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

Management's Discussion and Analysis and Financial Statements (with Independent Auditor's Report Thereon)
Year Ended September 30, 2022

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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, 2022, 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 financial position of the Virgin Islands Public Finance Authority as of September 30, 2022, and the changes in financial position and its cash flows 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 opinion.

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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 2 to the financial statements, in 2022, the Authority adopted Governmental Accounting Standards Board Statement (GASB) No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

April 8, 2025

Management's
Discussion and Analysis (unaudited)

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, 2022, with selected comparative information for the year ended September 30, 2021. 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 Authority has implemented GASB Statement 87 – *Leases*, which requires lessors to record the conveyance of the right-to-use non-financial assets within the financial statements as a lease receivable and deferred inflows of resources. The discounted value of future payments from lessees are reported as a lease receivable and related income is recorded as deferred inflows of resources, recognized on a straight-line basis over the term of the lease. Additionally, right-to-use assets, or lease assets, are recorded under capital assets. These lease assets represent the Authority's right to utilize leased items over an agreed-upon term with the lessor and are subject to straight-line amortization. The discounted value of future payments to lessors is reported as a lease liability. Net position at October 1, 2021 has been restated as a result of the implementation of this standard.

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, 2022 and 2021 (expressed in thousands).

Table 1: Summary of Statements of Net Position

September 30,	2022	2021*	Change	% Change
Assets:				
Current assets	$ 394,073	$ 597,282	$ (203,209)	-34%
Noncurrent assets:				
Noncurrent assets, excluding capital assets	712,437	1,787,757	(1,075,320)	-60%
Leased and capital assets, net	88,307	94,926	(6,619)	-7%
Total noncurrent assets	800,744	1,882,683	(1,081,939)	-58%
Total assets	1,194,817	2,479,965	(1,285,148)	-52%
Deferred outflows of resources	9,719	8,454	1,265	15%
Total assets and deferred outflows of resources	$ 1,204,536	$ 2,488,419	$ (1,283,883)	-52%
Liabilities:				
Current liabilities	$ 229,915	$ 189,373	$ 40,542	21%
Noncurrent liabilities:				
Long-term bonds payable, net	668,278	1,552,432	(884,154)	-57%
Other long-term liabilities	266,117	705,366	(439,249)	-62%
Total noncurrent liabilities	934,395	2,257,798	(1,323,403)	-59%
Total liabilities	1,164,310	2,447,171	(1,282,861)	-53%
Deferred inflows of resources	4,277	570	3,707	650%
Total liabilities and deferred inflows of resources	1,168,587	2,447,741	(1,279,154)	-53%
Net position:				
Net investment in capital assets	8,563	15,826	(7,263)	-46%
Restricted for debt service	30,866	33,158	(2,292)	-7%
Restricted for capital improvements	110	1,566	(1,456)	-93%
Unrestricted deficit	(3,590)	(9,872)	6,282	64%
Total net position	$ 35,949	$ 40,678	$ (4,729)	-12%

** 2021 figures do not reflect implementation of GASB Statement No. 87, Leases.*

For fiscal year 2022, current assets decreased from the prior fiscal year by $203.2 million, mainly due to the decrease in restricted investments of $243.9 million, the decrease in the restricted loans receivable from the Government of $56.3 million and the decrease in amounts due from the Government of $2.5 million. These decreases were offset by the increase in restricted and unrestricted cash and cash equivalents of $98.6 million, the increase of prepaid and other assets of $397,000, the increase in federal grants receivable of $221,000, the increase of net receivables of $36,000, and the increase in leases receivable of $239,000 due to the implementation of GASB Statement No. 87, *Leases*.

Noncurrent assets, excluding capital assets decreased by $1.1 billion mainly due to the decrease of restricted loans receivable from the Government of $878.6 million, the decrease of restricted investments of $152.6 million, the decrease of the amount due from various Government entities of $50.4 million and the decrease in restricted intangible assets of $327,000.

Leased and capital assets decreased by $6.6 million, mainly due to net dispositions of $2.1 million and depreciation and amortization expense of $7.9 million exceeding the acquisition of capital assets of $1.6 million and an opening balance adjustment of $1.8 million to report leased assets. Deferred outflows of resources increased by $1.3 million, primarily due to increases in pension deferrals of $1.9 million offset by a reduction in deferred losses on bond refundings of $597,000.

For fiscal year 2022, current liabilities increased by $40.5 million, mainly due to a decrease in bonds payable of $57.0 million, a decrease of short-term notes and loans payable of $41.9 million, and a decrease in interest payable of $25.5 million, offset by an increases in accrued expenses of $3.7 million, lease liability of $450,000, current compensated absences payable of $38,000 and escrowed funds due to Government Employees' Retirement System of the U.S. Virgin Islands of $158.0 million. Noncurrent liabilities decreased by $1.3 billion, mainly due to decreases in bonds payable of $884.2 million, amounts due to the Government of $392.5 million, long-term accrued expenses of $50.4 million, leases held on behalf of the Government of $327,000, and long-term notes payable of $15,000, offset by increases in net pension liability of $1.9 million, lease liability of $1.4 million due to GASB 87 implementation, deferred revenue of $662,000 and long-term compensated absences payable of $45,000. Deferred inflows of resources increased by $3.7 million due to increases in lease deferrals of $2.7 million and an increase in pension deferrals of $1.0 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, 2022 and 2021 (expressed in thousands):

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

September 30,	2022	2021*	Change	% Change
Operating revenues	$ 10,297	$ 7,615	$ 2,682	35%
Operating expenses	35,554	32,187	3,367	10%
Operating loss	(25,257)	(24,572)	(685)	-3%
Non-operating revenues	16,407	11,432	4,975	44%
Change in net position	(8,850)	(13,140)	4,290	33%
Net position – beginning of year, as restated	44,799	53,818	(9,019)	-17%
Net position – end of year	$ 35,949	$ 40,678	$ (4,729)	-12%

** 2021 figures do not reflect implementation of GASB Statement No. 87, Leases.*

For fiscal year 2022, the Authority's operating revenues of $10.3 million increased by $2.7 million due to a $1.9 million increase in revenue by WICO primarily related to increase passenger fees due to the removal of COVID travel restrictions, a $590,000 increase in revenue by viNGN, and a $494,000 increase in oil and gas lease revenue by Lonesome Dove, and a $140,000 increase in charges for services by the Authority, offset by a $233,000 decrease in hotel revenue by KAMI. Operating expenses increased by $3.4 million due to increases in general and administrative expenses of $3.3 million and an increase in depreciation and amortization expense of $69,000. The Authority reported an increase in non-operating revenues of $5.0 million mainly due to a reduction in interest expense of $28.5 million, an increase in grant revenue of $5.9 million, an increase in the budgetary allocation from the Government of $2.0 million and an increase in gains of the disposals of capital assets of $1.5 million, offset by investment income decreasing by $30.8 million and an increase in debt issuance costs of $2.2 million.

Leased and Capital Assets

Following is a schedule of the leased and capital assets of the Authority as of September 30, 2022 and 2021:

	Balance 9/30/2021 (as restated)	Additions	Disposals	Transfers	Balance 9/30/2022
Total capital assets not being depreciated	$ 12,088,134	$ 890,466	$ (95,792)	$ (800,798)	$ 12,082,010
Capital assets being amortized and depreciated:					
Personal property and equipment	70,973,653	227,077	(182,072)	604,354	71,623,012
Buildings and building improvements	82,220,864	25,112	(9,878,790)	196,444	72,563,630
Intangible assets	20,973,568	-	-	-	20,973,568
Total capital assets being amortized and depreciated	174,168,085	252,189	(10,060,862)	800,798	165,160,210
Less accumulated amortization and depreciation for:					
Personal property and equipment	(30,779,473)	(3,723,178)	175,296	-	(34,327,355)
Buildings and building improvements	(51,832,655)	(3,058,626)	7,898,942	-	(46,992,339)
Intangible assets	(8,717,633)	(685,650)	-	-	(9,403,283)
Total accumulated amortization and depreciation	(91,329,761)	(7,467,454)	8,074,238	-	(90,722,977)
Capital assets, net	94,926,458	(6,324,799)	(2,082,416)	-	86,519,243
Leased assets:					
Buildings and building improvements	2,410,560	414,702	-	-	2,825,262
Less accumulated amortization for buildings and building improvements	(639,260)	(398,671)	-	-	(1,037,931)
Leased assets, net	1,771,300	16,031	-	-	1,787,331
Leased and capital assets, net	$ 96,697,758	$ (6,308,768)	$ (2,082,416)	$ -	$ 88,306,574

Debt Administration

Bonds payable – Table 3 summarizes the Authority's outstanding bonds payable for the year ended September 30, 2022 (expressed in thousands):

