MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED SEPTEMBER 30, 2024 AND 2023

WITH INDEPENDENT AUDITOR'S REPORT THEREON

BURGER COMER & ASSOCIATES
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MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

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YEARS ENDED SEPTEMBER 30, 2024 AND 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Marianas Visitors Authority

Opinions

We have audited the accompanying financial statements of the governmental activities and the governmental funds of the Marianas Visitors Authority (MVA), a component unit of the Commonwealth of the Northern Marianas Islands Government, as of and for the years ended September 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the MVA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and governmental funds of the MVA, as of September 30, 2024 and 2023, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 MVA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 MVA'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.

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 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 MVA'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 MVA'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 and budgetary comparison information on pages 4 through 14 and pages 49 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.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2026 on our consideration of the MVA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the MVA'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 MVA's internal control over financial reporting and compliance.

Burger Comer & Associates

Saipan, MP
July 15, 2026

MARIANAS VISITORS AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The objective of Management's Discussion and Analysis (MD&A) is to provide readers of the Marianas Visitors Authority (MVA) financial statements with an overview and better understanding of MVA's financial position, results of operations, and major activities for the fiscal year ended September 30, 2024. Management has prepared this overview as required supplementary information to the financial statements and accompanying notes. This MD&A should be read in conjunction with the basic financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

► MVA's primary funding source is through its statutory entitlement to Hotel Occupancy Tax (HOT) revenues. Pursuant to 4 CMC §1803, MVA is authorized to receive eighty percent (80%) of the taxes collected under 4 CMC §1502. Under 4 CMC §2157, the Secretary of Finance may withhold up to 2.5% of these funds per fiscal year for the purpose of funding revenue and tax personnel to enforce the provisions of the applicable tax laws.

► Public Law 20-17, enacted in fiscal year 2018, amended 4 CMC §2159 to provide that not less than two percent (2%) for each municipality, but not less than $300,000 each, shall be remitted by MVA to the municipalities for charter flight tourism incentives, promotional programs, tourism enhancement activities, beautification projects, island-wide cleanup, and related supplies and equipment. MVA's ability to support municipal tourism initiatives remains dependent on available funding and applicable budgetary authorization.

► For FY2024, MVA's entitlement to Hotel Occupancy Tax funding was reinstated, providing operating resources of $5,145,281. Although this represented an improvement from the prior fiscal year, MVA's available resources remained below pre-pandemic levels and continued to require careful prioritization to support tourism recovery, destination marketing, air service development, and visitor experience improvements.

► During FY2024, the CNMI tourism industry continued its post-pandemic recovery. The Marianas received 237,498 visitor arrivals in FY2024, an increase of 42,754 (22%) compared to FY2023 visitor arrivals of 194,744. This growth reflected continued market recovery; however, overall arrivals remained below pre-pandemic levels and recovery remained uneven across source markets.

- ► Korea continued to be the leading source market for The Marianas in FY2024 - comprising 75% market share - and remained central to MVA's recovery strategy. Arrivals from Korea grew 12% compared to FY2023.

- ► Japan remained a limited but important source market in FY2024, comprising approximately 5% of visitor arrivals. Arrivals from Japan increased 71% compared to the previous fiscal year. However, recovery of the market continued to be affected by exchange rate conditions, changing travel behavior, air service limitations, and broader outbound travel trends. Both Korea and Japan markets continued to be stymied by a strong U.S. Dollar, while Japan market recovery was also hampered by a strong preference for domestic travel and later in the year—a stagnant economy.

- ► China remained significantly below pre-pandemic levels, comprising approximately 7% of visitor arrivals in FY2024. Direct air service from Hong Kong resumed in April 2024, the lone source city for the market.

- ► Due to the volatility of the tourism industry, the strengthening of a second major market and development of third major source market remained the top priority of the MVA as essential to the recovery of The Marianas economy.

- ► During FY2024, MVA continued marketing, destination awareness, community engagement, cultural promotion, and destination enhancement activities. These efforts were intended to support visitor arrivals, strengthen The Marianas brand, improve the visitor experience on Saipan, Tinian, and Rota, and position the destination for continued recovery.

- ► MVA continued to support market diversification and air service recovery as part of its long-term stabilization strategy. Building and sustaining demand in key source markets remains essential to restoring visitor arrivals, supporting tourism-related businesses, and strengthening the CNMI tourism economy.

- ► At the end of FY2024, MVA's total assets exceeded liabilities by $7,231,517, compared to $8,062,885 at the end of FY2023. Restricted net position was $7,165,298 at the end of FY2024, compared to $7,990,557 at the end of FY2023. The change in net position for FY2024 was a decrease of $831,368, compared to a decrease of $955,848 in FY2023.

- ► MVA received $0 in in-kind contributions in FY2024, compared to $1,000 in FY2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report presents MVA's financial statements as two components: basic financial statements and notes to the financial statements. It also includes required supplementary information and supplemental information.

BASIC FINANCIAL STATEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 34 requires the presentation of Management's Discussion and Analysis (MD&A) and the basic financial statements. The basic financial statements consist of agency-wide statements, fund financial statements, notes to the financial statements, and a budgetary comparison statement for the general fund.

GASB issued Statement No. 63 *"Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."* This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements,* introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The MVA has adopted and applied this Statement in their financial statements.

Governmental Accounting Standard Board (GASB) Statement No. 87, *Leases*. Management has reviewed its leases and has determined its qualification as short-term lease, as the maximum possible lease terms does not exceed 12 months. Accordingly, no lease asset and liability has been recorded, and the lease payments have been recognized as expenditure when incurred. The application of GASB Statement No. 87 did not have a material impact on MVA's financial statements.

MD&A

The MD&A is a narrative section that introduces the basic financial statements. It should give readers an objective and easily understood, readable analysis of the MVA's financial performance for the year.

Agency-Wide Statements

MVA's agency-wide financial report includes two financial statements: the Statement of Net Position and the Statement of Activities. MVA prepared these financial statements in accordance with Governmental Accounting Standards Board (GASB) principles.

Statement of Net Position

The Statement of Net Position presents information on assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between them presented as net position. It reflects the MVA's assets, liabilities and the resources remaining after liabilities are satisfied. Over time, increases or decreases in net position serve as a useful indicator as to whether the entity's financial health has improved or deteriorated during the fiscal year.

Statement of Activities

The Statement of Activities is the operating statement for the MVA as a whole. It is based on full accrual accounting rather than the traditional modified accrual basis. Depreciation of capital assets is recognized as an expense in this statement.

Fund Financial Statements

The financial reporting package includes the fund financial statements. Fund reporting focuses on showing how money flows into and out of funds and the balance left at year-end that is available for spending. A fund is a grouping of related accounts that is used to maintain control over specific activities.

MVA, like other state and local government agencies, uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements.

Balance Sheet

Statement of Revenues, Expenditures, and Changes in Fund Balance

These statements present MVA's major funds. MVA has only one fund, the general fund. The fund statements are prepared using the traditional government model of modified accrual basis, which measures cash and all financial assets that can be readily converted to cash. These statements provide a detailed short-term view of the MVA's operations.

Reconciliation from Agency-Wide to Fund Statements

Because the numbers on these statements do not agree to the numbers on the agency-wide statements, a reconciliation schedule is presented.

Statements of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual

A budgetary comparison statement for the general fund is considered to be required supplementary information and is included in the basic financial statements.

COMPARISON OF RESULTS

Assets, Liabilities and Net Position

MVA's net position on an agency-wide basis decreased by $831,368 from the previous year.

SUMMARY OF CHANGE IN NET POSITION (STATEMENT OF ACTIVITIES)

		2024	**2023**	**2022**
Net position, beginning	$	8,062,885	9,018,733	9,771,775
Revenues		9,944,275	13,361,262	4,511,958
Expenditures		(10,775,643)	(14,317,110)	(5,265,000)
Increase (decrease) in net position		(831,368)	(955,848)	(753,042)
Net position, ending	$	7,231,517	8,062,885	9,018,733

SUMMARY OF STATEMENT OF NET POSITION

		2024	2023	2022
Current assets	$	9,364,112	12,377,701	21,508,377
Capital assets		66,219	72,328	85,571
Total assets	$	9,430,331	12,450,029	21,593,948
Current liabilities	$	2,072,949	3,904,836	1,443,095
Non-current liabilities		125,765	125,189	114,324
Total liabilities	$	2,198,714	4,030,025	1,557,419
Deferred inflows of resources		100	357,119	11,017,796
Net investment in capital assets		66,219	72,328	85,571
Restricted		7,165,298	7,990,557	8,933,162
Total net position		7,231,517	8,062,885	9,018,733
Total liabilities and net position	$	9,430,331	12,450,029	21,593,948

The $7,231,517 in restricted net position represents the accumulated results of all past years' operations. If MVA were able to collect all receivables and pay all outstanding obligations, including all non-capital liabilities and compensated absences, the remaining restricted assets would be $7,231,517.

Assets. Assets consist primarily of cash and cash equivalents (65%) and receivables, which include local government appropriation and entitlement (27%), other assets (7.50%), and capital assets (0.70%).

Liabilities. Liabilities are composed primarily of accounts payable for marketing activities, deferred revenue, accrued employee annual and sick leave, and other obligations. The significant decrease in current liabilities of $1,831,887 was primarily due to MVA's payments on contracts and obligations.

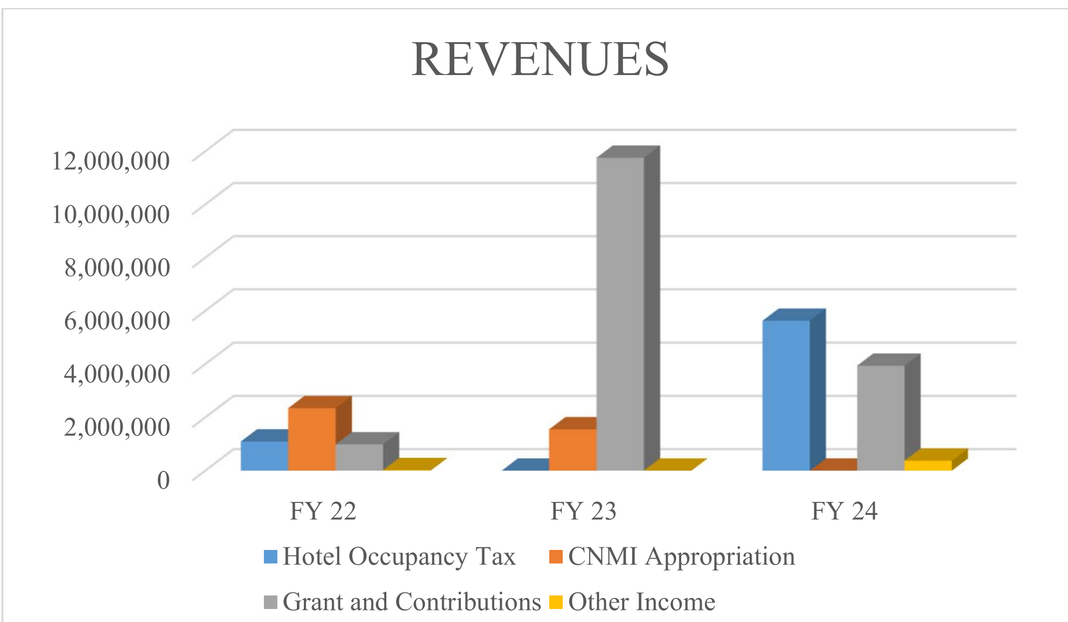
Net position. Net position represents MVA's residual interest in its assets after liabilities are deducted. The restricted component of net position decreased by $831,368 compared to FY2023. These are funds allocated for future expenditures.

