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

Management's Discussion and Analysis, Financial Statements, and *Government Auditing Standards* Report (with Independent Auditor's Reports Thereon)
Year Ended September 30, 2021

The report accompanying these financial statements was issued by BDO USA, P.C. a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.

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Tel: 301-354-2500
Fax: 301-354-2501
www.bdo.com

12505 Park Potomac Ave, Suite 700
Potomac, MD 20854

Independent Auditor's Report

To the Board of Directors
Virgin Islands Public Finance Authority

Report on the Audit of the Financial Statements

Opinion

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, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Virgin Islands Public Finance Authority as of September 30, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matters

As discussed in Note 8 to the financial statements, The West Indian Company Limited ("WICO"), a blended component unit of the Authority, is in default on certain covenants pertaining to its loan payable and the lender may demand repayment of this obligation. However, as of report date and as further discussed in Note 20 to the financial statements, WICO issued certain bonds, the proceeds of which were utilized to prepay the outstanding loan balance and WICO entered into loan termination, pledge termination, and guaranty termination agreements with the lender, documenting the close of the loan payable. Our opinion is not modified with respect to this matter.

The accompanying financial statements have been prepared assuming WICO will continue as a going concern. As discussed in Note 19 to the financial statements, WICO is in an uncertain financial position and has reported a net deficit and has suffered losses from operations that raise substantial doubt about its ability to continue as a going concern.

Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 19. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

As further discussed in Note 19 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that *management's discussion and analysis* on pages 6 through 17 and Schedule of the Authority's Proportionate Share of the Net Pension Liability and Schedule of the Authority's Pension Contributions on pages 75 and 76, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report February 15, 2024, 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, P.C.

(formerly known as BDO USA, LLP)

February 15, 2024

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, 2021, with selected comparative information for the year ended September 30, 2020. 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 non-capital, and capital and related financing activities 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, 2021 and 2020 (expressed in thousands).

Table 1: Summary of Statements of Net Position

September 30,	2021	2020	Change	% Change
Assets:				
Current assets	$ 597,282	$ 612,547	$ (15,265)	-2%
Noncurrent assets:				
Noncurrent assets, excluding capital assets	1,787,757	2,054,360	(266,603)	-13%
Capital assets, net	94,926	101,782	(6,856)	-7%
Total noncurrent assets	1,882,683	2,156,142	(273,459)	-13%
Total assets	2,479,965	2,768,689	(288,724)	-10%
Deferred outflows of resources	8,454	7,234	1,220	17%
Total assets and deferred outflows of resources	$ 2,488,419	$ 2,775,923	$ (287,504)	-10%
Liabilities:				
Current liabilities	$ 189,373	$ 147,541	$ 41,832	28%
Noncurrent liabilities:				
Long-term bonds payable, net	1,552,432	1,857,870	(305,438)	-16%
Other long-term liabilities	705,366	716,126	(10,760)	-2%
Total noncurrent liabilities	2,257,798	2,573,996	(316,198)	-12%
Total liabilities	2,447,171	2,721,537	(274,366)	-10%
Deferred inflows of resources	570	568	2	0%
Total liabilities and deferred inflows of resources	2,447,741	2,722,105	(274,364)	-10%
Net position:				
Net investment in capital assets	15,826	22,723	(6,897)	-30%
Restricted for debt service	33,158	35,224	(2,066)	-6%
Restricted for bulkhead repairs	508	507	1	0%
Restricted for hurricane repairs	1,058	2,540	(1,482)	-58%
Unrestricted deficit	(9,872)	(7,176)	(2,696)	-38%
Total net position	$ 40,678	$ 53,818	$ (13,140)	-24%

For fiscal year 2021, current assets decreased from the prior fiscal year by $15.3 million, mainly due to the decrease in restricted investments of $40.9 million, the decrease in amounts due from the Government of $2.0 million, and the decrease in receivables of $417,000. These decreases were offset by the increase in restricted and unrestricted cash and cash equivalents of $26.8 million, the increase of restricted loans receivable from the Government of $745,000, the increase of prepaid and other assets of $490,000, and the increase in federal grants receivable of $38,000.

Noncurrent assets, excluding capital assets decreased by $266.6 million mainly due to the decrease of restricted loans receivable from the Government of $314.3 million and the decrease in restricted intangible assets of $327,000. These decreases were offset by the increase in restricted investments of $44.3 million amounts and increases in the amount due from other Government entities of $3.7 million.

Capital assets decreased by $6.9 million mainly due to the acquisition of capital assets of $941,000, offset by depreciation and amortization expense of $7.8 million. Deferred outflows of resources increased by $1.2 million mainly due to increases in pension deferrals of $2.0 million offset by a reduction in deferred losses on bond refundings of $765,000.

For fiscal year 2021, current liabilities increased by $41.8 million, primarily due to an increase in short-term notes and loans payable of $37.7 million, an increase in short-term bonds payable of $5.0 million, an increase in accrued expenses of $1.7 million, offset by a decrease in interest payable of $2.1 million, a decrease in refundable advances of $464,000, and a decrease in current compensated absences payable of $17,000. Noncurrent liabilities decreased by $316.2 million mainly due to a decrease in long-term bonds payable of $305.4 million, a decrease in long-term notes and loans payable of $41.7 million, a decrease in long-term interest payable of $5.1 million, a decrease in the leases held on behalf of the Government of $327,000, and decrease in compensated absences liability of $14,000, offset by an increase in amounts due to the Government of $29.8 million, an increase in accrued expenses of $3.7 million, and an increase in net pension liability of $2.9 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, 2021 and 2020 (expressed in thousands):

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

September 30,	2021	2020	Change	% Change
Operating revenues	$ 7,615	$ 10,339	$ (2,724)	-26%
Operating expenses	(32,187)	(30,998)	(1,189)	4%
Operating loss	(24,572)	(20,659)	(3,913)	19%
Non-operating revenues	11,432	13,347	(1,915)	-14%
Change in net position	(13,140)	(7,312)	(5,828)	-80%
Net position – beginning of year	53,818	61,130	(7,312)	-12%
Net position – end of year	$ 40,678	$ 53,818	$ (13,140)	-24%

For fiscal year 2021, the Authority's operating revenues of $7.6 million decreased by $2.7 million due to a $4.3 million decrease in WICO passenger fees due to COVID travel restrictions, a $42,000 decrease in hotel revenue by KAMI, offset by a $770,000 increase in charges for services by the Authority, a $427,000 increase in revenue by viNGN, and a $144,000 increase in oil and gas lease revenue by Lonesome Dove. Operating expenses increased by $1.2 million mainly due to increases in general and administrative expenses of $1.7 million offset by a decrease in depreciation and amortization expense of $481,000.

The Authority reported a decrease in non-operating revenues of $1.9 million mainly due to investment income decreasing by $9.1 million, and a reduction in insurance recoveries related to damage incurred following the Hurricanes of 2017 of $2.1 million, offset by decreased interest expense of $7.7 million, an increase in grant revenue of $1.1 million, and an increase in the budgetary allocation from the Government of $1.5 million.

Capital Assets

Following is a schedule of the capital assets of the Authority as of September 30, 2021 and 2020:

	Balance 9/30/2020	Additions	Disposals	Transfers	Balance 9/30/2021
Total capital assets not being depreciated	$ 11,939,012	$ 207,638	$ -	$ (58,516)	$ 12,088,134
Capital assets being amortized and depreciated:					
Personal property and equipment	70,256,420	733,757	(42,383)	25,859	70,973,653
Buildings and building improvements	82,187,615	-	-	33,249	82,220,864
Intangible assets	20,973,568	-	-	-	20,973,568
Total capital assets being amortized and depreciated	173,417,603	733,757	(42,383)	59,108	174,168,085
Less accumulated amortization and depreciation for:					
Personal property and equipment	(27,225,650)	(3,654,898)	42,383	58,692	(30,779,473)
Buildings and building improvements	(48,317,032)	(3,456,549)	-	(59,074)	(51,832,655)
Intangible assets	(8,031,884)	(685,749)	-	-	(8,717,633)
Total accumulated amortization and depreciation	(83,574,566)	(7,797,196)	42,383	(382)	(91,329,761)
Total capital assets being amortized and depreciated, net	89,843,037	(7,063,439)	-	58,726	82,838,324
Capital assets, net	$ 101,782,049	$ (6,855,801)	$ -	$ 210	$ 94,926,458

Debt Administration

Bonds payable – Table 3 summarizes the Authority's outstanding bonds payable for the year ended September 30, 2021 (expressed in thousands):

Table 3: Summary of Bonds Payable

	Balance 9/30/2020	CDL Loan Forgiveness	Principal Payments	Balance 9/30/2021
Matching Funds Revenue Bonds	$ 1,004,910	$ -	$ (55,435)	$ 949,475
Gross Receipts Revenue Bonds	825,001	(206,296)	(28,690)	590,015
Federal-Aid Highway Bonds	71,140	-	(4,015)	67,125
Direct Placement Bonds	11,587	-	(1,526)	10,061
Total bonds payable	$ 1,912,638	$ (206,296)	$ (89,666)	$ 1,616,676

On September 30, 2021, H.R. 5305, "Extending Government Funding and Delivering Assistance Act" was signed by the President and included provisions cancelling the remaining balances of all FEMA loans issued under Section 417 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The forgiveness included the Series 2018A Revenue Bonds of the Authority, resulting in forgiveness of debt of $206.3 million.

