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

Schedule of Passenger Facility Charge Revenues and Expenditures
Year Ended September 30, 2021

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Revenues and Expenditures
Year Ended September 30, 2021

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Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program; Report on Internal Control Over Compliance; and Report on the Schedule of Passenger Facility Charge Revenues and Expenditures Required by the Passenger Facility Charge Audit Guide for Public Agencies

To the Governing Board
Virgin Islands Port Authority

Report on Compliance of the Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited the Virgin Islands Port Authority's (the Authority), a component unit of the Government of the U.S. Virgin islands, compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide) that could have a direct and material effect on its passenger facility charge program for the year ended September 30, 2021.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended September 30, 2021.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the passenger facility charge program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's passenger facility charge program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the passenger facility charge program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Guide and which are described in the accompanying passenger facility charge program schedule of findings and questioned cost as items PFC 2021-001 and PFC 2021-002. Our opinion on the passenger facility charge program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's responses to the noncompliance findings identified in our compliance audit described in the accompanying passenger facility charge program schedule of findings and questioned costs. The Authority's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The Authority is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Authority's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the passenger facility charge program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying passenger facility charge program schedule of findings and questioned costs as item PFC 2021-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying passenger facility charge program schedule of findings and questioned costs as item PFC 2021-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's responses to the internal control over compliance findings identified in our audit described in the accompanying passenger facility charge program schedule of findings and questioned costs. The Authority's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The Authority is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Authority's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Passenger Facility Charge Revenues and Expenditures

We have audited the financial statements of the Virgin Islands Port Authority (the Authority), a component unit of the Government of the U.S. Virgin Islands, as of and for the year ended September 30, 2021, and have issued our report thereon dated August 22, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of passenger facility charge revenues and expenditures is presented for purposes of additional analysis as required by the Guide and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charge revenues and expenditures is fairly stated in all material respects in relation to the financial statements as a whole.

Restriction on Use

This report is intended solely for the information and use of management, the Governing Board, others within the Authority, and the Federal Aviation Administration, and is not intended to be and should not be used by anyone other than these specified parties.

BDO USA, P.C.

August 22, 2025

Schedule

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

Schedule of Passenger Facility Charge Revenues and Expenditures
Year Ended September 30, 2021 and Each Quarter Therein

Quarter Ended	PFC Revenues Collected	Interest Earned Thereon	PFC Expenditures Disbursed
December 31, 2020	$ 272,768	$ 5,409	$ 487,553
March 31, 2021	$ 618,353	$ 5,484	$ 270,694
June 30, 2021	$ 990,107	$ 5,927	$ 143,330
September 30, 2021	$ 805,292	$ 6,480	$ 27,433
Total	$ 2,686,520	$ 23,300	$ 929,010

See accompanying notes to the Schedule.

1. Nature of Activities

The Virgin Islands Port Authority (the Authority) was created by Act 2375 of December 23, 1968, to operate as an autonomous agency. The Authority commenced operations on February 11, 1969, by virtue of Act 2405. The Authority owns and manages the air and marine terminals of the U.S. Virgin Islands and is a component unit of the Government of the U.S. Virgin Islands.

The airlines that use the Authority's airport facilities collect a Passenger Facility Charge (PFC) of up to $4.50 per passenger from travelers leaving the U.S. Virgin Islands from the Cyril E. King Airport (CEKA) and $3.00 from travelers leaving the U.S. Virgin Islands from the Henry E. Rohlsen Airport (HERA). The PFC collection authorization of $3.00 for each passenger departing from HERA expired in 2018. As approved by the Federal Aviation Administration (FAA), the use of funds generated by the PFC is restricted for the construction of certain FAA approved capital projects. The PFCs, less an administrative fee charged by the airlines for processing, are collected by the airlines and remitted on a monthly basis to the Authority.

2. Basis of Presentation

PFC revenues are reported when received from the carriers and expenditures are reported when paid. Interest related to PFC unliquidated funds is reported when credited to the PFC designated bank account. PFC expenditures consist of direct project costs as provided in the supporting applications approved by the FAA.

The information in this Schedule is presented as specified in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the FAA. Accordingly, this Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the Authority. Therefore, some amounts presented in this Schedule may differ from the amounts presented in, or used in preparation of, the Authority's basic financial statements.

3. PFC Program Funds

The Authority is obligated to administer and spend monies in accordance with regulatory restrictions and is subject to audit by Federal 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.

Passenger Facility Charge Program
Schedule of Findings and Questioned Costs

Section I – Summary of Auditor's Results

Passenger Facility Charge Program

Internal control over the Passenger Facility Charge Program:		
• Material weakness(es) identified?	X yes	___ no
• Significant deficiency(ies) identified?	X yes	___ none reported
Type of auditor's report issued on compliance for the Passenger Facility Charge Program:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Passenger Facility Charge Audit Guide for Public Agencies?	X yes	___ no

Section II – Passenger Facility Charge Program Findings and Questioned Costs

PFC 2021-001: Reporting

Information on PFC Program:

Application #	Approved for Collection	PFC Level	Description
11-08-C-00-STT	$ 13,353,396	$ 4.50	Terminal Improvements
11-08-C-01-STT	2,830,693	4.50	Terminal Improvements
11-08-C-02-STT	-	4.50	Terminal Improvements
11-05-C-00-STX	1,869,822	3.00	Terminal Improvements
11-05-C-01-STX	396,348	3.00	Terminal Improvements
11-05-C-02-STX	-	3.00	Terminal Improvements
19-09-C-00-STT	2,503,344	4.50	Terminal Improvements
21-10-C-00-STT	11,762,809	4.50	Terminal Improvements

Criteria or Specific Requirement – Title 14 Code of Federal Regulations, Part 158, Subpart D contains the requirements for reporting, recordkeeping, and auditing accounts maintained by public agencies. One such requirement calls for a public agency to provide quarterly reports which include several information such as actual PFC revenue received, interest earned, and project expenditures for the quarter.