Table 3: Summary of Bonds Payable

	Balance 9/30/2021	Bond Issuance	Principal Payments	Balance 9/30/2022
Bonds Payable:				
Matching Funds Revenue Bonds	$ 949,475	$ -	$ (949,475)	$ -
Gross Receipts Revenue Bonds	590,015	-	(30,095)	559,920
Federal-Aid Highway Bonds	67,125	-	(4,220)	62,905
Direct Placement Bonds Payable:				
Tax Increment Financing Bonds	10,061	-	(527)	9,534
WICO Port Facilities Revenue Bonds	-	52,625	-	52,625
Total bonds payable	$ 1,616,676	$ 52,625	$ (984,317)	$ 684,984

Loans and notes payable - Table 4 summarizes the Authority's outstanding loans and notes payable for the year ended September 30, 2022 (expressed in thousands):

Table 4: Summary of Loan and Note Series Payable

	Balance 9/30/2021	New Issuances	Principal Payments	Balance 9/30/2022
2019 TIF Project Developer Note	$ 1,564	$ -	$ (13)	$ 1,551
2016 A Notes	179	-	(179)	-
WICO loan related to capital assets	41,680	-	(41,680)	-
WICO Paycheck Protection Program Loan	717	-	-	717
Total notes and loans	$ 44,140	$ -	$ (41,872)	$ 2,268

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 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, 2022 and 2021 (expressed in thousands):

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

	WICO		KAMI		Lonesome Dove	
September 30,	**2022****	**2021***	**2022**	**2021**	**2022**	**2021**
Condensed Statement of Net Position:						
Assets:						
Current assets	$ 12,113	$ 4,765	$ 4,501	$ 1,143	$ 173	$ 45
Non-current assets	40,724	37,074	-	2,189	8,036	8,363
Total assets	$ 52,837	$ 41,839	$ 4,501	$ 3,332	$ 8,209	$ 8,408
Liabilities:						
Current liabilities	$ 12,840	$ 52,765	$ 2	$ 41	$ -	$ -
Non-current liabilities	52,860	1,229	619	619	8,036	8,363
Total liabilities	65,700	53,994	621	660	8,036	8,363
Deferred inflows of resources	2,700	-	-	-	-	-
Total liabilities and deferred inflows of resources	68,400	53,994	621	660	8,036	8,363
Total net position	$ (15,563)	$ (12,155)	$ 3,880	$ 2,672	$ 173	$ 45
Condensed Statement of Revenues, Expenses, and Changes in Net Position:						
Operating revenues	$ 3,093	$ 1,189	$ 152	$ 385	$ 1,124	$ 630
Operating expenses	9,426	7,678	484	1,068	56	106
Operating income (loss)	(6,333)	(6,489)	(332)	(683)	1,068	524
Non-operating (expenses) revenues	(1,230)	(2,791)	1,540	(135)	(940)	(925)
Change in net position	(7,563)	(9,280)	1,208	(818)	128	(401)
Net position – beginning of Year, as restated	(8,000)	(2,875)	2,672	3,490	45	446
Net position (deficit) – end of year	$ (15,563)	$ (12,155)	$ 3,880	$ 2,672	$ 173	$ 45

** 2021 figures do not reflect implementation of GASB Statement No. 87, Leases.*
*** WICO figures adjusted to eliminate leases to viNGN.*

For fiscal year 2022, WICO's assets amounted to $52.8 million, of which $10.4 million represented cash and cash equivalents, $1.7 million represented current receivables, prepaid expenses and other current assets, $6.7 million represented leases receivable and $34.0 million represented capital assets net of accumulated depreciation. Current and other assets increased by $7.3 million mainly due to the increase in cash and cash equivalents of $6.7 million, an increase in prepaid expenses and other current assets of $205,000, an increase in receivables of $452,000.

Capital assets decreased by $3.0 million due to the net effect of acquisition of assets of $63,000 offset by depreciation expense of $3.1 million. Lease receivable increased due to the implementation of GASB 87.

For fiscal year 2022, WICO's liabilities amounted to $65.7 million, of which $51.6 million represented bonds payable, $10.0 million represented a payable to the Government, $1.3 million represented compensated absences payable, and $1.1 million represented accrued expenses. Current and other liabilities decreased by $39.9 million mainly due to the pay-off of $41.7 million of the current portion of the direct borrowing from a bank, offset by an increase in short-term bonds payable of $992,000, an increase in payments in lieu of taxes ("PILOT") due to the Government of $647,000, an increase in accounts payable and accrued expenses of $71,000 and an increase in the current portion of compensated absences payable of $38,000. Long-term liabilities increased by $51.6 million due to an increase in long-term bonds payable of $51.6 million and an increase in long-term compensated absences payable of $45,000. Deferred inflows of resources amounted to $2.7 million due to lease deferrals.

For fiscal year 2022, operating revenues of $3.1 million increased by $1.9 million from the prior year mainly due to increased passenger fees received resulting from the recovery of the cruise ship industry following the removal of Coronavirus (COVID-19) related travel restrictions.

Operating expenses of $9.4 million increased by $1.7 million primarily due to an increase in costs of services expenses of $1.5 million and an increase in general and administrative expenses of $288,000. WICO reported a net decrease in non-operating income (expenses) of $1.6 million. Grant revenue increased by $3.9 million related to an American Rescue Plan (ARP) Act grant aiding the re-starting of the cruise sector, an increase in other income of $30,000, and an increase in interest on leases of $335,000 offset by an increase in bond issuance costs of $2.2 million and an increase in interest expense of $502,000.

For fiscal year 2022, KAMI's current assets increased by $3.4 due to an increase in cash and cash equivalents of $3.3 million, an increase in funds held in escrow and deposits held of $75,000 and a decrease in trade receivables of $46,000. Noncurrent assets decreased by $2.2 million due to the sale of the Kings's Alley Hotel in March 2022.

For fiscal year 2022, Lonesome Dove's current assets increased by $128,000 primarily due to an increase in cash and cash equivalents of $110,00 and. 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 $494,000 due to an increase in oil prices. Lonesome Dove made payments to the Government for outstanding tax liabilities during fiscal year 2022 of $940,000.

Following is condensed financial information for viNGN for the fiscal year ended September 30, 2022 and 2021 (expressed in thousands):

Table 6: Condensed Financial Information for viNGN

September 30,	2022**	2021*
Condensed Statement of Net Position:		
Assets:		
Current assets	$ 4,582	$ 1,676
Leased and capital assets, net	52,232	55,007
Total assets	56,814	56,683
Liabilities:		
Current liabilities	3,515	404
Non-current liabilities	37,845	36,805
Total liabilities	41,360	37,209
Total net position	$ 15,454	$ 19,474
Condensed Statement of Revenues, Expenses, and Changes in Net Position:		
Operating revenues	$ 4,644	$ 4,054
Operating expenses	9,511	9,196
Operating loss	(4,867)	(5,142)
Non-operating revenues	872	602
Change in net position	(3,995)	(4,540)
Net position - beginning of year, as restated	19,449	24,015
Net position - end of year	$ 15,454	$ 19,475

** 2021 figures do not reflect implementation of GASB Statement No. 87, Leases.*
***2022 figures adjusted to eliminate leases to WICO*

For fiscal year 2022, the viNGN's assets amounted to $56.8 million, of which $3.3 million represented cash and cash equivalents, $371,000 represented accounts receivable, $378,000 represented prepaid expenses and other assets, and $52.3 million represented leased and capital assets. The Company reported Federal grant receivables of $546,000 related to public assistance grants for disaster recovery projects following Hurricanes Irma and Maria (the "Hurricanes") in September 2017.

Current assets increased by $2.9 million mainly due to the net effect of an increase in cash and cash equivalents of $2.7 million, an increase in Federal grants receivable of $221,000, an increase in prepaid expenses and other assets of $101,000, and a decrease in accounts receivable of $151,000. Capital assets decreased by $2.7 million due to the net effect of acquisition of assets of $987,000 and lease asset of $777,000, and depreciation and amortization expense of $4.5 million.

For the fiscal year ended September 30, 2022, operating revenues increased by $589,000 mainly due to an increase in services to one service provider. Operating expenses decreased by $42,000 mainly due to net effect of increases in repairs & maintenance and other operating expenses of $185,000, increases in salary, fringe, and other employee benefits of $63,000, increases of legal and professional expenses of $58,000, increases in travel expenses of $51,000, and decreases in lease expense of $271,000 due to GASB 87 implementation, decreases in credit card processing expenses of $41,000, decreases in bad debt expense of $34,000, decreases in insurance expense of $28,000, decrease in telecom expenses $19,000 and decrease in office supplies $6,000. Depreciation and amortization expense increased by $336,000. viNGN reported an increase in non-operating revenues of $265,000, mainly due to increases in Federal grant revenues of $307,000, offset by an increase in interest expense of $42,000.

