

FARM INSURANCE CORPORATION OF PUERTO RICO
(a component unit of the Commonwealth of Puerto Rico)

INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS
JUNE 30, 2024

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ISMAEL RAMOS COLÓN

CONTADOR PÚBLICO AUTORIZADO, LLC
ABOGADO • NOTARIO

Independent Auditor's Report

Board of Directors
Farm Insurance Corporation of Puerto Rico

Opinion

We have audited the accompanying financial statements of the business-type activity of the Farm Insurance Corporation of Puerto Rico, a component unit of the Commonwealth of Puerto Rico, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Farm Insurance Corporation of Puerto Rico as of June 30, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 Corporación de Seguros Agrícolas de Puerto Rico's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Farm Insurance Corporation of Puerto Rico'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 Farm Insurance Corporation of Puerto Rico's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 7, defined benefit retirement and pension plans, and other post-employment benefit schedules 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 which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Ismael Ramos Colón
Certified Public Accountant, LLC

April 7, 2025



DLLC406-9

Corporación de Seguros Agrícolas de Puerto Rico

FARM INSURANCE CORPORATION OF PUERTO RICO
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

This section of Farm Insurance of Puerto Rico (the Corporation) annual financial report presents our discussion and analysis of the Corporation's financial performance during the fiscal year ended on June 30, 2024. The Corporation's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights for 2024

Management's Discussions and Analysis introduce the Corporation's financial statements. Financial reporting at this level uses a perspective similar to that found in the private sector which is the basis in full accrual accounting.

Among the most significant financial aspects observed this year are the following:

1. The Corporation assets exceed its liabilities by \$1,962,782 (net position), for the fiscal year reported. This increased by 1,745,690 in relation to the previous year when assets exceed its liabilities by \$217,092.
2. Premiums written this year increased by \$257,468 in relation to the previous year. For the fiscal year 2023-2024, they amounted to \$7,346,386 compared to \$7,088,918 in fiscal year 2022-2023.

Overview of the Corporation

The Corporation's primary mission is to provide insurance to farmers against losses or damage to plantations, crops, animals, birds, and others caused by natural disasters. The Corporation is responsible for its debts and is entitled to surpluses.

Overview of the Financial Statements

The Corporation's basic financial statements consist of three components: (1) the MD&A, (2) basic financial statements, and (3) notes to the financial statements. Because the Corporation is a special-purpose government engaged in business-type activities only, the financial statements are presented in accordance with paragraph 138 of GASB Statement 34. Management has prepared the Statement of Net Position, the Statement of Revenues, Expenses, and Change in Net Position, and the Statement of Cash Flows.

The Statement of Net Position is the present information about the Corporation's overall status. The increase or decrease in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position is the operating statement of the Corporation, which reports the operating and non-operating revenues, expenses, and the change in the net position.

The Statement of Cash Flow provides relevant information about the cash receipts and cash payments of the Corporation for the fiscal year. This statement helps financial report users assess (a) an entity's ability to generate future net cash flows, (b) its ability to meet its obligations as they come due, (c) its needs for external financing, (d) the reasons for differences between operating income and associated cash receipts and payments, and (e) the effects on the entity's financial position of both its cash and its noncash investing, capital, and financing transactions during the period.

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Notes to the financial statements

The accompanying notes to the financial statements provide information essential to fully understanding the basic financial statements. The notes to the financial statements begin on page ten on this report.

Financial Analysis of the Administration

The following table provides a summary of the Corporation's net position:

	Summary of Net Position June 30,		
	2024	2023	Change Amount
Current Assets	\$22,400,408	\$18,935,146	\$3,465,262
Non Current Assets	4,785,478	3,939,818	845,660
Total Assets	27,185,886	22,874,964	4,310,922
Deferred Outflow of Resources Related to Pension and Total OPEB	161,519	1,551,632	(1,390,113)
Total Assets and Deferred Outflows of Resources	\$27,347,405	\$24,426,596	\$2,920,809
Current Liabilities	\$21,328,912	\$19,484,557	1,844,355
Non-Current Liabilites	3,866,840	4,321,714	(454,874)
Total Liabilities	25,195,752	23,806,271	1,389,481
Deferred Inflow of Resources Related to Pension and Total OPEB	28,871	403,233	(374,362)
Total Liabilities and Deferred Inflows of Resources	25,224,623	24,209,504	1,015,119
Net Position			
Net Investment in Capital Assets	88,515	108,089	(19,574)
Net Position Unrestricted	2,034,267	109,003	1,925,264
Total Net Position	2,122,782	217,092	1,905,690
Total Liabilities and Deferred Inflows of Resources and Net Position	\$27,347,405	\$24,426,596	\$2,920,809

Fiscal year 2024 reflects an increase in total assets amounting to \$4,310,922, an increase in total liabilities of \$1,844,355 and decrease in deferred outflow of resources of \$1,390,113, a decrease in deferred inflows of resources of \$374,362 and an increase in total net position of \$1,945,690 when compared with fiscal year 2023. Current assets increase due mainly to an increase in cash of \$7,644,310 while account receivable current decrease \$4,180,361. Non-current assets increase mainly to increase in accounts receivable of \$ 865,234 of accounts receivable from FCIC & ADEA.

The following table provides a summary of the Corporation's revenues, expenses, and changes in net position:

FARM INSURANCE CORPORATION OF PUERTO RICO
(A COMPONENT UNIT OF THE COMMONWEALTH OF PUERTO RICO)

Summary of Revenues and Changes in Net Assets
June 30,

	2024	2023	Change Amount
Operating Revenue	\$4,245,104	\$24,534,766	\$ (20,289,662)
Operating Expenses	3,350,148	33,516,672	(30,166,524)
Operating Income (Loss)	894,956	(8,981,906)	9,876,862
Non-Operating Expenses	933,928	12,223,980	(11,290,052)
Change in Position	\$1,828,884	\$ 3,242,074	\$ (1,413,190)
Net Position (Deficit) at Beginning of the Year	\$ 217,092	\$ (3,024,982)	\$ 3,242,074
Prior Period Adjustment	76,806	-	76,806
Net Position (Deficit) at Beginning of the Year, as Restated	293,898	(3,024,982)	76,806
Net Position at End of the Year	\$2,122,782	\$ 217,092	\$ (1,336,384)

Fiscal year 2024 reflects a decrease in total operating revenues of \$20,289,662 and a decrease in operating expenses of \$30,166,524. The Corporation had a change in net position of \$,1,868,884.

Capital Assets

The Corporation's investment in capital assets, net of accumulated depreciation as of June 30, 2024, and 2023, was \$88,515 and \$108,089 respectively. The total decrease in this net investment was 26%.

Capital Assets			
For the year ended on June 30,			
	2024	2023	Change
Equipment	\$ 951,047	\$ 939,626	\$ 11,421
Vehicles	209,467	209,467	-
	1,160,514	1,149,093	11,421
Less: Accumulated Depreciation	(1,071,999)	(1,041,004)	(30,995)
Change in Net Capital Assets	\$ 88,515	\$ 108,089	\$ (19,574)

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Line of Credit

During the fiscal year ended June 30, 2005 the Corporation borrowed \$6,500,000 from “Fondo Integral para el Desarrollo Agrícola de Puerto Rico Inc.” (FIDA) under a non-revolving credit line for working capital purposes. The line of credit bears an annual interest at 2.25% over LIBOR rate. As of June 30, 2022 the outstanding balance amounted \$4,692,041.