Loans and notes payable - Table 4 summarizes the Authority's outstanding loans and notes payable for the year ended September 30, 2021 (expressed in thousands):

Table 4: Summary of Loan and Note Series Payable

	Balance 9/30/2020	New Issuances	Deferred Interest	Principal Payments	Balance 9/30/2021
2019 TIF Project Developer Note	$ 1,593	$ -	$ -	$ (29)	$ 1,564
2016 A Notes	2,315	-	-	(2,136)	179
2014 B Revenue Notes	2,000	-	-	(2,000)	-
WICO loan related to capital assets	42,255	-	183	(758)	41,680
WICO Paycheck Protection Program Loan	-	717	-	-	717
Total notes and loans	$ 48,163	$ 717	$ 183	$ (4,923)	$ 44,140

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. ("KAMI"). WICO is a port facility including a cruise ship pier, and rental complex on the island of St. Thomas. KAMI 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, 2021 and 2020 (expressed in thousands):

Table 5: Condensed Financial Information for WICO, KAMI, and Lonesome Dove

	WICO		KAMI		Lonesome Dove	
September 30,	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Condensed Statement of Net Position:						
Assets:						
Current assets	$ 4,765	$ 10,398	$ 1,143	$ 1,477	$ 45	$ 448
Non-current assets	37,074	40,149	2,189	2,676	8,363	8,689
Total assets	$ 41,839	$ 50,547	$ 3,332	$ 4,153	$ 8,408	$ 9,137
Liabilities:						
Current liabilities	$ 52,765	$ 10,682	$ 41	$ 44	$ -	$ 2
Non-current liabilities	1,229	42,740	619	619	8,363	8,689
Total liabilities	53,994	53,422	660	663	8,363	8,691
Total net position	$ (12,155)	$ (2,875)	$ 2,672	$ 3,490	$ 45	$ 446
Condensed Statement of Revenues, Expenses, and Changes in Net Position:						
Operating revenues	$ 1,189	$ 5,441	$ 385	$ 427	$ 630	$ 486
Operating expenses	(7,678)	(9,878)	(1,068)	(1,116)	(106)	(74)
Operating income (loss)	(6,489)	(4,437)	(683)	(689)	524	412
Non-operating (expenses) revenues	(2,791)	(2,612)	(135)	-	(925)	-
Change in net position	(9,280)	(7,049)	(818)	(689)	(401)	412
Net position – beginning of year	(2,875)	4,174	3,490	4,179	446	34
Net position (deficit) – end of year	$ (12,155)	$ (2,875)	$ 2,672	$ 3,490	$ 45	$ 446

For fiscal year 2021, WICO's assets amounted to $41.8 million, of which $3.7 million represented cash and cash equivalents, $1.1 million represented receivables, prepaid expenses and other current assets and $37.1 million represented capital assets net of accumulated depreciation. Current and other assets decreased by $5.6 million mainly due to the net effect of a decrease in cash and cash equivalents of $5.8 million, a decrease in trade accounts receivables of $198,000, a increase in prepaid expenses and other current assets of $462,000, an increase in other receivables of $10,000 and a decrease in federal grant receivables of $81,000. Capital assets decreased by $3.1 million due to the net effect of acquisition of assets of $38,000 offset by disposals and adjustments of $42,000 and depreciation expense of $3.1 million.

For fiscal year 2021, WICO's liabilities amounted to $54 million, of which $42.4 million represented direct borrowing from a bank, $9.3 million represented a payable to the Government, and $1.3 million represented compensated absences payable. Current and other liabilities increased by $42.1 million mainly due to an increase the current portion of the direct borrowing from a bank, an increase in payments in lieu of taxes ("PILOT") due to the Government of $648,000, an increase in SBA refundable advances of $253,000, and an increase in accounts payable and accrued expenses of $315,000, offset by a decrease in customer deposits of $38,000 and a decrease in the current portion of compensated absences payable of $17,000. Long-term liabilities decreased by $41.5 million due to a decrease in long-term compensated absences payable of $14,000 and a decrease in long-term direct borrowing from a bank of $41.5 million.

For fiscal year 2021, operating revenues of $1.2 million decreased by $4.3 million from the prior year mainly due to decreased passenger dues fees received resulting from cruise ship cancellations related to the Coronavirus (COVID-19) pandemic.

Operating expenses of $7.7 million decreased by $2.2 million from prior year primarily due to a decrease in costs of services expenses of $2.1 million and a decrease in general and administrative expenses of $38,000. WICO reported an increase in net non-operating income (expenses) of $180,000. Grant revenue decreased by $153,000 related to damage incurred following the 2017 Hurricanes and an increase in interest income of $12,000 offset by an increase in interest expense on outstanding bank loans of $32,000 and a decrease in other income of $4,000.

During fiscal year 2021, WICO received $717,200 from the federal Paycheck Protection Program. The loan was forgiven in October 2022.

For fiscal year 2021, KAMI's current assets decreased by $334,000 due to a decrease in cash and cash equivalents of $323,000 and a decrease in trade receivables of $11,000. Noncurrent assets decreased by $487,000 due to a decrease in capital assets due to depreciation expense. Operating revenue decreased by $42,000 due to decreased occupancy at the commercial complex.

For fiscal year 2021, Lonesome Dove's current assets decreased by $403,000 due to a 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 increased by $144,000 due to an increase in oil prices. Lonesome Dove made payments to the Government for outstanding tax liabilities during fiscal year 2021 of $950,000.

Following is condensed financial information for viNGN for the fiscal year ended September 30, 2021 and 2020 (expressed in thousands):

Table 6: Condensed Financial Information for viNGN

September 30,	2021	2020
Condensed Statement of Net Position:		
Assets:		
Current assets	$ 1,676	$ 2,882
Capital assets, net	55,007	58,281
Total assets	56,683	61,163
Liabilities:		
Current liabilities	405	344
Non-current liabilities	36,804	36,804
Total liabilities	37,209	37,148
Total net position	$ 19,474	$ 24,015
Condensed Statement of Revenues, Expenses, and Changes in Net Position:		
Operating revenues	$ 4,054	$ 3,627
Operating expenses	(9,196)	(10,262)
Operating loss	(5,142)	(6,635)
Non-operating revenues	601	2,401
Change in net position	(4,541)	(4,234)
Net position - beginning of year	24,015	28,249
Net position - end of year	$ 19,474	$ 24,015

For fiscal year 2021, viNGN's assets amounted to $56.7 million, of which $552,000 represented cash and cash equivalents, $522,000 represented accounts receivable, $277,000 represented prepaid expenses and other assets, and $55 million represented capital assets. viNGN reported Federal grant receivables of $325,000 related to public assistance grants for disaster recovery projects following Hurricanes Irma and Maria (the "Hurricanes") in September 2017.

Current assets decreased by $1.2 million mainly due to the net effect of a decrease in cash and cash equivalents of $1.2 million, an increase in Federal grants receivable of $119,000, an increase in prepaid expenses and other assets of $11,000, and a decrease in accounts receivable of $123,000. Capital assets decreased by $3.3 million due to the net effect of acquisition of assets of $903,000 and depreciation and amortization expense of $4.2 million.

For the fiscal year ended September 30, 2021, operating revenues increased by $427,000 mainly due to an increase in services to one service provider. Operating expenses decreased by $1.07 million mainly due to decreases in salary, fringe, and other employee benefits of $297,000, decreases in legal and professional expenses of $171,000, decreases in utilities expense of $74,000, and a decrease in bad debt expense of $93,000, offset by an increase in telecom expenses of $124,000. Depreciation expenses decreased by $401,000. viNGN reported a decrease in non-operating revenues of $1.8 million, mainly due to the decrease in insurance recoveries of $2.1 million, offset by an increase in Federal grant revenues of $343,000.

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 and gross receipts 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, 2021 and 2020 are as follows (expressed in thousands):

Table 7: Summary of Debt Service Payments by Revenue Source

September 30,	2021	2020
Excise rum tax	$ 106,891	$ 107,198
Gross receipts tax	63,817	76,870
Federal highway grants	7,572	7,573

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.

In March 2022, the Authority tendered an offer for purchase of non-callable matching fund bonds. The offer was accepted with a tender price of $124.6 million on $165.7 million of outstanding bond principal. In April 2022, the Authority refunded $766.1 million of the untendered matching fund bonds outstanding with a settlement date of April 25, 2022.

In June 2022, WICO issued the Port Facilities Revenue Bonds, Series 2022A and Series 2022B. The Series 2022 Bonds were issued at a nominal value of $52.6 million and discounted value of $51.6 million. The Series 2022A and 2022B Bonds are privately placed and were offered exclusively to qualified institutional buyers and were not registered under the Securities Act, or any state securities laws. The bonds are limited obligations of the Company and are not the debts of the Authority or the Government.

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 October 2021 and February 2022, Moody's Investors Service updated its review of the Authority's bonds as "stable", with a continued rating of "Caa3". In March 2023, Moody's Investor Service withdrew it's ratings, as debt obligations for which it served as a reference no longer had outstanding ratings.

Coronavirus COVID-19 Pandemic

The fiscal year 2021 saw a significant decline in WICO's fee service revenue, a direct result of the suspension of cruise operations mandated by the Center for Disease Control and Prevention. In response, management is vigilantly overseeing the Authority's operational and financial health, aiming for a robust recovery as the global pandemic has ended and normal business activities resume.

WICO Operations

Management is addressing the changing dockage requirements of larger cruise ships and increased competition from other cruise ports by improving its dockage. In fiscal year 2017, WICO replaced 32 older 60-ton bollards with 150-ton bollards and replaced 750 feet of dock bulkhead. The Company is moving forward with a project to construct a new dock to accommodate two larger 5,000+ passenger ships. Estimated projections determine that construction of the new dock facilities will provide at least 100 additional calls. WICO continues to operate with an approved Facility Security Plan and meets any additional requirements contained in Title 33 CFR Part 105 of the Maritime Security Code of Federal Regulations.

