

Government of the United States Virgin Islands

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

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United States Virgin Islands**

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Independent Auditor's Report

To the Honorable Governor
Government of the United States Virgin Islands

Report on the Audit of the Financial Statements

Disclaimer and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of the United States 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 Government's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Disclaimer
Business-Type Activities	Disclaimer
General Fund	Disclaimer
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Matching Fund Special Purpose Securitization Corporation Debt Service Fund	Unmodified
Federal Grants Fund	Disclaimer
The West Indian Company Limited-Enterprise Fund	Unmodified
Unemployment Insurance-Enterprise Fund	Disclaimer
viNGN, INC.-Enterprise Fund	Unmodified
Aggregate Remaining Fund Information	Disclaimer
Aggregate Discretely Presented Component Units	Disclaimer

Disclaimer of Opinions

Based on our audit and the reports of other auditors, because of the significance of the matters discussed in the Basis for Disclaimer Opinion paragraphs below, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Governmental Activities, Business-Type Activities, the General Fund, the Federal Grants Fund, the Unemployment Insurance-Enterprise Fund, the Aggregate Remaining Fund Information, and the Aggregate Discretely Presented Component Units of the Government of the United States Virgin Islands. Accordingly, we do not express an opinion on these financial statements.



Unmodified Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, other than the General Fund, Federal Grants Fund and Unemployment Insurance-Enterprise Fund of the Government of the United States Virgin Islands as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following funds and/or component units:

- The Virgin Islands Housing Authority (VIHA), Virgin Islands Economic Development Authority (VIDEA), Virgin Islands Waste Management Authority (VIWMA), Virgin Islands Public Broadcasting System (VIPBS), and Virgin Islands Housing Finance Authority (VIHFA), discretely presented component units, which collectively represent 17.1%, 8.2%, and 18.7%, respectively, of the assets, net position (deficit), and revenues of the Aggregate Discretely Presented Component Units.
- Government Employees' Retirement System of the U.S. Virgin Islands (GERS), a fiduciary component unit (pension trust fund), which represents 59.4%, 72.1%, and 60.5%, respectively, of the assets, net position/fund balance, and revenues/additions of the Aggregate Remaining Fund Information.

Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the activities, funds, and component units indicated above, are based solely on the reports of other auditors.

Basis for Disclaimer of Opinion on Business-Type Activities, and Aggregate Remaining Fund Information

The basic financial statements do not include a liability for medical malpractice claims in the reciprocal insurance fund (a non-major enterprise fund). Accordingly, the Government has not recorded an expense for the current period change in that liability. The Government's records do not permit, nor is it practical to extend our auditing procedures sufficiently to determine the extent to which the Business-Type Activities and Aggregate Remaining Fund Information as of and for the year ended September 30, 2022, may have been affected by this condition.

The Virgin Islands Lottery, a nonmajor enterprise fund, has not been audited, and we were not engaged to audit the fund's financial statements, nor was the information available as part of our audit of the Government's basic financial statements. As such, the Government's records do not permit, nor is it practical to extend our auditing procedures sufficiently to determine the extent to which the Business-Type Activities and Aggregate Remaining Fund Information as of and for the year ended September 30, 2022, may have been affected by this condition.



The Government did not maintain the requisite documentation to substantiate its reported interest and other and charges for services revenues in the amount of \$4.5 and \$1.9 million, respectively, for the Aggregate Remaining Fund Information as of and for the year ended September 30, 2022. As such, we are unable to determine whether adjustments are required to the Aggregate Remaining Fund information and Business-Type Activities.

The Government did not maintain the requisite documentation to substantiate its reported general expenses in the amount of \$24.0 million for the Aggregate Remaining Fund Information as of and for the year ended September 30, 2022. As such, we are unable to determine whether adjustments are required in the Aggregate Remaining Fund Information and Business-Type Activities.

Basis for Disclaimer of Opinion on Unemployment Insurance-Enterprise Fund and Business-Type Activities

The Government's records were either not available or contained incomplete information. As such, the records do not permit it, nor is it practical to extend, our auditing procedures sufficiently to determine the extent by which the Unemployment Insurance-Enterprise Fund and Business-Type Activities as of and for the year ended September 30, 2022, may have been affected by this condition.

Basis for Disclaimer of Opinion on Governmental Activities

The Government did not maintain the requisite documentation to support its accrued retroactive union arbitration liability as of and for the year ended September 30, 2022. As such, we are unable to determine whether adjustments were required in the Governmental Activities.

The Government's notes to the basic financial statements do not include the necessary information under Governmental Accounting Standards Board Statement No. 77, *Tax Abatement*. In our opinion, disclosure of this information is required by accounting principles generally accepted in the United States of America.

The Government did not maintain the requisite documentation to support capital asset activity related to capital asset additions in the amount of \$23.1 million, construction in process in the amount of \$366.7 million, or depreciation expense in the amount of \$56.6 million as of and for the year ended September 30, 2022. As such, we are unable to determine whether adjustments were required to the Governmental Activities.

The Government did not obtain the requisite valuation for the Other Post-employment Employment Benefits (OPEB) as required by generally accepted accounting standards for the liability of \$976.6 million, the related deferred outflows of \$135.9 million, deferred inflows of \$75.9 million, related expenses of \$35.0 million, and the required supplementary information as of and for the year ended September 30, 2022. As such, we are unable to determine whether adjustments are required to the recorded balances and disclosures for Government Activities and the required supplementary information.



Basis of Disclaimer of Opinion on Governmental Activities, Business-Type Activities and Aggregate Remaining Funds

The Government's basic financial statements do not include right to use assets, lease liabilities, lease expenses, and the related disclosure information required under the Governmental Accounting Standards Board Statement No. 87, *Leases*. As such, we are unable to determine whether adjustments are required to the Governmental Activities, Business Type Activities and Aggregate Remaining Funds.

Basis for Disclaimer of Opinion on Governmental Activities, Business-Type Activities, General Fund, Federal Grants Fund and Aggregate Remaining Fund Information

The Government did not maintain the requisite documentation to support its expenses in the amount of \$766.6 million for the General Fund, \$628.3 Million for the Federal Grants Fund, and \$73.5 million for the Aggregate Remaining Fund information as of and for the year ended September 30, 2022. As a result, we were unable to obtain sufficient audit evidence to determine whether adjustments are required to the General Fund, Federal Grants Fund, Aggregate Remaining Fund Information, Governmental Activities and Business-Type Activities.

Basis for Disclaimer of Opinion on Governmental Activities, General Fund and Federal Grants Fund

The Government did not maintain the requisite documentation to support its determination regarding the sufficiency of the design and operation of key controls surrounding the environment in which Medicaid claims are processed. As such, we were unable to determine whether adjustments are required to the General Fund, Federal Grants Fund, and Governmental Activities.

Basis for Disclaimer of Opinion on the Governmental Activities and Federal Grants Fund

The Government did not maintain the requisite documentation to support its due from federal government and federal grants and contributions revenues in the amount of \$51.0 million as of the year ended September 30, 2022. As a result, we were unable to obtain sufficient audit evidence to determine whether adjustments are required to the Federal Grants Fund and Governmental Activities.

The Government did not maintain the requisite documentation to support its federal grants and contributions revenues in the amount of \$700.1 million as of and for the year ended September 30, 2022. As a result, we were unable to obtain sufficient audit evidence to determine whether adjustments are required to the Federal Grants Fund and Governmental Activities.

The Government did not maintain the requisite documentation to support its interest and other revenues in the amount of \$18.7 million as of and for the year ended September 30, 2022. As a result, we were unable to obtain sufficient audit evidence to determine whether adjustments are required to the Federal Grants Fund and Governmental Activities.



Basis for Disclaimer of Opinion on the Governmental Activities and Aggregate Remaining Fund Information

The Government did not maintain the requisite documentation to support its capital outlay expenses in the amount of \$21.3 million as of and for the year ended September 30, 2022. As a result, we were unable to obtain sufficient audit evidence to determine whether adjustments are required to the Aggregate Remaining Fund Information and Governmental Activities.

Basis for Disclaimer of Opinion on the Governmental Activities, General Fund, and Aggregate Remaining Fund Information

The Government did not maintain the requisite documentation to support its interest and other and charges for services revenues in the amount of \$30.4 and \$6.2 million, respectively, as of and for the year ended September 30, 2022. As a result, we were unable to obtain sufficient audit evidence to determine whether adjustments are required to the General Fund, Aggregate Remaining Fund Information, and Governmental Activities.

Basis for Disclaimer of Opinion on the Governmental Activities and General Fund

The Government did not maintain the requisite documentation to support its health insurance accrual in the amount of \$24.8 million as of the year ended September 30, 2022. As a result, we were unable to obtain sufficient audit evidence to determine whether adjustments are required to the General Fund and Governmental Activities.

Basis for Disclaimer of Opinion on Aggregate Discretely Presented Component Units

The financial statements of the University of the Virgin Islands Research and Technology Park Corporation (RTPark), University of the Virgin Islands (UVI), Virgin Islands Government Hospital and Health Facilities Corporation (Roy L. Schneider Hospital and Governor Juan F. Luis Hospital and Medical Center), Virgin Islands Water and Power Authority (VIWAPA), Magens Bay Authority (MBA), and Virgin Islands Port Authority (VIPA), have not been audited, and we were not engaged to audit the financial statements of RTPark, UVI, Virgin Islands Government Hospital and Health Facilities Corporation (Roy L. Schneider Hospital and Governor Juan F. Luis Hospital and Medical Center), VIWAPA, MBA, and VIPA, nor was the information available as part of our audit of the Government's basic financial statements. RTPark's financial activities for the year ended September 30, 2022, are not included in the Government's basic financial statements. The financial activities of UVI, Virgin Islands Government Hospital and Health Facilities Corporation (Roy L. Schneider Hospital and Governor Juan F. Luis Hospital and Medical Center), VIWAPA, MBA, and VIPA are included in the Government's basic financial statements and represent 89.8%, 100.0%, and 48.8% of the assets, net position, and revenues, respectively, of the Aggregate Discretely Presented Component Units.

The Government's notes to the basic financial statements do not present complete note disclosures for RTPark, UVI, Roy L. Schneider Hospital and Governor Juan F. Luis Hospital and Medical Center, VIWAPA, MBA, and VIPA. In our opinion, the disclosure of this information is required by accounting principles generally accepted in the United States of America.



The report of other auditors on the 2022 financial statements of VIWMA, a discretely presented component unit, was qualified because the auditors were unable to obtain sufficient audit evidence to determine whether capital assets and accounts payable were properly classified. Accordingly, the auditors were unable to determine whether adjustments were required.

The report of other auditors on the 2022 financial statements of VIHFA, a discretely presented component unit, was qualified because the VIHFA's notes to the financial statements do not include the necessary information under Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as required by accounting principles generally accepted in the United States of America.

The report of other auditors on the 2021 financial statements of VIHA, a discretely presented component unit, was qualified because the auditors were unable to obtain sufficient audit evidence for the balances of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the VIHA pension plan. Accordingly, the auditors were unable to determine whether adjustments were required.

Basis for Unmodified Opinions

We conducted our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Government, 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 unmodified audit opinions.

Emphasis of Matter

The accompanying financial statements have been prepared assuming the Government will continue as a going concern. As discussed in Note 17 to the financial statements, the Government reported an unrestricted net deficit in Governmental Activities and in the General Fund that raise substantial doubt about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 17. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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 Government's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Government'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 Government's ability to continue as a going concern for a reasonable period of time.

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



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of changes in total OPEB liability and related ratios, net pension liability, pension contributions and related notes, and revenue and expenditures - budget and actual budgetary basis - General Fund 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.

The schedules of changes in total OPEB liability and related ratio were not updated based on the required actuarial valuation for the year ended September 30, 2022, as required by accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2025, on our consideration of the Government'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 Government'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 Government's internal control over financial reporting and compliance.

BDO USA, P.C.

September 30, 2025

Management's Discussion and Analysis

Government of the United States Virgin Islands

Management's Discussion and Analysis

Introduction

The following management's discussion and analysis presents an overview of the financial position and activities of the Government of the United States Virgin Islands (the Government) as of and for the fiscal years ended September 30, 2022 and 2021.

Government-wide Financial Statements

The government-wide financial statements are designed to present an overall picture of the financial position of the Government. These statements consist of the statement of net position and the statement of activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. This means that the current year's revenues and expenses are included regardless of when cash is received or paid, producing a view of financial position and changes in financial position like that presented by most private-sector companies.

The statement of net position combines and consolidates the Government's current financial resources with capital assets and long-term obligations.

Both above-mentioned financial statements have separate sections for three different types of the Government's programs or activities. These three types of activities are as follows:

Governmental Activities - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal grants). Most services normally associated with the primary government fall into this category, including general government, public safety, health, public housing and welfare, education, transportation and communication, and culture and recreation.

Business-Type Activities - These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the Government include the operations of the: (i) the West Indian Company (WICO); (ii) the unemployment insurance program; and (iii) viNGN, Inc. dba Virgin Islands Next Generation Network (viNGN). These programs operate with minimal assistance from the governmental activities of the Government.

Discretely Presented Component Units - These are operations for which the Government has financial accountability even though they have certain independent qualities as well. For the most part, these entities operate like private-sector businesses and the business-type activities described above. The Government's discretely presented component units are presented in two categories, major and nonmajor. This separation is determined by the relative size of the entities' assets, liabilities, revenue, and expenses in relation to the total of all component units.

Fund Financial Statements

Fund financial statements focus on the most significant (or major) funds of the Government. A fund is a separate accounting entity with a self-balancing set of accounts. The Government uses funds to keep track of sources of funding and spending related to specific activities. The Government uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government of the United States Virgin Islands

Management's Discussion and Analysis

A major fund is a fund whose revenues, expenditures or expenses, assets, or liabilities (excluding extraordinary items) are at least 10.0% of the corresponding totals for all governmental or enterprise funds and at least 5.0% of the aggregate amount for all governmental and enterprise funds for the same item. The general fund is always considered a major fund. In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the Government believes is particularly important to the financial statements may be reported as a major fund.

The funds of the Government are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are accounted for using the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash. The governmental funds' statements provide a detailed short-term view of the general governmental operations and the basic services provided. The reconciliation following the fund financial statements explains the differences between the governmental activities, reported in the government-wide financial statements and the governmental funds' financial statements. The General Fund, the PFA Debt Service Fund, the PFA Capital Projects Fund, Matching Fund Special Purpose Securitization Corporation (MFSPSC) Debt Service Fund and the Federal Grants Fund are reported as major governmental funds.

The General Fund is the Government's primary operating fund. It accounts for all financial resources of the Government, except those required to be accounted for in another fund.

The PFA Debt Service Fund accounts for the resources accumulated, and payments made, for principal and interest on long-term general obligation debt issued by the Virgin Islands Public Finance Authority (PFA) on behalf of the Government.

The PFA Capital Projects Fund accounts for bond proceeds of debt issued by PFA on behalf of the Government. The bond proceeds have been designated for certain necessary public safety and capital development projects that are accounted for in this fund.

The MFSPSC Debt Service Fund accounts for the resources accumulated, and payments made, for principal and interest on long-term general obligation debt issued by MFSPSC on behalf of the Government.

The Federal Grants Fund accounts for proceeds and federal payments that are legally restricted for expenditures for federally specified purposes.

The governmental fund activities are reported in a separate balance sheet and statement of revenues, expenditures, and changes in fund balances. Additionally, the Government presents a reconciliation of the statement of revenues, expenditures, and change in fund balances to the statement of activities.

Government of the United States Virgin Islands

Management's Discussion and Analysis

Proprietary Funds

Services provided to outside (nongovernmental) customers are reported in enterprise funds. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These are the same business-type activities reported in the government-wide financial statements.

The West Indian Company (WICO), the Unemployment Insurance Fund, and viNGN are major proprietary funds.

The WICO fund accounts for the activities of WICO, which owns a port facility including a cruise ship pier and manages a shopping mall complex on the island of St. Thomas.

The Unemployment Insurance Fund is a federally mandated program to manage unemployment insurance.

The viNGN fund accounts for the activities of viNGN, which designs, develops and manages a middle-mile wholesale fiber optic network in order to make available reliable high-speed internet connections to retail internet service providers.

The proprietary fund activities are reported in a separate statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows.

Fiduciary Funds

The fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position.

Financial Analysis of the Government as a Whole

The Government faces the challenge of maintaining fiscal sustainability and promoting economic growth while rebuilding from the two Category 5 hurricanes of September 2017. To promote fiscal sustainability, the Government retained an international firm to develop short- and long-range cash management strategies, identify federal recovery grants, implement a recovery website, and assist with federal reporting of recovery grants. The Government has also retained the services of a national engineering firm to lead the reconstruction effort in the U.S. Virgin Islands and provide oversight of FEMA Hazard Mitigation and HUD Community Disaster grants. The Government anticipates receiving \$10.0 billion through various federal disaster programs over the next 5-8 years. In February 2024, the federal government reduced the 10.0% matching requirement to receive this funding to 2.0%.

The Government has also been challenged by the COVID-19 pandemic. All cruise ship ports in the Territory were closed due to "No Sail Orders" (NSOs) issued by the Centers of Disease Control and Prevention through August 2021. The tourism industry began a recovery in 2022 and the Virgin Islands Bureau of Economic Research reported an increase of 274 cruise ship calls in 2022, and an increase of 767,000 cruise passenger arrivals. During 2022, tourism visitor arrivals increased to 1.8 million from 1.1 million in 2021.

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Management's Discussion and Analysis

The Government regained access to capital markets in April 2022 with the issuance of the Matching Fund Securitization Bonds, Series 2022 A and Series 2022 B Securitization Bonds in the amount of \$952.8 million, issued by the Matching Fund Special Purpose Securitization Corporation, and the issuance in June 2022 of the Port Facilities Bonds in the amount of \$52.6 million, issued by WICO. The Series 2022 bonds were rated "BBB" by Kroll Bond Rating Agency and the WICO bonds were placed with private investors and not rated.

Financial Analysis of the Primary Government

Total assets and deferred outflows of resources of the Government as of September 30, 2022 and 2021 were approximately \$3.8 billion and \$4.3 billion, respectively. Total liabilities and deferred inflows were approximately \$9.2 billion and \$9.7 billion, respectively, over the same period. Liabilities exceed assets mainly due to unfunded pension and postemployment benefits such as health insurance due to retired Government employees amounting to \$5.1 billion and \$5.5 billion at September 30, 2022 and 2021.

As of September 30, 2022, the Government's net deficit of \$5.5 billion consisted of a \$798.4 million net investment in capital assets; \$447.3 million restricted by statute or other legal requirements that were not available to finance day-to-day operations; and an unrestricted net deficit of \$6.7 billion. As of September 30, 2021, the Government's net deficit of \$5.3 billion consisted of a \$584.2 million net investment in capital assets; \$300.5 million restricted by statute or other legal requirements that were not available to finance day-to-day operations; and an unrestricted net deficit of \$6.2 billion.

For the fiscal year ended September 30, 2022, the primary government earned program and general revenue amounting to \$2.5 billion and reported expenses of \$2.6 billion, resulting in an increase in net deficit of approximately \$101.9 million. For the fiscal year ended September 30, 2021, the primary government earned program and general revenue amounting to \$2.6 billion and reported expenses of \$2.9 billion, resulting in an increase in net deficit of approximately \$178.8 million.

Overall, revenue decreased in fiscal 2022 by approximately \$152.0 million, when compared to fiscal, 2021, mainly due to a decrease in operating and capital grants and contributions of \$112.7 million, a decrease in COVID-19 pandemic relief assistance of \$141.7 million, a decrease in charges for services of \$12.9 million, offset by an increase in taxes of \$67.2 million, an increase of \$40.0 million in interest and other revenue, and an increase in payments in lieu of taxes of \$8.2 million.

Overall expenses decreased in fiscal 2022 by \$379.7 million when compared to fiscal 2021, mainly due to a decrease in general government expense of \$140.4 million, a decrease in public safety of \$30.2 million, a decrease in health expense of \$4.2 million, a decrease in education expense of \$73.7 million, a decrease in transportation and communication of \$18.6 million, a decrease in culture and recreation expense of \$3.6 million, a decrease in unemployment insurance expense of \$99.5 million, a decrease in other business program expense of \$19.5 million and a decrease in interest expense on long-term debt of \$1.7 million. These decreases were offset by an increase in public housing and welfare expense of \$6.9 million and an increase in WICO and viNGN expense of \$4.8 million.

Government of the United States Virgin Islands

Management's Discussion and Analysis

A summary of net position and changes in net position for the primary government follows (expressed in thousands):

September 30,	Governmental Activities		Business-Type Activities		Total	
	2022*	2021*	2022	2021*	2022	2021
Assets and Deferred Outflows						
Current assets	\$ 1,512,898	\$ 1,949,248	\$ 63,824	\$ 38,495	\$ 1,576,722	\$ 1,987,743
Internal balances	49,662	49,015	(49,662)	(49,015)	-	-
Capital assets	1,041,331	979,087	98,806	106,142	1,140,137	1,085,229
Leases receivable	-	-	6,663	-	6,663	-
Other assets	5,187	5,282	1,602	1,272	6,789	6,554
Deferred outflows of resources	1,036,403	1,244,521	-	-	1,036,403	1,244,521
Total assets and deferred outflows	3,645,481	4,227,153	121,233	96,894	3,766,714	4,324,047
Liabilities and Deferred Inflows						
Long-term liabilities	7,011,835	7,425,898	97,375	49,009	7,109,210	7,474,907
Other liabilities	1,261,974	1,689,646	123,901	165,395	1,385,875	1,855,041
Deferred inflows of resources	725,424	352,831	2,729	-	728,153	352,831
Total liabilities and deferred inflows	8,999,233	9,468,375	224,005	214,404	9,223,238	9,682,779
Net Position						
Net investment in capital assets	779,374	556,530	19,036	27,657	798,410	584,187
Restricted	437,074	292,702	10,228	7,748	447,302	300,450
Unrestricted deficit	(6,570,200)	(6,090,454)	(132,036)	(152,915)	(6,702,236)	(6,243,369)
Total net deficit	\$ (5,353,752)	\$ (5,241,222)	\$ (102,772)	\$ (117,510)	\$ (5,456,524)	\$ (5,358,732)

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

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Management's Discussion and Analysis

September 30,	Governmental Activities		Business-Type Activities		Total	
	2022*	2021*	2022	2021*	2022	2021
Revenues						
Program revenue:						
Charges for services	\$ 34,068	\$ 31,657	\$ 46,862	\$ 62,219	\$ 80,930	\$ 93,876
Operating grants and contributions	995,122	1,006,537	21,983	100,605	1,017,105	1,107,142
Capital grants and contributions	16,344	39,207	906	679	17,250	39,886
General revenue:						
Taxes	1,172,506	1,105,323	-	-	1,172,506	1,105,323
Interest and other	130,824	102,901	23,054	10,964	153,878	113,865
COVID-19 pandemic relief assistance	1,932	143,678	-	-	1,932	143,678
Payment in lieu of taxes	21,821	13,660	-	-	21,821	13,660
Tobacco settlement rights	1,193	1,224	-	-	1,193	1,224
Total revenues	2,373,810	2,444,187	92,805	174,467	2,466,615	2,618,654
Expenses						
General government	1,548,620	1,689,055	-	-	1,548,620	1,689,055
Public safety	90,713	120,947	-	-	90,713	120,947
Health	75,404	79,618	-	-	75,404	79,618
Public housing and welfare	333,613	326,665	-	-	333,613	326,665
Education	284,798	358,470	-	-	284,798	358,470
Transportation and communication	49,376	67,999	-	-	49,376	67,999
Culture and recreation	9,796	13,370	-	-	9,796	13,370
Interest on long-term debt	84,020	85,705	-	-	84,020	85,705
West Indian Company	-	-	15,112	10,634	15,112	10,634
Unemployment insurance	-	-	42,208	141,694	42,208	141,694
viNGN	-	-	9,532	9,195	9,532	9,195
Other	-	-	25,336	44,852	25,336	44,852
Total expenses	2,476,340	2,741,829	92,188	206,375	2,568,528	2,948,204
Changes in net position (deficit) before transfers and special item	(102,530)	(297,642)	617	(31,908)	(101,913)	(329,550)
Transfers	(10,000)	135	10,000	(135)	-	-
Special item - insurance recoveries on capital assets	-	555	-	-	-	555
Special item - Community Disaster Loan forgiveness	-	150,186	-	-	-	150,186
Changes in net deficit	(112,530)	(146,766)	10,617	(32,043)	(101,913)	(178,809)
Net deficit, beginning of year, as restated	(5,241,222)	(5,094,456)	(113,389)	(85,467)	(5,354,611)	(5,179,923)
Net deficit, end of year	\$ (5,353,752)	\$ (5,241,222)	\$ (102,772)	\$ (117,510)	\$ (5,456,524)	\$ (5,358,732)

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

Government of the United States Virgin Islands

Management's Discussion and Analysis

Financial Analysis of the Government's Funds

Governmental Funds

The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Government's financing requirements. In particular, the unassigned fund balance/deficit may serve as a useful measure of a government's net resources available, or not available, for discretionary use as they represent the portion of the fund balances which has not yet been limited to use for a particular purpose by either an external party of the primary Government.

As of September 30, 2022, the Government's governmental funds reported a combined fund balance of \$273.0 million, a decrease of \$58.9 million when compared to the prior-year combined fund balance of \$331.9 million. Approximately \$538.9 million of this amount consists of unassigned fund deficits representing expenditures in governmental funds that exceeded discretionary funds available. The remaining fund balances are either restricted, committed, or assigned to indicate that the fund balance is: i) restricted for particular purposes (\$549.2 million), ii) committed for particular purposes (\$86.0 million), or iii) assigned for particular purposes (\$176.5 million).

The General Fund is the chief operating fund of the primary Government. As of September 30, 2022, the unassigned fund deficit of the General Fund was \$419.3 million while the total fund deficit of the General Fund was \$376.5 million. The fund deficit balance of the General Fund increased by \$267.1 million when compared to the prior-year fund deficit of \$109.4 million. This increase was mainly due to an increase in General Fund expenditures of \$270.8 million and an increase in General Fund transfers of 201.3 million, offset by an increase in revenues of \$336.1 million.

The PFA Debt Service Fund accounts for the resource accumulated, and payments made, for principal and interest on long-term general obligation debt issued by PFA on behalf of the Government. As of September 30, 2022, the restricted fund balance of the PFA Debt Service Fund was \$303.7 million, an increase of \$11.3 million from the prior fiscal year fund balance of \$292.4 million. This increase is mainly due to an increase in transfers from other funds of \$158.5 million offset by net payments on the bond refunding of \$42.9 million, a contribution to GERS of \$89.2 million, a decrease in tax revenue of \$8.3 million and a decrease in investment income of \$2.7 million.

The PFA Capital Projects Fund accounts for bond proceeds issued by PFA that have been designated for certain necessary public safety and capital development projects. As of September 30, 2022, the restricted fund balance of the PFA Capital Projects Fund was \$113.1 million, an increase of \$10.0 million from the prior fiscal year fund balance of \$103.1 million. This was mainly due to transfers from other funds of \$15.3 million offset by capital outlays and other expenditures of \$4.6 million.

The MFSPSC Debt Service Fund accounts for the long-term general obligation debt issued by MFSPSC on behalf of the Government. As of September 30, 2022, the restricted fund balance of the MFSPSC Debt Service Fund and the PFA Capital Projects Fund was \$112.2 million, resulting from the issuance of the Series 2022A and Series 2022B Securitization Bonds, net of debt refunding.

The Federal Grants Fund accounts for payments that are restricted to expenditures for specified purposes. As of September 30, 2022, the fund deficit of \$52.8 million was \$38.7 million less than the prior year fund deficit of \$91.5 million. The decrease in the fund deficit was due to federal grant revenues exceeding federal grant expenditures.

Government of the United States Virgin Islands

Management's Discussion and Analysis

Proprietary Funds

The focus of *proprietary funds* is to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements provide separate information for the West Indian Company, Ltd (WICO), Unemployment Insurance, and viNGN as these funds are considered to be major funds.

As of September 30, 2022, the primary Government's proprietary funds reported a combined net deficit of \$102.8 million, a decrease in deficit of \$14.7 million when compared to the prior-year combined net deficit of \$117.5 million. The deficit is the result of an unrestricted deficit in the proprietary funds of \$132.0 million, offset by net investment in capital assets of \$19.0 million and restricted net position of \$10.2 million.

WICO owns a port facility including a cruise ship pier and manages certain parcels of land and warehouses on the island of St. Thomas. As of September 30, 2022, the net deficit of WICO was \$15.6 million, an increase in fund deficit of \$7.6 million from the prior fiscal year. This increase was mainly due to an operating loss of \$6.3 million, interest expense of \$2.7 million and bond issuance cost of \$2.2 million offset by grant revenue of \$4.0 million. WICO was required to close its port during part of the fiscal year due to the COVID-19 pandemic.

The Unemployment Insurance Fund is a federally mandated program to manage unemployment insurance. As of September 30, 2022, the net deficit of the fund was \$84.4 million, a decrease in deficit of \$6.0 million from the prior fiscal year. The decrease is mainly due to a increase in unemployment grant revenue after the COVID-19 pandemic.

viNGN designs, develops, and manages a middle-mile wholesale fiber optic network in order to make available reliable high-speed internet connections to retail internet service providers. As of September 30, 2022, viNGN, reported net position of \$15.4 million, a decrease of \$4.0 million from the prior fiscal year. This decrease was mainly due to an operating loss of \$4.8 million offset by grant revenues of \$906,000.

General Fund Budgetary Highlights

The Virgin Islands Office of Management and Budget prepares an annual executive budget subject to approval by the Governor and the Legislature of the Virgin Islands. The executive budget is prepared on a budgetary basis that is like the cash basis of accounting. The executive budget includes only those funds that are subject to appropriation by law. More information regarding budgetary procedures is provided in the required supplementary information accompanying the basic financial statements.

Government of the United States Virgin Islands

Management's Discussion and Analysis

A summary of the budgetary report for the General Fund of the Government, for the fiscal year ended September 30, 2022, follows (expressed in thousands):

Year ended September 30, 2022	Original Budget	Amended Budget	Actual	Variance
Total revenues	\$ 912,290	\$ 912,290	\$ 1,040,377	\$ 128,087
Total expenditures	984,839	1,052,323	1,015,432	36,891
(Deficiency) excess of revenues over expenditures	(72,549)	(140,033)	24,945	164,978
Other financing sources (uses), net	(136,407)	(136,407)	(239,056)	(102,649)
Excess (deficiency) of revenues and net other financing sources over expenditures	\$ (208,956)	\$ (276,440)	\$ (214,111)	\$ 62,329

For fiscal year 2022, the General Fund realized a favorable budgetary variance of \$62.3 million mainly due to a favorable revenue variance of \$128.1 million and a favorable expenditure variance of \$36.9 million.

The General Fund realized a favorable revenue variance of \$128.1 million mainly due to tax revenues exceeding budgeted amounts by \$81.8 million, federal grant revenue received of \$7.7 million, charges for services revenues being under budget by \$37.2 million and interest and other revenues exceeding the budget by \$75.7 million during the fiscal year. The General Fund realized a favorable expenditures variance of \$36.9 million due to spending efficiencies when compared to budgeted amounts.

Capital Assets

Capital assets additions during fiscal year 2022 amounted to \$120.4 million for governmental activities and \$7.7 million for business-type activities, net of adjustments. Capital assets additions during fiscal year 2021 amounted to \$73.6 million for governmental activities and \$1.8 million for business-type activities, net of adjustments.

Government of the United States Virgin Islands

Management's Discussion and Analysis

The Government's capital assets include land, land improvements, buildings, building improvements, machinery and equipment, infrastructure, right-to-use building and improvement, construction in progress, and intangibles, as follows (expressed in thousands):

September 30,	Governmental Activities		Business-Type Activities		Total	
	2022*	2021*	2022	2021*	2022	2021
Land and land improvements	\$ 230,610	\$ 228,790	\$ 5,883	\$ 5,854	\$ 236,493	\$ 234,644
Building and improvements	654,013	651,998	80,864	90,546	734,877	742,544
Machinery and equipment	285,138	260,643	83,108	81,982	368,246	342,625
Infrastructure	284,641	241,947	-	-	284,641	241,947
Right-to-use building and improvement	-	-	2,139	-	2,139	-
Intangible assets	-	-	30,774	30,774	30,774	30,774
Construction in progress	220,218	172,311	6,936	6,127	227,154	178,438
Total capital assets	1,674,620	1,555,689	209,704	215,283	1,884,324	1,770,972
Less depreciation and amortization	(633,289)	(576,602)	(110,898)	(109,141)	(744,187)	(685,743)
Total capital assets, net	\$ 1,041,331	\$ 979,087	\$ 98,806	\$ 106,142	\$ 1,140,137	\$ 1,085,229

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

Note 9 provides detailed information regarding the capital assets of the primary government and the component units of the Government.

Debt Administration (General Obligation and Revenue Bonds)

The Government issues both general obligation bonds and revenue bonds. The Revised Organic Act [48 U.S.C. Section 1574 (b)(ii)] restricts the principal amount of general obligation debt that the Government may issue to no greater than 10.0% of the aggregate assessed valuation of taxable real property in the U.S. Virgin Islands.

Following is a summary of bonds outstanding as of September 30, 2022 (expressed in thousands):

Bond Issue	Maturity	Rates (%)	Balance
Series 2022 A Securitization Bonds	2039	4.05 - 4.73	\$ 930,315
Series 2022 B Securitization Bonds	2025	6.00	22,510
Series 2019 A TIF Revenue and Refunding Bonds	2029	6.88	9,573
Series 2015 Federal-Aid Highway Bonds	2016 - 2033	3.00 - 5.00	62,905
Series 2014 D Revenue Bonds	2015 - 2033	6.03	4,355
Series 2014 C Revenue and Refunding Bonds	2015 - 2044	4.50-5.00	208,510
Series 2014 A Revenue Bonds	2015 - 2034	5.00	37,535
Series 2012 C Revenue Bonds	2017 - 2042	3.00 - 5.00	21,215
Series 2012 A and B Revenue & Refunding Bonds	2017 - 2032	2.25 - 5.25	134,335
Series 2006 A Revenue Bonds	2007 - 2029	3 50 - 5.00	153,970
Series 2006 A, B, C & D Tobacco Turbo and Capital Appreciation Bonds	2035	6.00 - 8.00	7,290
Series 2001 A Tobacco Bonds	2031	4.62 - 5.13	1,215
Total bonds outstanding			1,593,728
Plus (less):			
Bonds premium			47,773
Bonds discount			(234)
Bonds accretion			13,876
Net bonds outstanding			\$ 1,655,143

Note 10 provides detailed information regarding all bonds of the primary government.

