Virgin Islands Public Finance Authority

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

Management's Discussion and Analysis and Financial Statements
(with Independent Auditor's Report Thereon)
Year Ended September 30, 2024

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

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Independent Auditor's Report

The Board of Directors
Virgin Islands Public Finance Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Virgin Islands Public Finance Authority (the Authority), a blended component unit of the Government of the U.S. Virgin Islands (the Government), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Virgin Islands Public Finance Authority as of September 30, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Emphasis of Matter

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2026 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BDO USA, P.C.

June 30, 2026

Management's
Discussion and Analysis (unaudited)

The purpose of the following management's discussion and analysis of the financial performance and activity of the Virgin Islands Public Finance Authority (the Authority) is to help readers understand the basic financial statements of the Authority for the year ended September 30, 2024, with selected comparative information for the year ended September 30, 2023. This discussion has been prepared by management and should be read in conjunction with the basic financial statements and the notes, thereto, which follow this section.

The Authority

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

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

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

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

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

Overview of the Financial Statements

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

- The Statement of Net Position is prepared on an economic resources measurement focus and reports information about the Authority using accounting methods similar to those used by private sector companies (accrual basis of accounting) and presents all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Authority, with the difference reported as net position.
- The Statement of Revenues, Expenses, and Changes in Net Position presents information on how the Authority's net position changed during the fiscal year. All changes in the net position are reported as soon as underlying events giving rise to the changes occur, regardless of the timing of related cash flows.
- The Statement of Cash Flows provides data regarding all cash inflows the Authority receives from its ongoing operations and includes all cash outflows that pay for business activities. The Statement of Cash Flows provides an analysis of the operating, investing non-capital, and capital and related financing activities and their effect on cash and cash equivalents.

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

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Summary of Financial Results

Statement of Net Position

Table 1 summarizes the Authority's statement of net position (expressed in thousands):

Table 1: Summary of Statement of Net Position

September 30,	**2024**	2023	Change	% Change
Assets:				
Current assets	$ 326,848	$ 439,606	$ (112,758)	(26)%
Noncurrent Assets:				
Noncurrent assets, excluding capital assets	635,280	737,751	(102,471)	(14)%
Capital assets, net	80,272	86,785	(6,513)	(8)%
Total Noncurrent Assets	715,552	824,536	(108,984)	(13)%
Total Assets	1,042,400	1,264,142	(221,742)	(18)%
Deferred Outflows of Resources	12,085	10,336	1,749	17%
Total Assets and Deferred Outflows of Resources	**$ 1,054,485**	$ 1,274,478	$ (219,993)	(17)%
Liabilities:				
Current Liabilities	$ 175,257	$ 197,531	$ (22,274)	(11)%
Noncurrent Liabilities:				
Long-term bonds payable, net	572,243	620,815	(48,572)	(8)%
Other long-term liabilities	261,713	404,672	(142,959)	(35)%
Total Noncurrent Liabilities	833,956	1,025,487	(191,531)	(19)%
Total Liabilities	1,009,213	1,223,018	(213,805)	(17)%
Deferred Inflows of Resources	7,311	7,138	173	2%
Total Liabilities and Deferred Inflows of Resources	**1,016,524**	1,230,156	(213,632)	(17)%
Net Position:				
Net investment in capital assets	(1,064)	4,908	(5,972)	(122)%
Restricted for debt service	37,747	33,126	4,621	14%
Restricted for capital improvement	-	13	(13)	(100)%
Restricted for tax obligations	441	-	441	100%
Unrestricted	837	6,275	(5,438)	87%
Total Net Position	**$ 37,961**	$ 44,322	$ (6,361)	(14)%

For fiscal year 2024, current assets decreased from the prior fiscal year by $112.8 million. The decrease is due to the net effect of a $221.4 million decrease in restricted cash and cash equivalents, a $4.5 million decrease in unrestricted cash and cash equivalents, a $2.2 million decrease in net receivables, a $2.3 million decrease in amounts due from the Government and a $239,000 decrease in federal grants receivables. These decreases were offset by a $101.6 million increase in residual matching fund receipts due from the Matching Fund Special Purpose Securitization Corporation, a $15.1 million increase in restricted investments, a $1.1 million increase in restricted loans receivable, and a $140,000 increase in leases receivable.

Noncurrent assets, excluding capital assets, decreased by $102.5 million mainly due to an decrease of $90.0 million in restricted loans receivable, a decrease in restricted intangible assets of $327,000, a decrease in leases receivable of $108,000 and a decrease in amounts due from various governments of $16.4 million. These decreases were offset by an increase in restricted investments of $4.4 million.

Leased and capital assets decreased by $6.5 million mainly due to the acquisition of capital assets of $1.5 million, disposal of capital assets of $299,000 and depreciation and amortization expense of $7.7 million. Deferred outflows of resources increased by $1.7 million mainly due to increases in pension deferrals of $2.4 million offset by a reduction in deferred losses on bond refunding of $662,000.

Current liabilities decreased by $22.3 million, mainly due to a decrease in the amount due to the Government Employees' Retirement System (GERS) of $22.4 million, a decrease in accounts payable, accrued expenses, and other liabilities of $1.9 million, a decrease in interest payable of $921,000, and a decrease in lease liability of $257,000. The decreases were offset by an increase in current bonds payable of $2.2 million, an increase in notes payable of $7,000 and an increase in deferred federal grant revenue of $1.1 million.

Noncurrent liabilities decreased by $191.5 million, mainly due to a decrease in due to the government for debt service of $75.9 million, a decrease in long-term bonds payable of $48.6 million, a decrease in long-term accrued expenses of $16.4 million, a decrease in due to the government for construction funds of $12.8 million, a decrease in notes payable of $41.2 million, a decrease in leases held on behalf of the Virgin Islands Bureau of Internal Revenue of $327,000, and a decrease in long-term lease liability of $235,000. These decreases were offset by an increase in net pension liability of $2.8 million, an increase in deferred grant revenue of $542,000, and an increase in due to the government for management account funds of $450,000.

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Statement of Revenues, Expenses, and Changes in Net Position

Table 2 summarizes the Authority's revenues, expenses, and changes in net position (expressed in thousands):

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

Year ended September 30,	**2024**	2023	Change	% Change
Operating revenues	**$ 15,695**	$ 21,132	$ (5,437)	(26)%
Operating expenses	**35,241**	33,010	2,231	7%
Operating Loss	**(19,546)**	(11,878)	(7,668)	65%
Non-operating revenues	**13,185**	20,251	(7,066)	(35)%
Change in Net Position	**$ (6,361)**	$ 8,373	$ (14,734)	(176)%
Net Position – beginning of year	**$ 44,322**	$ 35,949	$ 8,373	23%
Net Position – end of year	**$ 37,961**	$ 44,322	$ (6,361)	(14)%

For fiscal year 2024, the Authority's operating revenues of $15.7 million reflect a decrease of $5.4 million compared to the prior year. This decrease was primarily due to a $3.1 million decrease in lease revenue of Lonesome Dove, a $1.3 million decrease in charges for services by the Authority, a $729,000 decrease in WICO revenue, and a $275,000 decrease in viNGN revenue.

Operating expenses increased by $2.2 million, primarily due to a $2.2 million increase in PFA administrative services.

The Authority reported a decrease in non-operating revenues of $7.1 million mainly due to a decrease in federal grant revenue of $11.9 million offset by an increase in interest expense of $4.8 million.

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Capital Assets

Following is a schedule of the capital assets of the Authority as of September 30, 2024 and 2023:

	Balance September 30, 2023	Additions	Disposals/ Adjustments	Transfers	**Balance September 30, 2024**
Total Capital Assets Not Being Depreciated	$ 17,122,074	$ 1,035,914	$ (288,114)	$ (3,281,671)	**$ 14,588,203**
Capital assets, being amortized or depreciated:					
Personal property and equipment	72,091,971	420,485	(103,272)	3,260,553	**75,669,737**
Buildings and building improvements	73,252,069	23,485	(6,774)	21,118	**73,289,898**
Intangible assets	20,973,568	-	-	-	**20,973,568**
Right-to-use buildings and building improvements	2,920,242	25,250	-	-	**2,945,492**
Total Capital Assets Being Amortized or Depreciated	169,237,850	469,220	(110,046)	3,281,671	**172,878,695**
Less: accumulated amortization or depreciation:					
Personal property and equipment	(37,995,513)	(3,760,596)	94,825	-	**(41,661,284)**
Buildings and building improvements	(49,959,067)	(2,764,545)	4,201	-	**(52,719,411)**
Intangible assets	(10,088,902)	(684,646)	-	-	**(10,773,548)**
Right-to-use buildings and building improvements	(1,531,141)	(509,033)	-	-	**(2,040,174)**
Total Accumulated Amortization or Depreciation	(99,574,623)	(7,718,820)	99,026	-	**(107,194,417)**
Total Capital Assets Being Amortized or Depreciated, Net	69,663,227	(7,249,600)	(11,020)	3,281,671	**65,684,278**
Total Capital Assets, Net	$ 86,785,301	$ (6,213,686)	$ (299,134)	$ -	**$ 80,272,481**

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Debt Administration

Bonds Payable

Table 3 summarizes the Authority's outstanding bonds payable for the year ended September 30, 2024 (expressed in thousands):

Table 3: Summary of Bonds Payable

	Balance September 30, 2023	Bond Issuance	Principal Payments	**Balance September 30, 2024**
Bonds Payable				
Gross Receipts Revenue Bonds	$ 528,290	$ -	$ (36,665)	**$ 491,625**
Federal-Aid Highway Bonds	58,476	-	(4,650)	**53,826**
Direct Placement Bonds Payable				
Tax Increment Financing Bonds	6,411	-	(2,306)	**4,105**
WICO Port Facilities Revenue Bonds	52,625	-	-	**52,625**
Total Bonds Payable	$ 645,802	$ -	$ (43,621)	**$ 602,181**

Loans and Notes Payable

Table 4 summarizes the Authority's outstanding loans and notes payable for the year ended September 30, 2024 (expressed in thousands):

Table 4: Summary of Loan and Note Series Payable

	Balance September 30, 2023	**New Issuances**	**Principal Payments**	**Balance September 30, 2024**
2019 TIF Project Developer Note	$ 1,537	$ -	$ (16)	$ 1,521
2023 Revenue Anticipation Loan (LOC)	55,909	22,941	(64,199)	14,651
viNGN revolving line of credit	-	95	-	95
viNGN mortgage	450	-	(12)	438
Total notes and loans	**$ 57,896**	**$ 23,036**	**$ (64,227)**	**$ 16,705**

Activities of the Authority

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

The Virgin Islands commercial complexes are WICO and KAMI. WICO is a port facility including a cruise ship pier, and rental complex on the island of St. Thomas. KAMI is a shopping mall on the island of St. Croix. Lonesome Dove was transferred to the Authority through court receivership proceedings in the District Court of the Virgin Islands. Lonesome Dove's assets were held by the court due to tax obligations owed to the Government. viNGN is owned by the Government through the Authority. The main purpose of viNGN is to design, develop, engineer, construct, and manage a middle mile wholesale fiber optic network.

