Virgin Islands Public Finance Authority
(A Blended Component Unit of the Government of the U.S. Virgin Islands)

Management's Discussion and Analysis and Financial Statements (with Independent Auditor's Report Thereon)

Year Ended September 30, 2019

Virgin Islands Public Finance Authority

(A Blended Component Unit of the Government of the U.S. Virgin Islands)

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Contents

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Independent Auditor's Report

To the Board of Directors
Virgin Islands Public Finance Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Virgin Islands Public Finance Authority (the "Authority"), a blended component unit of the Government of the U.S. Virgin Islands (the "Government"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Virgin Islands Public Finance Authority as of September 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 18 to the financial statements, the Authority's ability to repay its obligations and finance its operations is highly dependent on payments from the Government. The Government currently faces various fiscal, economic, and liquidity challenges. There are no assurances that the Government's plans will be sufficient to avoid defaulting on its debts to the Authority. Our opinion is not modified with respect to this matter.

As also discussed in Note 19 to the financial statements, the Authority may be adversely impacted by the outbreak of the novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020. As emergency measures are eased, the Authority continues to actively monitor the evolving impact of the outbreak and continues to identify and implement various mitigation efforts. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6 through 16 and Schedule of the Authority's Proportionate Share of the Net Pension Liability and Schedule of the Authority's Pension Contributions on pages 70 and 71, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BDO USA, LLP

June 30, 2021

Management's Discussion and Analysis

The purpose of the following management's discussion and analysis of the financial performance and activity of the Virgin Islands Public Finance Authority (the "Authority") is to help readers understand the basic financial statements of the Authority for the year ended September 30, 2019, with selected comparative information for the year ended September 30, 2018. This discussion has been prepared by management and should be read in conjunction with the basic financial statements and the notes thereto, which follow this section.

The Authority

The Authority, a blended component unit of the Government of the U.S. Virgin Islands (the "Government"), was created by the Virgin Islands Act No. 5365 (the "Act"), "The Government Capital Improvement Act of 1988", for the purposes of aiding the Government in the performance of its fiscal duties and in effectively carrying out its governmental responsibility of raising capital for essential public projects. The Authority engages in business-type activities, grants management, and investment and debt service fund administration on behalf of the Government.

Under the Authority's investment and debt service fund administration, the Authority issues debt instruments (mainly bonds and notes) and loans the proceeds to the Government under the same terms of the debt source. The proceeds from debt issuances are also managed by the Authority on behalf of the Government. These management activities consist of investing the proceeds in permitted investments, managing the debt service reserves, making payments for capital projects for the benefit of the residents of the Virgin Islands and receiving pledged revenues for the timely payment of principal and interest. Since the Authority holds the bond proceeds, disbursements on behalf of the Government are recorded as reductions in the amounts due to the Government in the Statement of Net Position and are presented in the Statement of Cash Flows as payments on behalf of the Government.

The following component units, provide services entirely or almost entirely to the Authority, or have outstanding debt that is expected to be paid entirely or almost entirely with the Authority's resources:

- The West Indian Company Limited ("WICO")
- King's Alley Management, Inc. ("KAMI")
- viNGN, INC. d/b/a Virgin Islands Next Generation Network ("viNGN")
- Lonesome Dove Petroleum, Co. ("Lonesome Dove")

The activities of the component units are blended in the Authority's financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of four components: 1) the Statement of Net Position, 2) the Statement of Revenues, Expenses, and Changes in Net Position, 3) the Statement of Cash Flows, and 4) the Notes to Financial Statements.

- The Statement of Net Position is prepared on an economic resources measurement focus and reports information about the Authority using accounting methods similar to those used by private sector companies (accrual basis of accounting) and presents all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Authority, with the difference between the two reported as net position.

- The Statement of Revenues, Expenses, and Changes in Net Position presents information on how the Authority's net position changed during the fiscal year. All changes in the net position are reported as soon as underlying event giving rise to the changes occurs regardless of the timing of related cash flows.

- The Statement of Cash Flows provides data regarding all cash inflows the Authority receives from its ongoing operations and includes all cash outflows that pay for business activities. The Statement of Cash Flows provides an analysis of the operating, investing, noncapital, and capital and related financing activities of the Authority and their effect on cash and cash equivalents.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within. Additional schedules for the Authority's pension obligations and contributions are provided in the required supplementary information accompanying the financial statements.

Summary of Financial Results

Statement of Net Position - Table 1 summarizes the Authority's Statement of Net Position as of September 30, 2019 and 2018 (expressed in thousands).

Table 1: Summary of Statement of Net Position

	2019	2018	Change	% Change
Assets:				
Current assets	$ 617,724	$ 600,177	$ 17,547	3%
Noncurrent assets:				
Noncurrent assets, excluding capital assets	2,127,265	2,146,353	(19,088)	-1%
Capital assets, net	109,266	116,731	(7,465)	-6%
Total noncurrent assets	2,236,531	2,263,084	(26,553)	-1%
Total assets	2,854,255	2,863,261	(9,006)	0%
Deferred outflows of resources	6,780	7,922	(1,142)	-14%
Total assets and deferred outflows of resources	$ 2,861,035	$ 2,871,183	$ (10,148)	0%
Liabilities:				
Current liabilities	$ 157,200	$ 148,612	$ 8,588	6%
Noncurrent liabilities:				
Long-term bonds payable	1,939,752	2,011,184	(71,432)	-4%
Other long-term liabilities	702,291	655,476	46,815	7%
Total noncurrent liabilities	2,642,043	2,666,660	(24,617)	-1%
Total liabilities	2,799,243	2,815,272	(16,029)	-1%
Deferred inflows of resources	662	452	210	46%
Total liabilities and deferred inflows of resources	2,799,905	2,815,724	(15,819)	-1%
Net position:				
Net investment in capital assets	30,661	37,280	(6,619)	-18%
Restricted for debt service	32,252	29,653	2,599	9%
Restricted for bulkhead repairs	506	505	1	0%
Restricted for hurricane repairs	2,514	-	2,514	100%
Unrestricted deficit	(4,803)	(11,979)	7,176	-60%
Total net position	$ 61,130	$ 55,459	$ 5,671	10%

For fiscal year 2019, current assets increased from the prior fiscal year by $17.5 million, mainly due to the increase in restricted and unrestricted cash and cash equivalents of $5.3 million, the increase of restricted loans receivable from the Government of $9.4 million, the increase in other amounts due from the Government of $2.0 million and the increase in receivables of $1.5 million. These increases were offset by the decrease in grants receivables of $732,000.

Noncurrent assets, excluding capital assets decreased by $19.1 million mainly due to the decrease of restricted loans receivable from the Government of $87.0 million, the decrease in receivables of $1.1 million and the decrease in restricted intangible assets of $327,000.

These decreases were offset by the increase in amounts due from other Government entities of $63.5 million and the increase in restricted investments of $5.9 million.

Capital assets decreased by $7.5 million mainly due to the acquisition of capital assets of $1.3 million, dispositions of $58,000, and depreciation and amortization expense of $8.8 million. Deferred outflows of resources decreased by $1.1 million mainly due to decreases in bond and pension deferrals.

For fiscal year 2019, current liabilities increased by $8.6 million primarily due to an increase in short-term notes payable of $5.1 million, an increase in short-term bonds payable of $4.0 million, an increase in short-term interest payable of $889,000 and an increase in current compensated absences payable of $750,000, offset by a decrease in accrued expenses of $1.8 million and a decrease in short-term loan payable related to capital assets of $322,000. Noncurrent liabilities decreased by $24.6 million mainly due to a decrease in long-term bonds payable of $71.4 million, a decrease in loans and notes payable of $15.6 million, a decrease in the amount due to other Government entities of $1.3 million, a decrease in amounts due to the Government of $1.2 million, a decrease in compensated absences liability of $735,000 and a decrease in net pension liability of $267,000, offset by an increase in accrued expenses of $63.5 million and an increase in interest payable of $2.8 million.

Statement of Revenues, Expenses, and Changes in Net Position – Table 2 summarizes the Authority's revenues, expenses, and changes in net position for the year ended September 30, 2019 and 2018 (expressed in thousands):

Table 2: Summary of Statement of Revenues, Expenses, and Changes in Net Position

	2019	2018	Change	% Change
Operating revenues	$ 17,172	$ 14,415	$ 2,757	19%
Operating expenses	(25,084)	(30,754)	5,670	-18%
Operating loss	(7,912)	(16,339)	8,427	-52%
Non-operating revenues	13,583	10,886	2,697	25%
Change in net position	$ 5,671	$ (5,453)	$ 11,124	204%
Net position – beginning of year	55,459	60,912*	(5,453)	-9%
Net position – end of year	$ 61,130	$ 55,459	$ 5,671	10%

**As restated for understatement of certain liabilities.*

For fiscal year 2019, the Authority's operating revenues of $17.2 million increased by $2.8 million due to $2.5 million in increased revenue by WICO primarily related to increased passenger fees and $709,000 increase in the Authority's administrative fees charged to the Government, offset by a $460,000 decrease in oil and gas lease revenue by Lonesome Dove. Operating expenses decreased by $5.7 million mainly due to decreases in general and administrative expenses of $5.6 million and depreciation and amortization expense of $73,000.

The Authority reported an increase in non-operating revenues of $2.7 million due to investment income increasing by $740,000, an increased budget allocation of $625,000, increased insurance recoveries related to damage incurred following the 2017 Hurricanes of $618,000, and a decrease in interest expense of $988,000, offset by decreases in grants revenue of $328,000.

Capital Assets

Following is a schedule of the capital assets of the Authority as of September 30, 2019 and 2018:

	Balance 9/30/2018	Additions	Disposals	Transfers	Balance 9/30/2019
Total capital assets not being depreciated	$ 11,487,543	$ 460,361	$ -	$ (257,686)	$ 11,690,218
Capital assets being amortized and depreciated:					
Personal property and equipment	69,021,170	678,331	(57,500)	245,600	69,887,601
Buildings and building improvements	81,906,322	148,708	-	12,086	82,067,116
Intangible assets	20,973,568	-	-	-	20,973,568
Total capital assets being amortized and depreciated	171,901,060	827,039	(57,500)	257,686	172,928,285
Less accumulated amortization and depreciation for:					
Personal property and equipment	18,609,860	4,566,838	(57,500)	-	23,119,198
Buildings and building improvements	41,398,804	3,489,788	-	-	44,888,592
Intangible assets	6,648,373	696,022	-	-	7,344,395
Total accumulated amortization and depreciation	66,657,037	8,752,648	(57,500)	-	75,352,185
Total capital assets being amortized and depreciated, net	105,244,023	(7,925,609)	-	257,686	97,576,100
Capital assets, net	$ 116,731,566	$ (7,465,248)	$ -	$ -	$ 109,266,318

Debt Administration

Bonds payable – Table 3 summarizes the Authority's outstanding bonds payable for the year ended September 30, 2019 (expressed in thousands):

Table 3: Summary of Bonds Payable

	Balance 9/30/2018	New Issuances	Principal Payments	Balance 9/30/2019
Matching Funds Revenue Bonds	$ 1,107,805	$ -	$ (50,170)	$ 1,057,635
Gross Receipts Revenue Bonds	860,882	17,774	(26,205)	852,451
Federal-Aid Highway Bonds	78,610	-	(3,645)	74,965
Total bonds payable	$ 2,047,297	$ 17,774	$ (80,020)	$ 1,985,051

During fiscal year 2019, the Authority issued $17.8 million in Series 2018 A Revenue Bonds in a private placement to the Federal Emergency Management Agency ("FEMA"). The bonds secure certain Community Disaster Loans ("CDLs") issued to the Government and two semi-autonomous hospitals following the Hurricanes in September 2017. These bonds are secured by a pledge of gross receipts tax revenue.

Loans and notes payable – Table 4 summarizes the Authority's outstanding loans and notes payable for the year ended September 30, 2019 (expressed in thousands):

Table 4: Summary of Loan and Note Series Payable

	Balance 9/30/2018	New Issuances	Principal Payments	Balance 9/30/2019
2016 A Notes	$ 6,587	$ -	$ (2,136)	$ 4,451
2014 E Revenue Notes	5,000	-	(5,000)	-
2014 B Revenue Notes	6,000	-	(2,000)	4,000
2012 A TIF Notes	11,180	-	(241)	10,939
2011 B Revenue Anticipation Notes	643	-	(643)	-
WICO loan related to capital assets	42,646	-	(820)	41,826
Total loans and notes payable	$ 72,056	$ -	$ (10,840)	$ 61,216

Activities of the Authority

The Authority owns and manages two Virgin Islands commercial rental complexes, a Texas corporation holding company for oil and gas royalty interests, and a Virgin Islands bandwidth fiber optic network distributor.

The Virgin Islands commercial complexes are The West Indian Company Limited ("WICO") and the King's Alley Management, Inc. ("King's Alley"). WICO is a port facility including a cruise ship pier, shopping mall, and rental complex on the island of St. Thomas. King's Alley is a shopping mall and hotel on the island of St. Croix. Lonesome Dove Petroleum Co. ("Lonesome Dove") was transferred to the Authority through court receivership proceedings in the District Court of the Virgin Islands. Lonesome Dove's assets were held by the court due to tax obligations owed to the Government. viNGN, INC. d/b/a Virgin Islands Next Generation Network ("viNGN") is owned by the Government through the Authority. The main purpose of viNGN is to design, develop, engineer, construct, and manage a middle mile wholesale fiber optic network.

Following is condensed financial information for WICO, King's Alley and Lonesome Dove for the fiscal year ended September 30, 2019 and 2018 (expressed in thousands):

Table 5: Condensed Financial Information for WICO, King's Alley, and Lonesome Dove

	WICO		King's Alley		Lonesome Dove	
	2019	2018	2019	2018	2019	2018
Condensed Statement of Net Position:						
Assets:						
Current assets	$ 14,066	$ 7,406	$ 1,725	$ 1,675	$ 34	$ 102
Non-current assets	42,645	46,541	3,159	3,637	9,016	9,343
Total assets	$ 56,711	$ 53,947	$ 4,884	$ 5,312	$ 9,050	$ 9,445
Liabilities:						
Current liabilities	$ 10,145	$ 9,084	$ 55	$ 16	$ -	$ -
Non-current liabilities	42,392	43,625	650	668	9,016	9,343
Total liabilities	52,537	52,709	705	684	9,016	9,343
Total net position	$ 4,174	$ 1,238	$ 4,179	$ 4,628	$ 34	$ 102
Condensed Statement of Revenues, Expenses, and Changes in Net Position:						
Operating revenues	$ 9,702	$ 7,165	$ 763	$ 848	$ 628	$ 1,088
Operating expenses	(8,147)	(9,466)	(1,212)	(1,133)	(71)	(283)
Operating income (loss)	1,555	(2,301)	(449)	(285)	557	805
Non-operating expenses	1,381	(138)	-	-	(625)	(740)
Change in net position	2,936	(2,439)	(449)	(285)	(68)	65
Net position – beginning of year	1,238	3,677*	4,628	4,913	102	37
Net position – end of year	$ 4,174	$ 1,238	$ 4,179	$ 4,628	$ 34	$ 102

**As restated for understatement of certain liabilities.*

For fiscal year 2019, WICO's assets amounted to $56.7 million, of which $10.9 million represented cash and cash equivalents, $3.2 million represented receivables and prepaid expenses and other current assets and $42.6 million represented capital assets. WICO reported federal grant receivables of $117,000 related to public assistance grants for disaster recovery projects following Hurricanes Irma and Maria (the "Hurricanes") in September 2017. Current and other assets increased by $5.6 million mainly due to the net effect of an increase in cash and cash equivalents of $5.4 million, increase in general receivables of $600,000, increase in prepaid expenses of $13,000 offset by a decrease in federal grant receivables of $380,000. Capital assets decreased by $2.8 million due to the net effect of acquisition of assets of $400,000 and depreciation expense of $3.2 million.

For fiscal year 2019, WICO's liabilities amounted to $52.5 million, of which $42.0 million represented a loan payable, $8.0 million represented a payable to the Government, and $2.0 million represented compensated absences payable. Other liabilities increased by $1.0 million mainly due to increase in the current portion of compensated absences payable of $750,000, increase in payable to Government liability of $660,000 offset by a decrease in the current portion of the loan payable by $320,000 and a decrease in accounts payable and accrued expenses of $30,000. Long-term liabilities decreased by $1.2 million mainly due to a decrease in compensated absences payable of $735,000 and decrease in loan payable by $500,000.

For fiscal year 2019, WICO's operating revenues of $9.7 million increased by $2.5 million from the prior year mainly due to increased passenger dues fees. Due to the Hurricanes there was only one cruise ship arrival in September 2017 and no cruise ship arrivals in October 2017. On November 3, 2017, cruise ship traffic resumed on a reduced schedule. Due to the impact of the Hurricanes, the 2018 cruise season passenger traffic was 29% lower than in 2017.

WICO's operating expenses of $8.1 million decreased by $1.3 million due to the decrease in cost of services expenses of $1.2 million. The decrease was mainly due to reduced Hurricanes related repairs costs incurred in 2019. WICO reported an increase in non-operating revenue and expenses of $1.5 million mainly due to an increase of $1.8 million in insurance recovery proceeds offset by decrease of FEMA grant revenue of $334,000 related to damage incurred following the 2017 Hurricanes.

For fiscal year 2019, King's Alley current assets increased by $51,000 mainly due to an increase in cash and cash equivalents of $46,000, offset by a decrease in trade receivables of $5,000. Noncurrent assets decreased by $479,000 mainly due to a decrease in capital assets due to depreciation expense of $488,000. Operating revenue of $763,000 decreased by $85,000 due to decreased occupancy at the commercial complex.