Government of the United States Virgin Islands

Management's Discussion and Analysis

The Government made bond principal payments on outstanding general and special revenue bonds amounting to \$95.0 million during fiscal year 2022 and \$90.7 million during fiscal year 2021.

In October 2021 and February 2022, Moody's Investors Service affirmed a "stable" Caa3 rating of the PFA's bonds.

In April 2022, KBRA assigned a long-term rating of BBB for the Matching Fund Securitization Bonds Series 2022A and Matching Fund Securitization Bonds Taxable Series 2022.

In March 2023, Moody's Investor Services withdrew the Government's issuer rating. Moody's withdrew the rating as debt obligations for which it served as a reference rating no longer had outstanding ratings. Most recently, Moody's had served as a reference rating for the Virgin Islands Water and Power Authority (VIWAPA). The ratings for VIWAPA were withdrawn on March 1, 2023 because of insufficient information to support the maintenance of bond ratings.

Other Liabilities of the Primary Government

Other liabilities of the Government include the following (expressed in thousands):

September 30,	2022	2021*
Governmental activities:*		
Accrued compensated absences	\$ 38,944	\$ 43,695
Retroactive union arbitration	151,064	188,300
Accrued 8.0% salary reduction	1,583	49,837
Litigation	7,873	12,538
Landfill closure and post closure	129,542	118,815
Business-type activities:		
Workers' compensation claims	46,387	53,189
Lease liability - viNGN	559	-
Compensated absences - WICO	1,338	1,255
Loan payable - U.S. Treasury	95,744	96,143
Loans payable - WICO	717	42,397
Bonds payable - WICO	51,586	-
Total other liabilities	\$ 585,975	\$ 606,169

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

Net Pension Liabilities

The Government has implemented the provisions of Governmental Accounting Standards Board Statement (GASB) 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*. Following is a description of the pension plan and accounting for pension expense, liabilities, and deferred outflows/inflows of resources.

Government of the United States Virgin Islands

Management's Discussion and Analysis

Following is the net pension liability reported in fiscal years 2022 and 2021 (expressed in thousands):

September 30,	2022	2021
Net pension liability	\$ 4,091,016	\$ 4,527,445

Net Other Postemployment Benefit (OPEB) Liabilities

During fiscal year 2018, the Government implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard requires the reporting and disclosure of costs and liabilities associated with postemployment benefits provided to retirees of the Government and ten (10) of the Government's component units under a special funding arrangement.

Following is the net OPEB liability reported in fiscal years 2022 and 2021 (expressed in thousands):

September 30,	2022	2021
OPEB liability	\$ 976,613	\$ 992,301

Significant Currently Known Facts

The Government promotes fiscal sustainability through economic development, compliance initiatives, and budgetary restraints on expenditures. The Government is also working with non-governmental organizations and federal partners as part of its recovery efforts following the 2017 hurricanes and the COVID-19 pandemic.

Revenue and Compliance Initiatives

The Government has implemented several initiatives to create jobs, stimulate economic growth, and promote fiscal sustainability including promotion of airline travel tourism through national advertising, introducing legislation for the legal sale of cannabis for medical purposes, compliance initiatives to ensure voluntary tax filing requirements are met, and outreach to national and foreign investors. The Government continues to promote its high-tech broadband capabilities, educated workforce, and tax incentive programs available in the U.S. Virgin Islands to management, technology, and tourism-related industries.

The Government continues to work with federal recovery partners including Federal Emergency Management Agency (FEMA), U.S. Department of Housing and Urban Development (HUD), Federal Highway Administration (FHWA), and other agencies to establish a multi-year, multi-billion recovery plan building resiliency in managing climate change and fiscal sustainability.

Budgetary Control of Expenditures

The Government has experienced an increase in carry-forward liabilities from prior fiscal years mainly due to landfill closure costs, postemployment benefits for retirees, and net pension liabilities in connection with the Government's defined benefit pension plan. The Government also has carry-forward liabilities due to unpaid retroactive salary increases that accumulated following Hurricanes Hugo, Marilyn, and Bertha in the years of 1990 through 1998. At September 30, 2022 and 2021, long-term liabilities for pension and other postemployment benefits to retired government employees amounted to \$5.1 billion and \$5.5 billion, respectively.

Government of the United States Virgin Islands

Management's Discussion and Analysis

The Government's defined benefit pension plan was 8.2% and 9.2% funded as of the measurement dates of September 30, 2022, and 2021, respectively.

Based on actuarial projections as of September 30, 2022, absent additional contributions from the Government, the plan may not be able to meet its responsibilities by March 2025. A Pension Reform Joint Task Force has provided recommendations to the Legislature of the Virgin Islands to (i) increase the retirement age of Government workers; (ii) restructure plan benefits; and (iii) to no longer allow retirees to both work and collect benefits from the Government. The retirement system increased the contribution rates of participating employers by 1.0% per year over the three fiscal years 2015, 2016 and 2017 and, at September 30, 2018, the employer contribution rate was 20.5%. In December 2019, the employer rate was increased by 3.0% bringing the contribution rate to 23.5% effective January 1, 2020, and in September 2024, the rate increased by another 3.0% bringing the contribution rate to 26.5%, effective January 1, 2025, which has been postponed to October 1, 2025.

In February 2022, the Legislature of the Virgin Islands passed Act 8540, authorizing the creation of the Matching Fund Special Purpose Securitization Corporation to purchase the Matching Fund Receipts from the Government, restructure the existing matching fund bond debt, and free up resources to provide annual funding for the Government Employees' Retirement System of the U.S. Virgin Islands (GERS) through the GERS Funding Note established with the PFA.

The Matching Fund Securitization Bonds Series 2022A and Series 2022B were issued in April 2022, and an initial payment of \$89.2 million was made to GERS. In October 2022 and 2023, a second and third payment were made to GERS in the amounts of \$158.0 million and \$124.0 million, respectively.

Contacting the Government's Financial Management

This financial report is designed to provide the Government's citizens, taxpayers, customers, and creditors with a general overview of the Government's finances. If you have questions about this report, or need additional financial information, contact the Government of the United States Virgin Islands, Department of Finance, No. 2314 Kronprindsens Gade, St. Thomas, VI 00802.

Basic Financial Statements

Government of the United States Virgin Islands

Statement of Net Position (in thousands)

(in thousands)

September 30, 2022	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 640,682	\$ 39,245	\$ 679,927	\$ 158,257
Investments, at fair value	553,150	1,679	554,829	9,645
Receivables, net	220,022	3,245	223,267	216,847
Internal balances	49,662	(49,662)	-	-
Due from federal government	51,039	698	51,737	36,037
Due from component units	33,822	-	33,822	111
Due from primary government	-	-	-	27,629
Inventories	-	-	-	17,716
Prepayments and other assets	-	-	-	33,996
Restricted:				
Cash and cash equivalents	-	18,957	18,957	54,247
Investments	-	-	-	86,495
Other	-	-	-	15,873
Capital assets, net	1,041,331	98,806	1,140,137	2,426,463
Leases receivable	-	6,663	6,663	72
Notes receivable	14,183	-	14,183	10,147
Other assets	5,187	1,602	6,789	123,301
Total assets	2,609,078	121,233	2,730,311	3,216,836
Deferred Outflows of Resources				
Deferred amounts related to pension	892,699	-	892,699	291,177
Deferred charges on bond refunding	7,852	-	7,852	7,378
Deferred amounts related to OPEB	135,852	-	135,852	15,073
Total deferred outflows of resources	1,036,403	-	1,036,403	313,628
Total assets and deferred outflows of resources	\$ 3,645,481	\$ 121,233	\$ 3,766,714	\$ 3,530,464

See accompanying notes to financial statements.

Government of the United States Virgin Islands

Statement of Net Position (in thousands)

September 30, 2022	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable and accrued liabilities	\$ 365,323	\$ 8,730	\$ 374,053	\$ 680,681
Unemployment insurance benefits	-	3,257	3,257	-
Customer deposits	-	-	-	30,545
Due to primary government	-	-	-	33,072
Due to component units	27,629	-	27,629	-
Due to federal government	-	-	-	5,042
Refundable advance	449,336	-	449,336	-
Interest payable	37,657	992	38,649	10,470
Other current liabilities:				
Unearned revenues	226,165	11,304	237,469	36,903
Tax refunds payable	85,167	-	85,167	-
Line of credit	-	-	-	33,262
Loans and notes payable	15	96,461	96,476	9,306
Bonds payable	50,502	-	50,502	57,799
Other liabilities	20,180	3,157	23,337	11,417
Noncurrent liabilities:				
Line of credit	-	-	-	2,740
Tax refunds payable	29,203	-	29,203	-
Loans and notes payable	1,536	-	1,536	6,195
Bonds payable	1,604,641	51,586	1,656,227	207,415
Net pension liability	4,091,016	-	4,091,016	1,104,135
Other postemployment benefits liability (OPEB)	976,613	-	976,613	139,071
Unearned revenues	-	662	662	13,735
Other liabilities	308,826	45,127	353,953	128,988
Total liabilities	8,273,809	221,276	8,495,085	2,510,776
Deferred Inflows of Resources				
Deferred amounts related to OPEB	75,883	-	75,883	16,067
Deferred amounts related to pension	649,541	-	649,541	202,390
Deferred amounts related to leases	-	2,729	2,729	3,491
Total liabilities and deferred inflows of resources	\$ 8,999,233	\$ 224,005	\$ 9,223,238	\$ 2,732,724
Net Position (Deficit)				
Net investment in capital assets	\$ 779,374	\$ 19,036	\$ 798,410	\$ 2,073,269
Restricted:				
Unemployment insurance	-	9,930	9,930	-
Debt service	415,960	188	416,148	-
Capital projects	21,114	110	21,224	-
Other purposes	-	-	-	196,486
Unrestricted deficit	(6,570,200)	(132,036)	(6,702,236)	(1,472,015)
Total net deficit	\$ (5,353,752)	\$ (102,772)	\$ (5,456,524)	\$ 797,740

See accompanying notes to financial statements.

Government of the United States Virgin Islands

Statement of Activities (in thousands)

Year Ended September 30, 2022	Expenses	Program Revenues					Total	Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities			
Functions:									
Primary government:									
Governmental activities:									
General government	\$ 1,548,620	\$ 32,696	\$ 782,776	\$ 8,306	\$ (724,842)	\$ -	\$ (724,842)	\$ -	
Public safety	90,713	374	4,314	-	(86,025)	-	(86,025)	-	
Health	75,404	129	26,546	-	(48,729)	-	(48,729)	-	
Public housing and welfare	333,613	266	149,702	-	(183,645)	-	(183,645)	-	
Education	284,798	-	24,567	-	(260,231)	-	(260,231)	-	
Transportation and communication	49,376	476	6,922	8,038	(33,940)	-	(33,940)	-	
Culture and recreation	9,796	127	295	-	(9,374)	-	(9,374)	-	
Actuarial pension expense	-	-	-	-	-	-	-	-	
Interest on long-term debt	84,020	-	-	-	(84,020)	-	(84,020)	-	
Total governmental activities	2,476,340	34,068	995,122	16,344	(1,430,806)	-	(1,430,806)		
Business-type activities:									
WICO	15,112	3,081	4,000	-	-	(8,031)	(8,031)	-	
Unemployment insurance	42,208	21,969	17,953	-	-	(2,286)	(2,286)	-	
viNGN	9,532	4,644	-	906	-	(3,982)	(3,982)	-	
Other	25,336	17,168	30	-	-	(8,138)	(8,138)	-	
Total business-type activities	92,188	46,862	21,983	906	-	(22,437)	(22,437)		
Total primary government	\$ 2,568,528	\$ 80,930	\$ 1,017,105	\$ 17,250	\$ (1,430,806)	\$ (22,437)	\$ (1,453,243)	\$ -	
Component units:									
Virgin Islands Housing Authority	\$ 73,701	\$ 11,224	\$ 53,921	\$ 8,945	\$ -	\$ -	\$ -	\$ 389	
Virgin Islands Port Authority*	70,447	61,557	-	35,678	-	-	-	26,788	
Virgin Islands Water and Power Authority:									
Electric System*	338,470	317,383	-	289,676	-	-	-	268,589	
Water System*	33,058	35,375	-	2,786	-	-	-	5,103	
Virgin Islands Government Hospital and Health Facilities Corporation:									
Roy L. Schneider Hospital*	98,347	73,513	35,772	4,656	-	-	-	15,594	
Juan F. Luis Hospital*	69,681	36,620	26,771	10,878	-	-	-	4,588	
University of the Virgin Islands*	99,786	14,062	89,728	4,607	-	-	-	8,611	
Virgin Islands Housing Finance Authority	94,106	5,311	88,118	-	-	-	-	(677)	
Other component units**	60,316	21,343	56,093	110	-	-	-	17,230	
Total component units	\$ 937,912	\$ 576,388	\$ 350,403	\$ 357,336	\$ -	\$ -	\$ -	\$ 346,215	
Total primary government and component units								\$ 346,215	

*Unaudited

See accompanying notes to financial statements.

**University of the Virgin Islands Research and Technology Park Corporation and Magens Bay Authority (unaudited)

Government of the United States Virgin Islands

Statement of Activities

(in thousands)

Year Ended September 30, 2022	Net Revenue (Expense) and Changes in Net Position			Component Units
	Primary Government			
	Governmental	Business-type	Total	
	Activities	Activities		
General revenue:				
Taxes	\$ 1,172,506	\$ -	\$ 1,172,506	\$ -
Payment in lieu of taxes	21,821	-	21,821	-
Interest and other	130,824	23,054	153,878	31,726
Tobacco settlement rights	1,193	-	1,193	-
COVID-19 pandemic relief assistance	1,932	-	1,932	-
Special item - insurance recoveries on capital assets, net	-	-	-	118
Transfers - internal activities of primary government	(10,000)	10,000	-	-
Total general revenue and other items	1,318,276	33,054	1,351,330	31,844
Changes in net position (deficit)	(112,530)	10,617	(101,913)	378,059
Net position (deficit), beginning of year, as restated	(5,241,222)	(113,389)	(5,354,611)	419,681
Net position (deficit), end of year	\$ (5,353,752)	\$ (102,772)	\$ (5,456,524)	\$ 797,740

See accompanying notes to financial statements.

Government of the United States Virgin Islands

Balance Sheet - Governmental Funds (in thousands)

September 30, 2022	General	PFA Debt Service	PFA Capital Projects	MFSPSC Debt Service	Federal Grants	Other Governmental	Total Governmental
Assets							
Cash and cash equivalents	\$ 127,816	\$ 230,731	\$ 42,434	\$ 30,550	\$ -	\$ 209,151	\$ 640,682
Investments, at fair value	362,615	57,733	36,044	91,826	-	4,932	553,150
Receivables:							
Taxes, net	191,449	27,457	-	-	-	-	218,906
Other	115	-	-	-	-	116	231
Due from federal government	-	-	-	-	51,039	-	51,039
Due from:							
Other funds	55,788	-	37,128	-	-	27,160	120,076
Component units, net	26,447	-	-	-	-	7,375	33,822
Total assets	764,230	315,921	115,606	122,376	51,039	248,734	1,617,906
Liabilities							
Accounts payable and accrued liabilities	237,817	-	958	4	103,794	22,750	365,323
Tax refunds payable	53,732	-	-	-	-	-	53,732
Refundable advance	442,018	-	-	-	-	7,318	449,336
Unearned revenues	216,027	-	-	10,138	-	-	226,165
Due to:							
Other funds	25,041	-	-	-	-	45,373	70,414
Component units	26,072	-	1,557	-	-	-	27,629
Total liabilities	1,000,707	-	2,515	10,142	103,794	75,441	1,192,599
Deferred Inflows of Resources							
Unavailable revenues	140,072	12,195	-	-	-	-	152,267
Total liabilities and deferred inflows of resources	1,140,779	12,195	2,515	10,142	103,794	75,441	1,344,866
Fund balances (deficit)							
Restricted	-	303,726	113,091	112,234	4,213	15,951	549,215
Committed	42,325	-	-	-	-	43,658	85,983
Assigned	452	-	-	-	-	176,377	176,829
Unassigned	(419,326)	-	-	-	(56,968)	(62,693)	(538,987)
Total fund balances (deficit)	(376,549)	303,726	113,091	112,234	(52,755)	173,293	273,040
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 764,230	\$ 315,921	\$ 115,606	\$ 122,376	\$ 51,039	\$ 248,734	
Amounts reported for governmental activities in the statement of net position are different because:							
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.							1,041,331
Expenditures identified as related to a future period are recognized as a prepaid asset in the statement of net position.							5,187
Note receivable related to the sale of capital assets therefore, not reported in the funds.							14,183
Deferred costs of refunding bonds are not financial resources and are therefore, not reported in the funds.							7,852
Other long-term assets, primarily taxes receivable, will not be available to pay for current-period expenditures and therefore, are deferred in the funds.							153,152
Deferred outflows and inflows of resources of pension and postemployment benefit liabilities are not current financial resources and therefore, are not included in the funds.							303,127
Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due.							(37,657)
Long-term pension liabilities are not due and payable in the current period and therefore, are not reported in the funds.							(4,091,016)
Long-term postemployment benefit liabilities are not due and payable in the current period and therefore, are not reported in the funds.							(976,613)
Long-term liabilities, including bonds and tax refunds payable, are not due and payable in the current period and therefore, are not reported in the funds.							(2,046,338)
Net deficit of governmental activities							\$ (5,353,752)

See accompanying notes to financial statements.

Government of the United States Virgin Islands

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (in thousands)

<i>Year Ended September 30, 2022</i>	General	PFA Debt Service	PFA Capital Projects	MFSPSC Debt Service	Federal Grants	Other Governmental	Total Governmental
Revenues							
Taxes	\$ 908,801	\$ 335,193	\$ -	\$ -	\$ -	\$ 17,635	\$ 1,261,629
Payment in lieu of taxes	21,821	-	-	-	-	-	21,821
Federal grants and contributions	144,554	7,576	-	-	832,971	26,365	1,011,466
COVID-19 pandemic relief assistance	-	-	-	-	-	1,932	1,932
Charges for services	18,577	-	-	-	-	15,491	34,068
Tobacco settlement rights	-	-	-	-	-	1,231	1,231
Interest and other	61,716	66	143	(522)	17,823	50,279	129,505
Total revenues	1,155,469	342,835	143	(522)	850,794	112,933	2,461,652
Expenditures							
Current:							
General government	968,392	527	1,119	-	420,975	45,730	1,436,743
Public safety	73,084	-	-	-	3,954	454	77,492
Health	33,547	-	-	-	33,720	661	67,928
Public housing and welfare	62,797	-	-	-	262,081	854	325,732
Education	179,114	-	-	-	54,081	1,559	234,754
Transportation and communication	18,912	-	-	-	4,675	14,071	37,658
Culture and recreation	7,787	-	-	-	295	99	8,181
Capital outlays	33,309	-	3,519	-	32,280	51,261	120,369
Debt service:							
Principal - bond refunding	-	890,685	-	-	-	-	890,685
Principal	-	93,825	-	-	-	1,150	94,975
Interest	1,708	85,448	-	-	-	118	87,274
Total expenditures	1,378,650	1,070,485	4,638	-	812,061	115,957	3,381,791
Excess (deficiency) of revenue over expenditures	(223,181)	(727,650)	(4,495)	(522)	38,733	(3,024)	(920,139)
Other financing sources (uses)							
Bonds issued	-	-	-	952,825	-	-	952,825
Premium on issuance of bonds	-	-	-	28,061	-	-	28,061
Cost of issuance of debt	-	(1,618)	-	(14,304)	-	-	(15,922)
Loss on refunding of bonds	-	(4,461)	-	-	-	-	(4,461)
GERs Funding Note payment	-	(89,198)	-	-	-	-	(89,198)
Transfers - bond refunding	-	853,826	-	(853,826)	-	-	-
Transfers from other funds	166,554	158,598	15,273	-	-	44,054	384,479
Transfers to other funds	(210,526)	(178,214)	(739)	-	-	(5,000)	(394,479)
Total other financing sources (uses), net	(43,972)	738,933	14,534	112,756	-	39,054	861,305
Net change in fund balances	(267,153)	11,283	10,039	112,234	38,733	36,030	(58,834)
Fund balances (deficit), beginning of year	(109,396)	292,443	103,052	-	(91,488)	137,263	331,874
Fund balances (deficit), end of year	\$ (376,549)	\$ 303,726	\$ 113,091	\$ 112,234	\$ (52,755)	\$ 173,293	\$ 273,040

See accompanying notes to financial statements.

Government of the United States Virgin Islands

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds (in thousands)

Year Ended September 30, 2022

Net change in fund balances - total governmental funds	\$	(58,834)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation, impairment loss, and disposals in the current year.		62,244
Income from note receivable interest income not producing current resources.		1,319
Tax revenues in the statement of activities, which provide current financial resources, are reported as revenue in the funds.		(28,523)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. This is the amount of debt repayments as no bonds or loans were issued.		32,835
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the amount by which the increase in certain liabilities reported in the statement of net position of the previous year increased expenses reported in the statement of activities that do not require the use of current financial resources.		23,540
Some expenses reported as prepaid assets in the statement of net position in the current year are recognized as expenses in the following year in the statement of activities.		(94)
Bond premiums and discounts are reported as other financing sources and uses in the governmental funds when the bonds are issued, and are capitalized and amortized in the government-wide financial statements. This amount represents additional net interest expense reported in the statement of activities related to the amortization of premiums, discounts, deferred refunding, and accreted interest on capital appreciation bonds during the current year.		(16,021)
Certain interest reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in the governmental funds. This amount represents the decrease in interest payable reported in the statement of net position.		3,254
Certain OPEB expense reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in the governmental funds. This amount represents the increase in OPEB liabilities for the allocable share of OPEB expense reported in statement of net position.		(35,046)
Certain pension expense reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in the governmental funds. This amount represents the increase in pension liabilities for the allocable share of pension expense reported in statement of net position.		(97,204)
Change in net deficit of governmental activities	\$	(112,530)

See accompanying notes to financial statements.

Government of the United States Virgin Islands

Statement of Net Position - Proprietary Funds (in thousands)

	Business-type Activities					
	WICO	Unemployment Insurance	viNGN	Other Enterprise	Total	
September 30, 2022						
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,373	\$ 3,360	\$ 3,287	\$ 31,225	\$ 39,245	
Investments, at fair value	-	-	-	1,679	1,679	
Receivables, net:						
Grants receivable	152	-	546	-	698	
Leases receivable	271	-	-	-	271	
Premiums receivable	-	1,277	-	-	1,277	
Other receivables	233	-	371	1,093	1,697	
Due from other funds	-	-	-	300	300	
Other assets	1,089	-	378	135	1,602	
Total current assets	3,118	4,637	4,582	34,432	46,769	
Noncurrent assets:						
Restricted cash and cash equivalents	9,027	9,930	-	-	18,957	
Leases receivable	6,663	-	-	-	6,663	
Capital assets	34,061	-	52,259	12,486	98,806	
Total noncurrent assets	49,751	9,930	52,259	12,486	124,426	
Total assets	\$ 52,869	\$ 14,567	\$ 56,841	\$ 46,918	\$ 171,195	
Liabilities						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 1,111	\$ -	\$ 672	\$ 6,947	\$ 8,730	
Lease liability	-	-	180	-	180	
Due to other funds	9,956	-	36,804	3,202	49,962	
Unemployment insurance benefits	-	3,257	-	-	3,257	
Workers compensation	-	-	-	2,913	2,913	
Loan payable to U.S. Treasury	-	95,744	-	-	95,744	
Loans payable	717	-	-	-	717	
Interest payable	992	-	-	-	992	
Unearned revenue	-	-	2,695	8,609	11,304	
Compensated absences payable	64	-	-	-	64	
Total current liabilities	12,840	99,001	40,351	21,671	173,863	
Noncurrent liabilities:						
Bonds payable	51,586	-	-	-	51,586	
Workers compensation	-	-	-	43,474	43,474	
Compensated absences payable	1,274	-	-	-	1,274	
Lease liability	-	-	379	-	379	
Deferred revenue	-	-	662	-	662	
Total noncurrent liabilities	52,860	-	1,041	43,474	97,375	
Total liabilities	\$ 65,700	\$ 99,001	\$ 41,392	\$ 65,145	\$ 271,238	
Deferred Inflows of Resources						
Deferred amounts related to leases	2,729	-	-	-	2,729	
Total liabilities and deferred inflows of resources	\$ 68,429	\$ 99,001	\$ 41,392	\$ 65,145	\$ 273,967	
Net Position (Deficit)						
Net investment in capital assets	\$ (8,346)	\$ -	\$ 14,896	\$ 12,486	\$ 19,036	
Restricted:						
Unemployment insurance	-	9,930	-	-	9,930	
Debt service	188	-	-	-	188	
Capital projects	110	-	-	-	110	
Unrestricted (deficit)	(7,512)	(94,364)	553	(30,713)	(132,036)	
Total net position (deficit)	\$ (15,560)	\$ (84,434)	\$ 15,449	\$ (18,227)	\$ (102,772)	

See accompanying notes to financial statements.

Government of the United States Virgin Islands

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds (in thousands)

Year Ended September 30, 2022	Business-type Activities				Total
	WICO	Unemployment Insurance	viNGN	Other Enterprise	
Operating revenues					
Charges for services	\$ 3,081	\$ 21,969	\$ 4,644	\$ 17,168	\$ 46,862
Operating expenses					
Cost of services	6,350	42,208	4,978	24,455	77,991
Depreciation and amortization	3,076	-	4,512	881	8,469
Total operating expenses	9,426	42,208	9,490	25,336	86,460
Operating loss	(6,345)	(20,239)	(4,846)	(8,168)	(39,598)
Non-operating revenues (expenses)					
Grants revenue	4,000	17,953	906	30	22,889
Interest and other income	459	8,312	3	14,280	23,054
Bond issuance costs	(2,228)	-	-	-	(2,228)
Payment in lieu of taxes	(700)	-	-	-	(700)
Interest expense	(2,758)	-	(42)	-	(2,800)
Total non-operating (expenses) revenues, net	(1,227)	26,265	867	14,310	40,215
(Loss) income before operating transfers	(7,572)	6,026	(3,979)	6,142	617
Transfers from other funds	-	-	-	10,000	10,000
Transfers to other funds	-	-	-	-	-
Change in net position	(7,572)	6,026	(3,979)	16,142	10,617
Net position (deficit), beginning of year, as restated (Note 2)	(7,988)	(90,460)	19,428	(34,369)	(113,389)
Net position (deficit), end of year	\$ (15,560)	\$ (84,434)	\$ 15,449	\$ (18,227)	\$ (102,772)

See accompanying notes to financial statements.

Government of the United States Virgin Islands

Statement of Cash Flows – Proprietary Funds (in thousands)

Year Ended September 30, 2022	Business-type Activities					Total
	WICO	Unemployment Insurance	viNGN	Other Enterprise		
Cash flows from operating activities						
Cash received from customers and users	\$ 3,245	\$ 21,969	\$ 5,457	\$ 16,813	\$	47,484
Cash paid to beneficiaries and suppliers	(3,577)	(42,208)	(2,483)	(32,124)		(80,392)
Cash paid to employees	(2,775)	-	(2,329)	-		(5,104)
Net cash provided by (used in) operating activities	(3,107)	(20,239)	645	(15,311)		(38,012)
Cash flows from noncapital financing activities						
Other income	-	8,312	-	14,280		22,592
Transfer from other funds	-	-	-	10,000		10,000
Federal grants	4,000	17,953	3,380	30		25,363
Contribution to the Government	(53)	-	-	-		(53)
Issuance of debt	-	8,045	-	-		8,045
Principal paid on debt issuances, including interest	-	(8,444)	-	-		(8,444)
Net cash provided by noncapital financing activities	3,947	25,866	3,380	24,310		57,503
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(63)	-	(987)	(1,390)		(2,440)
Proceeds from sale of capital assets	-	-	-	2,083		2,083
Proceeds of bond issuance	51,573	-	-	-		51,573
Bond issuance costs	(2,228)	-	-	-		(2,228)
Principal payments on lease liabilities	-	-	(264)	-		(264)
Repayment of loan payable	(41,680)	-	-	-		(41,680)
Interest paid	(1,752)	-	(42)	-		(1,794)
Net cash provided by (used in) capital and related financing activities	5,850	-	(1,293)	693		5,250
Cash flows from investing activities						
Interest income	33	-	3	-		36
Purchase of investments	-	-	-	(1)		(1)
Net cash provided by (used in) investing activities	33	-	3	(1)		35
Net increase in cash and cash equivalents	6,723	5,627	2,735	9,691		24,776
Cash and cash equivalents, beginning of year	3,677	7,663	552	21,534		33,426
Cash and cash equivalents, end of year	\$ 10,400	\$ 13,290	\$ 3,287	\$ 31,225	\$	58,202
Reconciliation of operating loss to net cash used in operating activities						
Operating loss	\$ (6,345)	\$ (20,239)	\$ (4,846)	\$ (8,168)	\$	(39,598)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:						
Depreciation and amortization	3,076	-	4,512	881		8,469
Provision for doubtful accounts	49	-	-	-		49
Other income	91	-	-	-		91
Change in operating assets and liabilities:						
Receivables, net	67	-	151	(29)		189
Unearned revenue	-	-	662	(326)		336
Other assets	(205)	-	(101)	(24)		(330)
Accounts payable and accrued liabilities	77	-	267	(843)		(499)
Compensated absences payable	83	-	-	-		83
Workers compensation	-	-	-	(6,802)		(6,802)
Due to other funds	-	-	-	-		-
Net cash provided by (used in) operating activities	\$ (3,107)	\$ (20,239)	\$ 645	\$ (15,311)	\$	(38,012)
Noncash capital and related financing activities						
Initial recognition of lease liabilities	\$ -	\$ -	\$ 823	\$ -	\$	823
Initial recognition of right-to-use assets	\$ -	\$ -	\$ 777	\$ -	\$	777

See accompanying notes to financial statements.

Government of the United States Virgin Islands

Statement of Cash Flows – Proprietary Funds

(in thousands)

	Business-type Activities					
	WICO	Unemployment Insurance	viNGN	Other Enterprise	Total	
<i>Year Ended September 30, 2022</i>						
Reconciliation of cash and cash equivalents to the statement of net position						
Cash and cash equivalents - current	\$ 1,373	\$ 3,360	\$ 3,287	\$ 31,225	\$ 39,245	
Cash and cash equivalents - restricted	9,027	9,930	-	-	18,957	
Total cash and cash equivalents, end of year	\$ 10,400	\$ 13,290	\$ 3,287	\$ 31,225	\$ 58,202	

See accompanying notes to financial statements.

Government of the United States Virgin Islands

Statement of Fiduciary Net Position (in thousands)

<i>September 30, 2022</i>	Pension Trust
Assets	
Cash and cash equivalents:	
Unrestricted	\$ 120,282
Restricted	18
Investments, at fair value:	
U.S. Government and agency obligations	21,976
Corporate obligations	21,641
Common stock - U.S.	
Mortgage and asset-backed securities	26,277
Commingled and mutual funds	129,082
Unsettled securities sold	
Investment loans	
Real estate investment trust	
Limited partnerships	9,194
Real estate	62,142
Stock lending collateral	5,606
Receivables, net:	
Loans and advances	13,329
Accrued interest	610
Due from other agencies of the Government	16,199
Other assets	5,362
Total assets	\$ 431,718
Liabilities	
Retirement benefits in process of payment	\$ 3,084
Obligation for collateral received under securities lending transactions	5,606
Other liabilities	22,697
Total liabilities	31,387
Net position restricted for pensions	\$ 400,331

See accompanying notes to financial statements.

Government of the United States Virgin Islands

Statement of Changes in Fiduciary Net Position (in thousands)

<i>Year Ended September 30, 2022</i>	Pension Trust
Additions	
Contributions:	
Employer	\$ 105,883
Plan members	54,173
Total contributions	160,056
Investment income:	
Net depreciation in fair value of investments	(39,939)
Interest, dividends, and other, net	4,251
GERS Funding Note	89,198
Rental income	756
Total investment income	54,266
Less management and custodian fees	341
Less borrowers' rebates and other agent fees on securities lending transactions	43
Investment income, net	53,882
Other income	7,696
Total additions	221,634
Deductions	
Benefits paid directly to members	272,154
Refunds of members' contributions	9,080
Administrative and operational expenses	15,197
Total deductions	296,431
Change in net position	(74,797)
Net position restricted for pensions, beginning of year	475,128
Net position restricted for pensions, end of year	\$ 400,331

See accompanying notes to financial statements.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies

The Government of the United States Virgin Islands (the Government) is an unincorporated organized territory of the United States of America. The powers of the Government are derived from and set forth in the Revised Organic Act of 1954, as amended. The Government assumes responsibility for public safety, health, public housing and welfare, education, transportation and communication, and culture and recreation.

The accompanying basic financial statements of the Government have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The accompanying basic financial statements have been prepared primarily from accounts maintained by the Department of Finance of the Government. Additional data has been derived from reports prepared by other departments, agencies, and public corporations based on independent or subsidiary accounting systems maintained by them.

Financial Reporting Entity

For financial reporting purposes, the Government is a primary government (PG). The PG includes all Government departments, agencies, boards, and organizations that are not legally separate. In addition to the PG, the financial reporting entity includes blended and discretely presented component units. Component units include all legally separate organizations for which the Government's elected officials are financially accountable and organizations for which the nature and significance of their relationship with the PG are such that exclusion would cause the reporting entity's financial statements to be misleading. The criteria used to define financial accountability include: (i) if an organization is fiscally dependent on, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the PG, (ii) a government board appointed by a higher level of government, or (iii) a jointly appointed board.