Following is condensed financial information for WICO, King's Alley and Lonesome Dove (expressed in thousands):

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

September 30,	WICO		KAMI		Lonesome Dove	
	2024	2023	**2024**	2023	**2024**	2023
Condensed Statement of Net Position						
Assets						
Current assets	**$ 12,988**	$ 14,295	**$ 3,296**	$ 3,288	**$ 443**	$ 334
Non-current assets	**35,363**	38,265	**-**	-	**7,383**	7,709
Total Assets	**48,351**	52,560	**3,296**	3,288	**7,826**	8,043
Liabilities						
Current liabilities	**13,516**	13,565	**-**	-	**2**	-
Non-current liabilities	**53,160**	53,122	**619**	619	**7,383**	7,709
Total Liabilities	**66,676**	66,687	**619**	619	**7,385**	7,709
Deferred inflows of resources	**3,192**	3,205	**-**	-	**-**	-
Total Liabilities and Deferred Inflows of Resources	**69,868**	69,892	**619**	619	**7,385**	7,709
Total Net Position (Deficit)	**$ (21,517)**	$ (17,332)	**$ 2,677**	$ 2,669	**$ 441**	$ 334
Condensed Statement of Revenues, Expenses, and Changes in Net Position						
Operating revenues	**$ 8,695**	$ 9,424	**$ -**	$ -	**$ 1,912**	$ 5,009
Operating expenses	**9,617**	9,350	**1**	7	**201**	448
Operating Income (Loss)	**(922)**	74	**(1)**	(7)	**1,711**	4,561
Non-operating revenues (expenses)	**(3,263)**	(1,846)	**9**	(1,204)	**(1,604)**	(4,400)
Change in Net Position	**(4,185)**	(1,772)	**8**	(1,211)	**107**	161
Net Position, beginning of year, as restated	**(17,332)**	(15,560)	**2,669**	3,880	**334**	173
Net Position (Deficit), end of year	**$ (21,517)**	$ (17,332)	**$ 2,677**	$ 2,669	**$ 441**	$ 334

For fiscal year 2024, WICO's assets amounted to $48.4 million, of which $10.1 million represented cash and cash equivalents, $2.9 million represented receivables, prepaid expenses and other current assets, $6.8 million represented noncurrent lease receivables, and $28.5 million represented capital assets net of accumulated depreciation. Current assets decreased by $1.3 million due to a decrease in receivables of $1.7 million and a decrease in prepaid expenses of $91,000, offset by an increase in cash and cash equivalents of $514,000. Noncurrent leases receivable decreased by $178,000. Capital assets decreased by $2.7 million due to the net effect of acquisition of assets of $213,000 offset by depreciation and amortization expense of $2.9 million.

For fiscal year 2024, WICO's liabilities amounted to $66.7 million, of which $51.7 million represented bonds payable, $11.2 million represented a payable to the Government, $1.7 million represented interest on bonds payable, $1.4 million represented compensated absences, and $652,000 represented accounts payable and accrued expenses, $96,000 represented customer deposits and $20,000 represented lease liability. Current liabilities decreased by $49,000 mainly due to a $647,000 decrease in accounts payable and accrued expenses, a decrease in lease liability of $29,000 and a decrease in compensated absences of $13,000, offset by an increase in payments in lieu of taxes (PILOT) due to the Government of $624,000 and an increase in customer deposits of $17,000.

Noncurrent liabilities increased by $38,000 due to an increase in bonds payable of $45,000, offset by a decrease in noncurrent compensated absences of $7,000. For fiscal year 2024, WICO's deferred inflows related to leases were $3.2 million, a decrease of $13,000 from the prior year.

For fiscal year 2024, WICO's operating revenues of $8.7 million decreased by $729,000 from the prior year mainly due to decreases in contract passenger fees.

WICO's operating expenses of $9.6 million increased by $267,000 primarily due to an increase in costs of services expenses of $142,000 and an increase in general and administrative expenses of $320,000, offset by a decrease in depreciation and amortization expense of $195,000. WICO reported an increase in non-operating expense of $1.4 million mainly due to a decrease in loan forgiveness of $717,000, a decrease in the employment retention credit of $378,000, a decrease in shared cost agreement reimbursements of $253,000, and a decrease in other income of $161,000, offset by an increase in interest income of $47,000 and a decrease in interest expense of $15,000.

For fiscal year 2024, KAMI's assets amounted to $3.3 million, of which $3.2 million represented cash and cash equivalents, and $50,000 represented an escrowed deposit in connection with a real estate transaction. Current assets increased by $8,000 due to an increase in cash and cash equivalents of $10,000, offset by a decrease in accounts receivable of $2,000.

For fiscal year 2024, KAMI's liabilities amounted to $619,000, consisting of amounts due to other PFA funds. This amount did not change from the prior year. As of September 30, 2024, the net position of KAMI was $2.7 million, an increase of $8,000 from the prior year.

For fiscal year 2024, KAMI had no operating revenue. This amount did not change from the prior year. Operating expenses of $600 decreased by $7,000 due to a decrease in general and administrative expenses.

For fiscal year 2024, KAMI had net nonoperating revenue of $9,000, an increase of $1.2 million from the prior year net nonoperating expense due to a $1.2 million land purchase in the prior year.

For the calendar year ended December 31, 2023, Lonesome Dove's assets amounted to $7.8 million, of which $386,000 represented cash and cash equivalents and $57,000 represented state income tax refunds receivable. Current assets increased by $109,000 due to an increase in cash of $127,000, offset by a decrease in state income tax refunds receivable of $18,000. Noncurrent assets decreased by $327,000 due to the amortization of intangible assets.

For the calendar year ended December 31, 2023, Lonesome Dove's liabilities amounted to $7.4 million, of which $7.4 million represented intangible assets held on behalf of the Government and $2,000 represented state tax liabilities. Noncurrent liabilities decreased by $327,000 due to the amortization of subleased oil leases and mineral rights held on behalf of the Government.

For the calendar year ended December 31, 2023, Lonesome Dove's operating revenues consist of the sublease of oil subleases and mineral rights revenue of $1.9 million. Operating revenues decreased by $3.1 million due to the collection of certain old outstanding revenues in the prior year.

Lonesome Dove's operating expenses of $201,000 consist of general and administrative expenses. These expenses decreased by $247,000 due to the net effect of a decrease in tax and licensing expense of $189,000, a decrease in the production expense of $80,000, and an increase in the professional fees of $22,000.

Lonesome Dove reported a decrease in non-operating expenses of $2.8 million due to a decrease in interest payments to the Government.

Following is condensed financial information for viNGN (expressed in thousands):

Table 6: Condensed Financial Information for viNGN

Year ended September 30,	**2024**	2023
Condensed Statement of Net Position		
Assets		
Current assets	$ **3,492**	$ 2,189
Capital assets, net	**50,399**	54,104
Total Assets	**53,891**	56,293
Liabilities		
Current liabilities	**2,313**	1,316
Non-current liabilities	**38,806**	38,366
Total Liabilities	**41,119**	39,682
Total Net Position	$ **12,772**	$ 16,611
Condensed Statement of Revenues, Expenses, and Changes in Net Position		
Operating revenues	$ **4,690**	$ 4,965
Operating expenses	**10,441**	10,390
Operating Loss	**(5,751)**	(5,425)
Non-operating revenues	**1,912**	6,587
Change in Net Position	**(3,839)**	1,162
Net Position, beginning of year	**16,611**	15,449
Net Position, end of year	$ **12,772**	$ 16,611

For fiscal year 2024, viNGN's assets amounted to $53.9 million, of which $1.6 million represented restricted and unrestricted cash and cash equivalents, $961,000 represented federal grants receivable, $536,000 represented accounts receivable, $346,000 represented prepaid expenses and other assets, and $50.4 million represented capital assets. Current assets increased by $1.3 million mainly due to the net effect of an increase in cash and cash equivalents of $1.4 million, an increase in prepaid expenses and other assets of $130,000, a decrease in federal grants receivable of $239,000, and a decrease in accounts receivable of $31,000. Capital assets decreased by $3.7 million due to the net effect of acquisition of assets of $1.1 million, depreciation and amortization expense of $4.5 million, and disposals of assets of $288,000.

For fiscal year 2024, viNGN's liabilities amounted to $41.1 million, including a $36.8 million prior year loan from the PFA to finance certain portions of the optical network, $1.2 million of unearned grant revenue, $1.2 million of unearned operating revenue, $884,000 of accounts payable and accrued expenses, $461,000 of non-cancelable leases, $439,000 of mortgages, and $95,000 of loans payable from a line of credit. Current liabilities increased by $997,000 due to the net effect of an increase in unearned grant revenue of $1.1 million, and an increase in mortgages of $6,000, offset by a decrease of $66,000 in accounts payable and accrued expenses and a decrease in lease liability of $40,000. Noncurrent liabilities increased by $440,000 due to an increase in unearned revenue of $542,000, and an increase in loan payable of $95,000, offset by a decrease in lease liability of $179,000 and a decrease in mortgage payable of $17,000.

For the fiscal year ended September 30, 2024, viNGN's operating revenues decreased by $275,000 mainly due to a decrease in services to one service provider. Operating expenses increased by $50,000 mainly due to net effect a provision for write-off of inventory of $288,000, an increase in depreciation and amortization of $45,000 and increase in repair and maintenance and other operating expenses of $22,000, offset by decrease in payroll, employee benefits and other employee expenses of $172,000 and decrease in rent expenses of $133,000.

viNGN reported a decrease in non-operating revenues of $4.7 million, mainly due to a decrease in federal grant revenues of $4.6 million and a decrease in other expense of $80,000.

Significant Current-Known Facts

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

Tax Collections and Financial Condition of the Government

Bonds and notes issued by the Authority are supported by loans made to the Government, which are repaid solely by pledged gross receipts tax revenues, tax increment financing property taxes, and federal highway grants, as more fully described in Notes 7 and 8 of the financial statements. Gross receipts tax revenues are a tax on gross professional services and sales. Property tax revenues are a tax on assessed property values or incremental values in financing districts.

Debt service payments of principal and interest from these revenue sources for fiscal year ended September 30, 2024 and 2023 are as follows (expressed in thousands):

Table 7: Summary of Debt Service Payments by Revenue Source

Year ended September 30,	**2024**	2023
Gross receipts tax	**$ 62,012**	$ 58,686
Federal highway grants	**7,574**	7,575

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

Credit Ratings and Access to Markets

The gross receipts tax bonds of the Authority experienced credit rating downgrades in 2017 due to the financial and budgetary challenges experienced by the Government. Such downgrades are likely to negatively impact the Authority and Government's ability to access credit markets or to access them at supportable rates in the foreseeable future. In December 2019, Standard & Poor's Global Ratings raised the Government's outlook from "negative" to "stable" and affirmed its "A" rating on the Series 2015A Bonds. In October 2021 and February 2022, Moody's Investors Service updated its review of the Authority's bonds as "stable," with a continued rating of "Caa3." In March 2023, Moody's Investor Service withdrew its ratings, as debt obligations for which it served as a reference no longer had outstanding ratings.

Working Capital Position

WICO was in a negative working capital position as of September 30, 2024, with current assets of $13.0 million and current liabilities of $13.5 million. Current liabilities include $469,000 in accounts payable and accrued expenses, bond interest payable amounting to $1.7 million and PILOT, amounting to $11.2 million due to the Government. Management expects the PILOT liability to decrease with the renovation of the historic property located in Estate Catherineberg. Act 8053 authorizes the PILOT balance to be reduced by the value of repairs and improvements to the Estate Catherineberg property.

Geopolitical Events

In early 2026, geopolitical events contributed to an increase in oil prices, as well as heightened uncertainty regarding future pricing levels for oil and gas. It is not possible to predict the extent to which ongoing market volatility may impact Lonesome Dove oil sublease revenue.

Federal Grants

In December 2024, viNGN was awarded a $2.1 million Digital Equity Capacity Grant and on May 9, 2025, was notified that the award was terminated. The official termination order was signed on June 30, 2025. On July 18, 2025, viNGN received an official response denying its request for reconsideration of termination.

As of May 12, 2025, viNGN's American Rescue Plan Act of 2021 (ARPA) Grant of $10.8 million from the U.S. Department of Treasury was fully funded with a period of performance of December 31, 2025 that was extended to November 30, 2026.