Revenues

Total revenues for Fiscal Year 2024 were $9,944,275, a decrease of $3,416,987 compared to Fiscal Year 2023.

		2024	2023	2022
General revenues				
Hotel occupancy tax entitlement	$	5,628,540	-	1,093,819
CNMI appropriation (net of 1% OPA fee)		-	1,550,846	2,346,350
Grants and contributions		3,941,487	11,758,080	988,005
Other income		22,623	3,449	19,947
Interest income		191,772	109	1,300
Subtotal	$	9,784,422	13,312,484	4,449,421
Program revenues				
Membership fees		27,651	19,587	16,965
Tour guide certification		-	-	-
Special events		132,202	29,191	45,572
Subtotal	$	159,853	48,778	62,537
Total revenues	$	9,944,275	13,361,262	4,511,958

The chart below shows a comparison of actual revenues for a 3-year period.



Revenues are classified as either general revenues or program revenues.

General revenues include hotel occupancy tax entitlements, CNMI appropriations, grants and contributions, interest income, and other income.

Program revenues are those directly generated by a function or activity of the government entity. These revenues include membership dues, tour guide certification, special event fees that MVA charges for specific events, and contributions from the private sector to support MVA programs. These special event revenues help reduce MVA's actual expenditures on those respective events.

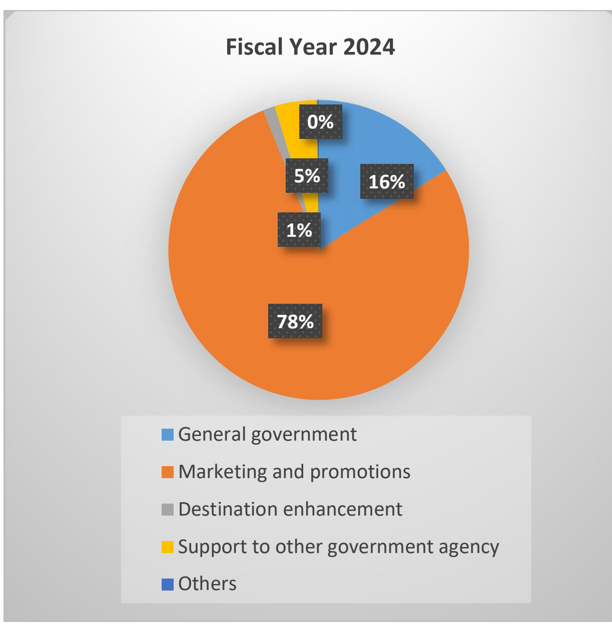
Grants and contributions include accommodations, free use of hotel facilities, and other support, and are classified as marketing or special event revenue when the donor specifies the MVA activity for which the donation is to be used, or as general revenue for unrestricted contributions.

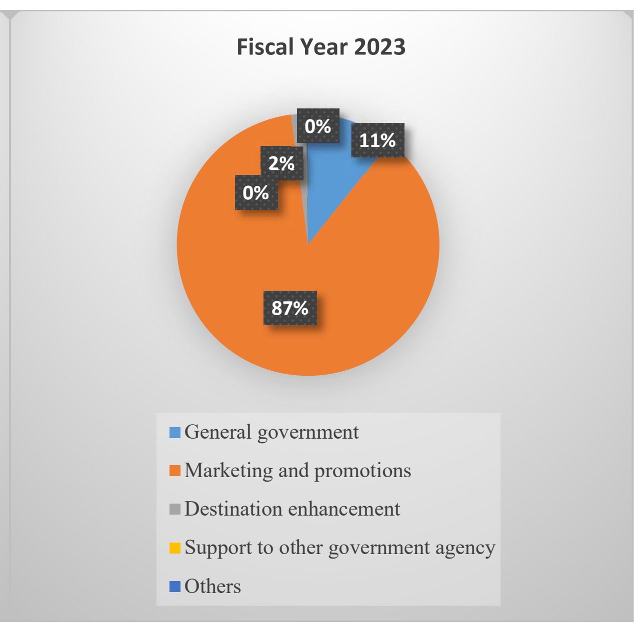
MVA has a limited amount of entity-generated revenue and continues to rely on appropriations, grants, and in-kind or private-sector contributions to support operating and program costs that cannot be fully covered by recurring revenues.

Expenses

Total agency-wide expenses by function were as follows:

		2024	**2023**	**2022**
General government	$	1,732,082	1,527,894	1,658,036
Marketing		7,916,521	12,048,133	2,703,405
Advertising		478,927	449,325	686,875
Destination enhancement		139,997	248,140	164,482
Support to other government agency		485,500	9,718	22,890
Depreciation		22,616	33,900	29,312
Total expenditures	$	10,775,643	14,317,110	5,265,000





The pie charts above illustrate the distribution of expenses for FY2024 compared to FY2023.

Expenditures for the fiscal year ending September 30, 2024 decreased by $3,541,467 compared to Fiscal Year 2023. Funds available in FY2024 were spent on destination enhancement projects, marketing, advertising, support to other government agencies, and community programs.

OVERALL FINANCIAL POSITION

The overall financial position, as measured by net position, decreased by $831,368 in FY2024. The CNMI tourism industry continued to recover from the long-term impacts of the COVID-19 pandemic, but overall recovery remained below pre-pandemic levels. Visitor arrivals for FY2024 were 237,498, an increase of 42,754 compared to FY2023 visitor arrivals of 194,744.

MVA believes that its financial position and the overall CNMI tourism industry will improve if sufficient funding is provided and invested strategically to promote The Marianas and continue improving the visitor experience on Saipan, Tinian, and Rota. This includes enhanced events, destination marketing, air service support, cultural promotion, and targeted destination enhancement activities.

MVA must continue to take a lead role in overseas promotions, destination awareness, and market development while encouraging continued support and investment from tourism industry stakeholders.

FUND ANALYSIS

At the governmental fund level, MVA's fund balance in Fiscal Year 2024 decreased by $824,683 due to expenditures exceeding revenues.

CAPITAL ASSETS

MVA's investment in capital assets as of September 30, 2024 amounted to $66,219, net of accumulated depreciation. Depreciation expense for the year was $22,616. Acquisition of capital assets for MVA's operations for FY2024 amounted to $16,507. Capital assets net of accumulated depreciation are as follows:

		2024	2023	2022
Vehicles	$	7,500	10,000	1,507
Furniture and fixtures		11,293	9,495	15,328
Maintenance equipment		6,119	4,633	11,144
Leasehold improvements		41,307	48,200	57,592
Net capital assets	$	66,219	72,328	85,571

FUTURE PLANS

- **Marketing Programs**

  The Marketing Division will continue to promote The Marianas as a premier island destination with strong cultural identity, natural beauty, and distinctive visitor experiences. Plans include to:

  - Develop a global branding and marketing strategy that establishes a clear identity for The Marianas across major source markets, including Korea, Japan, Guam, the United States, and potential new markets;
  - Strengthen digital marketing strategies to expand MVA's reach through websites, social media platforms, online content, digital storytelling, and real-time visitor information;
  - Continue to enhance destination awareness and stimulate travel demand among potential travelers through targeted digital, trade, and consumer marketing activities;
  - Work with airline, hotel, travel trade, and community partners to promote and sell travel packages to The Marianas;
  - Focus marketing programs on niche travel segments such as golfers, divers, families, friends, outdoor travelers, culture-focused travelers, workation opportunities, and eco-tourism;
  - Promote multi-island travel by emphasizing the unique appeal of Saipan, Tinian, Rota, and the Northern Islands;
  - Strengthen support for Korea-Saipan, Japan-Saipan, inter-island, Guam, U.S., and other potential market opportunities;
  - Promote opportunities that encourage meaningful interaction between residents and visitors;
  - Maintain continual communication and negotiations with airlines toward stabilizing or expanding flight service;
  - Generate tens of millions of dollars in unpaid ad value in Korea and Japan by supporting extensive TV, web, and print coverage;
  - Leverage influencer-generated posts, videos and tagged content to promote Taste of The Marianas International Food Festival, Hell of The Marianas, Saipan Marathon, and other attractions;
  - Appoint Official Sports Ambassador and Official Golf Ambassador;
  - Partner with major travel agencies in Korea on co-op promotions, influencer collaborations, and live commerce sales;
  - Launched a new Marianas campaign at the Marianas Day event with journalist, influencers, and travel trade partners;
  - Launch a project to re-establish ties of government, business, tourism, and cross-cultural exchange with Japan, with special emphasis on historic connections with Hiroshima;
  - Strengthened brand visibility and highlighted Marianas attractions in Japan at Tourism Expo Japan 2024, Asia Dive Expo Japan 2024, Marine Diving Fair 2025, Toyota Thanks Fair 2024, and HIS Grand Thanks Day 2025, and in Korea at The Marianas Night, Brand USA events, and Seoul International Travel Fair 2025;

- Implement an integrated marketing campaign in partnership with Hong Kong Airlines and travel agencies. to promote Saipan across Hong Kong and mainland China;
- Conduct multi-platform collaborations with major Chinese online travel and social media platforms;
- Collaborate with key influencers in China to showcase authentic travel experiences and promote The Marianas hospitality and attractions; and
- Operate official Instagram, Facebook, NAVER Blog, YouTube, TikTok, KakaoTalk and other channels, growing combined followers and engagement through targeted posts, events and giveaways.

