AUTORIDAD DEL PUERTO DE PONCE
(A Component Unit of the Commonwealth of Puerto Rico)

Basic Financial Statements

June 30, 2024 and 2023

(With Independent Auditors' Report)

AUTORIDAD DEL PUERTO DE PONCE
(A Component Unit of the Commonwealth of Puerto Rico)

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June 30, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

Administrative Board of Directors of
Autoridad del Puerto de Ponce
Ponce, Puerto Rico

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of **Autoridad del Puerto de Ponce** ("**the Authority**"), a component unit of the Commonwealth of Puerto Rico, which comprise the statements of net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of a capital contribution of real estate not recorded in the financial statements described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of **the Authority** as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As more fully described in Note 1 to the financial statements, **the Authority** has not recorded a capital contribution of real estate from Department of Economic Development and Commerce in the financial statements. In our opinion, accounting principles generally accepted in the United States of America require that capital contribution of real estate transferred be recorded at carrying value at the date of receipt. The effects on the accompanying financial statements of the failure to record real estate acquired by capital contribution have not been determined.

We conducted our audit in accordance with 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). 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 **the 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 qualified audit opinion

Responsibility 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 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' Responsibility *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 generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial 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 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 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 on pages 4 through 9, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2025, on our consideration of **the Authority**'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 **the Authority**'s internal control over financial reporting and compliance.

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License No. PSC- 196

Ponce, Puerto Rico
March 27, 2025

DPSC196-84

AUTORIDAD DEL
PUERTO DE PONCE

AUTORIDAD DEL PUERTO DE PONCE
(A Component Unit of the Commonwealth of Puerto Rico)

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended June 30, 2024 and 2023

INTRODUCTION

On December 12, 2011, by virtue of Act No. 240, established the creation of the Autoridad del Puerto de Ponce (the "Authority"), a component unit of the Commonwealth of Puerto Rico. **The Authority** was created to continue the development of the container terminal formerly undertaken by Port of the Americas Authority (PAA) and handle such facilities future operations; therefore, all of the assets, rights and duties of PAA (with the exception of its existing debt) would be transferred to **the Authority**. As of June 30, 2023, the assets of Autoridad de Ponce (previously known as Port of the Americas Authority[1]) have not been transferred to **the Authority**.

On December 19, 2013, Act No. 156 was approved amending Act No. 240 by, among other things, authorizing **the Authority** to request a line of credit of up to $60 million from the Government Development Bank (GDB) to start funding the operations for which it was created and to establish that effective fiscal year 2015 debt service be satisfied with Commonwealth's annual legislative appropriations. On August 24, 2017, Act 109 of 2017 "Government Development Bank of Puerto Rico Debt Restructuring Act" (Act No. 109) was signed into law with the purpose of establishing a legislative framework for GDB's restructuring process. Act No. 109 creates the Government Development Bank Debt Recovery Authority (GDBRA). As provided by Act No. 109, **the Authority**'s line of credit payable to GDB, was transferred to GDBRA.

On January 18, 2018, the Governor signed Act No. 4 of 2018 to amend various articles from law No. 240 of 2011 in order to restructure the governing body of **the Authority** and establish the new composition of its Board of Directors.

The following Discussion and Analysis ("MD&A") of **the Authority**'s activities and financial performance introduces the financial statements of **the Authority** for the fiscal year ended June 30, 2024. The information contained in this MD&A has been prepared by management and should be considered in conjunction with the financial statements and the notes thereto, which follow this section.

The notes to the financial statements are essential to a full understanding of the data contained in the financial statements. This report presents certain required supplementary information regarding operations, capital assets and long-term debt activity during the fiscal year, including outstanding commitments made for construction and development.

OVERVIEW OF THE FINANCIAL STATEMENTS

Governmental accounting policy, practice and procedures fall under regulations of the Government Accounting Standards Board ("GASB"). **The Authority**'s financial transactions and financial statements are presented according to GASB Statement No. 34 reporting model, as mandated by GASB. The purpose of GASB 34 reporting model is to consolidate two basic forms of governmental accounting (governmental and proprietary) into statements that give the reader a clearer picture of the financial position of **the Authority** as a whole. **The Authority** reports its financial position and results of operations as a Proprietary Fund.

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[1] On August 12, 2016, the Governor signed Act No. 176 of 2016, known as "Law of the Ponce Authority", amend various articles from law No. 171 of 2002 in order to: re-name the Port of the Americas Authority (PAA) to "Autoridad de Ponce", restructure the governing body of the PAA; establish the new composition of its Board and expand its purposes, faculties and powers to create a Coordinated Infrastructure Master Plan for the City of Ponce.

The financial statements are prepared on the accrual basis of accounting; therefore, revenues are recognized when earned and expenses are recognized when incurred. **The Authority**'s capital assets are depreciated over the estimated useful lives of the related assets using the straight-line method.

FINANCIAL POSITION SUMMARY

Statement of Net Position

The Statement of Net Position presents the financial position of **the Authority** at the end of the fiscal year. The statement identifies the "net position" as the residual of the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. A summarized comparison of **the Authority's** net position on June 30, 2024 and 2023 is as follows:

	2024	2023	Variance
Assets:			
Current and other assets	$7,032,282	$ 3,076,504	$ 3,955,778
Due from Autoridad de Ponce	4,022,265	4,022,265	-
Noncurrent assets:			
Lease receivable, net	2,595,756	-	2,595,756
Capital assets, net	29,516,030	28,820,810	695,220
Total assets	$ 43,166,333	$ 35,919,579	$ 7,246,754
Liabilities:			
Line of credit	$ -	$ 20,762,577	$ (20,762,577)
Other current liabilities	4,095,750	1,151,814	2,943,936
Accrued interest payable	-	12,821,899	(12,821,899)
Total liabilities	4,095,750	34,736,290	(30,640,540)
DEFERRED INFLOWS OF RESOURCES	3,445,551	-	3,445,551
Net position:			
Net investment in capital assets	28,643,000	2,414,653	26,228,347
Unrestricted	6,982,032	(1,231,364)	8,213,396
Total net position	35,625,032	1,183,289	34,441,743
Total liabilities and net position	$ 43,166,333	$ 35,919,579	$ 7,246,754

The highlights for the Statement of Net Position are as follow:

- As of June 30, 2024, **the Authority** presents a Net Position of approximately $36 million, an increase of approximately $34 million from 2023. This net position increase is mainly due to the credit line forgiveness, including accrued interest of approximately $33.5 million. Also, dockage and lease income triggered by the transfer of capital assets and operation from the Department of Development and Commerce related to Export and Commerce Company assets.
- Cash for the year ended on June 30, 2024 and 2023 are presented at approximately $4.7 and $2.1 million, respectively. Increase is mainly due to collection of 2023 operating funds of $696 thousand along with federal funds FEMA of $2.3 million associated to Hurricane Maria and Fiona damages and current year tenant collection. The funds are deposited in a Commercial Bank.
- Trade receivable increased by $222 thousand as compared to 2023 mainly due to, as mentioned before, the additional dockage and leases operations from the transfer of operation during 2023 from the Department of Development and Commerce.
- The amount of approximately $4 million is due from the Autoridad de Ponce (formerly Port of the Americas Authority) for the years ended June 30, 2024 and 2023.
- Line of credit balance as well as their respective accrued interest as of June 30, 2024 is nil, as the debt has been forgiven by GDB as agreed. During the year 2024, **the Authority** recognized the gain on debt settlement.
- Accounts payable for the year ended June 30, 2024 amounted to approximately $2.5 million, an increase of approximately $2.4 thousand when compared to 2023 mainly due to FEMA related repairs contracts paid off during 2025.
- Other liabilities also include an increase in accrued expenses of approximately $800 thousand mainly due to leave of absence accruals for employees transferred from Port of Ponce of approximately $600 thousands and increase in accrued utilities expenses of approximately $220 thousand. **The Authority** is claiming that part of the utilities is not related to **the Authority** operations but for the Port of Ponce, hence the increase in unpaid balances.

