

TESTIMONY OF KEVIN MCCURDY
COMMISSIONER, DEPARTMENT OF FINANCE
TO THE COMMITTEE ON BUDGET, APPROPRIATIONS AND FINANCE
JUNE 16, 2026

Good Morning Chairman Novelle Francis, Honorable Members Of The 36th Legislature, Other Elected Officials, Members Of The Public, And Those Viewing And Listening Through The Media.

I am Kevin McCurdy, Commissioner of the Department of Finance, and I am pleased to appear before you today to present and defend the Department's Fiscal Year 2027 budget recommendation in the amount of \$13,649,762 as submitted through the Office of Management and Budget.

Joining me today are members of my leadership team: Executive Assistant Commissioners Clarina Modeste Elliott and Maurice Wells; Deputy Commissioner Wilfredo Guzman; Director of Treasury Brenda Carty; Director of Accounting and Financial Reporting Ebony Serrano; Director of Management Information Systems Kerry Henry; and Director of Payroll Grace Fahie-Lindo.

I would be remiss if I did not recognize and congratulate our Employees of the Year, Ms. Keturah Nurse of the St. Croix District and Ms. Letisha Venzen of the St. Thomas District. Their dedication, professionalism, and commitment to excellence embody the values of the Department of Finance and contribute significantly to our success. We are deeply grateful for their hard work, perseverance, and unwavering service to the people of the Virgin Islands. Their accomplishments serve as an inspiration to their colleagues and remind us that our employees are our greatest asset as we continue to strengthen financial management, enhance accountability, and improve services throughout the Government of the Virgin Islands. We are truly proud of their achievements and thank them for their outstanding contributions.

The Department of Finance serves as the central financial management agency for the Government of the Virgin Islands. Our responsibilities include safeguarding public funds, administering treasury operations, processing payroll, maintaining accounting records, supporting financial reporting and audits, managing debt and cash resources, and overseeing the Government's Enterprise Resource Planning (ERP) and financial technology systems.

Our mission remains focused on transparency, accountability, operational excellence, and strengthening the Government's financial position while delivering reliable services to agencies, employees, vendors, and taxpayers throughout the Territory.

Currently, the Department maintains a workforce of 53 employees territory-wide, excluding federally funded positions. Of these employees, 25 are classified, 18 are unclassified, one is non-union, and nine positions remain vacant, representing a vacancy rate of approximately 17 percent. The St. Thomas District maintains 35 employees while the St. Croix District maintains nine employees. Despite staffing shortages and increasing compliance requirements, the Department continues to perform essential government-wide financial operations daily.

**TESTIMONY OF KEVIN MCCURDY
COMMISSIONER, DEPARTMENT OF FINANCE
TO THE COMMITTEE ON BUDGET, APPROPRIATIONS AND FINANCE
JUNE 16, 2026**

Fiscal Year 2027 Budget Overview

The Department's Fiscal Year 2027 recommended budget totals \$13,649,762, representing an increase of \$1,289,860, or 10.4 percent, above the Fiscal Year 2026 appropriation of \$12,359,902.

While this increase may appear significant, it is primarily driven by mandatory audit activities, contractual obligations, healthcare cost increases, and technology investments necessary to support government-wide financial operations, compliance requirements, and modernization efforts. The Department has continued to manage discretionary spending conservatively while prioritizing resources necessary to strengthen accountability, maintain operational continuity, and support financial reporting obligations.

The Fiscal Year 2027 budget is allocated as follows:

- Personnel Services – \$3,727,411
- Fringe Benefits – \$1,712,355
- Supplies – \$324,110
- Other Services and Charges – \$7,692,886
- Utilities – \$108,000
- Capital Outlay – \$85,000

Personnel Services and Fringe Benefits total \$5,439,766 and represent approximately 40 percent of the Department's operating budget. These funds support existing staff, critical vacancies, overtime requirements, salary adjustments, employee benefits, healthcare costs, retirement obligations, and workforce stabilization efforts.