For fiscal year 2019, Lonesome Dove's current assets decreased by $68,000 mainly due to the decrease in cash and cash equivalents. Intangible lease holdings of Lonesome Dove decreased by $327,000 due to amortization of the assets. Operating revenues from oil and gas leases decreased by $460,000 and operating expenses decreased by $212,000 primarily due to a decrease of $207,000 for taxes due.

During fiscal year 2019, Lonesome Dove made payments of $625,000 to the Government for tax liabilities outstanding from prior years.

Following is condensed financial information for viNGN for the fiscal year ended September 30, 2019 and 2018 (expressed in thousands):

Table 6: Condensed Financial Information for viNGN

	2019	2018
Condensed Statement of Net Position:		
Assets:		
Current assets	$ 2,556	$ 3,545
Capital assets, net	62,762	67,002
Total assets	65,318	70,547
Liabilities:		
Current liabilities	265	1,108
Non-current liabilities	36,804	36,804
Total liabilities	37,069	37,912
Total net position	$ 28,249	$ 32,635
Condensed Statement of Revenues, Expenses, and Changes in Net Position:		
Operating revenues	$ 3,707	$ 3,651
Operating expenses	(9,587)	(9,806)
Operating loss	(5,880)	(6,155)
Non-operating revenues	1,494	2,858
Change in net position	(4,386)	(3,297)
Net position - beginning of year	32,635	35,932
Net position - end of year	$ 28,249	$ 32,635

For fiscal year 2019, viNGN's assets amounted to $65.3 million, of which $1.5 million represented cash and cash equivalents, $680,000 represented accounts receivable, $395,000 represented prepaid expenses and other assets, and $62.7 million represented capital assets.

Cash and cash equivalents decreased by $400,000 mainly due to the net effect of a decrease in cash from operations of $1.4 million, receipt of insurance recoveries of $1.3 million, acquisition of property, plant, and equipment of $800,000 and receipt of federal grants revenue of $565,000. Capital assets decreased by $4.2 million due to the net effect of acquisition of assets of $800,000 and depreciation and amortization expense of $5.0 million.

For fiscal year 2019, operating revenues of $3.7 million increased by $56,000 mainly due to charging late fee to customers for $27,000. Operating expenses decreased by $219,000 due to the decrease in general and administrative expenses of $466,000 due to clean up and related expenses as a result of the Hurricanes which was offset by an increase in insurance expenses of $137,000.

viNGN reported a decrease in non-operating revenues of $1.4 million due to a reduction in insurance recovery proceeds of $1.2 million and $200,000 in FEMA reimbursements related to damage incurred following the Hurricanes.

Significant Currently-Known Facts

The following are currently known facts that could have a potential significant effect on financial position and changes in the financial position in future years:

Tax Collections and Financial Condition of the Government

Bonds and notes issued by the Authority are supported by loans made to the Government, which are repaid solely by pledged rum excise tax revenues, gross receipts tax revenues, and real property tax revenues, as more fully described in Notes 7 and 8 of the financial statements. Rum excise taxes are Federal excise tax collections from rum which are returned to the Government from the U.S. Federal Government. Rum production occurs at two private facilities. Gross receipts tax revenues are a tax on gross professional services and sales. Property tax revenues are a tax on assessed property values or incremental values in financing districts.

Debt service payments of principal and interest from these revenue sources for fiscal year ended September 30, 2019 and 2018 are as follows (expressed in thousands):

Table 7: Summary of Debt Service Payments by Revenue Source

	2019	2018
Excise rum tax	$ 107,214	$ 107,306
Gross receipts tax	74,954	84,918
Federal highway grants	7,576	7,574
Property tax	395	582

The ability of the Government to meet its loan obligations to the Authority is dependent upon the collection of tax revenues.

While the Bonds and Notes issued by the Authority are supported by the Government's pledge of tax revenues, the Authority is highly dependent on the Government to repay its loan obligations to the Authority and to fund the Authority's operations. The Government faces significant fiscal and economic challenges related to continuing structural deficits, high levels of debt, and unfunded pension obligations. As of the date of this report, all payments on the bonds and notes issued by the Authority have been made as required, and the Authority complied with all related covenants.

Credit Ratings and Access to Markets

The matching funds bonds and gross receipts tax bonds of the Authority experienced credit rating downgrades in 2017 due to the financial and budgetary challenges experienced by the Government. Such downgrades are likely to negatively impact the Authority and Government's ability to access credit markets or to access them at supportable rates in the foreseeable future. In December 2019, Standard & Poor's Global Ratings raised the Government's outlook from "negative" to "stable" and affirmed its "A" rating on the Series 2015A Bonds. In January 2020, Moody's Investors Service updated its review of the Authority's bonds as "stable", with a continued rating of "Caa3".

Coronavirus COVID-19 Pandemic

In December 2019, a novel strain of coronavirus, known as COVID-19, was reported which quickly spread around the globe, including the United States and its Territories. In March 2020, the Governor of the U.S. Virgin Islands declared a state of emergency due to COVID-19. The extent of the impact of COVID-19 on the operational and financial performance of the Authority will depend on certain developments, including the duration and spread of the outbreak and impact on customers, the cruise ship industry, employees, and vendors, all of which are uncertain.

Contacting the Authority's Financial Management

This financial report is designed to provide the Authority's customers, creditors, and other interested persons with a general overview of its finances and to demonstrate the Authority's accountability for the funds it receives. If you have questions about this report, or need additional financial information, contact:

Virgin Islands Public Finance Authority
32 & 33 Kongens Gade, Government Hill
St. Thomas, VI 00802
340-714-1635

Financial Statements

Virgin Islands Public Finance Authority
(A Blended Component Unit of the Government of the U.S. Virgin Islands)

Statement of Net Position

September 30,	2019
Assets	
Current assets:	
Cash and cash equivalents	$ 22,675,387
Restricted cash and cash equivalents	144,185,114
Restricted investments, at fair value	341,038,467
Receivables, net	3,315,955
Due from the Government	2,000,000
Grants receivable	117,532
Restricted loans receivable - the Government	103,215,487
Prepaid expenses and other assets	1,175,789
Total current assets	617,723,731
Noncurrent assets:	
Restricted investments, at fair value	154,476,947
Restricted loan receivable - Virgin Islands Waste Management Authority	750,000
Restricted loans receivable - the Government	1,858,779,830
Due from various Governments	104,242,049
Capital assets, net	109,266,318
Restricted intangible assets, net	9,016,000
Total noncurrent assets	2,236,531,144
Total assets	2,854,254,875
Deferred outflows of resources	
Deferred losses on bond refundings, net	5,763,260
Deferred amounts related to pension	1,016,809
Total deferred outflows of resources	6,780,069
Total assets and deferred outflows of resources	$ 2,861,034,944

See accompanying notes to financial statements.

Virgin Islands Public Finance Authority
(A Blended Component Unit of the Government of the U.S. Virgin Islands)

Statement of Net Position (continued)

September 30,		2019
Liabilities		
Current liabilities:		
Accounts payable, accrued expenses, and other liabilities	$	9,200,020
Compensated absences payable		926,472
Loan payable related to capital assets		498,432
Notes payable		15,075,486
Bonds payable		84,000,000
Interest payable		47,499,889
Total current liabilities		157,200,299
Noncurrent liabilities:		
Accrued expenses		104,242,049
Compensated absences payable		1,064,521
Loans payable related to capital assets		41,327,763
Notes payable		4,314,329
Interest payable		5,136,160
Net pension liability		4,674,397
Bonds payable, net of unamortized bond premiums and discounts of $38,701,618		1,939,752,293
Due to the Virgin Islands Waste Management Authority		536,996
Due to the Government - construction funds		307,914,888
Due to the Government - debt service funds		224,063,407
Leases held on behalf of the Virgin Islands Bureau of Internal Revenue		9,016,000
Total noncurrent liabilities		2,642,042,803
Total liabilities		2,799,243,102
Deferred inflows of resources		
Deferred amounts related to pension		661,732
Total liabilities and deferred inflows of resources		2,799,904,834
Net position:		
Net investment in capital assets		30,660,893
Restricted for:		
Debt service		32,252,157
Bulkhead repairs		506,504
Hurricane repairs		2,513,662
Unrestricted deficit		(4,803,106)
Total net position	$	61,130,110

See accompanying notes to financial statements.

Virgin Islands Public Finance Authority
(A Blended Component Unit of the Government of the U.S. Virgin Islands)

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended September 30,	2019
Operating revenues	
Charges for services	$ 17,054,692
Other operating revenues	117,080
Total operating revenues	17,171,772
Operating expenses	
General and administrative	16,331,037
Depreciation and amortization	8,752,648
Total operating expenses	25,083,685
Operating loss	(7,911,913)
Non-operating revenues (expenses)	
Investment income:	
Cash, cash equivalents, and investments	2,735,643
Loans receivable - Government of the U.S. Virgin Islands	100,098,233
Budgetary allocation	8,500,000
Proceeds from insurance recovery	5,258,499
Grants revenue	521,859
Interest expense	(102,348,245)
Gain on disposal of capital assets	4,500
Transfers to the Government	(625,000)
Contribution to the Government	(700,000)
Other income	137,492
Total non-operating revenues, net	13,582,981
Change in net position	5,671,068
Net position, beginning of year	55,459,042
Net position, end of year	$ 61,130,110

See accompanying notes to financial statements.

Virgin Islands Public Finance Authority
(A Blended Component Unit of the Government of the U.S. Virgin Islands)

Statement of Cash Flows

Year Ended September 30,	2019
Cash flows from operating activities:	
Cash received from customers	$ 16,990,284
Cash paid to employees	(6,479,605)
Cash paid to suppliers	(12,092,549)
Net cash used in operating activities	(1,581,870)
Cash flows from noncapital financing activities	
Funds received for debt service	334,176,364
Payments to Cruzan	(40,730,675)
Payments to Diageo	(57,749,951)
Bank and other fees	(160,832)
Proceeds from issuance of bonds payable	17,773,457
Budgetary allocation	6,500,000
Interest paid on bonds and notes payable	(101,606,919)
Grants	51,853,319
Payment of issuance costs	(549)
Transfer to the Government	(45,641,354)
Principal payments on bonds payable	(80,020,000)
Principal payments on notes payable	(10,020,433)
Payments on behalf of the Government	(74,280,031)
Payments on behalf of the Virgin Islands Waste Management Authority	(1,348,477)
Net cash used in noncapital financing activities	(1,256,081)
Cash flows from capital and related financing activities	
Acquisition of capital assets	(1,287,400)
Proceeds from insurance recovery	5,258,499
Proceeds from sale of capital assets	4,500
Principal payments on loan related to capital assets	(820,377)
Interest paid on loan related to capital assets	(2,250,012)
Net cash provided by capital and related financing activities	905,210
Cash flows from investing activities:	
Purchases of investments	(576,670,058)
Interest received on cash, cash equivalents, and investments	5,027,759
Investment maturities and sales	578,866,654
Net cash provided by investing activities	7,224,355
Net increase in cash, cash equivalents, and restricted cash	5,291,614
Cash, cash equivalents, and restricted cash, beginning of year	161,568,887
Cash, cash equivalents, and restricted cash, end of year	$ 166,860,501

See accompanying notes to financial statements.

Virgin Islands Public Finance Authority
(A Blended Component Unit of the Government of the U.S. Virgin Islands)

Statement of Cash Flows (continued)

Year Ended September 30,	2019
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (7,911,913)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Provision for doubtful accounts	94,710
Depreciation and amortization	8,752,648
Other income	137,492
Changes in assets, deferred outflows of resources, liabilities, and deferred inflow of resources:	
Receivables	(413,693)
Accounts payable, accrued expenses, and other liabilities	(2,426,413)
Compensated absences payable	15,492
Prepaid expenses and other assets	(117,489)
Net pension liability	(267,178)
Deferred outflows of resources - pension related	344,151
Deferred inflows of resources - pension related	210,323
Total adjustments	6,330,043
Net cash used in operating activities	$ (1,581,870)
Noncash noncapital financing activities	
Accrued expenses related to professional services	$ 104,242,049

See accompanying notes to financial statements.

1. Reporting Entity

The Virgin Islands Public Finance Authority (the "Authority"), a blended component unit of the Government of the U.S. Virgin Islands (the "Government"), was created by the Virgin Islands Act No. 5365 (the "Act") and The Government Capital Improvement Act of 1988, for the purposes of aiding the Government in the performance of its fiscal duties and in effectively carrying out its governmental responsibility of raising capital for essential public projects. Under the enabling legislation, the Authority is vested with, but not limited to, the following powers: (i) to have perpetual existence as a corporation, (ii) to borrow money and issue bonds, (iii) to lend the proceeds of its bonds or other money to the Government or any agency, authority, or instrumentality thereof, and to private entities, (iv) to establish one or more revolving loan funds with the proceeds of bonds issued by the Authority or issued by the Government or any agency, authority, or instrumentality thereof and, (v) to invest its funds and to arrange for the investment of the funds of the Government or any agency, authority, or instrumentality thereof. Pursuant to Section 8(b)(i) of the Revised Organic Act, the Government may issue revenue bonds for public improvements or undertakings authorized by an act of the Legislature, without limitation as to principal amount. The Authority also provides property management services as discussed further below under Activities of the Authority.

Pursuant to Section 8(b)(ii) of the Revised Organic Act, the Government is authorized to issue general obligation bonds for any public purpose provided that no such indebtedness be in excess of ten (10%) of the aggregate assessed valuation of the taxable real property in the U.S.Virgin Islands. Pursuant to 48 U.S.C. section 1574a ("Public Law 94-932"), the U.S. Virgin Islands is authorized to issue bonds or other obligations in anticipation of the matching funds to be received from the Federal Government pursuant to 26 U.S.C. section 7652 (b) (3). There is no legal limit on the value of bonds that the Government may issue pursuant to 48 U.S.C. section 1574a.

The financial statements of the Authority are not intended to present fairly the financial position and results of operations of the Government. Only the accounts of the Authority and its component units are included in the reporting entity.

Blended Component Units

A component unit is reported as blended when either (1) the component unit's governing body is substantively the same as the Authority, and (a) there is a financial benefit or burden relationship between the Authority and the component unit, or (b) management of the Authority has operational responsibility for the component unit, or (2) the component unit provides services entirely, or almost entirely, to the Authority or otherwise exclusively, or almost exclusively, benefits the Authority, or (3) the component unit's outstanding debt is expected to be repaid entirely or almost entirely with resources of the Authority.

The following component units, provide services entirely or almost entirely to the Authority, or have outstanding debt that is expected to be paid entirely or almost entirely with the Authority's resources:

- The West Indian Company Limited ("WICO")
- King's Alley Management, Inc. ("KAMI")
- viNGN, INC. d/b/a Virgin Islands Next Generation Network ("viNGN")
- Lonesome Dove Petroleum, Co. ("Lonesome Dove")

Although these entities are legally separate, they are reported as part of the Authority since they operate for the sole purpose of assisting and supporting the Authority in accomplishing its mission of providing management and financial services for the benefit of the Authority. The governance of each blended component unit is controlled by the Authority through the selection of the members of the Boards of Directors of each unit.

Activities of the Authority

The Authority performs a financial management function for the Government consisting of the following activities:

- Operations: Overall investment management and administrative activities of the Authority.

- WICO: Property management activities related to the management of WICO, a blended component unit of the Authority, consisting primarily of servicing cruise ships owned by established shipping lines.

- KAMI: Property management activities related to KAMI, a blended component unit of the Authority, formed on July 22, 2001, consisting primarily of managing the King's Alley Hotel in Christiansted, St. Croix, and a shopping center in Frederiksted, St. Croix.

- viNGN: Operating entity in connection with the broadband expansion project formed on March 8, 2010, a blended component unit of the Authority. viNGN was incorporated on October 22, 2010, and its articles of incorporation were duly filed with the Office of the Lieutenant Governor of the United States Virgin Islands on October 12, 2010.

- Lonesome Dove: Operating entity consisting of subleased interests in federal oil and gas leases and mineral interest located in eleven states, a blended component unit of the Authority. On August 9, 2016, the Authority received all of the shares of Lonesome Dove to satisfy certain tax obligations due to the Government.

- Office of Disaster Recovery ("ODR"): Management of federal disaster recovery grants. ODR was formed in February 2019 and is a business unit of the Authority.

- Recovery Grant Management ("RGM"): Oversight of contracts entered into by the Authority on behalf of the Government in connection with disaster grants management.

See Note 16 for condensed financial statements of the major component units.

2. Summary of Significant Accounting Policies

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted, standard-setting body for establishing governmental accounting and financial reporting standards.

Measurement Focus and Basis of Accounting

The Authority complies with all applicable pronouncements of the Governmental Accounting Standards Board ("GASB"). The operations of the Authority are presented as an enterprise fund and as such, the financial statements are reported using the economic measurement focus and the accrual basis of accounting. Under this basis, revenues are recognized in the period earned and expenses are recognized in the period incurred regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority include revenues of the operating fund of the Authority, revenues from WICO pier and rental operations, viNGN sale of bandwidth, Lonesome Dove oil lease revenue, and KAMI hotel income. Operating expenses for the Authority include general and administrative expenses and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating items. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Basic Financial Statements

Standards for external financial reporting for state and local governments require that resources be classified for accounting and reporting purposes into net position categories and to report the changes in net position. Net position represents the residual interest in the Authority's assets after liabilities are deducted and consist of the following categories:

- *Net investment in capital assets*: Capital assets, net of accumulated depreciation and amortization and outstanding principal balances of debt and accounts payable attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. The portion of debt attributed to the unspent debt proceeds or deferred inflows of resources is included in the same net position component as the unspent proceeds.