A summary of **the Authority**'s significant accounting policies is presented in Note 2 in the accompanying financial statements. The financial statements along with the MD&A are designed to provide readers with a comprehensive understanding of **the Authority**'s finances.

The financial section of this annual report consists of three parts: the MD&A, **the Authority** basic financial statements, and the notes to the financial statements. The report includes the following three statements: the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position is an indicator of the overall fiscal condition of **the Authority**. A summarized comparison of **the Authority**'s Statements of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2024 and 2023, is as follows:

	2024	2023	Variance
Operating revenues	$ 5,238,794	$ 2,409,619	$ 2,829,175
Operating expenses	6,953,610	1,675,096	5,278,514
Operating (loss) income before non-operating revenues and expenses	(1,714,816)	734,523	(2,449,339)
Non-operating revenues and expenses			
Other income	140,037	44,499	95,538
Federal grants	3,173,255	201,658	2,971,597
Interest expense	-	(1,490,753)	1,490,753
Gain on debt extinguishment	33,584,476	-	33,584,476
Interest income -GASB 87	173,097		173,097
Contribution and distributions to Port of Ponce:			
Capital contribution	48,632	-	48,632
Contribution leave of absence	(194,787)	-	(194,787)
Contribution -PayGo	(272,000)	-	(272,000)
Total non-operating revenues and (expenses)	36,652,710	(1,244,596)	37,897,306
Income (expenses) before capital grants and contributions	34,937,894	(510,073)	35,447,967
Capital grants and contributions	503,852	93,300	410,552
Changes in net position	35,441,746	(416,773)	35,858,519
Net position, beginning of year	1,183,289	1,600,062	(416,773)
Net position, end of year	$ 36,625,035	$ 1,183,289	$ 35,441,746

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The highlights for the Statement of Revenues, Expenses and Changes in Net Position are as follow:

- For the year ended on June 30, 2024, **the Authority** presented as changes in net position, an excess of revenues over expenses in the amount of approximately $35 million. This represents a positive variance of approximately $36 million, when compared with 2023. This change is mainly due to the credit line forgiveness, including accrued interest of approximately $33.5 million and primarily to contributions from the Commonwealth of Puerto Rico, increase in port operations revenues of due to transfer of operations from the Department of Development and Commerce and federal funds for mayor repair and maintenance net of increase in utilities expense, payroll and the condoned of credit line and interest.
- Also, during 2024, **the Authority** had additional expenses for PayGo of $272 thousand, that impacted negatively the results for 2024. For the year ended June 30, 2024, **the Authority** generated an operating loss of approximately $1.7 million, while, during the year ended June 30, 2023, generated an operating income of approximately $735 thousand.

CAPITAL ASSETS

The Authority's capital assets consist mainly on the acquisition of land for future developments and vehicles, equipment and furniture for operations. Following is a table summarizing the composition of capital assets as of June 30, 2024.

	Balance at June 30, 2023	Increase	Decrease	Transfers	Balance at June 30, 2024
Non depreciable asset - Land	$ 28,643,000	$ -	$ -	$ -	$ 28,643,000
Depreciable assets	187,469	736,944	-	264,438	1,188,851
Less accumulated depreciation	(9,659)	(90,356)	-	(215,806)	(315,821)
Net depreciable assets	177,811	646,588	-	48,632	873,031
Net capital assets	$ 28,820,811	$ 646,588	$ -	$ 48,632	$ 29,516,031

At the end of fiscal year 2024, **the Authority**'s net capital assets amount to approximately $29 million with a related net investment in capital assets of the same amount. During the year ended June 30, 2024 **the Authority** received movable property, including vehicles from the Port of Ponce as contribution with net book value of $48,632.

DEBT ADMINISTRATION

As of June 30, 2023, the principal and interests balance outstanding on **the Authority**'s credit facilities amounted to approximately $29.1 million. On October 2, 2023, the outstanding balance, including accrued interest as of that date was settled resulting in a gain on extinguishment of debt and releasing **the Authority** from the debt. In 2024, **the Authority** recognized a gain of $33.6 million, including accrued interest payable of $13 million.

ECONOMIC OUTLOOK AND CURRENTLY KNOWN FACTS

Authority's ability to continue as a going concern

The Commonwealth has not included appropriations for the payment of debt service in its General Fund budget since fiscal year 2017, as the payment of such obligations has been suspended pursuant to the Moratorium Act and Act No. 5. In addition, **the Authority** has been unable to raise through operations the funds required for debt service. Management's plans for the future operations rely on the final transfer of the assets from Autoridad de Ponce, in accordance with Law No. 240 of 2011, as amended. As further disclosed in the financial statements, during 2024, **the Authority** received the transfer of certain movable properties such as vehicles and equipment from the Autonomous Municipality of Ponce and additional real property from the Department of Development and Commerce which were previously owned by the Export and Commerce Company of Puerto Rico to be used and operated by **the Authority**. This transfer injected additional operating revenues to **the Authority**.

The accompanying financial statements have been prepared assuming that **the Authority** will continue as a going concern. These financial statements do not include adjustments, if any, that may result from the outcome of these uncertainties.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of **the Authority**'s finances and to demonstrate **the Authority**'s accountability for the funds it receives and expends. Questions concerning this report or request for additional information should be addressed to Mr. Héctor Agosto Rivera, Executive Director, Autoridad del Puerto de Ponce, P.O. Box 7051, Ponce, Puerto Rico 00732-7051.

AUTORIDAD DEL PUERTO DE PONCE
(A Component Unit of the Commonwealth of Puerto Rico)

STATEMENTS OF NET POSITION
June 30, 2024 and 2023

ASSETS	**2024**	**2023**
Current assets		
Cash with commercial bank	$4,673,668	$ 2,193,743
Accounts receivables, net	670,109	448,419
Current portion of lease receivable (note 11)	948,714	-
Grants receivable (note 4)	350,445	244,692
Goverment receivable (note 5)	27,733	44,029
Prepaid expenses	262,811	26,402
Due from the Department of Economic Development and Commerce (note 6)	-	119,219
Due from Autoridad de Ponce (note 7)	4,022,265	4,022,265
Due from Port of Ponce (note 8)	98,802	-
Total current assets	11,054,547	7,098,769
Noncurrent assets		
Lease receivable, net of current portion (note 11)	2,595,756	-
Capital assets (note 9)	29,516,030	28,820,810
Total noncurrent assets	32,111,786	28,820,810
Total assets	$ 43,166,333	$ 35,919,579
LIABILITIES		
Current liabilities		
Line of credit (note 10)	$ -	$ 20,762,577
Accounts payable	2,457,433	81,643
Accrued expenses and payroll withholdings	907,370	109,533
Security deposits	93,731	41,421
Federal funds received in advance	326,944	608,945
Other current liabilities	233,338	233,338
Due to Autoridad de Ponce from Federal funds advances (note 7)	62,984	62,984
Due to Port of Ponce (note 8)	13,950	13,950
Accrued interest payable (note 10)	-	12,821,899
Total current liabilities	4,095,750	34,736,290
Deferred inflows of resources		
Lease liability	3,445,551	-
Total liabilities and deferred inflows of resources	7,541,301	34,736,290
NET POSITION		
Net investment in capital assets	29,516,030	2,414,653
Unrestricted	6,109,002	(1,231,364)
Total net position	35,625,032	1,183,289
Total liabilities, deferred inflows of resources and net position	$ 43,166,333	$ 35,919,579