Contacting the Authority's Financial Management

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

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

Financial Statements

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

Statement of Net Position

September 30, 2024	
Assets	
Current Assets	
Cash and cash equivalents	$ 31,266,196
Restricted cash and cash equivalents	83,558,375
Restricted investments, at fair value	54,800,686
Receivables, net	1,541,410
Due from the Government	5,906,309
Matching Fund Corporation receivable	101,571,380
Grants receivable	1,113,619
Leases receivable	520,412
Restricted loans receivable - the Government	44,922,439
Prepaid expenses and other assets	1,647,677
Total Current Assets	326,848,503
Noncurrent Assets	
Restricted investments, at fair value	75,746,406
Lease receivable	6,656,598
Restricted loans receivable – Virgin Islands Waste Management Authority	750,000
Restricted loans receivable - the Government	495,157,425
Due from various Governments	49,585,860
Capital assets, net	80,272,481
Restricted intangible assets, net	7,382,667
Total Noncurrent Assets	715,551,437
Total Assets	1,042,399,940
Deferred Outflows of Resources	
Deferred losses on bond refunding, net	2,188,582
Deferred amounts related to pension	9,896,653
Total Deferred Outflows of Resources	12,085,235
Total Assets and Deferred Outflows of Resources	$ 1,054,485,175

See accompanying notes to financial statements.

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

Statement of Net Position

September 30, 2024	
Liabilities	
Current Liabilities	
Due to the Government Employees' Retirement System of the U.S. Virgin Islands	$ 101,571,380
Accounts payable, accrued expenses, and other liabilities	14,141,548
Compensated absences payable	51,088
Deferred grant revenue	1,232,098
Lease liability	254,812
Notes payable	34,829
Bonds payable	44,089,832
Interest payable	13,881,831
Total Current Liabilities	175,257,418
Noncurrent Liabilities	
Accrued expenses	49,769,371
Compensated absences payable	1,301,169
Deferred revenue	1,203,907
Lease liability	692,339
Notes payable	16,670,531
Net pension liability	13,437,266
Bonds payable, net of net unamortized bond premiums and discounts	572,242,697
Due to the Virgin Islands Waste Management Authority	424,411
Due to the Government - construction and project funds	101,062,713
Due to the Government - debt service funds	63,318,480
Due to the Government – federal reimbursements	6,000,000
Due to the Government – management account funds	450,000
Leases held on behalf of the Virgin Islands Bureau of Internal Revenue	7,382,667
Total Noncurrent Liabilities	833,955,551
Total Liabilities	1,009,212,969
Deferred Inflows of Resources	
Deferred amounts related to leases	2,988,262
Deferred amounts related to pension	4,322,365
Total Deferred Inflows of Resources	7,310,627
Total Liabilities and Deferred Inflows of Resources	$ 1,016,523,596
Net Position	
Net investment in capital assets	$ (1,063,831)
Restricted for:	
Debt service	37,746,926
Tax Obligations – Lonesome Dove Petroleum Co.	441,141
Unrestricted	837,343
Total Net Position	$ 37,961,579

See accompanying notes to the financial statements.

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

Statement of Revenues, Expenses, and Changes in Net Position

Year ended September 30, 2024	
Operating Revenues	
Charges for services	$ 15,534,428
Other operating revenues	160,897
Total Operating Revenues	15,695,325
Operating Expenses	
General and administrative	27,521,763
Depreciation and amortization	7,718,820
Total Operating Expenses	35,240,583
Operating Loss	(19,545,258)
Non-operating Revenues (Expenses)	
Investment income:	
Cash, cash equivalents, and investments	5,022,653
Loans receivable – the Government	27,349,698
Budgetary allocation	12,000,000
Grants revenue	2,120,890
Interest expense	(32,435,706)
Transfers to the Government	(143,238)
Gain on sale of capital assets	8,200
Debt issuance costs	(4,500)
Other revenue	(90,216)
Contribution to the Government of the U.S. Virgin Islands	(642,819)
Total Non-Operating Revenues, Net	13,184,962
Change in Net Position	(6,360,296)
Net Position, beginning of year	44,321,875
Net Position, end of year	$ 37,961,579

See accompanying notes to the financial statements.

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

Statement of Cash Flows

Year ended September 30, 2024	
Cash Flows from Operating Activities	
Cash received from customers	$ 17,828,434
Cash paid to employees	(11,527,718)
Cash paid to suppliers	(15,311,034)
Cash paid to Government Employees' Retirement System of the U.S. Virgin Islands	(123,996,500)
Net Cash Used in Operating Activities	(133,006,818)
Cash Flows from Investing Activities	
Purchases of investments	(300,941,037)
Interest received on cash, cash equivalents, and investments	9,448,675
Investment maturities and sales	283,938,258
Net Cash Used in Investing Activities	(7,554,104)
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets	(1,505,134)
Disposal of capital assets	307,334
Bond issuance costs	(4,500)
Proceeds from loan issuance	95,000
Principal payments on lease liability	(475,453)
Principal payments on loan related to capital assets	(11,491)
Interest payments on loan related to capital assets	(3,322,725)
Interest paid on lease liability	(57,069)
Net Cash Used in Capital and Related Financing Activities	(4,974,038)
Cash Flows from Noncapital Financing Activities	
Funds received for debt service	72,205,889
Proceeds from line of credit	22,940,607
Budgetary allocation	14,343,691
Interest paid on bonds and notes payable	(35,063,876)
Grants and grant management	20,371,213
Transfer from/(to) the Government	14,670,685
Transfer from/(to) the Water and Power Authority	450,000
Principal payments on bonds payable	(41,315,000)
Payments on behalf of the Government	(148,897,577)
Net Cash Used in Noncapital Financing Activities	(80,294,368)
Net Decrease in Cash, Cash Equivalents, and Restricted Cash	(225,829,328)
Cash, Cash Equivalents, and Restricted Cash, beginning of year	340,653,899
Cash, Cash Equivalents, and Restricted Cash, end of year	$ 114,824,571
Cash, cash equivalents, and restricted cash include:	
Cash and cash equivalents	$ 31,266,196
Restricted cash and cash equivalents	83,558,375
	$ 114,824,571

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

Statement of Cash Flows

Year ended September 30, 2024		
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$	(19,545,258)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Provision for doubtful accounts		(37,027)
Depreciation and amortization		7,718,820
Other income		(90,216)
Changes in assets, deferred outflows of resources, liabilities, and deferred inflow of resources:		
Receivables		(99,311,028)
Accounts payable, accrued expenses, and other liabilities		210,963
Compensated absences payable		(19,385)
Prepaid expenses and other assets		(21,550)
Net pension liability		2,800,475
Due to the Government Employees' Retirement System of the U.S. Virgin Islands		(22,425,120)
Deferred outflows of resources - pension related		(2,410,822)
Deferred inflows of resources - pension related		123,330
Total Adjustments		(113,461,560)
Net Cash Used in Operating Activities	$	(133,006,818)
Noncash Noncapital Financing Activities		
Accrued expenses related to professional services	$	49,585,860

See accompanying notes to the financial statements.

1. Reporting Entity

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

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

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

Blended Component Units

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

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

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

Authority, or (3) the component unit's outstanding debt is expected to be repaid entirely or almost entirely with resources of the Authority.

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

Activities of the Authority

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

- *Operations* - Overall investment management and administrative activities of the Authority.
- *WICO* - Property management activities related to the management of WICO, a blended component unit of the Authority, consisting primarily of managing servicing cruise ships owned by established shipping lines.
- *KAMI* – Property management activities related to KAMI, a blended component unit of the Authority, formed on July 22, 2001, consisting primarily of managing a shopping center in Frederiksted, St. Croix and property acquisitions on behalf of the primary Government.
- *ViNGN* - Operating entity in connection with the broadband expansion project formed on March 8, 2010, a blended component unit of the Authority. viNGN was incorporated on October 22, 2010, and its articles of incorporation were duly filed with the Office of the Lieutenant Governor of the United States Virgin Islands on October 12, 2010.
- *Lonesome Dove* - Operating entity consisting of subleased interests in oil and gas leases and mineral interest located in eleven states, a blended component unit of the Authority. On August 9, 2016, the Authority received all of the shares of Lonesome Dove to satisfy certain tax obligations due to the Government.
- *Disaster Recovery* - Management of federal disaster recovery grants and oversight of contracts through two business units:
    - Office of Disaster Recovery (ODR)
    - Recovery Grant Management (RGM)

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

2. Summary of Significant Accounting Policies

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

Measurement Focus and Basis of Accounting

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

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

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

- *Net Investment in Capital Assets* – Capital assets, net of accumulated depreciation and amortization and reduced by outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. Deferred inflows or outflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.
- *Restricted* - These result when constraints on the use of net position, are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provision or enabling legislation.
- *Unrestricted* - Net position that is not subject to externally imposed stipulations.

Taxes

The Authority is exempt from the payment of all U.S. Virgin Islands taxes on all its assets and income. However, WICO is required to make an annual payment in lieu of taxes (PILOT) to the Government, of the greater of 10% of net revenues or $700,000 retroactive to fiscal year 2006 and thereafter. Lonesome Dove collects amounts on behalf of the Government and remits such amounts to satisfy tax-related obligations.

Cash and Cash Equivalents

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

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

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

Investments

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

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

Receivables

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

Prepaid Expenses and Other Assets

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

Capital Assets

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

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Estimated useful lives of capital assets are as follows:

	Years
Buildings and building improvements	5 - 40
Personal property and equipment	3 - 25
Intangible assets	2 - 75

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

Leases

Lessee

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

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

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

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

Lessor

The Authority and WICO have leased to third-parties multiple nonfinancial assets. The Authority recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

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

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

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

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

Compensated Absences

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

The change in compensated absences is as follows for the year ended September 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences payable	$1,371,642	$ 349,900	$ (369,285)	$1,352,257	$ 51,088

Debt Refundings

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

Bond Discounts and Premiums

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

Net Pension Liability

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Charges for Services

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

Customers representing more than 10% of total revenues for viNGN are as follows:

Year ended September 30, 2024	
Broadband VI LLC	35%
Alliance Data Services	17%
VIYA	14%
Total	66%

Grants and Contributions

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

Intra-Account Transfers

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

Use of Estimates in the Preparation of Financial Statements

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

Adoption of Accounting Pronouncements

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. The Authority has evaluated this Statement and has determined there is no impact on the current-year financial statements.

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

GASB Statement No.		Adoption Effective in Fiscal Year
101	Compensated Absences	2025
102	Certain Risk Disclosures	2025
103	Financial Reporting Model Improvements	2026
104	Disclosure of Certain Capital Assets	2026
105	Subsequent Events	2027

Earlier application of the standards is permitted to the extent specified in each pronouncement as originally issued. The Authority is currently evaluating the impact of these statements.

3. Cash and Cash Equivalents

Cash and cash equivalents, segregated by category, are as follows:

September 30, 2024

	Bank Balance	Carrying Amount
Restricted:		
Cash	$ 32,731,049	$ 32,785,401
Money market funds	-	50,772,974
	32,731,049	83,558,375
Unrestricted cash	35,020,031	31,266,196
Total	$ 67,751,080	$ 114,824,571

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

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

As of September 30, 2024, 50.07% of the Authority's deposits were held at Bank of New York, 35.94% were held at Banco Popular de Puerto Rico, 7.08% were held at UMB Bank, N.A., 6.89% were held at First Bank Puerto Rico, and $20,745 was held at Merchant's Commercial Bank. Petty cash of $3,261 was held at WICO and viNGN. Deposits held at UMB Bank, N.A. for WICO of $8.1 million are not collateralized.

