



Legislature of the Virgin Islands

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POST AUDIT DIVISION

July 20, 2016

COMMITTEE ON FINANCE FISCAL YEAR 2017 BUDGET HEARING

WEST INDIAN COMPANY LIMITED

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BACKGROUND /HISTORY

The West Indian Company Limited was created in 1993 by the Legislature of the United States Virgin Islands (USVI) through the enactment of Act No. 5826, which approved the stock purchase agreement between the Government of the Virgin Islands and Selandia Finance and Investment B.V. for the purchase of WICO.

WICO's operations consist of servicing cruise ships owned by established shipping lines and leasing building space and land to third parties pursuant to a management agreement with the Government Employees' Retirement System (GERS). WICO is composed of four (4) departments: Marine & Cruise Operations, Construction, Leasing and Maintenance (CLM), Security and Accounting.

The members of WICO's Board of Directors are as follows:

BOARD MEMBERS	POSITION	TERM EXPIRATION
Randolph Knight	Chairman	June, 2017
Joyce Dore Griffin	Vice-Chair	June, 2017
Edward Thomas	Secretary	February, 2018
Mike Daswani	Member	June, 2016
Michael Watson	Member	February, 2018
Roberto Cintron	Member	February, 2018
Beverly Nicholson-Doty	Member	February, 2017
Ricaldo Lettsome	Member	February, 2018
Joseph B. Boschulte	Member	February, 2018

The President and Chief Executive Officer of WICO is Joseph Boschulte.

OPERATIONAL OVERVIEW

The principal activity of WICO is the management of the cruise ship terminal facility referred to as the "WICO Pier" or "Havensight Dock" in St. Thomas. WICO manages the berthing system for all cruise vessels that arrive in St. Thomas – most of which moor at the WICO Pier except for two cruise lines that have existing mooring contracts with the Port Authority's docking facility at Crown Bay. Notwithstanding this contractual arrangement, due to the fact that the Crown Bay and WICO docks can only accommodate two and three ships respectively, at any given time, in an overflow situation, it is at WICO's discretion that the responsibility lies for redirecting ships to the inner or the outer harbors of St. Thomas. WICO is also responsible for negotiating and preparing

the annual cruise ship calendar, which includes the berthing anchorage at Crown Bay. Currently, the fees charged for the use of its docking facilities are as follows:

WEST INDIAN COMPANY LIMITED	
DESCRIPTION OF FEES	AMOUNT
Wharfage fee for passenger arrivals (fees per passenger)	\$ 4.00
Berthing Fee, per ton	0.045
Mooring and un-mooring fees, per call	300
Water Sales, per gallon	0.04
Container storage space, per container	15

FY 2016 ACCOMPLISHMENTS

- No report on WICO accomplishments were submitted.

FY 2017 GOALS

- No report was submitted on WICO's goals.

FINANCIAL SUMMARY

WICO has submitted its Projected Income and Expense report for FY 2016 and 2017.

The West Indian Company Limited Public Finance Authority Projected Income / Expenses				
REVENUES	Projected Fiscal Year 2016	Projected Fiscal Year 2017	Variance	%
Passenger Fees	\$5,009,404	\$8,071,760	3,062,356	61.13%
Dockage	1,981,709	0	-1,981,709	-100.00%
Mooring, Unmooring	596,350	0	-596,350	-100.00%
Water Sales	134,850	700,000	565,150	419.10%
Rental of Warehouses	487,500	521,603	34,103	7.00%
Rental of Land	336,756	409,000	72,244	21.45%
Managerial Fees	367,795	382,651	14,856	4.04%
Miscellaneous Income	165,585	131,657	-33,928	-20.49%
TOTAL Revenues	9,079,949	10,216,670	1,136,721	12.52%
EXPENSES				
Variable Expenses				
Water Purchases	421,867	755,000	333,133	78.97%
Mooring/ unmooring/water delivery	202,372	231,871	29,499	14.58%
TOTAL Variable Costs	624,239	986,871	362,632	58.09%
Fixed Costs				
Salaries, wages, & supplements	2,969,779	3,458,122	488,343	16.44%
Other staff overhead	54,356	72,394	18,038	33.19%
Indirect materials	52,000	66,539	14,539	27.96%
Traveling and Transport	212,104	131,153	-80,951	-38.17%
Entertainment	21,574	41,197	19,623	90.96%
Insurance Expense	833,782	877,749	43,967	5.27%
Repairs & Maintenance	300,000	373,172	73,172	24.39%
Other Property Expense	174,333	118,333	-56,000	-32.12%
Communication & advertising	125,000	240,000	115,000	92.00%
Outside assistance	97,326	143,222	45,897	47.16%
Consultants service	130,313	150,000	19,688	15.11%
Legal assistance	183,143	300,000	116,858	63.81%
Other fixed costs	103,088	96,273	-6,814	-6.61%
TOTAL Fixed Costs	5,256,796	6,068,156	811,360	15.43%
TOTAL Expenses	5,881,035	7,055,027	1,173,992	19.96%
Results from Operations	3,198,914	3,161,644	-37,270	-1.17%
Donations	-125,000	-140,436	-15,436	12.34%
EBIDTA	3,073,914	3,021,207	-52,707	-1.71%