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

AUTORIDAD DEL PUERTO DE PONCE
(A Component Unit of the Commonwealth of Puerto Rico)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the fiscal years ended June 30, 2024 and 2023

	2024	2023
Operating revenues:		
Lease rental revenue	$ 1,586,581	$ -
Concessions revenues	1,078,232	1,391,896
Port operating fees and charges	1,621,981	287,779
Total operating revenues	4,286,794	1,679,675
Operating expenses:		
Salaries and fringe benefits	2,504,331	587,146
Professional services and counseling	346,282	168,857
Utilities	660,981	364,642
Repair services expenses	2,907,656	383,639
Other operating expense	444,004	161,206
Total operating expenses	6,863,254	1,665,490
Operating (loss) income before depreciation and amortization	(2,576,460)	14,185
Depreciation and amortization	90,356	9,606
Operating (loss) income	(2,666,816)	4,579
Non-operating revenues and (expenses):		
Contributions from the Commonwealth of Puerto Rico	952,000	729,944
Noncapital grants revenues	2,173,254	201,658
Interest income on noperating revenues	140,035	44,499
Interest income on lease receivable	173,097	-
Gain on line of credit settlement, including accrued interest in the amount of $12,821,899	33,584,476	-
Interest expense (note 10)	-	(1,490,753)
Contribution received from (provided to) Port of Ponce :		
Capital assets transferred (Note 9)	48,632	-
Leave of absence expense assumed from employees transferred (Note 12)	(194,787)	-
Contribution interagency transfer expenses (Note 13)	(272,000)	-
Total non-operating revenues and (expenses)	36,604,707	(514,652)
Capital grants and contributions	503,852	93,300
Increase (decrease) in net position	34,441,743	(416,773)
Net position, beginning of year	1,183,289	1,600,062
Net position, end of year	$ 35,625,032	$ 1,183,289

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

AUTORIDAD DEL PUERTO DE PONCE
(A Component Unit of the Commonwealth of Puerto Rico)

STATEMENTS OF CASH FLOWS
For the Fiscal years ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Concessions and port services collected	$ 4,038,912	$ 1,105,849
Payments for goods and services	(1,909,660)	(1,786,597)
Payments for employees and payroll expenses	(2,129,139)	(493,614)
Net cash provided by (used in) operating activities	113	(1,174,362)
Cash flows from noncapital and related financing activities:		
Proceeds from contribution from government	696,296	804,378
Proceeds from noncapital grants	1,785,499	574,161
Preceeds from related parties	-	13,950
Proceeds from other nonoperating activities	173,097	-
Net cash provided by noncapital and related financing activities	2,654,892	1,392,489
Cash flows used in capital and related financing activities:		
Proceeds from capital grants	503,852	93,300
Aquisition of capital assets	(818,967)	(173,336)
Net cash used in capital and related financing activities	(315,115)	(80,036)
Cash flows provided by investing activities:		
Interest received	140,035	44,499
Net increase in cash	2,479,925	182,590
Cash, beginning of year	2,193,743	2,011,153
Cash, end of year	$ 4,673,668	$ 2,193,743

AUTORIDAD DEL PUERTO DE PONCE
(A Component Unit of the Commonwealth of Puerto Rico)

STATEMENTS OF CASH FLOWS, Continued
For the Fiscal years ended June 30, 2024 and 2023

	2024	2023
Reconciliation of operating (loss) income to net cash provided by (used in) operating activities:		
Operating (loss) income	$ (2,666,816)	$ 4,579
Adjustments to reconcile operating (loss) income to net cash used in operating activities:		
Depreciation expense	90,356	9,606
Write off recoveries	9,352	-
Provision for credit losses	-	71,950
(Increase) decrease in assets:		
Accounts receivable	(231,043)	(486,462)
Lease receivable	(98,919)	-
Prepaid expenses	(39,244)	(26,402)
Due from Department of Economic Development and Commerce	119,219	(119,219)
Due from Port of Ponce	(98,802)	-
Increase (decrease) in liabilities:		
Accounts payable	2,260,647	(753,801)
Accrued expenses	603,053	93,532
Security deposits	52,310	31,855
Total adjustments	2,666,929	(1,178,941)
Net cash provided by (used in) operating activities	$ 113	$ (1,174,362)
Noncash Investing, Capital, and Financing Activities:		
Capital asset acquisitions included in accounts payable and accrued liabilities	$ 115,143	$ -
Capital asset transferred from Port of Ponce, net of accumulated depreciation	$ 48,632	$ -
Gain on line of credit settlement and related accrued interest	$ 33,584,476	$ -

1. NATURE OF THE AUTHORITY

On December 12, 2011, by virtue of Act No. 240, as amended, it was approved the creation of the Autoridad del Puerto de Ponce (the "Authority"), a component unit of the Commonwealth of Puerto Rico (the Commonwealth). The Commonwealth provides financial support to **the Authority** through legislative appropriations and its current existing debt is payable from the legislative appropriations. **The Authority**'s basic financial statements are blended in the Commonwealth's fund financial statements as an enterprise fund. **The Authority** was created to continue the development of the container terminal formerly undertaken by Port of the Americas Authority (PAA) and handle such facilities future operations; therefore, all of the assets, rights and duties of PAA (with the exception of its existing debt) would be transferred to **the Authority**. As of June 30, 2023, the assets of Autoridad de Ponce (previously known as Port of the Americas Authority[2]) have not been transferred to **the Authority**.

On December 19, 2013, Act No. 156 was approved amending Act No. 240 by, among other things, authorizing **the Authority** to request a line of credit of up to $60 million from the Government Development Bank (GDB) to start funding the operations for which it was created and to establish that effective fiscal year 2015 debt service be satisfied with annual Commonwealth's legislative appropriations. As provided by Act No. 109, **the Authority**'s line of credit payable to GDB, was transferred to GDBRA.

On January 18, 2018, the Governor signed Act No. 4 of 2018 to amend various articles from law No. 240 of 2011 in order to restructure the governing body of **the Authority** and establish the new composition of its Board of Directors.

On January 10, 2022, **the Authority** entered into a Memorandum of Understanding ("MOU") where Ponce Authority, notwithstanding being the owner of part of the real properties or equipment located or installed within the port premises, hereby designated **the Authority** to act on its behalf and be the only and exclusive party with legal authority to request, pursue and obtain federal assistance funds administered by FEMA's Public Assistance Alternatives Procedures Program for Permanent Work (Section 428), in relation to DR4339PR, for the construction or reconstruction of all the Ponce Authority's properties or equipment that forms a part or are operated by **the Authority**.