- *Restricted*: These result when constraints, on the use of net position, are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provision or enabling legislation.

- *Unrestricted*: Net position that is not subject to externally imposed stipulations.

Taxes

The Authority is exempt from the payment of all U.S. Virgin Islands taxes on all its assets and income. However, WICO is required to make an annual payment in lieu of taxes ("PILOT") to the Government, of the greater of ten percent of net revenues or $700,000 retroactive to fiscal year 2006 and thereafter.

Cash and Cash Equivalents

Cash and cash equivalents of the Authority consist of cash on hand, demand accounts, certificates of deposit with maturities of three months or less when purchased, short-term U.S. Government and its agencies' obligations maturing within three months and collateralized by U.S. Government obligations.

By law, bank and trust companies designated as depositories of public funds of the Government and its instrumentalities are to maintain corporate surety bonds or pledge collateral satisfactory to the Commissioner of Finance of the U.S. Virgin Islands to secure all governmental funds deposited.

For the purpose of the statement of cash flows, cash and cash equivalents and restricted cash and cash equivalents are defined to be cash on hand, demand deposits, and highly liquid investments with a maturity of three month or less from the date of purchase.

Investments

The Authority reports investments at fair value in the Statement of Net Position and changes in the fair value in the Statement of Revenues, Expenses, and Changes in Net Position. Investments are restricted by various bond resolutions of the Authority and the Act, generally, to direct obligations of the United States Government, the United States Virgin Islands, or any state, territory, possession or Commonwealth of the United States, specific bank obligations, investment agreements or similar funding agreements, shares or other interests in mutual funds, trusts or investment companies, corporate commercial paper, and money market portfolios consisting of any of the foregoing. The Authority has retained investment managers and investments are held in trust by a commercial bank on behalf of the Authority.

Current investments include shares or interests in money market funds, short-term United States Government and its agencies' obligations, and investment agreements which mature in three months or less and are not designated for payment of current debt. Long-term investments are funds held in debt service reserve accounts not intended to convert to cash in the next fiscal year.

Receivables

Receivables are recorded at their gross value when earned and are reduced by the estimated portion that is expected to be uncollectible. The adequacy of the allowance for doubtful accounts is evaluated by management based upon past collection experience.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist primarily of amounts paid by the Authority for services not yet provided by vendors, which primarily relate to property and liability insurance.

Capital Assets

Capital assets are recorded at cost and depreciated and amortized using the straight-line method over the estimated useful life of the assets. The capitalization threshold for capital assets is $5,000 for the Authority, KAMI, and Lonesome Dove and $500 for WICO and viNGN.

Estimated useful lives of capital assets are as follows:

	Years
Building and building improvements	5 - 40
Personal property and equipment	3 - 25
Intangibles	2 - 75

When assets are retired, the cost and related accumulated depreciation and amortization of the property is removed from the accounts and any gain or loss is recognized. Expenses for major renewals and betterments are capitalized, while maintenance and repairs which do not extend the life of the assets are recorded as expenses.

The Authority reviews the carrying value of its capital assets to determine if circumstances exist indicating impairment. If facts or circumstances support the possibility of impairment, management follows the guidance in GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. If impairment is indicated, an adjustment is made to the carrying value of the capital assets.

Compensated Absences

Unpaid vacation and sick leave compensation, as well as the Authority's share of related social security taxes, is accrued as benefits are earned by the employees if attributable to past services and if it is probable the Authority will compensate the employees for such benefits. Amounts accrued are measured using salary rates in effect at September 30.

The change in compensated absences is as follows for the year ended September 30, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences payable	$ 1,975,501	$ 228,292	$ (212,800)	$ 1,990,993	$ 926,472

Debt Refundings

Debt refundings involve the issuance of new debt whose proceeds are used to repay immediately (current refunding) or at a future time (advance refunding) previously issued debt. For both current and advance refundings, the difference between the reacquisition price and the net carrying amount of the old debt is classified as a deferred outflow of resources on the Statement of Net Position and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Bond Discounts and Premiums

Bond discounts and premiums are amortized over the term of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond discounts or premiums. Issuance costs are reported as expenses in the year incurred.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans, as well as additions to and deductions from the pension plan fiduciary net position have been determined on the same basis as they are reported in the financial statements of the Government Employees' Retirement System of the U.S. Virgin Islands ("GERS"). Authority contributions are recognized when due and the Authority has a legal requirement to provide the contributions. Also see Note 14.

Deferred Outflows of Resources and Deferred Inflows of Resources

The Authority reports separate sections in the Statement of Net Position for deferred inflows of resources and deferred outflows of resources. These separate financial statement elements represent a consumption or receipt of resources that applies to a future period and therefore will not be recognized as an inflow or outflow of resources until then.

Charges for Services

The Authority and its component units generate their revenue from operations which includes revenues from pier and rental operations, sale of bandwidth, oil lease revenue, and hotel income. Revenues are recognized when they are realized or realizable and are earned. Revenues are realized when cash or claims to cash (receivable) are received in exchange for goods or services.

Customers representing more than 10% of total revenues for viNGN during the year ended September 30, 2019, are as follows:

Broadband VI	51%
Alliance Data Services	18%
Total	69%

Customers representing more than 10% of total revenues for WICO during the year ended September 30, 2019, are as follows:

Carnival Cruise Lines	40%
Norwegian Cruise Lines	21%
Total	61%

Grants and Contributions

The Authority may, from time-to-time, receive Federal and state government grants. The assets and revenues arising from government grants are recorded when the Authority meets the eligibility requirements. If resources are received in advance of satisfying certain eligibility requirements, the recognition of revenues is deferred.

Intra-account Transfers

Investment earnings not otherwise restricted are transferred between Authority accounts in accordance with Board requests and Legislative acts. These amounts offset and, therefore, are not shown in the accompanying financial statements.

Use of Estimates in the Preparation of Financial Statements

The preparation of 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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of Accounting Pronouncements

Following are statements issued by GASB that are effective in future years. In light of the COVID-19 pandemic, on May 8, 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, to provide relief to governments. This Statement, which was effective upon issuance, postpones the effective dates of certain provisions in these upcoming pronouncements for one year, except for GASB Statement No. 87 which is postponed for eighteen months.

GASB Statement No.		Adoption Effective in Fiscal Year (as Revised)
83	Certain Asset Retirement Obligations	2020
84	Fiduciary Activities	2021
87	Leases	2022
88	Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements	2020
89	Accounting for Interest Cost Incurred Before the End of a Construction Period	2022
90	Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61	2021
91	Conduit Debt Obligations	2023
92	Omnibus 2020	2022

GASB Statement No.		Adoption Effective in Fiscal Year (as Revised)
93	Replacement of Interbank Offered Rates	2022
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	2023
96	Subscription-Based Information Technology Agreements	2023
97	Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and supersession of GASB Statement No. 32	2022

Certain provisions of GASB Statement No. 92 are excluded from GASB Statement No. 95. Additionally, GASB Statement No. 95 excludes provisions in GASB Statement No. 93 related to lease modifications and excludes GASB Statement No. 94 since the GASB considered the pandemic in determining effective dates. Earlier application of the standards is permitted to the extent specified in each pronouncement as originally issued. The Authority is currently evaluating the impact of these statements.

3. Cash and Cash Equivalents

Cash and cash equivalents, segregated by category, at September 30, 2019, are as follows:

	Bank Balance	Carrying Amount
Restricted:		
Cash	$ 19,193,898	$ 19,101,384
Money market funds	-	125,083,730
	19,193,898	144,185,114
Unrestricted cash	23,376,478	22,675,387
Total	$ 42,570,376	$ 166,860,501

Unrestricted cash and cash equivalents may be used for operational purposes. Restricted cash and cash equivalents of $141,164,948 represent cash and money market funds segregated for debt service due under the Authority's debt agreements and capital projects, $506,504 is restricted for an escrow account required by the Army Corps of Engineers' Financial Assurance policy for mitigation related to bulkhead repairs, and an insurance recovery escrow account of $2,513,662 represents insurance claims received for property damage related to the 2017 hurricanes. Under the terms of the loan agreement with Banco Popular de Puerto Rico, the bank holds insurance proceeds in escrow to cover the reconstruction of facilities.

Custodial credit risk is the risk that in the event of bank failure, the Authority's deposit may not be returned. The Authority does not have a custodial risk policy. The Authority maintains its deposits at four financial institutions, which, at times may exceed federally insured limits. Generally, the Federal Deposit Insurance Corporation insures depositor funds up to $250,000. The Authority has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its deposits.

At September 30, 2019, $36,027,996 or 21.59% of the Authority's deposits in banks were held at Banco Popular de Puerto Rico, $506,504 or 0.30% were held at Bank OZK, $130,271,974 or 78.07% were held at Bank of New York, and $49,360 or 0.03% were held at First Bank Puerto Rico. Petty cash of $4,667 was held at WICO, viNGN, and KAMI. Deposits held at Banco Popular de Puerto Rico and First Bank Puerto Rico were fully collateralized except for approximately $7.5 million held by Banco Popular de Puerto Rico for WICO.

4. Restricted Investments

Investments include investments restricted for specific purposes and investments held in trust. Pursuant to the requirements of the Indenture of Trust, certain assets of the Government are maintained in a reserve account controlled by the Authority and may be used only for the payment of principal and interest on the bonds and notes.

Restricted investments in the reserve accounts at September 30, 2019, are as follows:

	Debt Service	Construction Funds	Project Funds	Total
Series 2015 A Federal-Aid Highway Bonds	$ 8,213,599	$ 57,569,979	$ -	$ 65,783,578
Series 2014 C Revenue and Refunding Bonds	95,014	8,033,081	-	8,128,095
Series 2014 A Revenue Bonds	25,199	-	-	25,199
Series 2013 B Revenue and Refunding Bonds	6,664,831	-	-	6,664,831
Series 2013 A Revenue and Refunding Bonds	4,452,044	-	-	4,452,044
Series 2012 C Revenue Bonds	20,741	5,220,815	-	5,241,556
Series 2012 A and B Revenue and Refunding Bonds	167,346	-	-	167,346
Series 2012 A Revenue Bonds	19,307,977	35,907	-	19,343,884
Series 2010 A and B Revenue Bonds	51,686,010	-	-	51,686,010
Series 2009 A Revenue Bonds (Cruzan)	3,921,500	-	-	3,921,500
Series 2009 A1, A2, B, C Revenue and Refunding Bonds	61,371,299	7,909,786	-	69,281,085
Series 2009 A Revenue Bonds (Diageo)	41,721,623	-	-	41,721,623
Series 2006 A Revenue Bonds	180,452	11,423	-	191,875
Series 1999 A Gross Receipts Pledge Revenue	63,115,153	-	-	63,115,153
Series 1998 A Matching Funds Pledged Revenue	154,997,946	-	-	154,997,946
Subtotal bonds	415,940,734	78,780,991	-	494,721,725
Series 2016 A Notes	33,165	-	735,452	768,617
Series 2009 A TIF Notes	25,072	-	-	25,072
Subtotal notes	58,237	-	735,452	793,689
Total	$ 415,998,971	$ 78,780,991	$ 735,452	$ 495,515,414

The Authority categorizes the fair market measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides the framework for measuring fair value by establishing a three-level fair value hierarchy that describes inputs that are used to measure assets and liabilities as follows:

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

Level 2: Inputs are other than quotes prices included within Level 1 that are observable for an asset or liability, that are either directly or indirectly observable.

Level 3: Inputs are significant unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 and the lowest priority to Level 3 inputs. If a price for an identical asset is not observable, a government may evaluate fair market value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset is measured using inputs from more than one level of the fair market value hierarchy, the measurement is based on the lowest level input that is significant to the entire measurement.

The following section describes the valuation technique methodologies the Authority is using to measure assets at fair value:

- *Money market funds* – Investments in money market funds are measured at fair value using quoted market prices. They are classified as Level 1 as closing prices are readily available.

- *Commercial paper and Federal agency securities* – The commercial paper and federal agency securities are classified as Level 2 instruments as their fair value is based on quoted values stated by the bank's mark-to-market estimate using a stated fixed rate. The interest rate is observable at commonly quoted indexes for the full term of the instruments.

	September 30, 2019	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Money market funds	$ 442,671,247	$ 442,671,247	$ -	$ -
Portfolio investments:				
Commercial paper	101,966,984	-	101,966,984	-
Federal agency securities	75,960,913	-	75,960,913	-
Total fair value	620,599,144	442,671,247	177,927,897	-
Less: amount classified as cash and cash equivalents	(125,083,730)	-	-	-
Total restricted investments	$ 495,515,414	$ -	$ -	$ -

Investments, categorized by investment type and weighted average maturity, at September 30, 2019, are as follows:

	Fair Value	Weighted Average Maturity (*Years*)
Money market funds	$ 442,671,247	-
Portfolio investments:		
Commercial paper	101,966,984	0.174
Federal agency securities	75,960,913	1.304
Total	$ 620,599,144	

Interest Rate Risk – Interest rate risk is the risk that changes in an interest rate will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair market value losses arising from increasing interest rates. As a means of keeping the interest-rate risk low, majority of investments held by the Authority are short-term in nature.

Credit Risk - The authorizing legislation of the Authority does not limit investments by credit rating categories. Authorizing legislation limits the investment choices of the Authority to: direct obligations or obligations guaranteed by the United States, obligations of states, territories, possessions and commonwealths of the United States, obligations of international banking institutions, repurchase agreements, investment contracts, certificates of deposits, guaranteed investment contracts, shares in mutual funds, investment companies, corporate commercial paper, money market portfolio and investment pools.

At September 30, 2019, the Authority's investment in money market funds were rated AAAm, by Standard & Poor's and Aaa to Aaa-mf by Moody's Investors Service. The Authority's investments in commercial paper were rated A-2 to A-1 by Standard & Poor's and P-3 to P-1 by Moody's Investors Service. The Authority's investments in Federal agency securities were rated AA- to AAA by Standard & Poor's and Aa2 to Aaa by Moody's Investors Service.

Concentration of Credit Risk - The Authority places no limit on the amount that may be invested in one issuer. At September 30, 2019, more than 5.0% of the Authority's investments were invested in: Goldman Financial Square Money Market #524 (50.37%); Federated Government Obligation #5 (17.42%); Ford Motor Corporation (7.34%); and Chesham FNC, LLC, CPDs (6.24%).

Custodial Credit Risk - The Authority does not have a custodial credit risk policy. The custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution or other counterparty, the Authority will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party. For the period ended September 30, 2019, all investments of the Authority were held in the name of The Bank of New York Trust Company, N.A. as Trustee for the Authority. Investments in the trust accounts are limited to the investments permitted by the trust indenture.

5. Restricted Loans Receivable

Restricted loans receivable represents amounts due from the Government in connection with the issuance of long-term debt. Under the Authority's investment and debt service fund administration, the Authority issues debt instruments (mainly bonds and notes) and loans the proceeds to the Government under the same terms of the debt source. In connection with each issuance, the Government has pledged specific revenues to repay the loans (and in turn the Authority to repay the bonds and notes). The Authority is fully dependent on receiving pledged revenues for the timely payment of principal and interest on the restricted receivables which are its predominant source for the Authority to repay its bonds and other obligations. The Authority has evaluated the collectability of its restricted loans receivable from the Government based on current information including payment history and an assessment of the Government's current creditworthiness, and its ability to continue meeting principal and interest payments in accordance with loan agreements.

The Authority loaned the proceeds of the Series 2016 A Notes to the Government. The loans, which are secured with pledged gross receipts taxes collected pursuant to Title 3, Section 43 of the Virgin Islands Code, bear the same interest rate, maturities, and repayment terms as the notes payable (see Note 8).

The Authority loaned the proceeds of the Series 2015 Federal-Aid Highway Bonds to the Government. The loan, which is secured by Federal Highway Grant Revenues, pursuant to the Revised Organic Act of 1954, the Virgin Islands Code and the Federal Highway Grant Anticipation Bond Act, bear the same interest rates, maturities, and repayment terms as the bonds payable (see Note 7).

The Authority loaned the proceeds of the Series 2018 A Revenue Bonds, Series 2014 D Revenue Bonds, Series 2014 C Revenue and Refunding Bonds, Series 2014 B Revenue Notes, Series 2014 A Revenue Bonds, Series 2012 C Revenue Bonds, Series 2012 A and B Revenue and Refunding Bonds, and Series 2006 A Revenue Bonds, to the Government. The loans, which are secured with pledged gross receipts taxes collected pursuant to Title 3, Section 43 of the Virgin Islands Code, bear the same interest rate, maturities, and repayment terms as the notes and bonds payable (see Note 7 and Note 8).

The Authority loaned the proceeds of the Series 2013 B Revenue and Refunding Bonds, Series 2013 A Revenue and Refunding Bonds, Series 2012 A Revenue Bonds, Series 2010 A and B Revenue Bonds, Series 2009 A Revenue Bonds (Cruzan), Series 2009 A1, A2, B and C Revenue and Refunding Bonds and Series 2009 A Revenue Bonds (Diageo) to the Government. The loans, which are secured with pledged matching fund revenues pursuant to Section 28(b) of the Revised Organic Act of the Virgin Islands, bear the same interest rates, maturities, and repayment terms as the bonds payable (see Note 7).

The Authority loaned the proceeds of the Series 2012 A TIF Bond Anticipation Notes to the Government. The loan, which is secured by Island Crossings Incremental Tax Revenue, bears the same interest rate, maturity, and repayment terms as the note payable (see Note 8).