The financial statements of the following component units are included in the financial reporting entity either as blended or as discretely presented component units in accordance with GAAP:

(a) Blended Component Units

The following public benefit corporations, while legally separate from the Government, meet the criteria to be reported as part of the PG because they provide services entirely or almost entirely to the Government:

Virgin Islands Public Finance Authority (PFA)

PFA was created as a public corporation and autonomous governmental instrumentality by Act No. 5365, *the Government Capital Improvement Act of 1988*, with the purpose 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, PFA has the power, among other matters, to borrow money and issue bonds and to lend the proceeds of its bonds to the Government or any governmental instrumentality.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

The powers of PFA are exercised by a board of directors consisting of the Governor (Chairperson), the Commissioner of Finance, the Director of the Virgin Islands Office of Management and Budget, and two representatives of the private sector appointed by the Governor with the advice and consent of the Legislature (the Legislature). PFA activities are blended within the PG and are reported as major funds, except for PFA Special Revenue Fund.

PFA's blended component units, The West Indian Company Limited (WICO) and viNGN, INC. d/b/a Virgin Islands Next Generation Network (viNGN) are presented as major proprietary funds while King's Alley Management, Inc. and Lonesome Dove Petroleum, Inc. are included in other nonmajor proprietary funds in the Government's basic financial statements.

Tobacco Settlement Financing Corporation (TSFC)

TSFC was created in September 2001 under Act No. 6428 as a separate and independent corporation of the Government to purchase the rights, title, and interest in tobacco settlement litigation awards and to issue revenue bonds supported by the tobacco settlement rights. The responsibility for the operations of TSFC is vested in a board of directors composed of three members: the Governor and two independent members—one appointed by the Governor, and one appointed by the president of the Legislature. The activities of TSFC are limited to activities conducted on behalf of the Government. The TSFC is reported in the other governmental funds.

Matching Fund Special Purpose Securitization Corporation (MFSPSC)

MFSPSC was created in January 2022 under Act 8540 as a separate and independent corporation of the Government to purchase the rights, title, and interest in Matching Fund Receipts (MFRs) and to issue revenue bonds supported by the MFRs. The responsibility for the operations of MFSPSC is vested in a board of directors composed of five members: the Governor and four private citizens appointed by the Governor. The activities of the MFSPSC are limited to activities conducted on behalf of the Government. MFSPSC activities are blended within the PG, with debt service activities reported as a major governmental fund, and activities conducted on behalf of the Government, such as the transfer of residual matching fund receipts, reported as general fund activities.

Complete audited financial statements of PFA, TSFC and MFSPSC's blended component units can be obtained directly by contacting their respective administrative offices:

Administrative Offices of Blended Component Units

Virgin Islands Public Finance Authority
5033 Kongens Gade, Government Hill
St. Thomas, VI 00802

Tobacco Settlement Financing Corporation
5033 Kongens Gade, Government Hill
St. Thomas, VI 00802

Matching Fund Special Purpose Securitization Corporation
P.O. Box 430
St. Thomas, VI 00804

Government of the United States Virgin Islands

Notes to Basic Financial Statements

(b) Discretely Presented Component Units

The following component units, as required by GAAP, are discretely presented in the basic financial statements because of the nature of the services they provide and the Government's ability to impose its will.

The component units are reported in a separate column to emphasize that they are legally separate from the PG and governed by separate boards.

(c) Major Component Units

Virgin Islands Housing Authority (VIHA)

VIHA was created as a public corporation and autonomous governmental instrumentality by Act No. 903 on June 18, 1962, with the purpose of providing housing for low- and moderate-income families residing in the U.S. Virgin Islands. The majority of VIHA funding is through two contractual agreements with the U.S. Department of Housing and Urban Development (HUD). VIHA is required to make payments in lieu of taxes to the PG when residual receipts are available, and whereby the PG agrees to provide municipal services and continue the tax-exempt status of VIHA projects. VIHA is governed by a board of commissioners. The governing board is autonomous and responsible to HUD. An executive director is appointed by VIHA's Board to manage the day-to-day operations.

Virgin Islands Port Authority (VIPA)

VIPA was created as a public corporation and autonomous government instrumentality by Act No. 2375 on December 23, 1968, with the purposes of owning, operating, and managing air and marine terminals of the U.S. Virgin Islands. The powers of VIPA are exercised by a board of governors consisting of the Commissioner of Economic Development and Agriculture (Chairperson), the Attorney General, the Commissioner of Public Works, the Director of the Small Business Development Agency, and five other persons appointed by the Governor with the advice and consent of the Legislature.

Virgin Islands Water and Power Authority (VIWAPA)

VIWAPA was created as a public corporation and autonomous governmental instrumentality by Act No. 1248 on August 13, 1964, with the purpose of operating the water production and electric generation plants in the U.S. Virgin Islands. The powers of VIWAPA are exercised by a governing board consisting of nine members, all appointed by the Governor with the advice and consent of the Legislature, from which three are heads of cabinet-level executive departments or agencies and six are other persons who are nominated by the Legislature. VIWAPA is required by its bond resolutions to maintain separate audited financial statements for each system (the Electric and Water Systems).

Virgin Islands Government Hospital and Health Facilities Corporation (VIGHHFC)

VIGHHFC was created by Act No. 6012 on August 23, 1994, and became active on May 1, 1999, with the purpose of providing healthcare services and hospital facilities to the people of the U. S. Virgin Islands.

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The powers of VIGHHFC are exercised by a board of directors consisting of 15 members as follows: the Director of the Virgin Islands Office of Management and Budget, the Commissioner of Finance, and 13 other members appointed by the Governor with the advice and consent of the Legislature. The VIGHHFC is composed of the Schneider Regional Medical Center located in St. Thomas, the Governor Juan F. Luis Hospital and Medical Center located in St. Croix, and the Schneider Regional Medical Center Foundation (the Foundation). The hospitals issue separately audited financial statements.

The Schneider Regional Medical Center's financial statements include its component units: the Myra Keating Smith Community Health Center (Health Center) of St. John and the Charlotte Kimelman Cancer Institute (Cancer Institute) on St. Thomas. The Cancer Institute has remained closed following the 2017 hurricanes. The Health Center and Cancer Institute are legally separate organizations for which the Roy L. Schneider Hospital is financially accountable.

The Foundation is a legally separate nonprofit corporation for which the Schneider Regional Medical Center is financially accountable. The Juan F. Luis Hospital and Medical Center's financial statements include its component unit: Virgin Islands Cardiac Center at the Governor Juan F. Luis Hospital and Medical Center, Inc. (VICC Foundation). VICC Foundation is a legally separate nonprofit corporation for which the Juan F. Luis Hospital and Medical Center is financially accountable.

University of the Virgin Islands (the University or UVI)

The University was organized as an instrumentality of the Government under Act No. 852 on March 16, 1962, in accordance with Section 16(a) of the Revised Organic Act of 1954, as amended. The University is a higher education institution that offers four-year liberal arts degree and master's degree programs and associate degrees, and occupational programs. The powers of the University are exercised by a board of trustees consisting of 17 members as follows: Chairman of the Board of Education, Commissioner of Education, and the President of the University, all serving as members ex-officio, 9 other members appointed by the Governor with the advice and consent of the Legislature, two other members elected by the board of trustees, one representative of the student body, one alumnus of the University, and another representative of the teaching faculty. The University was not organized as a self-sustaining entity and therefore receives financial and other support from the Government.

The University's financial statements include a blended and discretely presented component unit, the Foundation for the University of the Virgin Islands. This organization operates as a nonprofit corporation whose purpose is to assist and support the University in accomplishing its charitable and educational mission. The Foundation for the Reichhold Center for the Arts is also a discretely presented component unit of the University that supports the arts and provides financial assistance in operating an entertainment complex on the St. Thomas campus of the University.

Virgin Islands Housing Finance Authority (VIHFA)

VIHFA was created as a public corporation and autonomous governmental instrumentality by Act No. 4636 on October 20, 1981, with the purpose of stimulating low- and moderate-income housing construction and home ownership through the issuance of revenue bonds to provide low-interest mortgage loans to qualified purchasers of low and moderate-income housing. On October 31, 2008, VIHFA established the Virgin Islands Housing Management, Inc. (VIHM), a wholly owned nonprofit subsidiary that manages VIHFA's rental properties. The financial statements of VIHM are separately issued, and not blended into the PG.

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Notes to Basic Financial Statements

The powers of VIHFA are exercised by a board of directors consisting of the Commissioner of the Department of Housing, Parks, and Recreation (the Chairman), the Director of the Virgin Islands Office of Management and Budget, and three persons not employed by the Government appointed by the Governor with advice and consent of the Legislature.

(d) Other Component Units (Nonmajor)

Virgin Islands Economic Development Authority (VIEDA)

VIEDA was created by Act No. 6390 on December 21, 2000, as a public corporation and semiautonomous instrumentality of the Government. VIEDA was created as an umbrella authority of the Economic Development Commission, the Small Business Development Agency, the Government Development Bank, and the Virgin Islands Industrial Development Park Corporation. The powers of VIEDA are exercised by a board of directors consisting of the members of the Virgin Islands Economic Development Commission, the Director of the Virgin Islands' Bureau of Internal Revenue, and five members not employed by the Government, but appointed by the Governor with the advice and consent of the Legislature.

Magens Bay Authority (MBA)

MBA was created as a corporate instrumentality by Act No. 2085 on December 20, 1967, with the purpose of acquiring, improving, and operating parks and beaches. The powers of MBA are exercised by a board of directors consisting of the Governor and six members initially appointed by the Governor. The board of directors is responsible for the appointment and reappointment of subsequent board members except that the Governor, with the advice and consent of the Legislature may, by appointment, fill any vacancy on the board of directors remaining unfilled for sixty days.

Virgin Islands Public Broadcasting System (VIPBS)

VIPBS was created as a public corporation and autonomous instrumentality by Act No. 2364 on November 15, 1968, with the purpose of advancing the general welfare, education, cultural development, and awareness of public affairs of the population of the U.S. Virgin Islands as well as to provide an effective supplement to the in-school education of children.

The powers of VIPBS are exercised by a board of directors consisting of the Commissioner of Education, the Chairman of the Board of Education, three members appointed by the President of the Legislature, and four members, not more than two of whom should be employed by the Government and appointed by the Governor with the advice and consent of the Legislature.

In addition, the Director of the Virgin Islands Office of Management and Budget, the President of the University of the Virgin Islands, and the General Manager of VIPBS are ex-officio members of the board who are not entitled to vote.

Virgin Islands Waste Management Authority (VIWMA)

VIWMA was established as an autonomous instrumentality of the Government by Act No. 6638 and approved by the Governor of the Virgin Islands on January 23, 2004. VIWMA provides environmentally sound management for the collection and disposal of solid waste in the Territory, including operation and closure of landfills and wastewater collection, treatment, and disposal. VIWMA is governed by a Board of Directors consisting of seven members.

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University of the Virgin Islands Research and Technology Park Corporation (RTPark)

RTPark was established as an autonomous instrumentality of the Government by Act 6502 on February 21, 2002, as amended by Act 6725, the Protected Cell Amendments Act of 2005. RTPark was organized for internet commerce and technology, providing an enabling environment for research, development, business incubation and technology-driven businesses.

RTPark is governed by a Board of Directors consisting of seven members, including the Chairman of the Board of Trustees of the University, the President of the University, two trustees selected from among the Board of Trustees of the University, and three members selected by the Governor.

Complete audited financial statements of the discretely presented component units can be obtained directly by contacting their administrative offices:

Administrative Offices

Virgin Islands Housing Authority
9900 Estate Thomas
St. Thomas, VI 00802

Virgin Islands Port Authority
P.O. Box 301707
St. Thomas, VI 00803-1707

Virgin Islands Water and Power Authority
P.O. Box 1450
St. Thomas, VI 00804-1450

Virgin Islands Government Hospital and Health Facilities Corporation
9048 Sugar Estate
St. Thomas, VI 00802

University of the Virgin Islands
#2 John Brewer's Bay
St. Thomas, VI 00802-9990

Virgin Islands Housing Finance Authority
3202 Demarara
Frenchtown Plaza, Suite 200
St. Thomas, VI 00802

Virgin Islands Economic Development Authority
8000 Nisky Shopping Center, Suite 620
St. Thomas, VI 00802

Magens Bay Authority
P.O. Box 10583
St. Thomas, VI 00801

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Virgin Islands Public Broadcasting System
P.O. Box 7879
St. Thomas, VI 00801

Virgin Islands Waste Management Authority
1 A&B Demarara
St. Thomas, VI, 00802

University of the Virgin Islands Research and Technology Park Corporation
64 West Palm Drive
Kingshill, St. Croix, VI 00850-9781

All financial statements of the discretely presented component units included within this report have a fiscal year end of September 30, 2022, except for VIWAPA and VIHA, which have a fiscal year-end of June 30, 2022, and December 31, 2021, respectively.

(e) Fiduciary Component Unit

The following public benefit corporation is legally separate from the Government, meets the definition of a fiduciary component unit and is presented in the fund financial statements as a fiduciary fund of the Government. Fiduciary funds are not reported in government-wide financial statements.

Government Employees' Retirement System of the Virgin Islands (GERS)

GERS was created as an independent and separate agency of the Government with the purpose of administering the Government's and the component units' cost-sharing, multi-employer defined benefit pension plan. GERS was established on October 1, 1959. The responsibility for the operation of GERS is vested in a board of trustees composed of seven members appointed by the Governor with the advice and consent of the Legislature.

Employee and employer contributions to GERS are recognized as additions to net position held in trust for employees' pension benefits in the period in which employee services are performed, except for contributions pursuant to the Early Retirement Act of 1994, which are recorded as the cash is received. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan, except for benefits pursuant to sections 8(a) and 8(b) of the Early Retirement Act of 1994, which are recorded when the subsidy provided by the Government is receivable and payable.

Complete audited financial statements of this component unit can be obtained directly by contacting its administrative office:

Government Employees' Retirement System of the Virgin Islands
3438 Kronprindsens Gade
St. Thomas, VI 00802

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Notes to Basic Financial Statements

Government-wide and Fund Financial Statements

The government-wide financial statements (that is, the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the PG and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the PG is reported separately from certain legally separate component units for which the PG is financially accountable. The statement of net position presents the reporting entities' non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include (i) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items are not included among program revenues and are appropriately reported instead, as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(a) Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP as prescribed by the GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue when eligibility requirements have been met.

(b) Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it is both measurable and available. Revenues are deemed available when they become susceptible to accrual and are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Government considers most revenue to be available if collected within 90 days of the end of the current fiscal year-end. Specifically, gross receipts taxes, real property taxes, and income taxes are deemed available if collected within 30, 60, and 90 days, respectively, after the end of the current fiscal year-end.

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Grant revenue is deemed available if collected within the 12 months after the end of the current fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, compensated absences, debt service, other postemployment benefits and pension expenditures are recorded only when payment is due.

Income taxes, gross receipts taxes, real property taxes, and grant funding are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period to the extent they are considered available. All other revenue items are deemed measurable and available only when cash is received by the Government.

(c) Proprietary Funds, Fiduciary Fund, and Discretely Presented Component Units Financial Statements

The financial statements of the proprietary funds, fiduciary fund, and discretely presented component units are reported using the economic resources measurement focus and the accrual basis of accounting also used in the government-wide financial statements described above.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fund Accounting

The Government reports its financial position and results of operations in funds, which are considered separate accounting entities. The operations of each fund are accounted for within a set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with legal, financial, and contractual provisions. Generally accepted governmental accounting principles establish criteria (percentage of the assets, liabilities, revenue, or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. Indirect costs are automatically allocated and reported in the program expense for each fund. Non-major funds are combined in a single column in the fund financial statements. The Government reports the following major funds:

(a) Governmental Funds

The Government established the MFSPSC Debt Service Fund during the current fiscal year and reports the following major governmental funds:

- General Fund - The general fund is the Government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- PFA Debt Service Fund - PFA debt service fund accounts for the resources accumulated, and payments made, for principal and interest on long-term general obligation debt issued by PFA on behalf of the Government.

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- PFA Capital Projects Fund - PFA capital projects fund accounts for bond proceeds of debt issued by PFA on behalf of the Government. The bond proceeds have been designated for certain necessary public safety and capital development projects which are accounted for in this fund.
- MFSPSC Debt Service Fund - MFSPSC debt service fund accounts for the resources accumulated, and payments made, for principal and interest on long-term general obligation debt issued by MFSPSC on behalf of the Government.
- Federal Grants Fund - The federal grants fund accounts for proceeds and payments that are restricted to expenditures for specified purposes.

(b) Proprietary Funds

These funds account for those activities for which the intent of management is to recover, primarily through user charges, the cost of providing goods or services to the public. The Government reports the following major proprietary funds:

- The West Indian Company Limited - WICO, a blended component unit of PFA, accounts for the activities of a cruise ship pier and shopping mall complex on the island of St. Thomas.
- Unemployment Insurance Fund - The Unemployment Insurance Fund accounts for the collection of unemployment premiums from employers in the U.S. Virgin Islands, and the payment of unemployment benefits to eligible unemployed recipients.
- viNGN, INC. d/b/a as Virgin Islands Next Generation Network (viNGN) - viNGN, a blended component unit of PFA, accounts for the management of a middle-mile wholesale fiber optic network providing reliable high-speed internet access to retail internet service providers and public infrastructure stewards.

(c) Fiduciary Activities

The Government reports the following fiduciary fund:

- Pension Trust Fund - The pension trust fund accounts for the activities of GERS, an independent and separate agency of the Government, responsible for the proper operation of the Government's defined benefit pension plan.

Cash and Cash Equivalents

The Government follows the practice of pooling cash. The balance in the pooled cash accounts is available to meet current operating requirements and any excess is invested in various interest-bearing accounts and time deposits with eligible depository institutions.

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Cash equivalents of the proprietary funds and discretely presented component units consist of demand accounts, money market accounts, certificates of deposit with maturities of not more than 90 days from the date of acquisition, money market funds, short-term U.S. government and its agencies' obligations, and repurchase agreements with a U.S. commercial bank maturing within three months. Cash and cash equivalents of the discretely presented component units are maintained in separate bank accounts from those of the PG, in their own names.

By law, banks, or trust companies designated as depositories of public funds of the Government are to maintain corporate surety bonds or pledge collateral satisfactory to the Commissioner of Finance to secure all governmental funds deposited. As of September 30, 2022, the Government had \$685.7 million in collateral with Banco Popular de Puerto Rico consisting of Municipal Letters of Credit (MULOC) issued by the Federal Home Loan Bank, and \$632.1 million in collateral with First Bank consisting of mortgage-backed securities with the Government National Mortgage Association (GNMA), and deposits insured by FDIC insurance.

For the purpose of the statement of cash flows - proprietary funds, cash and cash equivalents are defined to be cash on hand, demand deposits, restricted cash and investments, and highly liquid investments with a maturity of three months or less from the date of purchase. For financial statement presentation purposes, cash and cash equivalents are shown as cash and investments and restricted cash and investments.

Investments

The PG and its component units follow the provisions of GAAP, which establishes and modifies the following disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk.

Investment policies of the PG, its blended component units, major funds, and major component units are as follows:

- *Primary Government Investment Policies* - Title 33, Chapter 117 of the Virgin Islands Code (V.I. Code) authorizes the Government to invest in U.S. Government and its agencies' obligations, mortgage-backed securities, repurchase agreements, commercial paper, local government obligations, and corporate debt and equity obligations.

As of September 30, 2022, the General Fund and the Virgin Islands Lottery had invested in certificates of deposit with two local banks. Investments are reported at fair value as of September 30, 2022.

- *PFA Investment Policies* - Investments of PFA are reported at fair value. Various bond resolutions of PFA restrict investments to direct obligations of the U.S. Government, territories, possessions and 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. PFA has retained investment managers and investments are held in trust by a commercial bank on behalf of PFA. PFA handles investments for two major governmental funds of the Government: PFA Debt Service Fund and PFA Capital Projects Fund.

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- *TSFC Investment Policies* - Various bond resolutions of this blended component unit restrict investments to direct obligations of the U.S. Government, territories, possessions and 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. TSFC has retained investment managers and investments are held in trust by a commercial bank on behalf of the TSFC. Investments are reported at fair value in the non-major governmental fund of the Government.
- *MFSPSC Investment Policies* - The bylaws of MFSPSC allow for the investment of funds or other monies under the control of MFSPSC in eligible investments, pursuant to the terms of the Master Trust Indenture between MFSPSC and its trustee, the Bank of New York Mellon Trust Company. Eligible investments include direct obligations of the United States, or obligations guaranteed as to principal and interest by the United States; general obligations or pre-funded obligations of any state, territory, possession or commonwealth of the United States with a rating at the time of purchase in one of the two highest rating categories as designated by any rating service; obligations issued, or the principal of and interest on which are unconditionally guaranteed by any agency or instrumentality of or a corporation wholly owned by the United States with a rating at the time of purchase of one of the two highest rating categories by any rating service; repurchase agreements with banks, savings and loan associations or trust companies organized under the laws of the Virgin Islands, the United States, or any state, territory or possession of the United States, provided the combined capital and surplus is at least equal to \$200.0 million and the obligations are secured by obligations that are not subject to claims and liens of third parties; investment agreements, guaranteed investment contracts or similar funding agreements provided the collateral for such agreements is at least equal to 102.0% of the amount invested; U.S. dollar denominated bankers acceptances with domestic commercial banks with the highest short-term rating category by a national rating agency; certificates of deposit with domestic commercial banks maturing no more than 360 days after the date of purchase, which have a rating in the two highest rating categories; investments in money market funds in the two highest rating categories; and commercial paper issued by U.S. corporations rated in the two highest rating categories that mature no more than 270 days after the date of purchase.
- *VIHA Investment Policies* - This major component unit is required by the HUD to invest excess funds in obligations of the United States, certificates of deposit, or any other federally insured investment. HUD requires that deposits be fully collateralized and may be held by an unaffiliated bank or trust company for the account of the VIHA.
- *VIWAPA and VIPA Investment Policies* - These major component units are authorized under bond resolutions and the V.I. Code to invest in open accounts, time deposits, non-negotiable certificates of deposit, repurchase agreements, obligations of the U.S. government, and obligations of any state within the United States, mutual funds, and corporate commercial paper. Investments are reported at fair value.
- *VIGHHFC Investment Policies* - The board of trustees of this major component unit has not developed a formal investment policy.

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- *University Investment Policies* - The board of trustees of this major component unit is responsible for the management of the University's investments and establishes an investment policy, which is carried out by the Vice President for Administration and Finance. The University and its component unit, the Foundation for the Reichhold Center of the Arts, have a formal investment policy approved by their corresponding board of trustees, which contains a requisite section on addressing risks. The University's investments are included in the Foundation for the University of the Virgin Islands' investment portfolio for management and investment purposes.
- *Pension Trust Fund Investment Policies* - The board of trustees of GERS has enacted policies that limit investments in certain investment categories and provide requirements for the institutions managing investments. Under those policies, GERS may invest in U.S. Government and agencies obligations, bonds or notes of any state, territory or possession of the United States, municipal bonds and obligations, foreign bonds, bonds of domestic railroad corporations, public utility bonds, industrial corporate bonds or trust certificates, common and preferred shares of foreign and domestic corporations, mutual funds, mortgage or personal loans to GERS members or retirees, and mortgage- and asset-backed securities. Investments in bonds are subject to rating restrictions of BBB and may not exceed 2.0% of the GERS investment portfolio. Investments in stock of a single corporation may not exceed 1.0% of the market value of the fund or exceed 1.0% of the outstanding stock of the corporation.

The aggregate investments in stock may not exceed 60.0% of the market value of total investments of GERS. Investment in foreign stock should be limited to 10.0% of the market value of the total investments of GERS. Any investment of 20.0% or more of the aggregate value of the portfolio must be approved by two-thirds of the membership of the board of trustees. The investments are administered by several professional investment managers and are held in trust by a commercial bank on behalf of GERS.

Investments in equity securities in the GERS pension trust fund are reported at quoted market values. Shares of mutual funds are reported at the net asset value of shares held by GERS at year-end. Purchases and sales are recorded on a trade-date basis. Realized gains and losses on securities are determined by the average cost method.

GERS has invested in Havensight Mall, a shopping and pier complex on the island of St. Thomas, with an appraised value of \$41.0 million as of September 30, 2022.

GERS invested in two funds of the Mesirow limited partnership. The funds reported a fair market value of \$9.2 million as of September 30, 2022.

GERS owns administrative facilities on the islands of St. Thomas and St. Croix. Portions of the facilities are leased to government agencies and commercial tenants, and portions of the facilities are utilized for GERS operations. The investment in leased real estate is reported at its appraised value, and the portion used for GERS operations is reported at depreciated cost. The amount of \$1.4 million was reported net of depreciation as of September 30, 2022.

Receivables

Taxes receivable represent amounts owed by taxpayers for individual and corporate income taxes, gross receipts taxes, excise taxes, hotel occupancy taxes, and real property taxes. Federal government receivables represent amounts owed to the Government for reimbursement of expenditures/expenses incurred pursuant to federally funded programs.

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Accounts receivable are reported net of estimated allowances for uncollectible amounts, which are determined based upon past collection experience and current economic conditions.

The accounts receivable from non-governmental customers of the discretely presented component units are net of estimated uncollectible amounts. These receivables arise primarily from service charges to users.

Interfund and Intra-Entity Transactions

The Government has the following types of transactions among funds:

- *Interfund Transfers* - Legally required transfers are reported as interfund transfers in (out) when incurred. Transfers between the PG and its blended component units are reported as interfund transfers, except for transfers within the same fund type.
- *Intra-entity Transactions* - These are transactions between the PG and its discretely presented component units, and among the component units.

Similarly, receivables and payables between the PG and its blended component units are reported as amounts due from (to) other funds. Transfers between the PG and discretely presented component units (and among those component units) are reported separately as revenue and expenses or expenditures. Amounts owed to and from discretely presented component units by the PG are reported separately from interfund payables and receivables as due from (to) component units, net of allowance for estimated uncollectible amounts.

Restricted Assets

Restricted assets in the PG and discretely presented component units are set aside primarily for the payment of bonds, notes, construction funds, unemployment benefits, and other specific purposes.

Capital Assets

Capital assets, which include land, land improvements, buildings, building improvements, machinery and equipment, construction in progress, intangibles and infrastructure assets, are reported in the applicable governmental, business-type activities, and component unit columns in the government-wide financial statements as well as in the applicable proprietary funds reported in the fund financial statements.

The PG defines capital assets as assets that have an initial, individual cost and useful lives of: (i) \$5,000 for personal property with a useful life of five years; (ii) \$50,000 for buildings and building improvements with estimated useful lives of 40 and 20 years, respectively; (iii) \$100,000 for land improvements with an estimated useful life of 20 years; (iv) \$200,000 for intangibles with estimated useful lives between 2 and 15 years; and (v) \$200,000 for infrastructure with an estimated useful life of 30 years. All costs of acquiring land are capitalized.

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Capital assets purchased or acquired are carried at historical cost or normal cost. The normal costing method to estimate cost based on replacement cost indexed by a reciprocal factor of the price increase from the appraisal date to the actual or estimated acquisition date was used to estimate the historical cost of certain land, buildings, and building improvements because invoices and similar documentation was no longer available in certain instances. Donated capital assets are recorded at acquisition value at the time of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs are capitalized during the construction period only for business-type activities and proprietary component units. The costs of routine maintenance and repairs that do not add value to the assets or materially extend asset lives are expensed as incurred.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements.

Depreciation expense is recorded in the government-wide financial statements, as well as the proprietary funds and component units' financial statements.

Capital assets of the PG, excluding land and construction in progress, are depreciated on the straight-line method over the assets' estimated useful lives.

The estimated useful lives of capital assets reported by the component units are (i) 4 to 50 years for buildings and building improvements; (ii) 20 to 40 years for airports and marine terminals; (iii) 40 to 100 years for water transmission and distribution mains; (iv) 2 to 75 years for intangible assets; and (v) 3 to 25 years for vehicles and equipment.

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

The PG and its component units have entered certain leasing arrangements that are now reported as intangible right-to-use assets following the guidance found in GASB Statement No. 87, *Leases*. This Statement requires recognition of certain lease assets and liabilities for leases that were previously reported by the PG and its component units as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the lease contract. Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of the net position that applies to future period(s) and is not recognized as an outflow of resources (expense/expenditure) until the future date occurs.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

The Government has three items for financial reporting in these categories, as follows:

- Deferred amounts related to pension represent unamortized portion of the difference between expected and actual experience, changes in assumptions, changes in proportion and differences between contributions and proportional share of contributions, and contributions made after measurement date.
- Deferred amounts related to other postemployment benefits consisting of net differences between expected and actual experience and changes in assumptions.
- Deferred charges on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The Government has three items for financial reporting in this category, as follows:

- Deferred amounts related to pension consist of the unamortized portion of the difference between expected and actual experience, net difference between projected and actual earnings on pension plan investments, changes in assumptions, and changes in proportion and differences between contributions and proportional share of contributions.
- Deferred amounts related to other postemployment benefits consisting of the unamortized portion of the changes in assumptions and other inputs.
- In accordance with GASB Statement No. 87, *Leases*, deferred inflows of resources are recognized for the right to receive lease payments over the lease term. These amounts are recognized as lease revenue on a straight-line basis over the term of the lease. This policy has been adopted as a result of WICO and viNGN's implementation of GASB Statement No. 87 during the year.
- Modified accrual basis of accounting - Unavailable revenues qualify for reporting in this category. The item, *unavailable revenues*, is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, gross receipts taxes, and income taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Tax Refunds Payable

During the calendar year, the Government collects individual income taxes through withholdings and payments from taxpayers. On September 30th, the Government estimates the amount owed to taxpayers for overpayments during the first nine months of the calendar year. These estimated amounts and the actual tax refunds claimed for current and prior years but not paid at year-end are recorded as tax refunds payable and as a reduction of tax revenue.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

Compensated Absences

The vacation policy of the Government provides for the accumulation of four, six, or eight hours for each full biweekly pay period depending on the time of entry into government service. At the beginning of each calendar year, vacation leave is limited to 480 hours (60 days). However, the excess of 480 hours is considered by GERS for service credit towards the employees' retirement.

This vacation policy does not apply to professional educational personnel of the Virgin Islands Department of Education, who receive compensation during the school breaks. Upon retirement, an employee receives compensation for unused vacation leave at the employee's base pay rate.

Employees accumulate sick leave at a rate of four hours for each full biweekly pay period up to a maximum of 180 days. Separated employees do not receive payment for unused sick leave; therefore, a provision for accumulated sick leave is not required.

Compensated absences accumulation policies for the blended component units and discretely presented component units vary from entity to entity, depending upon negotiated bargaining agreements and other factors agreed upon between the management of these entities and its employees.

Long-term Liabilities

The liabilities reported in the government-wide financial statements include the Government's bonds, direct borrowings and placements, pension liabilities and other long-term liabilities including accrued compensated absences, retroactive union arbitration, litigation, landfill closure and post closure costs, postemployment benefits, and workers compensation claims.

Bond premiums, discounts, and amounts deferred on capital appreciation bonds are amortized over the life of the bonds using the effective interest method. Bonds are reported net of the applicable bond premiums and discounts. Issuance costs are reported as expenses in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, as deferred inflows of resources and deferred outflows of resources during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Net Position

Net position is reported in three categories:

- *Net Investment in Capital Assets* - This consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets. Debt pertaining to significant unspent debt proceeds are not included in the calculation of invested in capital assets, net of related debt. The unspent portion of the debt is presented, net of the related debt, as restricted for capital projects.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

- *Restricted Net Position* - Constraints placed on the use of assets are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* - These consist of assets which do not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, generally it is the Government's policy to use restricted resources first, then the unrestricted resources, as needed.

Fund Balance

GAAP provides a hierarchy of classifications based primarily on the extent to which the Government is bound to honor constraints on the specific purposes for which amounts in funds may be spent. Following are the fund classifications:

- *Restricted Fund Balance* - Fund balances constrained by externally imposed constraints such as constitutional provisions, laws and regulations, debt covenants, and grantors. The Government's policy is to consider restricted amounts to have been spent first when expenditures are incurred for which both restricted and unassigned fund balances are available.
- *Committed Fund Balance* - Fund balances subject to constraints imposed by the Government's highest level of decision-making authority including legislation enacted by the Legislature of the Virgin Islands and resolutions or ordinances enacted by Government elected regulatory boards and authorities. Committed fund balances may be modified or rescinded by enacted legislation, or amendment of resolutions or ordinances.
- *Assigned Fund Balance* - Fund balances subject to budgetary constraints of the Legislature, the Office of Management and Budget, or authorizing boards of the Government, which are not restricted or committed.

Budgetary authority of the Office of Management and Budget is provided by Title 2, Sections 22, 23, 26 and 27 VIC, and Executive Order No. 371-1997. The Government's policy is to expend assigned or committed amounts, before unassigned amounts, when an expenditure is incurred.

- *Unassigned Fund Balance* - Unassigned fund balance is the residual classification for the General Fund. This classification represents a fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The residual deficit of the Federal Grants Fund and other governmental funds are also reported as unassigned fund balance.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

Risk Management

With some exceptions, the Government does not carry general liability insurance coverage on its properties or the acts of its employees, relying instead on self-insurance and/or statutory liability limitations. The Government purchases commercial insurance for physical losses or damages to its property. The limit of liability for all risks, excluding earthquake, windstorm, and flood, is \$1.0 million for each occurrence except for windstorm and flood losses, which has a \$45.0 million limit. For physical losses arising from earthquake, the insurance policy has a limit of \$100.0 million for each occurrence and in the annual aggregate.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP 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 expenditures/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 PG and most of its component units are in the process of gathering the required information to implement this Statement. WICO and viNGN adopted this Statement as of October 1, 2021.

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

WICO

Net (deficit), October 1, 2021	\$ (12,156)
Adoption of GASB Statement No. 87	4,168
Net (deficit), October 1, 2021, as restated	\$ (7,988)

viNGN

Net position, October 1	\$ 19,475
Adoption of GASB Statement No. 87	(47)
Net position, October 1, as restated	\$ 19,428

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 Government's financial statements for the year ended September 30, 2022.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

The Government has evaluated this Statement and has determined there is no impact on the financial statements as the Government 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 Government 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 Government's financial statements for periods ending after December 31, 2021. The Government has evaluated this Statement and has determined there is no impact on the financial statements as the Government 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 Government has evaluated this Statement and has determined there is no impact on the financial statements as the Government did not have a defined contribution plan and did not have a deferred compensation plan subject to IRC Section 457.