- **Community Projects Programs**

  MVA's Community Projects Division will continue to work with local government agencies, municipalities, industry partners, and community organizations to support signature events and other meaningful events on Saipan, Tinian, and Rota. These events provide activities for visitors and residents, support local businesses, and showcase local food, music, arts, crafts, and culture. FY2025 plans include:

  - 20th Annual Christmas in The Marianas with special events in Saipan, Tinian, and Rota;
  - 2nd Annual Rota Marathon in January 2025;
  - 21st Annual Tinian Hot Pepper Festival in February 2025;
  - Skechers Saipan Marathon 2025 in March;
  - Marianas Tourism Month in May 2025; and
  - 26th Annual Taste of The Marianas International Food Festival & Beer Garden every weekend in May.

- **Tour Guide Certification Program**

  The Tour Guide Certification Program— providing certification for tour operators and Official Marianas Guides and suspended since the pandemic – will help ensure visitors receive a quality experience learning about the sites and cultures of The Marianas. A lite version of the program will educate and regulate tour guides who represent the Mariana Islands to visitors by:

  - Increasing tour guides' knowledge of native Chamorro and Carolinian history and culture;
  - Increasing tour guides' knowledge of protecting and preserving CNMI natural resources;
  - Supporting tour guide participation, collaboration, and engagement on tourism issues;
  - Encouraging tour operators to incorporate Chamorro and Carolinian values into their business models;
  - Supporting and strengthening tour guide enforcement regulations.

The MVA will continue to work toward stronger enforcement and administration of Tour Guide Certification regulations with support from partner agencies, including the Bureau of Environmental and Coastal Quality (BECQ), Department of Lands and Natural Resources (DLNR), Department of Public Safety (DPS), Department of Public Lands (DPL), Department of Commerce (DOC), Commonwealth Ports Authority (CPA), Department of Finance, the Commonwealth Zoning Board, and MVA security support.

- **Destination Enhancement and Product Development**

  The Product Development Division/Destination Enhancement will continue to plan and work on improving the visitor experiences through the improvement, restoration, rehabilitation, and renovation of tourist sites with government, municipal, community, and private-sector partners. This includes plans to:

  - Explore innovative means to repair, maintain, and improve tourist sites;
  - Improve value-added amenities at natural resource and cultural sites;
  - Upgrade facilities, which may include replacement of signage, improvements to equipment functionality, cleanliness, beautification, accessibility, and safety enhancements;
  - Regularly maintain twenty-one tourist sites on Tinian and 17 sites on Rota;
  - Commission public art signage for Governor Inos S. Inos Peace Park;
  - Open an Invitation to Bid for construction of improvements at Last Command Post, Bird Island Lookout, and Suicide Cliff;
  - Begin construction of airport welcome signs on Saipan, Tinian, and Rota;
  - Reconvene discussion with the Office of Grants Management on improvements to Banzai Cliff;
  - Waterblast Okinawan and Japanese peace memorials in Marpi ahead of annual commemoration ceremonies;
  - Replace Rota directional signboards, construct benches for public agencies, and build a display case at Rota airport;
  - Fabricate and repair direction signs on Tinian as needed and in coordination with the U.S. military on military leased land; and
  - Launch a pitch competition supporting new products, services or experiences aligning with the MVA's objective to improve the visitor experience.

REQUEST FOR INFORMATION

This financial report is designed to provide CNMI residents and taxpayers with an overview of MVA's finances and to show MVA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact MVA at info@mymarianas.com or 1.670.664.3200/01, or visit our office on the 1st Floor of Gold Beach Hotel Building, I Liyan, Beach Road, Saipan.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Governmental Activities - Statements of Net Position

September 30, 2024 and 2023

	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalent - restricted	$ 6,110,571	10,545,185
Accounts receivable entitlement - Government of CNMI	2,550,478	1,794,088
Grants and other receivables	633,054	38,428
Prepaid expenses	70,009	-
Total current assets	9,364,112	12,377,701
Noncurrent assets:		
Capital assets, net of accumulated depreciation and amortization	66,219	72,328
Total assets	$ 9,430,331	12,450,029
LIABILITIES		
Current liabilities:		
Accounts payable	1,863,651	3,713,407
Accrued liabilities and benefits	209,298	191,429
Total current liabilities	2,072,949	3,904,836
Noncurrent liabilities:		
Due within one year		
Accrued compensated absences	25,153	25,038
Due in more than one year		
Accrued compensated absences	100,612	100,151
Total liabilities	2,198,714	4,030,025
Deferred inflows of resources	100	357,119
NET POSITION		
Net investment in capital assets	66,219	72,328
Restricted - expendable	7,165,298	7,990,557
Total net position	7,231,517	8,062,885
	$ 9,430,331	12,450,029

See accompanying notes to financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Statement of Activities

For the Year Ended September 30, 2024

Functions/Programs		Expenses	Program Revenues: Charges for Services	Program Revenues: Grants and Contributions		Net (Expenses) Revenues and Changes in Net Position: Total
Governmental activities:						
General government	$	1,732,082	27,651	-		(1,704,431)
Marketing		7,916,521	-	3,941,487		(3,975,034)
Advertising		478,927	132,202	-		(346,725)
Destination enhancement		139,997	-	-		(139,997)
Support to other government agency		485,500	-	-		(485,500)
Depreciation		22,616	-	-		(22,616)
Total governmental activities	$	10,775,643	159,853	3,941,487		(6,674,303)
General revenues:						
Hotel occupancy tax entitlement						5,628,540
CNMI appropriation (net of 1% OPA fee)						-
Other income						22,623
Interest income						191,772
Total general revenues						5,842,935
Change in net position						(831,368)
Net position, beginning						8,062,885
Net position, ending					$	7,231,517

See accompanying notes to financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Statement of Activities

For the Year Ended September 30, 2023

Functions/Programs		Expenses	Program Revenues: Charges for Services	Program Revenues: Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Total
Governmental activities:					
General government	$	1,527,894	19,587	-	(1,508,307)
Marketing		12,048,133	-	11,758,080	(290,053)
Advertising		449,325	29,191	-	(420,134)
Destination enhancement		248,140	-	-	(248,140)
Support to other government agency		9,718	-	-	(9,718)
Depreciation		33,900	-	-	(33,900)
Total governmental activities	$	14,317,110	48,778	11,758,080	(2,510,252)
General revenues:					
Hotel occupancy tax entitlement					-
CNMI appropriation (net of 1% OPA fee)					1,550,846
Other income					3,449
Interest income					109
Total general revenues					1,554,404
Change in net position					(955,848)
Net position, beginning					9,018,733
Net position, ending					$ 8,062,885

See accompanying notes to financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Governmental Fund - Balance Sheets

September 30, 2024 and 2023

		2024	2023
ASSETS			
Current assets:			
Cash in bank and on hand - restricted	$	6,110,571	10,545,185
Accounts receivable entitlement - Government of CNMI		2,550,478	1,794,088
Other receivables		633,054	38,428
Prepaid expenses		70,009	-
Total current and total assets	$	9,364,112	12,377,701
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Current liabilities:			
Accounts payable		1,863,651	3,713,407
Accrued liabilities and benefits		209,298	191,429
Total current and total liabilities		2,072,949	3,904,836
Deferred inflows of resources		1,056,844	1,413,863
Fund balances:			
Nonspendable - not in spendable form		-	-
Assigned		6,234,319	7,059,002
Total fund balance		6,234,319	7,059,002
	$	9,364,112	12,377,701

See accompanying notes to financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Governmental Funds - Statements of Revenues, Expenditures, and
Changes in Fund Balance

For the Years Ended September 30, 2024 and 2023

		2024	2023
Revenues:			
Hotel occupancy tax entitlement	$	5,628,540	-
CNMI appropriation (net of 1% OPA fee)		-	1,550,846
Grant income (ARPA and CDBG-DR funded marketing program)		3,941,487	11,758,080
Charges for services		159,853	48,778
In-kind contributions		-	1,000
Other income		22,623	2,449
Interest income		191,772	109
Total revenues		9,944,275	13,361,262
Expenditures:			
General government		1,731,506	1,517,029
Marketing		7,916,521	12,048,133
Advertising		478,927	449,325
Destination enhancement		139,997	248,140
Support to other government agency		485,500	9,718
Capital outlay-current expenditures		16,507	20,658
Total expenditures		10,768,958	14,293,003
Excess (deficiency) of revenues over expenditures		(824,683)	(931,741)
Assigned fund balance, beginning of year		7,059,002	7,990,743
Fund balance, end of year			
Nonspendable			
Assigned		6,234,319	7,059,002
	$	6,234,319	7,059,002

See accompanying notes to financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Reconciliation of the Balance Sheet of Governmental Funds
to the Agency-Wide Statement of Net Position

For the Years Ended September 30, 2024 and 2023

		2024	2023
Fund balance	$	6,234,319	7,059,002
Amounts reported for governmental activities in the Balance Sheet differ from the amounts reported in the Statements of Net Position because:			
Long-term liabilities that are not due and payable in the current period and therefore are not reported as liabilities in the funds.			
Accrued compensated absences		(125,765)	(125,189)
Deferred inflows of resources for receivables from CNMI that are not available within 60 days after the year-end		1,056,744	1,056,744
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		66,219	72,328
Total net position - governmental activities	$	7,231,517	8,062,885

See accompanying notes to financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Reconciliation of Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balance to the Agency-Wide Statements of Activities

For the Years Ended September 30, 2024 and 2023

				2024	2023
Net change in fund balance - governmental funds			$	(824,683)	(931,741)
Amounts reported for governmental activities in the Statement of Revenues, Expenditures and Changes in Fund Balance differ from amounts reported in the Statement of Activities because:					
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures.					
Compensated absences - net				(576)	(10,865)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statements of net position and allocated over their estimated useful lives as annual depreciation expense in the statements of activities. This is the amount by which capital outlays exceed depreciation in the period.					
Capital outlays	$	16,507			
Depreciation expense		(22,616)		(6,109)	(13,242)
Changes in net position of governmental activities			$	(831,368)	(955,848)

See accompanying notes to financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Marianas Visitors Authority (MVA) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the primary source of governmental accounting and financial reporting principles. Some of the MVA's more significant accounting policies are summarized below, along with some of the practices that are unique to governments.

A. REPORTING ENTITY

On June 17, 1998, Public Law No. 11-15 was enacted and this law deleted in its entirety Section 302(b) of Executive Order 94-3 and abolished the Marianas Visitors Bureau (MVB) to establish the MVA, a non-stock/nonprofit public corporation organized for the purpose of promoting the visitor industry in the Commonwealth of the Northern Mariana Islands (CNMI).