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, 2022 and 2021 are as follows (expressed in thousands):

Table 7: Summary of Debt Service Payments by Revenue Source

September 30,	2022	2021
Excise rum tax	$ 82,994	$ 106,891
Gross receipts tax	58,657	63,817
Federal highway grants	7,576	7,572

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.

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,		2022
Assets		
Current assets:		
Cash and cash equivalents	$	40,645,914
Restricted cash and cash equivalents		271,251,461
Restricted investments, at fair value		36,577,762
Receivables, net		909,501
Due from the Government		500,000
Grants receivable		698,091
Leases receivable		238,749
Restricted loans receivable - the Government		41,675,576
Prepaid expenses and other assets		1,575,554
Total current assets		394,072,608
Noncurrent assets:		
Restricted investments, at fair value		51,778,133
Leases receivable		6,662,679
Restricted loan receivable - Virgin Islands Waste Management Authority		750,000
Restricted loans receivable - the Government		577,964,392
Due from various Governments		67,246,460
Leased and capital assets, net		88,306,574
Restricted intangible assets, net		8,036,000
Total noncurrent assets		800,744,238
Total assets		1,194,816,846
Deferred outflows of resources		
Deferred losses on bond refundings, net		3,599,384
Deferred amounts related to pension		6,119,438
Total deferred outflows of resources		9,718,822
Total assets and deferred outflows of resources	$	1,204,535,668

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,		2022
Liabilities		
Current liabilities:		
Due to the Government Employees' Retirement System of the U.S. Virgin Islands	$	157,996,500
Accounts payable, accrued expenses, and other liabilities		16,438,016
Compensated absences payable		63,812
Deferred grant revenue		2,694,730
Lease liability		450,297
Notes payable		732,156
Bonds payable		36,625,620
Interest payable		14,913,824
Total current liabilities		229,914,955
Noncurrent liabilities:		
Accrued expenses		67,246,460
Compensated absences payable		1,273,945
Deferred revenue		662,240
Lease liability		1,390,344
Notes payable		1,536,629
Net pension liability		11,121,208
Bonds payable, net of unamortized bond premiums and discounts		668,278,031
Due to the Virgin Islands Waste Management Authority		417,639
Due to the Government - construction funds		134,976,663
Due to the Government - debt service funds		39,455,405
Leases held on behalf of the Virgin Islands Bureau of Internal Revenue		8,036,000
Total noncurrent liabilities		934,394,564
Total liabilities		1,164,309,519
Deferred inflows of resources		
Deferred amounts related to leases		2,699,824
Deferred amounts related to pension		1,576,953
Total deferred inflows of resources		4,276,777
Total liabilities and deferred inflows of resources		1,168,586,296
Net position:		
Net investment in capital assets		8,563,101
Restricted for:		
Debt service		30,866,427
Capital improvements		110,318
Unrestricted deficit		(3,590,474)
Total net position	$	35,949,372

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,	2022
Operating revenues	
Charges for services	$ 10,052,391
Other operating revenues	245,220
Total operating revenues	10,297,611
Operating expenses	
General and administrative	27,687,871
Depreciation and amortization	7,866,125
Total operating expenses	35,553,996
Operating loss	(25,256,385)
Non-operating revenues (expenses)	
Investment income:	
Cash, cash equivalents, and investments	(878,039)
Loans receivable - the Government	55,403,996
Other	364,722
Budgetary allocation	12,000,000
Grants revenue	9,972,722
Interest expense	(58,220,326)
Transfers to the Government	(940,000)
Gain on sale of fixed assets	1,540,528
Debt issuance cost	(2,227,700)
Other income	90,938
Contribution to the Government of the U.S. Virgin Islands	(700,000)
Total non-operating revenues, net	16,406,841
Change in net position	(8,849,544)
Net position, beginning of year, as restated (Note 2)	44,798,916
Net position, end of year	$ 35,949,372

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,		2022
Cash flows from operating activities		
Cash received from customers	$	11,014,653
Cash paid to employees		(8,276,605)
Cash paid to suppliers		(14,987,648)
Cash received from MFSP Securitization Corp		247,195,241
Cash paid to Government Employees' Retirement System of the U.S. Virgin Islands		(89,198,738)
Net cash provided by operating activities		145,746,903
Cash flows from investing activities		
Purchases of investments		(1,104,600,177)
Interest received on cash, cash equivalents, and investments		508,922
Investment maturities and sales		1,496,601,472
Net cash provided by investing activities		392,510,217
Cash flows from capital and related financing activities		
Acquisition of capital assets		(1,557,357)
Proceeds from sale of capital assets		3,622,944
Proceeds from bond issuance		51,572,500
Bond issuance costs		(3,846,115)
Principal payments on lease liability		(11,217)
Principal payments on loans related to capital assets		(41,680,019)
Interest paid on long-term debt related to capital assets		(2,451,608)
Net cash provided by capital and related financing activities		5,649,128
Cash flows from noncapital financing activities		
Funds received for debt service		61,025,409
Funds received for construction projects		5,205,479
Payments to Cruzan		(50,854,477)
Payments to Diageo		(56,037,577)
Bank and other fees		(27,761)
Budgetary allocation		12,000,000
Interest paid on bonds and notes payable		(33,903,054)
Grants		12,446,322
Transfer from the Government		737,429,288
Principal payments on bonds payable		(984,317,643)
Principal payments on notes payable		(191,810)
Payments on behalf of the Government		(148,092,856)
Net cash used in noncapital financing activities		(445,318,680)
Net increase in cash, cash equivalents, and restricted cash		98,587,568
Cash, cash equivalents, and restricted cash, beginning of year		213,309,807
Cash, cash equivalents, and restricted cash, end of year	$	311,897,375

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,	2022
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	$ (25,256,385)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Provision for doubtful accounts	(202,082)
Depreciation and amortization	7,866,125
Other income	90,938
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Receivables	165,947
Accounts payable, accrued expenses, and other liabilities	3,714,122
Compensated absences payable	82,772
Prepaid expenses and other assets	(396,573)
Deferred revenue	662,242
Due to the Government Employees' Retirement System of the U.S. Virgin Islands	157,996,500
Net pension liability	1,879,166
Deferred outflows of resources - pension related	(1,862,310)
Deferred inflows of resources - pension related	1,006,441
Total adjustments	171,003,288
Net cash provided by operating activities	$ 145,746,903
Noncash noncapital financing activities	
Accrued expenses related to professional services	$ 67,246,460

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 matching fund 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. In March, 2022, the Authority sold the King's Alley Hotel.

- 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 16 for condensed financial statements of the major component units.

2. Summary of Significant Accounting Policies

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

Measurement Focus and Basis of Accounting

The Authority complies with all applicable 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 and deferred outflows of resources after liabilities and deferred inflows of resources 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 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.

Leases

Lessee

The Authority and viNGN are party to multiple leases of nonfinancial assets as a lessee. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of any lease liability. Lease assets are reported with capital assets and lease liabilities are reported separately on the statement of net position.

Lessor

The Authority has leased to third-parties multiple nonfinancial assets. The Authority recognizes a lease receivable and a deferred inflow of resources in the Statement of Net Position.

At the commencement of the lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments receivable.

The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Authority uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

The Authority recognizes payments received for short-term leases with a lease term of 12 months or less as revenue when earned. In accordance with GASB 87, such short-term leases are not included as lease receivables or deferred inflows in the Statement of Net Position.

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 as of September 30.

The change in compensated absences is as follows for the year ended September 30, 2022:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences payable	$ 1,254,985	$ 233,898	$ (151,126)	$ 1,337,757	$ 63,812

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 is reported net of the applicable bond discounts or premiums. Issuance costs are reported as expenses in the year incurred.

Net Pension Liability

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

Deferred Outflows of Resources and Deferred Inflows of Resources

The Authority reports separate sections in the Statement of Net Position for deferred outflows of resources and deferred inflows 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, 2022, are as follows:

Liberty	56%
Alliance Data Services	16%
Total	72%

Customers representing more than 10% of port service and dockage revenues of WICO during the year ended September 30, 2022, are as follows:

Norwegian Cruise Lines	36%
Carnival Cruise Lines	29%
Disney Cruise Lines	13%
Total	78%

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 June 2017, GASB issued GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Authority adopted this Statement as of October 1, 2021.

The following details the restatement of net position as a result of the adoption of GASB Statement No. 87.