WICO's management has also addressed the increasing competition from other cruise ports by entering into preferential berthing rights agreements with three major cruise lines, providing the Company with guaranteed annual revenue. WICO continues to explore several means of maximizing its financial future by concentrating on growing the passenger arrivals, developing the 7-acre property located in Estate Liverpool, and renovation and reconstruction of warehouse rentals to attract new and varied purveyors of products and services to appeal to visitors and residents.

WICO is finalizing plans for the development of two additional berths, reviewing opportunities for fresh new attractions and activities to the destination, and preparing for the renovation of Estate Catherineberg into a museum pursuant to Act 8053. WICO is highly dependent on the cruise ship industry. Beginning in March 2020, the cruise ship industry was significantly affected by the global health pandemic which paused cruise ship travel through September 2021.

The cruise ship industry may also be impacted by natural disasters such as hurricanes. Climate change experts have predicted an increase in the strength and occurrence of hurricanes in the coming decades.

Working Capital Position

WICO was in a negative working capital position as of September 30, 2021, with current assets of $4.8 million and current liabilities of $52.8 million. Current liabilities include outstanding liability of payments for direct borrowing from banks amounting to $42.4 million and payments in lieu of taxes ("PILOT"), amounting to $9.3 million, due to the Government. WICO's loan with Banco Popular de Puerto Rico was repaid by WICO in June 2022, with the issuance of the Port Facilities Revenue Bonds. WICO's management expects the PILOT liability to decrease with the renovation of the historic property located in Estate Catherineberg. Act 8053 authorizes the PILOT balance to be reduced by the value of repairs and improvements to the Estate Catherineberg property.

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,	2021
Assets	
Current assets:	
Cash and cash equivalents	$ 31,001,072
Restricted cash and cash equivalents	182,308,735
Restricted investments, at fair value	280,486,202
Receivables, net	873,366
Due from the Government	3,000,000
Grants receivable	476,959
Restricted loans receivable - the Government	97,956,427
Prepaid expenses and other assets	1,178,981
Total current assets	597,281,742
Noncurrent assets:	
Restricted investments, at fair value	204,407,566
Restricted loan receivable - Virgin Islands Waste Management Authority	750,000
Restricted loans receivable - the Government	1,456,591,662
Due from various Governments	117,645,188
Capital assets, net	94,926,458
Restricted intangible assets, net	8,362,666
Total noncurrent assets	1,882,683,540
Total assets	2,479,965,282
Deferred outflows of resources	
Deferred losses on bond refundings, net	4,196,542
Deferred amounts related to pension	4,257,128
Total deferred outflows of resources	8,453,670
Total assets and deferred outflows of resources	$ 2,488,418,952

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,		2021
Liabilities		
Current liabilities:		
Accounts payable, accrued expenses, and other liabilities	$	12,723,894
Compensated absences payable		26,268
Loan payable related to capital assets		41,680,019
Notes payable		909,009
Bonds payable		93,632,643
Interest payable		40,401,411
Total current liabilities		189,373,244
Noncurrent liabilities:		
Accrued expenses		117,645,185
Compensated absences payable		1,228,717
Notes payable		1,551,585
Net pension liability		9,242,042
Bonds payable, net of unamortized bond premiums and discounts of $29,387,500		1,552,431,618
Due to the Virgin Islands Waste Management Authority		417,639
Due to the Government - construction funds		162,351,717
Due to the Government - debt service funds		403,485,088
Due to the Government - federal reimbursements		1,081,068
Leases held on behalf of the Virgin Islands Bureau of Internal Revenue		8,362,667
Total noncurrent liabilities		2,257,797,326
Total liabilities		2,447,170,570
Deferred inflows of resources		
Deferred amounts related to pension		570,512
Total liabilities and deferred inflows of resources		2,447,741,082
Net position:		
Net investment in capital assets		15,826,084
Restricted for:		
Debt service		33,158,134
Bulkhead repairs		508,299
Hurricane repairs		1,057,856
Unrestricted deficit		(9,872,503)
Total net position	$	40,677,870

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,	2021
Operating revenues	
Charges for services	$ 7,157,539
Other operating revenues	457,680
Total operating revenues	7,615,219
Operating expenses	
General and administrative	24,389,890
Depreciation and amortization	7,797,193
Total operating expenses	32,187,083
Operating loss	(24,571,864)
Non-operating revenues (expenses)	
Investment income:	
Cash, cash equivalents, and investments	1,228,529
Loans receivable - the Government	84,451,387
Budgetary allocation	10,000,000
Grants revenue	4,023,670
Interest expense	(86,707,506)
Transfers to the Government	(925,000)
Other income	60,513
Contribution to the Government of the U.S. Virgin Islands	(700,000)
Total non-operating revenues, net	11,431,593
Change in net position	(13,140,271)
Net position, beginning of year	53,818,141
Net position, end of year	$ 40,677,870

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,		2021
Cash flows from operating activities		
Cash received from customers	$	8,093,088
Cash paid to employees		(7,478,770)
Cash paid to suppliers		(14,818,739)
Net cash used in operating activities		(14,204,421)
Cash flows from noncapital financing activities		
Funds received for debt service		363,368,540
Payments to Cruzan		(46,711,068)
Payments to Diageo		(52,477,066)
Bank and other fees		(51,460)
Proceeds from issuance of notes payable		717,200
Budgetary allocation		12,000,000
Interest paid on bonds and notes payable		(86,536,924)
Grants		80,323,678
Transfer to the Government		(36,928,691)
Principal payments on bonds payable		(94,141,615)
Principal payments on notes payable		(4,163,914)
Payments on behalf of the Government		(87,972,373)
Net cash provided by noncapital financing activities		47,426,307
Cash flows from capital and related financing activities		
Acquisition of capital assets		(941,395)
Repayment of refundable advance		(464,400)
Disposal of capital assets		(206)
Moratorium on interest payments added to principal		183,207
Principal payments on loan related to capital assets		(758,036)
Interest paid on loan related to capital assets		(2,256,119)
Net cash provided by capital and related financing activities		(4,236,949)
Cash flows from investing activities		
Purchases of investments		(2,020,703,403)
Interest received on cash, cash equivalents, and investments		2,587,076
Investment maturities and sales		2,015,881,625
Net cash provided by investing activities		(2,234,702)
Net increase in cash, cash equivalents, and restricted cash		26,750,235
Cash, cash equivalents, and restricted cash, beginning of year		186,559,572
Cash, cash equivalents, and restricted cash, end of year	$	213,309,807

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,	2021
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (24,571,864)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Provision for doubtful accounts	(152,636)
Depreciation and amortization	7,797,193
Other income	60,513
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Receivables	569,992
Accounts payable, accrued expenses, and other liabilities	1,730,657
Compensated absences payable	(30,905)
Prepaid expenses and other assets	(490,136)
Net pension liability	2,864,465
Deferred outflows of resources - pension related	(1,984,063)
Deferred inflows of resources - pension related	2,363
Total adjustments	10,367,443
Net cash used in operating activities	$ (14,204,421)
Noncash noncapital financing activities	
Accrued expenses related to professional services	$ 117,645,188

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 financial position and results of operations of the Authority and its component units are included in the reporting entity.

Blended Component Units

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")

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.

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 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.

- Disaster Recovery: Management of federal disaster recovery grants and oversight of contracts through two business units:

    - Office of Disaster Recover ("ODR")
    - Recovery Grant Management ("RGM")

See Note 17 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 GASB pronouncements. 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.

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
Buildings and building improvements	5 - 40
Personal property and equipment	3 - 25
Intangible assets	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, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences payable	$ 1,285,890	$ 204,877	$ (235,782)	$ 1,254,985	$ 26,268

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 15.

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 the 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, 2021, are as follows:

Broadband VI	53%
Alliance Data Services	18%
Total	71%

WICO's ability to earn revenue was severely impacted during fiscal year 2021 due to the No Sail Order ("Order") for cruise ships issued by the Centers for Disease Control and Prevention. The Order was imposed in March 2020 and remained effective through September 6, 2021. As a result, WICO accepted only four customers during the fiscal year. The revenue of one customer, a private yacht, generated more than 10% of port dockage and port service revenue.

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

In March 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement are effective for the Authority's financial statements for the year ended September 30, 2021. The Authority has evaluated this Statement and has determined there is no impact on the financial statements, as the Authority does not have fiduciary activities.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for the Authority's financial statements for the year ended September 30, 2021. The Authority has evaluated this Statement and has determined there is no impact on the financial statements as the Authority does not hold a majority equity interest in a nongovernmental organization.

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. Certain provisions of GASB Statement No. 92 are excluded from GASB Statement No. 95 along with provisions in GASB Statement No. 93 related to lease modifications.

GASB Statement No.		Adoption Effective in Fiscal Year (as Revised)
87	Leases	2022
89	Accounting for Interest Cost Incurred Before the End of a Construction Period	2022
91	Conduit Debt Obligations	2023
92	Omnibus 2020	2022
93	Replacement of Interbank Offered Rates	2022
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 a supersession of GASB Statement No. 32	2022

Following are statements issued by GASB that are effective in the immediate future years as based on the original effective dates.