Pursuant to Public Law 11-15, all corporate powers are held and exercised by or under authority of the Board of Directors, subject to the limitations of the Organization's by-laws and the laws of the Northern Mariana Islands. The Board is composed of nine members, of whom five members are appointed by the Governor with the advice and consent of the Senate and four members are chosen by the members of MVA.

In accordance with its enabling legislation and subsequent amendments, MVA receives an appropriation and entitlement of the hotel room occupancy taxes collected by the CNMI Government.

B. AGENCY-WIDE AND FUND FINANCIAL STATEMENTS

Agency-wide financial statements display information about the reporting government as a whole.

The purpose of the Statement of Activities is to allow financial statement users to determine operating results of the MVA in its entirety over a period of time. It demonstrates the degree to which direct expenses are offset by program revenues.

Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase or use goods and services provided by a given function. The MVA's program revenues include, but are not limited to, charges to customers from sales during events, fees collected from participants of special events and contributions in cash and in-kind from the private sector.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. AGENCY-WIDE AND FUND FINANCIAL STATEMENTS, Continued

In-kind contributions restricted for special events or advertising and marketing activities are classified as revenues and expenses of these activities.

Appropriations from the CNMI and other items not included among program revenues are reported instead as general revenues.

Governmental fund financial statements are separate financial statements for government funds.

MVA maintains only one fund, which is a general fund at the MVA level.

Governmental fund financial statements are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Governmental fund types are used to account for the general governmental activities. The operating fund of the MVA is the general fund. MVA has no capital projects or debt service funds.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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 measurement focus.

Agency-wide financial statements are presented on a full accrual basis of accounting with an economic resources measurement focus. An economic resource focus concentrates on a fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are presented using a modified accrual basis and the current financial resources measurement focus. Earned revenues are recognized as soon as they are both measurable and available.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION, Continued

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available when they are collectible within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and other expenditures having a due date are recorded only when payment is due.

Since the fund financial statements are presented on a different measurement focus and basis of accounting than the agency-wide statements' governmental column, reconciliation is necessary to explain the adjustments needed to transform the fund-based financial statements into the agency-wide presentation. This reconciliation is part of the financial statements.

The financial transactions of the MVA are recorded in the general fund. The operations of this fund are accounted for with self-balancing accounts comprised of assets, liabilities, fund equity, revenues and expenditures.

The GASB model sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category or the government combined) for the determination of major funds for financial reporting purposes. The GASB model also gives governments the discretion to include as major funds those having particular importance.

NET POSITION/FUND BALANCES

Net position in government-wide fund financial statements are composed of three sections:

- Net investment in capital assets:

  Capital assets, net of accumulated depreciation and net of related debts attributable to the acquisition, construction of or improvements of those assets.

  Consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

- Restricted:

  Nonexpendable - net position subject to externally imposed stipulations that require MVA to maintain them permanently.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION, Continued

- Restricted, Continued

  Expendable – Net position whose use by MVA is subject to externally imposed stipulations that can be fulfilled by actions of MVA pursuant to those stipulations or that expire with the passage of time.

- Unrestricted:

  Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action by management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties. The MVA had no unrestricted net position of September 30, 2024 and 2023.

Fund Balance

In the governmental fund financial statements, fund balances, as required by Governmental Accounting Standards Board (GASB) Statement 54, are classified as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints.

- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and do not lapse at year-end.

- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

- Unassigned – includes negative fund balances in other governmental funds.

The purpose of GASB 54 is to improve the usefulness, including the understandability, of governmental fund balance information by establishing criteria for classifying fund balance into specially defined classifications and clarifies definitions for governmental fund types.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. ASSETS, LIABILITIES AND EQUITY

1. Receivables and Payables

For agency-wide financial statements, receivables and related revenues are recognized as soon as they are earned, whereas for governmental fund financial statement purposes, receivables and related revenues are recognized only when they are both measurable and available.

Appropriations and entitlements from the CNMI Government, the MVA's major revenue source, are considered measurable and available when they can be collected within 60 days after year-end.

Receivables are reported at gross value and, if appropriate, are reduced by any significant amounts expected to be uncollectible.

2. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

3. Capital Assets

Capital assets, which include property and equipment, are accounted for in the agency-wide financial statements. All capital assets are valued at historical cost. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Donated assets are valued at their fair value on the date of gift.

Capital assets purchased or acquired with original cost of $500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of assets are capitalized. The cost of normal repairs and maintenance that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the Statement of Net Position.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. ASSETS, LIABILITIES AND EQUITY, Continued

Estimated useful lives, in years, for depreciable assets are as follows:

Asset Description	Years
Maintenance equipment	2-10
Furniture and fixtures	3-10
Vehicles	3-5
Building and leasehold improvements	10-20

4. COMPENSATED ABSENCES

Compensated absences represent the accumulated liability to be paid under MVA's current annual leave policy.

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16 – *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Unused leave is payable to employees upon resignation or termination of employment if the employee has completed one year or more of service. An employee cannot carry over to the following calendar year accumulated annual leave in excess of three hundred sixty (360) hours. However, any annual leave accumulated in excess of 360 hours as of the end of the calendar year can be converted to sick leave on the last day of such calendar year. At September 30, 2024 and 2023, accrued annual leave was $125,765 and $125,189, respectively.

5. FUND BALANCES

MVA's board of directors is authorized to assign amounts to a specific purpose. MVA's board of directors has established a policy to provide such authority to the board of directors.

E. USE OF ESTIMATES

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. LEASES

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition is accounted for under GASB Statement No. 87 unless explicitly excluded.

A contract that transfers ownership of the underlying asset to the lessee by the end of the contract and does not contain termination options but that may contain a fiscal funding or cancellation clause that is not reasonably certain of being exercised is reported as a financed purchase of the underlying asset or sale of the asset by MVA.

MVA accounts for the lease and non-lease components of a lease as separate contracts. If a lease involves multiple underlying assets, MVA, in certain cases, accounts for each underlying asset as a separate lease contract. To allocate the contract price to different components, MVA uses contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining a best estimate is not practicable, multiple components in a lease contract are accounted for as a single lease unit. Contracts that are entered into at or near the same time with the same counterparty and that meet certain criteria are considered part of the same lease contract and are evaluated in accordance with the guidance for contracts with multiple components.

The lease term is defined as the period during which a lessee has a non-cancelable right-to-use (RTU) an underlying asset, plus the following periods, if applicable:

- Periods covered by a lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option
- Periods covered by a lessee's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessee will not exercise that option
- Periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option
- Periods covered by a lessor's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessor will not exercise that option.

A fiscal funding or cancellation clause should affect the lease term only when it is reasonably certain that the clause will be exercised.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. LEASES, Continued

The lease term is reassessed only if one or more of the following occur:

- The lessee or lessor elects to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would not exercise that option.
- The lessee or lessor elects not to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would exercise that option.
- An event specified in the lease contract that requires an extension or termination of the lease takes place.

An amendment to a lease contract is considered a lease modification unless the MVA's right to use the underlying asset decreases, in which case it would be a partial or full lease termination. MVA accounts for lease termination by reducing the carrying values of the lease liability and lease asset or the lease receivable and deferred inflows of resources, with any difference being recognized as a gain or loss. A lease modification that does not qualify as a separate lease is accounted for by remeasuring the lease liability and adjusting the related lease asset or remeasuring the lease receivable and adjusting the related deferred inflows of resources.

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Short-term lease payments are recognized as outflows of resources or inflows of resources based on the payment provisions of the lease contract. MVA had no reportable leases at September 30, 2024.

Lessee Accounting

MVA recognizes a lease liability and a RTU asset at the commencement of the lease term unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term less any lease incentives. The RTU asset is measured at the amount of the initial measurement of the lease liability, including any payments made to the lessor at or before the commencement of the lease term and certain direct costs. For short-term leases, it is MVA's policy to record the lease payments as rental expense.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. LEASES, Continued

Lessee Accounting, Continued

The future lease payments are discounted using the interest rate the lessor charges MVA, which may be the interest rate implicit in the lease. If the interest rate cannot be readily determined, an estimated incremental borrowing rate (an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term) will be used.

MVA reduces the lease liability as payments are made and recognizes an outflow of resources for interest on the liability. MVA amortizes the RTU asset using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

Variable payments based on future performance of MVA or usage of the underlying asset should not be included in the measurement of the lease liability but are recognized as outflows of resources in the period in which the obligation for those payments is incurred. However, any component of those variable payments that is fixed in substance should be included in the measurement of the lease liability.

G. NEW ACCOUNTING STANDARDS

MVA has adopted the following GASB statements:

In May 2019, GASB issued Statement No. 91 *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosure. Management does not believe that implementation of this statement had a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 91 is effective for the fiscal year ending September 30, 2023.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. NEW ACCOUNTING STANDARDS, Continued

In March 2020, GASB issued Statement No. 94, *Public-private and Public-public Partnership Arrangements* (PPPs). The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). MVA adopted GASB Statement No. 94 during the fiscal year ending September 30, 2023. Management does not believe that the implementation of this statement had a material effect on the MVA's financial statements.

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities.*

In May 2020, GASB issued Statement No. 96, S*ubscription-based Information Technology Arrangements* (SBITAs). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. MVA adopted GASB Statement No. 96 during the fiscal year ending September 30, 2023. Management does not believe that the implementation of this statement had a material effect on the MVA's financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. NEW ACCOUNTING STANDARDS, Continued

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of local government financial statements. GASB Statement No. 99 was adopted during the fiscal year ending September 30, 2023. Management does not believe that the implementation of this statement had a material effect on the MVA's financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. NEW ACCOUNTING STANDARDS, Continued

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement.

This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature.

In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Management does not believe that the implementation of this statement had a material effect on the MVA's financial statements.

In June 2022, GASB issued 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.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. NEW ACCOUNTING STANDARDS, Continued

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences - including parental leave, military leave, and jury duty leave - not be recognized until the leave commences. This Statement also requires that liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in the liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Management is evaluating whether the implementation of this statement will have a material effect on the financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. NEW ACCOUNTING STANDARDS, Continued

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management is evaluating whether the implementation of this statement will have a material effect on the financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. NEW ACCOUNTING STANDARDS, Continued

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed.

This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. NEW ACCOUNTING STANDARDS, Continued

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

This Statement requires governments to present` budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management is evaluating whether implementation of this statement will have a material effect on the financial statements.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets and to improve the consistency and comparability of capital asset disclosures among governmental entities.