The Corporation is obligated to pay FIDA the outstanding balance of the line of credit after “Administración para el Desarrollo de Empresas Agropecuarias” (ADEA), former ASDA, has paid its debts to the Corporation.

On February 9, 2006 FIDA, through resolution No. 2005-07, modified the terms of the line of credit due to the cash flow problem experienced by the Corporation. FIDA has agreed to accept a cash payment of the principal balance at no interest or penalties, after ADEA has paid its debts to the Corporation.

Contacting the Corporation's Financial Management

This financial report is designed to provide a general overview of the Corporation's finances, and to demonstrate the Corporation's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Corporation's Finance Department at (787) 722-2748.

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STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS

CURRENT ASSETS

Cash	\$ 19,368,178
Accounts receivable, net	3,023,201
Prepaid expenses and other current assets	9,029
Total current assets	<u>22,400,408</u>

NON-CURRENT ASSETS

Accounts receivable, net	4,696,963
Capital assets, net	88,515
Total non-current assets	<u>4,785,478</u>

DEFERRED OUTFLOW OF RESOURCES:

Pension related	161,519
Other post-employment benefits related	-
Total dererred outflow of resources	<u>161,519</u>

Total assets and deferred outflow of resources	<u>\$ 27,347,405</u>
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LIABILITIES

CURRENT LIABILITIES

Unpaid claims	\$ 185,646
Accounts payable	3,596,883
Compensated absences	91,117
Unearned premiums	6,595,925
Accrued expenses	113,028
Pension liability	127,899
Other post-employment benefit liability	3,800
Loan payable	5,922,573
Line of credit	4,692,041
Total current liabilities	<u>21,328,912</u>

NON-CURRENT LIABILITIES

Compensated absences	236,288
Pension liability	3,545,909
Contingency	40,000
Other post-employment benefits liability	44,643
	<u>3,866,840</u>

DEFERRED INFLOW OF RESOURCES

Pension related	28,871
Total liabilities and deferred inflows of resources	<u>25,224,623</u>

NET POSITION

Net investment in capital assets	88,515
Unrestricted	2,034,267
Total net position	<u>\$ 2,122,782</u>

See accompanying notes to financial statements

FARM INSURANCE CORPORATION OF PUERTO RICO
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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

Operating Revenues	
Premiums written	\$ 7,346,386
Ceded premiums	<u>3,394,811</u>
Net premiums	<u>3,951,575</u>
Commissions revenue	226,722
Recoverable reinsurance	-
Other revenue	<u>66,807</u>
Total operating revenues	<u>4,245,104</u>
Operating Expenses	
Salaries and employee benefits	1,263,186
Pension expense	1,041,774
Claims	74,177
Insurance	37,712
Rent	58,818
Professional Services	545,291
Depreciation	30,995
Other	<u>298,195</u>
Total operating expenses	<u>3,350,148</u>
Operating income	<u>894,956</u>
Non-operating revenue (expenses)	
From Puerto Rico Government	248,508
Contingency	(40,000)
Interest income	<u>725,420</u>
	<u>933,928</u>
CHANGE IN NET POSITION	1,828,884
NET POSITION AT BEGINNING OF YEAR	<u>217,092</u>
PRIOR PERIOD ADJUSTMENT	76,806
NET POSITION AT BEGINNING OF THE YEAR AS RESTATED	<u>293,898</u>
NET POSITION AT END OF YEAR	<u>\$ 2,122,782</u>

See accompanying notes to financial statements

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

Cash flows from operating activities:

Receipts from customers and reinsurance	\$ 12,153,236
Commissions and other revenue	293,529
Salaries and employees benefits	(1,383,310)
Claims paid and payments to suppliers	<u>(2,477,884)</u>

Net cash provided by operating activities	<u>8,585,571</u>
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Cash Flow from non-capital and related financing activities

Payment of loan payable	(1,903,768)
Proceeds from grant of commonwealth	<u>248,508</u>

Net cash used by non-capital financing activities	<u>(1,655,260)</u>
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Cash Flow from capital and related financing activities

Purchase of equipment and net cash used by capital financing activities	<u>(11,421)</u>
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Cash flows from investing activities:

Interest received and net cash provided by investing activities	<u>725,420</u>
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Increase in cash	7,644,310
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Cash at beginning of year	<u>11,723,868</u>
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Cash at the end of year	<u><u>\$ 19,368,178</u></u>
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Cash flows from operating activities:

Operating income	\$ 854,956
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	30,995
Change in operating assets and liabilities:	
Decrease (increase) in:	
Accounts receivable	3,315,127
Prepaid expenses	(1,313)
Deferred outflow of resources	1,390,113
Increase (decrease) in:	
Accounts payable	2,895,446
unpaid claims	(565,320)
Accrued expenses	(158,185)
Other post-employment benefits	(1,953)
Deferred inflow of resources	(374,362)
Pension liability	(94,101)
Contingency	(197,555)
Unearned premiums	<u>1,491,723</u>

Net cash provided by operating activities	<u><u>\$ 8,585,571</u></u>
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See accompanying notes to financial statements.

FARM INSURANCE CORPORATION OF PUERTO RICO
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NOTES TO FINANCIAL STATEMENTS

NOTE 1- ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION AND REPORTING ENTITY

The Farm Insurance Corporation of Puerto Rico (the Corporation) is an instrumentality of the Commonwealth of Puerto Rico ascribed to the Department of Agriculture (the Department). As a component unit of the Department, the Corporation is also included as part of the Department as reporting entity.

The Corporation was created by Act Number 166 (the Act) of August 11, 1988, to provide insurance to farmers against losses or damages to plantations, crops, animals, birds, and others caused by natural disasters. The Corporation is responsible for its debts and is entitled to surpluses. The Commissioner of Insurance of Puerto Rico has the Corporation to evaluate accrued reserves in order to determine their adequacy and to make recommendations.

The Board of Directors is composed of five members including, the Secretary of the Department of Agriculture (as President), the Dean of the Agricultural Sciences Faculty of the Mayagüez Campus of the University of Puerto Rico, a representative of the Puerto Rico Fiscal Agency and Financial Advisory and two bonafide farmers appointed by Governor with the consent of the Senate of Puerto Rico.

The Board of Directors appoints the Executive Directors of the Corporation, who is responsible for the direct administration of the Corporation in accordance with the policies and procedures established by the Board of Directors.

B. BASIS OF PRESENTATION

The Corporation's financial statements are presented as an enterprise fund and conform to the provisions of Governmental Accounting Standards Board Statement No. 34 ("GASB") "Basic Financial Statements" – and Management's Discussion and Analysis – for State and Local Governments." GASB 34, as amended, establishes standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, a statement of revenue, expense and changes in net position and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets, restricted, and unrestricted.

These classifications are defined as follows:

- Net Investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted – Consist of constraints placed on net assets use through external constraints imposed by creditors (such as through covenants), contributors, or law or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation.
- Unrestricted – This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

FARM INSURANCE CORPORATION OF PUERTO RICO
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Because the Corporation is a special-purpose government engaged in business-type activities only, the financial statements are presented in accordance with paragraph 138 of GASB Statement 34 "Basic Financial Statements for State and Local Governments".

C. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting

The accrual basis of accounting is used by the Corporation. Under the accrual basis, revenues are recognized when earned and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash.