GASB Statement No.		Adoption Effective in Fiscal Year
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	2023
98	The Annual Comprehensive Financial Report	2022
99	Omnibus 2022	2023
100	Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62	2024
101	Compensated Absences	2024
102	Certain Risk Disclosures	2025

Earlier application of all 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, 2021, are as follows:

	Bank Balance	Carrying Amount
Restricted:		
Cash	$ 52,973,084	$ 52,844,298
Money market funds	-	129,464,437
	52,973,084	182,308,735
Unrestricted cash	32,976,287	31,001,072
Total	$ 85,949,371	$ 213,309,807

Unrestricted cash and cash equivalents may be used for operational purposes. Restricted cash and cash equivalents of $182,308,735 represent cash and money market funds segregated for debt service due under the Authority’s debt agreements and capital projects including $508,299 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 $1,057,856 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, 2021, $74,727,212 or 35.04% of the Authority’s deposits in banks were held at Banco Popular de Puerto Rico, $508,299 or 0.24% were held at Bank OZK, $137,863,468 or 64.69% were held at Bank of New York, and $61,215 or 0.03% were held at First Bank Puerto Rico. Petty cash of $2,411 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 $3.05 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, 2021, are as follows:

	Debt Service	Construction Funds	Project Funds	Total
Series 2015 A Federal-Aid Highway Bonds	$ 8,357,517	$ 33,873,370	$ -	$ 42,230,887
Series 2014 C Revenue and Refunding Bonds	-	1,735,902	-	1,735,902
Series 2013 B Revenue and Refunding Bonds	6,463,937	-	-	6,463,937
Series 2013 A Revenue and Refunding Bonds	4,410,865	-	-	4,410,865
Series 2012 C Revenue Bonds	-	4,516,942	-	4,516,942
Series 2012 A Revenue Bonds	19,808,046	36,246	-	19,844,254
Series 2010 A and B Revenue Bonds	53,013,559	-	-	53,013,559
Series 2009 A Revenue Bonds (Cruzan)	90,256,450	-	-	90,256,450
Series 2009 A1, A2, B, C Revenue and Refunding Bonds	52,658,604	6,219,296	-	58,877,900
Series 2009 A Revenue Bonds (Diageo)	128,103,700	11,911,086	-	140,014,786
Series 2006 A Revenue Bonds	-	11,538	-	11,538
Series 1999 A Gross Receipts Pledge Revenue	61,895,610	-	-	61,895,610
Series 1998 A Matching Funds Pledged Revenue	910,352	-	-	910,352
Subtotal bonds	425,217,092	58,304,380	-	484,182,982
Series 2016 A Notes	32,101	-	678,685	710,786
Total	$ 425,910,703	$ 58,304,380	$ 678,385	$ 484,893,768

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 Government agency securities* – The commercial paper and government 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, 2021	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Money market funds	$ 512,112,760	$ 512,112,760	$ -	$ -
Portfolio investments:				
Commercial paper	54,674,270	-	54,674,270	-
Government agency securities	47,571,175	-	47,571,175	-
Total fair value	614,358,205	512,112,760	102,245,445	-
Less: amount classified as cash and cash equivalents	(129,464,437)	-	-	-
Total restricted investments	$ 484,893,768	$ -	$ -	$ -

Investments, categorized by investment type and weighted average maturity, at September 30, 2021, are as follows:

	Fair Value	Weighted Average Maturity (*Years*)
Money market funds	$ 512,112,760	-
Portfolio investments:		
Commercial paper	54,674,270	0.002
Government agency securities	47,571,175	3.440
	102,245,445	1.602
Total investments	$ 614,358,205	

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, 2021, 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 not rated by Standard & Poor's or Moody's Investors Service. The Authority's investments in Government agencies and securities were rated AA- to AAA by Standard & Poor's and Aa3 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, 2021, more than 5.0% of the Authority's investments were invested in: Goldman Financial Square Money Market #524 (57.88%); Federated Government Obligation #5 (19.11%); Chesham Financial Ltd (8.90%) and State of California (5.09%).

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 year ended September 30, 2021, 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 uses those pledged resources 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 2019 A TIF Revenue and Refunding Bonds, the 2019 TIF Project Developer Note, 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).

Restricted loans receivable at September 30, 2021, are comprised of the following:

	Short-term	Long-term
Series 2006 A Revenue Bonds	$ 16,895,000	$ 137,075,000
Series 2009 A Revenue Bonds (Diageo)	7,315,000	194,815,000
Series 2009 A1, A2, B and C Revenue and Refunding Bonds	19,720,000	99,305,000
Series 2009 A Revenue Bonds (Cruzan)	975,000	29,770,000
Series 2010 A and B Revenue Bonds	22,595,000	350,480,000
Series 2012 A Revenue Bonds	1,250,000	133,815,000
Series 2012 A and B Revenue and Refunding Bonds	3,720,000	130,615,000
Series 2012 C Revenue Bonds	1,955,000	19,260,000
Series 2013 A Revenue and Refunding Bonds	2,725,000	5,900,000
Series 2013 B Revenue and Refunding Bonds	6,985,000	15,035,000
Series 2014 A Revenue Bonds	2,100,000	35,435,000
Series 2014 C Revenue and Refunding Bonds	6,705,000	201,805,000
Series 2014 D Revenue Bonds	255,000	4,100,000
Series 2015 Federal-Aid Highway Bonds	4,220,000	62,905,000
Series 2019 A TIF Revenue and Refunding Bonds	13,784	1,551,585
Series 2019 A TIF Project Developer Note	527,643	9,534,139
	97,956,427	1,431,400,724
Unamortized bond discounts and premiums	-	25,190,938
Total	$ 97,956,427	$ 1,456,591,662

On September 30, 2021, the Government advanced bond payments due on October 1, 2021, to the Authority. A summary of bond payments by associated bond series are as follows:

Series 2014 D Revenue Bonds	$ 240,000
Series 2014 C Revenue and Refunding Bonds	6,385,000
Series 2014 A Revenue Bonds	2,000,000
Series 2013 B Revenue and Refunding Bonds	6,655,000
Series 2013 A Revenue and Refunding Bonds	2,590,000
Series 2012 C Revenue Bonds	1,860,000
Series 2012 A and B Revenue and Refunding Bonds	3,315,000
Series 2012 A Revenue Bonds	1,150,000
Series 2010 A and B Revenue Bonds	3,115,000
Series 2009 A Revenue Bonds (Cruzan)	920,000
Series 2009 A1, A2, B and C Revenue and Refunding Bonds	37,515,000
Series 2009 A Revenue Bonds (Diageo)	6,845,000
Series 2006 A Revenue Bonds	16,295,000
Total	$ 88,885,000

At September 30, 2021, 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, 2021, the amount due from VIWMA under the loan was $750,000.

6. Capital Assets

Capital assets as of September 30, 2021, are comprised as follows:

	Beginning Balance	Additions	Impairment/ Disposal	Transfers	Adjustments	Ending Balance
Capital assets not being depreciated:						
Land	$ 5,763,178	$ -	$ -	$ -	$ -	$ 5,763,178
Construction in progress	6,175,834	207,638	-	(58,516)	-	6,324,956
Total capital assets not being depreciated	11,939,012	207,638	-	(58,516)	-	12,088,134
Capital assets being amortized and depreciated:						
Personal property and equipment	70,256,420	733,757	(42,383)	25,859	-	70,973,653
Buildings and building improvements	82,187,615	-	-	33,249	-	82,220,864
Intangible assets	20,973,568	-	-	-	-	20,973,568
Total capital assets being amortized and depreciated	173,417,603	733,757	(42,383)	59,108	-	174,168,085
Less accumulated amortization and depreciation for:						
Personal property and equipment	(27,225,650)	(3,654,898)	42,383	58,692	-	(30,779,473)
Buildings and building improvements	(48,317,032)	(3,456,549)	-	(59,074)	-	(51,832,655)
Intangible assets	(8,031,884)	(685,749)	-	-	-	(8,717,633)
Total accumulated amortization and depreciation	(83,574,566)	(7,797,196)	42,383	(382)	-	(91,329,761)
Total capital assets being amortized and depreciated, net	89,843,037	(7,063,439)	-	58,726	-	82,838,324
Total capital assets, net	$ 101,782,049	$ (6,855,801)	$ -	$ 210	$ -	$ 94,926,458

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, 2021, the amortization expense related to restricted intangible assets was approximately $327,000.

7. Bonds Payable

Bonds payable activity for the year ended September 30, 2021, was as follows (expressed in thousands):

	Balance 9/30/2020	CDL Loan Forgiveness	Principal Payments	Unamortized Premiums and Discounts	Balance 9/30/2021	Due within One Year
Matching Funds Revenue Bonds	$ 1,004,910	$ -	$ (55,435)	$ 5,223	$ 954,698	$ 58,790
Gross Receipts Revenue Bonds	825,001	(206,296)	(28,690)	18,295	608,310	30,095
Federal-Aid Highway Bonds	71,140	-	(4,015)	5,870	72,995	4,220
Other Direct Placement Bonds or Borrowings	11,587	-	(1,526)	-	10,061	528
Total	$ 1,912,638	$ (206,296)	$ (89,666)	$ 29,388	$ 1,646,064	$ 93,633

At September 30, 2021, long-term debt consists of (expressed in thousands):

Bonds payable:	
Matching Funds Revenue Bonds	$ 949,475
Gross Receipts Revenue Bonds	590,015
Federal-Aid Highway Bonds	67,125
Direct Placement Bonds	10,061
Total	$ 1,616,676

Matching Funds Revenue Bonds

A summary of Matching Funds Revenue bonds activity for the year ended September 30, 2021, follows (expressed in thousands):

	Balance 9/30/2020	Principal Payments	Balance 9/30/2021
Series 2013 B Revenue and Refunding Bonds	$ 35,010	$ (6,335)	$ 28,675
Series 2013 A Revenue and Refunding Bonds	13,675	(2,460)	11,215
Series 2012 A Revenue Bonds	137,315	(1,100)	136,215
Series 2010 A and B Revenue Bonds	380,195	(4,005)	376,190
Series 2009 A Revenue Bonds (Cruzan)	32,530	(865)	31,665
Series 2009 A 1, A 2, B and C Revenue and Refunding Bonds	190,805	(34,265)	156,540
Series 2009 A Revenue Bonds (Diageo)	215,380	(6,405)	208,975
Total	$ 1,004,910	$ (55,435)	$ 949,475

Bonds payable at September 30, 2021 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%	$ 28,675
Series 2013 A Revenue and Refunding Bonds Interest at 5.00% to 5.25%	11,215
Series 2012 A Revenue Bonds Interest at 4.00% to 5.00%	136,215
Series 2010 A and B Revenue Bonds Interest at 4.00% to 5.25%	376,190
Series 2009 A Revenue Bonds (Cruzan) Interest at 3.00% to 6.00%	31,665
Series 2009 A 1, A 2, B and C Revenue and Refunding Bonds Interest at 3.00% to 5.00%	156,540
Series 2009 A Revenue Bonds (Diageo) Interest at 6.00% to 6.75%	208,975
Total	949,475
Less: current portion	(58,790)
Add: unamortized bond premiums and discounts, net	5,223
Long-term portion	$ 895,908

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 2013 B 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%.