The Authority loaned the proceeds of the Series 2011 B Revenue Anticipation Notes to the Government. The loans, which are secured with pledged property taxes collected for tax years up to and including 2005 pursuant to Title 3, Section 31 of the Virgin Islands Code, bear the same interest rate, maturities and repayment terms as the notes payable (see Note 8).

Restricted loans receivable at September 30, 2019, are comprised of the following:

	Short-term	Long-term
Series 2006 A Revenue Bonds	$ 15,865,000	$ 170,265,000
Series 2009 A Revenue Bonds (Diageo)	6,405,000	208,975,000
Series 2009 A1, A2, B and C Revenue and Refunding Bonds	34,265,000	156,540,000
Series 2009 A Revenue Bonds (Cruzan)	865,000	31,665,000
Series 2010 A and B Revenue Bonds	4,005,000	376,190,000
Series 2012 A Revenue Bonds	1,100,000	136,215,000
2012 A TIF Bond Anticipation Notes	10,939,184	-
Series 2012 A and B Revenue and Refunding Bonds	2,865,000	137,650,000
Series 2012 C Revenue Bonds	1,770,000	23,075,000
Series 2013 A Revenue and Refunding Bonds	2,460,000	11,215,000
Series 2013 B Revenue and Refunding Bonds	6,335,000	28,675,000
Series 2014 A Revenue Bonds	1,900,000	39,535,000
Series 2014 B Revenue Notes	2,000,000	1,833,333
Series 2014 C Revenue and Refunding Bonds	6,065,000	214,895,000
Series 2014 D Revenue Bonds	225,000	4,595,000
Series 2015 Federal-Aid Highway Bonds	4,015,000	70,950,000
2016 A Notes	2,136,303	2,136,304
Series 2018 A Revenue Bonds	-	211,431,835
	103,215,487	1,825,841,472
Unamortized bond discounts and premiums	-	32,938,358
Total	$ 103,215,487	$ 1,858,779,830

On September 30, 2019, the Government advanced bond payments due on October 1, 2019, to the Authority. A summary of bond payments by associated bond series are as follows:

Series 2014 D Revenue Bonds	$ 215,000
Series 2014 C Revenue and Refunding Bonds	5,790,000
Series 2014 A Revenue Bonds	1,810,000
Series 2013 B Revenue and Refunding Bonds	6,035,000
Series 2013 A Revenue and Refunding Bonds	2,335,000
Series 2012 C Revenue Bonds	1,685,000
Series 2012 A and B Revenue and Refunding Bonds	14,335,000
Series 2012 A Revenue Bonds	1,000,000
Series 2010 A and B Revenue Bonds	2,800,000
Series 2009 A Revenue Bonds (Cruzan)	820,000
Series 2009 A1, A2, B and C Revenue and Refunding Bonds	33,745,000
Series 2009 A Revenue Bonds (Diageo)	5,990,000
Series 2006 A Revenue Bonds	3,615,000
Total	$ 80,175,000

At September 30, 2019, the Authority did not consider the loans due from the Government to be impaired and has not reported an allowance for uncollectible balances.

On October 26, 2016, the Authority entered into a short-term, ninety (90) day non-interest-bearing loan agreement with the Virgin Islands Waste Management Authority ("VIWMA") in the amount of $750,000 to provide working capital to VIWMA. The loan repayment was contingent on the release of the Virgin Islands Legislature of landfill investment capital and other working capital which did not occur during the fiscal year. As of September 30, 2019, the amount due from VIWMA under the loan was $750,000.

6. Capital Assets

Capital assets as of September 30, 2019, are comprised as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	$ 5,763,178	$ -	$ -	$ -	$ 5,763,178
Construction in progress	5,724,365	460,361	-	(257,686)	5,927,040
Total capital assets not being depreciated	11,487,543	460,361	-	(257,686)	11,690,218
Capital assets being amortized and depreciated:					
Personal property and equipment	69,021,170	678,331	(57,500)	245,600	69,887,601
Buildings and building improvements	81,906,322	148,708	-	12,086	82,067,116
Intangible assets	20,973,568	-	-	-	20,973,568
Total capital assets being amortized and depreciated	171,901,060	827,039	(57,500)	257,686	172,928,285
Less accumulated amortization and depreciation for:					
Personal property and equipment	(18,609,860)	(4,566,838)	57,500	-	(23,119,198)
Buildings and building improvements	(41,398,804)	(3,489,788)	-	-	(44,888,592)
Intangible assets	(6,648,373)	(696,022)	-	-	(7,344,395)
Total accumulated amortization and depreciation	(66,657,037)	(8,752,648)	57,500	-	(75,352,185)
Total capital assets being amortized and depreciated, net	105,244,023	(7,925,609)	-	257,686	97,576,100
Total capital assets, net	$ 116,731,566	$ (7,465,248)	$ -	$ -	$ 109,266,318

Restricted Intangibles Assets

With the passage of Act No. 7864 on April 8, 2016, the Legislature of the Virgin Islands authorized the Authority to receive, hold, and manage the shares of Lonesome Dove and to provide for the disposition of any income realized from Lonesome Dove to satisfy tax obligations owed to the Government. Lonesome Dove owns various ownership interests in oil and gas wells, reserves, and acreage blocks valued in July 2016 at $9.8 million.

Lonesome Dove's ownership interests are recorded as restricted intangible assets in the Statement of Net Position and are amortized over the useful life of the oil and gas wells. A corresponding liability is recorded to the Virgin Islands Bureau of Internal Revenue since any income realized from the oil and gas wells are restricted to the payment of Lonesome Dove's tax liability. For the year ended September 30, 2019, the amortization expense related to restricted intangible assets was approximately $327,000.

7. Bonds Payable

Bonds payable activity for the year ended September 30, 2019, was as follows (expressed in thousands):

	Balance 9/30/2018	New Issuances	Principal Payments	Unamortized Premiums and Discounts	Balance 9/30/2019	Due within One Year
Matching Funds Revenue Bonds	$ 1,107,805	$ -	$ (50,170)	$ 7,644	$ 1,065,279	$ 52,725
Gross Receipts Revenue Bonds	860,882	17,774	(26,205)	23,383	875,834	27,450
Federal-Aid Highway Bonds	78,610	-	(3,645)	7,675	82,640	3,825
Total	$ 2,047,297	$ 17,774	$ (80,020)	$ 38,702	$ 2,023,753	$ 84,000

At September 30, 2019, long-term debt consists of (expressed in thousands):

Revenue Bonds payable:	
Matching Funds Revenue Bonds	$ 1,057,635
Gross Receipts Revenue Bonds	852,451
Federal-Aid Highway Bonds	74,965
Total	$ 1,985,051

Matching Funds Revenue Bonds

A summary of Matching Funds Revenue bonds activity for the year ended September 30, 2019, follows (expressed in thousands):

	Balance 9/30/2018	New Issuances	Principal Payments	Balance 9/30/2019
Series 2013 B Revenue and Refunding Bonds	$ 41,045	$ -	$ -	$ 41,045
Series 2013 A Revenue and Refunding Bonds	23,915	-	(7,905)	16,010
Series 2012 A Revenue Bonds	139,265	-	(950)	138,315
Series 2010 A and B Revenue Bonds	385,655	-	(2,660)	382,995
Series 2009 A Revenue Bonds (Cruzan)	34,130	-	(780)	33,350
Series 2009 A 1, A 2, B and C Revenue and Refunding Bonds	256,825	-	(32,275)	224,550
Series 2009 A Revenue Bonds (Diageo)	226,970	-	(5,600)	221,370
Total	$ 1,107,805	$ -	$ (50,170)	$ 1,057,635

Bonds payable at September 30, 2019, in which federal arbitrage regulations apply, are comprised of the following (expressed in thousands):

Series 2013 B Revenue and Refunding Bonds Interest at 3.00% to 5.00%	$ 41,045
Series 2013 A Revenue and Refunding Bonds Interest at 5.00% to 5.25%	16,010
Series 2012 A Revenue Bonds Interest at 4.00% to 5.00%	138,315
Series 2010 A and B Revenue Bonds Interest at 4.00% to 5.25%	382,995
Series 2009 A Revenue Bonds (Cruzan) Interest at 3.00% to 6.00%	33,350
Series 2009 A 1, A 2, B and C Revenue and Refunding Bonds Interest at 3.00% to 5.00%	224,550
Series 2009 A Revenue Bonds (Diageo) Interest at 6.00% to 6.75%	221,370
Total	1,057,635
Less: current portion	(52,725)
Add: unamortized bond premiums and discounts, net	7,644
Long-term portion	$ 1,012,554

On October 17, 2013, the Authority issued the Series 2013 B Revenue and Refunding Bonds, the proceeds of which amounted to $51,365,000. These bonds are secured by a pledge of Matching Fund Revenues, which includes certain funds established under the original indenture, the Eighth Supplemental Indenture and the Series 2013B Loan Notes issued by the Government. The proceeds were loaned to the Government under the same terms as the bonds. The bonds are limited special obligations of the Authority. The Series 2013 B Bonds were issued to: (i) refund a portion of the Series 2004 A Bonds, (ii) fund the Series 2013 B Subordinate Lien Debt Service Reserve Account, and (iii) finance certain costs of issuance of the Series 2013 B Bonds. The Series 2013 B Bonds mature in 2024 at an interest rate of 3.00% to 5.00%. The proceeds of the Series 2013 B Revenue and Refunding Bonds were placed in an irrevocable trust to provide for future debt service payments on the Series 2004 A. At October 1, 2014, the outstanding principal of the Series 2004 A Bonds was defeased through a call redemption amounting to $58,835,000.

On September 19, 2013, the Authority issued the Series 2013 A Revenue and Refunding Bonds, the proceeds of which amounted to $36,000,000. These bonds are secured by a pledge of Matching Fund Revenues, which includes certain funds established under the original indenture, the Eighth Supplemental Indenture and the Series 2013 A Loan Notes issued by the Government. The proceeds were loaned to the Government under the same terms as the bonds. The bonds are limited special obligations of the Authority. The Series 2013 A Bonds were issued to: (i) refund a portion of the Series 2004 A Bonds, Series 2009 A1 Bonds, and Series 2009 B Bonds, (ii) fund the Series 2013 A Subordinate Lien Debt Service Reserve Account, and (iii) finance certain costs of issuance of the Series 2013 A Bonds. The Series 2013 A Bonds mature from 2018 to 2024 at an interest rate of 5.00% to 5.25%. The proceeds of the Series 2013 A Revenue and Refunding Bonds were placed in an irrevocable trust to provide for future debt service payments on the Series 2004 A, Series 2009 A1, and Series 2009 B Bonds. The economic gain obtained by this advance refunding is the difference between the present value of old debt service requirements and the new debt service. This refunding resulted in a deferred loss of approximately $10.9 million and an economic loss of approximately $1.5 million.

On September 7, 2012, the Authority issued the Series 2012 A Revenue Bonds, the proceeds of which amounted to $142,640,000. These bonds are secured by a pledge of Matching Fund Revenues, which includes certain funds established under the original indenture, the Seventh Supplemental Indenture and the Series 2012 Loan Notes issued by the Government. The proceeds were loaned to the Government under the same terms as the bonds. The bonds are limited special obligations of the Authority. The Series 2012 A Bonds were issued to: (i) finance various operating expenses and other obligations of the Government, (ii) fund the Series 2012 A Subordinate Lien Debt Service Reserve Account, and (iii) finance certain costs of issuance of the Series 2012 A Bonds. The Series 2012 A Bonds mature from 2022 to 2032 at an interest rate of 4.00% to 5.00%.

On July 8, 2010, the Authority issued the Series 2010 A and B Revenue Bonds, the proceeds of which amounted to $399,050,000. These bonds are secured by a pledge of Matching Fund Revenues, which includes certain funds established under the original indenture, the Sixth Supplemental Indenture and the Series 2010 Loan Notes issued by the Government. The proceeds were loaned to the Government under the same terms as the bonds. The bonds are limited special obligations of the Authority. The Series 2010 A Bonds were issued to: (i) finance various operating expenses of the Government, (ii) refinance a portion of the outstanding Series 2009 B1 and B2 Notes, (iii) fund the Series 2010 A Subordinate Lien Debt Service Reserve Account, and (iv) finance certain costs of issuance of the Series 2010 A Bonds. The Series 2010 B Bonds were issued to: (i) refinance a portion of the outstanding Series 2009 B1 and B2 Notes, (ii) fund the Series 2010 B Subordinate Lien Debt Service Reserve Account, and (iii) finance certain costs of issuance of the Series 2010 B Bonds. The Series 2010 A Bonds amount to $305,000,000 and mature from 2012 to 2029 at an interest rate of 4.00% to 5.00%. The Series 2010 B Bonds amount to $94,050,000 and mature from 2020 to 2029 at an interest rate of 4.25% to 5.25%.

On December 17, 2009, the Authority issued the Series 2009 A Revenue Bonds (Cruzan), amounting to $39,190,000, to finance the costs of the development, acquisition, construction, and installation of a wastewater treatment facility and to fund certain preliminary costs of the alteration, upgrade, expansion, and renovation of the Cruzan distillery on St. Croix, to establish debt service reserves, and to finance costs of issuance of the 2009 A Bonds. These bonds are special limited obligations of the Authority payable from and secured by a pledge of the Cruzan Trust estate which includes certain funds established under the Subordinated Indenture and the First Supplemental Subordinate Indenture of Trust.

The bonds bear interest at 3.00% to 6.00% and mature from 2010 to 2039 and are subject to an optional redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

In association with the Series 2009 A Revenue Bonds, the Authority entered into an agreement with Cruzan VIRIL, Ltd. (Cruzan), on October 6, 2009. Provisions of the agreement call for payments of excess matching funds, after debt service, debt service reserve, and sinking fund redemption payments, to the Government and Cruzan of 60% - 80% and 54% - 60%, respectively.

On October 1, 2009, the Authority issued the Series 2009 A1, A2, B, and C Revenue and Refunding Bonds, the proceeds of which amounted to $458,840,000. These bonds are secured by a pledge of Matching Fund Revenues, which includes certain funds established under the original indenture, the Fourth Supplemental Indenture and the Series 2009 Loan Notes issued by the Government. The proceeds were loaned to the Government under the same terms as the bonds. The bonds are limited special obligations of the Authority.

The Series 2009 A1 and A2 Revenue and Refunding Bonds were issued to: (i) finance various capital projects of the Government, (ii) fund the Series 2009 A Senior Lien Debt Service Reserve Account, and (iii) finance certain costs of issuance of the Series 2009 A1 and A2 Revenue and Refunding Bonds. The Series 2009 A1 Revenue and Refunding Bonds amounted to $86,350,000 and mature from 2010 to 2039 at interest rates from 3.00% to 5.00%.The Series 2009 A2 Revenue and Refunding Bonds amount to $8,650,000 and mature from 2010 to 2011 at an interest rate of 3.00%.

The Series 2009 B Revenue and Refunding Bonds were issued to: (i) refund the Series 1998 A Revenue and Refunding Bonds (Senior Lien/Refunding Bonds), (ii) fund the Series 2009 B Senior Lien Debt Service Reserve Account, and (iii) finance certain costs of issuance of the Series 2009 B Revenue and Refunding Bonds. The Series 2009 B Revenue and Refunding Bonds amount to $266,330,000 and mature from 2010 to 2025 at an interest rate of 5.00%.

The Series 2009 C Revenue and Refunding Bonds were issued to: (i) refund the Series 1998 E Revenue and Refunding Bonds (Subordinate Lien/Capital Program Bonds), (ii) fund the Series 2009 C Subordinate Lien Debt Service Reserve Account, and (iii) finance certain costs of issuance of the Series 2009 C Revenue and Refunding Bonds. The Series 2009 C Revenue and Refunding Bonds amounted to $97,510,000 and mature from 2010 to 2022 at an interest rate of 5.00%. The Series 2009 C Revenue and Refunding Bonds are subject to optional redemption by the Authority on or after October 1, 2019, at redemption price of 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

On July 9, 2009, the Authority issued the Series 2009 A Revenue Bonds (Diageo), the proceeds of which amounted to $250,000,000. These bonds are secured by a pledge of Diageo Matching Fund Revenues (Matching Funds generated from the sale of Captain Morgan rum products), which includes certain funds established under the original indenture, the Third Supplemental Indenture and the 2009 Matching Fund Loan Note – Diageo Project, Series A issued by the Government. The bonds bear interest at 6.00% to 6.75% and mature from 2014 to 2037. The proceeds were loaned to the Government under the same terms as the bonds. The bonds are limited special obligations of the Authority.

The bonds were issued to: (i) provide a grant to Diageo USVI, Inc. ("Diageo USVI") to finance the costs of the acquisition, design, development, construction, and equipping of a rum production and maturation warehouse facility to be located on St. Croix (the Diageo Project) (ii) redeem the Subordinated Revenue Bond Anticipation Notes (Virgin Islands Matching Fund Loan Notes – Diageo Project) Series 2009 A issued to finance preliminary costs of the Diageo Project (iii) fund the Series 2009 A Senior Lien Debt Service Reserve Account, (iv) pay capitalized interest on the Series 2009 A Revenue Bonds, and (v) finance certain costs of issuance of the Series 2009 A Revenue Bonds. The Series 2009 A Bonds maturing on or after October 1, 2020 shall be subject to optional redemption on or after October 1, 2019, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

In association with the Series 2009 A Revenue Bonds, the Authority entered into an agreement with Diageo USVI, Inc. (Diageo), on June 17, 2008. Provisions of the agreement call for payments of excess matching funds, after debt service, debt service reserve, and sinking fund redemption payments, to Diageo of 49.5% - 57.0%.

The proceeds of the Series 1992 Revenue bonds were placed in an irrevocable trust to provide for all future debt service payments on the Series 1989 Revenue bonds. At September 30, 2019, the Series 1989 bonds were fully defeased.