4. Restricted Investments

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

Restricted investments in the reserve accounts are as follows:

September 30, 2024

	Debt Service Funds	Construction and Project Funds	Total
Hotel Occupancy Tax and Economic Recovery Fee Collection and Disposition Agreement	$ -	$ 331,476	$ 331,476
Series 2015 A Federal-Aid Highway Bonds	9,558,135	30,843,699	40,401,834
Series 2014 D Revenue Bonds	415,985	-	415,985
Series 2014 C Revenue and Refunding Bonds	12,537,055	912,627	13,449,682
Series 2014 A Revenue Bonds	3,237,596	-	3,237,596
Series 2012 C Revenue Bonds	951,451	2,410,460	3,361,911
Series 2012 A & B Revenue and Refunding Bonds	13,318,493	-	13,318,493
Series 2006 A Revenue Bonds	21,595,832	12,748	21,608,580
Series 1999 A Gross Receipts Pledged Revenue	67,405,532	-	67,405,532
Subtotal Bonds Restricted Investments	129,020,079	34,511,010	163,531,089
Series 2022 Community Facilities Trust Account	17,788,977	-	17,788,977
Less: money market funds classified as cash and cash equivalents	(50,772,974)	-	(50,772,974)
Net Restricted Investments	$ 96,036,082	$ 34,511,010	$ 130,547,092

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

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

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

Level 3 - Inputs are significant unobservable inputs.

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

The following section describes the valuation technique methodologies the Authority is using to measure its investments:

- *Money Market Funds and Commercial Paper* – These include investments in money market funds and commercial paper, which, at the time of purchase, have a maturity of one year or less, are valued at amortized cost.
- *Government Agency Securities* – The government agency and securities are classified as Level 2 instruments as their fair value is based on quoted values stated by the bank's mark-to-market estimate using a stated fixed rate. The interest rate is observable at commonly quoted indexes for the full term of the instruments.

Investments, categorized by investment type and weighted-average maturity, at September 30, 2024, are as follows:

		Weighted-Average Maturity (Years)
Investments, at fair value		
Government agency securities	$ 64,444,586	1.534
Other Investments		
Commercial paper	50,011,808	0.119
Money market funds	16,090,698	-
Total Restricted Investments	$ 130,547,092	1.653

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

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

As of September 30, 2024, the Authority's investment in money market funds were rated AAAm, by Standard & Poor's and Aaa-mf by Moody's Investors Service. The Authority's investments in commercial paper were rated A-1+ by Standard & Poor's and P-1 by Moody's Investors Service. The Authority's investments in Government agencies were rated AAA to AA- by Standard & Poor's and Aaa to Aa3 by Moody's Investors Service.

Concentration of Credit Risk - The Authority places no limit on the amount that may be invested in one issuer. As of September 30, 2024, more than 5.0% of the Authority's investments were invested in: Federated Government Obligation No. 5 (21.45%); Goldman FS Treasury Admin No. 524 (12.15%), Industrial and Commercial Bank of China (9.01%), State of California (8.59%), Natixis NY BR (8.39%), Toronto Dominion Bank (6.25%), and Federal Home Loan Bank (5.45%).

Custodial Credit Risk - The Authority does not have a custodial credit risk policy. The custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution or other counterparty, the Authority will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party. For the year ended September 30, 2024, all investments of the Authority were held in the name of The Bank of New York Trust Company, N.A. as Trustee for the Authority. Investments in the trust accounts are limited to the investments permitted by the trust indenture.

5. Restricted Loans Receivable

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

The Authority loaned the drawdowns from of the Series 2023 Revenue Anticipation Note to the Government. The loan, which 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 (see Note 8).

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

The Authority loaned the proceeds of the Series 2023 Revenue Anticipation Note, Series 2019 A TIF Revenue and Refunding Bonds, the 2019 TIF Project Developer Note, Series 2014 D Revenue Bonds, Series 2014 C Revenue and Refunding Bonds, Series 2014 A Revenue Bonds, Series 2012 C Revenue Bonds, Series 2012 A and B Revenue and Refunding Bonds, and Series 2006 A Revenue Bonds to the Government. The loans, which are secured with pledged gross receipts taxes collected pursuant to Title 3, Section 43 of the Virgin Islands Code, bear the same interest rate, maturities, and repayment terms as the notes and bonds payable (see Note 7 and Note 8).

Restricted loans receivable from the Government are comprised of the following:

September 30, 2024

	Short-Term	Long-Term
Series 2006 A Revenue Bonds	$ 18,840,000	$ 82,555,000
Series 2012 A and B Revenue and Refunding Bonds	10,720,000	100,760,000
Series 2012 C Revenue Bonds	475,000	17,900,000
Series 2014 A Revenue Bonds	2,440,000	28,460,000
Series 2014 C Revenue and Refunding Bonds	6,595,000	180,780,000
Series 2014 D Revenue Bonds	305,000	3,235,000
Series 2015 Federal-Aid Highway Bonds	4,880,000	48,945,000
Series 2019 A TIF Project Developer Note	17,607	1,502,796
Series 2019 A TIF Revenue and Refunding Bonds	649,832	3,455,015
Series 2023 Revenue Anticipation Note	-	14,651,448
	44,922,439	482,244,259
Unamortized bond discounts and premiums	-	12,913,166
Total	$ 44,922,439	$ 495,157,425

On September 30, 2024, the Government advanced bond payments due on October 1, 2024 to the Authority. A summary of bond payments by associated bond series is as follows:

Series 2006 A Revenue Bonds	$ 18,165,000
Series 2012 A and B Revenue and Refunding Bonds	9,940,000
Series 2012 C Revenue Bonds	455,000
Series 2014 A Revenue Bonds	2,325,000
Series 2014 C Revenue and Refunding Bonds	7,385,000
Series 2014 D Revenue Bonds	290,000
Total	$ 38,560,000

At September 30, 2024, the Authority did not consider the loans due from the Government to be impaired and has not reported an allowance for uncollectible balances.

On October 26, 2016, the Authority entered into a short-term, 90-day, non-interest-bearing loan agreement with the Virgin Islands Waste Management Authority (VIWMA) in the amount of $750,000 to provide working capital to VIWMA. The loan repayment was contingent on the release of the Virgin Islands Legislature of landfill investment capital and other working capital that did not occur during the fiscal year. As of September 30, 2024, the amount due from VIWMA under the loan was $750,000.

6. Capital Assets

Capital assets as of September 30, 2024, are comprised as follows:

September 30, 2024

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital Assets Not Being Depreciated					
Land	$ 5,763,178	$ -	$ -	$ -	$ 5,763,178
Construction in progress	11,358,896	1,035,914	(288,114)	(3,281,671)	8,825,025
Total Capital Assets Not Being Depreciated	17,122,074	1,035,914	(288,114)	(3,281,671)	14,588,203
Capital assets being depreciated or amortized:					
Personal property and equipment	72,091,971	420,485	(103,272)	3,260,553	75,669,737
Buildings and improvements	73,252,069	23,485	(6,774)	21,118	73,289,898
Intangible assets	20,973,568	-	-		20,973,568
Right-to-use buildings and building improvements	2,920,242	25,250	-		2,945,492
Total Capital Assets Being Depreciated or Amortized	169,237,850	469,220	(110,046)	3,281,671	172,878,695
Less: accumulated depreciation or amortization for:					
Personal property and equipment	(37,995,513)	(3,760,596)	94,825	-	(41,661,284)
Buildings and improvements	(49,959,067)	(2,764,545)	4,201	-	(52,719,411)
Intangible assets	(10,088,902)	(684,646)	-	-	(10,773,548)
Right-to-use buildings and building improvements	(1,531,141)	(509,033)	-	-	(2,040,174)
Total Accumulated Depreciation or Amortization	(99,574,623)	(7,718,820)	99,026	-	(107,194,417)
Total Capital Assets Being Depreciated or Amortized, Net	69,663,227	(7,249,600)	(11,020)	3,281,671	65,684,278
Total Capital Assets, Net	$ 86,785,301	$ (6,213,686)	$ (299,134)	$ -	$ 80,272,481

Restricted Intangibles Assets

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

Lonesome Dove's ownership interests are recorded as restricted intangible assets in the statement of Net Position and are amortized over the useful life of the oil and gas wells. A corresponding liability is recorded to the Government since any income realized from the oil and gas wells are restricted to the payment of Lonesome Dove's tax liability. For the year ended September 30, 2024, the amortization expense related to restricted intangible assets was approximately $327,000.

7. Bonds Payable

Bonds payable activity for the year ended September 30, 2024 was as follows (expressed in thousands):

	Beginning September 30, 2023	Additions	Reductions	Ending September 30, 2024	Due Within One Year
Bonds payable:					
Gross Receipts Revenue Bonds	$ 528,290	$ -	$ (36,665)	$ 491,625	$ 38,560
Federal-Aid Highway Bonds	58,476	-	(4,650)	53,826	4,880
Direct Placement Bonds payable:					
WICO Port Facilities Revenue Bonds	52,625	-	-	52,625	-
Tax Increment Financing Bonds	6,411	-	(2,306)	4,105	650
Total Bonds Payable	$ 645,802	$ -	$ (43,621)	602,181	$ 44,090
Unamortized premiums and discounts				14,152	
Total Bonds Payable, Net				$ 616,333	

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Gross Receipts Revenue Bonds

A summary of Gross Receipts Revenue bonds activity for the year ended September 30, 2024, was as follows (expressed in thousands):

	Balance September 30, 2023	Principal Payments	**Balance September 30, 2024**
Series 2014 D Revenue Bonds	$ 4,100	$ (270)	**$ 3,830**
Series 2014 C Revenue and Refunding Bonds	201,805	(7,045)	**194,760**
Series 2014 A Revenue Bonds	35,435	(2,210)	**33,225**
Series 2012 C Revenue Bonds	19,260	(430)	**18,830**
Series 2012 A and B Revenue and Refunding Bonds	130,615	(9,195)	**121,420**
Series 2006 A Revenue Bonds	137,075	(17,515)	**119,560**
Total	$ 528,290	$ (36,665)	**$ 491,625**

Gross Receipts Revenue Bonds payable as of September 30, 2024, in which federal arbitrage regulations apply, are comprised of the following (expressed in thousands):

Series 2014 D Revenue Bonds Interest at 6.029%	$ 3,830
Series 2014 C Revenue and Refunding Bonds Interest at 4.50% to 5.00%	194,760
Series 2014 A Revenue Bonds Interest at 5.00%	33,225
Series 2012 C Revenue Bonds Interest at 3.00% to 5.00%	18,830
Series 2012 A and B Revenue and Refunding Bonds Interest at 2.25% to 5.25%	121,420
Series 2006 A Revenue Bonds Interest at 4.00% to 5.00%	119,560
Total	491,625
Less: current portion	(38,560)
Add: unamortized bond premiums and discounts, net	11,561
Long-Term Portion	$ 464,626

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

On November 14, 2014, the Authority issued the Series 2014 C Revenue and Refunding Bonds, the proceeds of which amounted to $247,050,000. These bonds are secured by the pledge of gross receipts tax revenues, subject to the annual moderate-income housing fund deposit as well as any prior liens or pledges. The Series 2014 C Revenue and Refunding Bonds were issued to (i) refund the outstanding Series 2003 A Bonds, (ii) finance all or a portion of the costs of certain capital projects, and (iii) pay the costs of issuance related to the Series 2014 C Bonds. The Series 2014 C Bonds mature from 2015 to 2045 at an interest rate of 4.50% to 5.00%.

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

On September 5, 2014, the Authority issued the Series 2014 A Revenue Bonds, the proceeds of which amounted to $49,640,000. These bonds are secured by the pledge of gross receipts tax revenues and are subject to the annual moderate-income housing fund deposit as well as any prior liens or pledges. The bonds were issued to (i) finance all or a portion of the costs of certain capital projects, as authorized by the Virgin Islands Legislature in 2013 V.I. Act 7499, as amended by 2014 V.I. Act 7631 as further amended by 2014 V.I. Act 7637 and approved by the Authority by resolution, (ii) fund the Debt Service Reserve account in an amount necessary to meet the Debt Service Reserve Requirement, and (iii) pay the costs and expenses of issuing and delivering the Series 2014 A Bonds. The Series 2014 A Revenue Bonds mature from 2015 to 2034 at an interest rate of 5.00%.