Condition – Based on our review of the PFC quarterly reports submitted by the Authority to the FAA System of Airports Reporting (SOAR), we noted the following:

- For the quarter ended June 30, 2021, we noted a variance of $83,721 between the amounts recorded in the Authority's PFC revenue records and the amounts reported to the FAA SOAR system. This variance was due to several PFC revenue transactions for May and June 2021 that were not included in the total PFC revenues reported to SOAR, resulting in an understatement of PFC revenues.
- For the quarter ended September 30,2021, we noted a variance of $27,433 between the amounts recorded in the Authority's PFC expense records and the amounts reported to the FAA SOAR system. This variance was due to one PFC expense transaction for July 2021 that was not included in the total PFC expenses reported to SOAR, resulting in an understatement of PFC expenses.

Cause – It appears that policies and procedures, including review over reporting procedures were not functioning as intended.

Effect or Potential Effect – The Authority is not in compliance with the stated provisions and inaccurate information have been reported to the FAA.

Questioned Costs – Not applicable.

Context – This is a condition identified per review of the Authority's compliance with specified requirements.

Repeat Finding – Not applicable.

Recommendation – We recommend that the Authority reevaluate its policies and procedures to ensure proper monitoring and review of the required reports by an appropriate official who would ensure the information submitted is complete, accurate, and consistent.

Views of Responsible Officials – The Authority concurs with the auditor's findings and recommendations. In response, the Authority will implement measures to ensure proper monitoring and review of the required reports. The planned corrective actions are presented in the Authority's Corrective Action Plan which is attached as Appendix B.

PFC 2021-002: Excess PFC Revenue

Information on PFC Program:

Application #	Approved for Collection	PFC Level	Description
11-05-C-00-STX	$ 1,869,822	$ 3.00	Terminal Improvements
11-05-C-01-STX	396,348	3.00	Terminal Improvements
11-05-C-02-STX	-	3.00	Terminal Improvements

Criteria or Specific Requirement – Title 14 Code of Federal Regulations, Part 158.39, Subpart A contains the requirements for use of excess PFC revenue. Within 30 days after the authority to impose a PFC has expired or been terminated, the public agency must present a plan to the appropriate FAA Airports office to begin using accumulated PFC revenue. The plan must include a timetable for submitting any necessary application under this part.

Condition – In fiscal year 2021, the Authority received excess PFC revenue amounting to $18,225; however, the corresponding application had expired and had not been extended based on the latest approved amendment received from the FAA. The Authority submitted a notice of excess collections to the FAA on October 14, 2020, after the 30-day window. Additionally, the Authority has not yet submitted a plan to the appropriate FAA airports office to begin using the accumulated PFC revenue, which totaled $259,464 as of September 30, 2021.

Cause – It appears that policies and procedures are not in place to ensure timely preparation and reporting of the required plan.

Effect or Potential Effect – If the Authority fails to submit a plan, or if the plan is not acceptable to the FAA Administrator, Federal airport program apportioned funds may be reduced.

Questioned Costs – Not applicable.

Context – This is a condition identified per review of the Authority’s compliance with specified requirements.

Repeat Finding - This is a repeat finding from prior year. This was reported as finding 2020-002 in the 2020 report.

Recommendation – We recommend that the Authority implement its procedures for monitoring the excess PFC revenue and related reporting requirements.

Views of Responsible Officials – The Authority concurs with the auditor’s findings and recommendations. The Authority is working with FAA to utilize the excess PFC revenues in the next application to be filed. This step aims to align the use of funds with regulatory expectations and project needs. The planned corrective actions are presented in the Authority’s Corrective Action Plan which is attached as Appendix B.

Management's Appendices

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Appendix A: Summary Schedule of Prior Audit Findings

Finding PFC 2020-001, 2019-001, 2018-01, PFC 2017-01, PFC 2016-01, PFC 2015-01, PFC 2014-01, PFC 2013-02: Accounting Records

Current Status: Corrected.

Finding PFC 2020-002, 2019-002, 2018-02: Excess PFC Revenue

Current Status: Repeated. Finding PFC 2021-002.

Reason for Recurrence: The Authority is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Authority has implemented monitoring procedures for excess PFC revenue. When funds are received, the Authority promptly identifies any excess PFC revenues and communicates with the FAA regarding a plan for the use of these funds. However, final plans have not been established due to other mitigating factors related to airport projects that are still under negotiation with the FAA.

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Appendix B: Corrective Action Plan

Page Number	Finding	Responsible Officials	Estimated Completion Date	Corrective Action
10	PFC 2021-001: Reporting	Chief Financial Officer, Controller, Accounting Manager, Grant & Project Accountant.	On-going.	The Authority has reviewed its reconciliation of the PFC and has instituted a process that ties all aspects of the PFC together. This reconciliation will be reviewed quarterly by the Controller, Accounting Manager, or CFO.
12	PFC 2022-002: Excess PFC Revenue	Chief Financial Officer, Deputy Executive Director, and Director of Engineering	On-going.	The Authority has implemented monitoring procedures for excess PFC revenue. When funds are received, the Authority promptly identifies any excess PFC revenues and communicates with the FAA regarding a plan for the use of these funds. However, final plans have not been established due to other mitigating factors related to airport projects that are still under negotiation with the FAA.