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[2] On August 12, 2016, the Governor signed Act No. 176 of 2016, known as "Law of the Ponce Authority", to amend various articles from law No. 171 of 2002 in order to: re-name the Port of the Americas Authority (PAA) to "Autoridad de Ponce", restructure the governing body of the PAA; establish the new composition of its Board and expand its purposes, faculties and powers to create a Coordinated Infrastructure Master Plan for the City of Ponce.

1. NATURE OF AUTHORITY, Continued

On October 23, 2022, **the Authority** entered into a Memorandum of Understanding (“MOU 2023-009”) where the Department of Economic Development and Commerce, notwithstanding being the owner of part of the real properties or equipment located or installed within the port premises, hereby designated **the Authority** to act on its behalf and be the only and exclusive party with legal authority to request, pursue and obtain federal assistance funds administered by FEMA's Public Assistance Alternatives Procedures Program for Permanent Work (Section 428), in relation to DR4339PR, for the construction or reconstruction of all the Ponce Authority's properties or equipment that forms a part or are operated by **the Authority**. The MOU 2023-009 facilitates the administration and conservation of certain properties by **the Authority** while the process of property transfer is completed as mandated by Law 240-2011.

On June 5, 2024, the DDEC authorized the transfer of multiple parcels of land from the Government of Puerto Rico to APP. Parcels include Lot Numbers 1, 8-A, and 6, covering a total surface area of approximately 37,573.4792 square meters. Additional parcels described cover areas within the Ponce Harbor Industrial Subdivision and other locations in Playa Ward, Ponce. The properties were transferred free of cost and any encumbrances. The transfer includes all rights, easements, and uses associated with the properties. Immediate possession and dominion over the properties were granted to APP upon certification in the Registry of Property of Puerto Rico. The assets have not been recorded due to lack of financial information related to the book value of assets transferred.

<u>Memorandum of Understanding with Municipality of Ponce</u>

On January 26, 2024, **the Authority** entered into a Memorandum of Understanding (MOU) with the Autonomous Municipality of Ponce (MAP) to establishes the roles and responsibilities of the Municipality and **the Authority** regarding the management, application, and administration of federal funds for the reconstruction and development of the Port of Ponce, following the damages caused by hurricanes, earthquakes, and other disasters. The Municipality designates the PPA as its agent to manage federal funds from FEMA and HUD related to disaster recovery and mitigation for the Port of Ponce. The PPA is responsible for applying for, obtaining, and managing federal grants, including FEMA Public Assistance, Hazard Mitigation, and HUD CDBG-DR and CDBG-MIT funds. Funds received will be used for the construction, reconstruction, or replacement of port facilities and equipment owned by the MAP.

This designation does not transfer legal ownership but authorizes the PPA to act on behalf of the Municipality for federal funding purposes however o all properties and assets operated by the Port of Ponce Administrative Board will be transferred to the PPA eventually and the PPA will become the sole owner of these assets and continue as the interested party for federal assistance.

The accompanying basic financial statements are presented in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Authority has established its financial activities as business type. Business-type activities are used to account for operations that are financed and operated in a manner similar to private business enterprises on which the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The business-type activities account for resources devoted to finance the general services that **the Authority** provides. Contributions from the Legislature of Puerto Rico, and other sources of revenues, used to finance the operations of **the Authority**, are also included.

Fund structure – The operations of **the Authority** are recorded in a single proprietary fund. Proprietary funds distinguish operating revenues and expenses from non-operating revenue and expenses. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operation. The principal operating revenues for **the Authority**'s proprietary fund are charges to customers for sales and services. Operating expenses include direct expenses of providing the goods or services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

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

Measurement Focus and Basis of Accounting – Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The Authority utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or non-current, financial or non-financial) associated with their activities are reported. The difference between assets and liabilities is classified as net assets of the business-type activities.

The accrual basis of accounting is used by **the Authority**. Under the accrual basis, revenue is recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash collections. Grants and similar resources are recognized as revenue as soon as all eligibility requirements have been met.

Based on GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Enterprises that Use Proprietary Fund Accounting*, as amended by GASB No. 34, **the Authority** has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board ("FASB"), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Accounting Pronouncements Issued but Not Yet Effective – Governmental accounting standards not yet affective during 2024 are as follows:

GASB Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal year 2024. Earlier application is encouraged.

The GASB issued Statement No. 102, Certain Risk Disclosures, was issued in December 2023. The requirements of this statement are effective for fiscal years beginning after June 15, 2024. The purpose of the statement is to improve financial reporting by providing users with information to evaluate a government's vulnerability to certain concentrations or constraints. Governments will also need to assess if events have occurred, are occurring or will occur within 12 months after financial statement issuance that could have a substantial impact on the entity.

The GASB issued Statement No. 103, Financial Reporting Model Improvements, was issued in April 2024. The requirements of this statement are effective for fiscal years beginning after June 15, 2025. The purpose of the 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 continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A). It describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. It also 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 and 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. Also, this statement requires governments to present budgetary comparison information using a single method of communication. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts and explanation of significant variances are required.

Concentration of Credit Risk – The Authority maintains accounts at a financial institution in Puerto Rico. Accounts at each institution are insured by the Federal Deposit Insurance Corporation for up to $250,000. However, funds are fully collateralized. The Commonwealth requires that public funds deposited in private banks in Puerto Rico must be fully collateralized for the amount deposited in excess of federal depository insurance.

Cash and Cash Equivalents – Cash and cash equivalents include petty cash, bank checking account and other instruments with original maturities of three months or less.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Grants Receivables – Grants receivables consist of amounts due from the Central Office for Recovery, Reconstruction and Resiliency (COR3) for federal grants from the Federal Emergency Management Agency (FEMA) funding, primarily through the Disaster Relief Fund (DRF).

Accounts Receivable, Government Receivables and Leases Receivable – Accounts receivables are primarily due from renter that do not do not qualify as leases under GASB 87 and other charges related to port operations. Non GASB 87 rented premises are considered concessions to those renters as the property they are using are not property of **the Authority** but are operated under an MOU.

Government receivables consist of amounts due from the Department of Economic Development and Commerce for the general fund assigned by legislation.

Leases receivable is primarily due from tenants leasing property owned by **the Authority** for which GASB 87 applies. Leases receivable is initially measured at the present value of lease payments expected to be received during the lease term, reduced by any provisions for estimated uncollectible amounts. Included in leases receivable as of 2024 are receivables of approximately $3,544,470.

The allowance for doubtful accounts is established as losses are estimated to have occurred through a provision for bad debts charged to earnings**.** Losses are charged against the allowance when management believes the uncollectibility of a receivable is confirmed. The allowance for doubtful accounts is evaluated on a regular basis by management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. The allowance for credit losses as of June 30, 2024 and 2023 were $81,302 and $71,950, respectively. All other receivables were deemed fully collectible as of June 30, 2024.

Prepaid Expenses – Prepaid expenses consist of payments to vendors which reflect costs applicable to future accounting periods such as insurance premiums. Prepaid expenses are recorded as expenditures over the period of their economic benefit.

