



Legislature of the Virgin Islands

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POST AUDIT DIVISION

July 22, 2016

COMMITTEE ON FINANCE BUDGET HEARING FISCAL YEAR 2017 DEPARTMENT BUDGET ANALYSIS

MAGENS BAY AUTHORITY

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BACKGROUND

The Magens Bay Authority (the Authority) was created by Title 32, Chapter 3, Section 51 of the Virgin Islands Code to improve the health and living standards of the Virgin Islands through public use and development of park and beach areas through planning and executing a continuing constructive program.

This agency is semi-autonomous and self-sustaining and does not depend upon the local government to supplement its annual budget. It meets payroll expenses from fees collected. Its payroll is processed through the Department of Finance. Vendor payments, inclusive of attorney fees, liability insurance costs, utilities, and other non- personal costs are paid directly by the Authority.

The Authority is a corporate instrumentality of the Government of the Virgin Islands having legal existence and personality separate and apart from the Government of the Virgin Islands, subject to control of a Board.

Powers and Duties

The powers and duties of the Magens Bay Authority are established under Title 32, Section 52 of the Virgin Islands Code and are as follows:

- ❖ May purchase, lease, receive as a gift, and hold such real and personal property as it deems necessary in carrying out its functions under this chapter;
- ❖ May adopt, amend and repeal bylaws;
- ❖ May sue and be sued in its Authority name;
- ❖ May hire and discharge employees as necessary to carry out its activities;
- ❖ May make contracts as herein authorized;
- ❖ May construct, maintain and operate bath houses and cabanas, piers, bridges, pumping stations and such other structures and improvements as it may deem necessary;
- ❖ Shall make available to the public its bathing houses, beaches and other facilities and may charge such fees and rentals for the use of same; and
- ❖ Shall at all times in planning and landscaping its properties act with a view to preserving and enhancing their natural beauty.

BOARD MEMBERS

As stated under Title 32, Section 53 of the Virgin Islands Code: The power of the Authority shall be exercised by the board of seven directors. The Board shall be composed of the Governor with power to vote by proxy, and six other members, who shall be residents of St. Thomas. The initial appointment of members under the Ordinance of the Municipal Council of St. Thomas and St. John, approved August 22, 1946 (Bill No. 282), was for two, four, six years; respectively.

- Robert Morón MBA Chairman
- Elliot Vice Chairman
- Dayle Barry Treasurer
- Katina Coulianos Secretary
- Aubrey Nelthropp Member
- Barbara Petersen Member

Title 32, Chapter 3, Section 54, states the Board of Directors shall serve without compensation but shall receive \$75 per-diem allowance for each day or part thereof spent in the exercise of their duties.

Title 32, Chapter 3, Section 57, states the Authority may set up and operate such activities within park areas as it deems desirable in the public interest, or if a majority of the members of the Board so vote, it may lease to private individual concessions within the area in conformity with rules and regulations prescribed by the Board. All leases granted within the park areas shall contain a cancellation clause in favor of the Authority, whereby the term may be cancelled, in public interest, upon the violation of any rule or regulation by the lease. This rule shall apply also to all persons making temporary use of any of the facilities who, in case of improper conduct, may be ejected from the premises.

The Authority schedules monthly board meetings on the third Friday of every month at Shed No. 4 at Magens Bay Park. The meeting is publicized on media outlets ten days prior to the meeting. Board meetings are open to everyone and serve as a forum for discussion, ideas and recommendations.

Magens Bay Authority is a non-profit semi-autonomous agency of the Government of the Virgin Islands that manages Magens Bay Beach and surrounding real property. The beach and land were donated to the Government of the Virgin Islands for the people of the Virgin Islands.

The Authority is responsible for the overall management of 98.59 acres of the real estate which is comprised of the properties listed below:

Acres	Location	Acquisition
58	Magens Bay Park	Deed of Gift from Arthur S. Fairchild
10	Magens Bay Park	Deeded on behalf of the Nature Conservancy
21.73	Smith Bay Park	Deeded to MBA by the Government of the VI
.25	Drake Seat	Deeded to MBA by Nature Conservancy
8.61	Petersburg Estate consisting of parcel #11-76 through #11-76-8 and remainder of parcel #11	Deeded to the MBA by the Government of the VI

The Magens Bay Authority, formerly the St. Thomas Park Authority, has effectively maintained and managed the facility for over six decades and receives most of its revenue from admission fees charged for entry and use of the beach.