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

On November 20, 2012, the Authority issued the Series 2012 A and B Revenue and Refunding Bonds, the proceeds of which amounted to $228,805,000. These bonds are secured by the pledge of gross receipts tax revenues, subject to the annual moderate-income housing fund deposit as well as any prior liens or pledges. The Series 2012 A Revenue and Refunding Bonds were issued to (i) refund the outstanding Series 1999 A Bonds, (ii) refund the outstanding 2010 A1 and A2 Notes, and (iii) pay the costs and expenses of issuing and delivering the Series 2012 A Revenue and Refunding Bonds and fund the Debt Service Reserve account in an amount necessary to meet the Debt Service Reserve requirement related to the Series 2012 A Revenue and Refunding Bonds. The Series 2012 A Bonds mature from 2017 to 2032 at an interest rate of 2.25% to 5.00%. The Series 2012 B Revenue and Refunding Bonds were issued to (i) refinance the outstanding 2011 A Notes, which initially financed the Broadband Project, (ii) pay the costs and expenses of issuing and delivering the Series 2012 B Revenue and Refunding Bonds, and (iii) fund the Debt Service Reserve account in an amount necessary to meet the Debt Service Reserve requirement related to the Series 2012 B Revenue and Refunding Bonds. The Series 2012 B Revenue and Refunding Bonds mature in 2027 at an interest rate of 5.25%.

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

On September 28, 2006, the Authority issued the Series 2006 A Revenue Bonds, the proceeds of which amounted to $219,490,000. These bonds are secured by a pledge of the Trust estate, which includes certain funds established under the original Indenture, the Seventh Supplemental Indenture and the 2006 Gross Receipts Taxes Loan Note, Series issued by the Government. The proceeds were loaned to the Government under the same terms as the Bonds. The bonds are limited special obligations of the Authority. The bonds bear interest at 3.50% to 5.00% and mature from 2007 to 2029. The proceeds of the bonds were issued to: (i) refund a portion of the Authority's Revenue Bonds, Series 1999 A, (ii) pay the cost of a termination fee in connection with an outstanding swap option agreement, (iii) fund certain capital projects, (iv) fund the Debt Service Reserve Account, (v) pay certain costs of issuing the Series 2006 A Revenue Bonds, and (vi) fund a net payment reserve account for a new swap agreement. The Series 2006 A Revenue Bonds maturing on or before October 1, 2016 are not subject to optional redemption. The advance refunding of the 2024 and 2029 maturities of the Series 1999 A Bonds was made in order to obtain lower interest rates.

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

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

Pledged Funds, Covenants, and Collateral

The Government has pledged Gross Receipts Taxes subject to the annual moderate income housing fund deposit, as well as any prior lien or pledge, to the timely payment of the principal and interest on the Series 2019 A Notes, Series 2014 D Revenue Bonds, Series 2014 C Revenue and Refunding Bonds, Series 2014 A Revenue Bonds, Series 2012 C Revenue Bonds, Series 2012 A and B Revenue and Refunding Bonds, and the Series 2006 A Revenue Bonds. The Government has contracted its audit firm to provide quarterly verification of gross receipts deposits made to the collecting agent.

Interest on Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Debt Service Requirements - Gross Receipts Revenue Bonds

Maturity dates and debt service payment requirements as of September 30, 2024, for the Gross Receipts Revenue Bonds are as follows (expressed in thousands):

Year ended September 30,	Principal	Interest	Total
2025	$ 38,560	$ 23,457	$ 62,017
2026	39,375	21,499	60,874
2027	41,400	19,470	60,870
2028	43,540	17,336	60,876
2029	67,555	15,558	83,113
2030-2034	226,885	38,436	265,321
2035-2039	14,995	6,199	21,194
2040-2044	15,710	2,712	18,422
2045	3,605	81	3,686
	$ 491,625	$ 144,748	$ 636,373

Federal-Aid Highway Bonds

A summary of Federal-Aid Highway bonds activity for the year ended September 30, 2024, was as follows (expressed in thousands):

	Balance September 30, 2023	Principal Payments	**Balance September 30, 2024**
Series 2015 Federal-Aid Highway Bonds	$ 58,476	$ (4,650)	**$ 53,826**

Bonds payable as of September 30, 2024, in which federal arbitrage regulations apply, are comprised of the following (expressed in thousands):

Series 2015 Federal-Aid Bonds, Interest at 3.00% to 5.00%	$ 53,826
Less: current portion	(4,880)
Add: unamortized bond premiums and discounts, net	3,540
Long-Term Portion	$ 52,486

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

Pledged Funds, Covenants and Collateral

The Government has pledged the Federal Highway Grant Revenues, as described below, to the timely payment of principal and interest on the Series 2015 Bonds. The Federal Highway Administration's Puerto Rico Division and the Government's Department of Public Works and the Authority have entered into a Memorandum of Understanding (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.

Interest on Bonds

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

Debt Service Requirements on Bonds

Maturity dates and debt service payment requirements as of September 30, 2024, for the Federal-Aid Highway Bonds are as follows (expressed in thousands):

Year ending September 30,	Principal	Interest	Total
2025	$ 4,880	$ 1,462	$ 6,342
2026	5,125	2,691	7,816
2027	5,380	2,447	7,827
2028	5,650	2,191	7,841
2029	5,935	1,922	7,857
2030-2033	26,856	5,079	31,935
	$ 53,826	$ 15,792	$ 69,618

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

Series 2015 Federal-Aid Highway Bonds	Price
September 1, 2025 and thereafter	100%

WICO Port Facilities Bonds

Following is a summary of the WICO Port Facilities Revenue Bonds for the year ended September 30, 2024 (expressed in thousands):

	Balance September 30, 2023	Principal Payments	**Balance September 30, 2024**	**Due Within One Year**
Series 2022 A Port Facilities Revenue Bonds	$ 19,005	$ -	$ 19,005	$ -
Series 2022 B Port Facilities Revenue Bonds	33,620	-	33,620	-
Total	$ 52,625	$ -	$ 52,625	$ -

Bonds payable are comprised of the following (expressed in thousands):

September 30, 2024	
Series 2022 A Port Facilities Revenue Bonds, Interest at 6.125% to 6.375%	$ 19,005
Series 2022 B Port Facilities Revenue Bonds, Interest at 5.875% to 6.500%	33,620
Total	52,625
Add: unamortized bond premiums and discounts, net	(949)
Long-Term Portion	$ 51,676

In June 2022, WICO issued the Port Facilities Revenue Bonds, Series 2022A and Series 2022B. The Series 2022 Bonds were issued at a nominal value of $52,625,000 and a discounted value of $51,630,908. The Series 2022A and 2022B Bonds were offered exclusively to qualified institutional buyers and were not registered under the Securities Act, or any state securities laws.

The bonds are limited obligations of the Company and are not the debts of the Authority or the primary Government.

The Series 2022 Bonds were issued to: (i) prepay a bank loan, (ii) fund a capitalized interest fund in an amount equal to interest accrued through December 31, 2022, (iii) fund the debt service reserve fund, (iv) finance certain capital improvements to docks, wharves, and ancillary facilities, (v) acquire a 20-foot skiff for port operations, and (vi) pay certain costs of issuing the bonds. The Series 2022 Bonds are due from October 1, 2032, to April 1, 2052, with interest rates of 5.875% to 6.500%. Interest is payable semiannually on April 1st and October 1st commencing October 1, 2022.

Pledged Funds and Collateral

WICO has pledged gross 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.

Debt Service Requirements on Bonds

Maturity dates and debt service payment requirements as of September 30, 2024 for the Port Facilities Revenue Bonds are as follows (expressed in thousands):

Year ending September 30,	Principal	Interest	Total
2025	$ -	$ 3,338	$ 3,338
2026	185	3,338	3,523
2027	360	3,327	3,687
2028	380	3,306	3,686
2029	405	3,283	3,688
2030-2034	4,140	15,839	19,979
2035-2039	5,555	14,417	19,972
2040-2044	7,510	12,463	19,973
2045-2049	10,225	9,746	19,971
2050-2052	23,865	4,634	28,499
	$ 52,625	$ 73,691	$ 126,316

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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%

The bonds are subject to mandatory redemption prices ranging from 107% to 102% from June 14, 2022 to September 30, 2032, and 100% thereafter, in the event the bonds become taxable. The bonds are subject to extraordinary optional redemption prices ranging from 107% to 100% from June 14, 2022 to September 30, 2032, and 100% thereafter, if there is a change in control of WICO.

Bond Covenants

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

Due to a slower-than-expected recovery from the Covid-19 pandemic, WICO was unable to meet fiscal years 2024 and 2025 the DSCR required by its bond covenants. In March 2026, WICO requested and was granted a bond covenant waiver for fiscal years 2024 and 2025, based on an expected increase in revenue related to an increase in passenger fees beginning during fiscal year 2025.

Tax Increment Financing Bonds

Following is a summary of direct placements of bonds issued to a local bank (expressed in thousands):

	Balance September 30 2023	Principal Payments	**Balance September 30, 2024**	Due Within One Year
Series 2019 A TIF Revenue and Refunding Bonds	$ 6,411	$ (2,306)	**$ 4,105**	$ 650

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

Direct Placement Bonds payable are comprised of the following (expressed in thousands):

September 30, 2024		
Series 2019 A TIF Revenue and Refunding Bonds, interest at 6.875%	$	4,105
Less: current portion		(650)
Long-Term Portion	$	3,455

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 an independent certified public accounting firm to provide quarterly verification of gross receipts deposits made to the collecting agent, in accordance with bond covenants.

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

In any fiscal year in which the LTV shall exceed 65%, the DSCR shall be 1.35, and, upon certification thereof by the TIF Calculation Agent, any amounts then available in the Surplus Account may be made first to interest and then to principal due to the 2019A TIF Project Developer Note. No payments may be made on the 2019A TIF Project Developer Note until the DSCR and LTV requirements have been met. For the year ended September 30, 2024, the DSCR amounted to 2.26%, meeting the requirements of the Tax Increment Revenue Loan Agreement.

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

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

Interest on Bonds

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

Debt Service Requirements

Maturity dates and debt service payment requirements as of September 30, 2024 for direct placements bonds are as follows (expressed in thousands):

Year ending September 30,	Principal	Interest	Total
2025	$ 650	$ 262	$ 912
2026	697	216	913
2027	747	166	913
2028	799	113	912
2029	858	57	915
2030	354	4	358
	$ 4,105	$ 818	$ 4,923

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

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

8. Notes and Loan Payable

A summary of notes and loan activity follows (expressed in thousands):

	Balance September 30, 2023	New Issuances	Principal Payments	**Balance September 30, 2024**	Due Within One Year
2023 Revenue Anticipation Note (LOC)	55,909	22,941	(64,199)	**14,651**	-
2019 A TIF Project Developer Note	1,537	-	(16)	**1,521**	18
ViNGN Mortgage	450	-	(12)	**438**	17
ViNGN Revolving Line of Credit	-	95	-	**95**	-
Total	$ 57,896	$ 23,036	$ (64,227)	**$ 16,705**	35

On September 30, 2024, viNGN entered into a revolving line of credit agreement with a local bank for $250,000. The facility carries a fixed interest rate of 3.55% and has a maturity date of October 1, 2025. The line of credit was established to assist viNGN with operational needs. As of September 30, 2024, the outstanding amount of the line of credit was $95,000.

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

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

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

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

The GERS Funding Note is a non-interest-bearing note with principal payments varying from $73.6 million to $158.0 million due on October 1st, except an initial payment of $89.2 million paid on April 7, 2022. The GERS Funding Note, including the principal thereof, is a special limited obligation of the Authority payable solely from the Trust Estate. The GERS Funding Note does not constitute a general obligation of the Authority, or of the Government. The GERS Funding Note may not be called for redemption by the Authority.