In October 2021, GASB issued GASB 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 Government has evaluated this Statement and has determined there is no impact as the Government does not issue an ACFR.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

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

GASB Statement No.		Adoption in Fiscal Year (as Revised)
91	Conduit Debt Obligations	2023
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	2023
96	Subscription-Based Information Technology Arrangements	2023
99	Omnibus 2022	2023 and 2024
100	Accounting Changes and Error Corrections - an amendment of GASB Statement 62	2024
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 Government is currently evaluating the impact of these statements.

2. Component Units

The basic financial statements include the financial statements of the following discretely presented component units:

Major Component Units

- Virgin Islands Housing Authority
- Virgin Islands Port Authority (unaudited)
- Virgin Islands Water and Power Authority (unaudited)
- Virgin Islands Government Hospital and Health Facilities Corporation (unaudited)
- University of the Virgin Islands (unaudited)
- Virgin Islands Housing Finance Authority

Other Component Units (Nonmajor)

- Virgin Islands Economic Development Authority
- Magens Bay Authority (unaudited)
- Virgin Islands Public Broadcasting System
- Virgin Islands Waste Management Authority
- University of the Virgin Islands Research and Technology Park Corporation (unaudited)

Condensed financial information as of September 30, 2022 of all discretely presented component units (expressed in thousands) is presented on the following page.

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Notes to Basic Financial Statements

			Virgin Islands Water and Power Authority*		Hospital and Health Facilities Corporation*			Virgin Islands Housing Finance Authority	Other Component Units**	Total Component Units
September 30, 2022	Virgin Islands Housing Authority	Virgin Islands Port Authority*	Electric System	Water System	Schneider Regional Medical	Juan F. Luis Hospital	University of the Virgin Islands*			
Assets and deferred outflows										
Current assets	\$ 32,226	\$ 56,965	\$ 59,592	\$ 13,053	\$ 19,595	\$ 9,218	\$ 36,019	\$ 164,592	\$ 45,312	\$ 436,572
Due from primary government	-	-	21,923	3,645	1,555	2	-	199	305	27,629
Due from federal government	-	19,652	12,244	359	-	-	-	-	3,782	36,037
Restricted assets	899	10,428	52,291	870	211	-	24,198	48,383	19,335	156,615
Capital assets, net	54,205	328,256	1,548,775	80,246	31,258	122,106	99,102	46,476	116,039	2,426,463
Other noncurrent assets	6,036	-	88,726	-	-	-	-	38,687	71	133,520
Deferred outflows of resources	26,121	31,525	51,921	10,489	42,526	81,797	29,247	22,498	17,504	313,628
Total assets and deferred outflows of resources	119,487	446,826	1,835,472	108,662	95,145	213,123	188,566	320,835	202,348	3,530,464
Liabilities and deferred inflows										
Current liabilities	5,083	39,661	493,668	1,088	44,170	77,809	4,553	151,216	53,135	870,383
Due to primary government	183	-	20,322	-	5,077	377	-	6,386	727	33,072
Due to Federal government	-	-	4,142	-	375	525	-	-	-	5,042
Bonds payable - long-term	-	26,239	181,176	-	-	-	-	-	-	207,415
Notes payable - long-term	-	-	-	-	-	-	2,295	525	3,375	6,195
Line of credit - long-term	-	-	-	2,740	-	-	-	-	-	2,740
Net pension liability	84,334	156,226	243,071	49,786	153,062	197,173	87,799	43,426	89,258	1,104,135
Other postemployment benefits	36,408	32,647	48,281	9,724	-	-	12,011	-	-	139,071
Other noncurrent liabilities	621	1,171	109,200	-	-	-	5,701	9,351	2,944	128,988
Unearned revenue - long-term	-	-	-	-	-	-	-	3,490	10,245	13,735
Deferred inflows of resources	15,643	23,786	72,050	14,757	33,114	16,868	17,808	6,491	21,431	221,948
Total liabilities and deferred inflows of resources	142,272	279,730	1,171,910	78,095	235,798	292,752	130,167	220,885	181,115	2,732,724
Net assets (deficit):										
Net investment in capital assets	54,205	357,560	1,310,947	102,313	35,550	90,490	(17,628)	23,962	115,870	2,073,269
Restricted	584	16,348	60,991	(126)	920	-	41,562	58,063	18,144	196,486
Unrestricted	(77,574)	(206,812)	(708,376)	(71,620)	(177,123)	(170,119)	34,465	17,925	(112,781)	(1,472,015)
Total net position (deficit)	\$ (22,785)	\$ 167,096	\$ 663,562	\$ 30,567	\$ (140,653)	\$ (79,629)	\$ 58,399	\$ 99,950	\$ 21,233	\$ 797,740

*Unaudited; **University of the Virgin Islands Research and Technology Park Corporation and Magens Bay Authority (unaudited)

Government of the United States Virgin Islands

Notes to Basic Financial Statements

Information on Statement of Activities	Expenses	Program Revenue Year Ended September 30, 2022			Total Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Virgin Islands Port Authority*	\$ 70,447	\$ 61,557	\$ -	\$ 35,678	\$ 26,788
Virgin Islands Housing Authority	73,701	11,224	53,921	8,945	389
Virgin Islands Water and Power Authority:					
Electric System*	338,470	317,383	-	289,676	268,589
Water System*	33,058	35,375	-	2,786	5,103
Virgin Islands Government					
Hospital and Health Facilities Corporation:					
Roy L. Schneider Hospital*	98,347	73,513	35,772	4,656	15,594
Juan F. Luis Hospital*	69,681	36,620	26,771	10,878	4,588
University of the Virgin Islands*	99,786	14,062	89,728	4,607	8,611
Virgin Islands Housing Finance Authority	94,106	5,311	88,118	-	(677)
Other component units**	60,316	21,343	56,093	110	17,230
Total activities	\$ 937,912	\$ 576,388	\$ 350,403	\$ 357,336	\$ 346,215

General revenue:					
Interest and other					\$ 31,726
Special item - insurance recoveries on capital assets - net					118

Changes in net position 378,059

Net position, beginning of year, as restated 419,681

Net position, end of year \$ 797,740

*Unaudited;

**University of the Virgin Islands Research and Technology Park Corporation and Magens Bay Authority (unaudited)

The summary of due to/due from primary government and component units as of September 30, 2022 is as follows (expressed in thousands):

	Due from PG/ Component Units	Due to PG/ Component Units
Governmental funds:		
General fund	\$ 26,447	\$ 26,072
PFA capital projects	-	1,557
Other governmental funds	7,375	-
Discretely presented component units:		
VIWAPA - Electric System*	21,923	20,322
VIWAPA - Water System*	3,645	-
Hospital and Health Facilities Corporation*	1,557	5,454
Virgin Islands Housing Finance Authority	199	6,386
Virgin Islands Housing Authority	-	183
Other component units**	305	727
	\$ 61,451	\$ 60,701

*Unaudited

**University of the Virgin Islands Research and Technology Park Corporation and Magens Bay Authority (unaudited)

Government of the United States Virgin Islands

Notes to Basic Financial Statements

The amounts reported as due to/due from the Government and the discretely presented component units may not agree due to reporting on different fiscal year-ends.

3. Cash and Cash Equivalents

Primary Government

As of September 30, 2022, the PG reported \$679.9 million in unrestricted cash and cash equivalents and \$19.0 million in restricted cash and cash equivalents. All bank balances were fully collateralized, except for \$8.6 million held in various bank accounts for WICO that exceeded FDIC coverage or were not insured.

Pension Trust Fund

GERS considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. As of September 30, 2022, GERS held \$120.3 million in cash and cash equivalents consisting of: \$80.6 million in money market accounts and \$39.7 million in operational accounts.

Component Units

As of September 30, 2022, discretely presented component units reported \$158.3 million in unrestricted cash and cash equivalents and \$54.2 million in restricted cash and cash equivalents. Bank balances reported that were not insured or collateralized amounted to \$61.2 million.

4. Investments

Fair Value Measurements

The Government categorizes the fair market measurements of its investments within the fair value hierarchy established by GAAP. 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, which 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.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

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

Level 1: Investments classified within Level 1 are valued based on quotes obtained from active public exchanges or reported on the national market and are stated at the last reported sales price on the day of valuation. Fair value of exchange-traded contracts is based upon exchange settlement prices.

Level 2: Investments classified within Level 2 are valued by pricing vendors using outside data. In determining the fair value of the investments, the pricing vendors use a market approach and pricing spreads based on the credit risk of the issuer, maturity, current yield, and other terms and conditions of each security. The commercial paper, certificates of deposit, U.S. government, agency and state obligations, U.S. Treasury notes, debt 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.

Level 3: Investments in limited partnerships and private debt/direct lending are classified within Level 3 of the fair value hierarchy. Given the absence of market quotations, fair value is estimated using the information provided by the investment managers or general partners. The values are based on estimates that require varying degrees of judgment and, for the fund of funds investments, are primarily based on financial data supplied by the investment managers of the underlying funds.

Individual holdings within alternative investments may include instruments in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly traded securities, and other investment vehicles. While these financial instruments contain varying degrees of risk, the Government's exposure with respect to each such investment is limited to carrying amount (fair value as described above).

Assets using net asset value per share as fair value are not required to be categorized using the fair value hierarchy levels.

As of September 30, 2022, the Government's investments included a non-negotiable certificate of deposit, money market investments, commercial papers and advances for securities, which are not subject to the fair value hierarchy.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

Primary Government

Following are the investments of the PG categorized within the three-level fair value hierarchy:

	September 30, 2022	(In thousands)		
		Level 1	Level 2	Level 3
Investments with contractual maturities:				
Certificates of deposit	\$ 353,965	\$ -	\$ 353,965	\$ -
U.S. government, agency, and state obligations	128,118	-	128,118	-
U.S. treasury notes	2,395	-	2,395	-
Subtotal	484,478	\$ -	\$ 484,478	\$ -
Investments, at cost:				
Commercial paper	30,710			
Money market funds	29,290			
Non-negotiable certificate of deposit	10,329			
Other	22			
Total	\$ 554,829			

Following is a summary of the investments of the PG categorized by investment type and weighted-average maturity, as of September 30, 2022 (expressed in thousands):

	Fair Value	Maturity (in years)		
		Less Than 1 Year	1 to 5 Years	Over 5 Years
Investments with contractual maturities				
Certificates of deposit	\$ 353,965	\$ 353,965	\$ -	\$ -
U.S. government, agency, and state obligations	130,513	34,148	92,812	3,553
Portfolio investments				
Commercial paper	30,710	30,651	-	59
Other investments	22	22	-	-
Total investments with contractual maturities	515,210	\$ 418,786	\$ 92,812	\$ 3,612
Investments without contractual maturities				
Money market funds	29,290			
Non-negotiable certificate of deposit	10,329			
Total	\$ 554,829			

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

Government of the United States Virgin Islands

Notes to Basic Financial Statements

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

As of September 30, 2022, the PG's investments in money market funds were rated AAAM by Standard & Poor's, and Aaa-mf by Moody's Investors Service. The PG's investments in commercial paper were rated A-1 by Standard & Poor's and P-1 by Moody's Investors Service. The PG's investments in government, agency and state obligations were rated AAA to AA- by Standard & Poor's and Aaa to Aa3 by Moody's Investors Service. The PG's investments in certificates of deposit in the amount of \$364.3 million were not rated by Moody's Investor Services or by Standard & Poor's.

Concentration of Credit Risk - The PG places no limit on the amount that may be invested in one issuer. As of September 30, 2022, more than 5.0% of the PG's investments were invested in: Federal Home Loan Mortgage Corporation (11.9%), certificates of deposit issued by Banco Popular de Puerto Rico (47.4%) and certificates of deposit issued by First Bank (18.3%).

Custodial Credit Risk - The PG does not have a custodial 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 PG will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party. As of September 30, 2022, \$190.5 million of investments were held in the name of the Bank of New York Trust Company, N.A., as trustee for the Government, \$262.9 million of certificates of deposit were issued by Banco Popular de Puerto Rico and \$101.4 million of certificates of deposit were issued by First Bank.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

Pension Trust Fund

Following are the investments of the Pension Trust Fund categorized within the three-level fair value hierarchy:

	September 30, 2022	(In thousands)		
		Level 1	Level 2	Level 3
Debt securities:				
Government agency obligations	\$ 21,727	\$ -	\$ 21,727	\$ -
Municipal obligations	249	-	249	-
Corporate bond	21,641	-	21,641	-
Asset-backed securities	3,655	-	3,655	-
Collateralized mortgage obligations	3,293	-	3,293	-
Commercial mortgaged-backed securities	2,996	-	2,996	-
Residential mortgaged-backed securities	16,333	-	16,333	-
Limited partnerships:				
Private equity fund of fund	9,194	-	-	9,194
Private lending	13,329	-	-	13,329
Real estate/other real assets	66,924	-	-	66,924
Subtotal	159,341	\$ -	\$ 69,894	\$ 89,447
Investment, as cost:				
Money market funds	80,611			
System cash	21,566			
Havensight cash	8,914			
Other cash equivalents	9,191			
Subtotal	120,282			
Investments measured at net asset value (NAV):				
Commingled bond funds	129,082			
Securities lending collateral fund	5,606			
Total	\$ 414,311			

Pension trust funds investments that are measured at NAV per share, or equivalent, are presented in the table below (expressed in thousands):

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments measured at NAV:				
Commingled bond funds	\$ 129,082	\$ -	Daily	2 - 10 days
Securities lending collateral fund	5,606	-	Daily	None
Total	\$ 134,688	\$ -		

Commingled equity and bond funds - This type includes seven commingled funds that invest in publicly traded domestic and global stocks, and domestic and global fixed income securities. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. The total commingled funds can be liquidated daily. The underlying securities within the commingled funds carry a recurring fair value measurement Level of 2. There are no unfunded commitments to commingled funds as of September 30, 2022.

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Notes to Basic Financial Statements

Securities lending collateral - GERS' custodian is the agent in lending GERS' securities for collateral and investments that are in a commingled fund.

Following is a summary of the investments of the pension trust fund, categorized by investment type and weighted-average maturity, as of September 30, 2022 (expressed in thousands):

	Fair Value	Maturity (in years)					No Stated Maturity
		Less Than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years		
Investments with contractual maturities							
Commingled and mutual funds	\$ 129,082	\$ -	\$ -	\$ -	\$ -	\$ 129,082	
Corporate obligations	21,641	202	10,656	3,790	6,993	-	
Mortgage and asset backed securities	26,277	153	2,601	2,315	21,208	-	
Municipal obligations	249	-	-	-	249	-	
Limited partnerships	9,194	-	-	-	-	9,194	
U.S. Treasury bonds	5,519	-	-	-	5,519	-	
U.S. Treasury notes	16,208	-	11,553	4,655	-	-	
Total investments with contractual maturities	208,170	\$ 355	\$ 24,810	\$ 10,760	\$ 33,969	\$ 138,276	
Investments without contractual maturities							
Money market funds	80,611						
System cash	21,566						
Havensight cash	8,914						
Other cash equivalents	9,191						
Subtotal	120,282						
Real estate investments:							
Havensight Mall - U.S. Virgin Islands	41,000						
GERS Complex - U.S. Virgin Islands and other real estate	21,142						
Debt lending - member loans	13,329						
Securities lending short-term collateral investment pool	5,606						
Other real assets	4,782						
Total	\$ 414,311						

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. GERS does not have a specific policy to manage interest rate risk, but requires investment managers to diversify by issue, maturity, sector, coupon, and geography. Investment managers retained by GERS follow specific investment guidelines and are evaluated against specific market benchmarks that represent their investment style. Any exemption from general guidelines requires approval from GERS' board of trustees.

Credit Risk - GERS investment policy is designed to minimize credit risk by restricting authorized investments to only those investments permitted by statute, subject to certain additional limitations. These additional limitations consist of prohibitions against investments in derivative securities, options, futures, or short positions. GERS investment policy allows investments in mortgage pass-through securities.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

The credit ratings of GERS' debt securities as of September 30, 2022 include (expressed in thousands):

	Standard & Poor's Credit Ratings		Moody's Investors Service Credit Ratings	
	Fair Value	Credit Ratings	Fair Value	Credit Ratings
Corporate obligations	\$ 317	AAA	\$ -	-
Corporate obligations	698	AA+	-	-
Corporate obligations	574	A	-	-
Corporate obligations	2,722	A-	-	-
Corporate obligations	88	AA+	-	-
Corporate obligations	395	AA-	-	-
Corporate obligations	4,888	BBB+	-	-
Corporate obligations	8,138	BBB	-	-
Corporate obligations	3,638	BBB-	-	-
Corporate obligations	181	Not Rated	-	-
Corporate obligations	-	-	405	Aaa
Corporate obligations	-	-	668	A1
Corporate obligations	-	-	1,030	A2
Corporate obligations	-	-	2,918	A3
Corporate obligations	-	-	5,640	Baa1
Corporate obligations	-	-	5,928	Baa2
Corporate obligations	-	-	4,669	Baa3
Corporate obligations	-	-	381	Not Available
Mortgage and asset backed securities	1,816	AAA	-	-
Mortgage and asset backed securities	456	AA	-	-
Mortgage and asset backed securities	125	A	-	-
Mortgage and asset backed securities	23,881	Not Available	21,853	Not Available
Mortgage and asset backed securities	-	-	3,597	Aaa
Mortgage and asset backed securities	-	-	828	Aa1
Commingled and mutual funds	129,082	Not Rated	129,082	Not Available
Total	\$ 176,999		\$ 176,999	

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of GERS' investments in a single issuer of securities. GERS' investment policy establishes limitations on portfolio composition by investment type to limit its exposure to concentration of credit risk.

Custodial Credit Risk - The custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution or other counterparty, GERS will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party. Other than underlying securities on loans secured by noncash collateral, the GERS' entire investment portfolio was held with a single third-party custodian in the GERS' name as of September 30, 2022. As of September 30, 2022, the GERS had no underlying securities on loan secured by noncash collateral.

Cash collateral held for securities lending transactions is invested in a collective investment pool maintained by the securities lending agent.

Foreign Currency Risk - Foreign currency risk is the risk of holding investments in foreign currencies and the risk that those foreign currencies may devalue. GERS has no general investment policy with respect to foreign currency risk.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

Risks associated with foreign exchange contracts include the movement in the value of foreign currency relative to the U.S. dollar and the ability of the counterparty to perform in accordance with the terms of the contract. Changes in the market value of open and closed forward contracts are recorded with interest, dividends, and other income or losses reported at fair value. During the fiscal year ended September 30, 2022, GERS did not engage in any foreign currency exchange contracts.

Securities Lending Transactions - The Government's statutes permit GERS to participate in securities lending transactions, and GERS has, via a securities lending authorization agreement (the Agreement), authorized State Street Bank and Trust Company (the Custodian) to lend its securities to broker-dealers and banks pursuant to a form of a loan agreement. Lent securities are collateralized with cash, securities issued or guaranteed by the U.S. government, or irrevocable bank letters of credit. GERS does not have the ability to pledge or sell collateral securities delivered absent a borrower default. No restrictions were imposed during 2022 as to the amount of loans the Custodian can make on behalf of GERS. Under the terms of the Agreement, the Custodian must indemnify the Government for losses attributable to violations by the Custodian under the "standard of care" clause described in the Agreement. There were no such violations during fiscal year 2022, or losses resulting from the default of the borrowers or the Custodian.

Loans are generally terminable on demand. The collateral received shall, (i) in the case of loaned securities denominated in U.S. dollars or whose primary trading market is located in the U.S. or sovereign debt issued by foreign governments, have a market value of 102.0% of the market value of the loaned securities; (ii) in the case of loaned securities which are not denominated in U.S. dollars or whose primary trading market is not located in the United States, have a market value of 105.0% of the market value of the loaned securities; or (iii) have a higher value as may be applicable in the jurisdiction in which the loaned securities are customarily traded. Such collateral should be kept, at a minimum, at 100.0% of the market value of the security for all borrowers throughout the outstanding period of the loans.

As of September 30, 2022, GERS had no risk exposure to borrowers because the amounts GERS owed the borrowers exceeded the amounts the borrower's owed GERS. Loans through securities lending transactions were insignificant, and the difference between the fair value of the securities on loan and collateral held was insignificant.

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Notes to Basic Financial Statements

Component Units

Following are the investments of the discretely presented component units categorized within the fair value hierarchy, including prior-year data provided by certain component units:

	September 30, 2022	(In thousands)		
		Level 1	Level 2	Level 3
Investments, at fair value:				
U.S. Government agencies and notes	\$ 46,275	\$ 46,275	\$ -	\$ -
Mutual funds	116	116	-	-
Subtotal	46,391	\$ 46,391	\$ -	\$ -
Investments, at cost:				
Certificate of deposits	26,269			
Investments measured at net asset value (NAV):				
Alternative investments	23,480			
Total*	\$ 96,140			

*Include balances of unaudited component units - see Note 2

Following is a summary of the investments of the discretely presented component units, categorized by investment type, and weighted-average maturity, as of September 30, 2022 (expressed in thousands), including prior-year data provided by certain component units:

	Fair Value	Maturity (in years)			
		Less Than 1 Year	1 to 5 Years	6 to 10 Years	More than 10 Years
Investments with contractual maturities					
Certificates of deposit	\$ 26,269	\$ 20,073	\$ 6,196	\$ -	\$ -
U.S. Government agencies and notes	46,275	46,275	-	-	-
Total investments with contractual maturities	72,544	\$ 66,348	\$ 6,196	\$ -	\$ -
Investments without contractual maturities					
Mutual funds	116				
Other investments	23,480				
Total*	\$ 96,140				

*Include balances of unaudited component units - see Note 2

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The component units of the Government have not established formal policies that limit investment maturities as a means of managing such exposure and have some exposure to interest rate risk.

Credit Risk and Concentration of Credit Risk - The authorizing legislation of the component units does not limit investments by credit rating categories. Authorizing legislation limits the investments choices of the component units, as described in Note 1.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

Custodial Credit Risk - 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 component units will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party. The component units of the Government do not have custodial credit risk policies.

5. Receivables

Primary Government

Receivables for governmental funds as of September 30, 2022, consist of the following (expressed in thousands):

	General	PFA Debt Service	Other Governmental	Total
Income taxes	\$ 286,101	\$ -	\$ -	\$ 286,101
Real property taxes	125,070	-	-	125,070
Hotel occupancy taxes	3,706	-	-	3,706
Gross receipts taxes	-	280,679	-	280,679
Subtotal taxes receivables	414,877	280,679	-	695,556
Less allowance for doubtful accounts	(223,428)	(253,222)	-	(476,650)
Taxes receivables, net	191,449	27,457	-	218,906
Other	\$ 115	\$ -	\$ 116	231
Tobacco settlement rights				885
Total				\$ 220,022

(a) Tax Receivables

The Naval Appropriations Act created a separate tax structure for the U.S. Virgin Islands that mirrors the IRC of 1986, as amended. Income taxes are due from every corporation, partnership, individual, association, estate, or trust that meets the filing requirements of the U.S. Internal Revenue Code. A U.S. taxpayer who is a permanent resident of the U.S. Virgin Islands satisfies his/her Virgin Islands income tax obligations by filing his/her return with and paying income taxes to the Government.

Bona fide residents of the Virgin Islands are taxed by the Virgin Islands on their world-wide income. A nonresident of the U.S. Virgin Islands pays income taxes on his/her U.S. Virgin Islands source income to the Government.

The revenue is recognized in the general fund in the fiscal period for which the income tax return was filed. The revenue from income tax withholding and estimated payments are recognized in the general fund as collected, net of estimated tax refunds. Subchapter S and C corporate income tax returns are due by the 15th day of the fourth month following the close of the calendar year and become delinquent if not paid on or before the due date. Partnership income taxes are due by April 15 of the following year and trust income taxes are due by April 15 of the following year for which the income tax was levied. Trust income taxes must be paid by the tax filing date.

Property taxes are assessed each calendar year on all taxable real property located in the U.S. Virgin Islands. The receivable is recognized, net of estimated uncollectable amounts, in the general fund in the fiscal period for which the tax is assessed.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

The revenue is recognized in the general fund in the fiscal period for which the property tax is levied, provided the tax is collected within 60 days after fiscal year-end, unless the facts justify a period greater than 60 days. Receivables collected after that period, are recorded as unavailable property tax revenue.

The Office of the Tax Assessor is responsible for the assessment of all taxable real property. Noncommercial real property subject to taxation is reassessed once every five years and commercial real property subject to taxation is reassessed biannually. The Tax Assessor prepares an annual assessment roll and schedule of collections for each parcel of real property that is used by The Office of the Tax Collector as the basis for issuing tax bills to all taxpayers in the U.S. Virgin Islands.

Property taxes are to be levied by May 15 of each year in the name of the record owner on January 15 of the same year. The taxes are due on June 30 and become delinquent if not paid by August 31.

For businesses with gross receipts of \$225,000 per annum or less, gross receipts taxes are levied on an annual basis based on the amount by which gross receipts exceed \$9,000 per month. Businesses with annual gross receipts of more than \$225,000 are levied monthly with no \$9,000 per month exemption. The gross receipts tax rate is 5.0% of sales and service revenue.

Monthly gross receipts tax filings are due within 30 calendar days following the last day of the calendar month collected. Annual gross receipts tax filings are due within 30 calendar days following the last day of the calendar year.

(b) Other Receivables

In addition to tax receivables, the PG receives tobacco settlement right payments in connection with a Master Settlement Agreement with certain participating cigarette manufacturers. Under the terms of the agreement, the U.S. Virgin Islands receives .0173593% of annual payments made under the agreement. As of September 30, 2022, the PG reported a receivable of \$885,000 for tobacco settlement right payments as included in the accompanying statement of net position.

Component Units

Receivables for the discretely presented component units as of September 30, 2022, consist of the following (expressed in thousands), including prior-year data for certain component units:

Utility service charges	\$	23,415
Patients		7,275
Students		18,453
Port fees		7,470
Other		160,234
Total*	\$	216,847

*Include balances of unaudited component units - see Note 2

Government of the United States Virgin Islands

Notes to Basic Financial Statements

Pension Trust Fund

Loans and advances to members of GERS as of September 30, 2022, consist of the following (expressed in thousands):

Personal loans	\$ 10,657
Mortgage loans	3,681
Less allowance for losses	(1,009)
Total	\$ 13,329

(c) Notes Receivable

On July 30, 2018, the Government under an amended Terminal agreement entered a 10-year nontransferable promissory note receivable with Limetree Bay Terminals, LLC (Limetree) for \$10.0 million secured by a purchase money lien on land, buildings, and other properties at the terminal in St. Croix. The note maturity is November 30, 2028, with an interest rate of 10.0% due on June 30 and December 31 of each year, beginning June 30, 2019. Prior to the restart of the refinery, the interest to be added to the principal amount due. At September 30, 2022, principal, and interest amounted to \$14.2 million.

Component Units

Receivables for the discretely presented component units as of September 30, 2022, consist of the following (expressed in thousands):

Land and mortgage	\$ 1,632
Moderate income	2,479
Loan made to homeowners	9
Loan with Louis E. Brown I Ltd.	3,780
Loan with Louis E. Brown II Ltd.	2,250
Less: current portion	3
Total	\$ 10,147

6. Unavailable Revenues

The components of unavailable revenues of the general fund and PFA debt service fund as of September 30, 2022, consist of the following (expressed in thousands):

	General	PFA Debt Service	Total
Property taxes	\$ 22,047	\$ -	\$ 22,047
Income taxes	118,025	-	118,025
Gross receipts taxes	-	12,195	12,195
Total	\$ 140,072	\$ 12,195	\$ 152,267

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Notes to Basic Financial Statements

7. Interfund Transfers

Interfund transfers (from/to) for the year ended September 30, 2022, consist of the following (expressed in thousands):

Transfer from/to	General	PFA Debt Service	PFA Capital Projects	MFSPSC Debt Service	Other Governmental	Total
General	\$ -	\$ 166,554	\$ -	\$ -	\$ -	\$ 166,554
PFA Debt Service	158,537	-	61	853,826	-	1,012,424
PFA Capital Projects	15,273	-	-	-	-	15,273
Other Governmental	31,716	11,660	678	-	-	44,054
Other Business-Type	5,000	-	-	-	5,000	10,000
Total	\$ 210,526	\$ 178,214	\$ 739	\$ 853,826	\$ 5,000	\$ 1,248,305

Interfund transfers constitute the transfer of resources from the fund that receives the resources to the fund that utilizes them. The most significant transfer to the general fund from other governmental funds included a \$166.6 million transfer from PFA debt service fund (a major governmental fund) representing gross receipt tax revenues available after bond debt service requirements.

Significant transfers made from the general fund include a transfer of \$158.5 million to PFA Debt Service Fund (a major governmental fund); a transfer of \$15.3 million to PFA Capital Projects (a major governmental fund); a transfer of \$16.0 million to Budget Stabilization Fund (a non-major governmental fund); a transfer of \$6.9 million to PFA Operating Fund (a non-major governmental fund); a transfer of \$4.0 million to the Homestead & Home Loan fund (a non-major business-type fund); a transfer of \$3.0 million to the St. Thomas Capital Improvement Fund (a non-major governmental fund); and a transfer of \$2.0 million to the St. Croix Capital Improvement Fund (a non-major governmental fund).

The PFA debt service fund (a major governmental fund) made a transfer of \$11.7 million to the PFA Operating Fund (a non-major governmental fund). The MFSPSC debt service fund (a major governmental fund) made a transfer of \$853.8 million to PFA debt service fund (a major governmental fund) in connection with the refunding of the PFA matching fund bonds. The PFA Operating Fund (a non-major governmental fund) made a transfer of \$5.0 million to the VI Catalyst Revolving Loan Fund (a non-major business-type fund).

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Notes to Basic Financial Statements

Due from/to Other Funds

Due from/to other funds	General	PFA Capital Projects	Other Governmental	Other Business-Type	Total
General	\$ -	\$ -	\$ 24,741	\$ 300	\$ 25,041
Other governmental funds	45,373	-	-	-	45,373
Total Governmental	45,373	-	24,741	300	70,414
WICO	9,956	-	-	-	9,956
viNGN	-	36,804	-	-	36,804
Other enterprise	459	324	2,419	-	3,202
Total Proprietary Funds	10,415	37,128	2,419	-	49,962
Total	\$ 55,788	\$ 37,128	\$ 27,160	\$ 300	\$ 120,376

The due from/to other funds includes the following amounts the general fund owes to other funds: \$16.0 million to St. Croix Capital Improvement Fund for capital improvement projects, \$4.9 million due to the Emergency Molasses Fund (a non-major governmental fund) for unpaid appropriations, \$1.9 million due to the Elected Governor Retirement Fund, and \$500,000 due to PFA operating fund (a non-major governmental fund) for unpaid transfers from gross receipts collections.

The amount due from other funds by the general fund is mainly composed of \$42.2 million due from the District Street Lighting Fund (a non-major governmental fund); and \$2.7 million from the Bond Proceeds Fund (a non-major governmental fund). The due to PFA Capital Projects funds includes \$36.8 million due from viNGN, a major business-type fund in connection with start-up costs of the broadband project.

The amount due to other governmental funds by the other enterprise includes \$1.0 million due from the Virgin Islands Lottery to the Pharmaceutical Assistance to the Aged Fund; and \$1.1 million due from the Virgin Islands Lottery to the Virgin Islands Educational Initiative Fund consisting primarily of 15.0% of revenue derived from lottery games under contract between the Virgin Islands Lottery and private contractors be transferred to these funds.

8. Restricted Assets

Primary Government

Restricted assets of proprietary funds and business-type activities as of September 30, 2022, include cash and cash equivalents as follows (expressed in thousands):

Unemployment insurance funds	\$ 9,930
WICO debt service funds	9,027
Total	\$ 18,957

These funds were restricted to repay loans payable to the U.S. Treasury and WICO debt service accounts restricted by loan covenants.