2. Earned premiums

Insurance premiums are recognized as income during the period covered by the policies issued to the farmers. The insurance policies period cover from April 1st to March 31st. The portion corresponding to the next fiscal year is deferred and recognized as earned during that year.

3. Unbilled Receivables

Unbilled receivables represent a management's estimate of the unearned premiums related with the unwritten policies for the period cover from April 1, 2023, to March 31, 2024.

4. Unpaid claims

The liability for unpaid claims consists of the estimated amount of the probable claims of the farmers. The Corporation's management believes that the liability for unpaid claims is adequate to cover the ultimate net costs of losses and claims as of year-end. However, the liability is necessarily based on estimates and no representation is made that the amounts ultimately paid may not be more or less than such estimates as of year-end.

5. Capital Assets

The Corporation's capital assets are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of property and equipment are as follows:

Motor vehicles	5 years
Computer equipment	5 years
Offices furniture and equipment	5 to 10 years
Other equipment	5 to 10 years

The Corporation periodically reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment of capital asset was identified during the year ended 2024.

6. Compensated absences

Vacation and sick leave may be accumulated at a maximum of 60 days and 90 days, respectively. Employees earned 15 days of vacation and 18 days of sick leave, annually, until April 28, 2017. Effective April 29, 2017, when Act No.26 became effective, all employees in each calendar year, will earn up a maximum of 15 and 12 days of vacation and sick leave, respectively.

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7. Accounting for pension costs

The Corporation accounts for pension costs under the provisions of GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That are not Within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements 67 and 68 that requires that employers report a net pension liability and related pension accounts. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pension, pension expense, the balances have been determined on the same basis as reported by the Plan.

8. Accounting for Other Postemployment Benefits

The Corporation participates in the Other Postemployment Benefits Plan for Retired Employees of the Commonwealth ("OPEB"), which is an unfunded, multi-employer defined benefit other post-employment healthcare benefit plan ("OPEB Plan") provided by the Commonwealth to its retired plan members. The Plan is administrated on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions.

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

9. Deferred Outflows/Inflows

In addition to assets, the statement of net position will sometimes report 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report 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(s) and will not be recognized as an inflow of resources (revenue) until that time. In the statement of net position deferred outflows/inflows of resources arise as result of the transactions recorded as part of the GASB Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That are not Within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements 67 and 68.

10. Statement of Cash Flows

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

11. Operating Revenues and Expenses

Operating revenues and expenses arise from the sale of insurance to farmers and the services provided to them, as well as all revenues and expenses not related to capital and related financing activities.

12. Risk management

The Corporation is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and other losses. Commercial

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insurance coverage is obtained for claims arising from such matters. The commercial insurance coverage is Negotiated by the Department of Treasury of the Commonwealth of Puerto Rico and the cost is paid by the Corporation.

13. Accrual for legal claims

The estimate amount of the liability for legal claims is recorded on the accompanying statements of net position based on the Corporation evaluation of the probability of an unfavorable outcome in the litigation of such legal claims. The Corporation consults with its legal counsel upon determining whether an unfavorable outcome is expected. Because of uncertainties inherent in the estimation process, management's estimate of the liability for legal claims may change in the near term.

14. Recently implemented Accounting Pronouncements

GASB Statement No. 94, Public Private and Public-Public Partnership and Availability Payment Arrangement. This statement establishes standards of accounting and financial reporting for PPPs and APAs for governments.

GASB No. 94 does not have impact on the Corporation basic financial statements.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

GASB No. 96 does not have impact on the Corporation basic financial statements.

15. Future adoption of accounting pronouncements

The GASB has issued the following standards that have effective dates after June 30, 2024:

GASB Statement No. 101, Compensated Absences. This Statement establishes standards of accounting and financial reporting for (a) compensated absences and (b) associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits (OPEB). The requirements of this Statement apply to the financial statements of all state and local governments. This Statement does not apply to benefits that are within the scope of Statement No. 47, Accounting for Termination Benefits, as amended. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB issued Statement 102, "Certain Risk Disclosures". This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting this that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires government to assess whether an event associated with concentration or constraint that could cause the substantial impact occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years ending after June 15, 2024.

GASB Statement No. 103 Financial Reporting Model Improvements. This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses. The requirements of this Statement are effective for fiscal years ending after June 15, 2025.

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GASB Statement No. 104 Disclosure of Certain Capital Assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. The requirements of this Statement are effective for fiscal years ending after June 15, 2025.

Management is evaluating the impact that these statements will have on the Corporation basic financial statements.

The Corporation's management has concluded that the adoption of these statements will not have a significant impact on the Corporation's financial statements.

NOTE 2 – CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk is the risk that, in the event of a bank failure, the Corporation's deposits might not be recovered. The Corporation maintains all cash deposits in commercial banks located in Puerto Rico.

Under the Government of Puerto Rico statutes, public funds deposited in commercial banks must be fully collateralized for the amount deposited in excess of federal depository insurance. All securities pledged as collateral are held by the Secretary of Treasury of Puerto Rico in the Corporation's name. At year-end the Corporation's bank balance in commercial banks amounts to \$19,371,548.

The Corporation established, in accordance with the requirements of the Federal Crop Insurance Corporation (FCIC), separate bank accounts dedicated solely to the federally reinsured crop insurance program. For the fiscal year ended June 30, 2024, the Corporation deposits all producer-paid premium, reinsurance recoveries, and FCIC paid premium subsidy in the accounts and pays all crop insurance losses and reinsurance premium from the accounts. Additionally, the Corporation must not commingle with other funds not related to the federal crop insurance program.

NOTE 3- ACCOUNTS RECEIVABLE-NET

The net accounts receivable of the Corporation as of June 30, 2024, are composed of the following:

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"Administración para el Desarrollo de Empresas Agropecuarias" (ADEA)	\$ 567,586
Less: allowance for uncollectible accounts	<u>(248,555)</u>
	319,031
Federal Crop Insurance Corporation (FCIC)	2,710,459
Other receivables	<u>72,501</u>
	2,782,960
Less: allowance for uncollectible accounts	<u>(78,790)</u>
	2,704,170
Total account receivable current, net	<u><u>\$ 3,023,201</u></u>
Unbilled receivable:	
"Administración para el Desarrollo de Empresas Agropecuarias" (ADEA)	4,290,592
Federal Crop Insurance Corporation (FCIC)	<u>406,371</u>
	4,696,963
Total receivable	7,720,164
Less: current account receivable, net	<u>(3,023,201)</u>
	<u><u>\$ 4,696,963</u></u>
Non-current account receivable, net	

Accounts receivable from the "Administración para el Desarrollo de Empresas Agropecuarias" (ADEA), another instrumentally ascribed to the Department, mainly include insurance premiums of policies issued to farmers for which ADEA has agreed to pay the corporation. The above aggregate receivable balances have been classified as noncurrent because they are not expected to be collected within one year from the statement of net position date, June 30, 2024. The unbilled receivable represents a management estimate of the unearned premiums related to unwritten policies for the period that covers April 1, 2023, to March 31, 2024.