This Statement requires certain types of capital assets to be separately disclosed in the capital asset note disclosures required by GASB Statement No. 34. These include lease assets recognized under GASB Statement No. 87, intangible right-to-use assets recognized under GASB Statement No. 94 for public-private and public-public partnership arrangements, subscription assets recognized under GASB Statement No. 96, and other intangible capital assets.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. NEW ACCOUNTING STANDARDS, Continued

In addition, the Statement establishes disclosure requirements for capital assets held for sale, including the ending balances of historical cost and accumulated depreciation or amortization by major class of asset, and the carrying amount of related debt for which such assets are pledged as collateral. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management is evaluating whether implementation of this statement will have a material effect on the financial statements.

(2) RECONCILIATION OF AGENCY-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the agency-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the agency-wide statements of net position. The net adjustments for 2024 and 2023 consist of the following:

Description	2024	2023
Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund (total capital assets on agency-wide statement in governmental activities column):	$ 949,896	933,389
Less accumulated depreciation	(883,677)	(861,061)
Net capital assets	66,219	72,328
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:		
Annual leave liability	(125,765)	(125,189)
Receivable from CNMI that is not available within 60 days after year end	1,056,744	1,056,744
Net adjustment	$ 997,198	1,003,883

(2) RECONCILIATION OF AGENCY-WIDE AND FUND FINANCIAL STATEMENTS, Continued

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the agency-wide statement of activities.

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between net changes in fund balance - total governmental funds and changes in net position of governmental activities as reported in the agency-wide statement of activities. The adjustments are as follows:

Description	2024	2023
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures.		
Compensated absences – net	$ (576)	(10,865)
Capital outlays reported in the fund statements	16,507	20,658
Depreciation expense, the allocation of capital outlays over useful lives of the assets, that is recorded on the Statement of Activities but not in the fund statements.	(22,616)	(33,900)
Net adjustments	$ (6,685)	(24,107)

(3) BUDGETARY INFORMATION

Accounting principles used in developing data on a budgetary basis differ from those used in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. Amounts included in the Statement of Revenues, Expenditures and Changes Fund Balance – Budget and Actual – General Fund (which are presented on a non-GAAP budgetary basis) reconcile to the fund balance on the accompanying Balance Sheet and Statement of Net Position. MVA has no authority to impose taxes to generate revenue. MVA is an autonomous agency and a component unit of the CNMI government and it receives annual appropriations and entitlement from the CNMI government.

The CNMI legislative budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted by the Legislature for MVA through an Annual Appropriations Act.

(4) CASH IN BANK AND ON HAND

For purposes of the statements of net position, the MVA considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

At September 30, 2024 and 2023 cash and cash equivalents consist of the following:

	2024	2023
Petty cash and other currency	$ 803	803
Cash in bank	6,109,768	10,544,382
	$ 6,110,571	10,545,185

(5) RECEIVABLE FROM THE CNMI GOVERNMENT

The CNMI Government appropriated a total of $4,584,654 and $1,550,846 for MVA's operational use for the years 2024 and 2023, respectively, under the Appropriations Budget Authority Act of 2024 (Public Law 23-09) and the Appropriations Budget Authority Act of 2023 (Public Law 23-04), which include the 2.5% of funds withheld by the Department of Finance for the enforcement of Public Law 18-1 and 2017 (Public Law 19-68).

The following is a summary of the changes in the "Due from CNMI government" for the fiscal years ended September 30, 2024 and 2023:

	2024	2023
Due from CNMI government, beginning	$ 1,794,088	1,890,826
CNMI appropriation and entitlement	5,685,393	1,454,108
Sub-total	7,479,481	3,344,934
Collections:		
For prior year's appropriation and entitlement	-	-
For current year's appropriations and entitlement	(4,929,003)	(1,550,846)
Sub-total	(4,929,003)	(1,550,846)
Due from CNMI government, net	$ 2,550,478	1,794,088

(6) RELATED PARTY TRANSACTIONS

The MVA's funding source is primarily through its entitlements. This is mandated under 4 CMC §1803 authorizing the MVA to receive eighty percent (80%) of the taxes collected under 4 CMC § 1502, or Hotel Occupancy Tax (HOT). Provided, however, under 4 CMC § 2157, the Secretary of Finance may withhold up to 2.5% percent of the funds per fiscal year for the purpose of funding revenue and tax personnel to enforce the provisions of this Article and other Commonwealth tax laws.

Public Law 20-17 was enacted in fiscal year 2018. It amended §2159 to provide not less than two percent (2%) for each municipality, but not less than $300,000 each, shall be remitted by MVA to the municipalities to implement charter flight tourism incentives, promotional programs, tourism enhancement activities, beautification projects, island-wide cleanup and to include purchasing supplies and equipment for such projects.

MVA did not remit any amount to the municipalities and the CNMI Department of Finance (DOF) due to the suspension of earmarked funds for the fiscal years ended September 30, 2023.

Public Law 9-68, enacted on October 19, 1995, requires government agencies to pay the CNMI Treasurer an amount not less than the greater of 1% of its total operations budget from sources other than legislative appropriations or pursuant to any other formula, which the CNMI Office of the Public Auditor (OPA) and the agency may agree, to fund the OPA.

For the years ended September 30, 2024 and 2023, DOF on behalf of MVA remitted the following to other agencies:

	2024	2023
Department of Finance	$ 142,135	$ -0-
CNMI Municipalities	341,124	-0-
Office of the Public Auditor	56,854	15,665
Total	$ 540,112	$ 15,665

(7) INVESTMENTS AT FAIR VALUE

GASB 72 requires all investments to be categorized under a fair value hierarchy. ASC Section 820, *Fair Value Measurements and Disclosures* defines fair value, establishes a framework for measuring fair value and expands financial statement disclosures about fair value measurements. Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy, which prioritizes the inputs to valuation technique used to measure fair value into three broad levels:

(7) INVESTMENTS AT FAIR VALUE, Continued

Level 1 - Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 - Inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs.

Level 3 - Unobservable inputs for an asset or liability, which generally results in a government using the best information available and may include the government's own data.

In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement in its entirety falls shall be determined based on the lowest level input that is significant to the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. For the years ended September 30, 2024 and 2023, MVA had no investments.

(8) DEFERRED INFLOWS OF RESOURCES

Revenues collected in advance of the fiscal year in which they are earned are recorded as deferred inflows of resources in the agency-wide and fund financial statements. Deferred inflows of resources in the fund financial statements also include revenues that are measurable but not available.

(9) NONCURRENT LIABILITIES

MVA's noncurrent liabilities consist of accrued annual leave summarized as follows:

	2024	2023
Beginning balance	$ 125,189	114,324
Additional accrual	98,286	96,880
Annual leave used	(97,710)	(86,015)
Ending balance	125,765	125,189
Due within one year	25,153	25,038
Due in more than one year	$ 100,612	100,151

(10) CHANGES IN CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal years ended September 30, 2024 and 2023:

	September 30, 2024			
	Balance October 1, 2023	Additions Transfer	Deletions Retirements	Balance September 30, 2024
Vehicle and equipment	$ 331,816	-	-	331,816
Office furniture, fixtures	-	-		
and equipment	244,978	8,807	-	253,785
Leasehold improvements	228,494	-	-	228,494
Maintenance equipment	128,101	7,700	-	135,801
	933,389	16,507	-	949,896
Less accumulated depreciation and amortization:				
Vehicle and equipment	321,816	2,500	-	324,316
Office furniture, fixtures and equipment	235,483	7,009	-	242,492
Leasehold improvements	180,294	6,893	-	187,187
Maintenance equipment	123,468	6,214	-	129,682
	861,061	22,616	-	883,677
Governmental activities capital assets, net	$ 72,328	(6,109)	-	66,219

	September 30, 2023			
	Balance October 1, 2022	Additions Transfer	Deletions Retirements	Balance September 30, 2023
Vehicle and equipment	$ 319,316	12,500	-	331,816
Office furniture, fixtures and equipment	244,978	-	-	244,978
Leasehold improvements	228,494	-	-	228,494
Maintenance equipment	119,943	8,158	-	128,101
	912,731	20,658	-	933,389
Less accumulated depreciation and amortization:				
Vehicle and equipment	317,809	4,007	-	321,816
Office furniture, fixtures and equipment	229,650	5,833	-	235,483
Leasehold improvements	170,902	9,392	-	180,294
Maintenance equipment	108,799	14,669	-	123,468
	827,160	33,900	-	861,061
Governmental activities capital assets, net	$ 85,571	(13,242)	-	72,328

(10) CHANGES IN CAPITAL ASSETS, Continued

Most capital assets are not directly identifiable to specific governmental activities; thus, depreciation expense is presented as unallocated in the Statement of Activities.

(11) RISK MANAGEMENT

The MVA is exposed to various risks of loss related to thefts of, damage to, and destruction of assets; injuries to employees and third parties; and natural disaster. These risks are covered by commercial insurance purchased from independent third parties.

(12) COMMITMENTS AND CONTINGENCIES

A. Leases

MVA entered into a short-term lease agreement covering their office in Saipan with a term of one year and option to renew for five (5) 1-year terms expiring on May 13, 2024 with an option to renew for an additional two years on the same terms and conditions. Rent expense was $107,729 and $134,151 for the years ended September 30, 2024 and 2023, respectively.

B. Representation, Promotional and Public Relations Services

MVA entered into a contract with Dentsu, Inc. and AVIEW Korea Corporation for representation, marketing, advertising, internet and public relations services in Japan and Korea markets, respectively.

At September 30 2024, the minimum future contract fees are as follows:

Years ending September 30:	
2025	$ 2,794,612
2026	2,716,667
	$ 5,511,279

C. Professional Services

MVA entered into contracts for professional services for local public relation media fees.

At September 30, 2024, the minimum future contract fees are as follows:

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Years ending September 30:	
2025	$ 51,855
2026	43,213
	$ 95,068

(13) RETIREMENT PLAN

MVA contributed to the Northern Mariana Islands Retirement Fund's (NMIRF) defined benefit plan (DB Plan), a cost-sharing, multiple-employer plan established and administered by the CNMI. On September 30, 2013, the DB Plan was transferred to the Northern Mariana Islands Settlement Fund (NMISF) and MVA now contributes to NMISF.

On August 30, 2012, Public Law 17-79 was enacted to amend Title I of the Commonwealth Code to include the intent of the CNMI to participate in the retirement insurance system established by Title II of the U.S. Federal Insurance Contributions Act (FICA) and for participation to be extended to elected officials, employees, political subdivisions and instrumentalities of the CNMI.