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Notes to Basic Financial Statements

Component Units

Restricted assets of discretely presented component units as of September 30, 2022, include cash and cash equivalents, investments, and receivables as follows (expressed in thousands):

Cash and cash equivalents:	
Debt service and sinking fund requirements	\$ 6,886
Endowment funds	680
HUD project funds	899
Revolving loan funds	40,857
Other	4,925
Total restricted cash and cash equivalents:	\$ 54,247
Investments:	
Debt service and sinking fund requirements	56,703
Endowment funds	23,480
Revolving loan funds	6,312
Total restricted investments:	86,495
Other:	
Pledged funds	15,873
Total*	\$ 156,615

**Include balances of unaudited component units - see Note 2*

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Notes to Basic Financial Statements

9. Capital Assets

Primary Government

Capital assets activity for governmental activities for the year ended September 30, 2022, is summarized as follows (expressed in thousands):

	Beginning Balance	Additions	Transfers/ Adjustment	Impairment/ Disposals	Ending Balance
Capital assets not being depreciated:					
Land	\$ 215,997	\$ 8	\$ 19	\$ -	\$ 216,024
Construction in progress	172,311	97,259	(47,915)	(1,437)	220,218
Total capital assets not being depreciated	388,308	97,267	(47,896)	(1,437)	436,242
Capital assets being depreciated and amortized:					
Land improvements	12,793	131	1,662	-	14,586
Infrastructure	241,947	6,632	36,062	-	284,641
Buildings and improvements	651,998	130	1,886	(1)	654,013
Machinery and equipment	260,643	16,209	8,286	-	285,138
Total capital assets being depreciated and amortized	1,167,381	23,102	47,896	(1)	1,238,378
Land improvements	(6,525)	(505)	-	-	(7,030)
Infrastructure	(61,391)	(8,511)	-	-	(69,902)
Buildings and improvements	(290,912)	(30,271)	-	-	(321,183)
Machinery and equipment	(217,774)	(17,400)	-	-	(235,174)
Total accumulated depreciation and amortization	(576,602)	(56,687)	-	-	(633,289)
Total capital assets being depreciated and amortized, net	590,779	(33,585)	47,896	(1)	605,089
Total Governmental activities capital assets, net	\$ 979,087	\$ 63,682	\$ -	\$ (1,438)	\$ 1,041,331

Depreciation and amortization expense are charged to functions of the PG's governmental activities for the year ended September 30, 2022 as follows (expressed in thousands):

Governmental Activities:

General government	\$ 15,307
Public safety	3,205
Health	3,034
Education	24,391
Public housing and welfare	851
Culture and recreation	591
Transportation and communication	9,308
Total	\$ 56,687

Government of the United States Virgin Islands

Notes to Basic Financial Statements

Capital assets activity for business-type activities for the year ended September 30, 2022, is summarized as follows (expressed in thousands):

	Beginning Balance (as restated)	Additions	Transfers/ Adjustment	Impairment/ Disposals	Ending Balance
Capital assets not being depreciated:					
Land	\$ 5,178	\$ -	\$ -	\$ -	\$ 5,178
Construction in progress	6,127	1,928	(1,023)	(96)	6,936
Total capital assets not being depreciated	11,305	1,928	(1,023)	(96)	12,114
Capital assets being depreciated and amortized:					
Land improvements	676	-	29	-	705
Buildings and improvements	90,546	1	196	(9,879)	80,864
Machinery and equipment	81,982	510	798	(182)	83,108
Right-to-use building and improvements	2,139	-	-	-	2,139
Intangible assets	30,774	-	-	-	30,774
Total capital assets being depreciated and amortized	206,117	511	1,023	(10,061)	197,590
Less accumulated depreciation and amortization for:					
Land improvements	(408)	(34)	-	-	(442)
Buildings and improvements	(58,443)	(3,147)	-	7,899	(53,691)
Machinery and equipment	(40,135)	(4,018)	-	175	(43,978)
Right-to-use building and improvements	(1,362)	(258)	-	-	(1,620)
Intangible assets	(10,155)	(1,012)	-	-	(11,167)
Total accumulated depreciation and amortization	(110,503)	(8,469)	-	8,074	(110,898)
Total capital assets being depreciated and amortized, net	95,614	(7,958)	1,023	(1,987)	86,692
Total Business-type activities capital assets, net	\$ 106,919	\$ (6,030)	\$ -	\$ (2,083)	\$ 98,806

Depreciation and amortization expense are charged for the year ended September 30, 2022 as follows (expressed in thousands)

Business-type Activities:

WICO	\$ 3,076
viNGN	4,512
Other enterprise funds	881
Total	\$ 8,469

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Notes to Basic Financial Statements

Component Units

Capital assets activity for discretely presented component units for the year ended September 30, 2022 is summarized as follows (expressed in thousands):

	Adjusted Beginning Balance	Additions	Transfers	Impairment/ Disposals	Ending Balance
Capital assets not being depreciated:					
Land	\$ 126,699	\$ 3,212	\$ -	\$ -	\$ 129,911
Construction in progress	542,200	42,253	-	-	584,453
Total capital assets not being depreciated	668,899	45,465	-	-	714,364
Capital assets being depreciated and amortized:					
Buildings and improvements	2,649,793	191,045	-	(25)	2,840,813
Airport and marine terminal facilities	193,286	163	-	-	193,449
Personal property and equipment	152,064	12,004	-	(85)	163,983
Right-to-use lease asset	-	226	-	-	226
Intangible assets	2,919	-	-	-	2,919
Total capital assets being depreciated and amortized	2,998,062	203,438	-	(110)	3,201,390
Less accumulated depreciation and amortization for:					
Buildings and improvements	(1,151,577)	(50,413)	-	25	(1,201,965)
Airport and marine terminal facilities	(162,994)	(5,375)	-	-	(168,369)
Personal property and equipment	(111,069)	(5,533)	-	307	(116,295)
Right-to-use lease asset	-	(57)	-	-	(57)
Intangible assets	(2,605)	-	-	-	(2,605)
Total accumulated depreciation and amortization	(1,428,245)	(61,378)	-	332	(1,489,291)
Total capital assets being depreciated and amortized, net	1,569,817	142,060	-	222	1,712,099
Total component units' capital assets, net*	\$ 2,238,716	\$ 187,525	\$ -	\$ 222	\$ 2,426,463

*Include balances of unaudited component units - see Note 2

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Notes to Basic Financial Statements

Depreciation and amortization expense charged by each component unit for the year ended September 30, 2022 is as follows (expressed in thousands):

Virgin Islands Housing Authority	\$ 7,928
Virgin Islands Port Authority*	17,260
Virgin Islands Water and Power Authority:	
Electric System*	17,141
Water System*	2,046
Virgin Islands Government Hospital and Health Facilities Corporation:	
Schneider Regional Medical Center*	3,979
Governor Juan F. Luis Hospital*	1,203
University of the Virgin Islands*	2,359
Virgin Islands Housing Finance Authority	1,485
Other component units**	7,977
Total	\$ 61,378

*Unaudited

**University of the Virgin Islands Research and Technology Park Corporation and Mogens Bay Authority (unaudited)

10. Long-Term Liabilities

Primary Government

The change in long-term bonds and loans for governmental activities is as follows for the year ended September 30, 2022 (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due Thereafter
Matching Funds Revenue Bonds						
Series 2013 B Revenue and Refunding Bonds	\$ 28,675	\$ -	\$ 28,675	\$ -	\$ -	\$ -
Series 2013 A Revenue and Refunding Bonds	11,215	-	11,215	-	-	-
Series 2012 A Revenue Bonds	136,215	-	136,215	-	-	-
Series 2010 A and B Revenue Bonds	376,190	-	376,190	-	-	-
Series 2009 A Revenue Bonds (Cruzan)	31,665	-	31,665	-	-	-
Series 2009 A1, A2, B and C Revenue and Refunding Bonds	156,540	-	156,540	-	-	-
Series 2009 A Revenue Bonds (Diageo)	208,975	-	208,975	-	-	-
Total	949,475	-	949,475	-	-	-
Gross Receipts Revenue Bonds						
Series 2014 D Revenue Bonds	4,595	-	240	4,355	255	4,100
Series 2014 C Revenue and Refunding Bonds	214,895	-	6,385	208,510	6,705	201,805
Series 2014 A Revenue Bonds	39,535	-	2,000	37,535	2,100	35,435
Series 2012 A and B Revenue and Refunding Bonds	137,650	-	3,315	134,335	3,720	130,615
Series 2012 C Revenue Bonds	23,075	-	1,860	21,215	1,955	19,260
Series 2006 A Revenue Bonds	170,265	-	16,295	153,970	16,895	137,075
Total	590,015	-	30,095	559,920	31,630	528,290

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Notes to Basic Financial Statements

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due Thereafter
Tobacco Settlement Bonds						
Series 2006 A, B, C and D Tobacco Turbo and Capital Appreciation Bonds	\$ 7,290	\$ -	\$ -	\$ 7,290	\$ -	\$ 7,290
Series 2001 A Tobacco Bonds	2,365	-	1,150	1,215	-	1,215
Total	9,655	-	1,150	8,505	-	8,505
Matching Fund Special Purpose Securitization Corporation						
Series 2022 A Securitization Bonds	-	930,315	-	930,315	-	930,315
Series 2022 B Securitization Bonds	-	22,510	-	22,510	-	22,510
Total	-	952,825	-	952,825	-	952,825
Federal-Aid Highway Bonds						
Series 2015 Bonds	67,125	-	4,220	62,905	4,430	58,475
Other Direct-Placement Bonds or Borrowings						
Series 2019 A TIF Revenue and Refunding Bonds	10,101	-	528	9,573	566	9,007
Total bonds payable	1,626,371	952,825	985,468	1,593,728	36,626	1,557,102
Plus (less):						
Bond premium	30,837	28,061	11,125	47,773	-	47,773
Bond discount	(1,645)	-	(1,411)	(234)	-	(234)
Bond accretion	12,546	1,330	-	13,876	13,876	-
Total bonds payable, net	1,668,109	982,216	995,182	1,655,143	50,502	1,604,641
Notes Payable						
2019 A TIF Project Developer Note	1,565	-	14	1,551	15	1,536
2016 A Note	178	-	178	-	-	-
Total notes payable	1,743	-	192	1,551	15	1,536
Total governmental activities bonds and notes payable	\$ 1,669,852	\$ 982,216	\$ 995,374	\$ 1,656,694	\$ 50,517	\$ 1,606,177

Government of the United States Virgin Islands

Notes to Basic Financial Statements

The change in other long-term liabilities for governmental activities is as follows for the year ended September 30, 2022 (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due Thereafter
Accrued compensated absences	\$ 43,695	\$ -	\$ 4,751	\$ 38,944	\$ 16,503	\$ 22,441
Retroactive union arbitration	188,300	-	37,236	151,064	905	150,159
Accrued 8.0% salary reduction	49,837	4,277	52,531	1,583	1,583	-
Litigation	12,538	-	4,665	7,873	1,189	6,684
Landfill closure and post closure	118,815	10,727	-	129,542	-	129,542
Total	\$ 413,185	\$ 15,004	\$ 99,183	\$ 329,006	\$ 20,180	\$ 308,826

Accrued compensated absences, retroactive union arbitration, accrued 8.0% salary reduction, litigation, landfill closure, and post-closure costs are generally expected to be liquidated with resources derived from the General Fund.

The change in tax refunds payable for governmental activities is as follows for the year ended September 30, 2022 (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due Thereafter
Tax refunds payable	\$ 133,009	\$ 60,638	\$ 79,277	\$ 114,370	\$ 85,167	\$ 29,203

As of September 30, 2022, the PG reported other post-employment benefits (OPEB) to retirees such as health insurance liability of \$976.6 million. The OPEB liability is valued by an actuarial valuation as of October 1, 2019, with a roll forward through October 1, 2021.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due Thereafter
OPEB liability	\$ 992,301	\$ -	\$ 15,688	\$ 976,613	\$ -	\$ 976,613

As of September 30, 2022, the PG reported a net pension liability of \$4.1 billion for its proportionate share of the net defined benefit pension liability administered by GERS. The net pension liability is valued as of September 30, 2021, determined by an actuarial valuation as of that date.

The change in pension liability for governmental activities is as follows for the year ended September 30, 2022 (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due Thereafter
Net pension liability	\$ 4,527,445	\$ -	\$ 436,429	\$ 4,091,016	\$ -	\$ 4,091,016

Government of the United States Virgin Islands

Notes to Basic Financial Statements

The changes in long-term liabilities for business-type activities are as follows for the year ended September 30, 2022, (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due Thereafter
Workers' compensation claims	\$ 53,189	\$ 2,913	\$ 9,715	\$ 46,387	\$ 2,913	\$ 43,474
Lease liability - viNGN	823*	-	264	559	180	379
Loan payable - U.S. Treasury	96,143	8,046	8,445	95,744	95,744	-
Compensated absences - WICO	1,255	234	151	1,338	64	1,274
Loans payable - WICO	42,397	-	41,680	717	717	-
WICO Port Facilities Revenue Bonds	-	51,586	-	51,586	-	51,586
Total	\$ 193,807	\$ 62,779	\$ 60,255	\$ 196,331	\$ 99,618	\$ 96,713

*Restated to reflect implementation of GASB Statement No. 87.

Debt Margin

Pursuant to 48 U.S.C. Section 1574(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 of Virgin Islands, without limitation as to principal amount. Such revenue bonds are payable solely from the revenue directly derived from and attributable to such public improvements or undertakings. Pursuant to 48 U.S.C. Section 1574(b)(ii), the Government is authorized to issue general obligation bonds for any public purpose provided that no such indebtedness is more than 10.0% of the aggregate assessed valuation of the taxable real property in the U.S. Virgin Islands.

In addition, pursuant to 48 U.S.C. Section 1574(a) (Public Law 94-932), the U.S. Virgin Islands is authorized to issue bonds or other obligations in anticipation of the matching funds to be received from the federal government pursuant to 26 U.S.C. Section 7652(b)(3). There is no legal limit on the value of bonds that the Government may issue pursuant to 48 U.S.C. Section 1574(a). The Legislature of the U.S. Virgin Islands must authorize all bond issuances. PFA is authorized to issue bonds for financing any project or for the purpose authorized by the Legislature of V.I. Given that PFA's powers to issue bonds are derived from 48 U.S.C. Section 1574(b), the bonds issued by PFA are subject to the limitations of said 48 U.S.C. Section 1574(b).

On August 23, 1999, the Legislature of the Virgin Islands amended the V.I. Code to add a Mandatory Balanced Budget Provision. Such provisions, specifically Title 2 of the V.I. Code Section 256, provides that the amount of debt of the Government existing on October 1, 2000 shall be the debt limit of the Government, exclusive of bond principal and interest that may become due. The debt limit specified under Title 2 of the V.I. Code Section 256 does not include bonds authorized by law for which a specific source of revenue is identified and committed to retiring those bonds. As used in Title 2 of the V.I. Code Section 256, the term "debt" means the total accumulated unpaid obligations that are due and payable, including unpaid income tax refunds, amounts owed to vendors, and current-year unpaid debt service obligations, if any. As used in the statute, the term "debt" does not include that portion of principal or interest on bonds that is not yet due and payable.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

(a) Bonds Payable

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

	Maturity	Interest Rate (%)	Balance
Gross Receipts Revenue Bonds			
Series 2014 D Revenue Bonds	2015 - 2033	6.03	\$ 4,355
Series 2014 C Revenue and Refunding Bonds	2015 - 2044	4.50 - 5.00	208,510
Series 2014 A Revenue Bonds	2015 - 2034	5.00	37,535
Series 2012 A and B Revenue and Refunding Bonds	2017 - 2032	2.25 - 5.25	134,335
Series 2012 C Revenue Bonds	2017 - 2042	3.00 - 5.00	21,215
Series 2006 A Revenue Bonds	2007 - 2029	3.50 - 5.00	153,970
Total			559,920
Tobacco Settlement Bonds			
2006 Series A, B, C & D Tobacco Turbo Capital Appreciation Bonds	2035	6.00 - 8.00	7,290
2001 Series A Tobacco Bonds	2031	4.62 - 5.13	1,215
Total			8,505
Matching Fund Special Purpose Securitization Bonds			
Series 2022 A Securitization Bonds	2039	4.05 - 4.73	930,315
Series 2022 B Securitization Bonds	2025	6.00	22,510
Total			952,825
Federal-Aid Highway Bonds			
Series 2015 Bonds	2016 - 2033	3.00 - 5.00	62,905
Other Direct-Placement Bonds or Borrowings			
Series 2019 A TIF Revenue and Refunding Bonds	2029	6.88	9,573
Total bonds payable			1,593,728
Plus (Less):			
Bonds premium			47,773
Bonds discount			(234)
Bonds accretion			13,876
Total bonds payable, net			\$ 1,655,143

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Notes to Basic Financial Statements

Matching Funds Revenue Bonds

Series 2013 B Revenue and Refunding Bonds

On October 17, 2013, PFA issued the Series 2013 B Revenue and Refunding Bonds, the proceeds of which amounted to \$51,365,000. These bonds are secured by a pledge of Matching Fund Revenues, which includes certain funds established under the original indenture, the Eighth Supplemental Indenture, and the Series 2013B Loan Notes issued by the Government. The proceeds were loaned to the Government under the same terms as the bonds. The bonds are limited special obligations of PFA. The Series 2013 B Bonds were issued to: (i) refund a portion of the Series 2004 A Bonds, (ii) fund the Series 2013 B Subordinate Lien Debt Service Reserve Account, and (iii) finance certain costs of issuance of the Series 2013 B Bonds. The Series 2013 B Bonds mature in 2024 at an interest rate of 3.0% to 5.0%. The proceeds of the Series 2013 B Revenue and Refunding Bonds were placed in an irrevocable trust to provide for future debt service payments on the Series 2004 A. On October 1, 2014, the outstanding principal of the Series 2004 A Bonds was defeased through a call redemption amounting to \$58,835,000.

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

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

On February 25, 2022, PFA 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 Series 2013B Revenue Bonds to tender such bonds for purchase (Tender Offer). The purpose of the Tender Offer was to provide the PFA 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 of April 6, 2022. On March 28, 2022, PFA accepted \$6.7 million for the outstanding Series 2012A Bonds. Assets held by the irrevocable trusts for the Invited Bonds and the corresponding liabilities are not included in the PFA's financial statements.

Series 2013 A Revenue and Refunding Bonds

On September 19, 2013, PFA issued the Series 2013 A Revenue and Refunding Bonds, the proceeds of which amounted to \$36,000,000. These bonds are secured by a pledge of Matching Fund Revenues, which includes certain funds established under the original indenture, the Eighth Supplemental Indenture and the Series 2013 A Loan Notes issued by the Government. The proceeds were loaned to the Government under the same terms as the bonds. The bonds are limited special obligations of PFA. The Series 2013 A Bonds were issued to: (i) refund a portion of the Series 2004 A Bonds, Series 2009 A1 Bonds, and Series 2009 B Bonds, (ii) fund the Series 2013 A Subordinate Lien Debt Service Reserve Account, and (iii) finance certain costs of issuance of the Series 2013 A Bonds. The Series 2013 A Bonds mature from 2018 to 2025 at an interest rate of 5.00% to 5.25%. The proceeds of the Series 2013 A Revenue and Refunding Bonds were placed in an irrevocable trust to provide for future debt service payments on the Series 2004 A, Series 2009 A1, and Series 2009 B Bonds.

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Notes to Basic Financial Statements

The economic gain obtained by this advance refunding is the difference between the present value of old debt service requirements and the new debt service. This refunding resulted in a deferred loss of approximately \$10.9 million and an economic loss of approximately \$1.5 million.

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

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

On February 25, 2022, PFA 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 Series 2013A Revenue Bonds to tender such bonds for purchase (Tender Offer). The purpose of the Tender Offer was to provide the PFA 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 of April 6, 2022. On March 28, 2022, PFA accepted \$3.9 million for the outstanding Series 2012A Bonds. Assets held by the irrevocable trusts for the Invited Bonds and the corresponding liabilities are not included in the PFA’s financial statements.

Series 2012 A Revenue Bonds

On September 7, 2012, PFA issued the Series 2012 A Revenue Bonds, the proceeds of which amounted to \$142,640,000. These bonds are secured by a pledge of Matching Fund Revenues, which includes certain funds established under the original indenture, the Seventh Supplemental Indenture and the Series 2012 Loan Notes issued by the Government. The proceeds were loaned to the Government under the same terms as the bonds. The bonds are limited special obligations of PFA. The Series 2012 A Bonds were issued to: (i) finance various operating expenses and other obligations of the Government, (ii) fund the Series 2012 A Subordinate Lien Debt Service Reserve Account, and (iii) finance certain costs of issuance of the Series 2012 A Bonds. The Series 2012 A Bonds mature from 2022 to 2032 at an interest rate of 4.0% to 5.0%.

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

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

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

Government of the United States Virgin Islands

Notes to Basic Financial Statements

On February 25, 2022, PFA 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 Series 2012A Revenue Bonds to tender such bonds for purchase (Tender Offer). The purpose of the Tender Offer was to provide the PFA 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 of April 6, 2022. On March 28, 2022, PFA accepted \$31.8 million for the outstanding Series 2012A Bonds. Assets held by the irrevocable trusts for the Invited Bonds and the corresponding liabilities are not included in the PFA’s financial statements

Series 2010 A and B Revenue Bonds

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

The Series 2010 A Bonds amount to \$305,000,000 and mature from 2012 to 2029 at an interest rate of 4.0% to 5.0%. The Series 2010 B Bonds amount to \$94,050,000 and mature from 2022 to 2029 at an interest rate of 4.25% to 5.25%.

Interest on the Series 2010 A and B Revenue Bonds is payable semi-annually on April 1 and October 1, and principal is payable annually on October 1. The Government is responsible for all principal and interest payments on the Series 2010 A and B Revenue Bonds.

The principal and interest payments on October 1 are funded by the Matching Fund Revenues, and the required investment to meet the April 1 interest payment is determined and deposited into the debt service reserve accounts, which is also funded by the Matching Fund Revenues.

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

Series 2010 A and B Revenue Bonds	Price
October 1, 2022, and thereafter	100%

On April 25, 2022, the Series 2010 A and B Revenue Bonds were redeemed through the issuance of the Matching Fund Special Purpose Securitization Corporation Series 2022 A and 2022 B Matching Fund Securitization Bonds.

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Notes to Basic Financial Statements

Series 2009 A Revenue Bonds (Cruzan)

On December 17, 2009, PFA issued the Series 2009 A Revenue Bonds (Cruzan), amounting to \$39,190,000, to finance the costs of the development, acquisition, construction, and installation of a wastewater treatment facility and to fund certain preliminary costs of the alteration, upgrade, expansion, and renovation of the Cruzan distillery on St. Croix, to establish debt service reserves, and to finance costs of issuance of the 2009 A Bonds. These bonds are special limited obligations of PFA payable from and secured by a pledge of the Cruzan Trust estate, which includes certain funds established under the Subordinated Indenture and the First Supplemental Subordinate Indenture of Trust. The bonds bear interest at 3.0% to 6.0% and mature from 2010 to 2039 and are subject to an optional redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

In association with the Series 2009 A Revenue Bonds, PFA entered into an agreement with Cruzan VIRIL, Ltd. (Cruzan) on October 6, 2009. Provisions of the agreement call for payments of excess matching funds, after debt service, debt service reserve, and sinking fund redemption payments, to the Government and Cruzan of 60.0% - 80.0% and 54.0% - 60.0%, respectively.

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

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

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

On April 25, 2022, the Series 2009 A Revenue Bonds (Cruzan) were redeemed through the issuance of the Matching Fund Special Purpose Securitization Corporation Series 2022 A and 2022 B Matching Fund Securitization Bonds.

Series 2009 A1, A2, B and C Revenue and Refunding Bonds

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

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Notes to Basic Financial Statements

The Series 2009 A1 and A2 Revenue and Refunding Bonds were issued to: (i) finance various capital projects of the Government, (ii) fund the Series 2009 A Senior Lien Debt Service Reserve Account, and (iii) finance certain costs of issuance of the Series 2009 A1 and A2 Revenue and Refunding Bonds. The Series 2009 A1 Revenue and Refunding Bonds amounted to \$86,350,000 and mature from 2010 to 2039 at interest rates from 3.0% to 5.0%. The Series 2009 A2 Revenue and Refunding Bonds amount to \$8,650,000 and mature from 2010 to 2011 at an interest rate of 3.0%.

The Series 2009 B Revenue and Refunding Bonds were issued to: (i) refund the Series 1998 A Revenue and Refunding Bonds (Senior Lien/Refunding Bonds), (ii) fund the Series 2009 B Senior Lien Debt Service Reserve Account, and (iii) finance certain costs of issuance of the Series 2009 B Revenue and Refunding Bonds. The Series 2009 B Revenue and Refunding Bonds amount to \$266,330,000 and mature from 2010 to 2025 at an interest rate of 5.0%.

The Series 2009 C Revenue and Refunding Bonds were issued to: (i) refund the Series 1998 E Revenue and Refunding Bonds (Subordinate Lien/Capital Program Bonds), (ii) fund the Series 2009 C Subordinate Lien Debt Service Reserve Account, and (iii) finance certain costs of issuance of the Series 2009 C Revenue and Refunding Bonds. The Series 2009 C Revenue and Refunding Bonds amounted to \$97,510,000 and mature from 2010 to 2022 at an interest rate of 5.0%. The Series 2009 C Revenue and Refunding Bonds are subject to optional redemption by PFA on or after October 1, 2018, at redemption price of 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

Interest on the Series 2009 A1, A2, B and C Revenue and Refunding Bonds is payable semi-annually on April 1 and October 1, and principal is payable annually on October 1. The Government is responsible for all principal and interest payments on the Series 2009 A1, A2, B and C Revenue and Refunding Bonds.

The principal and interest payments on October 1 are funded by the Matching Fund Revenues, and the required investment to meet the April 1 interest payment is determined and deposited into the debt service reserve accounts, which is also funded by the Matching Fund Revenues.

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

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

On April 25, 2022, the Series 2009 A1, B and C Revenue and Refunding Bonds were redeemed through the issuance of the Matching Fund Special Purpose Securitization Corporation Series 2022 A and 2022 B Matching Fund Securitization Bonds.

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Notes to Basic Financial Statements

Series 2009 A Revenue Bonds (Diageo)

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

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

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

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

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

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

On April 25, 2022, the Series 2009 A Revenue Bonds (Diageo) were redeemed through the issuance of the Matching Fund Special Purpose Securitization Corporation Series 2022 A and 2022 B Matching Fund Securitization Bonds.

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Notes to Basic Financial Statements

Pledged Funds, Covenants and Collateral - PFA Matching Fund Bonds

The Government has pledged the Matching Funds Revenues, as described below, to the timely payment of principal and interest on the Series 2013 B Revenue and Refunding Bonds, Series 2013 A Revenue and Refunding Bonds, Series 2012 A Revenue Bonds, Series 2010 A and B Revenue Bonds, Series 2009 A Revenue Bonds (Cruzan), the Series 2009 A1, A2, B and C Revenue and Refunding Bonds, and the Series 2009 A Revenue Bonds (Diageo).

Thus, while the PFA matching fund bonds were outstanding, all amounts to be 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 between Bank of New York Mellon and PFA.

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

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

In fiscal year 2022, pledged matching rum excise tax revenues represented 37.0% of total rum excise revenues. Payments of Matching Fund Revenue Bonds principal and interest from matching rum excise tax revenues, before the bonds were defeased in April 2022, amounted to \$58.8 million and \$49.9 million, respectively.

Gross Receipts Revenue Bonds

2014 Series D Revenue Bonds

On December 3, 2014, PFA 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%.

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.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

The Series 2014 D Revenue Bonds maturing after the dates below are redeemable at the option of PFA, 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

Series 2014 C Revenue and Refunding Bonds

On November 14, 2014, PFA 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 4.5% to 5.0%.

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.

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.

The Series 2014 C Revenue and Refunding Bonds maturing after the dates below are redeemable at the option of PFA, 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%

Series 2014 A Revenue Bonds

On September 5, 2014, PFA 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.

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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 PFA 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 5.0%.

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.

The Series 2014 A Revenue Bonds maturing after the dates below are redeemable at the option of PFA, 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%

Series 2012 A and B Revenue and Refunding Bonds

On November 20, 2012, PFA issued the Series 2012 A and B Revenue and Refunding Bonds, the proceeds of which amounted to \$228,805,000. These bonds are secured by the pledge of gross receipts tax revenues, subject to the annual moderate-income housing fund deposit as well as any prior liens or pledges.

The Series 2012 A Revenue and Refunding Bonds were issued to (i) refund the outstanding Series 1999 A Bonds, (ii) refund the outstanding 2010 A1 and A2 Notes, (iii) pay the costs and expenses of issuing and delivering the Series 2012 A Revenue and Refunding Bonds, and (iv) fund the Debt Service Reserve account in an amount necessary to meet the Debt Service Reserve requirement related to the Series 2012 A Revenue and Refunding Bonds. The Series 2012 A Bonds mature from 2017 to 2032 at an interest rate of 2.3% to 5.0%.

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 5.3%.

The refunding of the Series 1999 A Bonds, on November 20, 2012, was made 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.

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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.

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

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

Series 2012 C Revenue Bonds

On December 19, 2012, PFA 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 3.0% to 5.0%.

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.

The Series 2012 C Revenue Bonds maturing after the dates below are redeemable at the option of PFA, 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%

Series 2006 A Revenue Bonds

On September 28, 2006, PFA 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 PFA. The bonds bear interest at 3.5% to 5.0% and mature from 2007 to 2029.

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The proceeds of the bonds were issued to: (i) refund a portion of PFA'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 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 Revenue Bonds. Approximately \$175,125,168 of funds was deposited into the Escrow Fund accounts. The Series 1999 A Revenue Bonds are fully defeased.

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 2006 A Revenue Bonds maturing after the dates below are redeemable at the option of PFA, 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%

Pledged Funds, Covenants and Collateral

The Government has pledged Gross Receipts Taxes subject to the annual moderate-income housing fund deposit, and the TIF special escrow agreement, as well as any prior lien or pledge, to the timely payment of the principal and interest on the Series 2014 D Revenue Bonds, Series 2014 C Revenue and Refunding Bonds, Series 2014 A Revenue Notes, Series 2012 A and B Revenue and Refunding Bonds, Series 2012 C Revenue Bonds, and the Series 2006 A Revenue Bonds.

The Government's auditor provides quarterly verification of gross receipts deposits made to the collecting agent, in accordance with bond covenants.

In fiscal year 2022, pledged gross receipts tax revenues represented 25.91% of total gross receipt tax revenues. Payment of Gross Receipts Revenue Bonds and Notes principal and interest from pledged gross receipts taxes amounted to \$58.7 million for bonds and \$1.6 million for notes, respectively.

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Tobacco Settlement Bonds

2006 Series A, B, C & D Tobacco Turbo Capital Appreciation Bonds

On March 15, 2006, TSFC issued the 2006 Tobacco Settlement Financing Corporation Asset-Backed Bonds, Subordinated Series 2006 (Turbo Capital Appreciation Bonds) amounting to \$48,145,000, with an issue value of \$7,290,009 net of accretion of \$40,854,991. The bonds are secured and payable from collections including all Tobacco Settlement Revenues to be received by TSFC, reserves, amounts held in other accounts established by the indenture and TSFC's rights under the purchase agreement. The proceeds have been used for the purpose of (i) to finance several capital, hospital, and health development projects for the benefit of the Virgin Islands and its residents, (ii) to pay certain costs of issuing the Series 2006 Bonds, and (iii) to fund operating costs associated with the Series 2006 Bonds.

Interest on the Series 2006 Bonds is not paid currently but accretes from the date of delivery, compounded every May 15 and November 15, commencing May 15, 2006, and is paid at maturity or upon prior redemption, provided however that the 2001 Series Bonds have been paid in full.

2001 Series A Tobacco Bonds

On November 20, 2001, TSFC issued the 2001 Tobacco Settlement Financing Corporation Asset-Backed Bonds (Term and Capital Appreciation Bonds) amounting to \$23,685,000, with an issue value of \$21,709,862 net of accretion of \$1,975,138. The bonds are secured and payable from collections including all Tobacco Settlement Revenues to be received by TSFC, reserves, amounts held in other accounts established by the indenture, and TSFC's rights under the purchase agreement.

The proceeds have been used for the purpose of (i) purchasing all rights, title, and interest in certain litigation awards under the MSA entered into by participating cigarette manufacturers, (ii) issuing Tobacco Settlement Asset-Backed Bonds to pay the purchase price for the rights, and (iii) providing funds for hospital and healthcare projects in the United States Virgin Islands.

Interest on the Series 2001 Bonds is payable semi-annually on each May and November 15, beginning with May 2002 for the Term Bonds. The Corporation is responsible for all principal and interest payments on the bonds. The convertible Capital Appreciation Bonds will accrete interest prior to November 15, 2007, and will accrue interest after that date. Interest will compound on May 15 and November 15.

Matching Fund Special Purpose Securitization Bonds

On April 6, 2022, MFSPSC issued the Series 2022 A Securitization Bonds and the Series 2022 B Taxable Securitization Bonds (Series 2022 A and Series 2022 B Bonds), the proceeds of which amounted to \$952,825,000. The bonds are secured by a pledge of matching fund receipts. Matching fund receipts are received from the Department of Interior as an advance of distilled spirits excise tax on rum products shipped by Virgin Islands rum producers to the United States.

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The Series 2022 A and B Bonds were issued to: (i) purchase from the Government all of its right, title and interest in and to the MFRs, (ii) pay capitalized interest on the Series 2022 Bonds, (iii) pay the costs of issuance of the bonds, and (iv) transfer to the GERS Funding Note Trustee an amount sufficient to fund the annual GERS Funding Note payment obligations. The Series 2022A Bonds were issued with an original issue premium of \$28,061,333.

Interest on the Series 2022 A and Series 2022 B bonds is payable semi-annually on April 1 and October 1, beginning October 1, 2022, with principal payments due October 1, beginning October 1, 2025. Capitalized interest was funded as part of the issuance of the bonds in the amount of \$112.2 million. Capitalized interest is applied to semi-annual interest payments with an initial payment of \$18.3 million on October 1, 2022, and subsequent payments of \$18.8 million through April 1, 2025. Interest for the year ended September 30, 2022 (paid October 1, 2022) amounted to \$23.3 million and amortization of bond premium amounted to \$1.3 million.

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

Series 2022 A Securitization Bonds	Price
October 1, 2032, and thereafter	100%

The Series 2022 B bonds are subject to redemption prior to maturity, at the election of MFSPSC, on any date at a redemption price equal to the greater of (i) the principal amount of the Series 2022 B bonds to be redeemed, or (ii) the “make-whole option redemption” amount. The make-whole optional redemption is the sum of the present values of the remaining scheduled payments of principal, interest, not including any portion of interest accrued and unpaid as of the date redeemed, discounted to the date of redemption at the U.S. Treasury rate plus 50 basis points plus accrued interest. The make-whole optional redemption amount is to be calculated by an independent accounting firm or advisor retained by MFSPSC.

Federal-Aid Highway Bonds

On December 15, 2015, PFA issued the Series 2015 Federal-Aid Highway Bonds (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 PFA. The Series 2015 Bonds were issued to (i) finance costs of certain highway capital projects, (ii) establish debt service reserves, and (iii) pay the costs of issuance related to the Series 2015 Bonds. The Series 2015 Bonds mature from 2016 to 2033 at an interest rate of 3.0% to 5.0%.

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.

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

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

Pledged Funds, Covenants and Collateral

The Government has pledged the Federal Highway Grant Revenues 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 PFA have entered into a Memorandum of Understanding (MOU), 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.

Other Direct-Placement Bonds or Borrowings - Series 2019 A TIF Revenue and Refunding Bonds

On November 14, 2019, PFA 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 2012 A 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 6.9% over a term of 10 years.

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

The Series 2019 A TIF Revenue and Refunding Bonds maturing after the dates below are redeemable at the option of the PFA, at prescribed redemption prices expressed as a percentage of the principal amount as follows:

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

Pledged Funds, Covenants and Collateral

The Government has pledged the Gross Receipts Taxes of the TIF Developer Project subject to the annual moderate-income housing fund deposit, as well as any prior lien or pledge, to the timely payment of the principal and interest on the Series 2019 A TIF Revenue and Refunding Bonds.