Exhibit I

ACTUAL REVENUES

Exhibit II shows a comparative table of the actual revenues collected for Fiscal Years 2012 through 2015; Fiscal Year 2016 estimated revenues and also includes FY 2017 projected revenues.

Description	FY 2012 Revenues	FY 2013 Revenues	FY 2014 Revenues	FY 2015 Revenues	FY 2016 Estimated Revenues	FY 2017 Projections	Variance
Passenger Fees	\$4,706,790	\$4,919,296	\$5,342,364	\$5,348,772	\$5,009,404	\$8,071,760	3,062,356
Dockage	1,908,092	2,002,391	2,173,817	2,145,738	1,981,709	0	-1,981,709
Shipping Receipts	\$6,614,882	\$6,921,687	\$7,516,181	\$7,494,510	\$6,991,113	\$8,071,760	\$1,080,647
Water Sales	565,217	756,897	505,752	640,098	596,350	700,000	103,650
Mooring, Unmooring	147,750	157,200	163,275	165,150	134,850	0	-134,850
Rental of Warehouses	463,411	504,541	500,792	474,385	487,500	521,603	34,103
Rental of Land	327,216	320,010	345,511	330,656	336,756	409,000	72,244
Agency Commission	0	0	0	0	0	0	0
Miscellaneous Income	121,140	124,899	146,295	147,344	165,585	131,657	-33,928
Managerial Fees	333,783	319,264	329,045	396,999	367,795	382,651	14,856
Other Receipts	\$1,958,517	\$2,182,810	\$1,990,671	\$2,154,632	\$2,088,836	\$2,144,910	\$56,074
Total Revenues	\$8,573,399	\$9,104,498	\$9,506,851	\$9,649,142	\$9,079,949	\$10,216,670	\$1,136,721

Exhibit II

FINANCIAL HIGHLIGHTS

The following highlights, as provided by the West Indian Company to the Post Audit Division, reflect the company's financial standing.

The West Indian Company Limited
 Public Finance Authority
Balance Sheet
Months Ending May 31, 2016 and 2015

<i>CURRENT ASSETS</i>	05/31/2016	05/31/2015
Cash and cash equivalents	\$4,825,556	\$5,260,569
Trade accounts receivable, less allowance	633,141	1,070,325
Other accounts receivable	903,166	840,940
Prepaid expenses	219,849	205,246
Restricted cash	2,757,619	2,251,943
Supplies inventory	24,788	20,083
TOTAL CURRENT ASSETS	9,364,119	9,649,105

<i>PROPERTY AND EQUIPMENT</i>		
Land and land improvements	5,147,279	5,147,279
Wharf, buildings, and installations	61,914,632	59,567,530
Equipment and furnishings	4,265,069	3,897,862
Construction in process	2,064,981	3,927,560
TOTAL PROPERTY AND EQUIPMENT	73,391,960	72,540,231
Less accumulated depreciation	30,820,490	27,879,108
	42,571,470	44,661,122
Loan origination costs, less accumulated amortization	0	601,829
TOTAL ASSETS	\$51,935,589	\$54,912,056
<i>LIABILITIES AND SHAREHOLDER'S EQUITY</i>		
<i>CURRENT LIABILITIES</i>	05/31/2016	05/31/2015
Trade accounts payable	\$184,761	\$154,612
Employee compensation	146,112	87,291
Accrued expenses	140,861	86,781
Taxes Payable	5,950,000	4,592,436
Customer deposits	110,655	1,007,655
Current portion of long-term debt	218,622	0
TOTAL CURRENT LIABILITIES	6,751,011	5,928,775
<i>OTHER LIABILITIES</i>		
Long-term debt	32,142,131	31,967,071
	38,893,142	37,895,846
<i>SHAREHOLDER'S EQUITY</i>		
at stated value	2,128,577	2,128,577
Additional paid-in capital	3,871,423	3,871,423
Retained earnings	7,042,447	11,016,210
TOTAL SHAREHOLDER'S EQUITY	13,042,447	17,016,210
TOTAL LIABILITIES AND EQUITY	\$51,935,589	\$54,912,056

