



# Legislature of the Virgin Islands

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## POST AUDIT DIVISION

July 15, 2016

### COMMITTEE ON FINANCE FISCAL YEAR 2017 BUDGET HEARING

#### VIRGIN ISLANDS PUBLIC FINANCE AUTHORITY (PFA)

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**BACKGROUND / HISTORY:**

The Virgin Islands Public Finance Authority (PFA or the Authority) was created by Act No. 5365 as a public corporation and autonomous governmental instrumentality, operating on behalf of the Government of the U.S. Virgin Islands (the Government). Its primary duties are:

- 1) Aid the Government of the U.S. Virgin Islands in the performance of its fiscal duties;
- 2) Raise capital, public or private, for essential public projects; and
- 3) Create programs and enter into contracts which will support the financing needs of the Government, promote economic recovery and contribute to the stability of the Territory's economy.

The U.S. Virgin Islands Code provides that the debts, obligations, contracts, bonds, assets, receipts, expenditures, accounts, funds, facilities, and property of the Authority shall be deemed to be those of the Authority and not to be those of the Government, or any of its Offices, Bureaus, Departments, Agencies, Commissions, Branches, Agents or employees.

The PFA is headed by the Director of Finance and Administration, under the direction of the Executive Director and the Board of Directors that is chaired by the Governor of the United States Virgin Islands, the highest elected official of the Territory. The members of the PFA's Board of Directors are as follow:

<b>PFA - BOARD OF DIRECTORS</b>	
Governor Kenneth E. Mapp	Chairman
Valdamier O. Collens	Executive Director of PFA & Commissioner Department of Finance)
Keith O'Neale Jr.	Secretary .... St. Croix District
Nellon Bowry	Member .... Director Office of Management & Budget
Pablo O'Neil	Member .....St. Croix District
Vacant	St. Thomas /St. John / Water Island
Vacant	St. Thomas /St. John / Water Island

## **FY 2016 GOALS & OBJECTIVE UPDATE**

1. Enhance timely compliance with disclosure requirements via semi-automation process:

### **Update**

- Contracted 3P, Inc. to design and develop a software that will link the existing authority's website for reporting and ease of access for various department/ agencies within the government of the Virgin Islands for annual updating required
2. Transfer the federal Grant Funds Management System (GFMS) to the Office of Management and Budget (OMB):

### **Update**

- Coordinated with OMB to demonstrate the GFMS and conducted a baseline assessment of OMB's existing system and process surrounding federal grants management. It is anticipated that the consultant will provide PFA with a proposal to transition the GFMS to OMB to review and negotiate during the 3<sup>rd</sup> quarter. It is also anticipated that the transfer of GFMS, including the policies, procedures, systems and other knowledge will conclude in the 1<sup>st</sup> quarter of FY 2017.
3. Improve transparency of public capital projects' available bond proceeds to ensure that departments / agencies effectively utilize bond proceeds:

### **Update**

- Contacted all departments /agencies and provided each a complete listing of all capital projects under their respective jurisdictions. A status of each projects was submitted to the PFA. The authority is actively compiling a list of possible projects funds that may be available to be reprogrammed for the Legislature's consideration.
4. Complete financing of the following:

### **Update**

- Garvee Bonds the Federal Highway Grant Anticipation Revenue Bonds were issued on December 15, 2015 at a value of \$89,880,000 for various federal highway projects.
- New Capital Projects the Authority is currently working on the financing of various new capital projects
- Hospitals Energy Projects the Authority is currently working on the financing of various energy projects.

- Working Capital, the Series 2014E Gross Receipts Taxes Loan Note final draw No. 3 was issued on December 23, 2015 in a principal amount of \$20,000,000 to provide working capital to finance certain operating expenses and other obligations of the Government. Draw downs on this \$60,000,000 facility were fully repaid on February 24, 2016.
- The Series 2015 Real Property Tax Revenue Anticipation Note was issued on September 25, 2015 in a principal amount of \$40,000,000 to provide working capital to finance certain operating expenses and other obligations of the government. The outstanding balance of this facility as of April 1, 2016 was \$3,606,548

**FY 2017 GOALS & OBJECTIVES:**

The Authority seeks to accomplish the following during FY 2017:

- Transfer ownership of the Federal Grant Funds Management System (GFMS) to OMB, including all necessary training, policies, procedures and recommendations surrounding human Capital Acquisition and or development;
- Fully automate compliance and continuing disclosure requirements across various business lines (i.e., Bonds, Rum companies and Limetree Bay Terminals) within the PFA's SharePoint System;
- Develop structured investment criteria to significantly enhance the investment returns of excess capital funds;
- Streamline and standardize the structure of certain policies and procedures for organizational units owned by the Public Finance Authority (PFA).

## FINANCIAL SUMMARY

The table below presents the Public Finance Authority's 3 years' comparative financial summary for Fiscal Year 2015 expenditures through FY 2017 projections.