Net (deficit), October 1, 2021	$ 40,677,870
Adoption of GASB Statement No. 87	4,121,046
Net (deficit), October 1, 2021, as restated	$ 44,798,916

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest costs incurred before the end of a construction period. The requirements of this Statement are effective for the Authority's financial statements for the year ended September 30, 2022. The Authority has evaluated this Statement and has determined there is no impact on the financial statements as the Authority did not incur interest costs before the end of a construction period.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This Statement provides additional guidance on: (i) Statement 87 for reinsurance recoveries, (ii) Statements 73 and 74 for intra-entity transfers of assets, (iii) Statement 84 and postemployment benefit arrangements, and (iv) requirements related to the measurement of liabilities associated with asset retirement obligations in a government acquisition. The requirements of this Statement are effective for the Authority's financial statements for periods beginning after June 15, 2021. The Authority has evaluated this Statement and has determined there is no impact on the financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement provides additional guidance for governments that have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR), most notably, the London Interbank Offered Rate (LIBOR). The requirements of this Statement are effective for the Authority's financial statements for periods ending after December 31, 2021. The Authority has evaluated this Statement and has determined there is no impact on the financial statements as the Authority did not have any outstanding debt subject to an IBOR.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The objectives of this Statement are to (i) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board; (ii) mitigate costs associated with the reporting of certain defined contribution pension plans or other postemployment benefit plans (OPEB) in fiduciary financial statements, and (iii) to enhance the relevance , consistency and comparability of the accounting and financial reporting of Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective immediately except those for Section 457 deferred compensation plans which are effective for reporting periods beginning after June 15, 2021. The Authority has evaluated this Statement and has determined there is no impact on the financial statements as the Authority did not have a defined contribution plan, was not responsible for OPEB payments, and did not have a deferred compensation plan subject to IRC Section 457.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. The requirements of this Statement are effective for the Authority's financial statements for periods ending after December 15, 2021. The Authority has evaluated this Statement and has determined there is no impact as the Authority does not issue an ACFR.

Following are GASB Statements whose implementation date was postponed for eighteen months with the issuance of Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

The postponed issuance was related to concerns regarding implementation of new standards during the COVID-19 pandemic:

GASB Statement No.		Adoption Effective in Fiscal Year (as Revised)
91	Conduit Debt Obligations	2023
96	Subscription-Based Information Technology Agreements	2023

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
99	Omnibus 2022	2023 and 2024
100	Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62	2025
101	Compensated Absences	2025
102	Certain Risk Disclosures	2025
103	Financial Reporting Model Improvements	2026
104	Disclosure of Certain Capital Assets	2026

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, 2022, are as follows:

	Bank Balance	Carrying Amount
Restricted:		
Cash	$ 265,829,679	$ 265,829,678
Money market funds	-	5,421,783
	265,829,679	271,251,461
Unrestricted cash	48,324,842	40,645,914
Total	$ 314,154,521	$ 311,897,375

Unrestricted cash and cash equivalents may be used for operational purposes. Restricted cash and cash equivalents represent cash and money market funds segregated for debt service due under the Authority's debt agreements and capital project funds held for the Government.

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.

As of September 30, 2022, 23.31% of the Authority's deposits in banks were held at Banco Popular de Puerto Rico, 2.57% were held at UMB Bank, N.A., 72.39% were held at Bank of New York, and 1.72% were held at First Bank Puerto Rico. Petty cash of $3,214 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 $2.4 million held by Banco Popular de Puerto Rico for WICO. Deposits held at UMB Bank, N.A. for WICO of $8.0 million are not collateralized.

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 as of September 30, 2022, are as follows:

	Debt Service	Construction Funds	Total
Series 2015 A Federal-Aid Highway Bonds	$ 7,907,289	$ 30,818,876	$ 38,726,165
Series 2014 D Revenue Bonds	136,655	-	136,655
Series 2014 C Revenue and Refunding Bonds	5,207,388	1,246,420	6,453,808
Series 2014 A Revenue Bonds	21,865	-	21,865
Series 2012 C Revenue Bonds	23,134	3,967,470	3,990,604
Series 2012 A & B Revenue and Refunding Bonds	49,487	-	49,487
Series 2006 A Revenue Bonds	35,143	11,595	46,738
Series 1999 A Gross Receipts Pledge Revenue	44,352,355	-	44,352,355
Subtotal bonds restricted investments	57,733,316	36,044,361	93,777,677
Less money market funds classified as cash and cash equivalents	(5,421,782)	-	(5,421,782)
Net restricted investments	$ 52,311,534	$ 36,044,361	$ 88,355,895

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 its investments:

- *Money market funds and commercial paper* – Investments in money market funds and commercial paper, which at the time of purchase have a maturity of one year or less, are valued at amortized cost.

- *Government agency securities* – The 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.

Investments, categorized by investment type and weighted average maturity, at September 30, 2022, are as follows:

		Weighted Average Maturity (*Years*)
Investments at Fair Value:		
Government agency securities	$ 46,196,969	4.338
Other Investments:		
Commercial paper	20,746,426	0.181
Money market funds	21,412,500	-
Total restricted investments	$ 88,355,895	3.050

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 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, 2022, the Authority's investment in money market funds were rated AAAm, by Standard & Poor's and Aaa-mf by Moody's Investors Service. The Authority's investments in commercial paper were rated A-1 by Standard & Poor's and P-1 by Moody's Investors Service. The Authority's investments in Government agencies and securities were rated AAA to AA- by Standard & Poor's and Aa2 to Aaa by Moody's Investors Service.

Concentration of Credit Risk - The Authority places no limit on the amount that may be invested in one issuer. As of September 30, 2022, more that 5.0% of the Authority's investments were invested in: Federated Government Obligation #5 (22.75%); Barclays Bank, PLC (22.12%), State of California (14.62%), Federal Home Loan Mortgage (8.96%), Federal Farm Credit Bank (8.30%), Federal Home Loan Bank (6.25%) and Invesco Treasury Institutional No. 1931 (5.66%).

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, 2022, all investments of the Authority were held in the name of the Authority by 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 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 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 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).

Restricted loans receivable as of September 30, 2022, are comprised of the following:

	Short-term	Long-term
Series 2006 Revenue Bonds	$ 17,515,000	$ 119,560,000
Series 2012 A and B Revenue and Refunding Bonds	9,195,000	121,420,000
Series 2012 C Revenue Bonds	430,000	18,830,000
Series 2014 A Revenue Bonds	2,210,000	33,225,000
Series 2014 C Revenue and Refunding Bonds	7,045,000	194,760,000
Series 2014 D Revenue Bonds	270,000	3,830,000
Series 2015 Federal-Aid Highway Bonds	4,430,000	58,475,000
Series 2019 A TIF Project Developer Note	14,956	1,536,629
Series 2019 A TIF Revenue and Refunding Bonds	565,620	8,968,519
	41,675,576	560,605,148
Unamortized bond premium	-	17,359,244
Total	$ 41,675,576	$ 577,964,392

On September 30, 2022, the Government advanced bond payments due on October 1, 2022, to the Authority for the defeasance of the Matching Funds Revenue Bonds (see Note 7). A summary of bond payments by associated bond series are as follows:

Series 2006 Revenue Bonds	$ 16,895,000
Series 2012 A and B Revenue and Refunding Bonds	3,720,000
Series 2012 C Revenue Bonds	1,955,000
Series 2014 A Revenue Bonds	2,100,000
Series 2014 C Revenue and Refunding Bonds	6,705,000
Series 2014 D Revenue Bonds	255,000
Total	$ 31,630,000

At September 30, 2022, 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, 2022, the amount due from VIWMA under the loan was $750,000.

6. Leased and Capital Assets

Leased and Capital assets as of September 30, 2022, are comprised as follows:

	Beginning Balance (restated)	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	$ 5,763,178	$ -	$ -	$ -	$ 5,763,178
Construction in progress	6,324,956	890,466	(95,792)	(800,798)	6,318,832
Total capital assets not being depreciated	12,088,134	890,466	(95,792)	(800,798)	12,082,010
Capital assets being depreciated and amortized:					
Personal property and equipment	70,973,653	227,077	(182,072)	604,354	71,623,012
Buildings and improvements	82,220,864	25,112	(9,878,790)	196,444	72,563,630
Intangible assets	20,973,568	-	-	-	20,973,568
Total capital assets being depreciated and amortized	174,168,085	252,189	(10,060,862)	800,798	165,160,210
Less accumulated depreciation and amortization for:					
Personal property and equipment	(30,779,473)	(3,723,178)	175,296	-	(34,327,355)
Buildings and improvements	(51,832,655)	(3,058,626)	7,898,942	-	(46,992,339)
Intangible assets	(8,717,633)	(685,650)	-	-	(9,403,283)
Total accumulated depreciation and amortization	(91,329,761)	(7,467,454)	8,074,238	-	(90,722,977)
Capital assets, net	94,926,458	(6,324,799)	(2,082,416)	-	86,519,243
Leased assets:					
Buildings and building improvements	2,410,560	414,702	-	-	2,825,262
Accumulated amortization buildings and building improvements	(639,260)	(398,671)	-	-	(1,037,931)
Leased assets, net	1,771,300	16,031	-	-	1,787,331
Total Business-type activities capital and right-to-use assets, net	$ 96,697,758	$ (6,308,768)	$ (2,082,416)	$ -	$ 88,306,574

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, 2022, the amortization expense related to restricted intangible assets was approximately $327,000.