On June 15, 2023, PFA and the Government entered into the Revenue Anticipation Note Purchase Agreement (Series 2023 Note) with FirstBank Puerto Rico authorized by Act 8701 issued by the Legislature in April 2023. Under the terms of the Series 2023 Note, the Government may take draws on the loan of up to $100.0 million. The Series 2023 Note is secured by a certificate of deposit of not less than $75.0 million or not less than 134% of outstanding principal balance of the Series 2023 Note. Additional payment sources for the Series 2023 Note include: (i) the General Fund of the Government, (ii) federal stimulus appropriations that are legally available to be used for debt servicing purposes, and (iii) interest earned on the Certificate of Deposit. Interest expense on the Series 2023 Note is computed as 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.

The maturity date of the Series 2023 Note is the earlier of 42 months from the date of the Note Purchase Agreement, or September 30, 2026, whichever is the first to occur. Advances and repayments on the Series 2023 Note as of September 30, 2024 amounted to $78.8 million and $64.2 million, respectively with an outstanding balance of $14.6 million. On October 10, 2023, the Legislature amended Act 8701 to authorize an increase in the amount of the Series 2023 Note to

$150.0 million, to provide $50.0 million for the payment of vendors, retroactive wage payments, and address other critical needs of the territory.

In September 2023, viNGN acquired office space in St. Croix, which it had previously rented. The purchase price of the building was $625,000. To finance this acquisition, viNGN secured a commercial loan of $450,000 from a local bank, backed by a mortgage. Interest on the loan is the Wall Street Journal prime rate plus 125 basis points and will be paid monthly installments over a term of five years based on a 15-year amortized period. The loan matures at the earlier of October 5, 2028 or earlier if the local bank accelerates payments due to an event or default.

Future minimum payments of principal on notes and loans as of September 30, 2024 are as follows (expressed in thousands):

Year Ended September 30,	Principal	Interest	Total
2025	$ 35	$ 169	$ 204
2026	14,784	167	14,951
2027	42	163	205
2028	45	159	204
2029	382	125	507
2030-2034	157	577	734
2035-2039	236	498	734
2040-2044	355	380	735
2045-2049	533	201	734
2050	136	12	148
	$ 16,705	$ 2,451	$ 19,156

9. Due to the Government

Due to the Government represents funds held by the Authority on behalf of the Government for payment of construction projects and debt service payments. Due to the Government movement for the year ended September 30, 2024 was as follows:

	Debt Service Funds	Construction and Project Funds	Federal Reimbursements	Management Projects Accounts
Beginning balance	$ 139,540,605	$ 113,455,406	$ 6,000,000	$ -
Funds received for debt service	67,985,948	4,219,941	-	-
Debt service	(70,559,699)	-	-	-
Investment income	2,396,915	2,029,106	-	-
Bank fees	-	(2,791)	-	-
Capital outlays (net of reimbursements)	(176,391)	(7,742,009)	-	-
Interfund transfers	10,955,113	(10,955,113)	-	-
Transfer of funds to/from the Government	(6,500,000)	5,236,983	-	450,000
Payments to Hotel Developers	-	(5,178,810)	-	
Letter of credit drawdowns	22,940,607	-	-	-
Disbursements from letter of credit	(27,332,875)	-	-	-
Transfers to rum producers	(83,505,493)	-	-	-
Department of Transportation grants	7,573,750	-	-	-
Ending balance	$ 63,318,480	$ 101,062,713	$ 6,000,000	$ 450,000

10. Payments on Behalf of the Government

During the year ended September 30, 2024, the following amounts were disbursed and reported as a reduction of restricted resources held for the Government:

Hotel Development Program	$	1,283,859
Series 2023 Revenue Anticipation Note		23,718,829
Community Facilities Trust Fund		176,391
Series 2015 Federal-Aid Highway Bonds		1,538,063
Series 2014 C Revenue Bonds		273,209
Series 2014 A Revenue Bonds		373,153
Series 2012 C Revenue Bonds		1,520,222
Series 2003 A Revenue Bonds		311,449
Series 1998 A Revenue Bonds		1,290,032
Office of Disaster Recovery -reimbursement of expense		(576,131)
Recovery Grant Management		63,522,837
Administrative Funds		6,049,928
KAMI – reimbursement of expense		(2,525)
Total Payments on Behalf of the Government	$	99,479,316

During the year ended September 30, 2024, the Authority charged the Government fees amounting to $312,532 for its investment and bond management services.

11. Leases and User Agreements

Lessee Agreements

The Authority, WICO, and viNGN lease building space under noncancelable lease arrangements. These leases expire at various dates through 2035. In accordance with GASB Statement No. 87, the Authority and viNGN record leased right-to-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using interest rates of 0.93% and 4.50%, with the last repayment due in fiscal year 2035. Minimum principal and interest payment requirements due for lease arrangements as of September 30, 2024 are as follows:

Year ending September 30,		Principal		Interest		Total
2025	$	254,811	$	20,632	$	275,443
2026		161,542		14,126		175,668
2027		54,437		10,563		65,000
2028		55,520		9,480		65,000
2029		56,625		8,375		65,000
2030-2034		300,484		24,516		325,000
2035		63,732		1,268		65,000
Total	$	947,151	$	88,960	$	1,036,111

Lessor Agreements

WICO has entered into lease agreements for land and building space. Lease terms vary, with current agreements going until fiscal year 2052. For agreements with renewal options, WICO has included the renewal periods in the lease term when it is reasonably certain that the renewal option will be exercised. WICO records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective leases.

The expected receipts are discounted using interest rates between 3.03% and 5.88% for lease periods through 2039. The lease receivable includes consumer price index (CPI) variable payment arrangements in effect at implementation date. Future CPI adjustments are not included in the measurement of the lease receivable as they are considered variable payments. WICO had no leases containing residual value grantees or that include sale-leaseback and lease-leaseback transactions.

The total deferred inflow of resources associated with these leases will be recognized as revenue over the lease terms. WICO recognized $446,755 in related lease revenue and $380,316 in lease related interest income during the fiscal year. As of September 30, 2024, the balance of WICO's deferred inflow of resources was $3.2 million.

WICO's leases included a five-year lease for the provision of office space to viNGN, a blended component unit of PFA. Transactions between WICO and viNGN are eliminated when blended into the Authority's financial statements.

Berthing Right Agreements

WICO has entered into agreements with certain cruise lines providing preferential berthing rights in exchange for a passenger service charges (PSC) with guaranteed annual revenue due to WICO. The agreements commenced on October 1, 2016 and extend through September 30, 2026, with two optional five-year extension periods through September 30, 2036. WICO will track and reconcile passenger manifests on an annual basis to determine amounts due to or owed by WICO.

12. Grants and Contributions

On December 9, 2015, the Authority and the Government entered into an MOU with the Federal Highway Administration, Puerto Rico Division that documents the procedures, roles, and responsibilities for (i) programming and authorizing the approved projects for the Series 2015 Bonds, (ii) supervising the construction of the approved projects, and (iii) paying debt service for the bonds. Under federal legal authority, eligible debt service costs may be reimbursed using Federal Highway Administration funding, subject to the amount of funding provided to the Virgin Islands by the Federal government. For the year ended September 30, 2024, $7.6 million of federal funding was received by the Government for debt service requirements for the Series 2015 Bonds.

Following Hurricanes Irma and Maria in September 2017, viNGN has been approved for multiple projects under the Federal Emergency Public Assistance (PA) program. The PA program provides supplemental grants to state, tribal and local governments to recover from major disasters or emergencies. These grants may be used for a variety of purposes, including emergency work, permanent restoration of infrastructure, and hazard mitigation. During the year ended September 30, 2023, viNGN had approved projects for Communications Infrastructure (Hurricane Repairs), Federal Assistance Programs (FAPs) – Repairs and Contents, Fiber Optic Landing Sites, and Mitigation.

Revenues under these grants are recognized when eligible expenditures are incurred that are allowable for reimbursement, and eligibility requirements are met. During the year ended September 30, 2024, viNGN recognized $248,069 in Public Assistance and $150,000 in Mitigation grant revenue.

In April 2022, viNGN became the recipient of an American Rescue Plan Act of 2021 (ARPA) award from the U.S. Office of Management and Budget via a subrecipient award by the Government of the Virgin Islands. ARPA programs funded by the subrecipient award included infrastructure funding for communications, network, equipment, and build costs and to extend bandwidth capabilities in the Territory. During the year ended September 20, 2024, viNGN recognized $1,598,802 in ARPA grant revenue.

In April 2023, viNGN became the recipient of an Affordable Connectivity Outreach Program (ACP) award from the U.S. Federal Communications Commission. The federal program's objective is to help low-income households afford internet service. viNGN offered outreach and enrollment efforts to advise the public of the ACP discount of $30 per month on internet service to eligible households. During the year ended September 30, 2024, viNGN recognized $18,878 in ACP grant revenue.

In May 2023, viNGN became the recipient of a National Telecommunications and Information Administration (NTIA) award to build capacity relating to the adoption of broadband by residents in the Territory. The program is the State Digital Equity Planning Grant Program (DE) award from the U.S. Department of Commerce. The project will support the "connectVI" initiative offered by the primary Government. During the year ended September 30, 2024, viNGN recognized $100,749 in DE grant revenue.

13. Commitments and Contingencies

Professional Services for Recovery Efforts

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

In December 2018, the first professional services contract was amended to retroactively increase the annual compensation to $16.0 million through November 30, 2018. The temporary increase of $6.0 million was due to the Government's aggressive campaign to identify, assess, secure, and manage a larger percentage of the available resources and funding from FEMA and other federal agencies through November 30, 2018. Effective December 1, 2018, the contract amount was returned to $10.0 million.

Also, in November 2017 and on behalf of the Government, the Authority entered into a second professional services contract to coordinate recovery efforts.

The competitive bid contract had an initial term of five years from its effective date, with the option to extend the agreement I two additional two-year increments, allowing for a maximum duration of nine years. Annual compensation under the contract, inclusive of out-of-pocket expenses, was capped at $15.0 million. 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 $80.0 million as specified in the second amendment. As of September 30, 2024, the amount due to the disaster recovery consultants related to this contract was $49.6 million and is reflected on the statement of net position.

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

In August 2024, the Authority approved a three-year, $137 million contract between the ODR and CH2M, a subsidiary of Jacobs Solutions, to manage approximately $16.7 billion in recovery construction.

Virgin Islands Waste Management Authority

On October 26, 2016, the Authority entered into an MOU with the VIWMA to comply with a September 28, 2016 order by the District Court to establish a Landfill/Solid Waste Remediate Fund (the Fund) to pay for urgent projects at the landfills required under Consent Decrees entered into with the Environmental Protection Agency. The order by the District Court stipulates that the Fund be managed by the Authority through a separately established escrow account in the amount of $3,103,909, and that all landfill projects be completed on or before September 30, 2018. As of September 30, 2024, the amount remaining in the escrow account was $424,411.

Bond Credit Ratings

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

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

In October 2021 and February 2022, Moody's Investors Service affirmed a "stable" Caa3 rating of the Authority's bonds. In March 2023, Moody's Investors Service withdrew its Government of the Virgin Islands rating, noting that the debt obligations for which the company provided a reference rating no longer have outstanding ratings.

Litigation

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

Grant Funds

In connection with federal grant programs, the Authority is obligated to administer and spend the grant monies in accordance with regulatory restrictions and is subject to audit by the grantor agencies. In cases of non-compliance, the agencies involved may require the Authority to refund program monies. Management believes these non-compliance instances, if any, should not materially affect the Authority's financial position.

Additionally, the Government is a recipient of disaster recovery funds due to the September 2017 hurricanes. In December 2020, the Authority on behalf of the Government, received notice from FEMA of the results of audits related to the Public Assistance Grant Program awards. As a result, the Government received a notice of potential debt in the amount of $134.7 million. In response to the notice, in February 2021, the Authority and the Government exercised their option to appeal the notice and provided additional clarification and documentation. In March 2023, the Government received a follow-up letter from FEMA advising that of $411.8 million transactions reviewed by FEMA, questioned costs amounted to $42.1 million. Questioned costs do not represent the 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 on the awards or the financial statements of the Authority.

