STRATEGIC CPAs
CONSULTING GROUP LLC

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and the Municipal Legislature
Municipality of Corozal
Corozal, Puerto Rico

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Autonomous Municipality of Corozal of the Commonwealth of Puerto Rico (Municipality), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Municipality's basic financial statements as listed in the Table of Contents.

Qualified Opinion on Governmental Activities and Note Disclosure Regarding Pensions Plan and Other Postemployment Benefits Plan and Section 8 Housing Choice Vouchers Program

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified and Unmodified Opinions" section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Municipality as of June 30, 2023 and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Fund, except the mentioned above and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, except the mentioned above and the aggregate remaining fund information of the Municipality, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

OPINION UNIT	TYPE OF OPINION
Governmental Activities	Qualified
General Fund	Unmodified
ARPA Fund	Unmodified
CRF Fund	Unmodified
Section 8 Fund	Qualified
FEMA Fund	Unmodified
Debt Service Fund	Unmodified
CDBG DR Fund	Unmodified

Basis for Qualified and Unmodified Opinions

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. 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 Municipality, 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 and unmodified audit opinions.

Matter Giving to Qualified Opinion on Governmental Activities and Note Disclosure Regarding Pensions Plan and Other Postemployment Benefits Plan and Section 8 Housing Choice Voucher Program

We were unable to obtain sufficient appropriate audit evidence about the deferred outflows/inflows of resources, liabilities, and expenses related to pension and other postemployment benefits of the governmental activities and the related disclosures in the accompanying notes. As discussed in Note 18, the Puerto Rico Government Employees' Retirement System (PRGERS) has not issued audited financial statements as of and for the Fiscal Year ended June 30, 2023 for the municipalities, and nor has provided to the Municipality the required audited information to record transactions related to pension and other postemployment benefits as of and for the Fiscal Year ended June 30, 2023. Amounts reported in the government-wide financial statements as deferred outflows of resources, deferred inflows of resources, total pension liability, and total other postemployment benefits liability were derived from the information provided in the Actuarial Financial Reporting Valuation issued on January 17, 2023 for the PRGERS. Accordingly, the Municipality current pension expense, changes in deferred outflows/inflows of resources, total pension liability, total other postemployment benefits liability, and additional disclosures, and supplementary information required by generally accepted accounting principles for pension and other postemployment benefits as of and for the Fiscal Year ended June 30, 2023 have not been audited. The amounts by which this situation would affect the presented liabilities, deferred outflows of resources, deferred inflows of resources, net position, and expenses has not been determined. Regarding the Section 8 Housing Choice Voucher Program, the information obtained has been hindered, as the accounting for Section 8 is managed separately within its department and is not reconciled with the records of the municipality. This raises concerns about the accuracy of the balances obtained.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipality's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 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 do 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 Municipality'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 Municipality'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, Schedule of Revenues and Expenditures – Budget and Actual – General Fund information, and employees' retirement systems information and employees' other postemployment benefits information, 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 related to Management's Discussion and Analysis, and budgetary comparison 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. We were unable to apply certain limited procedures to the required supplementary information related to employees' retirement systems information and employees' other postemployment benefits information applicable to the Municipality, in accordance with auditing standards generally accepted in the United States of America. We do not express an opinion or provide any assurance on the information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The accompanying Financial Data Schedules – Section 8 Housing Choice Vouchers Program, as required by U.S. Department of Housing and Urban Development, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Award, are presented for purposes of additional analysis and is not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule – Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole and Section 8 Housing Choice Vouchers Program has a qualified opinion as explained above, in relation to the basic financial statements as a whole.

Report Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2024, on our consideration of the Municipality's internal control over financial reporting on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 considered Municipality's internal control over financial reporting and compliance.

Strategic CPA's Consulting Group, LLC.
License #LLC-342
Expiration date December 1, 2025.

Toa Baja, Puerto Rico
June 28, 2024

Stamp No. E557562 of the Puerto Rico Society of Certified Public Accountants was affixed to the record copy of this report

Strategic CPA Consulting Group, LLC
CPA'S
Lic. #LLC-342
Puerto Rico