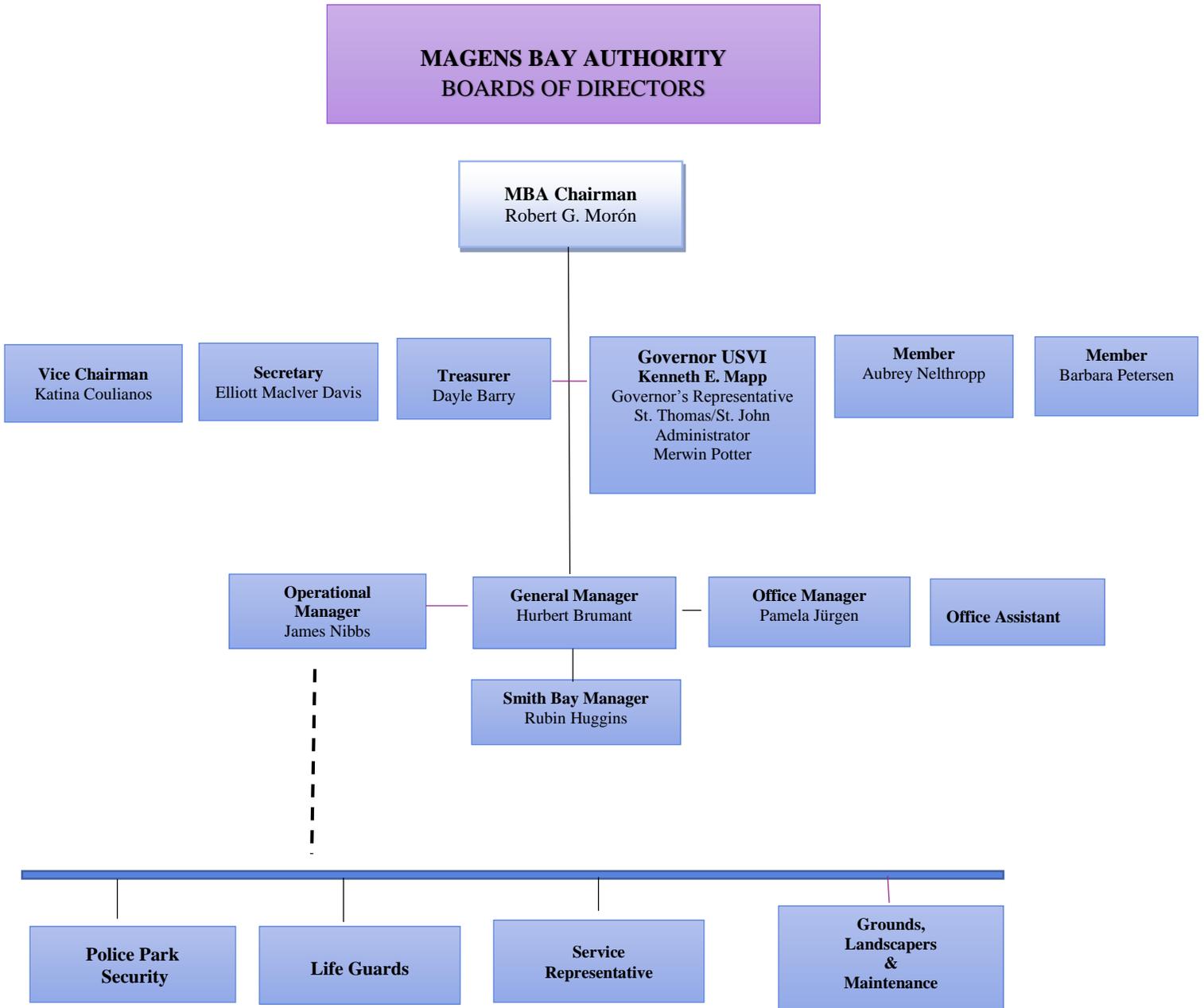
Current rates for the Magens Bay Authority:

Entrance Fees	Locals	Non-Residents/Guests
Adult	\$2.00	\$5.00
Children under 12 years	Free	Free
Children 13 years & older	\$2.00	\$5.00
Vehicle Parking	\$2.00	\$2.00
Shed Rental	\$100.00	\$100.00
Tents	Varies by size	Varies by size
Large	50	50
Small	25	25
Weddings during regular hours	\$100.00	\$100.00
Weddings before or after hours	\$100.00	\$100.00
Group Camping	\$50.00	
Passes (including vehicles)		
Regular/Family	\$25.00 monthly	
Senior Citizens	\$8.00 monthly	
Free entrance including covered space for the handicapped		
Free entrance for any summer/student programs		

In 2006, the Government of the Virgin Islands purchased 21 acres of beachfront property in the Smith Bay area located on the northeastern shoreline of St. Thomas, including the former Lindquist Beach area, with its delicate coastal and marine ecosystems that serves as a home to a wide assortment of plants, animals and marine life. The Magens Bay Authority was granted funds from the 27th Legislature of the Virgin Islands and was selected to develop and manage the facility, thus

extending the management responsibilities of the Authority to include the newly acquired Smith Bay Park in addition to the ongoing management responsibility of the Magens Bay Park.

ORGANIZATIONAL CHART



The Authority has indicated the following accomplishments, goals and future initiatives

SMITH BAY PARK – 2016 UPDATE & DEVELOPMENT

- The Smith Bay Park project is completed; its construction cost remained well within the budget at \$1,800,000. Presently the Park is operating at a deficit, but it is hopeful that the new rates will run-even in the next fiscal year.
- Magens Bay Park will continue to fund the Smith Bay Park until it becomes self-sufficient.

FY 2016 ACCOMPLISHMENTS

- Completed Capital Project for Smith Bay Park
- Completed Phase I, remodeled Magens Bay Park Concession
 - Completed Bidding process,
 - Selected company to complete the design and permits
- Secured building and space for new administration
- Promoted the Arboretum as a live laboratory for public and private school including the University of the Virgin Islands.
- Promoted and encouraged Groups in the Territory to utilize Magens Bay Campsite for outdoor activities.
- Participated with the Red Cross to train and certify two (2) lifeguard trainers.

FISCAL YEAR 2017 GOALS & INITIATIVES

- To complete the design and construction of Magens Bay Park new concession.
- To restore and preserve the pre Columbus Ruins at Magens Bay Park.
- To design and construct a Broad walk at Drake Seat
- To redesign new entrance and signage for St. Croix advertisement
- To restore original plants in the Arboretum
- To continue developing strategies to minimize effects on natural resources
- To continue working with the Red Cross agency to train local residents to become lifeguards. This has become an annual process.
- To maintain bathhouses and renovate where necessary.
- To install alarms and lighting where necessary, in order to cut down vandalism.

FY 2017 REVENUE PROJECTION

The Authority anticipates the sum of \$2,448,500 in revenue projections for its Parks for Fiscal Year 2017.

Revenue Report	Magens Bay Park	Smith Bay Park	FY 2017
Magens Bay Authority	FY 2017 Revenue Projections	FY 2017 Revenue Projections	Total Projections
Gate Receipts	\$1,500,000	\$330,500	\$1,830,500
Rentals	268,000	5,000	273,000
All Other	325,000	20,000	345,000
Total Revenue	\$2,093,000	\$355,500	\$2,448,500

Exhibit I

Exhibit II compares the Authority's revenues and expenses as audited FY 2015 (ending September 30, 2015) and its FY 2017 projections.