All assets held by irrevocable trusts for the refunding of prior outstanding debt and the corresponding liabilities are not included in the Authority's financial statements.

(a) Pledged Funds

The Government has pledged the Matching Fund Revenues, as described below, to the timely payment of principal and interest on the Series 2013 B Revenue and Refunding Bonds, Series 2013 A Revenue and Refunding Bonds, Series 2012 A Revenue Bonds, Series 2010 A and B Revenue Bonds, Series 2009 A Revenue Bonds (Cruzan), the Series 2009 A1, A2, B and C Revenue and Refunding Bonds, and the Series 2009 A Revenue Bonds (Diageo). Thus, all amounts to be received by the Government from federal rum excise tax are deposited directly in a trust account from which the Bonds are paid in accordance with the Indenture of Trust.

The Secretary of the United States Department of Treasury makes annually, certain transfers to the Government of substantially all excise taxes imposed and collected under the internal revenue laws of the United States in any fiscal year on certain products produced in the Virgin Islands (primarily rum) and exported to the United States from the Virgin Islands. The amount required to be remitted to the Government by the Secretary of the Treasury is an amount no greater than the total amount of local revenues (primarily taxes) collected by the Government in each fiscal year. The term "matching fund revenues" is used to denote these payments.

Estimated prepayments of matching fund revenues are made to the Government prior to the beginning of each fiscal year, subject to adjustment for the amount of local revenue actually collected by the United States Department of Treasury during such year. Such adjustments are made to the estimated prepayments for a subsequent fiscal year.

(b) Interest on Bonds

Interest on the Series 2013 B Revenue and Refunding Bonds is payable semi-annually on April 1 and October 1, and principal is payable annually on October 1. The Government is responsible for all principal and interest payments on the Series 2013 B Revenue and Refunding Bonds. The principal and interest payments on October 1 are funded by the Matching Fund Revenues, and the required investment to meet the April 1 interest payment is determined and deposited into the debt service reserve accounts, which is also funded by the Matching Fund Revenues.

Interest on the Series 2013 A Revenue and Refunding Bonds is payable semi-annually on April 1 and October 1, and principal is payable annually on October 1. The Government is responsible for all principal and interest payments on the Series 2013 A Revenue and Refunding Bonds. The principal and interest payments on October 1 are funded by the Matching Fund Revenues, and the required investment to meet the April 1 interest payment is determined and deposited into the debt service reserve accounts, which is also funded by the Matching Fund Revenues.

Interest on the Series 2012 A Revenue Bonds is payable semi-annually on April 1 and October 1, and principal is payable annually on October 1. The Government is responsible for all principal and interest payments on the Series 2012 A Revenue Bonds. The principal and interest payments on October 1 are funded by the Matching Fund Revenues, and the required investment to meet the April 1 interest payment is determined and deposited into the debt service reserve accounts, which is also funded by the Matching Fund Revenues.

Interest on the Series 2010 A and B Revenue Bonds is payable semi-annually on April 1 and October 1, and principal is payable annually on October 1. The Government is responsible for all principal and interest payments on the Series 2010 A and B Revenue Bonds. The principal and interest payments on October 1 are funded by the Matching Fund Revenues, and the required investment to meet the April 1 interest payment is determined and deposited into the debt service reserve accounts, which is also funded by the Matching Fund Revenues. The bonds were fully defeased through an optional redemption on October 1, 2014.

Interest on the Series 2009 A Revenue Bonds (Cruzan) is payable semi-annually on April 1 and October 1, and principal is payable annually on October 1. The Government is responsible for all principal and interest payments on the Series 2009 A Revenue Bonds. The principal and interest payments on October 1 are funded by the Matching Fund Revenues, and the required investment to meet the April 1 interest payment is determined and deposited into the debt service reserve accounts, which is also funded by the Matching Fund Revenues.

Interest on the Series 2009 A1, A2, B and C Revenue and Refunding Bonds is payable semi-annually on April 1 and October 1, and principal is payable annually on October 1. The Government is responsible for all principal and interest payments on the Series 2009 A1, A2, B and C Revenue and Refunding Bonds. The principal and interest payments on October 1 are funded by the Matching Fund Revenues, and the required investment to meet the April 1 interest payment is determined and deposited into the debt service reserve accounts, which is also funded by the Matching Fund Revenues.

Interest on the Series 2009 A Revenue Bonds (Diageo) is payable semi-annually on April 1 and October 1, and principal is payable annually on October 1. The Government is responsible for all principal and interest payments on the Series 2009 A Revenue Bonds. The principal and interest payments on October 1 are funded by the Matching Fund Revenues, and the required investment to meet the April 1 interest payment is determined and deposited into the debt service reserve accounts, which is also funded by the Matching Fund Revenues.

Interest expense related to matching funds revenue bonds payable during the year ended September 30, 2019, was as follows (expressed in thousands):

Series 2013 B Revenue and Refunding Bonds	$ 2,052
Series 2013 A Revenue and Refunding Bonds	831
Series 2012 A Revenue Bonds	6,871
Series 2010 A and B Revenue Bonds	19,280
Series 2009 A Revenue Bond (Cruzan)	1,994
Series 2009 A 1, A 2, B and C Revenue and Refunding Bonds	11,184
Series 2009 A Revenue Bonds (Diageo)	14,832
Total	$ 57,044

(c) Debt Service Requirements on Bonds

Maturity dates and debt service payment requirements as of September 30, 2019, for the Matching Funds Revenue Bonds are as follows (expressed in thousands):

	Total Debt Service		
Year Ending September 30,	Principal	Interest	Total
2020	$ 52,725	$ 55,684	$ 108,409
2021	55,435	52,889	108,324
2022	58,790	49,934	108,724
2023	61,565	46,811	108,376
2024	64,850	43,525	108,375
2025-2029	365,395	162,950	528,345
2030-2034	284,090	68,518	352,608
2035-2039	106,730	17,066	123,796
2040-2044	8,055	215	8,270
	$ 1,057,635	$ 497,592	$ 1,555,227

The Series 2013 B Revenue and Refunding Bonds and Series 2013 A Revenue and Refunding Bonds are not redeemable at the option of the Authority.

The Series 2012 A Revenue Bonds maturing after the dates below are redeemable at the option of the Authority, at prescribed redemption prices expressed as a percentage of the principal amount, as follows:

Series 2012 A Revenue Bonds	Price
October 1, 2023 and thereafter	100%

The Series 2010 A and B Revenue Bonds maturing after the dates below are redeemable at the option of the Authority, at prescribed redemption prices expressed as a percentage of the principal amount, as follows:

Series 2010 A and B Revenue Bonds	Price
October 1, 2021 and thereafter	100%

The Series 2009 A Revenue Bonds (Cruzan) maturing after the dates below are redeemable at the option of the Authority, at prescribed redemption prices expressed as a percentage of the principal amount, as follows:

Series 2009 A Revenue Bonds (Cruzan)	Price
October 1, 2019 and thereafter	100%

The Series 2009 A1, A2, B and C Revenue and Refunding Bonds maturing after the dates below are redeemable at the option of the Authority, at prescribed redemption prices expressed as a percentage of the principal amount, as follows:

Series 2009 A1, A2, B and C Revenue and Refunding Bonds	Price
October 1, 2019 and thereafter	100%

The Series 2009 A Revenue Bonds (Diageo) maturing after the dates below are redeemable at the option of the Authority, at prescribed redemption prices expressed as a percentage of the principal amount, as follows:

Series 2009 A Revenue Bonds (Diageo)	Price
October 1, 2020 and thereafter	100%

Gross Receipts Revenue Bonds

A summary of Gross Receipts Revenue bonds activity for the year ended September 30, 2019, follows (expressed in thousands):

	Balance 9/30/2018	New Issuances	Principal Payments	Balance 9/30/2019
Series 2018 A Revenue Bonds	$ 188,522	$ 17,774	$ -	$ 206,296
Series 2014 D Revenue Bonds	5,235	-	(200)	5,035
Series 2014 C Revenue and Refunding Bonds	232,260	-	(5,510)	226,750
Series 2014 A Revenue Bonds	44,965	-	(1,720)	43,245
Series 2012 C Revenue Bonds	28,130	-	(1,600)	26,530
Series 2012 A and B Revenue and Refunding Bonds	168,540	-	(13,690)	154,850
Series 2006 A Revenue Bonds	193,230	-	(3,485)	189,745
Total	$ 860,882	$ 17,774	$ (26,205)	$ 852,451

Bonds payable at September 30, 2019, in which federal arbitrage regulations apply are comprised of the following (expressed in thousands):

Series 2018 A Revenue Bonds Interest at US Treasury Rate	$ 206,296
Series 2014 D Revenue Bonds Interest at 6.03%	5,035
Series 2014 C Revenue and Refunding Bonds Interest at 4.50% to 5.00%	226,750
Series 2014 A Revenue Bonds Interest at 5.00%	43,245
Series 2012 C Revenue Bonds Interest at 3.00% to 5.00%	26,530
Series 2012 A and B Revenue and Refunding Bonds Interest at 2.25% to 5.25%	154,850
Series 2006 A Revenue Bonds Interest at 3.50% to 5.00%	189,745
Total	852,451
Less: current portion	(27,450)
Add: unamortized bond premiums and discounts, net	23,383
Long-term portion	$ 848,384

On July 1, 2018, the Authority issued the Series 2018 A Revenue Bonds in a private placement to the Federal Emergency Management Agency (“FEMA”). The bonds secure certain Community Disaster Loans (“CDLs”) drawn following Hurricanes Irma and Maria in the United States Virgin Islands in September 2017. These bonds are secured by the pledge of gross receipts tax revenue. The Series 2018 A Revenue Bonds were issued to (i) finance essential functions of the Government’s operations following the hurricanes in the amount of $145.0 million, (ii) finance the operations of the Roy L. Schneider Hospital on the island of St. Thomas in the amount of $28.0 million, (iii) finance the operations of Governor Juan F. Luis Hospital and Medical Center on the island of St. Croix in the amount of $42.0 million, and (iv) fund certain debt service reserve requirements of the bond issuance.

The bonds are subject to optional redemption by the Authority at any time at a redemption price of 100% of the principal amount thereof, plus interest accrued through the redemption date. Interest payments commence October 1, 2019, with interest-only payments through October 1, 2022, calculated on a 360-day year consisting of twelve 30-day months. The Series 2018 A bonds mature in 2038. Interest accruing during the deferral period, from the date of each drawdown through September 30, 2019, bear interest beginning October 1, 2019 equal to the draws on the loan. Semi-annual interest and principal payments are due April 1 and October 1. The Government may request cancellation of the repayment of the CDLs if certain financial conditions exist three fiscal years following the date of the disaster.

On December 3, 2014, the Authority issued the Series 2014 D Revenue Bonds, the proceeds of which amounted to $5,765,000. These bonds are secured by the pledge of gross receipts tax revenues, subject to the annual moderate-income housing fund deposit as well as any prior liens or pledges. The Series 2014 D Revenue Bonds were issued to (i) finance certain costs associated with the broadband expansion program, (ii) fund the debt service reserve of the Series 2014 D Bonds in an amount necessary to meet debt service requirements, and (iii) pay the costs of issuance related to the Series 2014 D Bonds accounts. The Series 2014 D Bonds mature in 2033 at an interest rate of 6.03%.

On November 14, 2014, the Authority issued the Series 2014 C Revenue and Refunding Bonds, the proceeds of which amounted to $247,050,000. These bonds are secured by the pledge of gross receipts tax revenues, subject to the annual moderate-income housing fund deposit as well as any prior liens or pledges. The Series 2014 C Revenue and Refunding Bonds were issued to (i) refund the outstanding Series 2003 A Bonds, (ii) finance all or a portion of the costs of certain capital projects, and (iii) pay the costs of issuance related to the Series 2014 C Bonds. The Series 2014 C Bonds mature from 2015 to 2044 at an interest rate of 4.50% to 5.00%.

The proceeds of the Series 2014 C Bonds related to the refunding were placed in a trust account to provide for all future debt service payments on the 2016 to 2034 maturities of the Series 2003 A Bonds. Approximately $235,249,196 of bond proceeds were deposited into the Escrow Fund accounts. On December 1, 2014, the Series 2003 A bonds were defeased through the exercise of call redemptions.

On September 5, 2014, the Authority issued the Series 2014 A Revenue Bonds, the proceeds of which amounted to $49,640,000. These bonds are secured by the pledge of gross receipts tax revenues and are subject to the annual moderate-income housing fund deposit as well as any prior liens or pledges.

The bonds were issued to (i) finance all or a portion of the costs of certain capital projects, as authorized by the Virgin Islands Legislature in 2013 V.I. Act 7499, as amended by 2014 V.I. Act 7631 as further amended by 2014 V.I. Act 7637 and approved by the Authority by resolution, (ii) fund the Debt Service Reserve account in an amount necessary to meet the Debt Service Reserve Requirement, and (iii) pay the costs and expenses of issuing and delivering the Series 2014 A Bonds. The Series 2014 A Revenue Bonds mature from 2015 to 2034 at an interest rate of 5.00%.

On December 19, 2012, the Authority issued the Series 2012 C Revenue Bonds, the proceeds of which amounted to $35,115,000. These bonds are secured by the pledge of gross receipts tax revenues and are subject to the annual moderate-income housing fund deposit as well as any prior liens or pledges. The bonds were issued to (i) provide a loan to the Government to be used to finance certain operating expenses and other obligations of the Government, (ii) fund capitalized interest on a portion of the Series 2012 C Bonds, and (iii) pay the costs and expenses of issuing and delivering the Series 2012 C Bonds. The Series 2012 C Revenue Bonds mature from 2017 to 2042 at an interest rate of 3.00% to 5.00%.

On November 20, 2012, the Authority issued the Series 2012 A and B Revenue and Refunding Bonds, the proceeds of which amounted to $228,805,000. These bonds are secured by the pledge of gross receipts tax revenues, subject to the annual moderate-income housing fund deposit as well as any prior liens or pledges. The Series 2012 A Revenue and Refunding Bonds were issued to (i) refund the outstanding Series 1999 A Bonds, (ii) refund the outstanding 2010 A1 and A2 Notes, (iii) pay the costs and expenses of issuing and delivering the Series 2012 A Revenue and Refunding Bonds, and (iv) fund the Debt Service Reserve account in an amount necessary to meet the Debt Service Reserve requirement related to the Series 2012 A Revenue and Refunding Bonds. The Series 2012 A Bonds mature from 2017 to 2032 at an interest rate of 2.25% to 5.00%.

The Series 2012 B Revenue and Refunding Bonds were issued to (i) refinance the outstanding 2011 A Notes, which initially financed the Broadband Project, (ii) pay the costs and expenses of issuing and delivering the Series 2012 B Revenue and Refunding Bonds, and (iii) fund the Debt Service Reserve account in an amount necessary to meet the Debt Service Reserve requirement related to the Series 2012 B Revenue and Refunding Bonds. The Series 2012 B Revenue and Refunding Bonds mature in 2027 at an interest rate of 5.25%.

The refunding of the Series 1999 A Bonds, on November 20, 2012, was made in order to obtain lower interest rates. The economic gain obtained by this current refunding is the difference between the present value of old debt service requirements and the new debt service. This refunding resulted in a debt service saving of approximately $11.9 million and an economic gain of approximately $7.7 million.

On September 28, 2006, the Authority issued the Series 2006 A Revenue Bonds, the proceeds of which amounted to $219,490,000. These bonds are secured by a pledge of the Trust estate, which includes certain funds established under the original Indenture, the Seventh Supplemental Indenture and the 2006 Gross Receipts Taxes Loan Note, Series issued by the Government. The proceeds were loaned to the Government under the same terms as the Bonds. The bonds are limited special obligations of the Authority. The bonds bear interest at 3.50% to 5.00% and mature from 2007 to 2029.

The proceeds of the bonds were issued to: (i) refund a portion of the Authority’s Revenue Bonds, Series 1999 A, (ii) pay the cost of a termination fee in connection with an outstanding swap option agreement, (iii) fund certain capital projects, (iv) fund the Debt Service Reserve Account, (v) pay certain costs of issuing the Series 2006 A Revenue Bonds and (vi) fund a net payment reserve account for a new swap agreement. The Series 2006 A Revenue Bonds maturing on or before October 1, 2016 are not subject to optional redemption. The advance refunding of the 2024 and 2029 maturities of the Series 1999 A Bonds was made in order to obtain lower interest rates.

The economic gain obtained by this advance refunding is the difference between the present value of old debt service requirements and the new debt service. This refunding resulted in a debt service saving of approximately $40.8 million and an economic gain of approximately $25.6 million.

The proceeds of the Series 2006 A Revenue Bonds related to the refunding were placed in a trust account to provide for all future debt service payments on the 2024 to 2029 maturities of the Series 1999 A Bonds. Approximately $175,125,168 of funds was deposited into the Escrow Fund accounts. At September 30, 2017, the Series 1999A Revenue Bonds were fully defeased.

(a) Pledged Funds

The Government has pledged Gross Receipts Taxes subject to the annual moderate income housing fund deposit, as well as any prior lien or pledge, to the timely payment of the principal and interest on the Series 2018 A Revenue Bonds, Series 2016 A Notes, Series 2014 E Revenue Note, Series 2014 D Reveue Bonds, Series 2014 C Revenue and Refunding Bonds, Series 2014 B Revenue Notes, Series 2014 A Revenue Bonds, Series 2012 C Revenue Bonds, Series 2012 A and B Revenue and Refunding Bonds, and the Series 2006 A Revenue Bonds. The Government has contracted an independent certified public accounting firm to provide quarterly verification of gross receipts deposits made to the collecting agent, in accordance with bond covenants.