VI PUBLIC FINANCE AUTHORITY OPERATIONAL EXPENSES	FY 2015 Budget	FY 2016 Budget	FY 2016 Expenditures as of 03/31/2016	FY 2017 Budget Projection	Variance	% Change
<b>ADMINISTRATION</b>						
Staff Salaries & Fringe	458,019	800,000	341,354	930,000	471,981	103%
<b>Sub-Total Staff &amp; Fringe</b>	<b>458,019</b>	<b>800,000</b>	<b>341,354</b>	<b>930,000</b>	<b>471,981</b>	<b>103%</b>
-						
<b>BOARD OF DIRECTORS</b>						
Operating, Travel Misc.	17,598	50,000	16,503	50,000	32,402	184%
Insurance, Board of Director's Liability	28,994	40,000	0	40,000	11,006	38%
<b>Sub-Total Board of Directors</b>	<b>46,591</b>	<b>90,000</b>	<b>16,503</b>	<b>90,000</b>	<b>43,409</b>	<b>93%</b>
-						
<b>ST. THOMAS OFFICE</b>						
PFA IT Infrastructure & Web Site Maintenance	91,602	100,000	56,945	100,000	8,398	9%
Utilities (elec., water, security)	90,668	100,000	36,498	100,000	9,332	10%
Communications, office supplies, postage, travel misc.	69,290	90,000	36,967	80,000	10,710	15%
Building Property Maintenance	48,090	50,000	43,337	70,000	21,910	46%
Financial Team	1,075	10,000	0	10,000	8,925	830%
Furnishings	60	10,000	1,620	10,000	9,940	16569%
Integrated Financial Management System	105,240	100,000	38,915	100,000	-5,240	-5%
Staff Training	1,513	30,000	600	45,000	43,487	2875%
<b>Sub-Total St. Thomas Office</b>	<b>407,537</b>	<b>490,000</b>	<b>214,883</b>	<b>515,000</b>	<b>107,463</b>	<b>26%</b>
-						
<b>ST. CROIX OFFICE</b>						
Rental space	37,968	40,000	18,984	40,000	2,032	5%
Utilities (elec., water, security, insurance, janitorial)	93,761	60,000	14,443	60,000	-33,761	-36%
Communications, office supplies, postage, travel misc.	14,368	20,000	7,172	20,000	5,632	39%
PFA IT Infrastructure & Website Maintenance	0	45,000	0	45,000	45,000	100%
Capital Expenditures - Vehicles	0	0	0	40,000	40,000	100%
<b>Sub-Total St. Croix Office</b>	<b>146,097</b>	<b>165,000</b>	<b>40,599</b>	<b>205,000</b>	<b>58,903</b>	<b>40%</b>
-						
<b>TOTAL ADMINISTRATION</b>	<b>1,058,245</b>	<b>1,545,000</b>	<b>613,339</b>	<b>1,740,000</b>	<b>681,755</b>	<b>64%</b>
-						
<b>PROFESSIONAL SERVICE AGREEMENTS</b>						
Accounting and Auditing	482,690	600,000	227,209	600,000	117,310	24%
Bond Counsel	138,436	350,000	439,130	500,000	361,564	261%
Financial Advisors	372,319	425,000	235,083	475,000	102,681	28%
Legal Services	1,480,621	1,000,000	1,062,050	500,000	-980,621	-66%
Bank Custody & related fees	62,285	70,000	77,902	85,000	22,715	36%
Consultancy Services	1,426,381	2,000,000	789,586	2,000,000	573,619	40%
Frederiksted Retail Mall	70,000	75,000	93,466	150,000	80,000	114%
<b>Sub-Total Professional Service Agreements</b>	<b>4,032,732</b>	<b>4,520,000</b>	<b>2,924,425</b>	<b>4,310,000</b>	<b>277,268</b>	<b>7%</b>
-						

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<b>PFA BUDGET</b>	<b>5,090,977</b>	<b>6,065,000</b>	<b>3,537,764</b>	<b>6,050,000</b>	<b>959,023</b>	<b>19%</b>
<b>OEO BUDGET</b>	<b>1,406,144</b>	<b>499,343</b>	<b>46,140</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>TOTAL PFA &amp; OEO BUDGET</b>	<b>6,497,121</b>	<b>6,564,343</b>	<b>3,583,903</b>	<b>6,050,000</b>	<b>-447,121</b>	<b>-7%</b>