Revenue Report	Magens Bay Park FY 2015 Audited Report	Smith Bay Park FY 2015 Audited Report	FY 2015 Combined Total	Magens Bay & Smith Bay Park Combined Revenue	
Magens Bay Authority	Fiscal Period Ending September 30, 2015	Fiscal Period Ending September 30, 2015	Fiscal Period Ending September 30, 2015	Projected Fiscal Year 2017	Variance
Gate Receipts	1,417,856	106,884	1,524,740	1,830,500	305,760
Rentals	343,456	21,924	365,380	273,000	-92,380
All Other	393,072	9,340	402,412	345,000	-57,412
Total Revenues	2,154,384	138,148	2,292,532	2,448,500	155,968
Total Expenses	1,581,608	445,575	2,027,183	2,323,300	296,117
Total Net	572,776	-307,427	265,349	125,200	-140,149

Exhibit II

MAGENS BAY AUTHORITY FINANCIAL SUMMARIES

MAGENS BAY PARK

- Exhibit III provides an itemized listing of Magens Bay Park comparative financial summary for Fiscal Year 2015 expenditures through FY 2017 projections.

DESCRIPTION	October 1, 2014- Sept. 30, 2015	October 1, 2015 - April, 2016	FY 2017 Projection	Variance	% Change
PERSONNEL SERVICES					
CLASSIFIED EMPLOYEE SALARIES	690,094	281,057	504,862	-185,232	-26.84%
UNCLASSIFIED EMPL. SALARIES	218,789	122,202	198,578	-20,211	-9.24%
TEMP/ PART-TIME SALARIES	225,000	0	225,000	0	0.00%
OVERTIME SALARIES	2,843	0	5,000	2,157	75.85%
HOLIDAY PAY	29,627	0	25,000	-4,627	-15.62%
SUB-TOTAL	1,166,353	403,259	958,440	555,181	47.60%
EMPLOYER CONTR. RETIREMENT	95,998	42,642	129,227	33,229	34.61%
F.I.C.A	56,424	25,813	91,566	35,142	62.28%
MEDICARE	12,349	4,839	21,415	9,066	73.41%
HEALTH INSURANCE PREMIUM	108,848	45,584	124,182	15,334	14.09%
WORKERS COMP. PREMIUMS	5,538	5,639	6,500	962	17.37%
UNEMPLOYMENT COMPENSATION	5,101	3,029	4,000	-1,101	-21.59%
VIESA	4,667	0	0	-4,667	-100.00%
SUB-TOTAL	288,926	127,547	376,890	87,964	30.45%
SUPPLIES					
OFFICE SUPPLIES	7,182	4,012	15,000	7,818	108.87%
OPERATING SUPPLIES	90,247	34,345	105,000	14,753	16.35%
SMALL TOOLS/ MINOR EQUIPMENT	0	0	15,000	15,000	100.00%
SUB-TOTAL	97,428	38,357	135,000	37,572	38.56%
OTHER SERVICES & CHARGES					
PROFESSIONAL SERVICES	33,999	16,637	80,000	46,001	135.30%
COMMUNICATION	14,930	6,054	20,000	5,070	33.95%
TRAVEL	0	2,567	1,000	1,000	100.00%
TRANSPORTATION - NOT TRAVEL	0	5,703	10,000	10,000	100.00%
ADVERTISING AND PROMOTION	7,082	163	15,000	7,918	111.79%
PRINTING AND BINDING	15,637	11,025	15,000	-637	-4.07%
INSURANCE	13,082	19,570	20,000	6,918	52.88%
REPAIRS AND MAINTENANCE	44,114	634	80,500	36,386	82.48%
RENTAL – LAND/ BUILDING	0	4,539	0	0	0.00%
RENTAL – MACHINES/ EQUIPMENT	0	0	2,000	2,000	100.00%
TRAINING	2,640	4,128	10,000	7,360	278.79%
SECURITY	9,557	13,888	20,000	10,443	109.27%
ALL OTHER (Trash Removal)	22,333	0	0	-22,333	-100.00%
SUB-TOTAL	163,374	84,906	273,500	110,126	67.41%
UTILITY SERVICES					
ELECTRICITY	15,633	5,170	20,500	4,867	31.13%
WATER	6,480	4,579	13,500	7,020	108.35%
SUB-TOTAL	22,113	9,749	34,000	11,887	53.76%
TOTAL	1,755,747	663,818	1,799,830	44,082	2.51%

Exhibit III

SMITH BAY PARK

- The table below presents Smith Bay Park comparative financial summary for Fiscal Year 2015 expenditures as well as FY 2017 projected expenses.