Exhibit III

The West Indian Company Limited
 Public Finance Authority
 Income Statement
 Actual & Budget

DESCRIPTION	10/01/14 to 05/31/16	10/01/14 to 05/31/15	FY 2016 Budget
REVENUES			
Passenger fees	3,857,244	4,057,420	5,009,404
Dockage	1,604,065	1,666,391	1,981,709
Mooring and unmooring	126,600	131,550	134,850
Water sales	603,505	385,531	596,350

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Rental of warehouses	334,375	311,969	487,500
Rental of land	247,198	220,602	336,756
Homeland Security Grant	0	0	0
Managerial Fees	244,346	275,946	367,795
Miscellaneous income	111,008	1,200,431	165,585
WICO 100 Yr. Anniversary Advertisements	0	0	0
TOTAL REVENUES	7,128,341	8,249,839	9,079,949
EXPENSES			
VARIABLE EXPENSES			
Provision for bad debt	0	0	0
Water Purchases	435,248	220,955	421,867
Mooring/ unmooring/ water delivery	150,631	151,898	202,372
TOTAL VARIABLE COSTS	585,879	372,853	624,239
FIXED COSTS			
Salaries, wages, & supplements	1,866,368	1,852,424	2,969,779
Other staff overhead	27,560	61,514	54,356
Indirect materials	30,366	36,515	52,000
Traveling and transport	79,043	131,314	212,104
Entertainment	19,855	15,474	21,574
Insurance expense	563,054	606,282	833,782
Repairs & maintenance	305,122	246,325	300,000
Other property expense	89,300	108,622	174,333
Communication & advertising	305,682	344,011	125,000
Outside assistance	106,158	105,003	97,326
Consultants service	135,843	115,064	130,313
Legal assistance	435,072	134,892	183,143
Other fixed costs	415,121	71,001	103,088
TOTAL FIXED COSTS	4,378,544	3,828,440	5,256,796
TOTAL EXPENSES	4,964,423	4,201,293	5,881,035
RESULTS FROM OPERATIONS	2,163,918	4,048,546	3,198,914
Prior period adjustment - income	0	-57,448	0
Donations	-126,108	-138,793	-125,000
Claims & indemnities	-35,682	73,396	0
EBIDTA	2,002,129	3,925,702	3,073,913

Exhibit IV

ESTIMATED GROSS SALES

WICO's estimated gross for the period of October 1, 2015 to September 30, 2016.

<i>Estimated Gross Sales</i>	Amount
October 01, 2015 to September 30, 2016	
Passenger Fees	\$5,009,404
Dockage	1,981,709
Shipping Receipts	6,991,113
Water Sales	596,350
Mooring, Unmooring	134,850
Rental of Warehouses	487,500
Rental of Land	336,756
Managerial Fees	367,795
Sub Total	1,923,251
Estimated Gross Sales	\$8,914,364

Exhibit V

LONG-TERM DEBT

Year ending September 30,	Principal	Interest	Total
2016	\$ 569,564	\$ 1,974,377	\$ 2,543,941
2017	616,292	1,937,280	2,553,572
2018	655,857	1,897,715	2,553,572
2019	697,965	1,855,607	2,553,572
2020	742,778	1,810,793	2,553,571
2021-2025	4,493,619	8,274,240	12,767,859
2026-2030	6,134,295	6,633,564	12,767,859
2031-2035	8,374,653	4,393,206	12,767,859
2036-2040	9,521,341	1,377,634	10,898,975
Thereafter	71,106	434	71,540
Total	\$ 31,877,470	\$ 30,154,850	\$62,032,320

Exhibit VI

PERSONNEL LISTING

- No West Indian Company Limited personnel listing was submitted to Post Audit for FY 2017 budget.

PREFESSIONAL SERVICES CONTRACTS

- No professional service contracts were submitted to Post Audit for FY 2017 budget.