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, Covenants, and Collateral

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. Also see Note 19.

(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, 2021, was as follows (expressed in thousands):

Series 2013 B Revenue and Refunding Bonds	$ 1,434
Series 2013 A Revenue and Refunding Bonds	582
Series 2012 A Revenue Bonds	6,787
Series 2010 A and B Revenue Bonds	18,948
Series 2009 A Revenue Bonds (Cruzan)	1,900
Series 2009 A 1, A 2, B and C Revenue and Refunding Bonds	7,801
Series 2009 A Revenue Bonds (Diageo)	14,004
Total	$ 51,456

(c) Debt Service Requirements on Bonds

Maturity dates and debt service payment requirements as of September 30, 2021, for the Matching Funds Revenue Bonds are as follows (expressed in thousands):

	Total Debt Service		
Year Ending September 30,	Principal	Interest	Total
2022	$ 58,790	$ 49,933	$ 108,723
2023	61,565	46,810	108,375
2024	64,850	43,525	108,375
2025	68,350	40,056	108,406
2026	68,470	36,483	104,953
2027-2031	369,475	123,430	492,905
2032-2036	189,585	42,884	232,469
2037-2041	68,390	5,935	74,325
	$ 949,475	$ 389,056	$ 1,338,531

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 A 1, A 2, 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 A 1, A 2, 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, 2021, follows (expressed in thousands):

	Balance 9/30/2020	CDL Forgiveness	Principal Payments	Balance 9/30/2021
Series 2018 A Revenue Bonds	$ 206,296	$ (206,296)	$ -	$ -
Series 2014 D Revenue Bonds	4,820	-	(225)	4,595
Series 2014 C Revenue and Refunding Bonds	220,960	-	(6,065)	214,895
Series 2014 A Revenue Bonds	41,435	-	(1,900)	39,535
Series 2012 C Revenue Bonds	24,845	-	(1,770)	23,075
Series 2012 A and B Revenue and Refunding Bonds	140,515		(2,865)	137,650
Series 2006 A Revenue Bonds	186,130	-	(15,865)	170,265
Total	$ 825,001	$ (206,296)	$ (28,690)	$ 590,015

Bonds payable at September 30, 2021, in which federal arbitrage regulations apply are comprised of the following (expressed in thousands):

Series 2014 D Revenue Bonds Interest at 6.03%	$ 4,595
Series 2014 C Revenue and Refunding Bonds Interest at 4.50% to 5.00%	214,895
Series 2014 A Revenue Bonds Interest at 5.00%	39,535
Series 2012 C Revenue Bonds Interest at 3.00% to 5.00%	23,075
Series 2012 A and B Revenue and Refunding Bonds Interest at 2.25% to 5.25%	137,650
Series 2006 A Revenue Bonds Interest at 3.50% to 5.00%	170,265
Total	590,015
Less: current portion	(30,095)
Add: unamortized bond premiums and discounts, net	18,295
Long-term portion	$ 578,215

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.

On September 30, 2021, H.R. 5305, "Extending Government Funding and Delivering Assistance Act" was signed by the President and included provisions cancelling the remaining balances of all FEMA loans issued under Section 417 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, including the Series 2018 A Revenue Bonds.

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, Covenants, and Collateral

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 D Revenue Bonds, Series 2014 C Revenue and Refunding Bonds, 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. Also see Note 19.

(b) Interest on Bonds

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, 2021 was as follows (expressed in thousands):

Series 2014 D Revenue Bonds	$ 277
Series 2014 C Revenue and Refunding Bonds	10,686
Series 2014 A Revenue Bonds	1,977
Series 2012 C Revenue Bonds	1,154
Series 2012 A and B Revenue and Refunding Bonds	6,902
Series 2006 A Revenue Bonds	8,350
Total	$ 29,346

(c) Debt Service Requirements on Bonds

Maturity dates and debt service payment requirements as of September 30, 2021, for the Gross Receipts Revenue Bonds are as follows (expressed in thousands):

	Total Debt Service		
Year Ending September 30,	Principal	Interest	Total
2022	30,095	28,594	58,689
2023	31,630	27,056	58,686
2024	36,665	25,347	62,012
2025	38,560	23,457	62,017
2026	39,375	21,499	60,874
2027-2031	229,200	75,171	304,371
2032-2036	157,435	18,513	175,948
2037-2041	13,580	4,843	18,423
2042-2046	13,475	1,265	14,740
	$ 590,015	$ 225,745	$ 815,760

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, 2021, follows (expressed in thousands):

	Balance 9/30/2020	New Issuances	Principal Payments	Balance 9/30/2021
Series 2015 Federal-Aid Highway Bonds	$ 71,140	$ -	$ (4,015)	$ 67,125

Bonds payable at September 30, 2021, are comprised of the following (expressed in thousands):

Series 2015 Federal-Aid Highway Bonds Interest at 3.00% to 5.00%	$ 67,125
Less: current portion	(4,220)
Add: unamortized bond premiums and discounts, net	5,870
Long-term portion	$ 68,775

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, Covenants, and Collateral

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. Also see Note 19.

(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, 2021, was as follows (expressed in thousands):

Series 2015 Federal-Aid Highway Bonds	$ 3,557

(c) Debt Service Requirements on Bonds

Maturity dates and debt service payment requirements as of September 30, 2021, for the Federal-Aid Highway Bonds are as follows (expressed in thousands):

	Total Debt Service		
Year Ending September 30,	Principal	Interest	Total
2022	4,220	3,356	7,576
2023	4,430	3,146	7,576
2024	4,650	2,924	7,574
2025	4,880	2,691	7,571
2026	5,125	2,447	7,572
2026-2030	29,735	8,126	37,861
2031-2033	14,085	1,065	15,150
	$ 67,125	$ 23,755	$ 90,880

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 Federal-Aid Highway Bonds	Price
September 1, 2025 and thereafter	100%

Other Direct Placement Bonds or Borrowings

In November 2019, the Authority issued the Series 2019 A TIF Revenue and Refunding Bonds with a local bank in the amount of $12.0 million. The proceeds of the bonds were used to: (i) defease the Series 2012A TIF Notes with outstanding principal of approximately $11.0 million and accrued interest of $104,000, (ii) make a settlement payment to the developer of the Island Crossings Shopping Center, (iii) fund certain debt service reserves, and (iv) pay the costs of the issuance. The Series 2019 A Bonds bear an interest rate of 6.875% over a term of 10 years.

Following is a summary of direct placements of bonds with local banks for the year ended September 30, 2021, (expressed in thousands):

	Balance 9/30/2020	New Issuance	Principal Payments	Balance 9/30/2021	Due within one year
Series 2019 A TIF Revenue and Refunding Bonds	$ 11,587	$ -	$ (1,526)	$ 10,061	$ 528

Direct Placement Bonds payable at September 30, 2021, in which federal arbitrage regulations apply, are comprised of the following (expressed in thousands):

Series 2019 A TIF Revenue and Refunding Bonds Interest at 6.875%	$ 10,061
Less: current portion	(528)
Long-term portion	$ 9,533

(a) Pledged Funds, Covenants, and Collateral

The Government has pledged the Gross Receipts Taxes of the TIF Developer Project 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 2019 A TIF Revenue and Refunding. 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.

The Tax Increment Reserve Loan Agreement entered into with the Government and Trustee in connection with the issuance of the Series 2019A TIF Revenue and Refunding Bonds requires a Debt Service Coverage Ratio (DSCR) of 1.25 determined on an annual basis (before October 31st of each fiscal year). The ratio is the Island Crossings Incremental Revenues together with any ground lease payments dividend by the total amount of annual principal and interest payments on the Series 2019A TIF Revenue and Refunding Bonds. The Developer is required to maintain a Loan to Value Ratio (“LTV”) of no more than 65%.

In any fiscal year in which the LTV shall exceed 65%, the DSCR shall be 1.35, and, upon certification thereof by the TIF Calculation Agent, any amounts then available in the Surplus Account may be made first to interest and then to principal due to the 2019A TIF Project Developer Note. No payments may be made on the 2019A TIF Project Developer Note until the DSCR and LTV requirements have been met. For the year ended September 30, 2021, the DSCR amounted to 2.03 and the LTV was 44%, meeting the requirements of the Tax Increment Revenue Loan Agreement.

To provide additional security for the payment of the principal and interest due on the Series 2019A Bond, the TIF Project Developer has entered into the Purchaser Collateral Documents for the benefit of the lender, to further secure the payment of the Bonds. During the time that the Series 2019A Bonds are outstanding, the Economic Development Authority shall obtain an independent report on the financial status of the Island Crossings Project, determining if the incremental pledged funds are equal to estimates, and if the Island Crossing Project is economically viable for the repayment of the Series 2019 A TIF Revenue and Refunding Bonds.