NOTE 4- CAPITAL ASSETS - NET

Property and equipment as of June 30, 2023, consist of the following:

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	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets being depreciated:				
Equipment	\$ 939,626	\$ 11,421	\$ -	\$ 951,047
Motor vehicles	209,467	-	-	209,467
	<u>1,149,093</u>	<u>11,421</u>	<u>-</u>	<u>1,160,514</u>
Less: accumulated depreciation:				
Equipment	(896,648)	(14,717)		(911,365)
Motor vehicles	(144,356)	(16,278)		(160,634)
	<u>(1,041,004)</u>	<u>(30,995)</u>	<u>-</u>	<u>(1,071,999)</u>
Capital assets, net	<u>\$ 108,089</u>	<u>\$ (19,574)</u>	<u>\$ -</u>	<u>\$ 88,515</u>

NOTE 5- PENSION PLAN

Plan Description

Before July 1, 2017, the Corporation was a participating employer in the retirement plans administered by the Employee's Retirement System of the Government of Puerto Rico and its Instrumentalities (ERS). The ERS covered employees of certain public corporation not having their own retirement systems (including the Corporation), employees of the Fire and Police Departments of Puerto Rico, all regular full-time public employees working for the executive and legislative branches of the Commonwealth, and the municipalities of Puerto Rico.

On August 23, 2017, the Governor signed into law Act No. 106-2017, known as the "Act to Guarantee the Payments to our Pensioners and Establish a New Plan of Defined Contributions for Public Employees" that approved a substantial pension reform for all of the Commonwealth's retirement systems. This reform modified most of the Retirement System's activities, eliminated the employer contribution, created legal framework to implement a pay-as-you-go (PayGo) system, and required the Commonwealth's retirement systems to liquidate substantially all of their 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 gets reimbursed for those payments by the applicable employers.

Act 106-217 also created a new defined contribution plan (the New Defined Contribution Plan) for existing active members and new employees hired on or after July 1, 2017. This plan is similar to a 401(k) and is managed by a private entity. Future benefits will not be paid by the ERS. Under the New Defined Contribution Plan, members of the prior programs and new government employees hired on and after July 1, 2017, will be enrolled in the New Defined Contributions Program. As of June 22, 2020, the accumulated balance on these accounts of the prior pension programs were transferred to the individual member accounts in the New Defined Contribution Plan.

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Prior to July 1, 2013, the system operated under the following benefits structures:

- Act No. 447 of May 15, 1951 (Act No. 447) effective on January 1, 1952, for members hired up to March 31, 1990,
- Act No. 1 of February 16, 1990 (Act No. 1) for members hired on or after April 1, 1990, and ending on or before December 31, 1999,
- Act No. 305 of September 24, 1999, (Act No. 305), which amended Act No. 447 and Act No. 1, for members hired from January 1, 2000, up to June 3, 2013.

Employees under Act No. 447 and Act No. 1 are participants of a cost-sharing multiple employers defined benefit plan. Act No. 305 members are participants under a pension program known as System 2000, a hybrid defined contribution plan. Under System 2000 there was a pool of pension assets invested by the ERS, together with those of the current defined benefit plan. Benefits at retirement age were not guaranteed by the Commonwealth and were subjected to the total accumulated balance of the savings account. Effective July 1, 2013, Act No. 3 of 2013 (Act No. 3) amends the provisions of the different benefits structures under the ERS. Act No. 3 moves all participants (employees) under the defined benefit pension plans (Act No. 447 and Act No. 1) and the defined contribution plan (System 2000) to a new defined contribution hybrid plan. Contributions are maintained by each participant in individual accounts. Credits to the individual accounts include (1) contributions by all members of ERS Act No. 447 and Act No. 1 defined benefit pension plans after June 30, 2013; (2) the retirement savings account as of June 30, 2013, of System 2000 participants and, (3) the investment yield for each semester of the fiscal year.

Benefits provided before July 1, 2017

The following summary of the ERS plan provisions is intended to describe the essential features of the plan. All eligibility requirements and benefit amounts should be determined in accordance with the applicable laws and regulations.

(i) Service Retirements

- (a) Eligibility for Act No. 447-1951 Members: Act No. 447-1951 members who were eligible to retire as of June 30, 2013, would continue to be eligible to retire at any time. Prior to July 1, 2013, Act No. 447-1951 members could retire upon (1) attainment of age 55 with 25 years of credited service; (2) attainment of age 58 with 10 years of credited service; (3) any age with 30 years of credited service; (4) for Public Officers in High Risk Positions, 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. 447-1951 members who would attain 30 years of credited service by December 31, 2013, would be eligible to retire at any time.

Act No. 447-1951 members who were not eligible to retire as of June 30, 2013 and did not attain 30 years of credited service by December 31, 2013 are eligible to retire upon attainment of the retirement eligibility age shown in the table below with 10 years of credited service.

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

In addition to the requirements in the table above, Act No. 447-1951 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

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December 31, 2013 are eligible to retire directly from active service upon the attainment of age 55 with 30 years of credited service.

- (b) Eligibility for Act No. 1-1990 Members: Act No. 1-1990 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. 1-1990 members could retire upon (1) attainment of age 55 with 25 years of credited service; (2) attainment of age 65 with 10 years of credited service; (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. 1-1990 members who were not eligible to retire as of June 30, 2013, are eligible to retire upon attainment of age 65 with 10 years of credited service. In addition, Act No. 1-1990 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.

- (c) Eligibility for System 2000 Members: System 2000 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, System 2000 members could retire upon attainment of age 55 for public officers in high-risk positions and attainment of age 60 otherwise.

System 2000 members who were not eligible to retire as of June 30, 2013, are eligible to retire upon attainment of age 55 for public officers in high-risk positions and upon attainment of the retirement eligibility age shown in the table below otherwise.

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

- (d) Eligibility for Members Hired after June 30, 2013: Attainment of age 58 if a public officer in a high-risk position and attainment of age 67 otherwise.

(iii) Service Retirement Annuity Benefits

An annuity payable for the lifetime of the member equal to the annuitized value of the balance in the hybrid contribution account at the time of retirement, plus, for Act No. 447-1951 and Act No. 1-1990 members, the accrued benefit determined as of June 30, 2013. If the balance in the hybrid contribution account was \$10,000 or less, it would have been paid as a lump sum instead of as an annuity.

- (a) Accrued Benefit as of June 30, 2013, for Act No. 447-1951 Members: The accrued benefit as of June 30, 2013, was determined based on the average compensation, as defined, for Act No. 447-1951 members, the years of credited service, and the attained age of the member all as of June 30, 2013. For Mayors, the highest compensation, as defined, for Act No. 447-1951 members, determined as of June 30, 2013.

If the Act No. 447-1951 member had at least 30 years of credited service as of June 30, 2013, the accrued benefit equals 65% of average compensation if the member was under age 55 as of June 30, 2013 or 75% of average compensation if the member was at least age 55 as of June 30, 2013. For participants selecting the Coordination Plan, the benefit was recalculated at the Social Security Retirement Age (SSRA), as defined, as 1.5% of average compensation up to \$6,600 multiplied by years

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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. 447-1951 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 equaled 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 was recalculated at SSRA as 1.5% of average compensation up to \$6,600 multiplied by years of credited service, up to 30 years, plus 55% (60% if member was at least age 55 as of June 30, 2013) of average compensation in excess of \$6,600. Member contributions received from Act No. 447-1951 members eligible for this transitory benefit during the period beginning July 1, 2013 and ending upon the attainment of 30 years of credited service were considered pre- July 1, 2013 contributions; the contributions to the hybrid contribution account begin after the member attains 30 years of credited service.

