Legislature of the Virgin Islands

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POST AUDIT DIVISION

August 17, 2026

MEMORANDUM

TO: Honorable Novelle E. Francis, Jr
Chairman, Committee on Budget, Appropriations, and Finance
36th Legislature of the Virgin Islands

FROM: Post Audit Division

SUBJECT: **Bill No.- 36-0334-**An Act appropriating the sum of $20,000 from the Budget Stabilization Fund to the Virgin Islands Department of Health for the repair and replacement of air conditioning system at the Maternal Child Health Unit and the Division of Children with Special Needs on St. Thomas.

BACKGROUND AND HISTORY

Title 33 Virgin Islands Code, Chapter 111, Section 3100m established a separate and distinct fund called the "Budget Stabilization Fund ". The source of revenue is an annual appropriation of not less than **$10,000,000** or any fiscal year end surplus within the Treasury of the Virgin Islands. Funds can be transferred from the Budget Stabilization Fund for the purpose of offsetting any deficit in the General Fund at the end of the fiscal year which occurs when the sum in the General Fund is less than appropriation during a fiscal year, to offset temporary shortfall in the General Fund caused by a lagging revenue collections or to provide emergency funding for disaster recovery in a state of emergency declared by the Governor. Any funds in excess of **5%** of the total appropriations from the General Fund for the fiscal year in progress must be applied to the Government's long-term debt, unfunded pension liability and bond indebtedness.

The Commissioner of Finance shall disburse monies in the fund upon the authorization and direction of the Director of Office Management & Budget. Any fund used to offset a temporary short fall must be repaid to the fund by the end of the fiscal year. The Commissioner of Finance and the Director of Office Management & Budget shall submit a report of nay allocations, expenditures and obligations to the Governor and the Legislature within 60 days after disbursement.

ANALYSIS

Maternal Child Health (MCH) and Children with Special Health Care Needs (CSHCN) Services promotes quality health care for women, children, and families, including children with special health care needs.
According to the Virgin Islands Department of Health (DOH) the anticipated breakdown repair and replacement cost of the air conditioning system is as follows:

Scope of Work	
Recover all the refrigerant from the system and discard	
Supply & install one (1) new condenser of same capacity	
Remove all drier suction and liquid and install new of the same	
Connect all electrical wiring to units	
Evacuation and start up system	
Mobilization of 60% of cost as downpayment at the amount of	**$9,408.00**
Total material and labor cost totals	**$15,680.00**

Bill 36-0334 seeks to enable Virgin Islands Department of Health to replace and repair the air conditioning system (MCH Building-STT) by appropriating **$20,000** from the Budget Stabilization Fund.

SUMMARY

The health and wellbeing of our families is of utmost importance. Therefore, it is imperative that the conditions and environment of the spaces in which services are provided remain suitable, safe, and welcoming.

However, there are fiscal considerations regarding the proposed funding source. The balance of the *Budget Stabilization Fund* as of August 17, 2026, is **$14.5 million** (*see Addendum, page 3*). While **$20,000 from the Budget Stabilization Fund** may not be significant in relation to the fund's overall balance, continued use of the fund for facility repairs and maintenance could gradually reduce resources that are primarily intended to ***offset General Fund deficits and address temporary fiscal shortfalls***.

Additionally, DOH indicated that the *Maternal Child Health Division* facility is leased, with an annual rental expense of approximately **$120,470**, *as reflected in the FY 2027 budget submission to the Post Audit Division.* Given this expense, consideration should be given to the terms of the lease and whether the property owner, as landlord, has *an obligation to maintain, repair, or replace building systems such as the air-conditioning system.* Consideration should also be given to whether the Budget Stabilization Fund is the most appropriate funding source, as its primary purpose is to address General Fund deficits and other temporary fiscal needs.

Theodora Philip, DBA

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Post Auditor

ADDENDUM

GOVERNMENT OF THE VIRGIN ISLANDS
BUDGET STABILIZATION - 2129
August 17, 2026

Beginning Balance from F/Y '24		$ 21,000,000.00
Revenues F/Y '24	$ -	
Expenses F/Y '24	(10,732,677.64)	
Adjustment F/Y'24	(7,704,549.03)	
Net Activity F/Y '24		(18,437,226.67)
Ending Balance 09/30/2024		2,562,773.33
Beginning Balance from F/Y '25		2,562,773.33
Revenues F/Y '25	10,988,790.95	
Expenses F/Y '25	-	
Net Activity F/Y '25		10,988,790.95
Ending Balance 09/30/2025		13,551,564.28
Beginning Balance from F/Y '26		13,551,564.28
Revenues F/Y '26	3,750,000.00	
Expenses F/Y '26	(2,767,797.50)	
Net Activity F/Y '26		982,202.50
Ending Balance 08/17/2026		**$ 14,533,766.78**
Budgeted Balance - Unobligated		0.00
Encumbrances		0.00
Payment In Process		0.00
Requisition In Process		0.00
Available for Budget		**$ 14,533,766.78**

Note:
This unaudited balance includes appropriations and encumbrances available but not yet expended

DOF - General Ledger
TG - 08/17/2026