7. Bonds Payable

Bonds payable activity for the year ended September 30, 2022, was as follows (expressed in thousands):

	Beginning 9/30/2021	Additions	Reductions	Premiums (Discounts)	Ending 9/30/2022	Due Within One Year
Bonds payable:						
Matching Funds Revenue Bonds	$ 949,475	$ -	$ 949,475	$ -	$ -	$ -
Gross Receipts Revenue Bonds	590,015	-	30,095	15,918	575,838	31,630
Federal-Aid Highway Bonds	67,125	-	4,220	5,041	67,946	4,430
Direct Placement Bonds payable:						
WICO Port Facilities Revenue Bonds		52,625	-	(1,039)	51,586	-
Tax Increment Financing Bonds	10,061	-	527	-	9,534	566
Total	$ 1,616,676	$ 52,625	$ 984,317	$ 19,920	$ 704,904	$ 36,626

As of September 30, 2022, long-term debt consists of (expressed in thousands):

Bonds payable:	
Gross Receipts Revenue Bonds	$ 559,920
Federal-Aid Highway Bonds	62,905
Direct Placement Bonds payable:	
WICO Port Facilities Revenue Bonds	52,625
Tax Increment Financing Bonds	9,534
Total	$ 684,984

Matching Funds Revenue Bonds

A summary of Matching Funds Revenue bonds activity for the year ended September 30, 2022, follows (expressed in thousands):

	Beginning Balance	Principal Payments	Refunding	Ending Balance
Series 2013 B Revenue and Refunding Bonds	$ 28,675	$ (6,655)	$ (22,020)	$ -
Series 2013 A Revenue and Refunding Bonds	11,215	(2,590)	(8,625)	-
Series 2012 A Revenue Bonds	136,215	(1,150)	(135,065)	-
Series 2010 A and B Revenue Bonds	376,190	(3,115)	(373,075)	-
Series 2009 A Revenue Bonds (Cruzan)	31,665	(920)	(30,745)	-
Series 2009 A 1, A 2, B and C Revenue and Refunding Bonds	156,540	(37,515)	(119,025)	-
Series 2009 A Revenue Bonds (Diageo)	208,975	(6,845)	(202,130)	-
Total	$ 949,475	$ (58,790)	$ (890,685)	$ -

The Government had pledged the Matching Fund Receipts, federal rum excise taxes shipped to the United States, 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).

All amounts received by the Government from federal rum excise tax were deposited directly in a trust account from which the Bonds are paid in accordance with the Indenture of Trust.

In April 2022, the Matching Funds Revenue Bonds were refinanced, and restructured in accordance with Act 8540 passed by the Virgin Islands Legislature on February 8, 2022. Funding for these transactions was provided by the Matching Fund Special Purpose Securitization Corporation (Corporation). Act 8540 authorizes the creation of the Corporation, an independent instrumentality of the Government, to: (i) purchase the Government's Matching Fund Receipts from the Government, (ii) issue the Series 2022 A and Series 2022 B Matching Fund Securitization Bonds and (iii) to refinance and restructure the Authority's Matching Fund Revenue Bonds. The Matching Fund Revenue Bonds were refunded and restructured to release existing liens on the Matching Fund Receipts so that they could be sold to the Corporation. The stated goal of Act 8540 is to provide financial stability and liquidity to the Government's retirement system, the Government Employees' Retirement System of the Virgin Islands (GERS).

On February 25, 2022, the Corporation and the Authority issued an "Offer to Tender Bonds", as subsequently amended on March 11, 2022 and March 21, 2022, inviting beneficial owners of the outstanding non-callable Matching Fund Revenue Bonds: the Series 2012 A Revenue Bonds, Series 2013 A Revenue and Refunding Bonds, and the Series 2013 B Revenue and Refunding Bonds that were not callable until October 1, 2023 (the "Invited Bonds") to tender such bonds for purchase (Tender Offer) on the terms and conditions described in the Invitation. The purpose of the Tender Offer was to provide the Authority with the opportunity to retire the Invited Bonds to be refunded with the proceeds of the Series 2022 Matching Fund Securitization Bonds on their date of issuance.

On March 28, 2022, the Corporation and the Authority accepted $124.6 million as the aggregate principal amount to be paid for the Invited Bonds. The Invited Bonds on that date had an outstanding principal balance of $155.4 million. As of September 30, 2022, irrevocable trust accounts for the Invited Bonds reported $31.8 million for the Series 2012 A Revenue Bonds, $3.9 million for the Series 2013 A Revenue and Refunding Bonds, and $6.7 million for the Series 2013 B Revenue and Refunding Bonds. Assets held by the irrevocable trusts for the Invited Bonds and the corresponding liabilities are not included in the Authority's financial statements.

On April 25, 2022, the Series 2009 A Bonds (Cruzan), Series 2009 A Bonds (Diageo), 2009 A-1, B and C Revenue and Refunding Bonds and the Series 2010 A and B Revenue Bonds (the "Untendered PFA Bonds to be Refunded"), and related accrued interest of $1.6 million were refunded. The refunding was funded by the deposit of Series 2022A Matching Fund Securitization Bonds proceeds in the amount of $405.7 million from the Corporation, and deposits from Authority debt service reserve accounts for the Matching Fund Bonds amounting to $88.1 million.

Gross Receipts Revenue Bonds

A summary of Gross Receipts Revenue bonds activity for the year ended September 30, 2022, follows (expressed in thousands):

	Balance 9/30/2021	Principal Payments	Balance 9/30/2022
Series 2014 D Revenue Bonds	$ 4,595	$ (240)	$ 4,355
Series 2014 C Revenue and Refunding Bonds	214,895	(6,385)	208,510
Series 2014 A Revenue Bonds	39,535	(2,000)	37,535
Series 2012 C Revenue Bonds	23,075	(1,860)	21,215
Series 2012 A and B Revenue and Refunding Bonds	137,650	(3,315)	134,335
Series 2006 A Revenue Bonds	170,265	(16,295)	153,970
Total	$ 590,015	$ (30,095)	$ 559,920

Gross Receipts Revenue Bonds payable as of September 30, 2022, in which federal arbitrage regulations apply are comprised of the following (expressed in thousands):

Series 2014 D Revenue Bonds Interest at 6.03%	$ 4,355
Series 2014 C Revenue and Refunding Bonds Interest at 4.50% to 5.00%	208,510
Series 2014 A Revenue Bonds Interest at 5.00%	37,535
Series 2012 C Revenue Bonds Interest at 3.00% to 5.00%	21,215
Series 2012 A and B Revenue and Refunding Bonds Interest at 2.25% to 5.25%	134,335
Series 2006 A Revenue Bonds Interest at 3.50% to 5.00%	153,970
Total	559,920
Less: current portion	(31,630)
Add: unamortized bond premiums and discounts, net	15,918
Long-term portion	$ 544,208

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 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. As of 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 2019 A Notes, 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 its audit firm to provide quarterly verification of gross receipts deposits made to the collecting agent.

(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.

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

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%

(c) Debt Service Requirements – Gross Receipts Revenue Bonds

Maturity dates and debt service payment requirements as of September 30, 2022, for the Gross Receipts Revenue Bonds are as follows (expressed in thousands):

Year Ending September 30,	Principal	Interest	Total
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	41,400	19,470	60,870
2028-2032	241,130	63,546	304,676
2033-2037	106,555	11,901	118,456
2038-2042	14,265	4,158	18,423
2043-2046	10,340	716	11,056
	$ 559,920	$ 197,150	$ 757,070

Federal-Aid Highway Bonds

A summary of Federal-Aid Highway bonds activity for the year ended September 30, 2022, follows (expressed in thousands):

	Balance 9/30/2021	Principal Payments	Balance 9/30/2022
Series 2015 Federal-Aid Highway Bonds	$ 67,125	$ (4,220)	$ 62,905

Bonds payable as of September 30, 2022, in which federal arbitrage regulations apply, are comprised of the following (expressed in thousands):

Series 2015 Federal-Aid Highway Bonds Interest at 3.00% to 5.00%	$ 62,905
Less: current portion	(4,430)
Add: unamortized bond premium	5,041
Long-term portion	$ 63,516

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) pay the costs of issuance related to the Series 2015 Bonds, and (iii) establish debt service reserves. 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.

(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.