Leases – The Authority implemented GASB Statement 87, Leases in fiscal year 2022. The implementation of GASB Statement 87 did not have a material impact since **the Authority** did not have ownership of the properties. As discussed in note 1, during the year ended June 30, 2024, certain properties were transferred to **the Authority** where lease contracts were in force and others were renovated during the 2024. Management evaluated the impact of the ownership of the property and evaluated these contracts and concluded that GASB 87 was applicable. As of June 30, 2024, **the Authority** recorded lease receivables and deferred inflow of resource in the amount of $3,544,470 and $3,445,551, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Capital Assets - Capital assets are stated at cost when purchased or at estimated fair market value when donated. Costs of repairs and maintenance, which do not increase or extend the life of the respective assets, are expensed as incurred. Assets whose cost or estimated fair value is stated to be over $750, are capitalized when purchased or received as a donation. Upon retirement or other disposal of properties, the related cost and accumulated depreciation are removed from the accounts. Gains or losses on sale or retirement of properties are reflected in earnings.

The Authority's capital assets are depreciated over the estimated useful lives of the related assets using the straight-line method. Construction in progress is carried at cost during the construction stage and is not depreciated until completion of the related project.

The following estimated useful lives are being used by **the Authority**:

Infrastructure and improvements	10 to 25 years
Buildings	20 to 50 years
Building improvements	5 to 30 years
Land improvements	10 to 25 years
Furniture, machinery, and other equipment	3 to 10 years

Impairment of Long-lived Assets - The policy of **the Authority** is to evaluate for impairment its long-lived assets held and used whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset is considered impaired when its service utility has declined significantly and unexpectedly, and the event or change in circumstances is outside the normal life cycle of the asset. Management is then required to determine whether impairment of an asset has occurred. However, Law No. 240 of 2011, as amended, has ordered **the Authority** to receive, through transfer, all the assets from the Autoridad de Ponce. Accordingly, the impairment analysis on the subject assets should be a matter for the consideration of **the Authority**, including the evaluation of the future activities expected with them, when transfer occurs. As of June 30, 2024 and 2023, the transfer of the subject assets is pending, as a result no impairment was identified.

***Deferred Outflows/Inflows of Resources* –** The Port reports a consumption of net position and an acquisition of net position that relate to future periods as deferred outflows/inflows of resources, respectively, in separate sections of its statements of net position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Compensated Absences - The vacation policy of **the Authority** generally provides for the accumulation of 1.25 days per month. Vacation time accumulated is fully vested by the employees from the first day of work up to a maximum of 60 days. Employees generally accumulate sick leave at a rate of 1 day per month up to an annual maximum of 12 days and an accumulated maximum of 90 days. Prior to enactment of Act 26-2017, upon retirement, an employee received compensation for all accumulated unpaid vacation leave at the current rate regardless of years of service; and for all accumulated unpaid sick leave if the employee was employed by the Commonwealth for at least 10 years. Act 26-2017 was enacted to modify the existent legal and judiciary framework to be able to comply with the Fiscal Plan approved by the Oversight Board. In addition to accrual modifications, Act 26-2017 also altered the liquidation terms. After the enactment of Act 26-2017, only compensation of accrued vacation leave, up to 60 days, is paid upon employment termination. In order to be eligible to receive compensation, an employee must have been employed for at least three months. Accumulated unpaid sickness days are no longer liquidated upon employment termination.

Unearned Revenues – Unearned revenues represent payments received in advance for services or non-exchange contributions, with revenues recognized as earned over the term of the related agreement

Net Position - Net position of **the Authority** is classified in two components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets.

Revenues Recognition – Deferred inflows of resources related to leases are recognized in a systematic and rational manner as revenues over the term of the leases. Property operating cost recoveries from rentals of common area maintenance and other recoverable costs are recognized in the period when the expenses were incurred.

Service revenues are recognized when **the Authority** performs the service, provided there are no significant uncertainties regarding the customer’s acceptance and collection of the related receivable is probable.

***Classification of Revenues and Expenses* – The Authority** has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

<u>Operating Revenues</u> **–** Operating revenues are generated by activities characterized by exchange transactions associated with the primary business activities of **the Authority**, including leasing, property management, facility maintenance, property development and construction and harbor operations.

<u>Nonoperating Revenues</u> **–** Nonoperating revenues include activities that have the characteristics of nonexchange transactions other revenue sources that are defined as nonoperating revenues such as investment income and contribution.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Operating Expenses **–** Operating expenses are generated by activities resulting from exchange transactions associated with the primary business activities of **the Authority**, including leasing activities, property management, facility maintenance, property development and construction, and harbor operations.

Nonoperating Expenses **–** Nonoperating expenses are those expenses not characterized by exchange transactions or expenses not associated with the primary business activities of **the Authority**, as described above.

Governmental Contributions - Governmental contributions are recorded in the year in which funds are available to **the Authority**. When their use is restricted for the acquisition of or construction of capital assets and related activities, they are recorded as capital contributions. Funds not used at the end of the year are reported as restricted net assets and restricted cash, when applicable.

Risk Management - **The Authority** is exposed to various risks of loss from torts, theft, damages, destruction of assets, employee injuries and illnesses, natural disasters, and other losses, which may arise during the normal course of business. For the years ended June 30, 2024 and 2023, insurance coverage was maintained to protect **the Authority** from claims arising if such matters occur.

Reclassifications – Certain reclassifications have been made to amounts reported in fiscal year 2023 to conform to the fiscal year 2024 presentation. Such reclassification had no impact on the change in net position previously reported.

3. CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk is the risk that in the event of bank failure, **the Authority**'s deposits might not be recovered. **The Authority** maintains cash deposits in a commercial bank in Puerto Rico. The Commonwealth of Puerto Rico 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. All securities pledged as collateral are held by the Secretary of the Treasury of the Commonwealth.

The carrying amounts of deposits of **the Authority** at June 30, 2024 and 2023 consist of the following:

2024	Unrestricted	Restricted	Total
Commercial banks	$4,560,978	112,690	$ 4,673,668
2023	**Unrestricted**	**Restricted**	**Total**
Commercial banks	$1,584,559	609,184	$ 2,193,743

4. GRANTS RECEIVABLES

Components of grants receivable at June 30, 2024 and 2023 are summarized below:

	2024	2023
Federal Emergency Management Agency (FEMA)	$ 190,440	$ 114,928
Puerto Rico Department of Housing (pass-thru)	160,005	129,764
Total grants receivables	$ 350,445	$ 244,692

5. CONTRIBUTIONS RECEIVABLE

As of June 30, 2024 and 2023, contributions receivable from the Department of Economic Development and Commerce in the amount of $27,733 and $44,029, respectively, represents general funds collected from Puerto Rico Treasury Department on behalf of **the Authority**.

6. DUE FROM DEPARTMENT OF ECONOMIC DEVELOPMENT AND COMMERSE

Due from Department of Economic Development and Commerce amounting to $119,219 as of June 30, 2023 represents tenant's receivable collected on behalf of **the Authority** pending to be remitted to **the Authority**. During the year ended Juen 30, 2024, the amount was collected.

7. DUE FROM/DUE TO AUTORIDAD DE PONCE

The Autoridad del Puerto de Ponce was created, among other, to receive the assets, but not the liabilities of the Autoridad de Ponce (formerly known as Port of the Americas Authority). Since its creation there have been some overlapping between the functions of both Authorities and, for some of the disbursements required from Autoridad de Ponce, the Autoridad del Puerto de Ponce agreed to provide the required funds from its available credit facility.