Guaranty of WAPA Indebtedness

On August 29, 2024, the Board of Directors (Board) of the Authority ratified a prior authorization granted by poll vote on July 30, 2024 to negotiate, prepare, execute, and deliver a guaranty of the indebtedness of WAPA to FirstBank Puerto Rico and Banco Popular de Puerto Rico (collectively, the Banks). As of the date of the resolution, WAPA 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 Authority's enabling legislation, which authorizes such financial support for component units, and is not subject to any statutory or contractual limits.

The Authority 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 WAPA's credit facilities to July 31, 2025, and August 31, 2025, respectively.

Subsequently, on July 29, 2025, the Board approved a further extension of the maturity dates of the guaranty to January 31, 2026. In subsequent Board actions, the Authority approved additional extensions of the guaranty to align with modifications to the underlying debt agreements, extending the guaranty through January 31, 2027 for FirstBank Puerto Rico and March 31, 2027 for Banco Popular de Puerto Rico. As of the date of this report, there has been no default by WAPA on the guaranteed obligations.

In addition to the guaranty, the Authority 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 WAPA's credit facilities.

Hotel Occupancy Tax and Economic Recovery Fee Developer Note (Frenchman's Reef Hotel Development Project), Series 2023A

On November 1, 2023, the Authority entered into the Series 2023A Virgin Islands Public Finance Authority Hotel Occupancy Tax and Economic Recovery Fee Developer Note (Frenchman's Reef Hotel Development Project) in the amount of $244.94 million. Under the Virgin Islands Hotel Development Program, Title 29, Chapter 23 of the Virgin Islands Code, hotels in the Territory are provided incentives through the Virgin Islands Economic Development Authority (VIEDA) to encourage the construction of new hotels and renovation and reconstruction of hotels damaged during the 2017 hurricanes. The hotel developer CREF3 USVI Hotel Owner, Inc. was approved for reimbursement of the costs to reconstruct hotels in the Territory amounting to $244.94 million.

The Authority issued the Developer Note as a special limited obligation, secured by a lien on certain Designated Hotel Occupancy Tax Revenues of 12.5% and Economic Recovery Fees of 2.5%. The revenues are collected by hotel developers from gross room rates paid by hotel guests and pledged for payment of the Developer Note. The Series 2023A Developer Note is non-interest bearing and matures when paid in full or thirty (30) years from the date of delivery on November 15, 2053. Payments are made on the first business day of the month to the extent pledged revenues are available for such purpose. As of September 30, 2024, the outstanding balance of the Series 2023A Developer Note was $241.0 million.

The Series 2023A Note represents a limited, nonexchange reimbursement arrangement, rather than a traditional debt obligation. While PFA has agreed to reimburse the hotel developer, these payments are restricted to specified future revenues, and the obligation expires after thirty (30) years, if revenues are not sufficient to pay the obligation.

14. Retirement and Pension Plan

Defined Contribution Plans

WICO sponsors a defined contribution retirement and savings plan (the Plan) for its employees. Under the provisions of the Plan, employees must contribute at least 3% of their gross compensation but may also contribute up to 7%. WICO matches 3% of the employees' contribution plus a non-elective distribution at the discretion of WICO, which is divided among eligible employees, proportionate to compensation. Required contributions to the pension and savings plan made and charged to operations were approximately $56,910 for the year ended September 30, 2024. WICO does not offer other post-retirement benefits to its employees.

viNGN sponsors a defined contribution retirement plan for its employees. Employees who receive a salary of at least $5,000 are eligible to participate in the plan. viNGN matches the employee's contribution up to a maximum of 2% of the eligible employee's compensation. viNGN contributed $43,823 in matching employer contributions for the year ended September 30, 2024. viNGN does not offer other post-retirement benefits to its employees.

Defined Benefit Plan

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

Plan Description and Benefits

Full-time employees of the Authority are members of the GERS, a cost-sharing, multiple-employer, defined benefit pension plan (the plan) established as of October 1, 1959, Title 3, Chapter 27 of the V.I. Code to provide retirement, death, and disability benefits. Benefits may be extended to beneficiaries of plan members. The plan covers all employees of the Authority except employees compensated on a contract-fee basis, and casual, per-diem, or provisional and part-time employees who work less than 20 hours per week. Persons over the age of 55 may opt out of the plan by providing formal notification to the plan. Vesting of benefits occurs after ten years of service. Benefits may be extended to beneficiaries of plan members.

There are two tiers within the plan:

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

Regular Tier I employees who have completed 30 years of credited service or have attained age 60 with at least ten years of credited service are eligible for a full-service retirement annuity. Regular Tier II employees who have reached age 65 with at least ten 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 20 years of government service or have reached the age of 55 with at least ten years of credited service. Under Tier II, safety employees are eligible for full retirement when they have earned at least 25 years of government service and have reached age 58 or have reached age 60 with at least ten years of service.

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

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

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

Funding and Contribution Policy

Contributions to GERS are established by the Board of Trustees of GERS. The Government's required employer contribution for Tier I and Tier II members was 23.5% of the member's annual salary effective January 1, 2020 through September 30, 2025, and 26.5% subsequent to October 1, 2025, for both Tier 1 and Tier 2 members annual salary.

Employee contribution rates (as a percentage of payroll) were as follows during fiscal year 2024:

	Tier 1	Tier 2
Regular employees	11.0%	11.5%
Public safety employees	13.0%	13.625%

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

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

September 30, 2024	
Valuation date	October 1, 2023
Measurement date	September 30, 2023
Measurement period	October 1, 2022 – September 30, 2023

The Authority is considered an employer of the plan with a proportionate share of 0.3400% as of September 30, 2024, which was an increase of 0.0768% from its proportionate share measured at September 30, 2023. The Authority's percentage was estimated based on the average of each employer's contributions during the period October 1, 2018, through September 30, 2023. The Authority's contributions paid to GERS for the plan's fiscal year ended September 30, 2024 was $952,000.

Pension Liabilities, Expense, and Deferred Outflows/Inflows of Resources

As of September 30, 2024, the actuarial calculated NPL for the Authority's proportionate share of the NPL of the plan was $13.4 million. The NPL of the plan is measured as of September 30, 2023, and the total pension liability for the plan used to calculate the NPL was determined by an actuarial valuation as of October 1, 2023. For the year ended September 30, 2024, the Authority recognized pension expense of $513,000 inclusive of amortization of deferred outflows and deferred inflows of pension related items.

Following is a schedule of deferred outflows of resources and deferred inflows of resources allocated to the Authority in the computation of the NPL:

Year ended September 30, 2024

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 27,000	$ 883,892
Net difference between projected and actual investment earnings on pension plan investments	73,955	-
Changes in assumptions	1,103,983	3,431,064
Changes in proportion and differences between contributions and proportional share of contributions	7,739,531	7,409
Contributions subsequent to measurement date	952,184	-
Total	$ 9,896,653	$ 4,322,365

The amount reported for contributions subsequent to the measurement date of $952,000 will be recognized as a reduction of the NPL in the year ended September 30, 2025. Other amounts reported as deferred outflows and deferred inflows, exclusive of contributions made after the measurement date, will be recognized in pension expense as follows:

Year ending September 30,	
2025	$ 578,025
2026	1,224,320
2027	1,224,826
2028	1,544,997
2029	49,936
Thereafter	-
Total	$ 4,622,104

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A summary of the actuarial assumptions and methods used to calculate the total pension liability as of the measurement date as of September 30, 2023 is provided below.

Refer to the October 1, 2023 actuarial valuation report for a complete description of all other assumptions, which can be found on GERS' website at https://www.usvigers.com/reports/actuarial-reports/.

September 30, 2023	
Inflation Rate	2.50%
Salary increases	5.00% through 2026, 4.00% thereafter
Actuarial cost method	Entry age normal
Expected rate of return	6.00%
Municipal bond yield	4.09%
Discount rate	4.87%
Mortality table	Pub-2010 General Below-Median Amount Weighted Employee and Healthy Annuitant Mortality Tables (95 Load for Males) with Generational Projections using Scale MP-2021

The demographic assumptions for the 2023 actuarial valuation are based on the results of an actuarial experience study for the five-year period October 31, 2018 through September 30, 2023, with the net investment return assumption updated for the October 1, 2023 valuation.

Investment Rate of Return

The long-term expected rates of return of 6.00% for the measurement date of September 30, 2023 on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of the measurement date of September 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.39%
Developed markets	14%	6.49%
Emerging markets	6%	7.79%
Core fixed income	20%	1.59%
High yield fixed income	10%	3.39%
Cash	5%	0.79%
Total	100%	

Discount Rate

The discount rate used to measure total pension liability was 4.87% as of September 30, 2023, which was an increase of 0.10% from the discount rate of 4.77% as of September 30, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate. Projected employer contributions and annual funding note revenue that are intended to fund the service costs for future plan members and their beneficiaries are excluded, as are projected employee contributions from future plan members. Based on those assumptions, the plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. The plan's long-term expected rate of return on plan investments of 6.00% was applied to all periods of projected benefit payments that are covered by projected assets, the yield on a 20-year AA Municipal Bond Index was applied. As of September 30, 2024, that rate was 4.09% as compared to 4.02% as of the prior year.

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

Following is a schedule of NPL for the Authority, calculated using the discount rate, as well as what the Authority's proportionate share of the NPL would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate for the year ended September 30, 2023:

1% Decrease Share of NPL at 3.87%	Share of NPL at 4.87%	1% Increase Share of NPL @ 5.87%
$ 15,169,019	$ 13,437,266	$ 11,989,186

Detailed information about the pension plan's fiduciary net position is available in the separately issued GERS financial report available at https://www.usvigers.com/reports/financial-reports/.

15. Risk Management

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

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

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16. Blended Component Unit Reporting

The component units of WICO, viNGN, and KAMI have the same fiscal year end as the Authority. The component unit of Lonesome Dove has a calendar year ended December 31, 2023. Condensed financial statements for the major component units are presented below (expressed in thousands):

	WICO	viNGN	KAMI	Lonesome Dove
Condensed Statement of Net Position				
Assets				
Current assets	$ 12,988	$ 3,492	$ 3,296	$ 443
Non-current assets, excluding capital assets	-	-	-	-
Capital assets, net of depreciation	35,363	50,399	-	7,383
Total Assets	$ 48,351	$ 53,891	$ 3,296	$ 7,826
Liabilities				
Current liabilities	$ 13,516	$ 2,313	$ -	$ 2
Long-term portion of bonds outstanding	51,676	-	-	-
Other liabilities	1,484	1,907	619	7,383
Loan payable to the Authority	-	36,899		
Total Liabilities	66,676	41,119	619	7,385
Deferred inflows of resources	3,192	-	-	-
Total Liabilities and Deferred Inflows	$ 69,868	$ 41,119	$ 619	$ 7,385
Net Position				
Invested in capital assets, net of debt	$ (14,664)	$ 12,695	$ -	$ -
Restricted	133	250		441
Unrestricted (deficit)	(6,986)	(173)	2,677	-
Total Net Position	$ (21,517)	$ 12,772	$ 2,677	$ 441

	WICO	viNGN	KAMI	Lonesome Dove
Condensed Statement of Revenue, Expenses, and Changes in Net Position				
Operating Revenues				
Charges for services	$ 8,695	$ 4,592	$ -	$ 1,912
Other operating revenues	-	98	-	-
Total Operating Revenue	8,695	4,690	-	1,912
Operating Expenses				
General and administrative expense	(6,692)	(5,923)	(1)	(201)
Depreciation and amortization	(2,925)	(4,518)	-	-
Total Operating Expenses	(9,617)	(10,441)	(1)	(201)
Operating Income (Loss)	(922)	(5,751)	(1)	1,711
Non-operating Income (Loss)	(3,263)	1,912	9	(1,604)
Change in Net Position	(4,185)	(3,839)	8	107
Net Position, beginning of year	(17,332)	16,611	2,669	334
Net Position, end of year	$ (21,517)	$ 12,772	$ 2,677	$ 441

	WICO	viNGN	KAMI	Lonesome Dove
Condensed Statement of Cash Flows				
Cash Flows from Operating Activities	$ 3,380	$ (856)	$ 2	$ 1,731
Cash Flows from Non-Capital Financing Activities	(50)	3,323	2	(1,605)
Cash Flows from Capital and Related Financing Activities	(3,177)	(1,032)	-	-
Cash Flows from Investing Activities	360	8	6	1
Decrease in Cash and Cash Equivalents	513	1,443	10	127
Cash and Cash Equivalents, beginning of year	9,614	206	3,236	259
Cash and Cash Equivalents, end of year	$ 10,127	$ 1,649	$ 3,246	$ 386

To obtain audited financial statements for WICO, viNGN, KAMI, or Lonesome Dove, please contact the Authority at 32 & 33 Kongens Gade, Government Hill, St. Thomas, U.S. Virgin Islands 00802.