**OFFICE OF ECONOMIC OPPORTUNITY (OEO) BUDGET**

<b>OFFICE OF ECONOMIC OPPORTUNITY</b>	<b>FY 2015 Budget</b>	<b>FY 2016 Budget</b>	<b>FY 2016 Expenditures as of 03/31/2016</b>	<b>FY 2017 Budget Projection</b>	<b>Variance</b>	<b>% Change</b>
<b>ADMINISTRATION</b>						
<i>STAFF SALARIES &amp; FRINGE BENEFITS</i>						
Director	72,221	0	0	0	-72,221	-100%
Assistant to the director (Currently Acting Director)	50,904	65,000	23,673	0	-50,904	-100%
ARRA Grants Manager/ Program Manager/Project Manager	0	0	0	0	0	0%
ARRA Grants Management/ Program management/Project (Management support)	0	0	0	0	0	0%
FRINGE BENEFITS	43,709	23,075	8,404	0	-43,709	-100%
<b>Sub-Total Staff Salaries &amp; Fringe Benefits</b>	<b>166,834</b>	<b>88,075</b>	<b>32,077</b>	<b>0</b>	<b>-166,834</b>	<b>-100%</b>
<b>OEO OFFICE</b>						
Communication, Office Supplies, Equipment, Postage, Travel & Misc.	5,477	20,000	6,687	0	-5,477	-100%
IT Infrastructure, Website & Financial Management System Maintenance	0	0	0	0	0	0%
OmniSystems Inc. (IT Infrastructure)	11,268	11,268	3,756	0	-11,268	-100%
Staff Training	0	5,000	0	0	0	0%
<b>Sub-Total OEO Office</b>	<b>16,745</b>	<b>36,268</b>	<b>10,443</b>	<b>0</b>	<b>-16,745</b>	<b>-100%</b>
<b>Sub-Total OEO Administration &amp; Office Expense</b>	<b>183,579</b>	<b>124,343</b>	<b>42,520</b>	<b>0</b>	<b>-183,579</b>	<b>-100%</b>
<b>PROFESSIONAL SERVICE AGREEMENTS</b>						
Monitoring, Tracking, Reporting, Project management & Compliance *	0	300,000	*0	0	0	0%
3P Inc.	1,026,978	0	0	0	0	0%
Westland Strategies *	145,387	*0	*3,319	0	0	0%
Grant Writing	0	0	0	0	0	0%
Legal Services	0	75,000	0	0	0	0%
Kleeger & Kleeger (Legal & company)	50,200	0	300	0	0	0%
<b>Sub-Total Professional Service Agreements</b>	<b>1,222,565</b>	<b>375,000</b>	<b>3,619</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>TOTAL OEO BUDGET</b>	<b>1,406,144</b>	<b>499,343</b>	<b>46,140</b>	<b>0</b>	<b>0</b>	<b>0%</b>

*Exhibit I*

*\*Note. \$300,000 was projected for Monitoring, Tracking, etc., under the Professional Service Agreements FY 2016 Budget. However, there was no expenditures submitted for that line item by the Authority. Additionally, the Wetland Strategies indicates \$3,319, as well as Kleeger & Kleeger \$300 as of date expenditures, but there were no monies allocated for those line items.*

**PERSONNEL OVERVIEW**

The Authority submitted documentation that shows its FY 2017 projected personnel cost of \$686,260 for nine (9) unclassified filled positions.

CLASSIFICATION	POSITION	SALARY	No. of Pos	STATUS
Un-Classified	Director of Finance & Administration	175,000	1	Filled
Un-Classified	Business Management Analyst	37,260	1	Filled
Un-Classified	Bond Proceed Manager	85,000	1	Filled
Un-Classified	Receptionist	32,000	1	Filled
Un-Classified	Operations Analyst	60,000	1	Filled
Un-Classified	Bond Proceeds & Compliance Senior Mngr.	90,000	1	Filled
Un-Classified	Executive Assistant to the Director	45,000	1	Filled
Un-Classified	Senior Policy Advisor to the Chairman	97,000	1	Filled
Un-Classified	Compliance Manager, Operating & Rum Distillery Agreements	65,000	1	Filled
	<b>Total Personnel</b>	<b>686,260</b>	<b>9</b>	

*Exhibit II*

**VI GOVERNMENT CONTRIBUTION TO VIPFA**

FISCAL YEAR	FUNDING SOURCE	AMOUNT RECEIVED	DATE RECEIVED	PURPOSE
FY 2015	Internal Revenue Matching Fund	\$3,500,000	11/14/2014	FY 2015 Administrative Budget
FY 2016	Internal Revenue Matching Fund	3,500,000	12/31/2015	FY 2016 Administrative Budget
<b>Total VI Government Contribution</b>		<b>\$7,000,000</b>	<b>***</b>	

*Exhibit III*

\*\*\* Post Audit can find no evidence of appropriations from the Internal Revenue Matching Fund as contributions to the PFA

**FEDERAL FUNDS**

NAME OF GRANTOR/ AGENCY	TYPE OF GRANT	AMOUNT	SUB-GRANTEE	AMOUNT ALLOCATED
U.S. Department of Commerce	Broadband Technology Opportunities Program Comprehensive Community Infrastructure Grant Program	\$58,888,468	VI Next Generation Network (viNGN)	\$58,888,468
U.S. Department of Commerce	Broadband Technology Opportunities Program Public Computer Centers Program (PCC)	3,021,867	VI Next Generation Network (viNGN)	3,021,867

U.S. Department of Commerce	Broadband Technology Opportunities Program Sustainable Broadband Adoption Program (SBA)	2,535,082	VI Next Generation Network (viNGN)	2,535,082
U.S. Department of Commerce	Broadband Technology Opportunities Program Sustainable Broadband Adoption Program (SBA)	3,009,506	VI Next Generation Network (viNGN)	3,009,506
U.S. Department of Education	State Fiscal Stabilization Fund (SFSF)	\$1,692,264		\$1,692,264