If the Act No. 447-1951 member had less than 30 years of credited service as of December 31, 2013, the accrued benefit equaled 1.5% of average compensation multiplied by years of credited service up to 20 years, plus 2% of average compensation multiplied by years of credited service in excess of 20 years. The maximum benefit is 75% of the average compensation. Except for the policemen and firefighters, the benefit was actuarially reduced for each year payment commences prior to age 58. For participants selecting the Coordination Plan, the basic benefit is recalculated 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 was actuarially reduced for each year payment commences prior to age 58.

For Act No. 447-1951, Mayors with at least 8 years of credited service as a Mayor, the accrued benefit was not to 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 included service earned as a mayor in excess of 10 years. The maximum benefit was 90% of the highest compensation as a mayor.

- (b) Accrued Benefit as of June 30, 2013. for Act No. 1-1990 Members: The accrued benefit as of June 30, 2013 is determined based on the average compensation for Act No. 1-1990 members, the years of credited service, and the attained age of the member all as of June 30, 2013. For Act No. 1-1990 Mayors, the highest compensation as a mayor was determined as of June 30, 2013.

If the Act No. 1-1990 member is a police officer or firefighter member that had at least 30 years of credited service as June 30, 2013, the accrued benefit equaled 65% of average compensation if the member was under age 55 as of June 30, 2013, or 75% of average compensation if the member was at least age 55 as of June 30, 2013.

For all other Act No. 1-1990 members, the accrued benefit equaled 1.5% of average compensation multiplied by years of credited service. The benefit was actuarially reduced for each year payment commences prior to age 65.

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For Act No. 1-1990 Mayors with at least 8 years of credited service as a Mayor, the accrued benefit was not to 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 included service earned as a Mayor in excess of 10 years. Maximum benefit is 90% of highest compensation as a Mayor.

(iii) Compulsory Retirement

All Act No. 447-1951 and Act No. 1-1990 Public Officers in High-Risk Positions were required to 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 PRPOB, the Chief of the Firefighter Corps, or supervising Corporation as applicable.

(iv) Termination Benefits

(a) Lump Sum Withdrawal

Eligibility: A Member was eligible upon termination of service prior to 5 years of service or if the balance in the hybrid contribution account is \$10,000 or less.

Benefit: The benefit equaled a lump sum payment of the balance in the hybrid contribution account as of the date of the permanent separation of service.

(b) Deferred Retirement

Eligibility: A Member was eligible upon termination of service with 5 or more years of service (10 years of credited service for Act No. 447-1951 and Act No. 1-1990 members) prior to the applicable retirement eligibility, provided the member had not taken a lump sum withdrawal of the accumulated contributions from the hybrid contribution account.

Benefit: An annuity payable for the lifetime of the member commencing at the applicable retirement eligibility age equal to the annuitized value of the balance in the hybrid contribution account at the time of retirement, plus, for Act No. 447-1951 and Act No. 1-1990 members, the accrued benefit determined as of June 30, 2013.

(v) Death Benefits

(a) Pre-retirement- Death Benefit

Eligibility: Any current nonretired member was eligible.

Benefit: A refund of the hybrid contribution account, plus the accumulated contributions for Act No. 447-1951 and Act No. 1-1990 members.

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

Eligibility: Police, firefighters, and other employees in specified high-risk positions who die in the line of work due to reasons specified in Act No. 127-1958, as amended.

Spouse's Benefit: 50% of the participant's compensation at date of death, payable as an annuity until death or remarriage.

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Children's Benefit: 50% of the participant's compensation at date of death, payable as an annuity, and allocated pro rata among eligible children. The annuity was payable for life for a disabled child, until age 18 for a nondisabled child not pursuing studies, and until age 25 for a nondisabled child who is pursuing studies.

Benefit if No Spouse or Children: The parents of the member should each receive 50% of the participant's compensation at date of death, payable as an annuity for life.

Postdeath Increases: Effective July 1, 1996, and subsequently every three-years, the above death benefits are increased by 3% provided that the beneficiary(ies) had been receiving payments for at least three-years.

The cost of these benefits was paid by the Commonwealth.

(c) Postretirement Death Benefit for Members Who Retired prior to July 1, 2013

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

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

- i. For those married or with dependent children at the time of death, the annual income to a widow, or widower or dependent children is equal to 60% (50% if in the Coordination Plan- 30%, prior to January 1, 2004) of the retirement benefit payable for life for a surviving spouse and/or disabled children and payable until age 18 (age 25 if pursuing studies) for nondisabled children. If in the Coordination Plan, the benefit to the surviving spouse does not begin until the spouse's attainment of age 60 and the surviving spouse must have been married to the member for at least 10 years to be eligible for this benefit. The increase in the percentage from 30% to 50% if in the Coordination Plan is paid by the Commonwealth for former government employees or by the public enterprise or municipality for their former employees. See Act No. 105 of 1969, as amended by Act No.158 of 2003.
- ii. The benefit, when there is no relation as stated above, is equal to the remaining balance of accumulated contributions at the time of retirement after the deduction of lifetime annual income paid and is payable to a beneficiary or to the Member's estate. In no case may the benefit be less than \$1,000. Either the Commonwealth for former government employees or the public enterprise or municipality for their former employees pays the difference, up to \$250, between (1) the accumulated contributions less the lifetime annual income paid and (2) \$1,000. ERS pays for the rest. See Article 2-113 of Act No. 447 of 1951, as amended by Act No. 524 of 2004.

(d) Postretirement Death Benefit for Members Who Retired after June 30, 2013

Eligibility: Any retiree or disabled member who began receiving a monthly benefit after June 30, 2013.

Benefit: If the member elected at the time of retirement to transfer a portion of the annuity to a beneficiary by selecting an actuarially equivalent optional form of payment, the applicable survivor benefit.

For all members, the excess, if any, of the hybrid contribution account, plus the accumulated contributions for Act No. 447-1951 and Act No. 1-1990 members, at the time of retirement over the total annuity payments paid to the member and any beneficiary per the terms of the optional form of payment must be payable to a beneficiary or the member's estate.

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

- (vi) Disability Benefits

- (a) Disability

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

- Benefit: The balance of the hybrid contribution account payable as lump sum distribution, an immediate annuity, or a deferred annuity at the election of the participant. Act No. 447-1951 and Act No. 1-1990 members remain eligible to receive the accrued benefit as of June 30, 2013, commencing at the applicable retirement eligibility age.

- (b) High Risk Disability under Act No. 127-1958

- Eligibility: Police, firefighters, and other employees in specified high-risk positions who are disabled in the line of work due to reasons specified in Act No. 127-1958 (as amended).

- Benefit: 80% (100% for Act No. 447-1951 members) of compensation as of date of disability, payable as an annuity. If the member died while still disabled, this annuity benefit continued to his beneficiaries. Beneficiaries include the surviving spouse and/or disabled children (for life), nondisabled children until age 18 (age 25 if pursuing studies), and the parents if no other beneficiaries. Effective July 1, 1996, and subsequently every three-years, the disability benefit was increased by 3% provided that the member (or beneficiary) had been receiving payments for at least three-years (Act No. 127-1958, as amended). The cost of these benefits was paid by the Commonwealth.

- (c) Members who qualified for occupational or nonoccupational disability benefits as of June 30, 2013, continue to be eligible to receive such benefits.