OUTSTANDING VENDOR PAYMENTS

- No information for outstanding vendor payments were submitted to Post Audit for FY 2017 budget

CAPITAL ASSETS

WICO owns the following properties:

- 2,800+ foot pier and related land facilities
- 9.3 acres of land at Estate Liverpool
- 7.235 acres of land on St. Thomas Waterfront (the Long Bay landfill)
- 6 acres of land located at Estate Catherinesberg, known as Denmark Hill

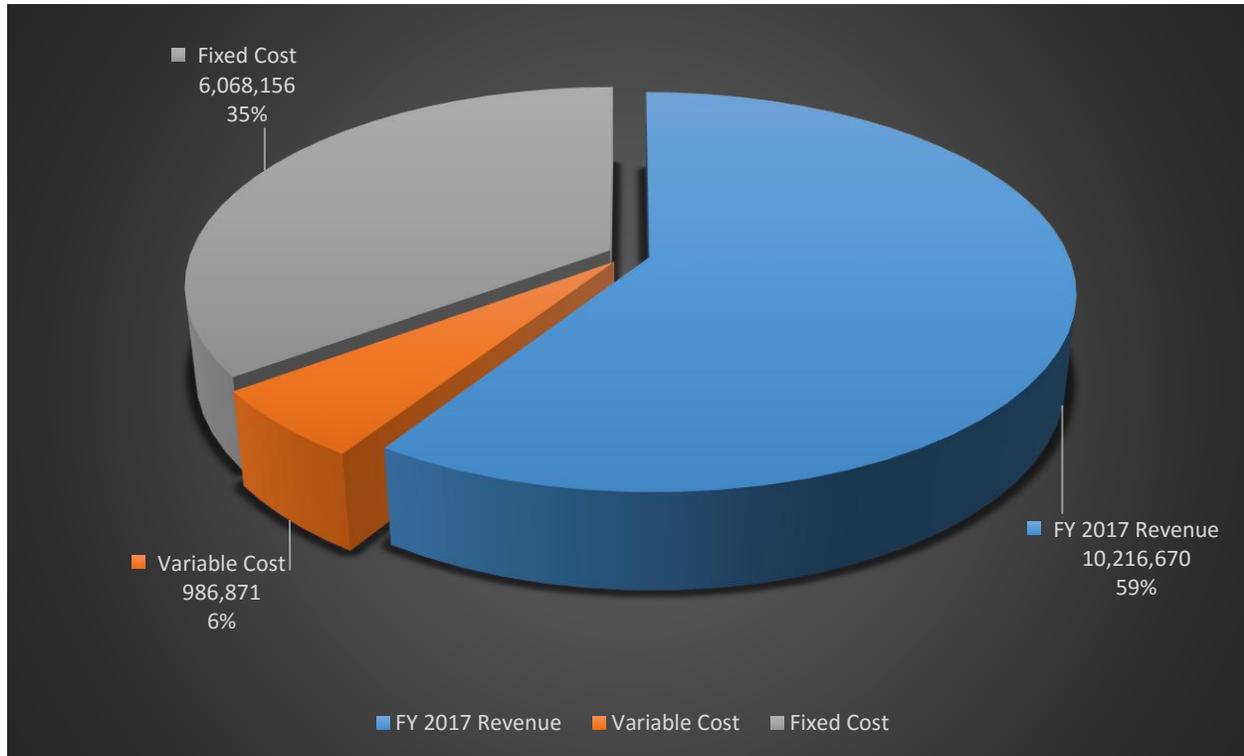
VEHICLES

ST. THOMAS/ST. JOHN DISTRICT									
ACTIVITY CENTER	MAKE	MODEL	YEAR	LICENSE PLATE NO.	FUNDING	LEASE/ OWN	MAINTENANCE COST AMOUNT FY 2015	GAS AMOUNT	
	JEEP	COMPASS	2014	TCS-975	CapEX	OWN			
	JEEP	GRND.CHEROKEE LTD.	2012	TEJ-768	CapEX	OWN			
	JEEP	GRND.CHEROKEE LTD.	2012	TEJ-769	CapEX	OWN			
	JEEP	GRND.CHEROKEE LTD.	2012	TEJ-770	CapEX	OWN			
	JEEP	PATRIOT	2014	TDG-704	CapEX	OWN			
	FORD	EXPLORER	2005	TCS-984	CapEX	OWN			
	DODGE	RAM	2008	TDV-508	CapEX	OWN			
	DODGE	RAM	2015	TEU-777	CapEX	OWN			
Total Vehicle Maintenance Cost Amount								\$35,560	

Exhibit VII

SUMMARY

The following chart depicts the West Indian Company Fiscal Year 2017 Projected Income and Expenses. The projected revenue anticipates an increase of 12.52% over FY 2016 of \$9,079,949



Jose L. George
Post Auditor