*Exhibit IV*

**OUTSTANDING VENDOR INVOICES**

INVOICE DATE	VENDOR NAME	DESCRIPTION OF SERVICES	INVOICE AMOUNT
10/24/2015	One Love Service Station	Fuel PFA 3-St. Croix	\$50
12/24/2015	The Bank of New York Mellon	Bank Custody Fees	4,275
12/30/2015	The Bank of New York Mellon	Bank Custody Fees	4,050
02/26/2016	Westland Strategies	Professional Services-Consulting Expenses February 2016	3,910
02/28/2016	Federal Express VI	Postage	29
02/29/2016	Hall & Griffith, PC	Professional Services - Legal	5,100
02/29/2016	Hall & Griffith, PC	Professional Services - Legal	24,892
03/02/2016	Westland Strategies	Professional Services - Consulting February 2016	20,000
03/07/2016	Mannix Auto Repairs	Repairs to PFA 2	950
03/10/2016	ARLMCO	Repairs to Security Gate	3,195
03/10/2016	Banco Popular Visa	march 10, 2016 Bill	7,334
03/11/2016	AT&T	Telephone	228
03/15/2016	VI Water & Power Authority	Electricity	3,982
03/15/2016	VI Water & Power Authority	Water	68
03/15/2016	ARLMCO	Security Gate Remotes	90
03/15/2016	Hawkins Delafield & Wood LLP	Professional Services - Bond Counsel	47,934
03/15/2016	VI Bureau of Internal Revenue	Professional Services - Bond Counsel	2,408
03/15/2016	Hawkins Delafield & Wood LLP	Professional Services - Bond Counsel	23,632
03/16/2016	Westland Strategies	Professional Services - Consulting Expenses March 2016	3,405
03/17/2016	ICY KOOL AC	building & Property Maintenance	500
03/19/2016	AT&T	Telephone	540
03/20/2016	Fortress Self Storage	Storage	464
03/29/2016	VI Water & Power Authority	Electricity	2,714
	<b>Total Outstanding Payments</b>		<b>\$159,748</b>

*Exhibit V*

**SCHEDULE OF PRINCIPAL & INTEREST DUE ON LONG-TERM DEBT**

GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS			
SCHEDULE OF PRINCIPAL & INTEREST DUE ON LONG-TERM DEBT			
FISCAL YEAR 2017			
ISSUE & SOURCE OF PAYMENT	PRINCIPAL	INTEREST	TOTAL
<b>INTERNAL REVENUE MATCHING FUND</b>			
2004 Series A Bonds	0	0	0
2009 Series A1 Bonds	1,770,000	3,709,681	5,479,681
2009 Series A2 Bonds	0	0	0
2009 Series B Bonds	19,450,000	8,459,750	27,909,750
2009 Series C Bonds	8,040,000	2,849,750	10,889,750
2010 Series A Working Capital Bonds	2,395,000	14,766,125	17,161,125
2010 Series B Working Capital Bonds	0	4,833,475	4,833,475
2012 Series Working Capital Bonds	850,000	6,961,750	7,811,750
2013 Series A	2,320,000	1,661,500	3,981,500
2013 Series B	5,250,000	2,157,250	7,407,250
2009 Subordinated Series A (Cruzan Project) Bonds *	705,000	2,087,450	2,792,450
2009 Subordinated Series A (Diageo Project) Bonds *	4,890,000	15,729,025	20,619,025
<b>Sub-Total Internal Revenue Matching Fund</b>	<b>45,670,000</b>	<b>63,215,756</b>	<b>108,885,756</b>
<b>GENERAL FUND</b>			
1999 Series A Gross Receipts Bonds (refunded)	0	0	0
2003 Series A Revenue & Refunding Bonds	0	0	0
2006 Series A Gross Receipt Bonds	3,240,000	9,588,538	12,828,538
2009 VI Public Finance Authority 911 Protection Loan	0	0	0
2011 Property Tax Revenue Anticipated Revenue Note ***	5,528,266	62,468	5,590,734
2012 A Series Working Capital Loan Note	11,110,000	7,343,725	18,453,725
2012 B Broadband	1,670,000	1,385,213	3,055,213
2012 C Series Gross Receipts Bonds (Capital Projects)	1,775,000	1,487,725	3,262,725
2013 A Series Subordinated Lien Revenue Notes (Police Fleet)	1,442,978	73,219	1,516,197
2014 A Series Working Capital	1,560,000	2,369,000	3,929,000
2014 A Series IRS Settlement Loan	2,000,000	456,892	2,456,892
2014 C Series Capital Projects & Refunding	4,995,000	11,940,900	16,935,900
2014 D Series Broadband	175,000	332,349	507,349
2009 Island Grossing TIF Bond Anticipation Note	834,831	261,169	1,096,000
2016 A first Responders ****			
<b>Sub-Total General Fund</b>	<b>34,331,075</b>	<b>35,301,198</b>	<b>69,632,273</b>
<b>GRAND TOTAL PRINCIPAL &amp; INTEREST</b>	<b>80,001,075</b>	<b>98,516,954</b>	<b>178,518,029</b>
*Paid from Cover Over Received			
**Net of amounts paid from Capitalized Interest Fund			
***Based on collections; estimated			
****Upcoming new facility with anticipated draws and payments in FY 2017			

**CAPITAL PROJECTS**

According to the Executive Branch Budget report, the following table list territorial Public Capital Projects. the VI Public Finance Authority capital project remains active at the Charles Wesley Turnbull Public Library, and a budget balance of \$163,431.