DESCRIPTION	October 1, 2014- Sept. 30, 2015	October 1, 2015 - April, 2016	FY 2017 Projection	Variance	% Change
PERSONNEL SERVICES					
CLASSIFIED EMPLOYEE SALARIES	63,234	195,392	151,421	88,187	139.46%
UNCLASSIFIED EMPL. SALARIES	45,032	30,134	45,510	478	1.06%
TEMP/ PART-TIME SALARIES	93,360	45,444	130,000	36,640	39.25%
OVERTIME SALARIES	989	0	0	-989	-100.00%
HOLIDAY PAY	3,971	1,068	3,971	0	0.00%
SUB-TOTAL	206,586	272,039	330,902	124,316	60.18%
CAPITAL OUTLAYS					
MACHINERY & EQUIPMENT	15,862	0	5,000	-10,862	-68.48%
VEHICLES	0	0	2,000	2,000	100.00%
SUB-TOTAL	15,862	0	7,000	-8,862	-55.87%
FRINGE BENEFITS					
EMPLOYER CONTR. RETIREMENT	22,729	12,637	26,499	3,770	16.59%
F.I.C.A	7,966	6,991	30,353	22,387	281.03%
MEDICARE	6,985	6,991	7,099	113	1.62%
HEALTH INSURANCE PREMIUM	33,205	18,435	32,118	-1,087	-3.27%
WORKERS COMP. PREMIUMS	1,538	1,639	2,500	962	62.53%
UNEMPLOYMENT COMPENSATION	0	0	2,000	2,000	100.00%
VIESA	1,554	0	0	-1,554	-100.00%
SUB-TOTAL	73,977	46,692	100,568	26,591	35.95%
SUPPLIES					
OFFICE SUPPLIES	6,854	116	7,000	146	2.14%
OPERATING SUPPLIES	12,740	3,758	15,000	2,260	17.74%
	0	0	1,000	1,000	100.00%
SUB-TOTAL	19,593	3,874	23,000	3,407	17.39%
OTHER SERVICES & CHARGES					
PROFESSIONAL SERVICES	30,723	6,000	10,000	-20,723	-67.45%
COMMUNICATION	1,420	1,420	2,000	580	40.83%
TRANSPORTATION - NOT TRAVEL	0	0	5,000	5,000	100.00%
ADVERTISING AND PROMOTION	5,372	4,435	2,000	-3,372	-62.77%
PRINTING AND BINDING	28	28	1,000	972	3471.43%
INSURANCE	50	0	5,000	4,950	9900.00%
REPAIRS AND MAINTENANCE	31,647	13,275	25,000	-6,647	-21.00%
RENTAL – LAND/ BUILDING	0	1,525	0	0	0.00%
RENTAL – MACHINES/ EQUIPMENT	0	4,404	0	0	0.00%
ALL OTHER: (Trash Removal)	10,177	0	0	-10,177	-100.00%
SUB-TOTAL	79,417	31,087	50,000	-29,417	-37.04%
UTILITY SERVICES					
ELECTRICITY	4,340	3,987	5,000	660	15.20%
WATER	6,458	5,918	7,000	542	8.39%
SUB-TOTAL	10,798	9,905	12,000	1,202	11.13%
TOTAL	406,234	363,596	523,470	117,237	28.86%

Exhibit IV

FISCAL YEAR 2017 JUSTIFICATION OVERVIEW

PERSONNEL SERVICES

The Authority has twenty-two (22) unionized employees and four (4) management staff. All the full-time employees of the Magens Bay Authority are considered classified while management are unclassified.

The Authority submitted a total cost for Personnel Services and Fringe Benefits for **Fiscal Year 2017** as **\$1,766,800** for the two parks. A complete listing of the Authority’s Personnel can be viewed in *Appendix I*.