The Government has contracted with its auditor to provide quarterly verification of gross receipts deposits made to the collecting agent, in accordance with bond covenants.

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The Tax Increment Revenue Loan Agreement entered into with the Government and Trustee in connection with the issuance of the Series 2019 A 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 Islands Crossings Incremental Revenues together with any ground lease payments divided by the total amount of annual principal and interest payments on the Series 2019 A TIF Revenue and Refunding Bonds. PFA is required to maintain a Loan to Value Ratio (LTV) of no more than 65.0%.

In any fiscal year in which the LTV shall exceed 65.0%, 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 on the 2019A TIF Project Developer Note. No payments may be made on the 2019 A 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 36.0%, 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 2019 A Bonds, 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 2019 A Bonds are outstanding, the Economic Development Authority shall obtain an independent report on the financial statements of the Islands Crossings Project, determining if the incremental pledged funds are equal to estimates, and if the Island Crossings Project is economically viable for the repayment of the Series 2019 A TIF Revenue and Refunding Bonds.

The bonds contain a provision that in an event of default, the lender may at any time declare the entire balance of the Series 2019 A Bond and any indebtedness of PFA to the lender to be due and payable, whereupon the same shall become immediately due and payable without presentment, demand, protest, or notice.

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Future debt service requirements for bonds for which gross receipts taxes have been pledged are as follows (expressed in thousands):

Governmental Activities - Gross Receipts Revenue Bonds												
	Series 2006 A Revenue Bonds		Series 2012 A Revenue Bonds		Series 2012 B Revenue Bonds		Series 2012 C Revenue Bonds		Series 2014 A Revenue Bonds		Series 2014 C Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Maturity Year:												
2023	\$ 16,895	\$ 7,113	\$ 1,430	\$ 5,887	\$ 2,290	\$ 766	\$ 1,955	\$ 1,012	\$ 2,100	\$ 1,824	\$ 6,705	\$ 10,199
2024	17,515	6,253	6,780	5,689	2,415	642	430	952	2,210	1,717	7,045	9,855
2025	18,165	5,361	7,395	5,335	2,545	512	455	930	2,325	1,603	7,385	9,494
2026	18,840	4,435	8,040	4,949	2,680	375	475	907	2,440	1,484	6,595	9,145
2027	19,530	3,476	8,735	4,529	2,825	231	500	883	2,565	1,359	6,920	8,807
2028-2032	63,025	4,395	69,005	13,722	2,980	78	3,215	3,993	14,955	4,679	85,995	36,082
2033-2037	-	-	17,215	430	-	-	5,490	2,887	10,940	838	71,955	7,687
2038-2042	-	-	-	-	-	-	7,060	1,326	-	-	7,205	2,832
2043-2047	-	-	-	-	-	-	1,635	41	-	-	8,705	675
Total	\$ 153,970	\$ 31,033	\$ 118,600	\$ 40,541	\$ 15,735	\$ 2,604	\$ 21,215	\$ 12,931	\$ 37,535	\$ 13,504	\$ 208,510	\$ 94,776

	Series 2014 D Revenue Bonds		Total Gross Receipts Tax Bonds	
	Principal	Interest	Principal	Interest
Maturity Year:				
2023	\$ 255	\$ 255	\$ 31,630	\$ 27,056
2024	270	239	36,665	25,347
2025	290	222	38,560	23,457
2026	305	204	39,375	21,499
2027	325	185	41,400	19,470
2028-2032	1,955	597	241,130	63,546
2033-2037	955	59	106,555	11,901
2038-2042	-	-	14,265	4,158
2043-2047	-	-	10,340	716
Total	\$ 4,355	\$ 1,761	\$ 559,920	\$ 197,150

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Future debt service requirements for bonds for which tobacco settlement revenues have been pledged are as follows (expressed in thousands):

Maturity Year	Principal	Interest
2023	\$ -	\$ 61
2024	-	61
2025	-	61
2026	-	61
2027	-	60
2028-2032	1,215	243
2033-2037	48,145	-
Less future accretion:	(26,979)	-
Total	\$ 22,381	\$ 547

Future debt service requirements for bonds for which matching fund receipts have been pledged are as follows (expressed in thousands):

Maturity Year	Principal	Interest
2023	\$ -	\$ 47,202
2024	-	47,866
2025	-	47,866
2026	39,985	46,754
2027	54,710	44,274
2028-2032	318,600	176,299
2033-2037	409,055	85,793
2038-2040	130,475	5,817
Total	\$ 952,825	\$ 501,871

Future debt service requirements for bonds for which federal-aid highway grant revenues have been pledged are as follows (expressed in thousands):

Maturity Year	Principal	Interest
2023	\$ 4,430	\$ 3,146
2024	4,650	2,924
2025	4,880	2,691
2026	5,125	2,447
2027	5,380	2,191
2028-2032	31,225	6,639
2033-2037	7,215	361
Total	\$ 62,905	\$ 20,399

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Future debt service requirements for other direct-placement bonds or borrowings for which gross receipts taxes have been pledged are as follows (expressed in thousands):

Maturity Year	Principal	Interest
2023	\$ 565	\$ 719
2024	604	680
2025	650	634
2026	697	588
2027	747	537
2028-2032	6,310	977
Total	\$ 9,573	\$ 4,135

(b) Loans and Notes Payable

2022 GERS Funding Note, Taxable

On April 6, 2022, PFA issued the GERS Funding Notes Taxable, (GERS Funding Note) to GERS in the amount of \$3.8 billion. The GERS Funding Note was issued to provide additional financial resources for the stability and liquidity of the Government's retirement system. The issuance of the GERS Funding Note was authorized by Act 8540 enacted by the Legislature in February 2022. This Act also authorized the formation of the MFSPSC. The Indenture of Trust pledges the residual matching fund receipts deposited into the Residual Fund Escrow by the MFSPSC for the payment of the note.

The non-interest-bearing GERS Funding Note was issued for a thirty-year term with annual principal payments ranging from \$73.6 million to \$158.0 million, due on October 1st of each year. An initial payment of \$89.2 million was made to GERS on April 7, 2022 from proceeds of the issuance of the Series 2022 A and Series 2022 B Securitization Bonds. The GERS Funding Note may not be sold or transferred without registration under the Securities Act of 1933, or an exemption obtained therefrom.

The GERS Funding Note does not constitute a general obligation of the PFA or of the Government and may not be called for redemption by the PFA. Principal payments made under the GERS Funding Note are deemed in-kind contributions by the Government to the retirement system.

Future contributions for the 2022 GERS Funding Note are as follows (expressed in thousands):

Maturity Year	Principal
2023	\$ 157,997
2024	157,997
2025	157,996
2026	81,537
2027	73,616
2028-2032	412,139
2033-2037	412,170
2038-2042	682,679
2043-2047	789,982
2048-2052	789,983
Total	\$ 3,716,096

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2019 A TIF Project Developer Note

On November 14, 2019, PFA 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 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 8.5% with payments made annually on October 1 over a thirty (30) year term. The first payment will be due on October 1, 2020.

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

Future debt service requirements for the 2019 A TIF Project Developer Loan Note are as follows (expressed in thousands):

Maturity Year	Principal	Interest
2023	\$ 15	\$ 132
2024	16	131
2025	18	129
2026	19	128
2027	21	126
2028-2032	133	601
2033-2037	200	534
2038-2042	301	433
2043-2047	453	281
2048-2050	375	65
Total	\$ 1,551	\$ 2,560

2016 A Notes

On October 1, 2016, PFA 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 2016 A-1 Project), (ii) to finance certain consulting services for the improvement of public safety and security in the Virgin Islands, (the Series 2016 A-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 2022 with variable interest rates based on the 90-day London Inter-bank Offered Rate (LIBOR) plus 375 basis points. The Series 2016 A Notes are subject to prepayment by PFA in whole or in part at any time upon 100% payment of the outstanding principal plus interest accrued to the prepayment date. As of September 30, 2022, the Series 2016 A Notes had been repaid.

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As security for the payment of principal and interest on the Series 2016 A Notes, the PG pledged and assigned the gross receipts taxes collected by the PG subject and subordinate to the lien on such taxes and revenues in favor of the holder of outstanding bonds and to the Required Annual Moderate Income Housing Deposit. The PG covenants to provide to the PFA within 180 days of the end of each fiscal year a financial report summarizing annual receipts and transfers of gross receipts taxes and substitute revenues.

(c) Loan Payable - U.S. Treasury

In August 2009, the Territory reserve balance of the Unemployment Trust Fund (UTF) became inadequate to cover expenditures for unemployment compensation (UC) benefits. UC benefits are an entitlement program administered through the U.S. Treasury and the PG is legally liable to pay benefits even if the UTF becomes insolvent. As of September 30, 2022, the PG owed \$95.7 million to the U.S. Treasury.

States and territories with outstanding loans from the UTF must repay them fully by the November 10 following the second consecutive January 1 on which the state or territory has an outstanding loan. If a state or territory does not repay a UTF loan by November 10 of the second year, it becomes subject to a reduction in the amount of state unemployment tax credit applied against the federal unemployment tax beginning with the preceding January 1 until the state repays the loan fully. For calendar year 2022, the credit reduction rate increased from 3.3% to 3.6%.

During the year ended September 30, 2022, the PG borrowed \$8.0 million from the UTF and paid \$1.7 million in interest on the loan. The interest rate charged on the loan was 2.3% from October 1, 2021 through December 31, 2021, and 1.6% from January 1, 2022 through September 30, 2022.

(d) Loans and Bonds Payable - The West Indian Company Limited

Consolidated Bank Loan

In July 2017, WICO consolidated various loans with Banco Popular de Puerto Rico (Banco Popular) in the amount of \$42,697,836 at a fixed interest rate of 5.3% 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 Banco Popular 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.

Paycheck Protection Program (PPP) Loans

In April 2021, WICO received a Paycheck Protection Program loan in the amount of \$717,000, subject to a fixed interest rate of 1.0%. In October 2022, the loan was forgiven by the Small Business Administration (SBA) and the bank was paid the principal amount of \$717,000 plus interest of \$10,000. 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.

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Notes to Basic Financial Statements

WICO Port Facilities Revenue Bonds

In June 2022, WICO issued the Port Facilities Revenue Bonds, Series 2022A Bonds and Series 2022 Bonds (the Series 2022 Bonds). The Series 2022 Bonds were issued at a nominal value of \$52.6 million and a discounted value of \$51.6 million. The Series 2022A and 2022B Bonds 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 PFA or the Government.

The Series 2022 Bonds were issued to: (i) prepay the WICO's loan with a local bank in the amount of \$41.7 million, (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 2022A Bonds are due from October 1, 2033 to October 1, 2052, with interest rates of 6.1% to 6.4%. Interest is payable annually on October 1st commencing October 1, 2022.

The Series 2022B Bonds are due from April 1, 2026 to April 1, 2052, with interest rates of 5.9% to 6.5%. Interest is payable annually on April 1st commencing April 1, 2023.

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 2022 Bonds	Price
October 29, 2029, to September 30, 2032	104% - 102%
October 1, 2033, and thereafter	100%

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.

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Notes to Basic Financial Statements

Future debt service requirements for the WICO Port Facilities Revenue Bonds are as follows (expressed in thousands):

Maturity Year	Principal	Interest
2023	\$ -	\$ 992
2024	-	3,338
2025	-	3,337
2026	185	3,338
2027	360	3,327
2028-2032	3,125	16,236
2033-2037	4,930	15,046
2038-2042	6,655	13,316
2043-2047	9,025	10,947
2048-2052	12,345	7,631
2053	16,000	513
Total	\$ 52,625	\$ 78,021
Less: Bond discount	(1,039)	
Total bonds payable, net	\$ 51,586	

(e) Insurance Guaranty Fund Minimum Balance Requirement

Under Title 22, Chapter 10 of the VIC, the Virgin Islands Insurance Guaranty Fund is required to maintain a minimum balance of \$50.0 million for claimant payments in the event of a failure of an insurance carrier. On February 10, 2012, legislation was enacted authorizing a reduction in the minimum balance to be held by the Virgin Islands Insurance Guaranty Fund from \$50.0 million to \$10.0 million. In October 2019, the Legislature increased the minimum balance to \$20.0 million through September 30, 2020, and was subsequently increased to \$40.0 million. On September 22, 2022, Act 8642 increased the minimum balance to \$50.0 million effective September 30, 2022.

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Notes to Basic Financial Statements

Component Units

Bonds payable of discretely presented component units are those liabilities that are paid out of resources pledged by such entities. Bonds payable, outstanding as of September 30, 2022 (expressed in thousands):

	Maturity	Interest Rate (%)	Balance*
Bonds Payable			
Virgin Islands Water and Power Authority (Electric System)*: Bonds and Bond Anticipation Notes	2025-2035	1.62 - 6.85	\$ 235,910
Virgin Islands Port Authority*: Series A Revenue Bonds of 2014	2033	4.00 - 5.00	14,400
Series B Revenue Bonds of 2014	2044	3.00 - 5.00	10,370
Series C Revenue Bonds of 2014	2025	2.00 - 5.00	3,920
Subtotal			264,600
Plus unamortized premium			614
Bonds payable, net			265,214
Less amount due within one year			(57,799)
Bonds payable, due in more than one year			\$ 207,415

*Unaudited

The changes in bonds payable for discretely presented component units are as follows for the year ended September 30, 2022 (expressed in thousands):

September 30, 2022	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due Thereafter
Virgin Islands Water and Power Authority: Electric System*	\$ 233,953	\$ 1,957	\$ -	\$ 235,910	\$ 54,734	\$ 181,176
Water System*	75,000	-	75,000	-	-	-
Virgin Islands Port Authority*	32,674	-	3,370	29,304	3,065	26,239
Total	\$ 341,627	\$ 1,957	\$ 78,370	\$ 265,214	\$ 57,799	\$ 207,415

*Unaudited

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Notes to Basic Financial Statements

The changes in notes payable, line of credit payable, and other long-term liabilities for discretely presented component units are as follows (expressed in thousands):

<i>September 30, 2022</i>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due Thereafter
Notes payable						
Virgin Islands Port Authority*	\$ 7,381	\$ 1,228	\$ -	\$ 8,609	\$ 8,609	\$ -
University of the Virgin Islands*	21,686	-	19,391	2,295	-	2,295
Virgin Islands Housing Finance Authority	694	-	84	610	85	525
Other component units**	4,012	-	25	3,987	612	3,375
Total notes payable:	\$ 33,773	\$ 1,228	\$ 19,500	\$ 15,501	\$ 9,306	\$ 6,195
Line of credit payable						
Virgin Islands Water and Power Authority:						
Electric System*	\$ 33,262	\$ -	\$ -	\$ 33,262	\$ 33,262	\$ -
Water System*	2,740	-	-	2,740	-	2,740
Virgin Islands Waste Management Authority	3,750	-	3,750	-	-	-
Total line of credit payable	\$ 39,752	\$ -	\$ 3,750	\$ 36,002	\$ 33,262	\$ 2,740
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	Due Thereafter
Other long-term liabilities:						
Virgin Islands Housing Authority	\$ 2,172	\$ 1,948	\$ 650	\$ 3,470	\$ 2,849	\$ 621
Virgin Islands Port Authority*	2,538	-	-	2,538	1,367	1,171
Virgin Islands Water and Power Authority:						
Electric System*	122,582	-	13,382	109,200	-	109,200
Hospital and Health Facilities Corporation:						
Schneider Regional Medical*	4,400	253	-	4,653	4,653	-
University of the Virgin Islands*	5,840	22	161	5,701	-	5,701
Virgin Islands Housing Finance Authority	9,918	435	-	10,353	1,002	9,351
Other component units**	4,394	186	90	4,490	1,546	2,944
Total	\$ 151,844	\$ 2,844	\$ 14,283	\$ 140,405	\$ 11,417	\$ 128,988

*Unaudited; **University of the Virgin Islands Research and Technology Park Corporation (unaudited)

(a) Bonds Payable

Virgin Islands Water and Power Authority - Electric System Bond Anticipation Note of 2018C & 2020A (unaudited)

On November 28, 2018, the Electric System's Board authorized the issuance of Bond Anticipation Notes (BAN) in a principal amount not to exceed \$30.0 million, the Series 2018 C Bond Anticipation Notes. The 2018 C BANs were being issued to evidence the debt in respect of a Community Disaster Loan made by United States of America, acting through FEMA. The form of the Series 2018 C BANs allows for multiple draws by the Electric System. During the year ended June 30, 2019, the Electric System drew down \$17.5 million to provide additional working capital for fuel invoices, payroll, and other critical operating expenses. No additional draws were made in fiscal year 2021. The rate on the BANs was 2.4% to 2.9%, maturing July 1, 2033.

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The Community Disaster Loans made through FEMA were subsequently canceled on September 30, 2021, with the passage of H.R. 5305, the “Extending Government Funding and Delivering Emergency Assistance Act.”

On October 22, 2020, the Electric System’s Board authorized the issuance of Bond Anticipation Notes in a principal amount of \$38.4 million, the Series 2020 A Bond Anticipation Notes. The proceeds of the Series 2020 A Bond Anticipation Notes were used to (i) refund the Electric System’s Series 2018 B Bond Anticipation Notes, (ii) make deposits into reserve accounts to satisfy the Series 2020 A Note Reserve Requirement, and (iii) pay certain costs in connection with the issuance of the Series 2020 A Bond Anticipation Notes.

Virgin Islands Water and Power Authority - Electric System Revenue Bonds of 2012 (unaudited)

In May 2012, the Electric System issued \$69.1 million in bonds made up as \$17.4 million in 2012 A Electric System Revenue Refunding Bonds, \$19.7 million in 2012 B Electric System Subordinated Revenue Bonds, and \$32.0 million in 2012 C Electric System Subordinated Revenue Bonds. The proceeds of the Series 2012 A Bonds were used to (1) refund the Electric System’s Electric System Revenue Refunding Bonds, Series 1998 and (2) pay certain costs of issuance of the Series 2012 A Bonds. The proceeds of the Series 2012 B Bonds were used to (1) refinance a portion of the Electric System’s Electric System Term Loan, (2) make a deposit into the Subordinated Debt Service Reserve Fund sufficient to satisfy the Series 2012 B Subordinated Debt Service Reserve Fund Requirement, and (3) pay certain costs of issuance of the Series 2012 B Bonds. The proceeds of the Series 2012 C Bonds were used to (1) refinance all or a portion of the Electric System Working Capital Lines of Credit and Overdraft Credit Facility, (2) make a deposit into the Series 2012 C Subordinated Debt Service Reserve Fund sufficient to satisfy the Subordinated Debt Service Reserve Fund Requirement, and (3) pay certain costs of issuance of the Series 2012 C Bonds.

Virgin Islands Water and Power Authority - Electric System Revenue Bonds of 2010 (unaudited)

In March 2010, the Electric System issued \$85.3 million in bonds made up as \$39.1 million in 2010 A Electric System Revenue Refunding Bonds, \$8.9 million in 2010 B Electric System Revenue Bonds, and \$37.3 million in 2010 C Electric System Revenue Bonds. The proceeds of the Series 2010 A Bonds were used to refund a portion of the Electric System Revenue Refunding Bonds, Series 1998. The proceeds of the Series 2010 B Bonds were used to finance certain capital expenditures temporarily funded through draws on a line of credit (\$9.0 million) and to make certain deposits into the Debt Service Revenue Fund sufficient to satisfy the Debt Service Reserve Fund requirement.

The proceeds of the Series 2010 C Bonds were used to fund a portion of the costs of certain capital improvements to the Electric System and to make certain deposits into the Debt Service Revenue Fund sufficient to satisfy the Debt Service Revenue Fund Requirement. The proceeds of the three series were also used to pay certain costs of issuance of the 2010 A, 2010 B, and 2010 C Bonds.

Virgin Islands Water and Power Authority - Electric System Revenue Bonds of 2007 A (unaudited)

In June 2007, the Electric System issued \$57.6 million in 2007 A Electric System Subordinated Revenue Bonds. The proceeds of the Series 2007 A Bonds were used to (1) finance costs of certain capital improvements, (2) refinance certain costs of capital improvements funded through draws on a Line of Credit and reinstallation of \$10.0 million to the line of credit allocable to the Electric System, (3) make certain required deposits to the subordinated Debt Service Reserve Fund, and (4) pay certain costs of issuance of the Series 2007 A Bonds.

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Virgin Islands Water and Power Authority - Electric System Revenue Bonds of 2003 (unaudited)

In June 2003, the Electric System issued \$69.9 million in Electric System Revenue Bonds, Series 2003. The proceeds from the bonds were used to finance capital improvements, repay \$18.0 million of then outstanding lines of credit, cover underwriters' costs, and establish a debt service fund. The Series 2003 Bonds maturing on or after July 1, 2013 shall be subject to redemption prior to their stated maturity date, at the option of the Electric System, on or after July 1, 2013, as a whole or in part at any time, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Virgin Islands Water and Power Authority - Electric System Utilities Service (RUS) Note (unaudited)

In November 2015, the Electric System obtained a term loan with the RUS in the principal amount of \$13.0 million. The proceeds of the loan were used to finance the acquisition and installation of an automated metering system and other costs related thereto.

Under the terms of the Bond Resolution relating to the Electric System Revenue and Refunding Bonds, payment of the principal and interest is secured by an irrevocable lien on VIWAPA's net revenues (exclusive of any funds which may be established pursuant to the Bond Resolution for certain other specified purposes), including the investments and income, if any, thereof. Under the General Resolution, VIWAPA is required to maintain a Debt Service Coverage ratio of at least equal to 1.25 times the principal interest on all Outstanding Senior Bonds for the current and each future fiscal year (the Senior Coverage).

Under the Electric System Subordinated Revenue Resolution, adopted by VIWAPA on May 17, 2007, as amended and supplemented (the Subordinated Bond Resolution), VIWAPA must satisfy the Debt Service coverage ratio of the General Resolution for the Senior Bonds, must maintain a Subordinated Debt Service coverage ratio at least equal to 1.15 times the principal of and interest on all Outstanding Bonds (the Senior and Subordinate Coverage) and all Outstanding Subordinated Bonds for the current and each future fiscal year, and must maintain at least 1.00 times the Maximum Aggregate Debt Service for each such fiscal year (total debt coverage).

The Electric System Revenue Bonds are subject to mandatory redemption if (i) any significant part of the Electric System shall be damaged, destroyed, taken, or condemned or (ii) any for-profit, nongovernmental investor shall acquire an ownership interest in some or all the assets of the Electric System.

Virgin Islands Water and Power Authority - Water System Revenue Bonds of 2018 (unaudited)

In November 2017, to fund its working capital needs in the aftermath of Hurricanes Irma and Maria, the Water System obtained \$31.0 million under the Community Disaster Loan program administered by FEMA. In March 2018, the Water System entered another loan for \$44.0 million and refinanced the existing \$31.0 million for a combined loan of \$75.0 million, secured as a first lien of the Water System's revenues. The proceeds of these loans were used to provide working capital mostly for fuel invoices, payroll, and other critical operating expenses. While the loan is reflected under the Water System, the payment of principal and interest is subject to an intercompany agreement whereby 17.0% will be allocated to the Water System and 83.0% to the Electric System. The interest rate varies with each drawdown, ranging from 2.3% to 2.9%. The first interest payment was due July 1, 2021, with subsequent payments due semiannually. The first principal payment was due July 1, 2022, with subsequent payments due semiannually.

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On September 30, 2021, the Community Disaster Loan was cancelled with the passage of H.R. 5305, the “Extending Government Funding and Delivering Emergency Assistance Act.”

Virgin Islands Port Authority - Series A, B, and C Revenue Bonds of 2014 (unaudited)

In October 2014, VIPA issued the 2014 Series Revenue Bonds A, B and C amounting to \$48.6 million, with an average interest rate of 4.7%. A portion of the proceeds was used to refund the outstanding bond Series 2003 A and C amounting to \$24.5 million, which included accrued interest as of the redemption date for October 27, 2014.

The proceeds from the issuance of the 2014 Series used in the refunding were deposited in an escrow account, held by the Trustee on behalf of the holders of the refunded bonds, and applied to such redemption contemporaneously with the issuance of the Series 2014 Bonds. As a result, the Series 2003 A and C Bonds were paid off. The 2003 Series B Marine Revenue Bonds were also paid off. VIPA reduced its total debt service requirement by \$1.7 million, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$2.4 million. In addition, VIPA recognized a deferred charge on debt refunding amounting to \$0.4 million.

The proceeds of the 2014 Bonds, together with certain other available funds of VIPA, were used for: (i) refunding \$24.5 million in 2003 Series A Marine Revenue bonds and pay off the 2003 Series bonds; (ii) for the financing of various capital projects; (iii) to fund a deposit to the debt service fund; (iv) to fund a deposit to the operation, maintenance, renewal, and replacement reserve account; and (v) to pay the cost of issuance of the 2014 Bonds. The 2014 bonds issued by VIPA contain certain bond indentures. The bonds’ indentures contain certain account restrictions and funding covenants to cover interest, debt service, maintenance and other costs specified in the corresponding indentures. The bonds’ indentures also specify certain debt service coverage requirements determined from Net Available Revenues (as defined) of the Marine Division.

Future debt service requirements for discretely presented component units’ bonds payable were as follows as of September 30, 2022 (expressed in thousands):

Maturity Year:	Principal	Interest
2023	\$ 57,799	\$ 14,662
2024	19,456	11,903
2025	20,374	9,228
2026	18,737	8,295
2027	12,929	7,518
2028-2032	87,091	21,020
2033-2037	44,214	8,952
2038-2041	3,500	857
2042-2044	500	38
Total	264,600	\$ 82,473
Plus unamortized premium	614	
Bonds payable, net	\$ 265,214*	

**Unaudited*

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Notes to Basic Financial Statements

(b) Notes Payable

Virgin Islands Port Authority (unaudited)

In September 2020, VIPA closed on a loan with Banco Popular with an available drawdown limit of \$7.0 million to be used for operations due to a shortfall in its marine revenues. During the fiscal year ended September 30, 2022, an additional \$1.2 million was drawn on the loan.

University of the Virgin Islands (unaudited)

In 1994, the University was advanced a mortgage note payable by the U.S. Department of Education with a maximum principal of \$2.2 million. The note is payable in semi-annual installments of \$75,000, including interest, over a term of 30 years and bears interest at an annual rate of 5.5%. The note is secured by a general obligation of the Government.

In September 2018, the University extended its loan agreement with First Bank for \$30.0 million to assist in establishing a School of Medicine. Initially, the loan was a non-revolving line of credit and converted into a general obligation note, Series 2018. The note bears interest at the JP Morgan Chase Prime Rate plus 70 basis points, subject to a minimum interest rate of 4.0% each month thereafter until payment of the principal. In November 2021, the University repaid the outstanding note balance.

UVI Research and Technology Park Corporation (unaudited)

In February 2013, RTPark obtained a \$3.0 million loan from a member. A portion of the loan proceeds was used to repay a previous loan from the University to complete construction on 64 West Center. This loan has a 6.8% interest rate and is payable over 15 years. The loan is secured by RTPark's tangible and intangible property.

In March 2015, RTPark settled an ongoing dispute with a member through arbitration for \$1.5 million. RTPark obtained a \$1.5 million loan from the Foundation of the University to pay the settlement amount. The loan is payable over 7 years at a 5.0% interest rate. As of March 2022, the loan was fully repaid.

In June 2016, RTPark entered a \$1.2 million note payable arrangement with the University for repayment of administrative expenses incurred prior to 2014. The note payable has a 2.4% interest rate and is payable over six years. Interest is deferred on the note until May 31, 2023.

(c) Line of Credit Payable

Virgin Islands Water and Power Authority (unaudited)

As of June 30, 2022, the Electric System of VIWAPA reported \$33.3 million outstanding under bank lines of credit for working capital purposes. Interest on amounts borrowed is payable quarterly at a variable interest rate of prime plus 0.5%, or 90-day London Inter-bank Offered Rate (LIBOR) plus 3.5-4.5%. After the financial reporting date, the lines were extended to have a maturity of April 2024. There are certain financial reporting covenants that the Electric System must comply with in connection with the lines of credit. The agreements require the Electric System to deliver audited financial statements within 180 days after the end of the fiscal year.

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As of June 30, 2022, the Water System of VIWAPA has available bank lines of credit of \$2.0 million for capital projects and \$300,000 for working capital purposes. Interest on amounts borrowed is payable quarterly at a variable interest rate of prime plus 0.5%, or the 90-day LIBOR plus 4.5%. The Water System has the option to select the variable interest rate to utilize for any borrowings on these notes. As of June 30, 2022, there was \$2.7 million outstanding under the lines of credit. The lines were extended to have a maturity of April 2024. Furthermore, there are certain financial reporting covenants that the Water System must comply with. The agreements require the Water System to deliver audited financial statements within 180 days after the end of its fiscal year.

Virgin Islands Waste Management Authority

On December 31, 2018, VIWMA entered into a secured credit agreement (Agreement) consisting of a \$4.0 million revolving credit facility. The maturity date of the Agreement is every 12 months. The Agreement was established to supplement any delays in receiving monthly and quarterly allotments from the Government and reimbursements for allowable expenses related to federal programs. The Agreement is secured by certificates of deposit in the amount of \$4.0 million, which have been assigned to the bank and are available to be held as collateral for the repayment of outstanding loan balances and related costs. The credit facility bears an interest rate of 2.5% per annum. The Agreement contains various customary representations, warranties, and covenants by VIWMA. The secured credit agreement was repaid during the fiscal year ended September 30, 2022.

11. Refundable Advance

The PG received allotments from the U.S. Department of Treasury as part of “The Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020,” the “Consolidated Appropriations Act of 2021,” and “The American Rescue Plan Act (ARPA) of 2021.” During fiscal year 2022, the PG incurred expenditures of \$148.6 million for eligible program activities, including subawards and payroll disbursements, and has reflected the unspent balance of \$449.3 million as a refundable advance.

12. General Tax Revenue

For the year ended September 30, 2022, general tax revenue of the PG consisted of the following (expressed in thousands):

	General	PFA Debt Service	Other Governmental	Total
Income taxes	\$ 545,900	\$ -	\$ -	\$ 545,900
Real property taxes	46,249	-	6,237	52,486
Gross receipts taxes	5,000	226,471	250	231,721
Excise taxes	214,611	108,722	5,409	328,742
Other taxes	97,041	-	5,739	102,780
	<u>\$ 908,801</u>	<u>\$ 335,193</u>	<u>\$ 17,635</u>	
Tax revenue not recognized on the full accrual basis				(89,123)
Total tax revenue - government-wide				<u>\$ 1,172,506</u>

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Notes to Basic Financial Statements

13. Governmental Fund Balances

Following is a detail of the aggregated fund balances presented in the Balance Sheet - Governmental Funds as of September 30, 2022 (expressed in thousands):

September 30,	General	PFA Debt Service	PFA Capital Projects	MFSPSC Debt Service	Federal Grants	Other Governmental	Total
Restricted for:							
Debt services	\$ -	\$ 303,726	\$ -	\$ 112,234	\$ -	\$ -	\$ 415,960
Capital projects	-	-	113,091	-	-	-	113,091
Health	-	-	-	-	-	3,328	3,328
Public housing and welfare	-	-	-	-	-	5,986	5,986
Transportation and communication	-	-	-	-	4,213	6,617	10,830
Culture and recreation	-	-	-	-	-	20	20
Total	\$ -	\$ 303,726	\$ 113,091	\$ 112,234	\$ 4,213	\$ 15,951	\$ 549,215
Committed to:							
General government	\$ 42,325	\$ -	\$ -	\$ -	\$ -	\$ 32,712	\$ 75,037
Public safety	-	-	-	-	-	17	17
Public housing and welfare	-	-	-	-	-	177	177
Transportation and communication	-	-	-	-	-	10,425	10,425
Culture and recreation	-	-	-	-	-	327	327
Total	\$ 42,325	\$ -	\$ -	\$ -	\$ -	\$ 43,658	\$ 85,983
Assigned to:							
General government	\$ 452	\$ -	\$ -	\$ -	\$ -	\$ 148,685	\$ 149,137
Public safety	-	-	-	-	-	1,031	1,031
Health	-	-	-	-	-	5,159	5,159
Public housing and welfare	-	-	-	-	-	8,738	8,738
Transportation and communication	-	-	-	-	-	11,196	11,196
Culture and recreation	-	-	-	-	-	1,568	1,568
Total	\$ 452	\$ -	\$ -	\$ -	\$ -	\$ 176,377	\$ 176,829
Unassigned	\$ (419,326)	\$ -	\$ -	\$ -	\$ (56,968)	\$ (62,693)	\$ (538,987)
Total Fund Balances	\$ (376,549)	\$ 303,726	\$ 113,091	\$ 112,234	\$ (52,755)	\$ 173,293	\$ 273,040

The committed and assigned fund balances include approximately \$262.8 million in unexpended encumbrances. Encumbrances are utilized to determine commitments related to unperformed (executor) contracts for goods and services and to prevent the over-spending of an appropriation.

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Notes to Basic Financial Statements

14. Commitments and Contingencies

Primary Government

(a) Collective Bargaining Agreements

Currently, the Government has union contracts with thirteen (13) distinct labor organizations representing government employees in various bargaining units. Collectively, these bargaining units have approximately thirty-six (36) collective bargaining agreements in existence. Nine (9) bargaining units have not negotiated a collective bargaining agreement with the Government.

Employees in the various bargaining units are not under a single pay plan. Consequently, it is common to have employees performing the same classification of work in different departments and agencies. Of the approximately 6,500 government workers, approximately 4,300 are union members. U.S. Virgin Islands statutes governing bargaining with unions requires arbitration in the event an impasse is reached in negotiations. Under this process, each side chooses an arbitrator, and a third impartial arbitrator is selected by the chosen arbitrators. The arbitration panel investigates and reviews the issues in dispute and renders a final and binding decision.

Under Title 24, Section 374(h) of the V.I. Code, the PG may not make any payments of retroactive salaries until there is an appropriation of funds by the Legislature. As of September 30, 2022, contractual liability for retroactive union arbitration salary payments amounted to \$151.1 million, accruing from fiscal years 1993 through 2010, as established by the Virgin Islands Retroactive Wage Commission.