Budget Variance Analysis

Personnel Services increased by \$174,841 compared to Fiscal Year 2026. This increase reflects negotiated salary adjustments, step increases, and the funding necessary to recruit and retain qualified personnel in accounting, treasury, payroll, audit support, and information technology functions.

Fringe Benefits increased by \$185,784 primarily due to rising healthcare costs, retirement obligations, Medicare, Social Security contributions, and other statutory employee-related costs. These increases reflect market conditions and legal obligations rather than workforce expansion.

Supplies increased modestly by \$24,016 due to inflationary pressures affecting office supplies, technology consumables, maintenance materials, and operational support items required to maintain uninterrupted operations.

The largest increase occurs within Other Services and Charges, which increased by \$1,172,219. This category represents approximately 56 percent of the Department's total budget and supports

TESTIMONY OF KEVIN MCCURDY
COMMISSIONER, DEPARTMENT OF FINANCE
TO THE COMMITTEE ON BUDGET, APPROPRIATIONS AND FINANCE
JUNE 16, 2026

critical government-wide functions, including audit services, ERP software support, cybersecurity protections, banking operations, cloud backup services, telecommunications, professional consulting services, and compliance initiatives.

This increase is primarily associated with:

- Government-wide audit services and accelerated audit completion efforts;
- Simultaneous completion of multiple fiscal year audits;
- ERP software licensing and maintenance;
- Cybersecurity and disaster recovery enhancements;
- Cloud storage and data archiving services;
- Professional consulting services;
- Banking and treasury operations support; and
- Technology modernization initiatives.

The Utilities budget decreased by \$192,000 due to facility consolidation efforts and changes in utility cost allocations. Similarly, Capital Outlay decreased by \$75,000 as a result of completing several one-time equipment purchases during Fiscal Year 2026, including the replacement of critical postage processing equipment. Fiscal Year 2027 capital investments will focus primarily on technology replacement and cybersecurity improvements.

Budget-to-Actual Review

As of May 29, 2026, the Department had expended approximately \$5.66 million, representing approximately 45.8 percent of the Fiscal Year 2026 operating appropriation.

While expenditures appear lower than expected at this point in the fiscal year, several significant obligations are scheduled during the final months of the fiscal year, including audit contract payments, ERP software renewals, professional service agreements, healthcare and benefit expenditures, technology maintenance contracts, and year-end operational requirements.

The Department continues to actively monitor expenditures to ensure compliance with appropriated funding levels while maintaining essential government-wide financial operations.

Custodial and Special Funds

The Department of Finance exercises custodial management responsibilities over several special funds totaling approximately \$31.95 million. Projected Fiscal Year 2027 contributions include:

- Caribbean Basin Initiative Fund – \$6,000,000
- Virgin Islands Lottery Fund – \$950,000
- Transportation Trust Fund – \$5,000,000
- Virgin Islands Insurance Guaranty Fund – \$20,000,000

**TESTIMONY OF KEVIN MCCURDY
COMMISSIONER, DEPARTMENT OF FINANCE
TO THE COMMITTEE ON BUDGET, APPROPRIATIONS AND FINANCE
JUNE 16, 2026**

Government Of The Virgin Islands Audit Status Update

The Government has made substantial progress in restoring timely financial reporting and audit compliance.

By September 30, 2026, the Government anticipates completing three fiscal year audits within a nine-month period, positioning the Virgin Islands to maintain a current audit cycle moving forward.

Audit Status:

- Fiscal Year 2023 Audit – Issued January 27, 2026
- Fiscal Year 2024 Audit – Scheduled for Issuance June 30, 2026
- Fiscal Year 2025 Audit – Anticipated Issuance December 31, 2026

To achieve these aggressive timelines, management and auditors performed significant additional procedures beyond those required during a normal audit cycle. These efforts included expanded testing, reconciliation of revenues and expenditures, validation of federal expenditures, pension and OPEB calculations, Medicaid testing, ERP data verification, and extensive coordination with agencies, component units, and consultants.