17. Segment Information

WICO is a wholly owned port facility including a cruise ship pier, and rental complex on the island of St. Thomas. WICO's operating revenues consist of agency fees charged to cruise lines and rental income.

WICO also owes approximately $11.2 million to the Government in PILOT authorized by the Legislature of the Virgin Islands. Act 8053 authorizes the reduction of PILOT liabilities for amounts expended to repair and renovate a historic property located in Estate Catherineberg.

viNGN has an interest free loan from the Authority, that was utilized to finance viNGN's capital assets and construction projects including certain portions of the optical network. The loan has no repayment schedule nor have any covenants been established. There were no new borrowings or payments to the Authority during the year ended September 30, 2024. The outstanding balance of the loan as of September 30, 2024, was $36.8 million.

In October 2023, viNGN entered into an MOU with WAPA to collaborate on the installation of Wi-Fi equipment and development of high-speed fiber optic infrastructure for the territory. This initiative was funded by the ARPA.

18. Financial Condition

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

As of September 30, 2024, the Authority is in compliance with all related covenants. Further, as of the date of this report, revenues pledged for debt service have not been significantly impacted by the Government's financial condition and it is unknown what impact, if any, the Government's financial condition will have on the Authority.

WICO did not meet the DSCR required by its bond covenants for fiscal year 2024. In March 2026, WICO requested and was granted a bond covenant waiver for fiscal year 2024 and 2025, based on an expected increase in revenue related to an increase in passenger fees beginning during fiscal year 2025. (Also see Note 19)

19. Subsequent Events

viNGN Contracts and Agreements

In December 2024, viNGN entered into an MOU with VI Housing Finance Authority (VIHFA) to collaborate on the providing free Wi-Fi on VIHFA properties.

In December 2024, viNGN received a $2.1 million grant under ALN 11.032, State Digital Equity Planning from the U.S. Department of Commerce. On May 9,2025, viNGN received a letter from the U.S. Department of Commerce where the award was terminated. viNGN appealed the award termination and on July 18, 2025, received notification from the U.S. Department of Commerce denying the request for reconsideration of termination.

On September 30, 2025, viNGN's line of credit was extended to October 1, 2026, and the interest rate decreased from 3.55% to 3.30%.

On March 13, 2026, the viNGN received FEMA approval for the Phase II for Hazard Mitigation Grant Program (HMGP) for an amount of $4.6 million for Fiber Access Point Generator project. The period of performance is October 31, 2026.

WICO Bond Covenant Waiver

Due to a slower-than-expected recovery from the Covid-19 pandemic, the Company was unable to meet the DSCR required by its bond covenants for fiscal years 2024 and 2025. In March 2026, the Company requested and was granted a bond covenant waiver for both fiscal years, based on an increase in passenger fee revenue.

KAMI Grant Commitment

On November 13, 2025, the Board of Directors of The King's Alley Management, Inc. authorized a grant of $1,013,246.41 to the Virgin Islands Water and Power Authority (WAPA) for the Downtown Christiansted Street Lighting Improvement Project. The funding will be sourced from proceeds received from the sale of the King's Alley Hotel.

Hotel Occupancy and Economic Recovery Fee Revenue Bonds

On November 20, 2024, the Authority issued the Series 2024A Hotel Occupancy Revenue Bonds in the amount of $64.9 million, and the Series 2024B 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 5.750%. The Series 2024 B Bonds will also mature on April 1, 2053 with a yield of 9.000%.

Virgin Islands Transportation & Infrastructure Corporation (VITIC)

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 8: Infrastructure Corporation (VITIC), an independent instrumentality of the Government of the U.S. Virgin Islands and a wholly owned subsidiary of the Authority.

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 June 5, 2026, $436 thousand remained available for disaster-related projects and $30.1 million for other designated purposes.

Series 2025A Bond

In April 2025, the Authority issued the Virgin Islands Public Finance Authority Tax Increment Revenue and Refunding Loan Note (Virgin Islands Tax Increment Revenue Loan Note – Island Crossings Shopping Center) "Series 2025A Bond" in the amount of $3.5 million. The Series 2025A Bond was issued as a private placement bond with FirstBank Puerto Rico to defease the Series 2019A TIF Revenue and Refunding Bonds and the Series 2019A TIF Project Developer Note. The Series 2025A Loan Note is a special limited obligation of the Government to which it has pledged incremental revenues from Island Crossings collected by the Government. The Series 2025A Bond is payable in 55 installments of principal and interest with a fixed interest rate of 6.875% per annum.

Grant Anticipation Revenue Bonds Series 2025

In June 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 of the Virgin Islands and to refund all of the Authority'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.

Virgin Islands Hotel Development Financing Corporation (VIHDFC)

In November 2025, the Legislature of the Virgin Islands enacted Act. No. 9063, the Virgin Islands Hotel Development Financing Corporation Act, authorizing the establishment of the Virgin Islands Hotel Development (VIHDFC), an independent instrumentality of the Government, and special purpose subsidiary of the Authority. VIHDFC was established to oversee the development, operation and financing of hotels in the U.S. Virgin Islands and to issue bonds, notes, or other obligations as a conduit issuer on behalf of a nonprofit organization as described in section 501(c)(3) of the Internal Revenue Code. Bonds issued by the VIHDFC do not constitute a general obligation of the PG.

Hotel Revenue Bonds (Frenchman's Reef Hotel Acquisition Project)

In December 2025, the VIHDFC issued the Hotel Revenue Bonds (Frenchman's Reef Hotel Acquisition Project) Senior Lien Series 2025 A-1 in the amount of $272.3 million, and the Federally Taxable Senior Lien Series 2025 A-2 Bonds in the amount of $10.0 million. The Series 2025 A-1 and A-2 bonds were issued to: (i) finance the costs of acquiring ownership interests in the Westin St. Thomas Beach Resort & Spa and the Buoy Haus Beach Resort St. Thomas, Autograph Collection, located on the island of St. Thomas; (ii) fund certain reserves and other required amounts, (iv) fund capitalized interest accounts, and (v) pay certain costs of issuing the bonds. The Series 2025 A-1 Bonds mature from February 1, 2033 to December 1, 2055 with interest rates that vary from 4.5% to 6.0%. The Series 2025 A-2 bonds mature February 1, 2034 with an interest rate of 8.875%.

Subordinate Gross Receipts Taxes Secured Series 2025 Revenue Note

In January, 2026, the Authority issued the Virgin Islands Public Finance Authority Subordinate Gross Receipts Taxes Secured Series 2025 Revenue Note (Virgin Islands Gross Receipts Taxes Loan Note 2025 Projects) in the amount of $90.0 million as a revolving line of credit to finance (i) disaster related projects, (ii) payment of vendors, (iii) retroactive wage payments, and (iv) other critical needs of the Government due to cash flow deficiencies. The line of credit is issued in accordance with the Second Restated and Amended Revenue Anticipation Note Purchase Agreement between the PFA and First Bank Puerto Rico with a revolving line of credit up to a maximum of $150.0 million. The line of credit is secured with the pledge of gross receipts taxes (the "GRT Secured Series 2025 Note"), has an interest rate of the Prime Rate minus a spread of 0.50%, and a maturity date of September 30, 2026.

Management's Evaluation

Management has evaluated any events or transactions occurring after September 30, 2024, the statement of net position date, through June 30, 2026, 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 Authority's financial statements for the year ended September 30, 2024.

Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net Pension Liability

September 30,	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the NPL	**0.3400%**	0.2632%	0.2100%	0.1600%	0.1200%	0.1115%	0.1128%	0.1097%	0.1029%	0.1065%
Authority's proportionate share of the NPL	**$ 13,437,266**	$ 10,636,791	$ 11,121,208	$ 9,242,042	$ 6,377,577	$ 4,674,397	$ 4,941,575	$ 5,075,147	$ 4,188,003	$ 3,286,609
Authority's covered-employee payroll	**$ 4,051,848**	$ 1,922,294	$ 1,832,194	$ 1,576,430	$ 735,806	$ 523,173	$ 510,954	$ 475,468	$ 467,034	$ 492,001
Authority's proportionate share of the NPL as a percentage of its covered payroll	**332%**	553%	607%	586%	867%	893%	967%	1,067%	897%	668%
Plan fiduciary net position as a percentage of the total pension liability	**10%**	9%	8%	9%	11%	16%	16%	17%	20%	27%

Notes to Schedule

1. Changes of Benefit Terms

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

Schedule of the Authority's Proportionate Share of the Net Pension Liability

2. Change of Assumptions

Year ended September 30,	Assumption Changes
2015	• Discount rate decreased from 4.87% to 4.42%.
2016	• Discount rate decreased from 4.42% to 3.84%. • Salary increases decreased from 4.00% to 3.25%. • Inflation decreased from 2.85% to 2.50%.
2017	• Discount rate decreased from 3.84% to 3.20%.
2018	• Discount rate increased from 3.20% to 3.74%.
2019	• Discount rate increased from 3.74% to 4.25%.
2020	• Discount rate decreased from 4.25% to 2.67%.
2021	• Discount rate decreased from 2.67% to 2.23%. • Inflation rate decreased from 2.50% to 2.00%.
2022	• Discount rate increased from 2.23% to 2.52%. • Inflation rate increased from 2.00% to 2.10%.
2023	• Discount rate increased from 2.52% to 4.77%. • Inflation rate increased from 2.10% to 2.50%. • Salary increases increased from 3.25% to 5.00%. • Mortality tables changed from RP-2014 Blue Collar to Pub-2010 Mortality tables.
2024	• Discount rate increased from 4.77% to 4.87%. • Salary increases increased from 3.25% to 5.00%.

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

Schedule of the Authority's Pension Contributions

September 30,	**2024**	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially required contributions of the Authority	**$ 952,184**	$ 514,003	$ 412,954	$ 348,872	$ 306,691	$ 150,840	$ 104,492	$ 104,745	$ 108,738	$ 119,009
Contributions in relation to the statutorily required contributions	**952,184**	514,003	412,954	348,872	306,691	138,355	104,492	104,745	108,738	119,009
Contribution Deficiency	**$ -**	$ -	$ -	$ -	$ -	$ 12,485	$ -	$ -	$ -	$ -
Authority's covered payroll	**$4,051,847**	$ 2,187,247	$ 1,922,294	$ 1,832,194	$ 1,576,430	$ 735,806	$ 523,173	$ 510,954	$ 475,468	$ 467,034
Contributions as a percentage of covered payroll	**23.5%**	23.5%	21.48%	19.85%	19.45%	18.80%	19.97%	20.50%	22.87%	25.48%