The bonds contain a provision that in an event of default, the lender may at any time declare the entire balance of the Series A 2019 A Bond and any other indebtedness of the Authority to the lender to be due and payable, whereupon the same shall become immediately due and payable.

(b) Interest on Bonds

Interest on the Series 2019 A TIF Revenue and Refunding Bonds is payable monthly, and the principal is payable commencing December 1, 2019. The Government is responsible for all principal and interest payments on the Series 2019 A Bonds. The monthly principal and interest payments are funded by pledged Gross Receipts Taxes.

(c) Debt Service Requirements on Bonds

Maturity dates and debt service payment requirements as of September 30, 2021, for the Direct Placements Bonds are as follows (expressed in thousands):

	Total Debt Service		
Year Ending September 30,	Principal	Interest	Total
2022	$ 528	$ 759	$ 1,287
2023	566	719	1,285
2024	604	680	1,284
2025	650	634	1,284
2026	696	587	1,283
2027-2031	7,017	1,514	8,531
	$ 10,061	$ 4,893	$ 14,954

The Series 2019 A TIF 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 2019 A TIF Revenue and Refunding Bonds	Price
December 1, 2019 and thereafter	100%

8. Notes and Loan Payable

A summary of notes and loan activity for the year ended September 30, 2021, follows (expressed in thousands):

	Balance 9/30/2020	New Issuances	Deferred Interest	Principal Payments	Balance 9/30/2021	Due Within One Year
2019 A TIF Project Developer Note	$ 1,593	$ -	$ -	$ (29)	$ 1,564	$ 13
Series 2016 A Notes	2,315	-	-	(2,136)	179	179
Series 2014 B Revenue Notes	2,000	-	-	(2,000)	-	-
WICO loan related to capital assets	42,255	-	183	(758)	41,680	41,680
WICO Paycheck Protection Plan	-	717	-	-	717	717
Total	$ 48,163	$ 717	$ 183	$ (4,923)	$ 44,140	$ 42,589

In December 2020, the Authority entered into the Series 2020 A Virgin Islands Tax Revenue/Subordinate Lien Gross Receipts Taxes Line of Credit (the “Series 2020A Tax Revenue Anticipation Notes”) with two local banks in the amount of $60 million. Under the terms of the line of credit, drawdowns were restricted to mandatory operating costs of the primary Government as authorized in legislatively enacted budgets, and the interest rate was not to exceed 6 percent. No draws were taken under the line of credit, and it expired in March 2021.

In November 2019, the Authority issued the Series 2019 A TIF Project Developer Note. As part of the Tax Increment Financing Agreement entered into in 2009, the TIF Project Developer was entitled to a fee in the amount of $3.4 million to be paid through a non-transferable special limited obligation of PFA secured by a subordinate pledge of the Island Crossings incremental revenues collected under a special escrow agreement. The TIF Project Developer Note was issued on November 14, 2019, in the amount of $1.6 million, with a maturity date of November 1, 2049 to pay the remaining balance of the Project Developer fee. Interest on the Project Developer bonds is 8.50% with payments made annually on October 1st over a thirty (30) year term.

The 2019 A TIF Project Developer Note was issued under the Tax Increment Revenue Loan Agreement dated November 1, 2019, between the Government, Authority and Trustee. Under the Tax Increment Revenue Loan Agreement, the Note may not be transferred to secure payment of the Series 2019 A Bonds. In the event the Series 2019 A Bonds are prepaid, the 2019 A TIF Project Developer Note shall also be prepaid in the same proportion as the Series 2019 A Bonds.

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, 2021, the outstanding balance was $179 thousand. As security for the payment of principal and interest on the Series 2016A Revenue Notes, the Government has pledged and assigned the gross receipts taxes collected by the Government subject and subordinate to the lien on such taxes and revenues in favor of the holders of outstanding bonds and to the Required Annual Moderate Income Housing Deposit. The Government covenants to provide to the Authority within 180 calendar days of the end of each fiscal year a financial report summarizing annual receipts and transfers of gross receipts taxes and substitute revenues.

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, 2021, the note has been repaid.

In July 2017, the WICO consolidated various loans with Banco Popular de Puerto Rico in the amount of $41,680,019 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, a pledge of WICO's revenues and the unlimited continuing repayment guarantee from PFA in the event of default.

The loan contains a provision that in an event of default, the Bank may by written notice to WICO (i) immediately terminate the commitment of the Banco Popular de Puerto Rico, and (ii) declare the principal of and interest accrued on the loan due and payable.

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 to the Government.

In May 2020, the Company was notified by the Bank that monthly payments on the outstanding loan payable 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.

WICO is required to maintain a Debt Service Reserve Fund ("DSR") with the bank in the amount of $2,242,662. 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. 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, 2021, WICO was not in compliance with the DSR, DSCR and FCR and reporting requirements. The loan agreement considers any noncompliance of the covenants as default. However, as of the report date, and as further discussed in Note 20, WICO issued certain bonds, the proceeds of which were utilized to prepay the outstanding loan balance and WICO entered into loan termination, pledge termination, and guaranty termination agreements with the Bank, documenting the close of the loan payable.

In April 2021, the WICO received an SBA guaranteed Paycheck Protection Program ("PPP") loan in the amount of $717,200. The loan was subject to a fixed interest rate of 1.0%. The maturity of the loan is five years from the date of the first disbursement of the loan. The Company applied for forgiveness of the loan in May 2022 and the loan was forgiven in October 2022.

Interest expense related to notes and loan payable during the year ended September 30, 2021, was as follows (expressed in thousands):

Series 2016 A Notes	$ 57
Series 2014 B Revenue Notes	37
WICO loan related capital assets	2,240
Total	$ 2,334

Future minimum payments of principal as of September 30, 2021, are as follows:

	Total Debt Service		
Year Ending September 30,	Principal	Interest	Total
2022	42,589,028	2,123,661	44,712,689
2023	14,956	131,885	146,841
2024	16,227	130,614	146,841
2025	17,607	129,234	146,841
2026	19,103	127,738	146,841
2027-2031	122,814	611,388	734,202
2032-2036	184,670	549,533	734,203
2037-2041	277,681	456,523	734,204
2042-2046	417,537	316,667	734,204
2047-2051	480,990	106,372	587,362
	44,140,613	4,683,615	48,824,228

9. Refundable Advance

In May 2020, WICO received a loan from the Paycheck Protection Program ("PPP") in the amount of $464,400. The loan was guaranteed by the Small Business Administration ("SBA") and was not required to be collateralized or have any covenants.

WICO did not expend any of the loan proceeds due to uncertainties regarding whether the Company qualified for the loan program. The loan proceeds, including interest of $3,895 were subsequently returned in March 2021.

10. Due to the Government

Due to the Government represents funds held by the Authority on behalf of the Government for payment of construction and other projects and debt service payments. Due to the Government movement for the year ended September 30, 2021, was as follows:

	Debt Service Funds	Construction Funds	Federal Reimbursements
Beginning balance	$ 395,182,734	$ 139,315,460	$ 2,579,068
Funds received for debt service	69,668,685	293,699,855	-
Debt service	(181,321,024)	-	-
Investment income	1,581,797	175,650	-
Issuance costs	(2,000)	-	-
Bank fees	(49,284)	(174)	-
Other income/(loss)	-	(226,769)	-
Capital outlays (including reimbursements)	-	(11,871,991)	-
Federal reimbursements	-	-	
Interfund transfers	217,040,314	(217,040,314)	-
Transfer of funds to the Government	-	(37,700,000)	(1,498,000)
Budget allocation transfers	(7,000,000)	(4,000,000)	
Transfer to rum producers	(99,188,134)	-	-
Department of Transportation Grants	7,572,000	-	-
Ending balance	$ 403,485,088	$ 162,351,717	$ 1,081,068

11. Payments on Behalf of the Government

During the year ended September 30, 2021, 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.

Series 2014 C Revenue and Refunding Bonds	$ 1,122,246
Series 2014 A Revenue Bonds	213,122
Series 2012 C Revenue Bonds	256,459
Series 2015 Federal-Aid Highway Bonds	7,101,026
Series 2009 A Revenue Bonds (Diageo)	1,716,048
Series 2003 A Revenue Bonds	8,143
Series 2009 A 1, A 2, B and C Revenue and Refunding Bonds	647,427
Recovery Grant Management	66,022,192
Administrative Funds	885,710
	77,972,373
Budgetary transfers	10,000,000
Total payments on behalf of the Government	$ 87,972,373

During the year ended September 30, 2021, the Authority charged the Government fees amounting to $900,000 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.

12. 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 2025. During the year ended September 30, 2021, WICO generated revenues of $796,819 through leasing arrangements.

As of September 30, 2021, the leased property included depreciable capital assets of approximately $4.7 million, less accumulated depreciation of approximately $2.9 million, for a net book value of $1.8 million.

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

Year ending September 30,	2022	2023	2024	2025	Total
Land rentals	$ 454,000	$ 466,000	$ 474,250	$ 487,000	$ 1,881,250

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, 2026, with optional extension periods through September 30, 2036. WICO will track and reconcile passenger manifests on an annual basis to determine amounts due to or owed by WICO.

13. 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.

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, 2021, $7.6 million of federal funding was received by the Government for debt service requirements for the Series 2015 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 hurricane related expenses approved by FEMA for WICO and viNGN for the year ended September 30, 2021, were $45,697 and $211,491, respectively. In May 2021, WICO received $13,734 in COVID-19 assistance from FEMA.

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. For the year ended September 30, 2021, viNGN expended $387,338 from the grant award.