Personnel Listing - All Positions					FY 2017 Total Personnel Salaries	FISCAL YEAR 2017 Position Classification			
MAGENS BAY AUTHORITY	TOTAL POSITIONS	FY 2017 TOTAL PERSONAL SERVICES & FRINGE	Temporary, Part-time, Overtime & Holiday Pay	Fringe Benefits		No. of Positions	Classified	No. of Positions	Unclassified
Magens Bay Park	19		\$255,000	\$376,890	\$703,440	16	\$504,862	3	\$198,578
Smith Bay Park	7		133,971	100,568	\$196,931	6	151,421	1	45,510
TOTALS	26		\$1,766,800	\$388,971	\$477,457.84	\$900,371	22	\$656,283	4

Exhibit V

VACANCIES

- The Authority’s personnel listing did not display any vacant positions for Fiscal Year 2017.

PROFESSIONAL SERVICE CONTRACT

- The authority has indicated it has no professional service contract, however the authority has periodically budgeted for that line item.

VI GOVERNMENT GRANTS & FEDERAL FUNDS

- The Authority does not receive federal funds nor grants from the VI government.

VEHICLES

Magens Bay Authority owns and operates the following fully insured vehicles as reflected

License Plate No.	Year	Make	Model	Maintenance Cost	Gasoline Cost
TDB048	2006	Ford	Ranger	2,450	1,500
TEB525	2010	Ford	Ranger	750	1,450
TEL393	2013	Ford	Explorer	900	1,524
TES363	2015	Ford	F150- Pick Up	150	1,000
Total				4,250	5,474

Exhibit VI

In addition to the four vehicles in provided in *Exhibit V* above, the Authority also owns a 14 ft. boat for water rescue and two (2) police bicycles as well as four (4) Golf carts that are assigned as follows:

- One (1) for Police security
- One (1) for Management
- One (1) for Maintenance
- One (1) for Smith Bay Park

LEASED PROPERTY

The Authority leased its premises to the following agencies:

- Magens Bay Concession, Inc. Pays the Authority 8% of the gross per month
- AAA Taxi Pays the Authority \$1100 per month
- YAK SHAK Pays the Authority \$450 per month

INDEPENDENT AUDITOR’S REPORT

The following information is a synopsis of Fiscal Year 2015 Annual Financial Audit of Magens Bay and Smith Bay Park activities audited by Roy D. Jackson Certified Public Accountant and Consultant which was submitted by the Magens Bay Authority.

*See **Appendix II** for a listing of its description of the accounting system and financial reporting roles and responsibilities.*

FISCAL YEAR 2015 FINANCIAL ANALYSIS

According to Roy D. Jackson CPA audit report, during the fiscal year ended September 30, 2015, the Magens Bay Park received total revenues and support in the amount of \$2,154,384. The principal source of revenue was earned from the gate receipts totaling \$1,417,856. Other principal sources of revenue included \$343,456 of rental income as well as income from other miscellaneous sources totaling \$381,645, of which \$20,980 was received from weddings utilizing the beach facilities, and another \$11,427 of interest income earned on investments. The major

component of revenue was revenue from gate receipts, which represented 65% of total revenues collected during the fiscal year for Magens Bay Park.

Operating expenses for the current fiscal year ended September 30, 2015, was \$1,581,608. The major component of operating expenses was from salaries, wages and fringe benefits which totaled \$1,175,694 representing 74% of the current fiscal year's total expenses for Magens Bay Park. Comparatively, totaled revenues for Magens Bay Park decrease by 1.2% while total expenses decreased by 4.7%. estimated depreciation expense included in total operating expenses was \$87,627 during fiscal year, compared to \$84,427 expensed during the prior fiscal period.