(b) Federal Assistance Programs

The Government receives financial assistance from the federal government in the form of loans, grants, and entitlements. Monetary and nonmonetary federal financial assistance to governmental funds amounted to approximately \$738.1 million and \$73.9 million, respectively, for the year ended September 30, 2022.

Receipt of grants and loss reimbursements is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for eligible purposes. Substantially all grants are subject to audit under U.S. Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Disallowances because of these audits may become liabilities of the Government.

The Government is also a recipient of disaster recovery funds due to the September 2017 hurricanes. Audits of disaster recovery funds may continue for decades, and federal reimbursements may be required to be repaid because of federal audits.

During the year ended September 30, 2022, the Government received unrestricted federal grants due to the COVID-19 pandemic in the amount of \$1.9 million. In accordance with federal guidelines, these grants are reported as an "other financing source" of COVID-19 pandemic relief assistance.

Management of the Government believes that the future outcome of any changes in federal financial assistance programs will not have a material adverse effect on the basic financial statements.

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(c) U.S. Department of Education Special Conditions

Since 2006, in accordance with special conditions imposed by the U.S. Department of Education (USED), the Government has contracted with a third-party fiduciary agent to ensure that the Government manages and administers USED grants in accordance with applicable federal and financial management requirements.

The special conditions also require the Government to submit quarterly reports on progress in improving all aspects of the fiscal management of federal education grants. The U.S. Virgin Islands has implemented a Self-Contained Model known as the Federal Grants Specialized Processing Unit to address the special conditions and as the approach for reassuming management of the grant funds.

(d) U.S. Department of Labor Designation

On February 3, 2017, the Virgin Islands Department of Labor was placed on high-risk grantee status by the U.S. Department of Labor. High-risk grantee status is an administrative designation used by federal agencies to indicate unsatisfactory performance in the management of federal grants. Management is currently working with the U.S. Department of Labor to implement corrective action.

(e) Legal Proceedings and Litigation Claims

The Government is a defendant in numerous legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Under Title 33, Section 3411(c) of the V.I. Code, no judgment shall be awarded against the Government that exceeds \$25,000 for tort claims filed under Government statutes. In cases involving several survivors, each award must be construed separately for the purpose of applying the limitation upon recovery imposed by the Tort Claims Act.

Under Title 27, Section 166(e) of the V.I. Code, the Government's waiver of immunity is expanded to \$250,000 for medical malpractice actions, including actions for wrongful death based on malpractice. Under certain circumstances, as provided in Title 33, Section 3414 of the V.I. Code, the Government may assume the payment of a judgment entered against an officer or employee who acted reasonably and within the scope of his employment. The Government may pay up to a maximum amount of \$100,000 for the settlement. With respect to pending and threatened litigation, the Government has accrued a provision for legal claims and judgments of approximately \$7.9 million for awarded and anticipated unfavorable judgments as of September 30, 2022.

Changes in the reported provision for legal claims during September 30, 2022 resulted from the following activity (expressed in thousands):

	Beginning Balance at October 1, 2021	New Claims	Claims Payments and Changes in Estimates	Ending Balance as of September 30, 2022
Provision for legal claims	\$ 12,538	\$ -	\$ (4,665)	\$ 7,873

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The breakdown of the provision for legal claims as of September 30, 2022, as reflected in governmental activities, is as follows (expressed in thousands):

Current portion	\$ 1,189
Long-term portion	6,684
	<u>\$ 7,873</u>

(f) 8.0% Salary Reduction

On August 21, 2021, the Legislature of the Virgin Islands enacted 8469, allowing the restoration of Government wages reduced by 8.0% during the years 2011-2013. Wage reductions were a cost-cutting measure due to the economic downturn following the 2008 recession. Repayments to restore the wage reductions began in November 2021 with a payout of \$52.5 million (including related taxes) to the affected workers. As of September 30, 2022, the balance of unpaid salary wage reductions scheduled to be paid in the following fiscal year amounted to \$1.6 million.

(g) Landfill Closure and Post-Closure Costs

Federal laws and regulations, including the Clean Air Act, 42 U.S.C. § 7401 et seq. (CAA), and regulations promulgated thereunder, including the federal standards set forth in 40 C.F.R. Part 62, Subpart GGG (Federal Plan), and the National Emission Standards for Hazardous Air Pollutants for Municipal Landfill Maximum Achievable Control Technology, set forth in 40 C.F.R. Part 63, Subpart AAAA (Landfill MACT), and the Solid Waste Disposal Act, 42 U.S.C. § 6901 et seq. (RCRA), and regulations promulgated thereunder, including federal municipal solid waste landfill operating, closure, and post-closure criteria set forth in 40 C.F.R. Part 258, and three EPA administrative orders issued pursuant to RCRA § 7003(a), 42 U.S.C. § 6973(a), and Territorial laws and regulations, including V.I. Code Title 19, Chapter 56 (Solid and Hazardous Waste Management), Title 12, Chapter 9 (Air Pollution Control), and Title 12, Chapter 21 (Virgin Islands Coastal Zone Management), and regulations promulgated thereunder, require the Government to construct and operate certain environmental control systems and otherwise comply with certain requirements during operation of each of its landfill sites, properly close the site (including placement of a final landfill cover) when the landfill (or portion thereof) stops accepting waste, and perform certain post-closure maintenance and monitoring functions at the site for 30 years following closure. Compliance costs during the operational phase will be paid prior to closure.

Although closure and post-closure costs will be paid only near or after the date that the landfill stops accepting waste, the Government reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each statement of net position date. The \$129.5 million reported as landfill compliance, closure, and post-closure care liability as of September 30, 2022 represents the cumulative amount reported to date based on the use of the estimated capacity of each landfill. The Government will recognize the remaining estimated cost of closure and post-closure care as the remaining estimated capacities are filled. These amounts are based on what it would cost to perform all closure and post-closure care as of September 30, 2022.

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The estimated used capacity and expected closure of each of the Government landfills is as follows:

Landfill	Estimated Used capacity	Estimated Closure date
Bovoni	98.5%	2025
Anguilla	96.5%	2025
Susannaberg	100%	Closed

The actual cost to perform closure and post-closure may be higher due to inflation, changes in technology, or changes in regulations. The Government is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post-closure care.

The Government began making annual contributions to a trust in fiscal year 2007 to finance closure and post-closure costs. The Government expects that future inflation costs will be paid from interest earnings on these annual contributions and other financing measures.

However, if interest earnings and financing measures should prove to be inadequate, or additional post-closure care requirements are determined due to changes in technology or applicable laws or regulations, these costs may need to be recovered through charges to future landfill users.

(h) Wastewater Treatment Plant Consent Decree

Since 1985, the Government has been subject to a consent decree issued by the Virgin Islands District Court, governing the operation of its wastewater treatment plants. The consent decree was amended in 1996 and further modified with the 2002 Stipulation to the Amended Consent Decree (the Stipulation) to establish deadlines for the construction of new secondary treatment facilities, including the replacement of the existing St. Croix and Airport Lagoon (Charlotte Amalie) wastewater treatment plants. The Stipulation required that the new St. Croix wastewater treatment plants be completed by the end of 2006 and the new Charlotte Amalie wastewater treatment plants be completed by the end of 2007. The cost of both facilities was estimated at approximately \$50.0 million. In January 2004, the Government's Legislature authorized the creation of the VIWMA for the purpose of meeting environmental requirements of wastewater treatment in the U.S. Virgin Islands. On December 2004, PFA issued revenue bonds amounting to \$94.0 million for the purpose of constructing and rehabilitating wastewater treatment plants. The treatment facilities were completed in July 2007 and January 2008 at a cost of approximately \$27.0 million and \$29.0 million for the St. Croix and the St. Thomas treatment facilities, respectfully.

The Stipulation also establishes certain interim penalties for violation of any of the deadlines or performance standards set forth therein. As of the date of the basic financial statements, the Government is current on all its outstanding obligations pursuant to the stipulation.

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(i) Memorandum of Understanding - EPA

On August 21, 2002, the Government and the United States Environmental Protection Agency (EPA) entered into an MOU documenting the EPA's agreement to support the renewal of the Territorial Pollutant Discharge Elimination System (TPDES) permit for its St. Croix distillery operations provided that the Government make certain funding available to (i) conduct treatability studies regarding the Virgin Islands Rum Industries, Ltd. (Cruzan Rum) effluent and the means to mitigate its potential environmental effects in the vicinity of the discharge; (ii) identify practicable, available, reliable, and cost-effective potential mitigation measures; and (iii) implement (or assist in the implementation of) such mitigation measures in the event such measures are determined by the Virgin Islands Department of Planning and Natural Resources after consultation with EPA to be necessary and appropriate.

Pursuant to the MOU, the Government's obligation to fund such activities is limited to \$6.0 million in the aggregate, commencing on October 13, 2003. Subsequently, the Government entered into a three-year contract with a locally licensed environmental consulting firm to facilitate its commitments under the MOU with the EPA.

At the conclusion of the MOU treatability study period, the PG agreed to reissue the TPDES permit to Cruzan Rum in 2008 with the requirement that the rum distillery design and construct a treatment facility for the rum distillery effluent within three years. PFA issued the Series 2009 Cruzan Bonds to fund the treatment facility, which is currently operating under a 2013 TPDES permit.

(j) Workers' Compensation Liability

The Government is exposed to the risk of loss related to workers' compensation claims. The Government is self-insured for this risk. Self-insured risk liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend upon such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the worker's compensation liability amount in fiscal year 2022, as recorded in the Government Insurance Fund, are as follows (expressed in thousands):

September 30,	2022
Claims payable, beginning of year	\$ 53,189
Incurring claims and changes in estimates	2,913
Payments for claims and adjustments expenses	(9,715)
Claims payable, end of year	\$ 46,387

(k) Bond Credit Ratings

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.

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In February 2022, Moody's Investor Services updated its review of the Government's bonds, with a continued rating of "Caa3."

In April 2022, KBRA assigned a long-term rating of BBB for the Matching Fund Securitization Bonds Series 2022A and Matching Fund Securitization Bonds Taxable Series 2022B issued in April 2022.

In August 2022, Moody's Investor Services upgraded the rating for the Series 2001 Term Bonds from A1 to Aa3.

In March 2023, Moody's Investor Services withdrew the Government of the U.S. Virgin Islands issuer rating. Moody's withdrew the rating as debt obligations for which it served as a reference rating no longer had outstanding ratings. Moody's had served as a reference rating for VIWAPA. The ratings of VIWAPA were withdrawn on March 1, 2023 because of insufficient information to support the maintenance of bond ratings.

(I) Operating Agreement - Limetree Bay Terminals, LLC

In January 2012, Hess Oil Virgin Islands Corporation (Hess Oil) announced that it would close its oil refinery on the island of St. Croix and the facility would serve as a storage terminal. The company amended tax returns for the three years before the closing, and a legal dispute arose with the Government over amounts due to, or from, the company in connection with the amended returns and other requirements of Hess Oil's agreement with the Government.

On December 1, 2015, the Government settled its dispute with Hess Oil. The company agreed to transfer to the Government 330 acres of land near the oil terminal (estimated value \$21.0 million), 130 housing units at the oil terminal (estimated value \$27.0 million), and a vocational school and a community center (both estimated at a value of \$1.0 million) for a payment in lieu of taxes (PILOT) valued at \$50.0 million.

On December 1, 2015, the Government entered into an operating agreement with the new operator of the oil terminal, Limetree Bay Terminals, LLC (Limetree). Limetree agreed to investigate refurbishing and reopening the terminal, with an investment of \$125.0 million. In December 2015, Limetree paid \$220.0 million as a payment in lieu of taxes, paid \$9.0 million as a reimbursement for contingent claims, and agreed to invest \$6.0 million in the construction of a bitumen tank at the facility. During the fiscal year ended September 30, 2022, Limetree made a payment of \$6.0 million to the Government in lieu of constructing the bitumen tank.

As part of the operating agreement, Limetree receives exemption from property taxes, income taxes, and local taxes. Limetree is subject to quarterly concession payments in lieu of taxes (PILOT) of 10.0% of terminal revenues. During the fiscal year ended September 30, 2022, Limetree paid \$15.1 million in PILOT.

Should the oil refinery reopen, Limetree will be required to pay concession fees of 17.5% of refinery income to the Government on a quarterly basis. If there is a change in the control of Limetree, the Government is to receive 10.0% of the transaction value of the exchange, not to be less than \$25.5 million.

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In December 2018, Limetree obtained \$1.3 billion in financing to reopen the oil refinery operation. Upon closing, the Government received \$40.0 million in short-term financing and \$30.0 million in payment for the 130 housing units, vocational school, and community center at the oil refinery.

In February 2021, the oil refinery reopened and experienced several flaring events. Flaring events are caused by machinery operating under high pressure and the release of oil droplets into the atmosphere. In April 2021, the Environmental Protection Agency (EPA) issued a Notice of Violation and in May 2021 ordered a 90-day plant closing. In June 2021, Limetree announced the indefinite closing of its oil refining facility and the layoff of 271 plant employees. In July 2021, Limetree subsequently declared bankruptcy, and was sold at auction in December 2021 for \$62.0 million.

In October 2022, EPA regulators raised concern about hazardous substances stored at the facility, and on December 5, 2022, ordered the removal of thousands of pounds of chemicals from the facility. In July 2023, the Third Circuit Court of Appeals issued a ruling that EPA had exceeded its authority under Clean Air Act in its permitting processing and the oil refinery may reopen without the special permitting process.

The plant closing and subsequent bankruptcy are not expected to impact the operations of Limetree Bay Terminals, LLC, the terminal storage facility.

(m) Professional Services for Recovery Efforts

In November 2017, on behalf of the Government, PFA 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 containing provisions required by federal regulations for the Community Development Block Grants - Disaster Relief Program.

In December 2018, a third amendment was added 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, PFA 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.

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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 these contracts was \$67.2 million.

On May 4, 2018, PFA entered into a MOU with VIWAPA and VIHFA, autonomous instrumentalities of the Government for disaster recovery consulting. The MOUs terminate at the expiration of the contract between PFA and the disaster recovery consultants. Invoices from the disaster recovery consultants are received by PFA, provided to VIWAPA and VIHFA for approval, and remitted back to PFA for submittal to federal grantors and payment.

(n) Molasses Subsidy Fund

The Government maintains a program, established pursuant to law, in which it provides a subsidy to stabilize the cost of molasses to the Virgin Islands rum producers to ensure the competitive pricing of rum produced in the Virgin Islands. The effect of the molasses payments is to maintain the competitive position of the Virgin Islands rum producers relative to the rum producers in other countries in which local molasses supplies are readily available.

The molasses subsidy is administered by the Commissioner of Finance through the establishment of a legislatively mandated Molasses Subsidy Fund. In the event of a deficiency in the Molasses Subsidy Fund, the Commissioner of Finance could seek legislative appropriation of additional funds, as required, from the Legislature of the Virgin Islands. The Legislature, however, is not obligated to appropriate such amounts.

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

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Pension Trust Fund

(a) Pension Reform

In 2011, in response to an audit report issued by the Office of the Inspector General, the PG formed a Pension Reform Joint Task Force (the Task Force) to address the declining fiscal condition of GERS. The Task Force submitted recommendations to the Legislature to: (i) increase government and employee contributions towards pension benefits; (ii) raise contribution rates for senators and judges; (iii) reduce retiree current benefits by 10 percent; (iv) increase the early retirement age from fifty (50) to fifty-five (55) and the regular retirement age from sixty (60) to sixty-five (65); (v) limit the cost-of-living increase; and (vi) change the formula used to calculate benefits.

On February 5, 2015, GERS increased employee contribution rates by 1.0% to be implemented over a three-year period, with employer rates increasing from 17.5% to 20.5%. On January 1, 2020, GERS again increased employer contributions to the pension plan by 3.0%, from 20.5% to 23.5%.

In March 2016, the Office of the Virgin Islands Inspector General issued a report on the alternative investment program administered by GERS. The report concluded that the non-traditional investments of the retirement system were subject to higher risks than other GERS assets.

In March 2022, the MFSPSC was created as a separate, independent instrumentality of the PG. One purpose of MFSPSC is to free up funds of the PG through the issuance of Securitization Bonds to provide financial stability and liquidity to GERS. In April 2022, a payment was made to GERS in the amount of \$89.2 million as part of the Securitization Bonds issuance. In October 2022, the first full payment to GERS of \$158.0 million was made in accordance with a Funding Note entered into between PFA and the primary Government as part of the GERS Solvency Plan of Act 8540. In September 2023, a partial payment of \$124.0 million was made on the Funding Note.

The GERS actuarial valuation and review as of September 30, 2021, issued in April 2023, projects GERS will temporarily run out of assets by March 2025 absent Funding Note payments. However, if Funding Note payments are received as scheduled, and GERS earns a 4.0% return on investment during future years, the retirement system is projected to remain solvent through 2038.

Component Units

(a) Virgin Islands Waste Management Authority

On October 26, 2016, the VIWMA entered a MOU, 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 VIWMA through a separately established escrow account in the amount of \$3.1 million, 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 \$418,000.

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(b) Virgin Islands Water and Power Authority - Electric System *(unaudited)*

In connection with certain FEMA overpayments related to the 1989 Hurricane Hugo, the Electric System recorded a liability of \$4.1 million. Currently FEMA and its subrecipient, the PG, do not have a mechanism for recovering overpayment of disaster-related funds. FEMA has not made a request for repayment of the funds and in the Electric System's management's opinion, the matter will not have a material effect on the Electric System's changes in financial position or cash flows.

In the aftermath of Hurricanes Irma and Maria in September 2017, catastrophic damage to the Electric System rendered 90.0% of the system destroyed. The Electric System had purchased commercial insurance to cover the risk of loss from destruction of assets. The commercial insurance carried a \$5.0 million deductible per event. The transmission and distribution system which sustained the most damage is not covered under this policy.

Initially, the Electric System did not file a claim as the estimated damage to insurable assets was less than the \$5.0 million deductible. However, in September 6, 2019, the Electric System filed suit against the insurers for damages related to the storms, including compensatory and punitive damages. As of the date of the basic financial statements, the resolution of the suit remains pending.

In 2012, the Electric System leased a temporary 22-megawatt mobile power plant for \$14.6 million for eighteen (18) months through October 2013. The lease has since been reevaluated and extended for short-term periods (between 2 to 12 months) with the final extension through December 31, 2022. Also, in May 2019, another temporary unit was leased from a different vendor for an initial period of 104 weeks and, starting in June 2020, an additional unit was leased for a period of two (2) years. Total lease payments for the fiscal year ended June 30, 2021 was \$12.9 million.

VIWAPA has signed purchase power agreements with several companies to integrate a combined 18-megawatt of solar electricity into the Electric System's electrical grid system. The agreements expire between 2022 and 2027. VIWAPA will not own the solar assets but will be able to purchase solar generated electricity at contracted rates.

In April 2020, the Electric System amended its Memorandum of Agreement (MOA) with viNGN, another instrumentality of the PG. As part of the original agreement, exclusive use of certain underground fiber and infrastructure owned by the Electric System was provided for use by viNGN. Following Hurricanes Irma and Maria, the Electric System obtained federal funding for the hardening of its infrastructure.

The MOA was amended to provide viNGN a continuous and exclusive right to use of future telecommunications fiber and spare underground or subsea conduit owned by Electric System.

(c) Virgin Islands Water and Power Authority - Water System *(unaudited)*

In 2011, the Water System of VIWAPA entered into two agreements with Seven Seas Corporation to build, operate and maintain two reverse osmosis facilities, one on St. Croix and one on St. Thomas, and sell the water from the facilities to VIWAPA. The agreements both have twenty- (20) year terms expiring through 2032.

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(d) Virgin Islands Port Authority (*unaudited*)

The Federal Aviation Administration (FAA) conducted an onsite wildlife evaluation of the landfill, nearby airport, and surrounding area of the Anguilla Landfill of St. Croix. Flocks of birds nesting at the landfill had created environmental and navigational concerns at the Henry E. Rohlsen airport. The FAA threatened to force VIPA to repay federal grants amounting to \$9.3 million if remediation steps were not taken. The landfill is under the jurisdiction of the VIWMA. VIPA and VIWMA proposed a compliance and mitigation plan in 2013 which was accepted by FAA and VIPA is eligible for FAA grants.

(e) Other

Various discretely presented component units are presently defendants or codefendants in various lawsuits. The financial managers of the component units have advised the PG that any adverse outcome involving a material claim is expected to be substantially covered by insurance. Government property is exempt from lien, levy, or sale due to court judgments under the V.I. Code.

15. Retirement Systems

Primary Government

Following is a description of the pension plan and accounting for pension expense, liabilities, and deferred outflows/inflows of resources. As required, the Government 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 Government are members of 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 Government except employees compensated on a contract-fee basis, or 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 1: Employees hired prior to September 30, 2005

Tier 2: Employees hired on or after October 1, 2005

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Regular Tier 1 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 2, 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.

Members of the Legislature and Judges may receive a retirement annuity when they have attained age fifty (50) and upon completion of six (6) years of credited service as a member of the legislature or at any age with at least twenty (20) years of service. Judges are eligible for full retirement benefits when they have attained age fifty (50) and have completed six (6) 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. For members of the legislature and judges, the average compensation varies based on the year of service.

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 PG. 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, Virgin Islands 00802.

(b) Funding and Contribution Policy

Contributions to GERS are established by the Board of Trustees of GERS. The Government’s required contribution for Tier 1 and Tier 2 members effective January 1, 2015, was 20.5% of the member’s annual salary. On January 1, 2020, the Government’s required contribution Tier 1 and Tier 2 members was increased to 23.5%.

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Employee contribution rates (as a percentage of payroll) were as follows during fiscal year 2022:

	<u>Tier 1</u>	<u>Tier 2</u>
Regular Employees	11.0%	11.5%
Public Safety Employees	13.0%	13.625%
Members of the Legislature	12.0%	14.0%
Judges	15.0%	15.0%

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

The defined benefit pension plan administered by GERS, and the PG have a fiscal year that ends on September 30th. The following time frames are used to measure and report the PG's pension liability:

Valuation Date:	October 1, 2021
Measurement Date:	September 30, 2021
Measurement Period:	October 1, 2020 - September 30, 2021

The PG is considered an employer of the plan with a proportionate share of 77.25% as of September 30, 2021, a decrease of 1.13% from its proportionate share measured as of September 30, 2020. The PG'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 PG's proportionate share of employer contributions recognized by GERS was \$164.0 million 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 actuarially calculated net pension liability of the PG was \$4.1 billion. The net pension liability is measured as of September 30, 2021, and the total pension liability is actuarially computed as of October 1, 2021.

For the year ended September 30, 2022, the Government recognized \$97.2 million in pension expense, inclusive of amortization of deferred outflows of pension related items.

Following is a schedule of deferred outflows and deferred inflows allocated to the Government in the computation of the net pension liability for the year ended September 30, 2022 (expressed in thousands):

<u>Governmental Activities</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ 24,632	\$ 246,445
Net difference between projected and actual investment earnings on pension plan investments	-	3,129
Changes in assumptions	645,164	322,346
Changes in proportion and differences between contributions and proportional share of contributions	58,943	77,621
Contributions made after measurement date	163,960	-
Total	\$ 892,699	\$ 649,541

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Amounts reported as deferred outflows and inflows, exclusive of contributions made after the measurement date, will be recognized in pension expense as follows (expressed in thousands):

Year Ending September 30,

2023	\$ 77,264
2024	31,824
2025	60,748
2026	(19,200)
2027	(19,262)
Thereafter	(52,176)
Total	\$ 79,198

(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 Increases	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 rate of return of 4.00% for the year ended September 30, 2021, on pension plan investments was determined using the building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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Best estimates of arithmetic 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%
Fixed income	60%	.89%
Real Estate	10%	4.14%
Cash	12%	0.29%
Private Equities (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 to current plan members.

Therefore, the plan's long-term expected rate of return on pension plan investments of 4.0% was applied to all periods of projected benefit payments that are covered by projected assets. For periods where projected future benefit payments are not covered by projected assets, the yield on a twenty (20) year AA Municipal Bond Index was applied, which was 2.26% as of September 30, 2021.

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

Following is a schedule of net pension liability for the Government calculated using the discount rate of 2.52%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the year ended September 30, 2021, (expressed in thousands):

	1.0% Decrease - Share of NPL @ 1.52%	Current Discount - Share of NPL @2.52%	1.0% Increase - Share of NPL @3.52%
Net pension liability	\$ 4,702,669	\$ 4,091,016	\$ 3,586,360

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(h) Early Retirement Incentive Program

In August 1994, legislation providing an early retirement incentive was passed. The legislation was subsequently amended on October 13, 1994, December 30, 1994, and December 5, 1995. Among other matters, the legislation allows a member of GERS who has a combined aggregate number of years of credited service plus number of years of age, equal to at least seventy-five (75) years as of the date of the legislation, to retire without reduction of annuity. Members who have attained the age of fifty (50) with at least ten (10) but less than thirty (30) years of credited service may add an additional three (3) years to their age for this computation. Members with thirty (30) years of service or who can retire without penalty under the V.I. Code shall have their average compensation increased by 4 percentage points.

For each employee electing to retire pursuant to Section 8(a) of the Early Retirement Act of 1994 (the Act), the Government contributes to GERS, on a quarterly basis, an amount equal to the employer and employee contributions that would have been made until the employee reached the age of 62 had the employee not elected to retire under this provision.

For employees electing to retire under Section 8(b) of the Act, the Government contributes to GERS a sum equal to the additional contribution the employer and employee would have made had the employee received a salary 4.0% higher during the three years used to compute the employee's average compensation figure, plus a sum of \$5,000.

Based on this calculation, the amount due to GERS was \$26.9 million and has been remitted to GERS. The actuaries of GERS have determined that the specific funding provided under the Act is inadequate to cover the costs of the program. GERS is seeking to recover any unfunded costs of the program under a newly enacted provision of the retirement law, which provides that the Government will compensate GERS for the costs of any special early retirement program.

(i) Additional Information Regarding the Pension Plan

To obtain additional information regarding the pension plan, requests for information may be submitted to GERS at www.usvigiers.com. Actuarial reports of GERS are available at <http://www.usvigiers.com/Benefits/ActuarialReport.aspx>. Detailed information about the pension plan's fiduciary net position is available in the separately issued GERS audited financial statements available at [www.usvigiers.com/Reports/Audited FinancialReports.aspx](http://www.usvigiers.com/Reports/AuditedFinancialReports.aspx).

WICO Employee Retirement Plan

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 3.0% of their gross compensation but may also contribute up to 7.0%. WICO matches 3.0% 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. No assets are accumulated in a trust that meets the criteria of paragraph 4 in GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. WICO does not offer other post-retirement benefits to its employees.

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viNGN Employee Retirement Plan

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 2.0% of the eligible employee's compensation. viNGN contributed approximately \$35,000 in matching employer contributions for the year ended September 30, 2022. viNGN does not offer other post-retirement benefits to its employees.

University TIAA-CREF Defined-Contribution Plan (unaudited)

The University has two retirement plans in which all eligible employees are required to participate, the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) and GERS. The TIAA-CREF is a defined-contribution pension plan covering participating, full-time faculty members and other exempt employees, under which the contributions, including employees' contributions, are used to purchase annuities. There are no unfunded past service costs, and vested benefits are equal to the annuities purchased under TIAA-CREF. The University's Board of Trustees administers, establishes, and amends benefit provisions of TIAA-CREF. The University is required to contribute 14.5% of the annual covered payroll.

16. Other Postemployment Benefits

Primary Government

In addition to the pension benefits described above, the Government provides other postemployment benefits (OPEB) of healthcare, prescription, dental and life insurance coverage. These benefits are provided in accordance with Title 3, Chapter 25, Subchapter VIII of the V.I. Code as part of a multiple employer defined benefit OPEB plan, in which most component units of the PG participate and contribute. All employees who retire from government service after attaining age fifty-five (55) with at least thirty (30) years of service, except for policemen and firemen who can retire with at least twenty (20) years of service, are eligible for these benefits.

As required, the PG follows the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

(a) Plan Description and Benefits

The Health Insurance Board of Trustees of the PG (the Board) administers the defined benefit health and life insurance plan for eligible active and retired employees of the PG, the component units of the Government, and certain nonpublic corporations that receive allotments from the PG. The Board determines the eligibility criteria of the plan and recommends insurance contracts to the Legislature of the Virgin Islands. The Group Health Insurance Office of the Department of Personnel maintains the accounting and personnel records for the health and life insurance plan. Eligible retired employees visit the Group Health Insurance Office within 30 days following retirement and complete a new insurance enrollment form. An eligible retiree is one that retires through GERS or who is placed on disability and is eligible for retirement benefits.

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The Government's OPEB plan is a multiple employer defined benefit plan created in accordance with Title 3, Ch. 25, Subchapter VIII of the Virgin Islands Code. The plan is a pay as-you-go, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, and expenses are paid as they come due. There are five participating employers in the plan: the primary Government, UVI, VIPA, East End Medical Center and Frederiksted Health Care, Inc.

The primary Government has a special funding arrangement with the following component units: Virgin Islands Lottery, MBA, VIEDA, VIWMA, VIHFA, Juan Luis Hospital and Medical Center, Roy L. Schneider Medical Center, PFA and the VIPBS. Under the special funding arrangement, the primary Government pays 100.0% of the employer costs. Retirees participate in the same health benefit programs as active employees until reaching Medicare eligibility. After attaining Medicare eligibility, retirees participate in a Medicare Advantage prescription drug plan and an AARP Supplemental Plan. Four types of health plans were offered to eligible participants during the fiscal year:

- Group health and life insurance coverage through the Cigna Health and Life Insurance Company
- Group life and accidental death and dismemberment through ALIC Life Insurance Company
- Medicare Advantage and AARP Medicare Supplement through United Healthcare Insurance
- Vision care through Standard Insurance Company

(b) Contributions

Contribution percentages are enacted by the Legislature of the Virgin Islands based on recommendations of the Board. Changes in percentages are implemented by the Department of Personnel. Active and retired employees are responsible for 35.0% of the cost of group insurance costs.

The employee share is withheld from salaries or pension benefits. Retirees receive a noncontributory life insurance benefit of \$5,000 and may elect to increase this coverage to \$75,000 at their own expense.

(c) Employees Covered by the Plan

As of September 30, 2022, the following employees were covered by the Government's postemployment benefits plan:

Valuation Date of October 1, 2019	Primary Government	Component Units	Total
Active employees	7,945	\$ 750	\$ 8,695
Retired employees	7,755	147	7,902
Deferred vested retirees	102	6	108
Disability retirees	301	9	310
Total	16,103	\$ 912	\$ 17,015
Primary Government	14,632		
Component units included in primary Government's OPEB expense under special funding arrangement	1,471		
Total	16,103		

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(d) OPEB Liability

The PG's proportionate share of the total liability was 95.006% as of October 1, 2021, which was a decrease of 0.11% from its proportionate share measured as of October 1, 2020. The PG's percentage was determined based on its respective census information provided to the actuary. The PG's total OPEB liability amounted to \$976.6 million, which includes the PG's share of the component unit liabilities under the special funding arrangement of \$81.9 million.

Following is the total OPEB liability at September 30, 2022 (expressed in thousands):

	September 30, 2022
Primary Government	\$ 976,613
Component units	48,953
Total OPEB Liability	\$ 1,025,566

(e) Actuarial Assumptions

The postemployment benefit plan is an unfunded plan. The total OPEB liability reported as of September 30, 2022 was determined by an actuarial valuation as of October 1, 2019 rolled forward to the measurement date of September 30, 2022. The roll-forward process incorporates various actuarial assumptions and methodologies to ensure the liability reflect the most current information available. Actuarial assumptions used in the computation of the September 30, 2022 total OPEB liability are as follows:

Valuation date:	October 1, 2019
Measurement date:	October 1, 2021
Report date:	September 30, 2022
Actuarial cost method:	Entry Age Normal Cost Method
Amortization method:	Recognition Period of 6 Years
Salary increases:	Payroll Growth of 3.25% per year
Discount rate:	Beginning of Year Rate of 2.14% End of Year Rate of 2.43% S&P Municipal Bond 20-Year High Grade Rate Index as of September 30, 2021
Healthcare cost trend rates:	Pre-Medicare Increases of 5.00% in 2022 to 4.50% in 2023 Medicare Increases of 4.50% in 2022 to 4.50% in 2023 Dental Increases of 4.50% in 2022 to 4.50% in 2023
Inflation:	2.25% Implicit Rate in Healthcare Trend Analysis

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Retirees share of costs:	35% of Medical and Dental Premiums and Noncontributory Life Insurance Coverage. Retirees of UVI 403(b) plan pay 100% coverage
Mortality:	RP-2014 Blue Collar Mortality Generational Table Adjusted 110% with Scale MP-2015 for Healthy Lives. For Disability Retirees, RP-2014 Disabled Mortality Generational Table Adjusted 125% with Scale MP-2015
Marital status:	Assumed 50% of Future Male Retirees and 25% of Future Female Retirees Cover Spouses in Retirement Husbands Assumed to be 3 Years Older Than Spouse Subsidized Coverage of Spouses and Dependents Ceases Upon Death
Actuarial Experience Study	The actuarial assumptions used in the October 1, 2019, valuation were based on the results of an actuarial data experience study for the period October 1, 2011 - September 30, 2015

(f) Changes in Assumptions

The discount rate changed from 2.14% in the prior valuation to 2.43% as of September 30, 2021.