(b) Interest on Bonds

Interest on the Series 2018 A Revenue Bonds is payable semi-annually on April 1 and October 1, and the principal is payable commencing October 1, 2022. The Government is responsible for all principal and interest payments on the Series 2018 A Revenue Bonds. The principal and interest payments on October 1 are funded by pledged Gross Receipts Taxes and determined and deposited into the debt service reserve accounts, which are also funded by Gross Receipts Taxes.

Interest on the Series 2014 D Revenue Bonds is payable semi-annually on April 1 and October 1, and the principal is payable in total on October 1, 2033. The Government is responsible for all principal and interest payments on the Series 2014 D Revenue Bonds. The principal and interest payments on October 1 are funded by the Gross Receipts Taxes, and the required investment to meet the April 1 interest payment is determined and deposited into the debt service reserve accounts, which is also funded by Gross Receipts Taxes.

Interest on the Series 2014 C Revenue and Refunding Bonds is payable semi-annually on April 1 and October 1, and the principal is payable annually on October 1. The Government is responsible for all principal and interest payments on the Series 2014 C Revenue and Refunding Bonds. The principal and interest payments on October 1 are funded by the Gross Receipts Taxes, and the required investment to meet the April 1 interest payment is determined and deposited into the debt service reserve accounts, which is also funded by Gross Receipts Taxes.

Interest on the Series 2014 A Revenue Bonds is payable semi-annually on April 1 and October 1, and the principal is payable annually on October 1. The Government is responsible for all principal and interest payments on the Series 2014 A Revenue Bonds. The principal and interest payments on October 1 are funded by the Gross Receipts Taxes, and the required investment to meet the April 1 interest payment is determined and deposited into the debt service reserve accounts, which is also funded by Gross Receipts Taxes.

Interest on the Series 2012 C Revenue Bonds is payable semi-annually on April 1 and October 1, and the principal is payable annually on October 1. The Government is responsible for all principal and interest payments on the Series 2012 C Revenue Bonds. The principal and interest payments on October 1 are funded by the Gross Receipts Taxes, and the required investment to meet the April 1 interest payment is determined and deposited into the debt service reserve accounts, which is also funded by Gross Receipts Taxes.

Interest on the Series 2012 A and B Revenue and Refunding Bonds is payable semi-annually on April 1 and October 1, and the principal is payable annually on October 1. The Government is responsible for all principal and interest payments on the Series 2012 A and B Revenue and Refunding Bonds. The principal and interest payments on October 1 are funded by the Gross Receipts Taxes, and the required investment to meet the April 1 interest payment is determined and deposited into the debt service reserve accounts, which is also funded by Gross Receipts Taxes.

Interest on the Series 2006 A Revenue Bonds is payable semi-annually on April 1 and October 1, and principal is payable annually on October 1. The Government is responsible for all principal and interest payments on the Series 2006 A Revenue Bonds. The principal and interest payments on October 1 are funded by Gross Receipts taxes, and the required investment to meet the April 1 interest payment is determined and deposited into the debt service reserve accounts, which is also funded by Gross Receipts taxes.

Interest expense related to gross receipts revenue bonds payable during the year ended September 30, 2019, was as follows (expressed in thousands):

Series 2018 A Revenue Bonds	$ 5,811
Series 2014 D Revenue Bonds	304
Series 2014 C Revenue and Refunding Bonds	11,278
Series 2014 A Revenue Bonds	2,162
Series 2012 C Revenue Bonds	1,327
Series 2012 A and B Revenue and Refunding Bonds	7,640
Series 2006 A Revenue Bonds	9,165
Total	$ 37,687

(c) Debt Service Requirements on Bonds

Maturity dates and debt service payment requirements as of September 30, 2019, for the Gross Receipts Revenue Bonds are as follows (expressed in thousands):

	Total Debt Service		
Year Ending September 30,	**Principal**	**Interest**	**Total**
2020	$ 27,450	$ 37,256	$ 64,706
2021	28,690	29,983	58,673
2022	30,095	34,602	64,697
2023	37,076	36,409	73,485
2024	42,453	32,790	75,243
2025-2029	248,317	121,982	370,299
2030-2034	306,112	57,722	363,834
2035-2039	112,943	12,064	125,007
2040-2044	15,710	2,712	18,422
2045-2049	3,605	81	3,686
	$ 852,451	$ 365,601	$ 1,218,052

The Series 2018 A Revenue Bonds maturing after the dates below are redeemable at the option of the Authority, at prescribed redemption prices expressed as a percentage of the principal amount, as follows:

Series 2018 A Revenue Bonds	**Price**
Any time prior to maturity	100%

The Series 2014 D Revenue Bonds maturing after the dates below are redeemable at the option of the Authority, at prescribed redemption prices expressed as a percentage of the principal amount, as follows:

Series 2014 D Revenue Bonds	**Price**
Any time prior to maturity	100% Make-Whole Redemption Price

The Series 2014 C Revenue and Refunding Bonds maturing after the dates below are redeemable at the option of the Authority, at prescribed redemption prices expressed as a percentage of the principal amount, as follows:

Series 2014 C Revenue and Refunding Bonds	Price
October 1, 2024 and thereafter	100%

The Series 2014 A Revenue Bonds maturing after the dates below are redeemable at the option of the Authority, at prescribed redemption prices expressed as a percentage of the principal amount, as follows:

Series 2014 A Revenue Bonds	Price
October 1, 2024 and thereafter	100%

The Series 2012 C Revenue Bonds maturing after the dates below are redeemable at the option of the Authority, at prescribed redemption prices expressed as a percentage of the principal amount, as follows:

Series 2012 C Revenue Bonds	Price
October 1, 2030 and thereafter	100%

The 2012 Series A and B Revenue and Refunding Bonds maturing after the dates below are redeemable at the option of the Authority, at prescribed redemption prices expressed as a percentage of the principal amount, as follows:

Series 2012 A and B Revenue and Refunding Bonds	Price
October 1, 2032 (Series 2012 A)	100%
October 1, 2027 (Series 2012 B)	Make-Whole Redemption Price

The Series 2006 A Revenue Bonds maturing after the dates below are redeemable at the option of the Authority, at prescribed redemption prices expressed as a percentage of the principal amount, as follows:

Series 2006 A Revenue Bonds	Price
October 1, 2016 and thereafter	100%

Federal-Aid Highway Bonds

A summary of Federal-Aid Highway bonds activity for the year ended September 30, 2019, follows (expressed in thousands):

	Balance 9/30/2018	New Issuances	Principal Payments	Balance 9/30/2019
Series 2015 Federal-Aid Highway Bonds	$ 78,610	$ -	$ (3,645)	$ 74,965

Bonds payable at September 30, 2019, in which federal arbitrage regulations apply, are comprised of the following (expressed in thousands):

Series 2015 Federal-Aid Highway Bonds Interest at 3.00% to 5.00%	$ 74,965
Less: current portion	(3,825)
Add: unamortized bond premiums and discounts, net	7,675
Long-term portion	$ 78,815

On December 15, 2015, the Authority issued the Series 2015 Federal-Aid Highway Bonds (the "Series 2015 Bonds"), the proceeds of which amounted to $89,880,000. These bonds are secured by a lien on a security interest in, the Trust Estate, which includes, all rights and interests in (i) the Federal Highway Grant Revenues, (ii) subject to the limitations set forth in the Indenture, the Transportation Trust Fund and the Pledged Transportation Trust Fund Revenues, (iii) the amounts on deposit in certain funds and accounts created under the Indenture, including Debt Service Reserve Fund and (iv) the Loan Agreement and the Loan Note. The bonds are limited special obligations of the Authority. The Series 2015 Bonds were issued to (i) finance costs of certain highway capital projects, (ii) establish debt service reserves, and (iii) pay the costs of issuance related to the Series 2015 Bonds. The Series 2015 Bonds mature from 2016 to 2033 at an interest rate of 3.00% to 5.00%.

(a) Pledged Funds

The Government has pledged the Federal Highway Grant Revenues, as described below, to the timely payment of principal and interest on the Series 2015 Bonds. The Federal Highway Administration's Puerto Rico Division and the Government's Department of Public Works and the Authority, have entered into a Memorandum of Understanding, dated December 9, 2015, documenting the procedures, roles, and responsibilities for (i) programming and authorizing the Approved Projects, (ii) supervising the construction of the Approved Projects, (iii) paying debt service on the Bonds and other Bond Related Charges, and (iv) establishing the funding, transfer, and disbursement process for the proceeds of the Bonds.

(b) Interest on Bonds

Interest on the Series 2015 Bonds is payable semi-annually on March 1 and September 1, and principal is payable annually on September 1. The Government is responsible for all principal and interest payments on the Series 2015 Bonds. The principal and interest payments on September 1 are funded by the Federal Highway Grant Revenues, and the required investment to meet the March 1 interest payment is determined and deposited into the debt service reserve accounts, which is also funded by the Federal Highway Grant Revenues.

Interest expense related to federal-aid highway bonds payable during the year ended September 30, 2019 was as follows (expressed in thousands):

Series 2015 Federal-Aid Highway Bonds	$ 3,930

(c) Debt Service Requirements on Bonds

Maturity dates and debt service payment requirements as of September 30, 2019, for the Federal-Aid Highway Bonds are as follows (expressed in thousands):

	Total Debt Service		
Year Ending September 30,	Principal	Interest	Total
2020	$ 3,825	$ 3,748	$ 7,573
2021	4,015	3,557	7,572
2022	4,220	3,356	7,576
2023	4,430	3,145	7,575
2024	4,650	2,924	7,574
2025-2029	26,970	10,891	37,861
2030-2033	26,855	3,439	30,294
	$ 74,965	$ 31,060	$ 106,025

The Series 2015 Bonds maturing after the dates below are redeemable at the option of the Authority, at prescribed redemption prices expressed as a percentage of the principal amount, as follows:

Series 2015 Bonds	Price
September 1, 2025 and thereafter	100%

8. Notes and Loan Payable

A summary of notes and loan activity for the year ended September 30, 2019, follows (expressed in thousands):

	Balance 9/30/2018	New Issuances	Principal Payments	Balance 9/30/2019	Due Within One Year
2016 A Notes	$ 6,587	$ -	$ (2,136)	$ 4,451	$ 2,136
2014 E Revenue Notes	5,000	-	(5,000)	-	-
2014 B Revenue Notes	6,000	-	(2,000)	4,000	2,000
2012 A TIF Notes	11,180	-	(241)	10,939	10,939
2011 B Revenue Anticipation Notes	643	-	(643)	-	-
WICO loan related to capital assets	42,646	-	(820)	41,826	498
Total	$ 72,056	$ -	$ (10,840)	$ 61,216	$ 15,573

On October 1, 2016, the Authority issued two Subordinate Lien Revenue Notes, Series 2016 A (Virgin Islands Gross Receipts Taxes Loan Notes-Emergency First Responder Project), collectively the "Series 2016 A Notes" in an aggregate amount of up to $10,000,000 to: (i) finance the acquisition of public safety vehicles and related equipment (the "Series 2016A-1 Project"), and (ii) to finance certain consulting services for the improvement of public safety and security in the Virgin Islands, (the "Series 2016A-2 Project"), and (iii) to pay certain costs incidental to the issuance of the Series 2016 A Notes. The Series 2016 A Notes matures in 2021 with variable interest rates based on the 90-day London Inter-bank Offered Rate ("LIBOR") plus 375 basis points.

The Series 2016 A Notes are subject to prepayment by the Authority in whole or in part at any time upon 100% payment of the outstanding principal plus interest accrued to the prepayment date. As of September 30, 2019, the outstanding balance was $4.5 million.

On December 4, 2014, the Authority issued the Subordinate Lien Revenue Anticipation Notes Series 2014 E (Virgin Islands Gross Receipts Taxes Loan Note), in the aggregate amount of $40,000,000 (the "2014 E Revenue Notes"). The purpose of the 2014 E Revenue Notes is to provide a loan to the Government to (i) provide funds for any purpose for which the Government is authorized to use and expend monies, including but not limited to current expenses, capital expenditures, and discharge of any obligations of the Government, and (ii) pay the costs of issuance of the Series 2014 E Revenue Notes. As of September 30, 2019, the note was paid in full.

On September 12, 2014, the Authority issued the Subordinate Lien Revenue Notes, Series 2014 B (Virgin Islands Gross Receipts Taxes Loan Note) in the aggregate amount of $14,000,000 (the "2014 B Revenue Notes"). The proceeds of the Series 2014 B Revenue Notes were loaned to the Government under the same terms, for the purposes of (i) financing general obligations of the Government and (ii) paying certain costs of issuing the 2014 B Notes. Principal is payable in eighty-four (84) consecutive monthly principal installments commencing on November 1, 2014. Interest is assessed at 375 points above the 90-day LIBOR rate. As of September 30, 2019, the outstanding balance was $4.0 million.

On September 25, 2009, the Authority entered into a Bond Anticipation Note Purchase Agreement with a local bank. Under the terms of the Note Purchase Agreement, the bank will purchase up to $15,700,000 in federally taxable Bond Anticipation Notes (the "2009 A TIF Notes") issued by the Authority. The purpose of the Series 2009 A TIF Notes is to provide a loan to the Government (the "Series 2009 A Tax Increment Revenue Loan Note") to finance the development of a shopping complex on the island of St. Croix. The financing is provided under Tax Increment Financing legislation enacted in October 2008 by the Government. Both the 2009 A TIF Notes and the Series 2009 Tax Increment Revenue Loan Note have a term of three years, maturing on October 1, 2012 with interest of 300 points above the J.P. Morgan Chase Prime Rate or 6.25%, whichever is higher.

Under the terms of the 2009 A TIF Notes, the Authority may issue Tax Increment Revenue Bonds to defease the debt prior to that date. The proceeds were used to: (i) fund a capitalized interest account, (ii) pay costs of issuance, and (iii) fund the first phase of the development of the shopping complex. On December 5, 2016, a redemption of $1.0 million of the Series 2012 A TIF Notes was made directly by the Government, pursuant to the Series 2012A Term Loan Indenture of Trust.

On September 24, 2012, the Authority authorized an extension of the maturity date on the Series 2009 A TIF Notes, from October 1, 2015 to October 1, 2017, which was then converted to the Series 2012 A term loan note (the "2012 A TIF Notes"). The Authority sold $13,700,000 in 2012 A TIF Notes to the local bank and loaned that amount to the Government. The Government has pledged Island Crossings Incremental Tax Revenue and proceeds of the anticipated Tax Increment Revenue Bond Anticipation Note to the timely payment of the principal and interest on the 2012 A TIF Notes. Incremental Tax Revenue will be deposited into the Island Crossing Tax Increment Trust account in accordance with the Loan Agreement. As of September 30, 2019, the outstanding balance was $10.9 million.

On November 14, 2011, the Authority entered into a Property Tax Revenue Anticipation Note Loan Agreement (the "2011 B Revenue Anticipation Notes"). Under the terms of the Loan Agreement, the Employees' Retirement System of the Government will loan the Authority up to $13,000,000.

The purpose of the 2011 B Revenue Anticipation Notes is secured by property tax revenue up to and including tax year 2005 to provide a loan to the Government to finance (i) payments made by the Government to government employees who elected to retire under the Retirement Incentive Program, (ii) expenses incurred by the Office of the Lieutenant Governor related to processing, issuing and collecting property tax bills, and (iii) loan issuance costs. The financing is provided under the 2011 Economic Stability Act enacted in July 2011 by the Government. Surplus property tax receipts will be deposited into the Special Real Property Tax Receipts Fund account in accordance with the Loan Agreement.

The 2011 B Revenue Anticipation Notes have a term of five years, with interest rate of 4.91% and a maturity date of December 15, 2016. After the five-year term of the 2011 B Revenue Anticipation Notes, the loan converted to a term loan. As of September 30, 2019, the loan was paid in full.

In July 2017, WICO consolidated various loans with Banco Popular de Puerto Rico in the amount of $42,697,836 at a fixed interest rate of 5.25% per annum, amortized on a 25-year term with a final maturity date of July 2022. Upon maturity, should WICO stay in compliance with the current terms of the loan, it may refinance the loan for a term not to exceed twenty (20) years, subject to new terms and conditions.

WICO may prepay the loan, however there is a prepayment penalty of 2% of the outstanding principal of the loan. Security and collateral for the loan include a first-priority security interest in the WICO's assets and a pledge of the WICO's revenues.

WICO must also maintain insurance on its facilities at full replacement cost value and business interruption insurance equal to one year's net revenues. WICO is required to pay all payments in lieu of taxes ("PILOT") to the Government.

WICO is required to maintain a Debt Service Reserve Fund ("DSR") with the bank in the amount of $3,070,390. WICO is also required to maintain a Debt Service Coverage Ratio Reserve ("DSCR") with an amount equal to the shortfall, if any, between WICO's earnings before interest, taxes, depreciation and amortization ("EBITDA") and WICO's required annual DSCR, so that net revenues are not less than 1.25 times annual debt service payments. WICO is also required to maintain a Fixed Coverage Ratio ("FCR") of 1.10 times EBITDA divided by the current portion of long-term debt ("CPLTD") plus interest expense, PILOT, maintenance, and capital expenses. WICO may not declare dividends during the term of the loan, and no additional equity interests may be granted without the lender's approval.

For the year ended September 30, 2019, WICO was in compliance with the DSR, DSCR and FCR requirements.

The loan agreement also requires WICO to deliver the year-end audited financial statements within 180 days of its fiscal year end. For the year ended September 30, 2019, the bank has granted WICO a waiver from this requirement with the agreement that audited financial statements will be delivered by June 30, 2021.