During the audit period, Fiscal Year 2015, Smith Bay Park's statement of Revenues, Expenses, and Changes in Net Assets reported total revenues of \$138,448 compared to \$95,602 of the prior audit period, an increase of 44.8%

FY 2015 Abbreviated Operating Results for Magens Bay Park and Smith Bay Park

<i>Abbreviated Operating Results</i>	<i>Magens Bay</i>	<i>Smith Bay</i>	<i>Combined</i>
Revenues	\$ 2,154,384	\$ 138,148	\$ 2,292,532
Operating Expenses	(1,581,608)	(445,575)	(2,027,183)
Excess of Revenue over/under Expenses	\$ 572,776	\$ (307,427)	\$ 265,349

Exhibit VII

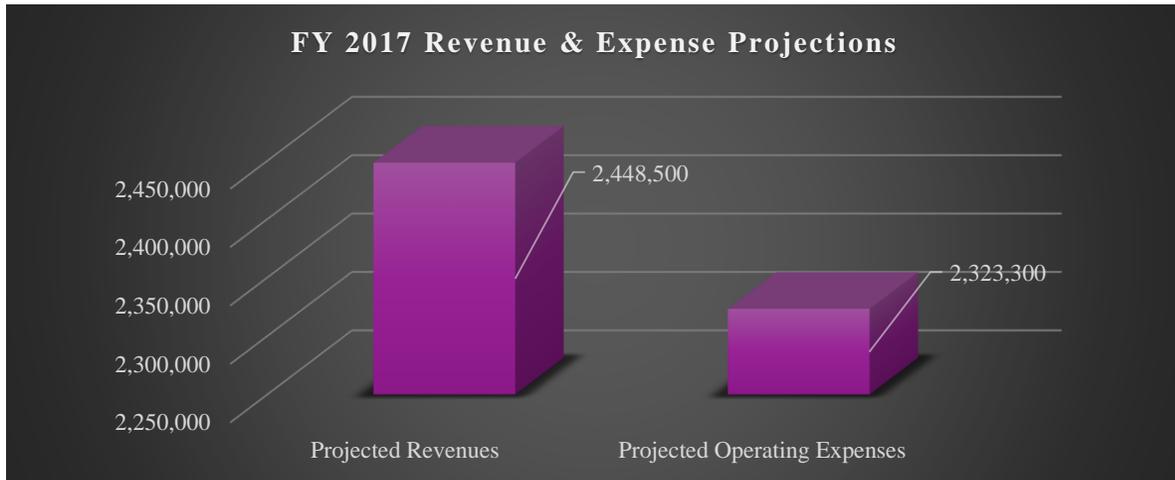
MAGENS BAH AUTHORITY
 Statement of Revenues, Expenses & Changes in Net Assets
For the Year Ended September 30, 2015

	Magens Bay	Smith Bay	Combined
Operating Revenues			
Gate Receipts	1,417,856	106,884	1,524,740
Other Income	339,950	21,924	361,874
Rental Income	343,456	250	343,706
Investment Income	11,427	0	11,427
Miscellaneous Income	41,695	9,090	50,785
Total Unrestricted Revenue & Gain	2,154,384	138,148	2,292,532
Operating Expenses			
Schedule of Operating Expenses	1,581,608	445,575	2,027,183
Operating Income (Loss)	572,776	-307,427	265,349
Change in Net Assets	572,776	-307,427	265,349
Net Assets, Beginning of Year	6,535,783	9,839,422	16,375,205
Prior Period Adjustment	0	0	0
Net Assets, End of Year	7,108,559	9,531,995	16,640,554