(g) Changes in Total OPEB Liability

Following are the components of change in the proportionate OPEB liability for the year ended September 30, 2022 (expressed in thousands):

	Primary Government	Component Units	Total
Beginning balances	\$ 992,301	\$ 48,554	\$ 1,040,855
Changes for the year:			
Service cost	39,683	2,621	42,304
Interest	21,723	1,085	22,808
Changes in assumptions or other input	(43,099)	(2,331)	(45,430)
Expected benefit payments	(33,995)	(976)	(34,971)
Net changes	(15,688)	399	(15,289)
Ending balances	\$ 976,613	\$ 48,953	\$ 1,025,566
Primary Government	\$ 894,658		
Component Units Included in Primary Government's OPEB liability under special funding arrangement	81,955		
Total OPEB Liability as of September 30, 2022	\$ 976,613		

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(h) OPEB Expense

For the fiscal year ended September 30, 2022, the OPEB expense of the PG amounted to \$69.0 million as follows (expressed in thousands):

	Primary Government	Component Units	Total
Service cost	\$ 39,683	\$ 2,621	\$ 42,304
Interest on the total OPEB liability and net cash flow	21,723	1,085	22,808
Current-period effect in change in assumptions	7,633	529	8,162
Total OPEB Expense	\$ 69,039	\$ 4,235	\$ 73,274
Primary Government	\$ 60,193		
Component Units Included in Primary Government's OPEB expense under special funding arrangement	8,846		
Total OPEB Expense	\$ 69,039		

(i) OPEB Deferred Inflow of Resources

As of September 30, 2022, the PG reported deferred inflows of resources related to OPEB (expressed in thousands) as follows:

	Primary Government	Component Units	Total
Changes in assumptions, expected results or other inputs	\$ 75,883	\$ 3,655	\$ 79,538
Primary Government	\$ 67,449		
Component Units Included in Primary Government's deferred inflows of resources under special funding arrangement	8,434		
Total	\$ 75,883		

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (expressed in thousands):

Fiscal Year Ended September 30	Primary Government	Component Units	Total
2023	\$ 25,105	\$ 1,186	\$ 26,291
2024	20,187	949	21,136
2025	13,846	640	14,486
2026	8,125	414	8,539
2027	6,896	373	7,269
2028 and after	1,724	93	1,817
Total OPEB Deferred Inflows	\$ 75,883	\$ 3,655	\$ 79,538

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(j) OPEB Deferred Outflow of Resources

As of September 30, 2022, the PG reported deferred outflows of resources related to OPEB (expressed in thousands) as follows:

	Primary Government	Component Units	Total
Changes in assumptions, expected results or other inputs	\$ 135,852	\$ 7,129	\$ 142,981
Primary Government	\$ 121,875		
Component Units Included in Primary Government's deferred inflows of resources under special funding arrangement	13,977		
Total	\$ 135,852		

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows (expressed in thousands):

Fiscal Year Ending September 30	Primary Government	Component Units	Total
2023	\$ 32,738	\$ 1,715	\$ 34,453
2024	32,738	1,715	34,453
2025	32,738	1,714	34,452
2026	30,275	1,596	31,871
2027	7,363	389	7,752
2028 and after	-	-	-
Total OPEB Deferred Outflows	\$ 135,852	\$ 7,129	\$ 142,981

(k) Sensitivity of OPEB Liability to Changes in the Discount Rate

The following sensitivity analysis shows the impact to the total OPEB liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate (expressed in thousands):

	1.0% Decrease - Discount Rate 1.43%	Current Discount Rate 2.43%	1.0% Increase - Discount Rate 3.43%
Primary Government	\$ 1,138,239	\$ 976,613	\$ 847,615
Component Units	57,708	48,953	41,997
Total OPEB Liability	\$ 1,195,947	\$ 1,025,566	\$ 889,612

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(l) Sensitivity of OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following sensitivity analysis shows the impact of the total OPEB liability if the healthcare cost trend rates were 1.0% higher or 1.0% lower than the current healthcare cost trend rate:

	1.0% Decrease - Health Cost Trend Rate 4.0%	Current Health Cost Trend Rate 5.0%	1.0% Increase - Health Cost Trend rate 6.0%
Primary Government Component Units	\$ 821,222 40,364	\$ 976,613 48,953	\$ 1,179,503 60,283
Total OPEB Liability	\$ 861,586	\$ 1,025,566	\$ 1,239,786

Component Units

VIWAPA OPEB Plan (unaudited)

VIWAPA offers a medical, dental, and vision benefit plan, and reported a net OPEB liability of \$58.0 million, deferred outflows of resources of \$0.5 million, and deferred inflows of resources of \$9.6 million as of June 30, 2022.

VIHA OPEB Plan

VIHA offers certain healthcare benefits including healthcare and prescription drug, dental, vision and life insurance to qualified retired employees and their dependents. VIHFA reported a net OPEB obligation of \$36.4 million as of December 31, 2021.

17. Going Concern/Liquidity and Management's Plan

Primary Government

As of September 30, 2022, the Government reported a net deficit of \$5.4 billion in governmental activities. This deficit primarily reflects the recognition of significant pension and other post-employment benefit liabilities under revised accounting standards. Recurring operating losses and the accumulation of long-term obligations have further contributed to the Government's weakened financial position.

Following is a summary of the Government's unrestricted net deficit for governmental activities for fiscal years 2020 through 2022:

Fiscal Year	Governmental Unrestricted Net Deficit	(Increase)/ Decrease
2020	\$ (5,889,273)	\$ (137,642)
2021	(6,090,454)	(201,181)
2022	(6,570,200)	(479,746)

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As of September 30, 2022, the Government reported a fund deficit in the general fund of \$376.6 million. This fund deficit represents an increase of \$267.2 million from the preceding fiscal year.

Fiscal Year	Committed	Assigned	Unassigned	Total
2020	\$ 31,374	\$ 1,425	\$ (11,032)	\$ 21,767
2021	34,669	1,442	(145,507)	(109,396)
2022	42,325	452	(419,326)	(376,549)

Non-major Funds Deficit

Primary Government

The following non-major funds have a net fund deficit as of September 30, 2022 (expressed in thousands):

Governmental Funds

Rural Library Extension	\$ 572	Water & Electric System Projects	\$ 1,698
Employment Security Administration	2,143	Sewer System Fund	175
Federally Aided Education Program	9,599	District Potable Water Fund	4,962
Air & Water Pollution Control	7,046	Paternity and Child Support	11,415
Virgin Islands Planning Board Projects	3,000	District Street Light Fund	53,247
Highway Safety	4,600	Virgin Islands Law Enforcement	3,701
Virgin Islands Energy Office	3,655	Forensic Science	74
Virgin Islands National Guard Federal and State Agreement	2,760	Vocational Rehabilitation	1,848
Food Stamp Welfare	2,434	Hurricane Hugo Insurance Claims	3,908
Federal Programs/Department Conservation	3,729	Virgin Islands Army National Guard	2,266
Federal Aided Community Action Agency	187	Emergency Drought Relief	135
Commission on Aging	50	Outdoor Recreation Program	32
Elementary/Secondary Education	19	Section 12 Bond Proceeds	24,547
Job Training Partnership Act Of 1983-1984	8,614	Road Fund	6,330
Civil Defense Protection	849	Major Repair and Improvement	58
Health Information Council Assistance	18	Technical Assistance	8
Drug Education Training Program	123	Juvenile Detention Center Fund	14
Federal Health Program Not on Federal Letter of Credit System	489	Non-Lapsing	2,205
Taxi Revolving Fund	35	Natural Resource Reclamation	584
		Boating Safety Program	27
		Fishery and Wildlife Projects	6
		The Motorcycle Safety Ed. Prog.	
Net fund deficit			\$ 167,162

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Proprietary Funds

Frederiksted Small Business Fund	\$ 164
Altona Community Development Fund	3
Housing Construction Revolving	7,653
Emergency Housing Fund	82
Virgin Islands ID Registration Fund	19
Virgin Islands Elections Fund	180
Consumer Protection Fund	200
Virgin Islands Housing Finance Authority	2,898
Business & Commercial Property Revenue Fund	220
Homestead and Home Revolving Fund	344
Net fund deficit	\$ 11,763

These financial statements have been prepared under the assumption that the Government will continue to operate as a going concern. However, the matters noted above raise significant doubt about its ability to do so. Management's plans to address these concerns are detailed below.

Management has been working to stabilize and solidify its financial position through the implementation of an aggressive multi-pronged plan which includes facets such as legislative acts addressing revenue initiatives and cost-cutting measures and securing adequate funding for pension obligations. The Government is also a recipient of significant federal assistance in connection with the 2017 hurricanes and the global coronavirus pandemic.

Business-Type Activities

WICO

WICO is a component unit of PFA. WICO is in a negative working capital position as of September 30, 2022, mainly due to legislation requiring WICO to remit \$700,000 annually to the primary Government as a payment in lieu of taxes (PILOT). As of September 30, 2022, WICO owed the primary Government \$9.9 million in PILOT payments.

Also, WICO's revenues were negatively impacted due to "No Sail Orders" issued by the Centers of Disease Control (CDC) in March 2020 that continued through September 2021.

viNGN

viNGN is also a component unit of PFA. The start-up of viNGN was funded by a loan advance from PFA amounting to \$36.8 million. As of September 30, 2022, no repayments of the loan advance have been made by viNGN.

Component Units

(a) Virgin Islands Water and Power Authority - Electric System (unaudited)

Management of the Electric System (the System) has been attempting to stabilize and solidify its financial condition following significant structural damage related to the September 2017 hurricanes. Management of the Electric System has developed a twelve-month plan to focus on key initiatives as outlined below:

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- i. Despite its financial challenges, the Electric System is benefitting from significant investment of federal funds in infrastructure projects. For example, federal funding is modernizing the Transmission & Distribution (T&D) infrastructure as it is migrating the system to underground infrastructure where feasible.
- ii. In areas when undergrounding is not viable, the T&D system is being hardened by the installation of composite poles that can withstand higher winds.
- iii. Placing new, more efficient generation in service on St. Thomas and St. Croix.
- iv. The installation of additional solar capacity on St. Croix.
- v. The acquisition of generation that is currently leased to avoid ongoing monthly lease expenses.
- vi. Focus on improving processes and procedures with the objective of improving customer service, billing, and collections. Improving customer service and increasing collections is expected to reduce operating costs and improve cash flow.

(b) University of the Virgin Islands (*unaudited*)

The University has been financially challenged and its situation was exacerbated by global events. Further, the University is not organized as a self-sustaining entity and is highly dependent on funding from the Government to repay and fund its obligations.

Approximately 35.0% of the University's total revenues are derived from the Government's appropriations. To date, local appropriations for funding the University's programs 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 University. The management team is focused on its plan for the immediate future, which includes exploration of alternative revenue sources, reduction of operating expenses, and investment of federal funds.

(c) Virgin Islands Government Hospital and Health Facilities Corporation (*unaudited*)

The Schneider Regional Medical Center on St. Thomas and the Juan F. Luis Hospital and Medical Center (*unaudited*) incurred significant structural damages related to the September 2017 hurricanes. The full impact of the hurricanes continues to be evaluated as the hospitals seek grants and federal assistance to continue operations.

As of September 30, 2022, the Schneider Regional Medical Center's current liabilities exceeded current assets by \$24.6 million. The hospital is economically dependent on the continued financial support of the Government. In fiscal year 2022, tax appropriations from the PG amounted to \$35.8 million and other contributions, FEMA grants and COVID-19 assistance amounted to \$4.7 million.

Management at the Schneider Regional Medical Center is implementing efforts to improve financial stability by closely monitoring cash flow. This includes multiple internal initiatives and development of external partnerships with industry expertise to improve operational efficiencies, evaluate charge capture and pricing improvements, reduce accounts receivable collection time, and evaluate Medicare reimbursement options and opportunities, while improving the patient experience.

As of September 30, 2022, the Juan F. Luis Hospital and Medical Center's current liabilities exceeded current assets by \$68.6 million. The hospital reported an unrestricted net deficit of \$170.1 million. The hospital is economically dependent on the continued financial support of the Government.

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Management of Juan F. Luis Hospital and Medical Center is considering several alternatives for mitigating liquidity conditions. These include an infusion of capital through several options including internal hospital operations, patient accounts receivable leveraging, affiliation or management agreements with larger hospital systems, and negotiations with vendors on past due accounts. The hospital is also developing plans for cost containment, seeking concessions for vendors, and seeking an increase in financial support from the Government.

18. Adjustments to Component-Unit Financial Statements

The September 30, 2021 stand-alone financial statements of a number of unaudited component units have been adjusted in the accompanying aggregate discretely presented component units as follows (expressed in thousands):

Component Unit	Net Position (Deficit)		
	As Previously Reported	Adjustments	As Adjusted
Virgin Islands Port Authority*	\$ 145,842	\$ (8,984)	\$ 136,858
Virgin Islands Water and Power Authority Electric System*	395,189	(255)	394,934
Virgin Islands Government Hospital and Health Facilities Corporation Roy L. Schneider Hospital*	(135,307)	(20,960)	(156,267)
Juan F. Luis Hospital*	(127,461)	28,647	(98,814)
University of the Virgin Islands*	55,262	(14,583)	40,679

*Unaudited

19. Subsequent Events

Primary Government

(a) Hurricane Recovery

The Government is making significant progress towards restoring its facilities which were damaged by Hurricanes Irma and Maria in September 2017. The Government continues the process of tabulating the associated costs and expenses with respect to remediation, clean-up, mitigation, and the restoration of services.

To close potential shortfalls and to serve returning citizens, the Government continues to work closely with federal agencies, such as FEMA, HUD, SBA, etc. to maximize its recovery from all available sources, subject to any sub-limits and retentions. Through August 2025, federal assistance awarded to the Territory included \$21.5 billion in FEMA Public Assistance grants, \$77.0 million in Federal Highway grants, \$199.5 million in FEMA Hazard Mitigation grants, \$1.1 billion in Community Development Block Grants, and \$215.0 million in other grants for a total of \$23.0 billion dollars.

The Government has received notices from FEMA of potential debt as a result of audits related to the Public Assistance Grant Program awards for fiscal years 2018 and 2019. In response to the notices, both in February 2021 and January 2023, the Government exercised its option to appeal and provided additional clarification and documentation. As of March 2023, FEMA has questioned costs of \$42.1 million.

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The questioned costs are in the process of being reviewed by FEMA and until the appeal review is completed, questioned costs identified 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 position of the Government.

In February 2024, President Biden agreed to raise the cost share of all FEMA assistance grants for hurricane recovery in the Territory from 90.0 to 95.0 percent, including retroactively. In addition, President Biden agreed to raise the federal cost share to 98.0 percent in the case of larger critical infrastructure rebuilding projects approved before September 30, 2024, and completed before 2026.

(b) Global Pandemic and Economic Relief Legislation

Through September 2025, federal grants and assistance received by the PG related to COVID-19 amounted to \$729.4 million. Federal grants and assistance received by component units of the Government amounted to \$84.8 million.

(c) Bankruptcy and Auction of St. Croix Oil Refinery

Following several flaring events, the release of oil particles into the atmosphere, Limetree Bay Refinery, LLC (Refinery), the owner of an oil refinery on the island of St. Croix, ceased operations. The Refinery subsequently declared bankruptcy and in December 2021, a bid of \$62.0 million was accepted at auction from a new owner, Port Hamilton Refining and Transportation.

In October 2022, the Environmental Protection Agency (EPA) raised concerns regarding hazardous substances stored at the facility. On December 5, 2022, EPA ordered the removal of thousands of pounds of chemicals from the oil refinery before the refinery may recommence operations. In July 2023, the Third Circuit Court of Appeals issued a ruling that EPA had exceeded its authority under the Clean Air Act in its permitting process and the oil refinery may reopen without the special permitting process.

(d) Settlement of Sex Trafficking Case Against Estate of Jeffrey Epstein and Co-Defendants

In December 2022, the Attorney General for the U.S. Virgin Islands announced a settlement with Jeffrey E. Epstein's estate, co-defendants Darren K. Indyke, and Richard D. Kahn (co-executors of the estate) and ten Epstein-created entities. The settlement resolved a law enforcement action filed in 2020 under the anti-criminal enterprise, sex trafficking, child exploitation and fraud laws of the Virgin Islands. Under the terms of the settlement, the defendants will pay the PG \$105.0 million in cash plus one-half of the proceeds of the sale of the island Little St. James on which many of the crimes occurred. The estate also agreed to pay approximately \$0.5 million to remediate environmental damage around Great St. James, another island owned by the Epstein estate.

The settlement also returned to the Virgin Islands more than \$80.0 million in economic development tax benefits that Epstein and his co-defendants fraudulently obtained to fuel his criminal enterprise. In September 2023, the Government reached a settlement with JP Morgan Chase in the amount of \$75.0 million, in a lawsuit brought against the bank alleging the bank had enabled Epstein's criminal activities.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

(e) *Improper Procurement Activities and Irregularities*

In 2024, an inquiry was conducted by the United States Department of Justice into potential criminal activities associated with three members of the management team of the Government and formal indictments followed. Management has evaluated the matter based on the scope in the indictments and has concluded that the financial statements as of September 30, 2022, are fairly presented. This evaluation of the matter is subject to adjustment as facts and circumstances change or develop.

Component Units

(a) *Virgin Island Public Finance Authority (PFA)*

In March 2023, PFA 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.

In April 2023, the Legislature of the Virgin Islands passed Act 8701, authorizing the PFA to enter into a line of credit in the maximum amount of \$100.0 million to provide for the disbursement of funds needed to advance disaster related recovery projects that are reimbursable through federal funding, and to provide \$45.0 million for the buyout of LPG facilities at VIWAPA.

On June 15, 2023, PFA and Government entered into the Revenue Anticipation Note Purchase Agreement (Series 2023 Note) with FirstBank Puerto Rico. The Series 2023 Note is in the amount of \$100.0 million and is secured by a pledge of a certificate of deposit in the amount of \$134.0 million held by FirstBank Puerto Rico. Additional payment sources for the Series 2023 Note include: (i) the General Fund of the Government, and (ii) federal stimulus appropriations that are legally available to be used for debt servicing purposes.

Interest on the Series 2023 Note is 200 basis points above the certificate of deposit rate, provided that the interest rate shall not be less than 2.0% or exceed 9.0% per annum. At the date of the Revenue Anticipation Note Purchase Agreement, the certificate of deposit rate was 4.5% 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 will be loaned to the Government in accordance with a loan agreement dated June 15, 2023.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

On November 20, 2024, PFA issued the Series 2024 A Hotel Occupancy Revenue Bonds in the amount of \$64.9 million, and the Series 2024 B Economic Recovery Fee Revenue Bonds (federally taxable) in the amount of \$18.3 million. The bonds were a private and limited offering only to “qualified buyers” as defined under Rule 144A of the Securities Act of 1933. The bonds were issued to provide a grant to a hotel developer for reimbursement of costs associated with the reconstruction and renovation of a hotel project formerly known as the Frenchman’s Reef Resort located on St. Thomas. The Government has pledged Hotel Occupancy Tax Revenues and Economic Recovery Fee Revenues generated by the hotel project for the repayment of the bonds. The Series 2024 A Bonds will mature on April 1, 2053 with a yield of 6.0%. The Series 2024 B Bonds will also mature on April 1, 2053 with a yield of 9.0%.

Purchase and Refunding of the Federal Highway Bonds

In November 2024, the Legislature of the Virgin Islands enacted Act No. 8949, the Federal Highway Grant Anticipation Bond Act, authorizing the establishment of the Virgin Islands Transportation & Infrastructure Corporation (VITIC), an independent instrumentality of the Government.

On June 5, 2025, VITIC issued the Grant Anticipation Revenue Bonds (Federal Highway Grant Anticipation Revenue Loan Note), Series 2025 in the principal amount of \$150.2 million. Proceeds are being used to finance costs of certain projects of the Government and to refund all of the PFA’s Series 2015 Federal-Aid Highway Bonds.

The Bonds are special limited obligations of VITIC, payable solely from Federal Highway Grant Revenues. The Bonds received a rating of “A” with a stable outlook from S&P Global Ratings. The Bonds bear interest at a rate of 5.0% per annum, payable semiannually on March 1 and September 1, commencing September 1, 2025. The Bonds are subject to annual redemption prior to maturity, with a final maturity date of September 1, 2044.

Line of credit

In October 2024, legislation enacted under Act 8701 authorized an increase in the territory’s line of credit from \$100 million to \$150 million. The revised credit facility allocates \$100 million for disaster-related projects and \$50 million for vendor payments, retroactive wage obligations, and other critical needs of the territory. As of August 30, 2025, \$42.5 million remained available for disaster-related projects and \$16.4 million for other designated purposes.

Guaranty of VIWAPA Indebtedness

On August 29, 2024, the Board of Directors (Board) of the PFA ratified a prior authorization granted by poll vote on July 30, 2024, to negotiate, prepare, execute, and deliver a guaranty of the indebtedness of VIWAPA to FirstBank Puerto Rico and Banco Popular de Puerto Rico (collectively, the Banks).

As of the date of the resolution, VIWAPA had outstanding indebtedness totaling approximately \$52.1 million, comprised of \$30.8 million owed to FirstBank Puerto Rico and \$21.3 million owed to Banco Popular de Puerto Rico. The guarantee was issued pursuant to the PFA’s enabling legislation, which authorizes such financial support for component units, and is not subject to any statutory or contractual limits. PFA agreed to unconditionally guarantee the payment of this indebtedness, including principal, interest, fees, and charges, in order to facilitate the extension of the maturity dates of VIWAPA’s credit facilities to July 31, 2025, and August 31, 2025, respectively.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

Subsequently, on July 29, 2025, the Board approved, a further extension of the maturity dates of the guaranty to January 31, 2026. As of the date of this report, there has been no default by VIWAPA on the guaranteed obligations.

In addition to the guaranty, PFA acknowledged and continued the pledge of debt service reserve funds totaling \$6 million, previously deposited into interest-bearing accounts with the Banks (\$3.75 million with FirstBank and \$2.25 million with Banco Popular), as enhanced security for VIWAPA's credit facilities.

(b) Virgin Islands Water and Power Authority (unaudited)

The HUD, through its Community Development Block Grant-Disaster Recovery (CDBG-DR) program, has obligated \$84.2 million to VIWAPA for the Harley Expansion Project. The project will add 36-megawatts of generation, plus additional battery storage, to the Randolph Harley Power Plant on St. Thomas. Additionally, as of April 2023, VIWAPA has been approved for approximately \$104.3 million in ARPA grant funding.

In April 2023, the Legislature of the Virgin Islands approved Bill 35-0070 authorizing the Governor to establish a line of credit in the maximum amount of \$100.0 million to provide for the disbursement of funds needed to advance disaster related recovery projects that are reimbursable through federal funding and other disaster-related projects and provide funding to advance payment of \$45.0 million towards the buyout of the infrastructure agreement between VIWAPA and a major vendor, and the acquisition of Liquefied Petroleum Gas facilities.

Effective April 22, 2024, the Governor of the Territory issued Executive Order No. 537-2024 declaring a state of emergency due to the VIWAPA's inability to provide continuous power generation, due to the rising price of fuel and the inability of independent government agencies to timely pay for electrical services.

(c) University of the Virgin Islands (unaudited)

In March 2023, the University received an alert notification from the U.S. Department of Education for lack of submission of various annual reports which may result in, among other things, provisional decertification, and placement on a heightened cash monitoring payment method. The University continues to diligently monitor such requirements as it continues to recover from the disruption to its operations from Hurricanes Irma and Maria along with the impact of the COVID-19 global pandemic.

In April 2023, the Legislature of the U.S. Virgin Islands approved the conveyance of a tract of land on St. Thomas to the University by the Virgin Islands Port Authority, in exchange for the University's conveyance to the Virgin Islands Port Authority of a similar sized parcel of land, also on St. Thomas. The land swap is deemed more applicable to the intended use of the parcels by both entities.

(d) The West Indian Company Limited

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 Paycheck Protection Program loan of the Company. 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.

Government of the United States Virgin Islands

Notes to Basic Financial Statements

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 Limited Release and Settlement Agreement, WICO released claims against GERS in the amount of \$370,532, and GERS released claims against WICO in the amount of \$706,357.

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

(e) Virgin Islands Next Generation Network

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.

Management's Evaluation

Management has evaluated events and transactions occurring after September 30, 2022, the statement of net position date, and through September 30, 2025, the date the financial statements were available to be issued and noted that there have been no additional events or transactions that would require adjustments to or disclosure in the Government's financial statements for the year ended September 30, 2022.

Required Supplementary Information

Government of the United States Virgin Islands

Schedule of Changes in Total OPEB Liability and Related Ratios

Postemployment Benefits Other Than Pensions

Measurement year ending September 30,	2022	2021	2020	2019	2018
	Primary Government	Primary Government	Primary Government	Primary Government	Primary Government
Total OPEB Liability:					
Service cost	\$ 39,683	\$ 25,885	\$ 25,358	\$ 26,147	\$ 28,216
Interest	21,723	28,508	28,548	26,623	23,904
Difference between expected/actual experience	-	-	(27,043)	-	-
Changes in assumptions or other inputs	(43,099)	184,091	16,827	(31,772)	(53,422)
Expected benefit payments	(33,995)	(32,939)	(31,441)	(29,864)	(28,280)
Net Change in Total OPEB Liability	\$ (15,688)	\$ 205,545	\$ 12,249	\$ (8,866)	\$ (29,582)
Total OPEB Liability - Beginning of Fiscal Year	992,301	786,756	774,507	783,373	812,955
Total OPEB Liability - End of Fiscal Year	\$ 976,613	\$ 992,301	\$ 786,756	\$ 774,507	\$ 783,373
Covered-Employee Payroll	\$ 380,466	\$ 364,038	\$ 350,528	\$ 350,409	\$ 323,158
Total OPEB Liability as a Percentage of Covered-Employee Payroll	256.69%	272.58%	224.45%	221.03%	242.41%

This schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

Notes to Schedule:

1. The Government does not have assets accumulated in a trust that meets the criteria in GASB Statement No. 75, to pay related benefits.
2. The Primary Government, by statute, pays 100.0% of the employer cost-share of the postemployment health, dental, and life insurance of the retirees of the following semi-autonomous agencies: 1) Employee's Retirement System of the Government of the Virgin Islands, 2) Virgin Islands Economic Development Authority, 3) Virgin Islands Housing Finance Authority, 4) Juan F. Luis Hospital & Medical Center, 5) Magens Bay Authority, 6) Virgin Islands Public Broadcasting System, 7) Roy L. Schneider Hospital, and 8) Virgin Islands Waste Management Authority. The Primary Government also reports the OPEB liabilities associated with these benefits.
3. Change in the Discount Rate:

Measurement date, September 30	Discount Rate
2017	3.35%
2018	3.64%
2019	3.58%
2020	2.14%
2021	2.43%

4. The base mortality tables and mortality improvement sales were updated to RP-2014 Blue Collar Mortality table (110.0% adjustment) projected forward using the M-2015 scale.
5. Future participation in the retiree health plan is projected to be 85.0%.

Government of the United States Virgin Islands

Schedule of Net Pension Liability

September 30, (in thousands)	2022	2021	2020	2019	2018	2017	2016	2015
Primary Government's proportion of the Net Pension Liability (NPL)	77.2500%	78.3800%	78.9300%	77.8087%	76.5852%	76.4171%	75.2916%	75.2803%
Primary Government's proportionate share of the NPL	\$ 4,091,016	\$ 4,527,445	\$ 4,194,852	\$ 3,246,786	\$ 3,354,768	\$ 3,535,517	\$ 3,065,617	\$ 2,323,163
Primary Government's covered-employee payroll	\$ 336,625	\$ 325,000	\$ 310,758	\$ 309,998	\$ 307,132	\$ 300,909	\$ 277,091	\$ 267,698
Primary Government's proportionate share of the NPL as a percentage of its covered payroll	1,215%	1,393%	1,350%	1,047%	1,092%	1,175%	1,106%	868%
Plan fiduciary net position as a percentage of the total pension liability	8.23%	9.16%	11.32%	15.56%	16.18%	16.54%	19.58%	27.26%

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 in 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 in Assumptions:

Amounts reported as changes in assumptions resulted from changes in the discount rates as follows:

Year ended September 30,	Discount Rate
2014	4.42%
2015	3.84%
2016	3.20%
2017	3.74%
2018	4.25%
2019	4.25%
2020	2.67%
2021	2.23%
2022	2.52%

Government of the United States Virgin Islands

Schedule of Pension Contributions

September 30 (in thousands)	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially required contributions of the Primary Government	\$ 279,469	\$ 292,944	\$ 289,507	\$ 215,937	\$ 205,052	\$ 191,481	\$ 186,089	\$ 150,628
Contributions in relation to the statutorily required contributions	\$ 163,960	\$ 74,817	\$ 72,301	\$ 84,005	\$ 77,840	\$ 61,759	\$ 68,291	\$ 64,357
Contribution deficiency	\$ 115,509	\$ 218,127	\$ 217,206	\$ 131,932	\$ 127,212	\$ 129,722	\$ 117,798	\$ 86,271
Primary Government covered payroll	\$ 334,650	\$ 336,625	\$ 325,000	\$ 310,758	\$ 309,998	\$ 307,132	\$ 300,909	\$ 277,091
Contributions as a percentage of covered payroll	48.99%	22.23%	22.25%	27.03%	25.11%	20.11%	22.69%	23.23%

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.

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Notes to Schedule of Pension Contributions

Methods and Assumptions Used

Valuation date: Actuarially determined contributions are calculated as of October 1, 2021

Contribution rates:

Actuarial cost method: Entry Age Normal Cost Method determined as a percentage of salary

Amortization method: Level dollar, closed group

Amortization period: 20 years open amortization

Asset valuation method: Market value

Inflation: 2.1%

Salary increases: 3.25% per year

Investment rate of return: 2.52% net of pension plan investment expense, including inflation

Mortality: Non-annuitant: 110% of the RP-2014 Blue Collar Employee Mortality Table
With generational projection from 2015 using Scale MP-2015.

Healthy annuitant: 110% of the RP-2014 Blue Collar Healthy Annuitant
Mortality Table with generational projection from 2015 using Scale MP-2015.

Disabled annuitant: 125% of the RP-2014 Disabled Annuitant Mortality
Table with generational projection from 2015 using Scale MP-2015.

Government of the United States Virgin Islands

Schedule of Revenues and Expenditures - Budget and Actual Budgetary Basis – General Fund (in thousands)

<i>Year Ended September 30, 2022</i>	Original Budget	Amended Budget	Actual	Variance
Revenues				
Taxes	\$ 821,244	\$ 821,244	\$ 903,083	\$ 81,839
Federal grants and contributions	-	-	7,732	7,732
Charges for services	54,726	54,726	17,576	(37,150)
Interest and other	36,320	36,320	111,986	75,666
Total revenues	912,290	912,290	1,040,377	128,087
Expenditures				
Current:				
General government	584,828	645,949	630,422	15,527
Public safety	76,887	76,887	75,441	1,446
Health, public housing and welfare	101,523	101,728	98,683	3,045
Education	179,261	181,306	182,177	(871)
Transportation and communication	30,053	30,053	20,647	9,406
Culture and recreation	12,287	16,400	8,062	8,338
Total expenditures	984,839	1,052,323	1,015,432	36,891
Excess (deficiency) of revenues over expenditures	(72,549)	(140,033)	24,945	164,978
Other financing sources (uses)				
Transfers from other funds	65,339	65,339	48,320	(17,019)
Transfer to other funds	(34,847)	(34,847)	(126,549)	(91,702)
Transfers to component units	(166,899)	(166,899)	(160,827)	6,072
Total other financing sources, net	(136,407)	(136,407)	(239,056)	(102,649)
Excess (deficiency) of revenues and net other financing sources over expenditures	\$ (208,956)	\$ (276,440)	\$ (214,111)	\$ 62,329

See accompanying notes to the Schedule.

Government of the United States Virgin Islands

Notes to Schedule of Revenues and Expenditures - Budget and Actual Budgetary Basis - General Fund

1. Budgetary Process and Control

The V.I. Code requires the Governor to submit an annual balanced executive budget to be adopted by the Legislature for the ensuing fiscal year. The Governor is required by law to submit to the Legislature the annual balanced executive budget no later than May 30. The annual balanced executive budget is prepared on a budgetary basis. If the annual executive budget has not been approved before the commencement of any fiscal year, then the appropriations for the preceding fiscal year, insofar as they may be applicable, are automatically deemed re-appropriated item by item. The annual balanced executive budget, which includes those funds of the Government subject to appropriation pursuant to law, is composed of all proposed expenditures and estimated revenue for the Government. The Legislature enacts the annual executive budget through passage of lump-sum appropriations for each department. The Legislature may add, change, or delete any items in the annual executive budget proposed by the Governor. Upon passage by the Legislature, the annual executive budget is submitted to the Governor, who may veto the budget partially or in its entirety and return it to the Legislature with his objections. A veto by the Governor can be overridden only by a two-thirds majority of all members of the Legislature. The Legislature is obligated by law to pass a final annual executive budget no later than September 30, the last day of the fiscal year. Supplemental budgetary appropriations bills that are signed into law may be created during the year without the identification of a specific revenue source to finance them. In August 1999, the Legislature enacted the Financial Accountability Act (Act No. 6289). The purpose of the Financial Accountability Act is to require by law that the budget of the Government be balanced each year, and the appropriations in each fiscal year not exceed a verifiable revenue source.

Once the budget has been enacted, fiscal control over expenditures made pursuant thereto is exercised by the Governor through the Director of OMB. During any fiscal year in which the resources available to the Government are not sufficient to cover the appropriations approved for such year, the Governor, through the Director of OMB, may take administrative measures to reduce expenditures. The Governor may also make recommendations to the Legislature for new taxes or any other necessary action to meet the estimated deficiency.

Budgetary control is exercised at the department level through an allotment process. Encumbrances and expenditures cannot exceed total allotment amounts. The Government's department heads may make transfers of appropriations within the department. Appropriation transfers between departments and supplemental appropriations require executive and legislative branch approval. Unencumbered and unexpended appropriations, not designated, lapse at fiscal year-end. Also, encumbrances are established at fiscal year-end to pay certain expenditures for travel and utility costs payable against current-year appropriation authority, but to be expended in the subsequent year.

Government of the United States Virgin Islands

Notes to Schedule of Revenues and Expenditures - Budget and Actual Budgetary Basis - General Fund

2. Budget/GAAP Reconciliation

The following schedule presents a comparison of the general fund legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of timing and entity difference of the excess (deficiency) of revenue and net other financing sources over expenditures for the year ended September 30, 2022 is presented below (expressed in thousands):

Excess of revenues and net other financing sources over expenditures	\$	62,329
Entity difference - deficiency of revenues and net other financing sources over expenditures - activities with budgets not legally adopted		(438,878)
Deficiency of revenues and net other financing sources over expenditures - GAAP basis (net change in fund balance)	\$	(376,549)

Controls over spending in special revenue funds and non-appropriated funds are maintained at the Department of Finance by use of budgets and available resources (revenues). The Government makes appropriations to authorize expenditures for various capital projects. Budgets for capital projects normally remain available until completion of the project unless modified or rescinded.