14. 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,	
2022	$ 70,000
2023	70,000
2024	70,000
2025	70,000
2026	70,000
2027-2031	350,000
2032-2036	303,333
Total	$ 1,003,333

In 2015, viNGN entered into a five-year lease for a warehouse owned by TOPA Properties, LLC which expired on August 31, 2020. The Company continued to lease the space on a month-to-month basis through August 2021.

In October 2015, viNGN also entered into a three-year lease for a warehouse owned by the Virgin Islands Development Park Corporation, expiring on October 31, 2018. The Company continues to lease the space on a month-to-month basis.

In August 2021, viNGN entered into a one-year lease for a warehouse owned by Queen Charlotte Hotel Corporation. The lease includes four renewable options each with a one-year term through August 31, 2026. The annual lease payment is $105,000, with a 3% per year escalation in rent for each of the option years.

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 first professional services 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. Also, in December 2018, the second professional services 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.

As of September 30, 2021, the amount due to the disaster recovery consultants related to this contract was $117.6 million and is reflected as noncurrent accrued expenses in the Statement of Net Position.

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, 2021, the amount remaining in the escrow account was $417,639.

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, 2021. In line with this Act, the $13.25 per proof gallon rate ended on December 31, 2021 and the original $10.50 rate went back into effect on January 1, 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. 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 and October 2021, Moody's Investors Service affirmed a "stable" Caa3 rating of the Authority's bonds. In March 2023, Moody's Investors Service withdrew its Government of the Virgin Islands rating, noting that the debt obligations for which the company provided a reference rating, no longer have outstanding ratings.

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. Also see Note 20.

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. In March 2023, the Government received a follow-up letter from FEMA advising that of $411.8 million transactions reviewed by FEMA, questioned costs amounted to $42.1 million. Questioned costs do not represent final monies owed to FEMA. 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.

15. Retirement and Pension Plans

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 $48,000 for the year ended September 30, 2021. 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 $37,225 in matching employer contributions for the year ended September 30, 2021. 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 reached 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 Employees' Retirement System of the Government of the 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 20.5% 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 2021 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,	2021
Valuation Date	October 1, 2020
Measurement Date	September 30, 2020
Measurement Period	October 1, 2019 – September 30, 2020

The Authority is considered an employer of the plan with a proportionate share of .1600% as of September 30, 2021, which was an increase of .0400% from its proportionate share measured at September 30, 2020. The Authority's percentage was estimated by management based on the average of each employer's contributions during the period October 1, 2017, through September 30, 2020. The Authority's proportionate share of employer contributions recognized by GERS was $348,872 for the plan's fiscal year ended September 30, 2021.

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

As of September 30, 2021, the actuarial calculated net pension liability for the Authority's proportionate share of the net pension liability of the plan was $9.2 million. The net pension liability of the plan is measured as of September 30, 2020, 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, 2020. For the year ended September 30, 2021, the Authority recognized pension expense of $882,765 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, 2021:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 78,945	$ 3,151
Net difference between projected and actual investment earnings on pension plan investments	-	10,992
Changes in assumptions	1,793,935	526,739
Changes in proportion and differences between contributions and proportional share of contributions	2,035,376	29,630
Contributions subsequent to measurement date	348,872	-
Total	$ 4,257,128	$ 570,512

The amount reported for contributions subsequent to the measurement date of $348,872 will be recognized as a reduction of the net pension liability in the year ended September 30, 2021.

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,	
2022	$ 560,567
2023	916,585
2024	594,663
2025	799,573
2026	233,178
Thereafter	233,178
Total	$ 3,337,744

(d) Actuarial Assumptions

A summary of the actuarial assumptions and methods used to calculate the total pension liability as of the measurement date as of September 30, 2020, is provided below. Refer to the October 1, 2020, actuarial valuation report for a complete description of all other assumptions, which can be found on GERS' website.

September 30,	2020
Inflation Rate	2.00%
Salary Increase	3.25% including inflation
Actuarial Cost Method	Entry age normal
Expected Rate of Return	4.00%
Municipal Bond Yield	2.21%
Discount Rate	2.23%
Mortality Table	RP-2014 Blue Collar

The demographic assumptions for the 2020 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 rates of return of 4.00% for the year ended September 30, 2020, 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 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, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	9%	6.23%
International Equity	60%	0.98%
Fixed Income	10%	4.33%
Cash	12%	0.48%
Alternatives	9%	10.23%
Total	100%	

(f) Discount Rate

The discount rate used to measure total pension liability was 2.23% as of September 30, 2020, which was a decrease of 0.44% from the discount rate of 2.67% as of September 30, 2019. 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 4.00% was applied to all periods of projected benefit payments that are covered by projected assets. For periods where future benefit payments are not covered by projected assets, the yield on a 20-year AA Municipal Bond Index was applied, which was 2.21% and 2.66% as of September 30, 2020, and 2019, respectively.

(g) Sensitivity of 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, 2021:

1% Decrease - Share of NPL @ 1.23%	Share of NPL @ 2.23%	1% Increase - Share of NPL @ 3.23%
$ 10,722,877	$ 9,242,042	$ 8,032,619

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

16. 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.

17. 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, 2020. Condensed financial statements for the major component units are presented below.

(expressed in thousands)	WICO	viNGN	KAMI	Lonesome Dove
Condensed Statement of Net Position:				
Assets:				
Current assets	$ 4,765	$ 1,676	$ 1,143	$ 45
Capital assets, net of depreciation	37,074	55,007	2,189	8,363
Total assets	$ 41,839	$ 56,683	$ 3,332	$ 8,408
Liabilities:				
Current liabilities	$ 52,765	$ 405	$ 41	$ -
Other liabilities	1,229	-	619	8,363
Loan payable to the Authority	-	36,804	-	-
Total liabilities	$ 53,994	$ 37,209	$ 660	$ 8,363
Net Position:				
Invested in capital asset, net of debt	$ (4,606)	$ 18,203	$ 2,189	$ -
Restricted	2,730	-	-	45
Unrestricted (deficit)	(10,279)	1,271	483	-
Total net position	$ (12,155)	$ 19,474	$ 2,672	$ 45
Condensed Statement of Revenue, Expenses, and Changes in Net Position:				
Operating revenues	$ 1,189	$ 4,053	$ 385	$ 630
Operating expenses	(4,565)	(5,019)	(581)	(106)
Depreciation and amortization	(3,113)	(4,176)	(487)	-
Operating income (loss)	(6,489)	(5,142)	(683)	524
Non-operating (expenses) revenues	(2,791)	601	(135)	(925)
Change in net position	(9,280)	(4,541)	(818)	(401)
Net position, beginning of year	(2,875)	24,015	3,490	446
Net position (deficit), end of year	$ (12,155)	$ 19,474	$ 2,672	$ 45

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 prepare separate audited financial statements.

18. Segment Information

WICO has outstanding loans payable to a local bank in the amount of $42.4 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, 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 following the hurricanes of 2017 and the closure of its port during the fiscal year due to COVID-19.

WICO also owes $9.3 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, 2021. The outstanding balance of the loan as of September 30, 2021, was $36.8 million.

19. 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, 2021, all payments on the bonds and notes have been made as required and the Authority is in compliance with all related covenants; however, as a result of the disruption to the Authority's operations from Hurricanes Irma and Maria along with the impact of the COVID-19 global pandemic, the Authority did not comply with certain reporting requirements. As per the Authority's bonds' indentures and notes and loan agreements, this noncompliance event does not constitute an event of default and the Authority continues to work diligently to monitor such requirements. 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.

WICO has been financially challenged and its situation was exacerbated by a global occurrence. WICO's management team unveiled its plan for the immediate future focusing on exploration of alternative revenue sources, reduction of operating expenses, and investment of Federal funds to facilitate the restart of cruise operations. Also see Note 14 and Note 20.

20. Subsequent Events

Contractual Agreements - Professional Services for Recovery Efforts

Subsequent to September 30, 2021, and through September 30, 2023, the Authority reported outstanding invoices from the two professional consulting services firms amounting to $57.7 million and $4.0 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.

Economic Relief Legislation

In November 2021, WICO was awarded a $4.0 million subgrant under the American Rescue Plan (ARP) Act of 2021. The grant period is from November 2021 to November 2023 and provides funding to assist with costs associated with the re-starting the cruise sector of U.S. Virgin Islands tourism, including employee-related costs.

In November 2021, "The Infrastructure Investment and Jobs (IIJ) Act" was signed into law. The IIJ Act, among other things, provides broadband grants for states and territories. To help improve broadband service and to promote adoption and affordability, the IIJ Act provides for a minimum initial grant allocation to the U.S. Virgin Islands of $25.0 million. Grants will be administered through the Broadband Equity, Access, and Deployment Program to be established 180 days from the enactment of the IIJ Act. The Authority and its component units continue to examine the impact that the IIJ Act may have on their operations.

In April 2022, viNGN received a $10.8 million grant, under the American Rescue Plan Act of 2021 (ARPA), to provide funding to support viNGN community Wi-Fi expansion by installing Wi-Fi hotspots in ninety-five additional locations through the territory in support of distance learning, telemedicine and virtual government.

Purchase and Refunding of Matching Fund Bonds

In February 2022, the Authority launched a tender offer to purchase $165.7 million of certain outstanding matching fund revenue bonds. The Authority accepted $124.6 million tendered, and the purchase was completed in April 2022. In April 2022, the Authority also refunded $766.1 million of matching fund bonds outstanding with a settlement date of April 25, 2022.

Funding for these transactions was provided by the Matching Fund Special Purpose Securitization Corporation ("Securitization Corporation"). The Securitization Corporation is a separate, independent instrumentality of the Government created in February 2022 by Act 8540. The Corporation was formed to (i) purchase the Government's right, title, and interest in the Matching Fund Receipts, (ii) refund or refinance existing matching bonds held by the Authority through the issuance of securitized bonds, and (ii) to free up funds of the Government to provide financial stability and liquidity to GERS.

