



Government of the United States Virgin Islands

Agreed-Upon Procedures Report
Gross Receipts Tax Collections
Quarter Ended June 30, 2017

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Independent Accountant's Report

To the Commissioner
Department of Finance
Government of the United States Virgin Islands

We have performed the procedures enumerated below, which were agreed to by management of the Government of the United States Virgin Islands (the Government), solely to assist you in evaluating the Government's assertion that the Government's gross receipts tax collections for the quarter ended June 30, 2017, are accurate and complete. The Government is responsible for its gross receipts tax collections records. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We read Sections 43, 44, and 45 of Subtitle 1 of Title 33 of the Virgin Islands' Code, applicable to the imposition and collection of gross receipts taxes.
2. We obtained the monthly gross receipts tax collections for the quarter ended June 30, 2017, from the monthly "Unaudited General Fund Statement of Revenue" prepared by the Revenue Audit Division of the Government's Department of Finance.
3. We obtained from management of the Government, the First Bank (the Collecting Agent) account statements, which include deposits of the monthly gross receipts tax revenue collected for each of the three months in the quarter ended June 30, 2017.
4. For the quarter ended June 30, 2017, we obtained the "General Fund Daily Distribution Worksheets" prepared by the Revenue Audit Division of the Government's Department of Finance. We then added the total daily gross receipts tax collections as presented in the "General Fund Daily Distribution Worksheets" for each of the three months in the quarter ended June 30, 2017, and compared the sum of those amounts to the monthly gross receipts tax collections as presented in the monthly "Unaudited General Fund Statement of Revenue" reports and noted the following:



Gross Receipts Tax Collections

<i>Month 2017</i>	Unaudited General Fund Statement of Revenue	General Fund Daily Distribution Worksheets	Difference
April	\$ 12,158,154	\$ 12,176,488	\$ (18,334)
May	17,995,859	18,049,921	(54,062)
June	12,122,452	12,152,132	(29,680)
	\$ 42,276,465	\$ 42,378,541	\$ (102,076)

The Government has represented that the differences noted between the sum of the total daily gross receipts tax collections as presented in the "General Fund Daily Distribution Worksheets" and the monthly gross receipts tax collections presented in the "Unaudited General Fund Statement of Revenue" are due to checks returned by the banks for non-sufficient funds (NSF) and checks that were redeemed subsequently by the banks that are reflected in the "Unaudited General Fund Statement of Revenue" as a reduction and addition, respectively, in the gross receipts tax collections. We compared the resulting differences presented in the above table to the total monthly NSF and redeemed checks per the First Bank monthly statements, and noted the following:

<i>Month 2017</i>	Total Difference From Above	Returned Checks Deposited in First Bank	Redeemed Checks Deposited in First Bank	Difference Other Than Returned Checks and Redeemed Checks
April	\$ (18,334)	\$ (18,334)	\$ -	\$ -
May	(54,062)	(56,375)	2,313	-
June	(29,680)	(29,680)	-	-
	\$ (102,076)	\$ (104,389)	\$ 2,313	\$ -

5. For the quarter ended June 30, 2017, we compared the total daily gross receipts taxes collected as presented in the "General Fund Daily Distribution Worksheets" with the amounts deposited in First Bank (the Collecting Agent) as per the bank statements. Identified differences are documented in procedure No. 6.



6. We compared the total of the daily gross receipts tax collections, as derived from procedure No. 4, per the "General Fund Daily Distribution Worksheets" to the total amounts deposited in the First Bank gross receipts tax collections bank account, for each of the three months in the quarter ended June 30, 2017, and noted the following:

<i>Month 2017</i>	General Fund Daily Distribution Worksheets	First Bank Account Statements	Difference
April	\$ 12,176,488	\$ 12,187,342	\$ (10,854)
May	18,049,921	17,974,030	75,891
June	12,152,132	12,162,976	(10,844)
	\$ 42,378,541	\$ 42,324,348	\$ 54,193

The Government has represented that the differences noted between the totals of the daily gross receipts tax collections per the "General Fund Daily Distribution Worksheets" and the bank statements were caused by the following:

<i>Description</i>	April Amount
Interest earned during April 2017	\$ 661
Amounts not related to gross receipts tax deposited in the First Bank account that are pending to be withdrawn and deposited to the correct bank account	54,970
Gross receipts tax erroneously deposited in a different bank account, which are pending to be withdrawn and deposited to the First Bank account	(44,777)
Total difference identified	10,854
Total difference reported	(10,854)
Difference unidentified by the Government	\$ -



<i>Description</i>	May Amount
Interest earned during May 2017	\$ 888
Amounts not related to gross receipts tax deposited in the First Bank account that are pending to be withdrawn and deposited to the correct bank account	6,674
Gross receipts tax erroneously deposited in a different bank account, which are pending to be withdrawn and deposited to the First Bank account	(85,766)
Amounts related to redeemed checks that have been deposited to the First Bank account during the current month	2,313
Total difference identified	(75,891)
Total difference reported	75,891
Difference unidentified by the Government	\$ -

<i>Description</i>	June Amount
Interest earned during June 2017	\$ 1,459
Amounts not related to gross receipts tax deposited in the First Bank account that are pending to be withdrawn and deposited to the correct bank account	24,178
Gross receipts tax erroneously deposited in a different bank account, which are pending to be withdrawn and deposited to the First Bank account	(14,793)
Total difference identified	10,844
Total difference reported	(10,844)
Difference unidentified by the Government	\$ -



We were not engaged to, and did not, conduct an examination or a review, the objectives of which would be the expression of an opinion or limited assurance on the Government's assertion. Accordingly, we do not express such an opinion or limited assurance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Government of the United States Virgin Islands, the Virgin Islands Public Finance Authority, and ACA Financial Guaranty Corporation, and is not intended to be and should not be used by anyone other than these specified parties.

BDO USA, LLP

August 14, 2017