The amounts advanced from Autoridad del Puerto de Ponce have been used to finance certain operating expenses and capitalized items. The portion applied to capitalized items in the amount of $3,948,487 should be recovered when the assets of Autoridad de Ponce be transferred to the Autoridad del Puerto de Ponce.

During the fiscal year 2019, **the Authority** of the Puerto de Ponce received advances of $62,984 from the Federal Energy Management Administration (FEMA) on behalf of Autoridad de Ponce. The subject advances are shown as Due to Autoridad de Ponce in the accompanying financial statements. They are part of a grant award to Autoridad de Ponce in the amount of $2,049,659 to perform works related with the damages caused by Huracan María.

8. DUE FROM/DUE TO PORT OF PONCE

Due from Municipal Dock Administrative Board to **the Authority** (Port of Ponce) amounting to $98,802 as of June 30, 2024 represents tenant's receivable collected on behalf of **the Authority** pending to be remitted to **the Authority**

At June 30, 2024, **the Authority** had collected $13,950 from tenants on behalf of Port of Ponce pending to be remitted accordingly.

9. CAPITAL ASSETS

The Authority's net capital assets activity for the year ended June 30, 2024 and 2023 was as follows:

	June 30, 2023	Increases	Decreases	Transfers	June 30, 2024
Land	$ 28,643,000	$ -	$ -	$ -	$ 28,643,000
Equipment	159,612	508,504	-	132,971	801,087
Vehicle	-	217,860	-	94,314	312,174
Furniture	27,857	10,580	-	37,153	75,590
Total capital assets	28,830,469	736,944	-	264,438	29,831,851
Less accumulated depreciation:					
Equipment	(8,255)	(56,270)	-	(111,489)	(176,014)
Vehicle	-	(29,091)	-	(71,101)	(100,192)
Furniture	(1,404)	(4,995)	-	(33,216)	(39,615)
Total accumulated depreciation	(9,659)	(90,356)	-	(215,806)	(315,821)
Net capital assets	$ 28,820,810	$ 646,588	$ -	$ 48,632	$ 29,516,030

9. CAPITAL ASSETS, Continued

	June 30, 2022	Increases	Decreases	Transfers	June 30, 2023
Land	$ 28,643,000	$ -	$ -	$ -	$ 28,643,000
Equipment	7,801	151,811	-	-	159,612
Vehicle	-	-	-	-	-
Furniture	6,332	21,525	-	-	27,857
Total capital assets	28,657,133	173,336	-	-	28,830,469
Less accumulated depreciation:					
Equipment	-	(8,255)	-	-	(8,255)
Vehicle	-	-	-	-	-
Furniture	(53)	(1,351)	-	-	(1,404)
Total accumulated depreciation	(53)	(9,606)	-	-	(9,659)
Net capital assets	$ 28,657,080	$ 163,730	$ -	$ -	$ 28,820,810

The Authority is developing a deep draft port (the "Project") in the southern coast of Puerto Rico (Municipality of Ponce) with a terminal at Ponce Harbor. **The Authority**'s capital assets consist of the acquisition of land for future developments. The development was started by Port of the Americas Authority (since August 12, 2016 known as Autoridad de Ponce). As stated, pursuant to Act No. 240, the Autoridad del Puerto de Ponce has pending to receive, by transfer, all the assets, but no the liabilities of Autoridad de Ponce.

Transfer of Movable Property from Port of Ponce to **the Authority**

On March 21, 2024, the Municipal Legislature of the Autonomous Municipality of Ponce approved Resolution Number 81, Series 2023-2024 to authorizes the interim Mayor, Marlese Ann Sifre Rodriguez, to transfer movable property from the Municipal Dock Administrative Board to **the Authority** (Port of Ponce). The transfer is in accordance with Act No. 240 of December 12, 2011, as amended and in accordance with procedures for managing and transferring municipal property outlined by the Puerto Rico Municipal Code (Law 107-2020). The resolution facilitates the transfer of all movable property under the custody of the Municipal Dock Administrative Board to the PPA. Movable property comprises of an inventory of 356 items, including vehicles, office equipment, and other assets. On April 1, 2024 the assets were transferred and the PPA became the custodian of the property and will use it strictly for the operational purposes of the Ponce Dock. The net book value of assets transferred amounted to $48,623 and was recorded as capital assets transferred in the non-operating revenue section of the accompanying statements of revenues, expenses and changes in net position.

10. LINE OF CREDIT

On August 29, 2014, **the Authority** entered into an $60 million line of credit agreement with GDB (now owed to GDB Debt Recovery Authority or GDBRA) to cover the operational, maintenance, equipment acquisition and permanent improvement costs of the Ports of the Americas Rafael Cordero Santiago, pursuant to the provisions of Act No. 240 of 2011, which created **the Authority** (assets are owned by **the Authority** as of June 30, 2017). Borrowings under this line of credit agreement bear interest based on the rates borne by the general obligation of the Commonwealth. These rates should be revised on a quarterly basis provided, however, that the interest may never be less than 7% nor greater than 12%. Interest during fiscal year 2015 was 7.78%. The line of credit has a maturity of June 30, 2044, and its principal and interests are payable through annual legislative appropriations. As of June 30, 2024 and 2023, the outstanding principal balance were approximately $20.8 million and the accumulated interest were approximately $9.8 and $8.4 million, respectively, which are payable from future Commonwealth's legislative appropriations and/or Authority's revenues.

On November 29, 2018, GDB completed a restructuring of certain of its indebtedness pursuant to a Qualifying Modification under Title VI of PROMESA. Under the Qualifying Modification the principal balance of the line of credit was reduced by $100,272 of a bank balance held at GDB.

As of June 30, 2023, the capital assets restricted and unrestricted component of net position related to the line of credit outstanding principal balance and accumulated interest balance are as follows:

	2023		
	Operating Activities	**Investment in Capital Asset**	**Total**
Line of credit, principal balance	$ 4,569,577	$ 16,193,000	$ 20,762,577
Line of credit, accumulated interest	2,786,552	10,035,347	12,821,899
	$ 7,356,129	$ 26,228,347	$ 33,584,476

On October 2, 2023, Ponce Port Authority and multiple parties including the Puerto Rico Housing Finance Authority (HFA), Comprehensive Fund for Agricultural Development of PR (FIDA), and other public entities along with the Puerto Rico Fiscal Agency and Financial Advisory Authority (AAFAF) and the Debt Recovery Authority (DRA) (the Parties") entered into a Loan Settlement Agreement with GDB Debt Recovery Authority (the "DRA") to settle outstanding loans of approximately $50,915,383, including accrued interest as of that date; and claims among the parties.

10. LINE OF CREDIT, Continued

The Parties agreed to make a total cash payment of $29,500,000 to the DRA in full settlement of the outstanding loan amounts and any related claims. Payments include an initial payment of $2,844,885 by the EDB on June 1, 2023. The remaining balance of $26,655,115 to be paid by October 15, 2023. The settlement amount did not bear interest. Any unpaid portion after the payment date will incur an annual interest rate of 7.5% until full payment is made by December 31, 2023.

Upon payment, the DRA release all claims related to the public entity loans. Legal actions currently pending will be dismissed, with the court retaining jurisdiction to enforce the agreement. As of June 30, 2024, **the Authority** doesn't have an outstanding loan agreement with a principal amount of $20,762,577, plus $12,821,899 interest in arrears. **The Authority** is part of the collective payment agreement, contributing to the total settlement amount of $29,500,000.