(c) Debt Service Requirements on Bonds

Maturity dates and debt service payment requirements as of September 30, 2022, for the Federal-Aid Highway Bonds are as follows (expressed in thousands):

Year Ending September 30,	Principal	Interest	Total
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
2027	5,380	2,191	7,571
2028 - 2032	31,225	6,639	37,864
2033 - 2037	7,215	361	7,576
	$ 62,905	$ 20,399	$ 83,304

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

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

WICO Port Facilities Revenue Bonds

Following is a summary of the WICO Port Facilities Revenue Bonds for the year ended September 30, 2022, (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2022 A Port Facilities Revenue Bonds	$ -	$ 19,005	$ -	$ 19,005	$ -
Series 2022 B Port Facilities Revenue Bonds	-	33,620	-	33,620	-
Total	$ -	$ 52,625	$ -	$ 52,625	$ -

Bonds payable as of September 30, 2022, are comprised of the following (expressed in thousands):

Series 2022 A Port Facilities Revenue Bonds, Interest at 6.125% to 6.375%	$ 19,005
Series 2022 B Port Facilities Revenue Bonds, Interest at 5.875% to 6.500%	33,620
Total	52,625
Less: current portion	-
Add: unamortized bond discounts	(1,039)
Long-term portion	$ 51,586

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 $52,625,000 and a discounted value of $51,572,500. The Series 2022A and 2022B Bonds 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 primary Government.

The Series 2022 Bonds were issued to: (i) prepay the Banco Popular de Puerto Rico 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 of 5.875% to 6.500%. Interest is payable semiannually on April 1st and October 1st commencing October 1, 2022. In the fiscal year ended September 30, 2022, bond interest expense was $992,042.

(a) Pledged Funds, Covenants, and Collateral

WICO has pledged port revenues, including debt issuances and insurance proceeds, for the payment of the bonds. The bonds are secured by a first priority mortgage on the property of WICO (excluding the Estate Catherineberg property), a security collateral agreement, assignment of leases and rents, and the pledge of all funds and accounts established through an Indenture of Trust Agreement with UMB Bank, N.A.

WICO entered into a continuing disclosure agreement with the Trustee requiring audited financial statements to be provided within 120 days of the fiscal year-end and unaudited financial information, and operating data, to be provided within 45 days of the close of each fiscal quarter beginning June 30, 2022.

(b) Debt Service Requirements on Bonds

Maturity dates and debt service payment requirements as of September 30, 2022, for the Port Facilities Revenue Bonds are as follows (expressed in thousands):

Year Ending September 30,	Principal	Interest	Total
2023	$ -	$ 992	$ 992
2024	-	3,338	3,338
2025	-	3,338	3,338
2026	185	3,338	3,523
2027	360	3,327	3,687
2028 - 2032	3,125	16,235	19,360
2033 - 2037	4,930	15,046	19,976
2038 - 2042	6,655	13,316	19,971
2043 - 2047	9,025	10,946	19,971
2048 - 2052	12,345	7,631	19,976
2053	16,000	514	16,514
	$ 52,625	$ 78,021	$ 130,646

The Series 2022A and Series 2022 B Bonds maturing after the dates below are redeemable at the option of WICO, at the prescribed redemption prices expressed as a percentage of the principal amount, as follows:

Series 2015 Bonds	Price
October 29, 2029, to September 30, 2032	104% - 102%
October 1, 2033, and thereafter	100%

(c) Bond Covenants

WICO has covenanted to maintain a Debt Service Coverage Ratio (DSCR) of 1.25x, excluding fiscal years 2022 and 2023. If the DSCR is below 1.25x, WICO is required to engage a financial consultant experienced in the passenger cruise port industry to evaluate actions necessary to achieve the DSCR prior to the end of the immediately following year. WICO will be deemed in default if the DSCR is less than 1.00x, with exceptions granted for natural disasters or pandemic events. WICO has covenanted to maintain property and casualty insurance at the greater of: (i) the full replacement cost of collateral or (ii) the aggregate principal amount of the bonds outstanding. WICO is also required to maintain business interruption insurance, general liability insurance, and directors and officers' fidelity insurance unless those forms of insurance cease to be commercially available. WICO has further covenanted to not make accelerated payments of payments-in-lieu-of-taxes (PILOT) to the Government.

Tax Increment Financing Bonds

Following is a summary of tax increment financing bonds issued to a local bank for the year ended September 30, 2022, (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2019 A TIF Revenue & Refunding Bonds	$ 10,061	$ -	$ 527	$ 9,534	$ 566
Total	$ 10,061	$ -	$ 527	$ 9,534	$ 566

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.

Direct Placement Bonds payable as of September 30, 2022 are comprised of the following (expressed in thousands):

Series 2019 A TIF Revenue and Refunding Bonds, Interest at 6.875%	$ 9,534
Less: current portion	(566)
Long-term portion	$ 8,968

(a) Pledge 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 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.

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, 2022, the DSCR amounted to 2.22% and the LTV was 36%, 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 2019A 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 the Series 2019 A Bonds

Interest on the Series 2019 A 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. Interest expense for the year ended September 30, 2022, was $756,628.

(c) Debt Service Requirements – Series 2019 A Revenue and Refunding Bonds

Maturity dates and debt service payment requirements as of September 30, 2022, for direct placements bonds are as follows (expressed in thousands):

Year Ending September 30,	Principal	Interest	Total
2023	$ 566	$ 719	$ 1,285
2024	604	680	1,284
2025	650	634	1,284
2026	696	588	1,284
2027	747	537	1,284
2028 - 2032	6,271	977	7,248
	$ 9,534	$ 4,135	$ 13,669

The Series 2019 A 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 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, 2022, follows (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2019 A TIF Project Developer Note	$ 1,564	$ -	$ 13	$ 1,551	$ 15
Series 2016 A Notes	179	-	179	-	-
WICO loan related to capital assets	41,680	-	41,680	-	-
WICO Paycheck Protection Plan	717	-	-	717	717
Total	$ 44,140	$ -	$ 41,872	$ 2,268	$ 732

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 Tax Increment Financing (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 2019A Bonds.

In the event the Series 2019A Bonds are prepaid, the 2019A TIF Project Developer Note shall also be prepaid in the same proportion as the Series 2019A 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. As of September 30, 2022, the Notes were repaid. As security for the payment of principal and interest on the Series 2016A Revenue Notes, the Government 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.

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

In June 2022, WICO prepaid the consolidated loan from the Bank, including outstanding moratorium payments, in the amount of $41,396,188. 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.

In April 2021, WICO received a Paycheck Protection Program ("PPP") loan under the Consolidated Appropriations Act of 2020 from Banco Popular de Puerto Rico in the amount of $717,200. The loan is guaranteed by the Small Business Administration and no collateral is required. The loan bears interest at 1% and requires proceeds to be used for payroll and certain operating expenses. The maturity date is five years from the date of the first disbursement. No payments are required during the deferment period beginning on the date of disbursement and ending on the earlier of the date forgiveness of the note is approved, or ten months after the covered period of eligible expenditures if forgiveness has not been requested. In May 2022, WICO applied for forgiveness for the amount of the loan. On October 19, 2022, SBA made a forgiveness payment on the loan in the amount of $717,200 in principal and $10,579 in interest.

In April 2022, the Authority entered into the GERS Funding Note (Taxable) in the amount of $3,805,294,438, in accordance with Act 8540 and the GERS Funding Note Indenture of Trust dated April 6, 2022, between the Authority and The Bank of New York Mellon Trust Company, N.A. as Trustee. The GERS Funding Note is secured by the Authority under the Indenture. The Indenture pledges and assigns to the Trustee a lien on, and a security interest in, the Trust Estate, consisting of pledged GERS Residual Receipts deposited into the Residual Fund in accordance with the Residual Fund Escrow Agreement between the Government, the Authority and the Residual Fund Escrow Agent, The Bank of New York Mellon Trust Company, N.A.

The registered owner of the GERS Refunding Note is the Government Employees' Retirement System of the Virgin Islands and only qualified institutional buyers under Rule 144A promulgated under the Securities Act may purchase the GERS Funding Note. The GERS Refunding Note is not registered under the Securities Act of 1933, as amended (the "Securities Act") and may not be sold or transferred without registration under the Securities Act or exemption therefrom.

The GERS Funding Note is a non-interest-bearing note with principal payments varying from $73.6 million to $158.0 million due on October 1st, except an initial payment of $89.2 million paid on April 7, 2022. The GERS Funding Note, including the principal thereof, is a special limited obligation of the Authority payable solely from the Trust Estate. The GERS Funding Note does not constitute a general obligation of the Authority, or of the Government. The GERS Funding Note may not be called for redemption by the Authority. For the fiscal year ending September 30, 2022, the Authority received $247.2 million from the Matching Fund Special Purpose Securitization Corporation and made a payment of $89.2 million on April 7, 2022. As of September 30, 2022, a balance of $157.9 million was recorded as Due to GERS, which was subsequently paid on October 3, 2022.