On September 11, 2012, Public Law 17-82 CNMI Pension Reform Recovery Act of 2012 was enacted. Unless specifically exempted or authorized by federal law, Public Law 17-82 provides for mandatory membership of CNMI Government employees and elected officials in the U.S. Social Security system and authorizes employees, who elect to, to buy quarters of service in the U.S. Social Security system from contributions made to the DB plan. In addition, Public Law 17-82 provides active and inactive DB Plan members the option to voluntarily terminate membership in the DB Plan, withdraw or roll over contributions to the defined contribution (DC) Plan and to participate in the U.S. Social Security system without termination of employment or penalty.

Further, Public Law 17-82 allows the CNMI Government to continue remitting its 4% employer contribution to the DC Plan unless the employee ceases to contribute his or her employee share.

On March 11, 2013, Public Law 18-02 was enacted to amend Public Law 17-82 to clarify those provisions necessary to expedite the refunds and to prevent any further frustration of the process. Included in the public law is the amendment of Section 203(a) of Title 1, Division 8, Part 3, which states that the government obligation to withhold and remit the employee's portion to the employee's defined account shall continue with respect to employees who do not terminate membership in the DB Plan.

Defined Contribution Plan (DC Plan)

On June 16, 2006, Public Law 15-13 was enacted which created the DC Plan, a multi-employer pension plan and is the single retirement program for all employees whose first time CNMI government employment commences on or after January 1, 2007. Each member of the DC Plan is required to contribute to the member's individual account an amount equal to 10% of the member's compensation. MVA is required to contribute to each member's individual account an amount equal to 4% of the member's compensation. MVA's recorded DC contributions for the years ended September 30, 2024 and 2023 totaled $15,411 and $12,736, equal to the required yearly contribution.

(13) RETIREMENT PLAN, Continued

Members of the DC Plan who have completed five years of government service have a vested balance of 100% of both member and employer contributions plus any earnings thereon.

Unremitted Employer Contribution prior to September 30, 2013

The amount MVA recognized as payable to the Retirement Fund prior to the creation of the Settlement Fund totaled $918,775 including penalties as of September 30, 2013.

MVA believes that the payable to the Retirement Fund is ultimately due from the CNMI central government and not from MVA. The Settlement Order for Federal District Court for the CNMI Case No. 09-00023, which states that the NMIRF shall assign to the CNMI government all rights to collect employer contributions deficient as of August 6, 2013 and related costs from the Autonomous Agencies, or any other CNMI instrumentalities, strengthen MVA's position. The beginning net position in the Statement of Activities was restated in FY 2015 to reverse the accrued liabilities amounting to $918,775.

Medical and Life Insurance Benefits

In addition to providing pension benefits, the CNMI Government also ensures that employees are provided with medical and life insurance benefits. The CNMI Government created the Group Health and Life Insurance Trust Fund ("Trust Fund"), held in trust and administered by the Northern Mariana Islands Retirement Fund (NMIRF). MVA contributes to the Group Health and Life Insurance program. This is open to active employees who work at least 20 hours per week and to retired CNMI Government employees who retire as a result of length of service, disability or age, as well as their dependents. Life insurance coverage is to be provided by a private carrier. Contributions from employees and employers are based on rates as determined by NMIRF Board of Trustees. Employee deductions are made through payroll withholdings.

(14) IN-KIND CONTRIBUTIONS

MVA receives in-kind contributions from its members and records them as of the date of receipt of the attendant goods or services. Material and other noncash donations are recorded at cost or estimated fair value determined at the date of donation. For the years ended September 30, 2024 and 2023, the MVA recorded donated goods and services of $-0- and $1,000, respectively.

(15) CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject to MVA to concentration of credit risk consist principally of cash deposits and accounts receivable.

(15) CONCENTRATION OF CREDIT RISK, Continued

At September 30, 2024 and 2023 the carrying amount of MVA's total cash and cash equivalents (excluding petty cash) was $6,109,768 and $10,544,382, respectively. The corresponding bank balances as of September 30, 2024 and 2023 were $6,489,170 and $10,538,082 respectively, which are maintained in financial institutions subject to FDIC insurance. The uninsured portions are $5,136,022 and $9,538,082 as of September 30, 2024, and 2023, respectively. The MVA has not experienced any losses in such accounts and believes that they are not exposed to any significant credit risk.

Substantially all MVA's accounts receivable are due from companies and government agencies based in the CNMI. MVA establishes an allowance for doubtful accounts based on management's evaluation of potential collectability.

(16) RISK MANAGEMENT

MVA is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; employee injuries and illnesses; natural disasters and employee health, and accident benefits. Commercial insurance coverage is provided for claims arising from such matters. No losses as a result of this practice have occurred during the past two years.

(17) RECLASSIFICATION

Certain reclassifications have been made to the 2023 financial statement amounts for comparative purposes. Such reclassifications had no effect on previously reported net position.

(18) SUBSEQUENT EVENTS

In preparing the accompanying financial statements and these footnotes, management has evaluated subsequent events through July 15, 2026, which is the date the financial statements were available to be issued. On April 13, 2026 Super Typhoon Sinlaku impacted the Commonwealth of the Northern Mariana Islands (CNMI), causing widespread property damage throughout the islands, including damage to certain properties of MVA. Shortly after, on July 6, 2026, Super Typhoon Bavi made landfall in the CNMI. Violent winds and relentless downpours ravaged the islands, leading emergency officials to document severe and widespread destruction, including some of MVA's facilities. Management evaluated the damages and determined that the affected properties are repairable. Management further expects that the related repair costs will be covered by insurance.

The MVA entered into an Agreement for the Designation of Use of Public Domain Lands with the Department of Public Lands for its office space to serve as its administrative headquarters and visitor center. The agreement was executed on June 8, 2026 and provides no explicit initial term/commencement date and number of years for its occupation.

(18) SUBSEQUENT EVENTS, Continued

The Authority entered into the Agreement for the Designation of Use in order to acquire an adequate office space for its administrative operations and to support its ongoing programs and activities. Because the agreement was executed after the fiscal year-end, no amounts related to the agreement have been recognized in the accompanying financial statements as of September 30, 2024. Any accounting implications of the agreement, including whether it meets the definition of a lease or another contract under applicable Governmental Accounting Standards Board (GASB) guidance, will be recognized in the subsequent fiscal year, as appropriate.

(19) DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events and transaction after the date the financial statements were available to be issued, July 15, 2026, and determined other than the matter described above in footnote 18, no additional subsequent events occurred that require recognition or disclosure in the accompanying financial statements. Based on management's assessment, the event is not expected to have a material effect the MVA's financial statements.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Budgetary Comparison Schedule

For the Year Ended September 30, 2024

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Hotel occupancy tax entitlement, net of PL 23-09	$ 4,538,807	4,538,807	5,628,540	1,089,733
Special events	-	-	125,567	125,567
Membership dues	-	-	27,651	27,651
Other income	-	-	22,623	22,623
Memorial trust income	-	-	6,635	6,635
Interest income	-	-	191,772	191,772
Total revenues	4,538,807	4,538,807	6,002,788	1,463,981
Expenditures:				
Promotion and advertising	3,446,204	4,105,957	8,395,448	(4,289,491)
Personnel service	1,243,749	1,359,156	1,252,245	106,911
Rental	120,000	120,000	107,729	12,271
Destination enhancement	157,068	157,068	139,997	17,071
Travel		200,000	118,097	81,903
Support to other government agencies	404,696	404,696	485,500	(80,804)
Professional fees	70,000	70,000	61,882	8,118
Insurance	20,000	40,000	25,379	14,621
Utilities	40,000	40,000	24,881	15,119
Capital expenditures including MVA office	15,000	15,000	16,507	(1,507)
Communications	28,000	28,000	18,774	9,226
Office equipment, rentals, repairs	12,000	12,000	6,661	5,339
Office supplies	7,798	12,798	11,671	1,127
Maintenance supplies	15,000	10,000	6,370	3,630
Printing and publications	20,000	20,000	9,198	10,802
Fuel and lubrication	20,000	20,000	15,180	4,820
Computer systems and equipment	75,000	75,000	31,065	43,935
Repairs and maintenance	10,000	18,000	17,245	755
Tour guide certification	1,000	1,000	-	1,000
Bank charges and penalties	-	-	8,290	(8,290)
Dues and subscriptions	2,000	2,000	1,800	200
Postage and freight	1,783	1,783	1,214	569
Staff development training	5,000	20,000	13,825	6,175
Total expenditures	5,714,298	6,732,458	10,768,958	(4,036,500)
Excess of expenditures over revenue	(1,175,491)	(2,193,651)	(4,766,170)	(2,572,519)
Federal grants (ARPA and CDBG-DR funded marketing program)	-	-	3,941,487	3,941,487
Assigned fund balance, beginning of year	6,234,319	7,059,002	7,059,002	-
Assigned fund balance, end of year	$ 5,058,828	4,865,351	6,234,319	1,368,968

See independent auditor's report.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Supplemental Schedule

Schedule of Functional Expenditures - Statement of Activities
For the Years Ended September 30, 2024 and 2023

	General Government	Marketing	Advertising	Destination Enhancement	Support to other government agency	Depreciation	Total 2024	Total 2023
Advertising and marketing	$ -	7,916,521	478,927	-	-	-	8,395,448	12,497,458
Personnel service	1,252,821	-	-	-	-	-	1,252,821	1,093,391
Rental	107,729	-	-	-	-	-	107,729	134,151
Depreciation	-	-	-	-	-	22,616	22,616	33,900
Destination enhancement	-	-	-	139,997	-	-	139,997	248,140
Travel	118,097	-	-	-	-	-	118,097	68,347
Support to other government agency	-	-	-	-	485,500	-	485,500	9,718
Professional fees	61,882	-	-	-	-	-	61,882	74,393
Insurance	25,379	-	-	-	-	-	25,379	17,939
Utilities	24,881	-	-	-	-	-	24,881	23,924
Communications	18,774	-	-	-	-	-	18,774	16,267
Office equipment, rental, repairs	6,661	-	-	-	-	-	6,661	15,553
Office supplies	11,671	-	-	-	-	-	11,671	8,596
Maintenance supplies	6,370	-	-	-	-	-	6,370	9,336
Printing and publication	9,198	-	-	-	-	-	9,198	25,339
Fuel and lubrication	15,180	-	-	-	-	-	15,180	16,203
Computer systems and equipment	31,065	-	-	-	-	-	31,065	9,452
Repairs and maintenance	17,245	-	-	-	-	-	17,245	9,287
Bank charges and penalties	8,290	-	-	-	-	-	8,290	2,876
Dues and subscriptions	1,800	-	-	-	-	-	1,800	632
Postage and freight	1,214	-	-	-	-	-	1,214	701
Miscellaneous	-						-	1,267
Staff development training	13,825	-	-	-	-	-	13,825	240
Total expenditures	$ 1,732,082	7,916,521	478,927	139,997	485,500	22,616	10,775,643	14,317,110

See independent auditor's report.