During the year ended June 30, 2024, **the Authority** recognized a gain on a line of credit settlement of $33,548,476, including accrued interest payable of $12,821,899 as of that date in the non-operating revenues section of the accompanying statements of revenues, expenses and changes in net position.

11. LEASES

The Authority's commercial leasing operations consist principally of the leasing of various types of facilities for the purpose of warehousing and storage, office use, and other industrial uses to third parties. The leases expire over the next 1 to 5 years. Lease payments based on the future performance of the lessee are not included in the lease receivable because they are not fixed in substance.

Revenue recognized under lease contracts during the year ended June 30, 2024 was approximately $1,759,678, and includes both lease revenue and interest. **The Authority** did not recognize any variable payments not previously included in the measurement of the lease receivable for the year ended June 30, 2024.

Certain leases included in the future minimum lease payments below have termination options that are exercisable, some of which are subject to certain conditions, such as loss of funding, or have significant notice periods.

11. LEASES, Continued

The following is a schedule by year of minimum payments to be received under **the Authority**'s leases that are included in the measurement of the lease receivable as of June 30, 2024:

Year Ending June 30,	Principal	Interest	Total
2025	$ 948,714	$ 181,247	$ 1,129,961
2026	959,999	124,666	1,084,665
2027	673,884	76,972	750,856
2028	674,062	37,617	711,679
2029	193,142	9,395	202,537
2030	66,012	3,767	69,779
2031	28,657	418	29,075
Total	$ 3,544,470	$ 434,082	$ 3,978,552

12. DEFINED CONTRIBUTION PENSION PLAN

The Authority participates in a defined contribution plan as established by Act 106-2017 covering full-time employees.

On August 23, 2017, the Governor signed into law the Act No. 106 of 2017, known as the Act to Guarantee the Payment to Our Pensioners and Establish a New Plan for Defined Contributions for Public Servants (Act 106-2017), which provides the legal framework for the Commonwealth to implement the PayGo system effective as of July 1, 2017. Act 106-2017 terminated the previously existing pension programs for ERS participants as of June 30, 2017, and created a new defined contribution plan (PRGERS) 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.

The individual contributions of the Participants will be directed to a New Defined Contribution Plan, in which a Defined Contribution Account (DCA) will be established and maintained, in trust, separate from the general assets and Government accounts, individual for each Participant, which will be credited and debited in accordance with Chapter 3 of the Act 106-2017.

As of the effective date of Act 106-2017, all participants in the PRGERS will have to contribute a minimum of eight-point five percent (8.5%) of their monthly salary to their DAC, up to the limit established by the Puerto Rico Internal Revenue Code (the Code). In addition, participant may voluntarily contribute additional amounts, as permitted by the Code. Upon the entry into force of Act 106-2017, the participants of the New Defined Contribution Plan will have the right to adjust their current contribution to the PRGERS to the minimum authorized. The participants of the New Defined Contribution Plan may vary the percentage they wish to contribute to said Plan from time to time, but it may never be less than the minimum percentage required by Act 106-2017.

12. DEFINED CONTRIBUTION PENSION PLAN, Continued

No matching contribution has been determined, however, the AAFAF is authorized, after making a determination that the Government's fiscal situation has stabilized and that the state of the Treasury allows it, to recommend to the Governor, in coordination with the Retirement Board, that he include in the budget an amount to match the contributions of the Participants to the Defined Contribution Accounts. This determination must be made in accordance with the certified Fiscal Plan and the provisions of PROMESA.

The income and earnings accrued in each DAC will be exempt from all kinds of contributions, taxes, excises or charges while they are kept in the DAC. Distributions from DAC will be subject to tax for the participant or beneficiary in accordance with the provisions of Section 1081.01(b) of the Code as a distribution from an exempt trust under the provisions of Section 1081.01(a) of the Code and said distributions will be subject to the exceptions of taxation, tax withholdings and filing of informative returns provided in said Section 1081.01(b) of the Code.

In the event that the participant separates from public service, his or her DAC may remain in the New Defined Contribution Plan, may be transferred to a qualified defined contribution plan exempt under Section 1081.01(a) of the Code, or the participant may request the disbursement of the balance, subject to payment of applicable taxes, according to the Code, payable at the time of disbursement of funds and the regulations established by the Retirement Board for these purposes.

For the years ended June 30, 2024 and 2023, the employees' contribution of approximately $131,134 and $33,314, respectively. As of June 30, 2024 and 2023, accumulated contribution withheld amounted to $10,976 and $5,905, respectively, and is presented as accrued expenses in the accompanying statement of net position.

13. COMMITMENTS AND CONTINGENCIES

<u>Legal procedures</u>

As of June 30, 2024, **the Authority** is defendant in various lawsuit that amounted $4,450,000 in aggregate. **The Authority** received a court judgment for one of the cases and ordered the payment of $233,338 plus interests. The original amount claimed was $450,000. **The Authority** has recorded the court judgment in the accompanying financial statements to accrued for the $233,338. The legal counsel for **the Authority** has advised that at this stage in the proceedings of the other cases, he cannot offer an opinion as to the probable outcome.

13. COMMITMENTS AND CONTINGENCIES, Continued

Contribution to Port of Ponce

For the fiscal year 2024, as part of the joint resolution of the general fund budget for fiscal years 2022, the Senate included in **the Authority**'s budget an item amounted to $272,000 known as "PayGo" to cover for the employees' pension funds of the Puerto de Ponce, a component unit of the Autonomous Municipality of Ponce. **The Authority** approved this allocation, and the transaction was accounted for as interagency transfer expenses in the non-operating expenses section of accompanying statements of revenues, expenses and changes in net position.

Also, during the year ended June 30, 2024, certain employees form the Port of Ponce were transferred to **the Authority**. **The Authority** approve the recognition of accrued leave of absence as of the date of the transfer. **The Authority** recognized accrued vacation and sick leave due by Por to Ponce as of July 1, 2023 in the amount of $92,768 and $102,019, respectively as contribution to Port of Ponce in the non-operating expenses section of the accompanying statements of revenues, expenses and changes in net position.

Federal award

The Authority participates in federal financial assistance programs funded by the Federal Government. **The Authority** is subject to Single Audit in accordance with the provisions of the Single Audit Act of 1996 when expenditures exceed $750,000 during any given fiscal year. For the year ended, expenditures exceeded the threshold and therefore their Single Audit was performed for the year ended June 30, 2024. During the year ended June 30, 2024, expenditures of federal grants exceeded the threshold of $750,000, therefore no Single Audit was performed accordingly. Expenditures during the year ended June 30, 2023, didn't exceed the threshold of $750,000 and therefore no Single Audit was performed accordingly.

Although **the Authority**'s grant programs have been audited in accordance with the provisions of the Single Audit Act of 1996, through June 30, 2024, expenditures financed by these programs are subject to financial and compliance audits by appropriate grantors or their representatives. If expenditures are disallowed due to noncompliance with grant program regulations, **the Authority** may be required to reimburse the grantors for such expenditures. Nevertheless, **the Authority** management expects the expenditures amount, which may be disallowed by the granting agencies from such audits, if any, to be immaterial.