Although bringing the audits current is a major accomplishment, our focus now shifts toward improving audit outcomes. Through corrective action plans, stronger reconciliations, enhanced documentation, improved grant compliance, and increased accountability, management anticipates measurable improvements beginning with the Fiscal Year 2025 audit and more substantial improvements during Fiscal Year 2026.

Our long-term objective is to eliminate recurring findings, reduce disclaimer and adverse opinions, strengthen internal controls, and establish a sustainable framework for sound financial management throughout the Government of the Virgin Islands.

The Department's Fiscal Year 2027 audit-related funding requests include:

- Department of Finance Audit Services – \$2.6 million
- Accounting Services – \$600,000
- GASB Compliance Activities – \$575,000

These investments are critical to maintaining audit compliance, improving financial reporting, and supporting government-wide accountability.

Mr. Chairman and Members of the Committee, the Fiscal Year 2027 budget represents a responsible and strategic investment in the Government's central financial management agency.

**TESTIMONY OF KEVIN MCCURDY
COMMISSIONER, DEPARTMENT OF FINANCE
TO THE COMMITTEE ON BUDGET, APPROPRIATIONS AND FINANCE
JUNE 16, 2026**

The Department has made measurable progress in restoring audit compliance, strengthening treasury operations, improving financial reporting, modernizing technology systems, enhancing cybersecurity protections, and supporting accountability throughout government.

Accomplishments

- Continued support and coordination of the Government-wide annual audit, including implementation of corrective action plans and strengthened collaboration with agencies and component units to improve financial reporting and accountability.
- Advanced reconciliation efforts, enhanced cash management oversight, strengthened treasury controls, and achieved compliance with federal reporting and cash management requirements.
- Maintained critical financial operations, including payroll, treasury, accounting, and technology services, while improving reporting capabilities, processing efficiency, and agency support.
- Continued modernization initiatives, including ERP system upgrades, implementation of Tyler Time & Attendance, expanded electronic payment capabilities, and support for FEMA-funded rebuilding and facility modernization projects.
- Strengthened procurement, vendor management, facilities operations, employee development, and operational support services across the Department.

Challenges

- Staffing shortages and vacancies continue to impact reconciliation efforts, reporting timelines, payroll operations, treasury functions, technical support, and audit readiness.
- Delays in receiving complete financial information, supporting documentation, and timely submissions from agencies and component units hinder reporting and audit activities.
- Aging systems, outdated infrastructure, and reliance on manual processes create operational inefficiencies, reconciliation challenges, and increased risk.
- Growing audit requirements, federal compliance mandates, cybersecurity threats, and increasing operational demands place additional strain on limited resources.
- Significant effort remains necessary to resolve historical reconciliation issues, reduce audit findings, and support ongoing modernization initiatives.

Goals

- Improve audit readiness, strengthen financial reporting accuracy, and reduce recurring audit findings through timely reconciliations and enhanced supporting documentation.
- Strengthen internal controls, financial accountability, treasury oversight, payroll reconciliation processes, and government-wide compliance monitoring.
- Modernize financial, payroll, treasury, and technology systems through expanded automation, electronic processing, system integration, and infrastructure improvements.

TESTIMONY OF KEVIN MCCURDY
COMMISSIONER, DEPARTMENT OF FINANCE
TO THE COMMITTEE ON BUDGET, APPROPRIATIONS AND FINANCE
JUNE 16, 2026

- Improve timeliness of agency financial submissions, reporting processes, cash forecasting, and operational efficiency across all divisions.
- Enhance workforce capacity through recruitment, cross-training, professional development, and expanded technical support to sustain critical government financial operations.

Despite continuing challenges associated with staffing shortages, increasing compliance requirements, aging infrastructure, and evolving technology demands, the Department remains committed to providing reliable, transparent, and efficient financial services.

We respectfully request your favorable consideration and support of the Department's Fiscal Year 2027 budget request.

Thank you for the opportunity to testify. My team and I stand ready to answer any questions the Committee may have.