Agency	Location	Payment Status	Project Name	Funding Source	Project Budget	Project Budget Funds Expended	Budget Balance
Department of Planning & Natural Resources	STT/ STJ	Active	Fort Christian Renovation	2003 GRT Bonds	\$430,000	\$0	\$430,000
Department of Public Works	STT/ STJ	Active	DPW Garage Facility on St. Thomas	2012 GRT Bonds	1,500,000	633,015	866,985
Sports, Parks & Recreation	STC	Active	Paul E. Joseph Stadium & Sports Complex	2003 GRT Bonds	1,150,000	410,164	739,836
Sports, Parks & Recreation	STC	Active	Paul E. Joseph Stadium & Sports Complex	2014C GRT Bonds	17,500,000	1,239,230	16,260,770
VI Public Finance Authority	St. Thomas/ St. John District	Active	Charles Wesley Turnbull Public Library	2012 GRT Bonds	2,000,000	1,836,159	163,841
<b>Total Capital Projects Overview</b>					<b>\$22,580,000</b>	<b>\$4,118,569</b>	<b>\$18,461,431</b>

*Exhibit VII*

**VI PFA AS THE LESSEE**

PHYSICAL ADDRESS LEASED SPACE	NAME OF LANDLORD	SQ. FT.	ANNUAL RENT	TERMS OF LEASE
Plot No. 9 Strand Street & Plot No. 63 King Street, Town of Frederiksted, St. Croix, US VI	Arthur Hartman	12,176	\$70,000	Twenty (20) years, commencing February 16, 2016 and terminating February 15, 2036
Plot 55 & 55A, Suite 2-L, Christiansted VI 00820	Christiansted Restoration Corporation	1,575	37,968	Five (5) years, commencing on May 1, 2015 and ending on April 30, 2020, unless sooner terminated or renewed as provided herein. The term may be reduced in the Landlord's sole discretion, in the event that the Premises are sold or Landlord's ownership is otherwise restructured, within ninety (90) days written notice to Tenant
<b>TOTALS</b>		<b>13,751</b>	<b>\$107,968</b>	

*Exhibit VIII*

Note: The leased space annual rent totals \$107,968; however, the Authority projected \$40,000 for rental space (page 5). Additionally, Plot # 55 & 55A lease terms shows no indication of rental increase.

**VI PFA AS THE LESSOR**

The following table lists VI PFA properties that are leased to various business in Frederiksted, and Christiansted, St. Croix.

Physical Address of Leased Space	Name of Tennant	SQ. Ft.	Terms of Lease	Annual Rent	Rent Balance As of March 31, 2016
Plot No. 9 Strand Street and Plot No. 63 King Street, Frederiksted, St. Croix	L & F Castle (Frances Matthew)	200	Month to Month	\$4,200	\$8,680
Plot No. 9 Strand Street and Plot No. 63 King Street, Frederiksted, St. Croix	Angie's Gallery (Angela Cumberbatch)	200	Month to Month	3,480	3,140
Plot No. 9 Strand Street and Plot No. 63 King Street, Frederiksted, St. Croix	Casual Cuts Barber shop (Jermaine Weston)	500	Month to Month	6,210	22,995
Plot No. 9 Strand Street and Plot No. 63 King Street, Frederiksted, St. Croix	Cocodeco - 2 spaces (Doris s. Mohammed)	400	Month to Month	6,660	555
Plot No. 9 Strand Street and Plot No. 63 King Street, Frederiksted, St. Croix	Danny Centerville	395	Month to Month	4,200	700
Plot No. 9 Strand Street and Plot No. 63 King Street, Frederiksted, St. Croix	Department of Tourism	2,250	Month to Month	27,000	0
Plot No. 9 Strand Street and Plot No. 63 King Street, Frederiksted, St. Croix	G & J Vending (Gilberta John)	200	Month to Month	3,900	520
Plot No. 9 Strand Street and Plot No. 63 King Street, Frederiksted, St. Croix	Kofi Boateng	200	Month to Month	3,600	780
Plot No. 9 Strand Street and Plot No. 63 King Street, Frederiksted, St. Croix	the Arch Boutique - w spaces (Thecla Bailey)	825	Month to Month	10,200	102,500
Plot No. 9 Strand Street and Plot No. 63 King Street, Frederiksted, St. Croix	The Couturiere (Hyacinth Richardson-deceased)	200	Month to Month	5,400	19,526
Plot No. 9 Strand Street and Plot No. 63 King Street, Frederiksted, St. Croix	Martha Jean Pierre*				
Plot No. 9 Strand Street and Plot No. 63 King Street, Frederiksted, St. Croix	Mary Sonya Edwards*				
57 King's Street, Christiansted, VI 00820	Dive Experience, Inc.	2,000	Month to Month	42,000	0
	<b>Total Leased Space</b>	<b>5,370</b>		<b>\$74,850</b>	<b>\$159,396</b>