14. UNUSUAL EVENTS

Hurricane Fiona

On September 18, 2022, Puerto Rico was directly impacted by Hurricane Fiona causing a level of widespread destruction in many areas of the island including infrastructure, housing, environment, and public and private property. The hurricane caused property damages which could not be currently determined. As a result of the massive impact of the hurricane, a series of actions and events have been taken by the Federal Government.

A major disaster declaration, FEMA-4671-DR-PR, was signed by the President of the United States on September 21, 2022. Under this declaration, all 78 Municipalities of the Commonwealth of Puerto Rico have been designated adversely affected by the disaster and eligible for Public Assistance (PA), Hazard Mitigation Grant (HMGP) and Individual Assistance (IA) programs, implemented under **the Authority** of the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

15. SUBSEQUENT EVENTS

Subsequent events were evaluated through March 27, 2025, the date on which the financial statements were available to be issued, to determine if any such events should either be recognized or disclosed in the 2024 financial statements. Management believes that the subsequent events disclosed below are intrinsically related to the financial statements of **the Authority**. These might have been disclosed elsewhere in these financial statements, but management believes they require specific mention based on their relevance and materiality as a whole.

In January and May 2025, the Ponce Port Authority entered into Memorandums of Understanding (MOUs) with the Municipality of Ponce and the Puerto Rico Department of Transportation and Public Works, respectively, to formalize administrative responsibility for Dock 7 and certain segments of Highway 123. These agreements are in connection with a FEMA-funded hazard mitigation project (HMGP Project No. 4339-0297) with an estimated cost of approximately $8.1 million. The project includes the elevation and reinforcement of Dock 7 and stormwater drainage improvements along Highway 123 to reduce flood risk and ensure continued port operations during emergency events.

Under the terms of the MOUs, **the Authority** assumes legal and operational responsibility for the use and maintenance of the facilities for the useful life of the project. These agreements were executed to satisfy FEMA’s requirements for project implementation and funding eligibility. Management evaluated this event and determined it to be a no recognized subsequent event under U.S. GAAP, as the agreements were signed after June 30, 2024, and do not provide additional evidence about conditions that existed as of the balance sheet date.

AUTORIDAD DEL PUERTO DE PONCE
(A Component Unit of the Commonwealth of Puerto Rico)

SINGLE AUDIT SECTION
June 30, 2024 and 2023

Supplementary Information

AUTORIDAD DEL PUERTO DE PONCE
(A Component Unit of the Commonwealth of Puerto Rico)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2024

Federal Grantor Program or Cluster Title	Federal Assistance Listing Number	Contract Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Homeland Security-Federal				
Emergency Management Agency (FEMA):				
Pass-through programs from:				
P.R. Central Office for Recovery, Reconstruction and Resiliency (COR3)				
Disaster Grant - Public Assistance (Presidentially Declared Disasters)	97.036	PA-02-PR-4671-PW-02240	PA-02-PR-4671-PW-02240	$ 2,007,266
Disaster Grant - Public Assistance (Presidentially Declared Disasters)	97.036	PA-02-PR-4671-PW-00017	PA-02-PR-4671-PW-00017	74,214
Disaster Grant - Public Assistance (Presidentially Declared Disasters)	97.036	PA-02-PR-4671-PW-02352	PA-02-PR-4671-PW-02352	11,211
Disaster Grant - Public Assistance (Presidentially Declared Disasters)	97.036	PA-02-PR-4339-PW-10798	PA-02-PR-4339-PW-10798	282,002
Disaster Grant - Public Assistance (Presidentially Declared Disasters)	97.036	PA-02-PR-4339-PW-00417	PA-02-PR-4339-PW-00417	272,172
				2,646,865
Department of Housing and Urban Development (HUD)				
Pass-though program from Puerto Rico Department of Housing:				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	R02121FEM-DOH-LM	R02121FEM-DOH-LM	30,241
Total expenditures of federal awards				$ 2,677,106

AUTORIDAD DEL PUERTO DE PONCE
(A Component Unit of the Commonwealth of Puerto Rico)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of **the Authority** under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (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, changes in net position or cash flows of **the Authority**.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

The Authority has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, **the Authority** provided no federal awards to sub-recipients

5. FEDERAL LOAN PROGRAMS

The Authority did not have any federal loan programs during the year ended June 30, 2024.

6. PERSONAL PROTECTIVE EQUIPMENT

During the year ended June 30, 2024, **the Authority** did not receive any donated personal protective equipment.

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

To the Governing Board of
Autoridad del Puerto de Ponce
Ponce, Puerto Rico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Autoridad del Puerto de Ponce (the Authority),** a component unit of the Commonwealth of Puerto Rico, which comprise the statement of net position as of June 30, 2024, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2025.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **the 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 Authority'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 Authority's** internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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License No. PSC- 196

Ponce, Puerto Rico
March 27, 2024

COLEGIO DE CONTADORES
PÚBLICOS AUTORIZADOS DE PUERTO RICO
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AUTORIDAD DEL
PUERTO DE PONCE

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Governing Board of
Autoridad del Puerto de Ponce.
Ponce, Puerto Rico

Report on Compliance for Each Major Federal Program

We have audited **Autoridad del Puerto de Ponce (the Authority)** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **the Authority's** major federal programs for the year ended June 30, 2024. **The Authority's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, **the Authority** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of **the 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 each major federal program. Our audit does not provide a legal determination of **the Authority** 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 **the Authority's** federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding **the 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 **the 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 **the 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 Auditor's 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 deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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Ponce, Puerto Rico
March 27, 2025

DPSC196-86
AUTORIDAD DEL
PUERTO DE PONCE

AUTORIDAD DEL PUERTO DE PONCE
(A Component Unit of the Commonwealth of Puerto Rico)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2024

I. Summary of audit results:

Part I - **Financial Statements**

1. Type of auditors' report issued:	☐ Unmodified opinion ☐ Adverse opinion	☒ Qualified opinion ☐ Disclaimer of opinion
2. Internal control over financial reporting:		
a) Material weakness(es) identified?	☐ Yes	☒ No
b) Significant deficiency(ies) identified?	☐ Yes	☒ None reported
3. Noncompliance material to financial statements noted?	☐ Yes	☒ No

Part II - **Federal Awards**

1. Internal control over major federal programs:		
a) Material weakness(es) identified?	☐ Yes	☒ No
b) Significant deficiency(ies) identified?	☐ Yes	☒ None reported
2. Type of auditors' report issued on compliance for major federal programs:	☒ Unmodified opinion ☐ Adverse opinion	☐ Qualified opinion ☐ Disclaimer of opinion
3. Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	☐ Yes	☒ No
4. Identification of major federal programs:	CFDA Number(s)	Name of Federal Program or Cluster
	97.036	Disaster Grant - Public Assistance (Presidentially Declared Disasters))
5. Dollar threshold used to distinguish Type A and Type B programs:	☒ $750,000	
6. Low-risk auditee	☐ Yes	☒ No

AUTORIDAD DEL PUERTO DE PONCE
(A Component Unit of the Commonwealth of Puerto Rico)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2024

II. Findings related to financial statements reported in accordance with GAGAS:

None reported.

III. Findings and Questioned Costs for Federal Awards:

None reported.

AUTORIDAD DEL PUERTO DE PONCE
(A Component Unit of the Commonwealth of Puerto Rico)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2024

Fiscal year Ended	Finding No.	Condition	Status

No prior year audit findings to follow-up.

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