The Authority has pledged WICO revenues to the timely payment of principal and interest of the loan.

Interest expense related to notes and loan payable during the year ended September 30, 2019, was as follows (expressed in thousands):

2016 A Notes	$ 266
2014 B Revenue Notes	309
2012 A TIF Notes	856
2011 B Revenue Anticipation Notes	6
WICO loan related to capital assets	2,250
Total	$ 3,687

Debt Service Requirements on Notes and Loan Payable

Future minimum payments of principal for the five years subsequent to September 30, 2019, and thereafter, are as follows:

	Total Debt Service		
Year Ending September 30,	**Principal**	**Interest**	**Total**
2020	$ 15,573,919	$ 2,801,094	$ 18,375,013
2021	4,894,348	2,345,706	7,240,054
2022	40,747,743	1,983,434	42,731,177
	$ 61,216,010	$ 7,130,234	$ 68,346,244

9. Due to the Government

Due to the Government represents funds held by the Authority on behalf of the Government for payment of construction projects and debt service payments. Due to the Government movement for the year ended September 30, 2019, was as follows:

	Debt Service Fund	Construction Fund
Beginning balance	$ 212,569,187	$ 320,608,842
Funds received for debt service	73,572,463	260,603,901
Debt service	(191,847,265)	-
Investment income	13,101,061	2,985,018
Proceeds from the issuance of bonds and loans	1,735,337	-
Bank fees	-	(387)
Other income	-	6,251
Capital outlays (including reimbursements)	-	(21,436,280)
General and administrative expenses	(3,160,374)	(3,500,615)
Interfund transfer	208,666,364	(208,666,364)
Transfer of investments	331,760	-
Transfer of funds from the Government	-	(42,685,478)
Transfers (from) to rum producers	(98,480,626)	-
Department of Transportation grants	7,575,500	-
Ending balance	$ 224,063,407	$ 307,914,888

10. Payments on Behalf of the Government

During the year ended September 30, 2019, the following amounts were disbursed and reported as a reduction of restricted resources held for the Government in the Statement of Net Position and as payments on behalf of the Government in the Statement of Cash Flows.

2016 A Notes	$ 1,218,981
Series 2015 Federal-Aid Highway Bonds	11,599,249
Series 2014 C Revenue and Refunding Bonds	5,994,209
Series 2014 A Revenue Bonds	161,940
Series 2012 C Revenue Bonds	524,463
Series 2009 A1, A2, B, and C Revenue and Refunding Bonds	1,396,703
Series 2009 A Revenue Bonds (Diageo)	36,349
Series 2003 A Revenue Bonds	45,000
KAMI	6,252
Recovery Grant Management	42,999,924
Administrative Funds	1,796,961
	65,780,031
Budgetary transfers	8,500,000
Total payments on behalf of the Government	$ 74,280,031

During the year ended September 30, 2019, the Authority charged the Government fees amounting to $2,254,844 for its investment and bond management services, which is included in the charges for services in the Statement of Revenues, Expenses, and Changes in Net Position.

11. User Agreements and Fixed Rentals

Warehouse and Land Rentals

WICO leases several warehouses and land to commercial businesses under the terms of several lease agreements. The lease agreements include contracts with non-cancelable terms for fixed rental charges. The agreements expire at various dates through 2024. During the year ended September 30, 2019, WICO generated revenues of $771,486 through leasing arrangements.

As of September 30, 2019, the leased property included depreciable capital assets of approximately $4.7 million, less accumulated depreciation of approximately $2.6 million, for a net book value of $2.1 million.

Future estimated minimum fixed rentals under the non-cancelable lease agreements follow:

Year Ending September 30,	2020	2021	2022	2023	2024	Total
Warehouse rental	$ 7,500	$ -	$ -	$ -	$ -	$ 7,500
Land rentals	423,250	436,000	448,750	461,500	474,250	2,243,750
Total	$ 430,750	$ 436,000	$ 448,750	$ 461,500	$ 474,250	$ 2,251,250

Berthing Right Agreements

WICO has entered into agreements with certain cruise lines providing preferential berthing rights in exchange for a passenger service charges ("PSC") with guaranteed annual revenue due to WICO. The agreements commenced on October 1, 2016 and extend through September 30, 2021, with optional extension periods through September 30, 2026. WICO will track and reconcile passenger manifests on an annual basis to determine amounts due to or owed by WICO.

As of September 30, 2019, approximately $1.8 million was due from participating cruise line(s) under these agreements and is included in receivables in the Statement of Net Position.

Government Employees' Retirement System of the U.S. Virgin Islands ("GERS")

On September 29, 2014, WICO renewed its management agreement with GERS under which WICO administers the real estate operations sold to GERS in consideration of rent for office buildings used by WICO.

WICO charges 6% of gross rent receipts for the administration of GERS' properties. For the year ended September 30, 2019, total management fees earned by WICO under this agreement amounted to $357,831. The agreement also provides that certain payroll costs be allocated between WICO and GERS. During the year ended September 30, 2019, payroll costs allocated to GERS were approximately $2.0 million. The amount due from GERS in connection with these allocations amounted to $312,765 at September 30, 2019 and is included in receivables in the Statement of Net Position. Also see note 19.

12. Grants and Contributions

On December 9, 2015, the Authority and the Government entered into a Memorandum of Understanding with the Federal Highway Administration, Puerto Rico Division which documents the procedures, roles, and responsibilities for (i) programming and authorizing the approved projects for the Series 2015 Bonds, (ii) supervising the construction of the approved projects, and (iii) paying debt service for the bonds.

Following Hurricanes Irma and Maria in September 2017, WICO and viNGN submitted expenses for reimbursement to the Federal Emergency Management Agency ("FEMA") for repairs and additional expenses incurred as a result of the Hurricanes. Total expenses approved by FEMA for WICO and viNGN the year ended September 30, 2019, were $165,718 and $176,923 respectively.

In July 2018, viNGN was awarded a grant for $497,000 from the Department of Interior's Office of Insular Affairs Technical Assistance Program ("TAP"). The grant funding is to be used for the Recovery and Restoration of Fiber Optic Cable Network Infrastructure Equipment project. As of September 30, 2019, $37,998 expenses were incurred on the grant award.

Under federal legal authority, eligible debt service costs may be reimbursed using Federal Highway Administration funding, subject to the amount of funding provided to the Virgin Islands by the Federal government. For the year ended September 30, 2019, $7.6 million of federal funding was received by the Government for debt service requirements for the Series 2015 Bonds.

13. Commitments and Contingencies

Operating Lease Agreements

The Authority entered into a twenty-year lease for a property in St. Croix from February 15, 1996 through February 15, 2016 and which was subsequently renewed for an additional twenty years, through February 15, 2036. In July 2015, the Authority entered into a five-year lease agreement to rent office space on the island of St. Croix at a monthly rent of $3,164 with annual increases of no more than 3%.

Future minimum lease payments for the remaining fiscal years are as follows:

Year Ending September 30,	
2020	$ 95,675
2021	70,000
2022	70,000
2023	70,000
2024	70,000
2025-2029	350,000
2030-2034	350,000
2035-2036	93,333
Total	$ 1,169,008

In 2015, viNGN entered into a five-year lease for a warehouse owned by TOPA Properties, LLC which expires on August 31, 2020, and contains two 5-year renewable options each with a 5-year term through August 31, 2030. The agreement was not renewed and future minimum lease payments for fiscal year 2020 amount to $82,500.

In 2016, viNGN also entered into a three-year lease for a warehouse owned by the Virgin Islands Development Park Corporation, which expired on October 31, 2018. viNGN continues to lease the space on a month-to-month basis.

Contractual Agreements

(a) Professional Services for Recovery Efforts

In November 2017 and on behalf of the Government, the Authority entered into a professional services contract to coordinate recovery efforts with FEMA and other federal agencies following the two Category 5 hurricanes in September 2017. The initial contract provided for annual compensation not to exceed $5.0 million, a term of five years from November 30, 2017, and provisions for the parties to extend the contract in two-year increments by mutual agreement. In February 2018, the contract was amended to revise the scope of work and increase the compensation of the contract to $10.0 million annually, retroactive to November 2017. In August 2018, a second amendment was added to the contract of HUD riders containing provisions required by federal regulations for Community Development Block Grants – Disaster Relief Program. In December 2018, the contract was amended to retroactively increase the annual compensation to $16.0 million through November 30, 2018.

The temporary increase of $6.0 million was due to the Government's aggressive campaign to identify, assess, secure, and manage a larger percentage of the available resources and funding from FEMA and other federal agencies through November 30, 2018. Effective December 1, 2018, the contract amount was returned to $10.0 million.

Also, in November 2017 and on behalf of the Government, the Authority entered into a second professional services contract to coordinate recovery efforts. The competitive bid contract was for a term of five (5) years following the effective date of the contract and may be extended in two (2) two-year increments for a maximum term of nine (9) years. Compensation under the agreement was capped at $15.0 million annually including out-of-pocket expenses. In April 2018, the contract was amended to increase the compensation amount to $50.0 million annually, retroactive to November 2017. The increase is described in the amendment as due to an increase in the demands of the Government's aggressive campaign to identify, access, secure and manage a larger percentage of the available federal resources and funding from FEMA and other federal agencies. In September 2018, the contract was amended a second time to increase the compensation amount to $80.0 million annually, retroactive to November 30, 2017. The increase is described in the amendment as due to the exhaustion of the $50.0 million, and the continuing aggressive campaign to obtain federal funding following the hurricanes. In December 2018, the contract was amended a third time to increase the contract amount temporarily to $85.0 million through November 30, 2018. Effective December 1, 2018, the contract amount returned to the $80.0 million as specified in the second amendment.

For the year ended September 30, 2019, the total amount due to the disaster recovery consultants related to these contracts was $104,242,049 and reflected as noncurrent accrued expenses in the Statement of Net Position. Also see Note 19.

On May 4, 2018, the Authority entered into Memorandums of Understanding ("MOU") with the Virgin Islands Water and Power Authority ("WAPA") and with the Virgin Islands Housing Finance Authority ("VIHFA"), autonomous instrumentalities of the Government for disaster recovery consulting. The MOUs terminate at the expiration of the contract between the Authority and the disaster recovery consultants. Invoices from the disaster recovery consultants are received by the Authority, provided to WAPA and VIHFA for approval, and remitted back to the Authority for submittal to federal grantors and payment.

(b) Virgin Islands Waste Management Authority

On October 26, 2016, the Authority entered into a Memorandum of Understanding ("MOU") with the Virgin Islands Waste Management Authority ("VIWMA"), to comply with a September 28, 2016 order by the District Court to establish a Landfill/Solid Waste Remediate Fund ("the Fund") to pay for urgent projects at the landfills required under Consent Decrees entered into with the Environmental Protection Agency.

The order by the District Court stipulates that the Fund be managed by the Authority through a separately established escrow account in the amount of $3,103,909, and that all landfill projects be completed on or before September 30, 2018. As of September 30, 2019, the amount remaining in the escrow account was $536,995.

Molasses Subsidy Fund

The Government maintains a program, established pursuant to law, in which it provides a subsidy to stabilize the cost of molasses to the Virgin Islands rum producers to ensure the competitive pricing of rum produced in the Virgin Islands. The effect of the molasses payments is to maintain the competitive position of the Virgin Islands rum producers relative to the rum producers in other countries in which local molasses supplies are readily available. The molasses subsidy is administered by the Commissioner of Finance through the establishment of a legislatively mandated Molasses Subsidy Fund. In the event of a deficiency in the Molasses Subsidy Fund, the Commissioner of Finance could seek legislative appropriation of additional funds, as required, from the Legislature of the Virgin Islands. The Legislature, however, is not obligated to appropriate such amounts.

Notwithstanding the Government's past financial difficulties, the Legislature of the United States Virgin Islands has not yet waived or reduced the Molasses subsidy. If such an event should occur, the rum producers could experience a decrease in their operations, and therefore result in a reduction of the federal excise taxes returned to the Government by the United States Government. The collectability of the loans receivable from the Government is highly dependent on the ability of the Government in collecting these taxes.

On December 18, 2015, Congress retroactively extended the $13.25 per proof gallon rum excise tax rate from January 1, 2015 through December 31, 2016 with the Protecting Americans from Tax Hikes ("PATH") Act. The Tax Cuts and Jobs Act passed by Congress in December 2017 retroactively extended the $13.25 per proof gallon rum excise tax rate from January 1, 2017 to December 31, 2022.

Bond Credit Ratings

In August 2017, Fitch Ratings downgraded the Authority's Matching Funds Revenue and Gross Receipts Tax debt to B from BB-. In the same month, the Government stopped providing information to Standard & Poor's necessary to evaluate the Government's liquidity, and that rating agency withdrew its credit ratings for the Virgin Islands in October 2017. In January 2018, Moody's Investors Service Ratings downgraded the Authority's Matching Funds Revenue Bonds as follows: Senior Lien Bonds to Caa2 from Caa1; Subordinate Lien Bonds to Caa3 from Caa2; Subordinated Indenture (Diageo) Bonds to Caa3 from Caa2; and Subordinated Indenture (Cruzan) Bonds to Caa3 from Caa2. The downgrade in rating was due to the insolvency of the Territory's pension system and the projected economic effect of Hurricanes Irma and Maria. Also see Note 19.

Litigation

During the normal course of business, the Authority is a defendant in various lawsuits. In the opinion of management and legal counsel, the outcome of these cases and resulting liability, if any, is either adequately covered by insurance or should not materially affect the Authority's financial position.

Grant Funds

In connection with Federal grant programs, the Authority is obligated to administer and spend the grant monies in accordance with regulatory restrictions and is subject to audit by the grantor agencies.

In cases of non-compliance, the agencies involved may require the Authority to refund program monies. Management believes these non-compliance instances, if any, should not materially affect the Authority's financial position.

Additionally, the Government is a recipient of disaster recovery funds due to the September 2017 hurricanes. In December 2020, the Authority on behalf of the Government, received notice from the Federal Emergency Management Agency ("FEMA") of the results of audits related to the Public Assistance Grant Program awards. As a result, the Government received a notice of potential debt in the amount of $134.7 million. In response to the notice, in February 2021, the Authority and the Government exercised their option to appeal the notice and provided additional clarification and documentation. Audits of disaster recovery funds may continue for decades, and federal reimbursements may be required to be repaid as a result of federal audits. Management believes that any such claims or actions by FEMA will be resolved and will not have a material impact to the awards or the financial statements of the Authority.

14. Retirement and Pension Plan

Defined Contribution Plans

WICO sponsors a defined contribution retirement and savings plan (the "Plan") for its employees. Under the provisions of the Plan, employees must contribute at least 3% of their gross compensation but may also contribute up to 7%. WICO matches 3% of the employees' contribution plus a non-elective distribution at the discretion of WICO, which is divided among eligible employees, proportionate to compensation. Required contributions to the pension and savings plan made and charged to operations were approximately $87,000 for the year ended September 30, 2019. WICO does not offer other post-retirement benefits to its employees.

viNGN sponsors a defined contribution retirement plan for its employees. Employees who receive a salary of at least $5,000 are eligible to participate in the plan. viNGN matches the employee's contribution up to a maximum of 2% of the eligible employee's compensation. viNGN contributed approximately $24,000 in matching employer contributions for the year ended September 30, 2019. viNGN does not offer other post-retirement benefits to its employees.

Defined Benefit Plan

Following is a description of the pension plan and accounting for pension expense, liabilities, and deferred outflows/inflows of resources. As required, the Authority follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* and GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73.*

(a) Plan Description and Benefits

Full time employees of the Authority are members of the Government Employees' Retirement System of the U.S. Virgin Islands ("GERS"), a cost sharing, multiple-employer, defined benefit pension plan (the plan) established as of October 1, 1959 Title 3, Chapter 27 of the V.I. Code to provide retirement, death, and disability benefits.

Benefits may be extended to beneficiaries of plan members. The plan covers all employees of the Authority except employees compensated on a contract fee basis, casual, per diem or provisional and part time employees who work less than twenty (20) hours per week.

Persons over the age of fifty-five (55) may opt out of the plan by providing formal notification to the plan. Vesting of benefits occurs after ten (10) years of service. Benefits may be extended to beneficiaries of plan members.
There are two tiers within the plan:

Tier I: Employees hired prior to September 30, 2005
Tier II: Employees hired on or after October 1, 2005

Regular Tier I employees who have completed thirty (30) years of credited service or have attained age sixty (60) with at least ten (10) years of credited service are eligible for a full-service retirement annuity. Regular Tier II employees who have attained age sixty-five (65) with at least ten (10) years of service are eligible for a full-service retirement annuity. Members who are considered "safety employees " as defined in the Code are eligible for full-service retirement benefits under Tier I when they have earned at least twenty (20) years of government service or have reached the age of fifty-five (55) with at least ten (10) years of credited service. Under Tier II, safety employees are eligible for full retirement when they have earned at least twenty-five (25) years of government service and have reached age fifty-eight (58) or have reached age (60) with at least ten (10) years of service.

The monthly annuity benefit payment is determined by applying a stipulated benefit ratio to the member’s average compensation. Average compensation for regular and safety Tier I members is determined by averaging the five highest years of credited service within the last ten years of service, subject to the maximum salary limitations in effect during such service. Average compensation for regular and safety Tier II members is based on career average salary subject to the maximum salary limitations in effect during the service. The maximum annual salary that can be used in this computation for regular and safety employees is $65,000.

In 1995, the Early Retirement Incentive Training and Promotion Act was amended by the Legislature to allow a member with a combined aggregate number of years of service and age of at least seventy-five (75) years to retire without a reduction in their annuity. Early retirement benefits provided under the Act vary depending upon age of retirement, type of employment, and credited years of service.