INDEPENDENT AUDITOR'S REPORTS ON
INTERNAL CONTROL AND ON COMPLIANCE

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

YEAR ENDED SEPTEMBER 30, 2024

BURGER COMER & ASSOCIATES
1930 Picarro Lane I Liyang
P.O. Box 504053
Saipan MP, 96950

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 Board of Directors
Marianas Visitors Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Marianas Visitors Authority (MVA), a component unit of the Commonwealth of the Northern Mariana Islands Government, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Marianas Visitors Authority's basic financial statements, and have issued our report thereon dated July 15, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the MVA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the MVA's internal control. Accordingly, we do not express an opinion on the effectiveness of the MVA's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002 and 2024-003 that we consider to be significant deficiencies.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the MVA'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 determination of financial statement amounts. 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.*

Marianas Visitors Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the MVA's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The MVA's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Burger Comer & Associates

Saipan, MP 96950
July 15, 2026

AUDIT REPORTS UNDER
UNIFORM GUIDANCE

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

YEAR ENDED SEPTEMBER 30, 2024

BURGER COMER & ASSOCIATES
1930 Picarro Lane I Liyang
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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 Board of Directors
Marianas Visitors Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Marianas Visitors Authority's (MVA's) 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 MVA's major federal programs for the year ended September 30, 2024. The MVA'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 MVA 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 September 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 MVA 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 MVA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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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 MVA'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 MVA'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 MVA'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 MVA'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 MVA'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 combination of deficiencies, in internal control over compliance, such that there is 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.

Burger Comer & Associates

Saipan, MP 96950
July 15, 2026

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2024

Federal Agency (Pass-Through Agency)	Federal Program	Assistance Listing Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed-Through to Subrecipient
U.S. Department of Treasury: (CNMI Government)	COV19 Coronavirus Relief Fund/Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act (ARPA)	21.027		2,351,493	-	2,351,493	-
	Total U.S. Department of Treasury			**2,351,493**	**-**	**2,351,493**	**-**
U.S. Department of Housing and Urban Development (HUD): (Northern Marianas Housing Corporation)	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269		$ 1,561,106	-	1,561,106	-
	Total U.S. Department of Housing and Urban Development (HUD)			**1,561,106**	**-**	**1,561,106**	**-**
Department of Commerce (DOC)	Economic Adjustment Assistance	11.307		$ 28,888	-	28,888	-
	Total Economic Adjustment Assistance			**28,888**	**-**	**28,888**	**-**
Total Expenditures of Federal Awards				**$ 3,941,487**	**$ -**	**$ 3,941,487**	**$ -**

See accompanying notes to the schedule of expenditures of federal awards.

MARIANAS VISITORS AUTHORITY
(A Component Unit of the CNMI Government)

Notes to the Schedule of Expenditures of Federal Awards

Year Ended September 30, 2024

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Marianas Visitors Authority (A Component Unit of the Commonwealth of the Northern Marianas government) under programs of the federal government for the year ended September 30, 2024. The information in the 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* (the "Uniform Guidance").

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the MVA and is presented on the accrual basis of accounting, consistent with the manner in which the organization maintains its accounting records.

(3) INDIRECT COST ALLOCATION

For fiscal year 2024, the MVA did not utilize an indirect cost rate.

(4) ASSISTANCE LISTING NUMBER 21.027

Expenditures for Assistance Listing Number (ALN) 21.027 in the amount of $2,351,493 were reported in MVA's expenditures and have been included in the Schedule for the purpose of reporting such expenditures that were funded by the COVID-19, Coronavirus Relief Fund – State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act (ARPA) (Speeding the Recovery of Tourism, travel and hospitality sectors).

(5) ASSISTANCE LISTING NUMBER 14.269

Expenditures for Assistance Listing Number (ALN) 14.269 in the amount of $1,561,106 were reported in MVA's expenditures and have been included in the Schedule for the purpose of reporting such expenditures that were funded by the Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR).

(6) ASSISTANCE LISTING NUMBER 11.307

Expenditures for Assistance Listing Number (ALN) 11.307 in the amount of $28,888 were reported in MVA's expenditures and have been included in the Schedule for the purpose of reporting such expenditures that were funded by the Economic Adjustment Assistance (EDA).

MARIANAS VISITORS AUTHORITY
(A Component Unit of CNMI Government)

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

SECTION I – SUMMARY OF AUDITOR'S RESULTS

<u>Financial Statements</u>

Type of auditor's report issued:	Unmodified	
Internal Control over Financial Reporting:		
• Were material weakness(es) identified?	___ Yes	x No
• Were significant deficiency(ies) identified that are not considered to be material weaknesses?	x Yes	___ None Reported
Non-compliance material to financial statements noted?	___ Yes	x No

<u>Federal Awards</u>

Internal Control over Major Federal Programs:		
• Material weakness(es) identified?	___ Yes	x No
• Were significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes	x None Reported
Type of auditors' report issued on compliance for Major Federal Program:		
• 21.027 Coronavirus State and Local Fiscal Recovery Funds	Unmodified	
• 14.269 Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	Unmodified	

SECTION I – SUMMARY OF AUDITOR'S RESULT, continued

Federal Awards, continued

Are there any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	x No

Identification of Major Programs

AL No.	Description	Federal Expenditures
21.027	Coronavirus State and Local Fiscal Recovery Funds	$ 2,351,493
14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	1,561,106
	Total Major Program Expenditures	$ 3,912,599
Total Federal Expenditures		$ 3,941,487
Percentage of Federal Expenditures tested as Major Programs		99.27%

Dollar threshold used to distinguish between Type A and Type B Programs:	$750,000	
Did the auditee qualify as low-risk?	____ Yes	x No

SECTION II – FINANCIAL STATEMENTS FINDINGS

Finding No. 2024-001

Area:	Payroll
Repeat Finding from Prior Audit?	Yes
Finding Type:	Significant Deficiency in Internal Control

Criteria:

MVA personnel, including employees and the executive are required to have a Notice of Personnel Action (NPA) to record and communicate personnel-related decisions within the organization. The form serves as an official record of any action taken regarding an employee's status or position within the organization. The NPA can be used for a variety of personnel actions, such as promotions, reassignments, terminations, salary changes, and/or the establishment of benefits—including the accrual of leave. To ensure transparency, accountability, and compliance with financial policies, MVA has established formal Personnel Regulation procedures, which require:

a. No person shall report to work or receive a salary unless an appropriate personnel action has been approved by the managing director.
b. Retroactive personnel actions shall not be made unless approved by the Personnel Committee prior to commencement of such action.

These controls are in place to safeguard MVA's financial integrity, prevent errors or misstatements, and ensure that payroll expenditures are properly authorized, documented, and accounted for.

Condition:

a. For 2 or 6% of the 35 Notice of Personnel Actions tested, no explicit effective date was stated.

Employee Number
168035
168006

SECTION II – FINANCIAL STATEMENTS FINDINGS, continued

Finding No. 2024-001, continued

b. For 32 or 91% of the 35 Notice of Personnel Actions tested, the Managing Director signed after the effective date.

Employee Number	
168072	168068
168006	168009
168029	168063
168072	168073
168011	168067
168003	168010
168074	168005
168059	168030
168053	168080
168078	168064
168051	168004
168076	168052
168008	168032
168075	168055
168070	168002
168071	168069

Cause:

The timeline for approving the Notice of Personnel Action forms were not effectively managed, resulting in cases where the authorized officers and the Managing Director would sign on a much later date than the employees' effective date of hire. Proper oversight and a signature of review by the officers and Managing Director were not conducted. These scenarios point to a failure in the internal control systems designed to ensure compliance with personnel regulations.

Effect:

If hiring proceeds before authorization, it means the control designed to ensure proper approval was bypassed or ignored. This noncompliance can increase the risk of unauthorized or inappropriate hires (e.g., nepotism or hiring unqualified persons). This breach in the established approval procedures could lead to unbudgeted payroll expenses or liabilities if the hire is later deemed invalid.

SECTION II – FINANCIAL STATEMENTS FINDINGS, continued

Finding No. 2024-001, continued

Recommendation:

The MVA should implement stricter pre-employment authorization procedures to ensure compliance with its personnel regulations. This can be accomplished through:

1. The use of a Pre-employment Authorization Checklist to gather all the required signatures.
2. Providing awareness training to teach and remind human resources and managers on the importance of following approval procedures.
3. Requiring justification and written approval if hiring proceeds under exceptional circumstances.

Views of the Officials:

MVA acknowledges the finding related to the processing and documentation of personnel actions. MVA will strengthen its personnel action review process to ensure that required approvals, effective dates, pay-rate information, and supporting documentation are completed and retained before personnel actions are implemented and before payroll processing occurs.

Corrective Action:

1. Implement a Pre-employment / Personnel Action Authorization Checklist for new hires, personnel changes, pay-rate changes, reassignments, promotions, and other personnel actions requiring a NPA.
2. Require each personnel action file to include an explicit effective date, required signatures, approval date, pay rate, and supporting documentation before payroll processing or implementation.
3. Establish a documented review between Administrative Services/Personnel and Finance/Payroll to confirm that pay rates stated on personnel action forms agree with payroll records and check stubs before payroll is processed.
4. Require written justification and required management approval for any retroactive or exceptional personnel action before the action is processed.
5. Provide refresher guidance to responsible personnel, supervisors, and managers regarding timely routing, required signatures, effective dates, and payroll documentation requirements.
6. Maintain completed personnel action checklists and supporting documentation in a centralized personnel file for future audit review.

SECTION II – FINANCIAL STATEMENTS FINDINGS, continued

Finding No. 2024-002

Area:	Procurement
Repeat Finding from Prior Audit?	Yes
Finding Type:	Significant Deficiency in Internal Control

Criteria:

According to MVA's internal procurement policies and procedures, the procurement process must include sufficient transparency and competition to ensure fair vendor selection. Specifically:

a. Adequate notice has been provided if the announcement is published once weekly in a period of thirty days through a Commonwealth newspaper.
b. A contract may be awarded on a sole-source basis when the contracting officer determines in writing that only one source is available to provide the required supplies, services, or construction items. Sole-source procurement may also be used when the supplies or services are unique and the Managing Director determines that awarding the contract without competitive bidding is in the MVA's best interest. The contracting officer shall prepare a written justification describing the unique capabilities of the vendor and the reasons competitive bidding is not practicable.
c. If the contracting officer provides a written explanation for the impractical or disadvantageous use of the competitive sealed bidding procedure for the MVA, the contract may be awarded through competitive sealed proposals instead.
d. All advertising activities intended to promote tourism in the CNMI shall be reported to the Advertising and Promotions Committee. When determined to serve in the best interest of the MVA, any joint marketing activity approved by the Managing Director must also receive approval from the Advertising and Promotions Committee.