- (vii) Special Benefits

- (a) Minimum Benefits

- i. Past Ad hoc Increases: The Legislature, from time to time, increased pensions for certain retirees as described in Act No. 124-1973 and Act No. 23-1983. The benefits were paid 50% by the Commonwealth and 50% by the ERS.
 - ii. Minimum Benefit for Members Who Retired before July 1, 2013 (Act No. 156-2003, Act No. 35-2007, and Act No. 3-2013): The minimum monthly lifetime income for members who retired or become disabled before July 1, 2013, is \$500 per month effective July 1, 2013 (\$400 per month effective July 1, 2007, and \$300 per month up to June 30, 2007). The increase in the minimum monthly benefit from \$200 per month to \$300 per month was paid by the Commonwealth for former government and certain public corporations without their own treasuries' employees or by certain public corporations with their own treasuries or municipalities for their former employees. The increase in the minimum monthly benefit from \$300 per month to \$400 per month was to be paid by ERS for former government and certain public corporations without their own treasuries' employees or by certain public corporations with their own treasuries or municipalities for their former employees.

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- iii. Coordination Plan Minimum Benefit: A minimum monthly benefit was payable upon attainment of SSRA such that the benefit, when added to the Social Security Benefit, was not less than the benefit payable prior to SSRA.
- (b) Cost of Living Adjustments (COLA) to Pension Benefits: The Legislature, from time to time, increased pensions by 3% for retired and disabled members. Beneficiaries were not entitled to COLAs granted after the retiree's death. The first increase was granted by Act No. 10-1992. Subsequent 3% increases have been granted every third year since 1992, with the latest 3% increase established on April 24, 2007, and effective July 1, 2007 (retroactive to January 1, 2007) for retired and disabled members that were receiving a monthly benefit on or before January 1, 2004 (Act No. 35-2007). In addition, effective July 1, 2008, any retired or disabled member that was receiving a monthly annuity on or before January 1, 2004, less than \$1,250 per month received an increase of up to 3% without exceeding the limit of \$1,250 per month (Act No. 35-2007). The COLAs granted in 1992 to all retirees and in 1998 to retirees who are former government or municipal employees are to be paid by ERS. All other COLAs granted in 1995 and later were required to be paid by the Commonwealth for former government and certain public corporations without their own treasuries or by certain public corporations with their own treasuries or municipalities for their former employees.
- (c) Special "Bonus" Benefits
 - (i) Christmas Bonus (Act No. 144-2005, as Amended by Act No. 3-2013): An annual bonus of \$200 for each retiree, beneficiary, and disabled member has historically been paid in December provided the member retired prior to July 1, 2013. This benefit is paid from the supplemental contributions received from the Commonwealth for former government and certain public corporations without their own treasuries, or by certain public corporations with their own treasuries or municipalities for their former employees.
 - (ii) Medication Bonus (Act No. 155-2003, as Amended by Act No. 3-2013): 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. This benefit is paid from the Supplemental Contributions received from the Commonwealth for former government and certain public corporations without their own treasuries, or by certain public corporations with their own treasuries or municipalities for their former employees.

Before July 1, 2017, the Commonwealth made contributions to the ERS for the special benefits granted by special laws. The funding of the special benefits was provided to the ERS through legislative appropriations each January 1 and July 1. Special benefits to eligible Act 447-1951 participants are being paid by each employer as they become due since July 1, 2017.

(viii) Contributions

Prior to July 1, 2017, the plan contributions requirements were as follows:

- (a) (Article 5-105 of Law 447, as amended by Law No. 3 of 2013, amended by Law No. 106 of 2017 and amended by Law 71 of 2019): Effective July 1, 2013 through June 30, 2017, contributions by members consisted of 10% of compensation. However, for Act No. 447 members who selected the Coordination Plan, the member contributions were 7% of compensation up to \$6,600 plus 10% of compensation in excess of \$6,600 during the 2013- 2014 fiscal year and 8.5% of compensation up to \$6,600 plus 10% of compensation in excess of \$6,600 during the 2014-2015 fiscal year. Effective July 1, 2015 for members who selected the Coordination Plan, member contribution increased to 10% of compensation. Members may voluntarily make additional contributions to their Defined Contribution Hybrid Contribution Account.

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Prior to July 1, 2013, contributions by Act No. 447 members selecting the Coordination Plan were 5.775% of compensation up to \$6,600 plus 8.275% of compensation in excess of \$6,600. Contributions by all other members were 8.275% of compensation. System 2000 members may also have made voluntary contributions of up to 1.725% of compensation prior to July 1, 2013.

Effective July 1, 2017, contributions by members consists of 8.5% of compensation and are being directly deposited by the Treasury Department in the individual member accounts under the New Defined Contribution Plan created pursuant to Act 106-2017. Also, as of that date, System's participants shall make no individual contributions or payments to the accumulated pension benefits payment account or additional contributions to the ERS. However, in the case of members of the Puerto Rico Police Bureau, the mandatory contribution is 2.3% of their compensation. In the case of those members of the Puerto Rico Police Bureau, which have less than 10 years to qualify for retirement as established by Act No. 447, the reduction in the percentage of contribution from the 8.5% level will apply voluntarily.

(b) Employer Contributions (Article 2 116, as Amended by Act No. 116-2010 and Act No. 3- 2013):

Prior to July 1, 2011, employer contributions were 9.275% of compensation. Effective July 1, 2011, employer contributions were 10.275% of compensation. For the next four fiscal years effective July 1, 2012, employer contributions were increased annually by 1% of compensation. For the next five fiscal years, employer contributions will increase annually by 1.25% of compensation, reaching an employer contribution rate of 20.53% of compensation effective July 1, 2020. Under Act 106-2017, all employers' obligations to contribute to the ERS were eliminated.

Act 106-2017 eliminated the employer contributions to the ERS as of July 1, 2017. Instead, participating employers are responsible for the payment of the PayGo fee to the newly created accumulated pension benefits payment account, which is computed based on the amount of actual benefits paid to retirees, disabled and beneficiaries of each participating employer.

(c) Supplemental Contributions from the Commonwealth, Certain Public Corporations, and Municipalities (Act No. 3-2013): Effective July 1, 2013, ERS received a supplemental contribution of \$2,000 each year for each pensioner (including beneficiaries receiving survivor benefits) that was previously benefitting an Act No. 447-1951 or Act No. 1-1990 member while an active employee. This supplemental contribution was paid by the Commonwealth Fund for former government and certain public corporations without their own treasuries or by certain public corporations with their own treasuries or municipalities for their former employees.

Act 106 of 2017 eliminated the special benefits contribution requirement to the ERS, instead they will be allocated to the new PayGo System through legislative appropriations, as necessary.

(d) Additional Uniform Contribution (Act No. 32-2013, as Amended): The additional uniform contribution (AUG) was to be certified by the external actuary of ERS each fiscal year from fiscal year 2015 through 2033 as necessary to avoid the projected gross assets of ERS, falling below \$1 billion during any subsequent fiscal year. The AUG was to be paid by the Commonwealth, public corporations with their own treasuries, and municipalities. All employers' contributions, including the additional uniform contribution were eliminated effectively on July 1, 2017, by Act 106-2017.

Net Pension Liability, Pension Expense (Benefit), Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pension

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On February 23, 2024, the ERS issued an audited report for the year ended June 30, 2022, in accordance with GASB Statement No. 73, providing information about pension amounts by employer and the corresponding employer allocation percentage. The Corporation disclosed the below mentioned information based on this audited data reported by ERS and the ERS Actuarial Valuation Report.