GERS is a separate and independent agency that is included for financial reporting purposes as a blended pension trust fund of the Government. GERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Government Employees’ Retirement System of the U.S. Virgin Islands, 3438 Kronprindsens Gade, St. Thomas, VI 00802.

(b) Funding and Contribution Policy

Contributions to GERS are established by the Board of Trustees of GERS. The Government’s required employer contribution for Tier I and Tier II members effective January 1, 2015, was 20.50% of the member’s annual salary. On January 1, 2020, the employer contribution for Tier I and Tier II members was increased to 23.5%.

Employee contribution rates (as a percentage of payroll) for fiscal year 2019 were as follows:

	Tier 1	Tier 2
Regular Employees	11.0%	11.5%
Public Safety Employees	13.0%	13.625%

Prior to June 29, 2000, member contributions were refundable without interest upon withdrawal from employment before retirement. Effective July 1, 2009, GERS' Board of Trustees approved an effective annual interest rate on refunded contributions of 2.00% per annum.

Both the plan and the Authority have a September fiscal year end. GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

September 30,	2019
Valuation Date	October 1, 2018
Measurement Date	September 30, 2018
Measurement Period	October 1, 2017 – September 30, 2018

The Authority is considered an employer of the plan with a proportionate share of .1115% as of September 30, 2019, which was a decrease of .0013% from its proportionate share measured at September 30, 2018. The Authority's percentage was estimated by management based on the average of each employer's contributions during the period October 1, 2014 through September 30, 2018. The Authority's proportionate share of employer contributions recognized by GERS was $90,988 for the plan's fiscal year ended September 30, 2018.

(c) Pension Liabilities, Expense, and Deferred Outflows/Inflows of Resources

As of September 30, 2019, the actuarial calculated net pension liability for the Authority's proportionate share of the net pension liability of the plan was $4.7 million. The net pension liability of the plan is measured as of September 30, 2018, and the total pension liability for the plan used to calculate the net pension liability was determined by an actuarial valuation as of October 1, 2018. For the year ended September 30, 2019, the Authority recognized pension expense of $267,178 inclusive of amortization of deferred outflows and deferred inflows of pension related items.

Following is a schedule of deferred outflows of resources and deferred inflows of resources allocated to the Authority in the computation of the net pension liability for the year ended September 30, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 108,060	$ -
Net difference between projected and actual investment earnings on pension plan investments	8,790	-
Changes in assumptions	547,135	579,614
Changes in proportion and differences between contributions and proportional share of contributions	214,469	82,118
Contributions subsequent to measurement date	138,355	-
Total	$ 1,016,809	$ 661,732

The amount reported for contributions subsequent to the measurement date of $138,355 will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows and deferred inflows, exclusive of contributions made after the measurement date, will be recognized in pension expense as follows:

Year Ending September 30,	
2020	$ 480,557
2021	548,622
2022	(94,605)
2023	(87,031)
2024	(428,275)
Thereafter	(202,546)
Total	$ 216,722

(d) Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the total pension liability as of the measurement date at September 30, 2018, is provided below. Refer to the October 1, 2018, actuarial valuation report for a complete description of all other assumptions, which can be found on GERS' website.

September 30,	2018
Inflation Rate	2.50%
Salary Increases	3.25% including inflation
Actuarial Cost Method	Entry age normal
Expected Rate of Return	7.00%
Municipal Bond Yield	4.18%
Discount Rate	4.25%
Mortality Table	RP-2014 Blue Collar

The demographic assumptions for the 2018 actuarial valuation are based on the results of an actuarial experience study for the period October 1, 2011 through September 30, 2015.

(e) Investment Rate of Return

The long-term expected rate of return of 7.00% for the year ended 2018 on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date of September 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	29%	6.16%
International Equity	12%	6.71%
Fixed Income	27%	1.71%
Cash	2%	0.91%
Alternatives	30%	5.50%
Total	100%	

(f) Discount Rate

The discount rate used to measure total pension liability was 4.25% as of September 30, 2018, which was an increase of 0.51% from the discount rate as of September 30, 2017. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate, including the future increases in the employee contribution rates legislated. Based on those assumptions, the plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.00% was applied to all periods of projected benefit payments that are covered by projected assets. For periods where projected future benefit payments are not covered by projected assets, the yield on a 20-year AA Municipal Bond Index was applied, which was 4.18% as of the measurement date at September 30, 2018.

(g) Sensitivity to Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability ("NPL") for the plan, calculated using the discount rate, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate for the year ended September 30, 2019:

1% Decrease - Share of NPL @ 3.25%	Share of NPL @ 4.25%	1% Increase - Share of NPL @ 5.25%
$ 5,376,836	$ 4,674,397	$ 4,090,759

Detailed information about the pension plan's fiduciary net position is available in the separately issued GERS financial report.

15. Risk Management

As with all business enterprises, the Authority is exposed to various risks of losses, including potential liability issues in the normal course of business that confront all businesses as well as property losses that can result from thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority mitigates this risk of loss by purchasing commercial insurance, including general liability, property, vehicle, and employee health, life and accident. The Authority's commercial insurance policies cover catastrophic exposures, as well as those risks required to be insured by law or contract. It is the policy of the Authority to insure what in its opinion are adequate amounts of risk coverage, especially in relation to the cost of such coverage, the effect of such is to retain a significant portion of certain risks related primarily to physical loss of property and business interruption. There were no reductions in coverage from the prior year, and the amount of settlements has not exceeded insurance coverage for each of the past three years.

16. Blended Component Unit Reporting

The component units of WICO, viNGN and KAMI have the same fiscal year end as the Authority. The component unit of Lonesome Dove has a fiscal year ended December 31, 2018. Condensed financial statements for the major component units are presented below. To obtain audited financial statements for WICO or viNGN, please contact the Authority at 32 & 33 Kongens Gade, Government Hill, St. Thomas, U.S. Virgin Islands 00802. KAMI and Lonesome Dove do not have separate audited financial statements.

(expressed in thousands)	WICO	viNGN	KAMI	Lonesome Dove
Condensed Statement of Net Position:				
Assets:				
Current assets	$ 14,066	$ 2,556	$ 1,725	$ 34
Capital assets, net of depreciation	42,645	62,762	3,159	9,016
Total assets	$ 56,711	$ 65,318	$ 4,884	$ 9,050
Liabilities:				
Current liabilities	$ 10,145	$ 265	$ 55	$ -
Long-term portion of loan payable	41,328	-	-	-
Other liabilities	1,064	-	650	9,016
Loan payable to the Authority	-	36,804	-	-
Total liabilities	$ 52,537	$ 37,069	$ 705	$ 9,016
Net Position:				
Invested in capital asset, net of debt	$ 819	$ 25,958	$ 3,183	$ -
Restricted	6,985	-	-	34
Unrestricted (deficit)	(3,630)	2,291	996	-
Total net position	$ 4,174	$ 28,249	$ 4,179	$ 34

(expressed in thousands)	WICO	viNGN	KAMI	Lonesome Dove
Condensed Statement of Revenue, Expenses, and Changes in Net Position:				
Operating revenues	$ 9,702	$ 3,707	$ 763	$ 628
Operating expenses	(4,940)	(4,543)	(724)	(71)
Depreciation and amortization	(3,207)	(5,044)	(488)	-
Operating income (loss)	1,555	(5,880)	(449)	557
Non-operating income (loss)	1,381	1,494	-	(625)
Change in net position	2,936	(4,386)	(449)	(68)
Net position, beginning of year	1,238	32,635	4,628	102
Net position, end of year	$ 4,174	$ 28,249	$ 4,179	$ 34

(expressed in thousands)	WICO	viNGN	KAMI	Lonesome Dove
Condensed Statement of Cash Flows:				
Net cash provided by (used in):				
Operating activities	$ 4,291	$ (1,440)	$ 49	$ 557
Noncapital financing activities	510	565	6	(625)
Capital and related financing activities	518	471	(9)	-
Investing activities	41	4	-	-
	5,360	(400)	46	(68)
Cash and cash equivalents, beginning of year	5,501	1,881	1,619	102
Cash and cash equivalents, end of year	$ 10,861	$ 1,481	$ 1,665	$ 34

17. Segment Information

WICO has outstanding loans payable to a local bank in the amount of $41.8 million. The revenue streams of WICO are pledged in support of the debt, which is guaranteed by the Authority.

WICO is a wholly owned port facility including a cruise ship pier, shopping mall, and rental complex on the island of St. Thomas. WICO's operating revenues consist of agency fees charged to cruise lines and rental income. WICO's operations have been negatively affected by the reduction in cruise ship traffic caused in part by the relocation of cruise ships from its facilities to the nearby Crown Bay facility owned by the Virgin Islands Ports Authority and due to reduced cruise ship traffic following the hurricanes of 2017. Also see note 19.

WICO also owes $8.0 million to the Government in payment in lieu of taxes ("PILOT") authorized by the Legislature of the Virgin Islands. Act 8053 authorizes the reduction of PILOT liabilities for amounts expended to repair and renovate a historic property located in Estate Catherineberg.

viNGN has an interest free loan from the Authority, that was utilized to finance viNGN's capital assets and construction projects including certain portions of the optical network. The loan has no repayment schedule nor have any covenants been established. There were no new borrowings or payments to the Authority during the year ended September 30, 2019. The outstanding balance of the loan as of September 30, 2019, was $36.8 million.

18. Financial Condition

The bonds and notes issued by the Authority are supported by the Government's pledged revenues, and the Authority is highly dependent on the Government repaying its loans to the Authority for the Authority to repay its obligations. The Government is in a significant net deficit position and currently faces various fiscal, economic, and liquidity challenges.

As of September 30, 2019, all payments on the bonds and notes have been made as required and the Authority is in compliance with all related covenants. Further, as of the date of this report, revenues pledged for debt service have not been significantly impacted by the Government's financial condition and it is unknown what impact, if any, the Government's financial condition will have on the Authority.

19. Subsequent Events

Contractual Agreements - Professional Services for Recovery Efforts

Subsequent to September 30, 2019 and through June 30, 2021, the Authority reported outstanding invoices from the two professional consulting services firms amounting to $107.1 million and $6.5 million, respectively. Invoices submitted by the consultants are reviewed by the Authority and submitted to the Government, Office of Disaster Recovery, the Virgin Islands Housing Finance Authority, or the Virgin Islands Water and Power Authority for approval. Upon completion of the review and approval process, invoices are then submitted for reimbursement to the appropriate federal grantor.

Series 2019 A Tax Increment Revenue Loan-Note

In November 2019, the Authority entered into the Series 2019 A Virgin Islands Tax Increment Revenue Loan Note-Island Crossings Shopping Center loan with a local bank in the amount of $12.0 million and the TIF Project Developer Loan Note payable to CDP, LLC in the amount of $1.6 million. The proceeds of the loans were used to: 1) defease the Series 2012A TIF Notes with outstanding principal of approximately $11.0 million and accrued interest of $104,000, 2) make a settlement payment to the developer of the Island Crossings Shopping Center in the amount of $2.1 million, 3) fund certain debt service reserves, and 4) pay the costs of the issuance.

Series 2020 A Line of Credit

In December 2020, the Authority entered into the Series 2020 A Virgin Islands Tax Revenue/Subordinate Lien Gross Receipts Taxes line of credit with two local banks in the amount of $60.0 million. The proceeds of the loans were used for mandatory operating costs, including payroll, utilities, rent, and ongoing essential contract obligations authorized in the Government's 2020 and 2021 budgets. Monthly repayment installments commenced on May 1, 2021.

Bond Credit Ratings

In December 2019, Standard & Poor's Global Ratings revised its outlook from negative to stable and affirmed its A rating on the outstanding grant anticipation revenue bonds (GARVEE Series 2015A bonds) of the Authority.

In January 2020, Moody's Investors Service confirmed as "stable" the Caa3 rating of the Authority's bonds.

Component Units

(a) WICO

Subsequent to year end, WICO received a reimbursement of $155,929 as part of the Territory's FEMA disaster recovery grant.

In March 2020, WICO's management agreement with GERS was terminated. As a result of the termination of the agreement, WICO reduced its workforce by thirty-eight (38) employees, resulting in a one-time separation charge of approximately $1.2 million.

In May 2020, WICO was notified by Banco Popular de Puerto Rico that monthly payments on the outstanding loan payable (see Note 8) would be deferred for 90 days as a result of the COVID-19 pandemic. In September 2020, an additional 90 day moratorium was granted to the Company with regular repayments resuming in November 2020.

(b) viNGN

Subsequent to year end, viNGN received a reimbursement of $55,245 as part of the Territory's FEMA disaster recovery grant. Additionally, viNGN has received approximately $2.0 million in connection with its insurance claims related to the damages incurred as a result of Hurricanes Irma and Maria.

In April 2020, viNGN amended its Memorandum of Agreement ("MOA") with the Virgin Islands Water and Power Authority ("WAPA"), an autonomous instrumentality of the Government. As part of the original agreement, viNGN has an exclusive use of certain underground fiber and infrastructure owned by WAPA. Following Hurricanes Irma and Maria in 2017, as WAPA has obtained certain federal funding for the hardening of its infrastructure, the MOA was amended to provide viNGN a continued and exclusive right to use all future telecommunications fiber and spare underground or subsea conduit owned by WAPA.

Global Pandemic

In January 2020, the World Health Organization announced a global health emergency due to a new strain of coronavirus known as COVID-19. Subsequently, in March 2020, the Governor of the U.S. Virgin Islands declared a state of emergency. The state of emergency was approved by the President of the United States under the provisions of the Stafford Act and the National Emergencies Act. A federally approved state of emergency activates federal assistance to states in the form of financial, logistical, and technical assistance. The state of emergency also activates other emergency response protocols and systems to protect citizenry such as stay-at-home orders, travel restrictions, and social distancing requirements.

Also in March 2020, the Centers for Disease Control and Prevention issued a No Sail Order ("Order") for cruise ships. WICO derives a material portion of its revenue from servicing cruise ships owned by established cruise lines. As a result of the Order and state of emergency, WICO announced a temporary closure of its port which remains in effect as of date of this report. WICO's fee for services revenue for fiscal years 2020 and 2021 has been impacted due to the pause in cruise operations.

As of the date of issuance of this report, viNGN operations continued as normal and viNGN has been designated as an essential service by the Government.

As the emergency measures are eased, management continues to actively monitor the evolving impact of the COVID-19 outbreak on its financial condition, including the duration of the closings, speed of recovery, and impact on demand. Further, the development, approval, and dissemination of a vaccine provides the potential for the resumption of cruise operations and management estimates that cruise travel will resume by September 2021. Management also continues to identify and implement various mitigation efforts to minimize the impact on results of operations, financial position, and liquidity.

Economic Relief Legislation

In March 2020, the President of the United States signed into law the "Coronavirus Aid, Relief, and Economic Security (CARES) Act." The CARES Act, among other things, appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to state, territorial, local, and tribal governments. In December 2020, "The Consolidated Appropriations (CA) Act" was passed. The CA Act, among other things, provided for an extension of time to spend any CARES Act funds until December 31, 2021, and provided funding for education, healthcare, broadband, and transportation.

In March 2021, "The American Rescue Plan (ARP) Act of 2021" was signed into law. The ARP Act, among other things, appropriated funds for the Coronavirus Capital Projects Fund and for specified uses for state, territorial, local, and tribal governments. There is no assurance that the Authority will be eligible for these funds or will be able to obtain them.

The Authority has evaluated all programs related to the CARES and CA Acts. During fiscal year 2021, WICO applied for a loan under the Paycheck Protection Program. WICO received its requested loan amount of approximately $717,000 in May 2021. The Authority continues to examine the impact that the ARP Act may have on its operations.

Management's Evaluation

Management has evaluated any events or transactions occurring after September 30, 2019, the statement of net position date, through June 30, 2021, the date the financial statements were available to be issued, and noted that there have been no additional events or transactions which would require adjustments to or disclosure in the Authority's financial statements for the year ended September 30, 2019.

Required Supplementary Information

Virgin Islands Public Finance Authority
(A Blended Component Unit of the Government of the U.S. Virgin Islands)

Schedule of the Authority's Proportionate Share of the Net Pension Liability
September 30, 2019

	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	**0.1115%**	0.1128%	0.1097%	0.1029%	0.1065%
Authority's proportionate share of the net pension liability	**$ 4,674,397**	$ 4,941,575	$ 5,075,147	$ 4,188,003	$ 3,286,609
Authority's covered payroll	**$ 523,173**	$ 510,954	$ 475,468	$ 467,034	$ 492,001
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	**893%**	945%	993%	881%	704%
Plan fiduciary net position as a percentage of the total pension liability	**16%**	16%	17%	20%	27%

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The amounts presented for each fiscal year are as of the measurement date (September 30 of the previous year).

Virgin Islands Public Finance Authority
(A Blended Component Unit of the Government of the U.S. Virgin Islands)

Schedule of the Authority's Pension Contributions
September 30, 2019

	2019	2018	2017	2016	2015
Actuarially required contributions	**$ 150,840**	$ 104,492	$ 104,745	$ 108,738	$ 119,009
Contributions in relation to the actuarially required contributions	**138,355**	104,492	104,745	108,738	119,009
Contribution deficiency (excess)	**$ 12,485**	$ -	$ -	$ -	$ -
Covered-employee payroll	**$ 735,806**	$ 523,173	$ 510,954	$ 475,468	$ 467,034
Contributions as a percentage of covered-employee payroll	**18.80**	19.97	20.50	22.87	25.48

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available. The amounts presented for each fiscal year are as of the latest fiscal year.