*Exhibit IX*

**The above numbers suggest a significant amount in receivables.**

**VEHICLES**

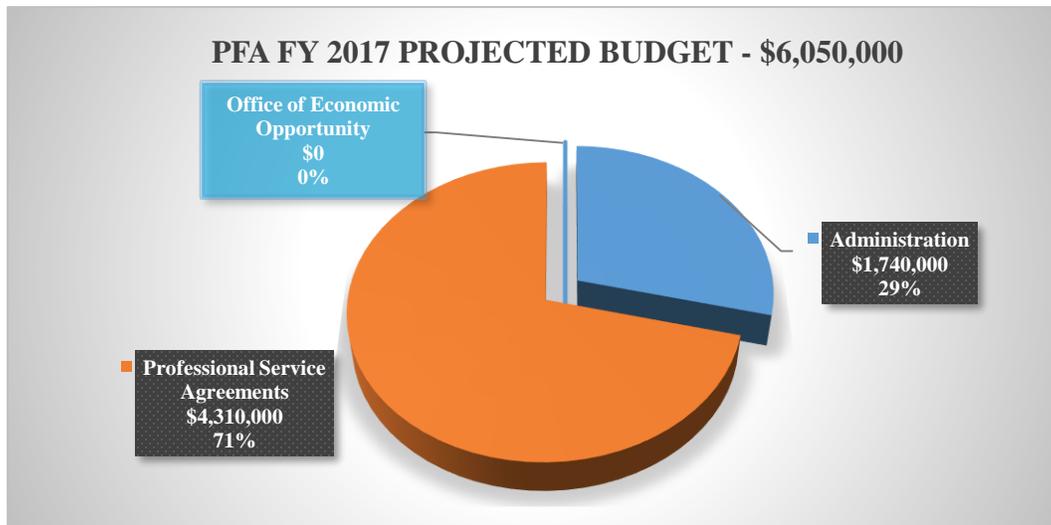
All three of the PFA vehicles were paid with local funds and are owned by the Authority. The St. Thomas/ St. John District vehicles are in excellent condition. However, the St. Croix District is in poor working condition; combined, the vehicles have total of \$9,428 in gasoline and maintenance costs.

ACTIVITY CENTER	LICENSE PLATE #	YEAR	MAKE	MODEL	MAINT. AMOUNT	GAS AMOUNT
<b>St. Thomas/ St. John District</b>						
PFA STT- Valdamier Collins	PFA 1	2013	Ford	Explorer	808	1,571
PFA STT- Joanne Bozzuto	PFA 2	2013	Ford	Explorer	839	245
<b>St. Croix District</b>						
PFA STC - Iris Magras	PFA 3	2006	Jeep	Liberty	4,711	1,254

*Exhibit X*

**SUMMARY**

The Public Finance Authority does not receive any funding from the General Fund of the Government of the Virgin Islands for budgetary purposes. However, the Authority has submitted its **Fiscal Year 2017** projected budget in the amount of **\$6,050,000**. No funding was projected for the Office of Economic Opportunity (OEO).





Jose L. George  
Post Auditor

### **SCHEDULE OF PRINCIPAL & INTEREST ON LONG TERM DEBT**

The Virgin Islands Public Finance Authority, on behalf of the Government of the United States Virgin Islands, through authorization from the Legislature of the United States Virgin Islands, has secured funding for the following working capital and long-term projects. Outlined below is a brief description of each bond issuance reflected in the Schedule of Principal and Interest due on Long Term Debt for Fiscal Year 2017.

#### **General Obligation Debt (Gross Receipt Taxes)**

- Proceeds from the Series 2006A Gross Receipts Tax Bond issuance were used to refund a portion of the Authority Revenue Bonds, Series 1999A Bonds, pay the cost of a termination fee in connection with an outstanding swap option agreement, fund certain necessary public sector capital development projects of the Government of the Virgin Islands, fund the Debt Service Reserve Account in an amount necessary to meet the Debt Services Reserve Requirement, pay the premium in connection with the Series 2006 Bond Insurance Policy, fund a net payment reserve account for a new swap agreement, and pay the costs of issuing the Series 2006 Bond. The repayment of this bond series is funded by the General Fund from Gross Receipts Taxes. The bonds were issued in October 2006 at a value of \$219,490,000. As of April 1, 2016, the outstanding principal balance was \$199,830,000.
- Proceeds from the Series 2012A Gross Receipts Tax Bond issuance were used to refund the outstanding Series 1999 Bonds, refund the Series 2010A Notes, pay the costs and expenses of issuing and delivering the Series 2012A Bonds, and fund the Debt Service Reserve Account in the amount necessary to meet the Debt Service Reserve Requirement related to the Series 2012A Bonds. The repayment of this bond series is funded by the General Fund from Gross Receipts Taxes. The Bonds were issued in November 2012 at a value of \$197,065,000. As of April 1, 2016, the outstanding principal balance was \$167,280,000.
- Proceeds from the Series 2012B Gross Receipts Tax Bond issuance were used to refinance the Series 2011A Note, which initially financed the Broadband Project, pay the cost and

expenses of issuing and delivering the Series 2012B Bonds, and fund the Debt Service Reserve Account in an amount necessary to meet the Debt Service Reserve Requirement related to the Series 2012B Bonds. The Bonds were issued in November 2012 at a value of \$31,740,000. As of April 1, 2016, the principal balance was \$27,220,000.