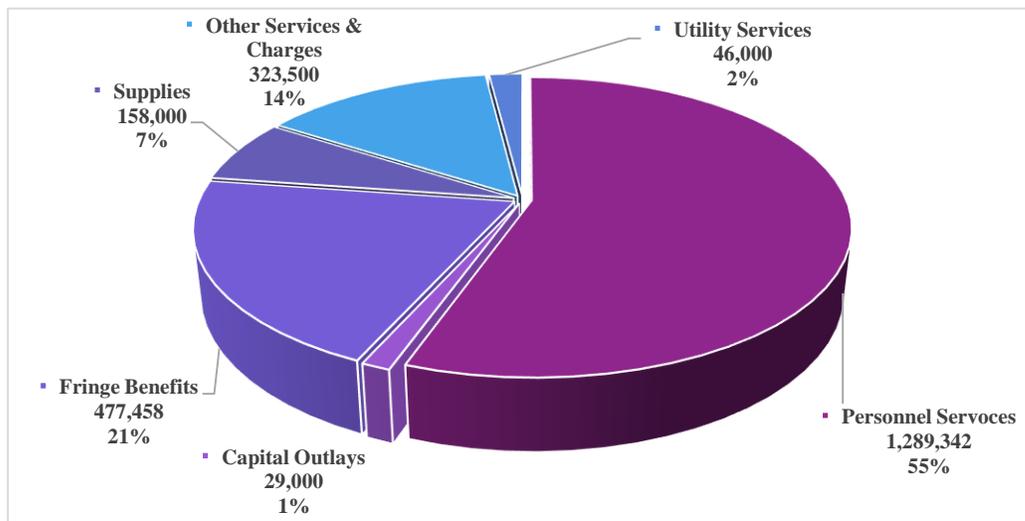
Exhibit VIII

SUMMARY

The Magens Bay Authority does not receive any funds from the General Fund of the government of the Virgin Islands for budgetary purposes. Therefore, the Authority submitted its FY 2017 projected revenue in the sum of \$ 2,448,500 and its projected operating expenses as \$2,323,300.



The chart below depicts the Authority’s Fiscal Year 2017 projected budget in Prime Accounts.



Jose L. George
Post Auditor

APPENDIX I

PERSONNEL LISTINGS

MAGENS BAY AUTHORITY PERSONNEL

<i>MAGENS BAY PARK</i>			
POSITION	SALARY	No. of Pos.	STATUS
Custodian	34,362	1	Filled
Custodian	22,443	1	Filled
Grounds Keeper	27,602	1	Filled
Office Assistant	31,200	1	Filled
Grounds Keeper	41,808	1	Filled
Lifeguard	28,500	1	Filled
Cashier	28,891	1	Filled
Cashier	26,520	1	Filled
Maintenance	34,778	1	Filled
Custodian	34,195	1	Filled
Grounds Keeper	22,443	1	Filled
Lifeguard	28,080	1	Filled
Grounds Keeper	33,966	1	Filled
Chief Lifeguard	45,302	1	Filled
Grounds Keeper	36,691	1	Filled
Lifeguard	28,080	1	Filled
General Manager	79,914	1	Filled
Operation Manager	66,144	1	Filled
Office Manager	52,520	1	Filled
Sub-Total	703,439	19	

<i>SMITH BAY PARK</i>			
POSITION	FY 2017 SALARY	NO. OF POS.	STATUS
Lifeguard	28,000	1	Filled
Lifeguard	26,000	1	Filled
Cashier	26,520	1	Filled
Custodian	22,000	1	Filled
Grounds Keeper	22,901	1	Filled
Grounds Keeper	26,000	1	Filled
Manager	45,510	1	Filled
Sub-Total	196,931	7	
GRAND TOTAL	900,370	26	

APPEN DIX II

DESCRIPTION OF ACCOUNTING SYSTEM & FINANCIAL REPORTING ROLES/RESPONSIBILITY

The following is several highlights of Magens Bay Authority's accounting system and financial reporting roles and responsibilities:

Financial Reporting:

- Consist of internal financial reporting (monthly reports for the General Manager and Board of directors) and external financial reporting (providing budgets and audited financial statements to the Government of the Virgin Islands)
- Utilize the economic resources measurement focus of accounting, and use the accrual basis of accounting for the Authority's enterprise financial statements.
- Includes all transactions of the Authority under the general ledger of the authority (The general Ledger is organized in financial report formatting, to allow ease of preparation of in-house financial statements on the Quick Books system for each park, and for the Authority in total)
- Quick Books accounting system:
 - Includes three subsidiary ledgers which are the accounts receivable, accounts payable and payroll subsidiary ledgers that are reconciled to each general ledger on a monthly basis.
 - Organized accounts to allow the reconciliation of the Quick Books accounts to the Department of Finance accounts.