Condition:

a. For 8 or 42% of the 19 contracts tested, adequate public notice was not conducted for at least once per week over a minimum of 30 days.

Contract Number	
CT-24-2406	CT-24-2411
CT-24-2407	CT-24-2414
CT-24-2408	CT-24-2415
CT-24-2409	CT 23-2030

SECTION II – FINANCIAL STATEMENTS FINDINGS, continued

Finding No. 2024-002, continued

b. For 4 or 21% of the 19 contracts tested, the authorized Sole Source Justification was not used to select one vendor.

Contract Number	
CT-24-2401 CT-24-2402	Selected to perform the Marketing Services for the Japan Market.
CT-24-2403 CT-24-2404	Selected to perform the Marketing Services for the Hong Kong Market.

c. For 8 or 42% of the 19 contracts tested, no written justification for the use of competitive sealed bidding as impractical and to instead use competitive sealed proposal procedure.

Contract Number	
CT-24-2406	CT-24-2411
CT-24-2407	CT-24-2414
CT-24-2408	CT-24-2415
CT-24-2409	CT 23-2030

d. For 10 or 53% of the 19 contracts tested, there was no evidence the Managing Director must also receive approval from the Advertising and Promotions Committee.

Contract Number	
CT-24-2401	CT-24-2408
CT-24-2402	CT-24-2413
CT-24-2403	CT-24-2414
CT-24-2404	CT-23-2031
CT-24-2407	CT-22-2052

SECTION II – FINANCIAL STATEMENTS FINDINGS, continued

Finding No. 2024-002, continued

Cause:

There was an ineffective tracking of the procurement timeline, leading to less than 30 days to meet the required period for public notice. Furthermore, existing internal control systems for procurement failed to detect, prevent, or correct deviations from established procurement rules for the methods of source selection, allowing important documentation and procedures to be bypassed without justification.

There is insufficient internal protocols and guidelines for triggers defining exactly when a "joint marketing activity" shifts from operational scoping under the Managing Director to also requiring formal Advertising and Promotions Committee approval.

Effect:

Not having full adherence of satisfying the 30 days of public notice and bidding window could limit the amount of vendor participation. This noncompliance raises the risk of vendor disputes, questions about the fairness of the process, and potential legal issues for the MVA. Lack of competition often results in higher prices or suboptimal terms. The use of sole source contracts without proper justification, when a competitive process is required, can lead to the organization paying more for goods or services.

Executing joint marketing partnerships without the Advertising and Promotions Committee evaluation removes the required governance check, increasing the risk of unaligned branding or unauthorized budget allocation.

Recommendation:

MVA should strengthen its internal control procedures for procurement by implementing a more rigorous process to ensure compliance with its procurement policies. This can be achieved by:

1. To ensure compliance with procurement methods and timeline requirements by enhancing internal monitoring and review procedures.
2. Providing targeted training for procurement personnel on applicable policies and procedures.
3. Implementing standardized checklists to verify adherence to required public notice and bidding periods.
4. Use a multi-step approval process for procurement method selection, requiring justification and sign-off from different levels of management.

SECTION II – FINANCIAL STATEMENTS FINDINGS, continued

Finding No. 2024-002, continued

5. Establish a mandatory, written pre-award compliance checklist that requires signature verification from the Advertising and Promotions Committee before any tourism promotion or joint marketing funds can be formally committed.

Views of the Officials:

MVA acknowledges the finding related to procurement documentation, procurement method selection, public notice requirements, sole-source justification, and required approval support. MVA will strengthen the contract procurement process to ensure that procurement files demonstrate compliance with applicable procurement policies and required approval procedures before contract award and commitment of funds.

Corrective Action:

1. Implement a mandatory Pre-Award Procurement Compliance Checklist for contract procurements before award, certification, notice to proceed, or commitment of funds.
2. Require each procurement file to document the selected procurement method, including public notice documentation, bid/proposal records, evaluation support, sole-source determination, or written justification when competitive sealed bidding is impractical.
3. Require written sole-source justification, including required signatures and dates, when sole-source procurement is used.
4. Review tourism promotion or joint marketing activities for applicable Advertising and Promotions Committee review and approval before funds are formally committed, when such approval is required.
5. Establish a multi-step review process involving the requesting program, Procurement, and management prior to contract execution to verify compliance with applicable procurement requirements.
6. Maintain centralized digital and hard-copy contract files containing procurement notices, proposals, evaluations, approval records, legal review, contract documents, amendments, and notices to proceed.

SECTION II – FINANCIAL STATEMENTS FINDINGS, continued

Finding No. 2024-003

Area:	Procurement
Repeat Finding from Prior Audit?	Yes
Finding Type:	Significant Deficiency in Internal Control

Criteria:

MVA Procurement Regulations contain procedures to be followed for processing purchase orders and identify the required documents. MVA's procurement policies and procedures are as follows:

Purchases:

a) For small purchases of $1,000 or less, the Chair of the MVA Board delegates the expenditure and authority to the Managing Director. MVA must obtain at least one price quotation.
b) Purchases between $1,000.01 and $10,000. The Chair of the MVA Board is the expenditure authority for purchases between $1,000.01 and $10,000. MVA must obtain at least (3) quotations from vendors. If MVA is unable to obtain (3) quotations, must attach all corresponding emails and written justification documenting the circumstances, and for sole source contracts must submit justification letter approved by Managing Director.
c) Purchase orders exceeding $10,000 shall comply with Procurement Regulations by issuing Invitation to Bid, Request for Proposal, or justification for sole source contracts.

Condition:

a. For 20 or 22% of the 90 tested, the following Purchase Orders which were greater than $10,000, but we did not see evidence of an Invitation for Bid, Request for Proposals, or a Sole Source procurement with signed justification from the Managing Director.

Purchase Order Number	Purchase Order Amount
025270	$ 40,416.00
025317	39,200.00
025775	25,000.00
025910	24,950.00
025456	22,850.00
025877	20,323.99
025567	18,894.00
025249	18,000.00
025370	17,950.00

SECTION II – FINANCIAL STATEMENTS FINDINGS, continued

Finding No. 2024-003, continued

Purchase Order Number	Purchase Order Amount
025455	$ 17,000.00
025295	16,260.00
025298	15,750.00
025432	15,015.90
025395	14,828.00
025566	14,000.00
025305	13,824.00
025306	13,739.70
025800	13,120.00
025230	10,821.00
025647	10,288.00

b. For 3 or 3% of the 90 tested, the following Purchase Orders appear to be split to circumvent other procurement processes.

Purchase Order Number	Description	Purchase Order Amount
25567	Taste of the Marianas (TOM) 2024 Installation of 25 wooden structures with tin roof and transfer of materials from Agingan warehouse to AMP and back.	$ 18,894
25564	Taste of Marianas 2024 -- Arch installation and transfer of materials from Agingan warehouse to American Memorial Park and back.	3,870
25568	Taste of Marianas 2024 -- Installation of electricals and breaker boxes and on-demand standby electrician.	8,590

SECTION II – FINANCIAL STATEMENTS FINDINGS, continued

Finding No. 2024-003, continued

c. For 9 or 10% of the 90 tested, there was no justification from the Managing Director for having less than three Quotations solicited for Small Purchases of $1,000.01 to $10,000.

Purchase Order Number	Purchase Order Amount
25448	$ 3,870
25541	3,220
25623	1,650
25932	1,403
25277	4,325
25356	2,160
25386	5,454
25400	1,637
25411	3,700

Cause:

There is a lack of monitoring to ensure compliance with established procurement policies and procedures.

Effect:

MVA did not follow its procurement policies and procedures, and runs the risk of not obtaining the best combination of price and quality when expending public funds.

Recommendation:

MVA should document its compliance with its procurement policies to ensure that MVA can demonstrate that it adhered to the established requirements. Authorized purchase orders should have proper supporting documents as evidence of proper oversight over the procurement process. MVA can accomplish this by having a staff member maintain a log sheet for purchases. A person at a higher level than the preparer of the log sheet should review the log sheet periodically to ensure that procurement policies were properly followed and documented.

SECTION II – FINANCIAL STATEMENTS FINDINGS, continued

Finding No. 2024-003, continued

Views of the Officials:

MVA acknowledges the finding related to purchase order documentation and compliance monitoring. MVA will strengthen the purchase order review process to ensure that purchase orders are supported by appropriate procurement documentation, threshold review, quotations or justifications, and supervisory review before approval and payment.

Corrective Action:

1. Maintain a Purchase Order / Procurement Log to track purchase requests, vendors, amounts, funding sources, procurement thresholds, required documentation, approval status, and payment status.
2. Require threshold review before issuance of a purchase order to determine whether the purchase requires one quotation, three quotations, written justification for fewer than three quotations, IFB, RFP, or sole-source documentation.
3. For purchases exceeding $10,000, require documentation of the applicable procurement method, including IFB, RFP, or properly approved sole-source justification before purchase order approval.
4. For purchases between $1,000.01 and $10,000, require three quotations or written justification documenting why fewer than three quotations were obtained, with required approval retained in the file.
5. Implement an anti-splitting review by requiring related purchases for the same event, project, vendor, or service period to be reviewed in the aggregate before approval of separate purchase orders.
6. Require periodic supervisory review of the purchase order log by an official at a higher level than the preparer to verify that procurement documentation is complete and that procurement policies are being followed.
7. Maintain centralized digital and hard-copy purchase order files containing requests, quotations, justifications, approvals, purchase orders, invoices, receiving documentation, and payment support.

MARIANAS VISITORS AUTHORITY
(A Component Unit of CNMI Government)

Schedule of Findings and Questioned Costs
Year Ended September 30, 2024

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Prior Year Findings

No.	Subject Matter	Status	Current Year No.	Questioned Costs
2023-001	Procurement	Unresolved	2024-002	$0.00
2023-002	Human Resources	Unresolved	2024-001	$0.00
2023-003	Procurement	Unresolved	2024-003	$0.00

Questioned Costs

The prior year's Single Audit report on compliance with the laws and regulations noted the following costs and comments that were unresolved on September 30, 2023:

Questioned costs, as previously reported	$ -
Questioned costs for fiscal year 2023 Single Audit	-
Unresolved questioned cost on September 30, 2023	$ -