Future minimum payments of principal on notes and loans as of September 30, 2022, are as follows (expressed in thousands):

Year Ending September 30,	Principal	Interest	Total
2023	$ 732	$ 132	$ 864
2024	16	131	147
2025	18	129	147
2026	19	128	147
2027	21	126	147
2028-2032	133	601	734
2033-2037	200	534	734
2038-2042	301	433	734
2043-2047	453	281	734
2048-2052	375	65	440
	$ 2,268	$ 2,560	$ 4,828

9. Due to the Government

Due to the Government represents funds held by the Authority on behalf of the Government for payment of construction projects, debt service payments, and federal reimbursements. Due to the Government movement for the year ended September 30, 2022, was as follows:

	Debt Service Funds	Construction Funds	Federal Reimbursements
Beginning balance	$ 403,485,088	$ 162,351,717	$ 1,081,068
Funds received for debt service	60,113,990	-	-
Funds received for capital projects	-	5,205,479	-
Funds received for matching fund bond refunding	15,090,678	-	-
Debt service	(219,167,587)	-	-
Investment income	1,011,102	375,859	-
Debt issuance costs	(1,618,415)	-	
Bank fees	(26,682)	(1,076)	-
Capital outlays (including reimbursements)	-	(20,280,067)	-
Federal reimbursements	-	-	7,015,026
General and administrative expense	(510,446)	-	-
Matching funds received	-	90,147,553	-
Matching fund bond refunding	(111,199,187)	-	-
Transfers from Matching Fund Special Purpose Securitization Corp	58,382,272	-	-
Transfer of funds to the Government	(78)	(70,450,328)	(8,096,094)
Budget allocation transfers	(7,500,000)	(5,000,000)	-
Internal transfer	(59,289,526)	59,289,526	-
Transfer to rum producers	(106,892,054)	(86,662,000)	-
Department of Transportation Grants	7,576,250	-	-
Ending balance	$ 39,455,405	$ 134,976,663	$ -

10. Payments on Behalf of the Government

During the year ended September 30, 2022, 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.

Funding Source	Year Ended September 30, 2022
Series 2015 Federal-Aid Highway Bonds	$ 3,095,038
Series 2014 C Revenue and Refunding Bonds	493,888
Series 2012 C Revenue Bonds	563,498
Series 2009 A Bonds (Diageo)	461,054
Series 2009 A 1, A 2, B and C Revenue and Refunding Bonds	293,816
Series 2003 A Revenue Bonds	91,372
Series 1998 A Revenue Bonds	3,183,479
Kings Alley Management, Inc.	25,000
Recovery Grant Management	97,724,187
Administrative Funds	18,097,923
Budgetary transfers	12,000,000
Total payments on behalf of the Government	$ 136,029,255

During the year ended September 30, 2022, the Authority charged the Government fees amounting to $1,040,000 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.

11. Leases and User Agreements

Lessee Agreements

The Authority and viNGN lease building space under noncancelable lease arrangements. These leases expire at various dates through 2035. In accordance with GASB Statement No. 87, the Authority and viNGN record leased right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using interest rates of 0.93% and 4.50%, with the last repayment due in fiscal year 2035. Minimum principal and interest payment requirements due for lease arrangements as of September 30, 2022, are as follows:

Year Ended September 30,	Principal	Interest	Total
2023	$ 450,297	$ 41,377	$ 491,674
2024	463,006	30,259	493,265
2025	234,999	20,444	255,443
2026	161,542	14,126	175,668
2027	54,437	10,563	65,000
2028 - 2032	288,873	36,127	325,000
2033 - 2037	187,487	7,511	194,998
Total	$ 1,840,641	$ 160,407	$ 2,001,048

Lessor Agreements

WICO has entered into lease agreements for land and building space. Lease terms vary, with current agreements going until fiscal year 2052. For agreements with renewal options, WICO has included the renewal periods in the lease term when it is reasonably certain that the renewal option will be exercised. WICO records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using interest rates between 3.03% and 5.88% for lease periods through 2039. The lease receivable includes consumer price index (CPI) variable payment arrangements in effect at implementation date. Future CPI adjustments are not included in the measurement of the lease receivable as they are considered variable payments. WICO had no leases containing residual value grantees or that include sale-leaseback and lease-leaseback transactions.

The total deferred inflow of resources associated with these leases will be recognized as revenue over the lease terms. WICO recognized $310,548 in related lease revenue, $335,249 in lease related interest income, and $11,850 in other lease income during the fiscal year. As of September 30, 2022, the balance of WICO's deferred inflow of resources was $2.7 million.

WICO's leases included a six-year lease for the provision of office space to viNGN, a blended component unit of PFA. The lease was subsequently amended to reduce monthly lease payments from October 1, 2016 through the remainder of the lease term. Effective December 2017, WICO entered into a second lease amendment with viNGN extending the lease through December 31, 2022. Transactions between WICO and viNGN are eliminated when blended into the Authority's financial statements.

Berthing Right Agreements

The Company has entered into agreements with certain cruise lines providing preferential berthing rights in exchange for passenger service charges ("PSC") with guaranteed annual revenue due to the Company. These agreements are not leases as cruise lines do not have the ability to determine the nature and manner of use of the underlying asset. The agreements commenced on October 1, 2016, and extend through September 30, 2026, with two optional five-year extension periods through September 30, 2036. The Company will track and reconcile passenger manifests on an annual basis to determine amounts due to or owed by the Company.

12. Grants and Contributions

On December 9, 2015, the Authority and the Government entered into a Memorandum of Understanding with the Federal Highway Administration, Puerto Rico Division which documents the procedures, roles, and responsibilities for (i) programming and authorizing the approved projects for the Series 2015 Bonds, (ii) supervising the construction of the approved projects, and (iii) paying debt service for the bonds. 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, 2022, $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, viNGN submitted expenses for reimbursement to the Federal Emergency Management Agency ("FEMA") for repairs and additional expenses incurred. Total expenses approved by FEMA during the year ended September 30, 2022, were $252,298.

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, 2022, total TAP expenses approved totaled $71,664.

In December 2020, viNGN became a recipient of an award from the FEMA via a subrecipient arrangement through the Government. The project is entitled viNGN Fiber Access Point Generator and will result in the ability to maintain power to various fiber access points ensuring critical facilities will be able to maintain access to the internet during a hurricane event or any prolonged power outage event. This is a phased project and as of September 30,2022, Phase I funding has been authorized in the amount of approximately $588,000.

During February 2021, as part of the U.S. Virgin Islands CARES Act grant, the United States Department of Interior approved commencement of the *Modernization of Internet Access Hardware* project. The funding allocated to viNGN for this project amounted to approximately $582,000. For the year ended September 30, 2022, total U.S. Virgin Islands CARES Act expenses approved totaled $582,144.

In April 2022, viNGN became the recipient of an American Rescue Plan Act of 2021 (ARPA) award from the U.S. Department of Treasury via a subrecipient arrangement through the Government. The project will result in the expansion of the territories wi-fi capabilities. The funding allocated to viNGN for this project amount to approximately $10,779,000, of which $2,694,730 was received by viNGN as unearned grant revenue during the fiscal year.

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

13. Commitments and Contingencies

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, 2022, the amount due to the disaster recovery consultants related to this contract was $67.2 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, 2022, the amount remaining in the escrow account was $417,639.

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 October 2021 and February 2022, 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.

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.

14. 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 $67,000 for the year ended September 30, 2022. 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 $35,216 in matching employer contributions for the year ended September 30, 2022. 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 2022 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,	2022
Valuation Date	October 1, 2021
Measurement Date	September 30, 2021
Measurement Period	October 1, 2020 – September 30, 2021

The Authority is considered an employer of the plan with a proportionate share of .2100% as of September 30, 2022, which was an increase of .0500% from its proportionate share measured at September 30, 2021. The Authority's percentage was estimated by management based on the average of each employer's contributions during the period October 1, 2016, through September 30, 2021. The Authority's proportionate share of employer contributions recognized by GERS was $693,372 for the plan's fiscal year ended September 30, 2022.

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

As of September 30, 2022, the actuarial calculated net pension liability for the Authority's proportionate share of the net pension liability of the plan was $11.1 million. The net pension liability of the plan is measured as of September 30, 2021, 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, 2021.

For the year ended September 30, 2022, the Authority recognized pension expense of $1,023,297 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, 2022:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 66,967	$ 669,948
Net difference between projected and actual investment earnings on pension plan investments	-	8,502
Changes in assumptions	1,753,841	876,282
Changes in proportion and differences between contributions and proportional share of contributions	3,885,676	22,221
Contributions subsequent to measurement date	412,954	-
Total	$ 6,119,438	$ 1,576,953

The amount reported for contributions subsequent to the measurement date of $412,954 will be recognized as a reduction of the net pension liability in the year ended September 30, 2023.