- Proceeds from the Series 2012C Gross Receipts Tax Bond issuance were used to finance all or a portion of the costs of certain capital projects, fund capitalized interest on a portion of the Series 2012C Bonds, and pay the costs and expenses of issuing and delivering the Series 2012C Bonds. The Bonds were issued in December 2012 at a value of \$35,115,000. As of April 1, 2016, the principal balance was \$31,725,000
- Proceeds from the Series 2013A Subordinate Lien Gross Receipts Tax Revenue Notes were used to provide \$6,700,000 of financing for the replacement of police fleet vehicles in accordance with the Collective Bargaining Agreements between the Government of the Virgin Islands and the Virgin Islands Police Benevolent Association and the Law Enforcement Supervisors Union. The financing was completed in the third quarter of Fiscal Year 2013, with an initial drawdown of \$2,660,000 for the first delivery of new vehicles. A second drawdown of \$2,770,000 was completed in the first quarter of Fiscal Year 2014. As of April 1, 2016, the principal balance was \$1,458,889.
- Proceeds of the Series 2014A Gross Receipts Taxes Revenue Bonds were issued to finance operating expenses of the Government, to fund the amount necessary to meet the Debt Service Reserve Requirement for the Bonds, and to pay certain costs of issuing the Bonds. The Bonds were issued on September 5, 2014 in the principal amount of \$49,640,000. As of April 1, 2016, the outstanding principal balance was \$48,160,000.
- Proceeds of the Series 2014B Subordinate Lien Revenue Note (Gross Receipts Tax Loan Note - IRS Settlement Financing) were issued to finance the costs of an IRS settlement and to pay costs of issuing the note. The Bonds were issued on September 11, 2014 in the principal amount of \$14,000,000. As of April 1, 2016, the outstanding principal balance was \$10,833,333.
- Proceeds of the Series 2014C Gross Receipts Taxes Revenue Bonds were used to refund the Authority's outstanding Revenue Bonds (Virgin Islands Gross Receipts Taxes Loan Note), Series 2003A, to finance all or a portion of the costs of certain capital projects, including the Paul E. Joseph Stadium Project and certain projects at the Governor Juan F. Luis Hospital & Medical Center and Schneider Regional Medical Center, and pay the costs of issuance related to the Series 2014C Bonds. The Bonds were issued on November 14, 2014 in the principal amount of \$247,050,000. As of April 1, 2016, the outstanding principal balance was \$242,495,000.
- Proceeds of the Series 2014D Gross Receipts Taxes Revenue Bonds were used to finance certain costs associated with the Broadband Expansion Program, finance the amount necessary to meet the Debt Service Reserve Requirement upon the issuance of the Series 2014D Bonds, and pay the costs of issuance related to the Series 2014D Bonds. The Bonds

were issued on December 3, 2014 in the principal amount of \$5,765,000. As of April 1, 2016, the outstanding principal balance was \$5,600,000.

- Proceeds from the Series 2014E Gross Receipt Taxes Loan Note (Subordinate Lien Revenue Bond Anticipation Note) were used to provide revenue anticipation financing to meet operating costs of the Government within a fiscal year and to pay certain costs of issuing the Series 2014E Note. The repayment of this bond series is funded by the General Fund from Gross Receipt Taxes. The Loan Agreement provides for the borrowing of an amount not to exceed \$40,000,000. The Loan Note was issued in December 2014 as a credit line with a maximum available balance of \$40,000,000. As of April 1, 2016, the outstanding principal balance was \$0. (On February 24, 2016 the Series was paid in full.)

#### **Revenue Obligation Debt (Matching Fund)**

- Proceeds from the Series 2009A-C Revenue and Refunding Bond issuance (Virgin Islands Matching Fund Loan Notes) were used to finance various capital projects, fund the Series 2009A and 2009B Senior Lien Debt Service Reserve sub-account, current refund in full the Revenue and Refunding Bonds Series 1998A (Senior Lien/Refunding Bonds) and Series 1998E (Subordinate Lien/Capital Program), fund the Series 2009C Subordinate Lien Debt Service Reserve Sub-account, and pay certain costs of issuing the Series 2009 bonds. The repayment of this bond series is funded by the Internal Revenue Matching Fund from Excise Taxes collected on United States Virgin Islands Rum sold within the United States market. The Bonds were issued in October 2009 at a value of \$458,840,000 and, as of April 1, 2016, the outstanding principal balance was \$316,815,000.
- Proceeds from the Series 2010A&B Working Capital Revenue Bond issuance (Virgin Islands Matching Fund Loan Note) were issued to provide Working Capital to finance, and or refinance, certain operating expenses and other important financial obligations of the Government of the Virgin Islands for the Fiscal Year ending September 30, 2010. The proceeds were also used to pay down a portion of the outstanding balance of the Series 2009 Gross Receipts Tax Loan Notes, fund the Debt Service Reserve Accounts in an amount necessary to meet the Debt Service Reserve requirements for the Series 2010A&B Bonds, and to pay certain costs of issuing the Series 2010A&B Bonds. The repayment of this bond series is funded by the Internal Revenue Matching Fund from Excise Taxes collected on United States Virgin Islands Rum sold within the United States market. The Bonds were issued in July 2010 in the principal amount of \$399,050,000. As of April 1, 2016, the outstanding principal balance was \$390,570,000.
- Proceeds from the Series 2012A Matching Fund Revenue Bonds issuance were used to provide Working Capital to finance certain operating expenses and other obligations of the Government, fund the Series 2012A Senior Lien Debt Service Reserve Subaccount in an amount necessary to meet the Series 2012A Debt Service Reserve Requirement, and pay the cost of issuing the Series 2012A Bonds. The repayment of this bond series is funded by the Internal Revenue Matching Fund from Excise Taxes collected on United States Virgin Islands rum sold within the United States market. The Bonds were issued in

September 2012 at a value of \$142,640,000. As of April 1, 2016, the outstanding principal balance was \$141,015,000

- Proceeds of the Series 2013B Matching Fund Revenue Bonds issuance were used to refund portions of the Authority's outstanding Series 2004A Bonds, to pay the costs and expenses of issuing and delivering the Series 2013B Bonds, and to fund the amount necessary to meet the Series 2013B Senior Lien Debt Service Reserve Requirement for the Series 2013B Bonds. The repayment of this bond series is funded by the Internal Revenue Matching Fund from Excise Taxes collected on United States Virgin Islands Rum sold within the United States market. The Bonds were issued in September 2013 at a value of \$51,365,000. As of April 1, 2016, the outstanding principal balance was \$46,295,000.