As of June 30, 2023, the Corporation reported a liability of \$3,767,909 for its proportionate share of the total pension liability. The collective total pension liability which amounts to approximately \$22.1 billion was determined by an actuarial valuation as of July 1, 2021, that was rolled forward to June 30, 2022 (measurement date as of June 30, 2023). The Corporation's proportion of the total pension liability was based on the ratio of the Corporation's actual benefit payments for allocation to the aggregate total of benefit payments for allocation paid by all participating entities during the year ending on the measurement date. As of June 30, 2022, the Corporation's proportionate share was 0.01701%.

For the year ended June 30, 2024, the Corporation recognized pension expense of \$122,077. Pension expense represents the change in the total pension liability during the measurement period. At June 30, 2024, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	5 years	\$ 2,560	\$ 22,913
Changes in assumptions	5 years	140,280	-
Changes in proportion	5 years	18,679	5,958
Benefit paid subsequent to measurement date	N/A	-	-
Balance as of June 30, 2024		<u>\$ 161,519</u>	<u>\$ 28,871</u>

Actuarial methods and assumptions

The actuarial valuation was determined using the following actuarial methods and assumptions:

Discount Rate

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

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Mortality

The mortality tables used in the June 30, 2024; actuarial valuation was as follows:

a) Pre-retirement Mortality

For general employees not covered under Act No. 127, RP-2014 Employee Mortality Rates for males and females adjusted to reflect Mortality Improvement Scale MP-2018 from the 2006 base year and projected forward using MP-2021 on a generational basis. For members covered under Act No. 127, RP-2014 Employee Mortality Rates are assumed with blue collar adjustments for males and adjusted to reflect Mortality Improvement Scale MP-2021 from the 2006 base year and projected forward using MP-2021 on a generational basis. As generational tables, they reflect mortality improvements both before and after the measurement date.

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

b) Post-retirement Healthy Mortality

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

c) 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.

d) Post-retirement Beneficiary Mortality

Prior to retiree's death, beneficiary mortality is assumed to be the same as the post-retirement retiree mortality. For periods after the retiree 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 the generational table, it reflects mortality improvements both before and after the measurement date.

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Other Assumptions as of June 30, 2023

Actuarial cost method	Entry age normal
Inflation rate	Not applicable
Salary increases	3.00% per year. No compensation increases are assumed until July 1, 2023, as a result of Act No. 3-2017, four-year extension of Act No. 66-2014, and the current general economy.

Sensitivity of the Corporation's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

The following table presents Corporation proportionate share of the total pension liability for the Plan calculated using the discount rate of 3.54% as well what it would be if it were calculated using a discount rate of 1- percentage point lower (2.54%) or 1-percentage point higher (4.54%) than the current rate:

	1% Decrease 2.65%	Current discount rate 3.65%	1% Increase 4.65%
Total net pension liability	<u>\$ 3,637,070</u>	<u>\$ 3,673,808</u>	<u>\$ 3,710,546</u>

NOTE 6- OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Corporation participates in the Other Postemployment Benefit Plan of the Commonwealth of Puerto Rico for Retired Participants of the Employees' Retirement System (the "OPEB Plan"). The OPEB Plan is an unfunded defined benefit other postemployment healthcare benefit plan administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("GASB No. 75"). Under the guidance of GASB 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 OPEB Plan covers a payment of up to \$100 per month to the eligible medical insurance plan selected by each member provided that the member retired prior to July 1, 2013 (Act No. 483, as amended by Act No. 3). The OPEB Plan is financed by the Commonwealth through legislative appropriations. However, the Commonwealth claims reimbursement from each employer monthly for the corresponding amount of the OPEB payments made by the Commonwealth in relation to the retirees associated with each employer. There is no contribution requirement from the plan members during active employment. The retirees contribute the amount of the healthcare insurance premium not covered by the Commonwealth contribution. Plan members were eligible for benefits upon reaching the applicable retirement age. Act No. 3 of 2013 eliminated this healthcare benefit to the OPEB plan members that retired after June 30, 2013.

Total OPEB Liability

As of June 30, 2024, the Corporation reported a liability of approximately \$48,443 for its proportionate share of total collective OPEB liability. The total OPEB liability as of June 30, 2024, was determined by an actuarial valuation as of

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July 1, 2022, which was rolled forward to June 30, 2023 (measurement date). As of June 30, 2024, the Corporation's proportionate share was 0.00749%.

For the year ended June 30, 2024, the Corporation recognized an OPEB benefit of \$2,847.

OPEB Deferred Outflows of Resources and Deferred Inflows of Resources

GASB No. 75 required to determine deferred outflows of resources and deferred inflows of resources to be amortized and recognized in the annual OPEB expense. Because all participants are inactive, there are no deferred outflows or inflows of resources as changes in actuarial assumptions, economic or demographic gains and losses, and changes in proportionate share are recognized immediately during the measurement date. However, as of June 30, 2024, there not deferred outflows of resources related to OPEB, resulting from the benefits paid subsequent to the measurement date, will be recognized as a reduction of total OPEB liability in the year ended June 30, 2023.

Actuarial Methods and Assumptions

The actuarial valuation used the following actuarial assumptions:

Discount Rate

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

Mortality

- a) Pre-retirement Mortality — For general employees not covered under Act No. 127, - 1958, PubG employee rates, adjusted by 100% for males and 110% for females, projected to reflect Mortality Improvement Scale MP-2021 on generational basis. For members covered under Act No. 127, the PubS-2010 Employee Mortality Rates are assumed for males and females, projected to reflect Mortality Improvement Scale MP-2021 on a generational basis. As generational tables, they reflect mortality improvements both before and after the measurement date. 100% of deaths while in active service are assumed to be occupational for members covered under Act 127.
- b) Post-retirement Healthy Mortality — Rates which vary by gender are assumed for healthy retirees and beneficiaries based on a study of the Plan's experience from 2013 to 2018 and updated expectations regarding future mortality improvement. The PubG-2010 healthy retiree rates, adjusted by 100% for males and 110% for females, projected using MP-2021 on a generational basis. As a generational table, it reflects mortality improvements both before and after the measurement date.
- c) 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 retirees 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.
- d) Post-retirement Beneficiary Mortality — Prior to retiree's death, beneficiary mortality is assumed to be the same as the post-retirement retiree mortality. For periods after the retiree death, the PubG-2010(B) continent survivor rates, adjusted by 110% for males and 120% for females, projected using MP-2021 on a generational basis. As the generational table, it reflects mortality improvements both before and after the measurement date.

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Sensitivity of the Corporation's Proportionate Share of Total OPEB Liability to Changes in the Discount Rate

The following presents the Corporation's proportionate share of total OPEB liability calculated using the discount rate of 3.65%, as well as what the Corporation's proportionate share of total OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate.

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 47,444	\$ 48,443	\$ 48,927

NOTE 7- REINSURANCE

Federal Crop Insurance Corporation Reinsurance

In the ordinary course of business, the Corporation cedes business to the Federal Crop Insurance Corporation (FCIC) under a contract. The existence of such reinsurance does not discharge the Corporation from its primary liability to its policyholders and, to the extent that the reinsurer be unable to meet its obligations, the Corporation would become liable.