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,	
2023	$ 4,018,609
2024	1,825,322
2025	3,484,247
2026	(1,101,228)
2027	(1,104,819)
Thereafter	(2,992,600)
Total	$ 4,129,531

(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, 2021, is provided below. Refer to the October 1, 2021, actuarial valuation report for a complete description of all other assumptions, which can be found on GERS' website.

September 30,	**2021**
Inflation Rate	2.10%
Salary Increase	3.25% including inflation
Actuarial Cost Method	Entry age normal
Expected Rate of Return	4.00%
Municipal Bond Yield	2.26%
Discount Rate	2.52%
Mortality Table	RP-2014 Blue Collar

The demographic assumptions for the 2021 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, 2021, 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, 2021, are summarized in the following table:

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Domestic Equity	9%	7.04%
International Equity	60%	0.89%
Fixed Income	10%	4.14%
Cash	12%	0.29%
Alternatives	9%	11.04%
Total	100%	

(f) Discount Rate

The discount rate used to measure total pension liability was 2.52% as of September 30, 2021, which was an increase of 0.29% from the discount rate of 2.23% as of September 30, 2020. 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 2.26% and 2.21% as of September 30, 2021, and 2020, 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, 2022:

1% Decrease - Share of NPL @ 1.52%	Share of NPL @ 2.52%	1% Increase - Share of NPL @ 3.52%
$ 12,740,681	$ 11,121,208	$ 9,716,329

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

15. Risk Management

As with all business enterprises, the Authority is exposed to various risks of losses, including potential liability issues in the normal course of business that confront all businesses as well as property losses that can result from thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Authority mitigates this risk of loss by purchasing commercial insurance, including general liability, property, vehicle, and employee health, life and accident. The Authority's commercial insurance policies cover catastrophic exposures, as well as those risks required to be insured by law or contract. It is the policy of the Authority to insure what in its opinion are adequate amounts of risk coverage, especially in relation to the cost of such coverage, the effect of such is to retain a significant portion of certain risks related primarily to physical loss of property and business interruption. There were no reductions in coverage from the prior year, and the amount of settlements has not exceeded insurance coverage for each of the past three years.

16. Blended Component Unit Reporting

The component units of WICO, viNGN and KAMI have the same fiscal year end as the Authority. The component unit of Lonesome Dove has a fiscal year ended December 31, 2021. Condensed financial statements for the major component units are presented below (expressed in thousands):

(expressed in thousands)	WICO	viNGN	KAMI	Lonesome Dove
Condensed Statement of Net Position:				
Assets:				
Current assets	$ 12,113	$ 4,582	$ 4,501	$ 173
Non-current assets, excluding lease and capital assets	6,663	-	-	-
Lease and capital assets, net of depreciation	34,061	52,232	-	8,036
Total assets	$ 52,837	$ 56,814	$ 4,501	$ 8,209
Liabilities:				
Current liabilities	$ 12,840	$ 3,515	$ 2	$ -
Long-term portion of bonds outstanding	51,586	-	-	
Other liabilities	1,274	1,041	619	8,036
Loan payable to the Authority	-	36,804	-	-
Total liabilities	$ 65,700	$ 41,360	$ 621	$ 8,036
Deferred inflows related to leases	$ 2,700	-	-	-
Total liabilities and deferred inflows	$ 68,400	$ -	$ -	$ -
Net Position:				
Invested in capital asset, net of debt	$ (8,346)	$ 14,896	$ -	$ -
Restricted	299	-	-	173
Unrestricted (deficit)	(7,516)	558	3,880	-
Total net position	$ (15,563)	$ 15,454	$ 3,880	$ 173
Condensed Statement of Revenue, Expenses, and Changes in Net Position:				
Operating revenues	$ 3,093	$ 4,643	$ 152	$ 1,124
Operating expenses	(6,350)	(5,107)	(378)	(56)
Depreciation and amortization	(3,076)	(4,403)	(106)	-
Operating income (loss)	$ (6,333)	$ (4,867)	$ (332)	$ 1,068
Non-operating income (loss)	$ (1,230)	$ 871	$ 1,540	$ (940)
Change in net position	(7,563)	(3,996)	1,208	128
Net position, beginning of year, as restated	(8,000)	19,450	2,672	45
Net position, end of year	$ (15,563)	$ 15,454	$ 3,880	$ 173

17. Segment Information

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 approximately $10 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, 2022. The outstanding balance of the loan as of September 30, 2022, was $36.8 million.

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.

18. Financial Condition

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

As of September 30, 2022, the Authority is in compliance with all related covenants. Further, as of the date of this report, revenues pledged for debt service have not been significantly impacted by the Government's financial condition and it is unknown what impact, if any, the Government's financial condition will have on the Authority.

19. Subsequent Events

Contractual Agreements - Professional Services for Recovery Efforts

Subsequent to September 30, 2022, and through April 3, 2025, the Authority reported outstanding invoices from the two professional consulting services firms amounting to $37.0 million and $1.5 million, respectively. Invoices submitted by the consultants are reviewed by the Authority and submitted to the Government, Office of Disaster Recovery, the Virgin Islands Housing Finance Authority, or the Virgin Islands Water and Power Authority for approval. Upon completion of the review and approval process, invoices are then submitted for reimbursement to the appropriate federal grantor.

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.

Lease Agreement between WICO and viNGN

In January 2023, WICO entered into a five-year lease for the provision of office space to viNGN, a wholly owned subsidiary of the PFA.

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.

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, the Company released claims against GERS in the amount of $370,532, and GERS released claims against the Company in the amount of $706,357.

In May 2023, the Company 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 the Company a catch-up payment of $249,541 for costs incurred from March 2020 through December 2022.

Revenue Anticipation Note Purchase Agreement ("Series 2023 Note")

On June 15, 2023, the Authority 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 4.5% and the interest on the loan is 6.5%. 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 are loaned to the Government in accordance with a loan agreement dated June 15, 2023.

viNGN Building Purchase

In September 2023, viNGN purchased office space in St. Croix. The building was purchased at a cost of $625,000, with a commercial loan secured by a mortgage of $450,000 from Merchant's Commercial Bank. The loan has a floating interest rate equal to the prime rate plus the prime spread to be repaid in monthly installments for a term of 15 years beginning November 5, 2023.

Hotel Occupancy Tax and Economic Recovery Fee Revenue Bonds

In November 2024, the Authority issued $64.9 million Hotel Occupancy Tax Revenue Bonds, Series 2024A, which are due April 1, 2053, and carry an interest rate of 6.0%. The Authority also issued $18.3 million Economic Recovery Fee Revenue Bonds, Series 2024B (Federally Taxable), which are due April 1, 2053, and carry an interest rate of 9.0%.

The bonds are being issued by the Authority to fund a grant to the Frenchman's Reef Hotel Development Project for reimbursement of a portion of the costs of the project.

Management's Evaluation

Management has evaluated any events or transactions occurring after September 30, 2022, the statement of net position date, through April 8, 2025, 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, 2022.

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	**2022**	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	**0.2100%**	0.1600%	0.1200%	0.1115%	0.1128%	0.1097%	0.1029%	0.1065%
Authority's proportionate share of the NPL	**$ 11,121,208**	$ 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	**$ 1,832,194**	$ 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	**607%**	586%	867%	893%	967%	1,067%	897%	668%
Plan fiduciary net position as a percentage of the total pension liability	**8%**	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).

Notes to Schedule:

(1) *Changes of benefit terms*:

In the year ended September 30, 2016, there were changes to the eligibility and benefit amounts for Tier 2 Regular and Public Safety Employees for service and Early pensions reflected in this valuation.

(2) *Change of Assumptions:*

- Year Ended September 30, 2016: Discount rate decreased from 3.84% to 3.20%.
- Year Ended September 30, 2017: Discount rate increased from 3.20% to 3.74%.
- Year Ended September 30, 2018: Discount rate increased from 3.74% to 4.25%.
- Year Ended September 30, 2019: Discount rate decreased from 4.25% to 2.67%.
- Year Ended September 30, 2020: Discount rate decreased from 2.67% to 2.23%.
- Year Ended September 30, 2021: Discount rate increased from 2.23% to 2.52%.

Virgin Islands Public Finance Authority
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Schedule of the Authority's Pension Contributions

Fiscal Year	**2022**	2021	2020	2019	2018	2017	2016	2015
Actuarially required contributions of the Primary Government	**$ 412,954**	$ 348,872	$ 306,691	$ 150,840	$ 104,492	$ 104,745	$ 108,738	$ 119,009
Contributions in relation to the actuarially required contributions	**412,954**	348,872	306,691	138,355	104,492	104,745	108,738	119,009
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ 12,485	$ -	$ -	$ -	$ -
Authority's covered payroll	**$ 1,922,294**	$ 1,832,194	$ 1,576,430	$ 735,806	$ 523,173	$ 510,954	$ 475,468	$ 467,034
Contributions as a percentage of covered payroll	**21.48%**	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.