Sale of Kings Alley Hotel

In March 2022, the Authority sold the King's Alley Hotel and adjoining property in the amount of $3.7 million. The King's Alley Hotel was managed by KAMI, a wholly owned subsidiary of the Authority, which acquired the property through foreclosure. The adjoining property was purchased by the Authority in 2011 and consisted of a vacant lot with historical structures.

GERS Funding Note

In April 2022, the Authority made a payment to GERS in the amount of $89.2 million in connection with the issuance of the Series 2022A and 2022B Bonds issued by the Matching Fund Special Purpose Securitization Corporation. The Virgin Islands Act No. 8540 authorized the Authority to issue a $3.7 billion GERS Funding Note as an in-kind contribution to GERS secured by a portion of the residual receipts received by the Government in connection with the sale of Matching Fund Rights to the Securitization Corporation. The principal amounts due under the GERS Funding Note are computed as follows: $158.0 million of Matching Fund Receipts less debt service on the Series 2022A and Series 2022B Bonds and required payments under the trust indenture for the Series 2022A and 2022B bonds. As a condition of the GERS Funding Note, GERS released all pending claims, including outstanding employer contributions, and dismissed pending litigation against the Government.

In September 2022, the Authority received $125.5 million from the matching fund receipts Securitization Corporation and made the second payment to GERS of amount of $158.0 million in accordance with the required debt service payments of the GERS Funding Note.

In October 2023, PFA made a payment to GERS in the amount of $124.0 million. The full funding amount of $158.0 million was not achieved as the rum excise cover-over rate of $13.25 per proof gallon was not extended by Congress and returned to $10.50 per proof gallon on January 1, 2022.

Purchase of HNS Hesselberg Property on St. Croix

In March 2023, the Authority acquired 69 acres of beachfront property in Frederiksted, St. Croix, known as the HNS Hesselberg property for $1.2 million. The land was acquired to preserve environmentally significant wetlands and cultural resources. The property will be vested in the Virgin Islands Park System, an organization created in 2022 to ensure that lands held by the local government will be preserved and protected for current and future generations. Funds for the acquisition were part of the $3.7 million received from the sale of the King's Alley Hotel. Those funds are designated for reinvestment in the island of St. Croix.

Line of Credit

In April 2023, the Legislature of the Virgin Islands passed Act 8701, authorizing the Authority to enter into a line of credit in the maximum amount of $100 million to provide for the disbursement of funds needed to advance disaster related recovery projects that are reimbursable through federal funding, and to provide $45 million for the buyout of LPG facilities at the Virgin Islands Water and Power Authority.

On June 15, 2023, PFA and Government entered into the Revenue Anticipation Note Purchase Agreement (Series 2023 Note) with FirstBank Puerto Rico. The Series 2023 Note is in the amount of $100.0 million and is secured by a pledge of a certificate of deposit in the amount of $134.0 million held by FirstBank Puerto Rico. Additional payment sources for the Series 2023 Note include: (i) the General Fund of the Government, and (ii) federal stimulus appropriations that are legally available to be used for debt servicing purposes. Interest on the Series 2023 Note is 200 basis points above the certificate of deposit rate, provided that the interest rate shall not be less than 2.0% or exceed 9.0% per annum.

At the date of the Revenue Anticipation Note Purchase Agreement the certificate of deposit rate was 4.50% and the interest on the loan is 6.50%. Interest will be computed by applying a daily periodic interest rate divided by actual days divided by 365. Interest earned on the certificate of deposit will be deposited into a debt service reserve account. Interest accrues and is paid quarterly on or before the fifteenth day of the next succeeding month, with a final payment due at the maturity of the note. The maturity date of the Series 2023 Note is the earlier of forty-two (42) months from the date of the Note Purchase Agreement, or September 30, 2026, whichever is the first to occur.

Advances on the Series 2023 Note may be taken in any amount, but not less than $5.0 million. The first advance on the Series 2023 Note was dated June 15, 2023, in the amount of $47.1 million. The proceeds of the Series 2023 Note will be loaned to the Government in accordance with a loan agreement dated June 15, 2023.

Loan Payable Related to Capital Assets and Port Facilities Revenue Bonds

In March 2022, WICO was granted a moratorium on principal payments due February 1, 2022, March 1, 2022, and April 1, 2022. Moratorium payments, if not paid sooner, are due in full on the maturity date of the loan in July 2022.

In June 2022, WICO prepaid the loan, including outstanding moratorium payments, in the amount of $41.4 million. WICO also paid accrued interest of $265,626 and a prepayment penalty of $122,335. WICO entered into loan termination, pledge termination and guaranty termination agreements with the Bank, documenting the close of the loan payable. Also, in June 2022, WICO issued the Port Facilities Revenue Bonds, Series 2022A and Series 2022B. The Series 2022 Bonds were issued at a nominal value of $52.6 million and a discounted value of $51.6 million.

The Series 2022A and 2022B Bonds were privately placed and offered exclusively to qualified institutional buyers and were not required to be registered under the Securities Act, or any state securities laws. The bonds are limited obligations of WICO and are not the debts or guarantees of the Authority or the Government.

The Series 2022 Bonds were issued to: (i) prepay the Bank loan, (ii) fund a capitalized interest fund in an amount equal to interest accrued through December 31, 2022, (iii) fund the debt service reserve fund, (iv) finance certain capital improvements to docks, wharves, and ancillary facilities, (v) acquire a twenty-foot skiff for port operations, and (vi) pay certain costs of issuing the bonds. The Series 2022 Bonds are due from October 1, 2032, to April 1, 2052, with interest rates ranging between 5.875% to 6.500%. Interest is payable semiannually on April 1st and October commencing October 1, 2022.

Forgiveness of WICO Paycheck Protection Program Loan

In October 2022, as authorized by the CARES Act, SBA remitted to Banco Popular $717,200 in principal and $10,579 in interest in forgiveness of the WICO Paycheck Protection Program loan. Under the terms of the loan forgiveness, WICO must retain all records relating to the loan for six years from the date the loan is forgiven.

Limited Release and Settlement Agreement between WICO and GERS

In May 2023, WICO entered into a Limited Release and Settlement Agreement with GERS, to settle claims each entity had made against the other in connection with a management agreement that terminated March 1, 2020. Under the terms of the Settlement Agreement, WICO released claims against GERS in the amount of $370,532, and GERS released claims against WICO in the amount of $706,357.

In May 2023, WICO and GERS entered into a Shared Cost Agreement to split equally the shared utility, maintenance, water, and certain other costs at Havensight Mall. As part of the agreement, GERS paid WICO a catch-up payment of $249,541 for costs incurred from March 2020 through December 2022.

Passenger Tariff Increase

In the first quarter of fiscal year 2023, WICO notified cruise lines of a planned tariff increase per passenger of $1.24 of which WICO received a $1 increase on January 1, 2023. The $1 increase in tariff will amount to a 15% increase in passenger fee revenue.

Cruise Passengers in the Post-Pandemic Era

WICO observed a resurgence in cruise passengers as cruise lines gradually lifted pandemic-related restrictions in response to the subsiding pandemic. Notably, during the latter part of fiscal year 2022, there was a notable upswing in cruise ship passenger occupancy and ship arrivals. This positive trend persisted throughout fiscal year 2023, with cruise ship passenger occupancy surpassing 90%. Looking ahead to fiscal year 2024, the Company foresees a continuation of this upward trajectory. They anticipate that passenger occupancy will surpass 95% and expect a further increase in cruise calls and passenger volume, extending well into fiscal year 2025.

Management's Evaluation

Management has evaluated any events or transactions occurring after September 30, 2021, the statement of net position date, through February 15, 2024, 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, 2021.

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

Fiscal Year	**2021**	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	**0.1600%**	0.1200%	0.1115%	0.1128%	0.1097%	0.1029%	0.1065%
Authority's proportionate share of the net pension liability	**$ 9,242,042**	$ 6,377,577	$ 4,674,397	$ 4,941,575	$ 5,075,147	$ 4,188,003	$ 3,286,609
Authority's covered payroll	**$ 1,576,430**	$ 735,806	$ 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	**586%**	867%	893%	967%	1,067%	897%	668%
Plan fiduciary net position as a percentage of the total pension liability	**9%**	11%	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

Fiscal Year	**2021**	2020	2019	2018	2017	2016	2015
Actuarially required contributions of the Primary Government	**$ 348,872**	$ 306,691	$ 150,840	$ 104,492	$ 104,745	$ 108,738	$ 119,009
Contributions in relation to the actuarially required contributions	**$ 348,872**	306,691	138,355	104,492	104,745	108,738	119,009
Contribution deficiency (excess)	**$ -**	$ -	$ 12,485	$ -	$ -	$ -	$ -
Authority's covered payroll	**$ 1,832,194**	$ 1,576,430	$ 735,806	$ 523,173	$ 510,954	$ 475,468	$ 467,034
Contributions as a percentage of covered payroll	**19.04%**	19.45%	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.

Other Reporting Required by *Government Auditing Standards*

Tel: 301-354-2500
Fax: 301-354-2501
www.bdo.com

12505 Park Potomac Ave, Suite 700
Potomac, MD 20854

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors
Virgin Islands Public Finance Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Virgin Islands Public Finance Authority (the "Authority"), a blended component unit of the Government of the U.S. Virgin Islands, which comprise the statement of net position as of September 30, 2021, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2024. This report does not include the results of our testing of internal control over financial reporting or compliance and other matters for The West Indian Company Limited and viNGN INC. d/b/a Virgin Islands Next Generation Network which is reported separately by us.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

BDO USA, P.C.

(formerly known as BDO USA, LLP)

February 15, 2024