At present, the Corporation maintains a reinsurance contract with the FCIC, which covers crops and plantations; but not poultry house, pineapple and equipment. The FCIC will indemnify the Corporation with respect to loss occurrences under policies of crop the insurance issued by the Company, reinsured, and will pay the Company in accordance with the terms specified in the reinsurance agreement.

The contract specifies that ceded premiums will be approximately 20% of the annual net book premiums, as defined by the reinsurance agreement. In addition, the FCIC paid 24.5% as expenses reimbursement based on the net book premiums of buy-up policies, as defined in the reinsurance agreement.

The Corporation agreed with the FCIC to include a new type of policy called "Catastrophic Risk Protection Plan" (CAT). CAT is eligible crop insurance contract that provides the lowest level of coverage required to be eligible for other agricultural program benefits as specified in the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.). The FCIC will subsidy 100% of the CAT policy.

The Corporation agreed to collect an administrative fee of \$300 from policyholders for the processing expenses on as per crop and agricultural region basis, and \$30 per crop processing fee for additional coverage.

Other Reinsurance

The Corporation also has a reinsurance agreement with Cooperativa de Seguros Múltiples de Puerto Rico, which covers, from June through May. This agreement covers risks associated with poultry, ornamental, and hydroponic structures. This contract does not discharge the Corporation from its primary liability to its policyholders and, to the extent that the reinsured be unable to meet its obligations, the Corporation would become liable.

NOTE 8- UNPAID ESTIMATED CLAIMS

Management estimated its liability for unpaid claims to farmers as of June 30, 2024, for the amount of \$185,646, substantially related to losses caused by prior year claims.

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Activity in the liability for unpaid claims and claims expense is summarized as follows:

<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Paid</u>	<u>Adjustment</u>	<u>Ending Balance</u>
<u>\$ 750,966</u>	<u>\$ 74,177</u>	<u>\$ 639,497</u>	<u>-</u>	<u>\$ 185,646</u>

NOTE 9-LINE OF CREDIT

The Corporation borrowed in a prior year \$6,500,000 to the “Fondo Integral para el Desarrollo Agrícola de Puerto Rico Inc.” (FIDA) under a non-revolving credit line for working capital purposes. The line of credit bears a 2.25% over LIBOR rate. As of June 30, 2023, the outstanding balance amounted to \$4,692,041.

The Corporation is obligated to pay FIDA the outstanding balance of the line of credit when ADEA paid it debts to the Corporation.

On February 9, 2006, FIDA through the resolution No. 2005-07 modified the terms of the line of credit, due to the cash flow problems experienced by the Corporation. FIDA has agreed to accept a cash payment of the principal balance at no interest or penalties after ADEA paid the Corporation in debt.

NOTE 10 - LOAN PAYABLE

Amount

The Corporation has two loans payable for three and twelve months respectively. The credit facilities were of original amounts of \$5,000,000 and \$1,500,000 with “Administración para el Desarrollo de Empresas Agropecuarias (ADEA)”. Said notes are payable in three and twelve months after their disbursement from ADEA of \$5,000,000 and \$1,500,000. Because both agencies (CSA and ADEA) are sister entities, notes are non-interest bearing and free of administrative charges per Administrative Order 2023-05 issued by Secretary of Agriculture of Puerto Rico, with maturity dates on June 30, 2018, and January 31, 2024, respectively. As of June 30, 2024, the outstanding balance amounted to \$2,922,573 and \$1,500,000 respectively.

\$ 4,422,573

Loan payable in a term of twelve months in the amount of \$3,000,000 with “Fondo de Innovación para el Desarrollo Agrícola (FIDA)”. Said note is payable in twelve months after its disbursement from ADEA. Because both agencies (CSA and ADEA) are sister entities, the note is non-interest bearing and free of administrative charges per Administrative Order 2023-05 issued by the Secretary of Agriculture of Puerto Rico, with a maturity date of February 22, 2024. As of June 30, 2023, the outstanding balance amounted to \$3,000,000.

1,500,000

\$ 5,922,573

NOTE 11- CONTINGENCIES

As of June 30, 2024, the Corporation was defending against two legal claims from former employees for \$600,000. Both cases were subsequently finished, with one reaching a settlement of \$40,000 and the other pending before the court pending resolution, and it is the legal advisor's opinion that the result will favor the corporation, which will result in no disbursement.

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NOTE 12- INSURANCE RESERVE

Farm Insurance Corporation of Puerto Rico, as an insurance corporation, is authorized to issue policies to insure the crops of the Puerto Rico farmers and is also regulated by the Office of the Insurance Commissioner of Puerto Rico. All insurance companies duly authorized to do business in Puerto Rico need to comply with an assets reserve to pay claims as they occur. The financial position of the Corporation does not have sufficient liquidity in assets to pay claims if this occurs. In this scenario, the Governor must authorize through executive order the transfer of funds to the Corporation from the Emergency Fund in case the Corporation needs resources to pay claims to farmers.

NOTE 13- RESTATEMENT OF NET POSITION

During 2024 the Corporation identified an error related to prior year financial statements, related to over accruals of pension and other withholding belonging to prior years, which resulted in restatements of the beginning net position of the Corporation's financial statements. The impact of these adjustments in the beginning net position is described as follows:

Description	
Net position at July 1, 2023, as previously reported	\$ 217,092
Overstatement of accruals	<u>76,806</u>
Net position at July 1, 2023 as restated	<u>\$ 293,898</u>

NOTE 14- SUBSEQUENT EVENTS

The Corporation has evaluated all transactions occurring after the statement of financial position as of June 30, 2024, for items that should potentially be recognized or disclosed in the financial statements. The evaluation was conducted through February 27, 2025, the date the accompanying financial statements were available to be issued.

End of Notes

REQUIRED SUPPLEMENTARY INFORMATION

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Description	2024*	2023*	2022*	2021*	2020*	2019*
Proportion of Total Pension Liability	0.01701%	0.17010%	0.00837%	0.00837%	0.00849%	0.00791%
Proportionate Share of Total Pension Liability	\$ 3,676,808	\$ 3,767,909	\$ 2,356,018	\$ 2,350,842	\$ 2,110,219	\$ 1,973,943

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

*The coverage payroll disclosure is omitted because contributions were eliminated after the enactment of Act No. 106 - 2017 and are no longer based on payroll.

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

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

See notes to required supplementary information and accompanying independent auditors' report.

Description	2024*	2023*	2022*	2021*	2020*	2019*
Proportion of Total Other Post Employment Benefit Liability	0.00749%	0.00724%	0.00715%	0.00704%	0.00782%	0.00684%
Proportionate Share of Total Other Post Employment Benefit Liability	\$ 48,443	\$ 50,396	\$ 57,031	\$ 61,577	\$ 65,056	\$ 57,598

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

*The coverage payroll disclosure is omitted because contributions were eliminated after the enactment of Act No. 106 - 2017 and are no longer based on payroll.

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

Fiscal year 2019 was the first year that the new requirements of GASB 75 were implemented at Corporation. This schedule is required to illustrate 10 years of information. However, until a 10-year trend has been completed, information is presented only for the years for which the required supplementary information is available.

The accompanying notes are an integral part of this required supplementary information.

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

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2. The information presented in the schedules relates solely to the Corporation and not Employee's Retirement System of the Government of the Commonwealth of Puerto Rico as a whole.
3. The data provided in the schedules is based as of the measurement date of the total pension liability and total other post-employment benefits liability, which is as of the prior fiscal year ended June 30th.