#### **Revenue Obligation Debt (Matching Fund – Rum Producers)**

- Proceeds from the Series 2009A Subordinated Revenue Bond Issuance (Virgin Islands Matching Fund Loan Note - Diageo Project) were used to make a loan to the Government of the Virgin Islands which would provide a grant to Diageo USVI Inc. to finance the costs of the acquisition, design, development, construction, and equipping of a rum production and maturation warehouse facility to be located on St. Croix, pay capitalized interest on the Series 2009A Bonds, fund the Series 2009A Debt Service Reserve Account in an amount necessary to meet the Debt Service Reserve Requirement for the Series 2009A Bonds, and pay the costs of issuing the Series 2009A Bonds. The repayment of this bond series is funded by the Internal Revenue Matching Funds from Excise Taxes collected on United States Virgin Islands Rum sold within the United States market of rum produced by Diageo USVI, Inc. The Bonds were issued in June 2009 at a value of \$250,000,000. As of April 1, 2016, the outstanding principal balance was \$237,095,000.
- Proceeds from the Series 2009A Subordinated Revenue Bond Issuance (Virgin Islands Matching Fund Loan Note - Cruzan Project) were used to make a loan to the Government of the Virgin Islands which would provide a grant to Cruzan VIRIL, Ltd. to finance the costs of the development, acquisition, construction, and installation of a wastewater treatment facility and to fund certain preliminary costs of the alteration, upgrade, expansion, and renovation of the Cruzan distillery, fund the Series 2009A Senior Lien Debt Service Reserve Subaccount in an amount necessary to meet the Series 2009A Debt Service Reserve Requirement, and pay the costs of issuing the Series 2009A Bonds. The repayment of this bond series is funded by the Internal Revenue Matching Fund from Excise Taxes collected on United States Virgin Islands Rum sold within the United States market of rum produced by Cruzan VIRIL, Ltd. The Bonds were issued in December 2009 in the principal amount of \$39,190,000. As of April 1, 2016, the outstanding principal balance was \$35,575,000.

#### **Tax Increment Financing Debt**

- Proceeds from the Series 2009 Tax Increment Revenue Bond Anticipation Notes were used to provide interim financing of a portion of the Island Crossings Project, which is a

shopping center development project, and to pay certain costs incidental to the issuance of the Series 2009A Bond Anticipation Notes. The repayment of these Notes will be funded by Gross Receipts Tax Revenues and incremental Property Tax Revenues. The Tax Increment Revenue Loan provided for the initial borrowing in the principal amount of \$15,700,000. As of April 1, 2016, the outstanding principal balance was \$12,825,622.

- Proceeds from the Series 2011 Property Tax Revenue Anticipation Notes were used to provide Working Capital to finance certain operating expenses and other obligations of the Government. The repayment of these notes is funded by a first lien on all Real Property Tax Receipts from delinquent real property tax receivables for tax years prior to, and including, tax year 2005. The Notes were issued in November 2011 at a par amount of \$13,000,000. As of March 1, 2016, the outstanding principal balance was \$5,528,266.
- Proceeds from the Series 2015 Property Tax Revenue Anticipation Notes were used to provide Working Capital to finance certain operating expenses and other obligations of the Government. The repayment of these notes is funded by a first priority lien on all Real Property Taxes billed and to be collected by the Tax Assessor for the 2015 Tax Year. The Notes were issued in September 2015 in a principal amount of \$40,000,000. As of April 1, 2016, the outstanding principal balance was \$29,565,217.

#### **Federal Highway Grant Anticipation Revenue Debt (GARVEE)**

- Proceeds from the Series 2015 Grant Anticipation Revenue Bonds (Federal Highway Grant Anticipation Revenue Loan Note) were used to:
  - (i) Financed all or a portion of the costs of certain capital projects, including the Veteran's Drive Phase I Project on the island of St. Thomas and the following projects on the island of St. Croix: Melvin Evans Highway-Route 66, Mahogany Road-Route 76, Hams Bluff Road-Route 63, Spring Gut Road Phase I & II, St. Croix Estate Welcome to the South Shore Road-Route 85, Sion Valley Road from Rattan Road through Peter's Rest to the intersection at Blue Mountain Water, Rattan Road Route 74, Prince Street, Queen Frederiksted-Route(s) 7029, 7027, 7025, 7023 & 702, and Improvements to Christiansted Roads-Route(s) 754, 75E, 75W;
  - (ii) Funded the amount necessary to meet the Debt Service Reserve Requirement for the Bonds;
  - (iii) Paid the costs of issuance of the Series 2015 Bonds. The repayment of this bond series is funded by the Federal Highway Grant Revenues. The Bonds were issued in December 2015 at a value of \$89,880,000. As of April 1, 2016, the outstanding principal balance was \$89,880,000.