30, 2025:

	GASB 75				
	2025	2024	2023	2022	2021
Proportion (percentage) of the total other post employment benefits liability	0.009920%	0.009640%	0.009310%	0.000000%	0.000000%
Proportion (amount) of the total other post employment benefits liability	$ 59,053	$ 62,339	$ 64,747	$ -	$ -

Notes to the Schedule of Component Unit's Proportionate Share of Collective Total Other Post Employment Benefit Liability (Unaudited)
For the year ended June 30, 2025

The Authority's total other post-employment benefits liability as of June 30, 2025, was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024 (measurement date as of June 30, 2024).

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

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

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

There are no assets accumulated in a trust to pay related benefits.

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

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
Puerto Rico Infrastructure Financing Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities and each major fund of the Puerto Rico Infrastructure Financing Authority, a component unit of the Commonwealth of Puerto Rico, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Puerto Rico Infrastructure Financing Authority's basic financial statements, and have issued our report thereon dated March 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Puerto Rico Infrastructure Financing Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Puerto Rico Infrastructure Financing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Puerto Rico Infrastructure Financing Authority's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Puerto Rico Infrastructure Financing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

San Juan, Puerto Rico
March 30, 2026.

D0P91-1551
Puerto Rico Infrastructure Financing Authority
(UNIFORM) - AFI

RSM Puerto Rico

PUERTO RICO INFRASTRUCTURE FINANCING AUTHORITY
(A Component Unit of the Commonwealth of Puerto Rico)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of the Treasury:			
Puerto Rico Department of the Treasury			
Coronavirus State and Local Fiscal Recovery Funds	21.027	OE-2021-034	$ 33,623,264

The accompanying notes are an integral part of this Schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2025

1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activities of the Puerto Rico Fiscal Agency and Financial Advisory Authority (the Authority), a Component Unit of the Commonwealth of Puerto Rico (the Commonwealth), under programs of the federal government, for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance").* Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position and changes in financial position of the Authority. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements. All federal agencies as well as federal awards passed through from other local government agencies are included in the Schedule.

2) Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the current financial resources measurement focus and the modified accrual basis of accounting, consistent with the basis of accounting used in the Authority's governmental fund financial statements. Under modified accrual basis:

- Expenditures are recognized when the related liability is incurred, to the extent it is expected to be paid with current financial resources.
- Expenditures are generally recorded when the goods or services are received and the related costs are both measurable and available (i.e., due within the current period or soon enough thereafter to be used to pay liabilities of the current period).
- Revenues from federal resources are recognized when they are both measurable and available to finance current expenditures.

3) Relationship to the Basic Financial Statements

Federal expenditures presented on the Schedule are reported within the Authority's governmental fund financial statements. Nonetheless, the amounts reported on the Schedule may differ from amounts presented in the financial statements due to timing differences, adjustments, or accruals between financial reporting and SEFA recognition criteria.

4) Assistance Listing Number

The Assistance Listing Number (ALN), formerly known as Catalog of Federal Domestic Assistance (CFDA) Numbers is a program identification number. The first two digits identify the federal department or agency that administers the program, and the last three numbers are assigned by numerical sequence.

5) Program Costs

The amounts shown as current year federal expenses represent only the federal grant portion of the program costs.

6) Indirect Cost Rate

The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under 2 CFR §200.414(f) of the Uniform Guidance.

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

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
The Puerto Rico Infrastructure Financing Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Puerto Rico Infrastructure Financing Authority's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Puerto Rico Infrastructure Financing Authority's major federal program for the year ended June 30, 2025. Puerto Rico Infrastructure Financing Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Puerto Rico Infrastructure Financing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Puerto Rico Infrastructure Financing Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Puerto Rico Infrastructure Financing Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Puerto Rico Infrastructure Financing Authority's federal program.

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Puerto Rico Infrastructure Financing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Puerto Rico Infrastructure Financing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Puerto Rico Infrastructure Financing Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of The Puerto Rico Infrastructure Financing Authority as of and for the year ended June 30, 2025, and have issued our report thereon dated March 30, 2026, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

San Juan, Puerto Rico
March 30, 2026.

D0P91-1552
Puerto Rico Infrastructure Financing Authority
(UNIFORM) - AFI

RSM Puerto Rico

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2025

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
• Material weakness (es) identified?	___ yes	X no
• Significant deficiency (ies) identified?	___ yes	X none reported
Noncompliance material to financial statements noted?	___ yes	X no

Federal Awards

Internal control over major federal programs:		
• Material weakness (es) identified?	___ yes	X no
• Significant deficiency (ies) identified?	___ yes	X none reported
Type of auditors' report issued on compliance for major federal programs	**Unmodified**	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	___ yes	X no

Identification of major federal programs

Name of Federal Programs or Cluster	Assistance Listing Number
Coronavirus State and Local Fiscal Recovery Funds	21.027

Dollar threshold used to distinguish between type A and type B programs:	$1,008,698	
Auditee qualified as low-risk auditee?	___ yes	X no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2025

SECTION II – FINANCIAL STATEMENTS FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.