Cash Management Improvement Act Agreement
between
The Territory of Virgin Islands
and
The Secretary of the Treasury,
United States Department of the Treasury

The Secretary of the Treasury, United States Department of the Treasury (hereafter 'Secretary'), and Territory of Virgin Islands (hereafter 'State'), in order to implement Section 5 of the Cash Management Improvement Act of 1990, as amended (hereafter 'Act'), agree as follows:

1.0 AGENTS OF THE AGREEMENT

1.1 The Authorized Official(s) for the Territory of Virgin Islands shall be the the Commissioner of Finance in all matters concerning this Agreement.

1.2 The Assistant Commissioner, Revenue Collections Management, Bureau of the Fiscal Service (Fiscal Service), U.S. Department of the Treasury, shall act as the Secretary's representative in all matters concerning this Agreement.

2.0 AUTHORITY

2.1 The authority for this Agreement is the Cash Management Improvement Act of 1990 (Public Law 101-453), as amended by the Cash Management Improvement Act of 1992 (Public Law 102-589), codified at 31 U.S.C. 6501 and 31 U.S.C. 6503.

2.2 The regulations codified at 31 CFR Part 205 shall apply to all matters pertaining to this Agreement, and are incorporated herein by reference herein. In the event of any inconsistency between this Agreement and 31 CFR Part 205, the regulations shall govern.

3.0 DURATION, AMENDING, TERMINATING, AND MISCELLANEOUS PROVISIONS

3.1 This Agreement shall take effect on 10/01/2013 and shall remain in effect until 09/30/2014.

3.2 This Agreement may be amended at any time by written, mutual consent of the State and the Fiscal Service. This Agreement shall be amended annually to incorporate new programs that qualify as major Federal assistance programs and remove programs that no longer qualify as major Federal assistance programs. A State must notify the Fiscal Service in writing within 30 days of the time the State becomes aware of a change that involves additions or deletions of programs subject to Subpart A, changes in funding techniques, and/or changes in clearance patterns. The notification must include a proposed amendment for review by the Fiscal Service.

3.3 Notwithstanding section 3.2, in the event of Federal or State non-compliance with Subpart B of 31 CFR, Part 205, the Fiscal Service may amend this Agreement at any time to incorporate additional programs and the entities that administer those programs.

3.4 This Agreement may be terminated by either party with 30 days' written notice. If this Agreement is terminated, the Fiscal Service will prescribe the funding techniques, clearance patterns, and methods for calculating interest liabilities to be used by the State.

3.5 The Virgin Islands Government has been mandated by the U.S. Department of Education to enter into a contractual agreement with a Third-Party Fiduciary to manage the U.S. Department of Education Funds and programs.

4.0 PROGRAMS COVERED

4.1 The State's threshold and its major Federal assistance programs shall be determined based on the 2011 Single Audit which is the most current completed Single Audit for fiscal year for fiscal year ending 09/30/2011.

All major Federal assistance programs shall be covered by this Agreement, unless otherwise specified in section 4.4 of this Agreement.

4.2 The State's threshold for major Federal assistance programs is $2,000,000.

The following programs meet or exceed the threshold and are not excluded in Section 4.4:

10.551 Supplemental Nutrition Assistance Program
10.555 National School Lunch Program
10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
12.401 National Guard Military Operations and Maintenance (O&M) Projects
16.738 Edward Byrne Memorial Justice Assistance Grant Program
17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
17.225S Unemployment Insurance -- State Benefit Account
20.205 Highway Planning and Construction
66.468 Capitalization Grants for Drinking Water Revolving Fund
66.605 EPA Performance Partnership Grant
81.041 State Energy Program
81.128 Energy Efficiency and Conservation Block Grant Program
84.027 Special Education -- Grants to States
84.126 Rehabilitation Services -- Vocational Rehabilitation Grants to States
84.394 State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
84.397 State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act
84.402 Consolidated Grants to the Outlying Areas, Recovery Act
84.403 Consolidated Grant to the Outlying Areas
84.410 Education Jobs Fund
93.557 Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth
93.558 Temporary Assistance for Needy Families
93.563 Child Support Enforcement
93.575 Child Care and Development Block Grant
93.600 Head Start
93.778 Medical Assistance Program

4.3 The following programs fall below the State's threshold but have been required to be covered by FMS in accordance with the non-compliance provisions of Subpart B of 31 CFR Part 205:

There are currently no programs listed for Section 4.3.

4.4 The following programs exceed the State's threshold but have been excluded from coverage for the reason indicated:

There are currently no programs listed for Section 4.4.

5.0 ENTITIES COVERED

5.1 State agencies and instrumentalities that meet the definition of a State per 31 CFR Part 205, shall be subject to the terms of this Agreement. The following is a list of such entities that administer funds under the programs listed in Section 4.0 of this Agreement:

Department of Agriculture
Department of Defense
Department of Education
Department of Energy
Department of Health & Human Services
Department of Justice
Department of Labor
Department of Transportation
Office of the Adjutant General
U.S. Environmental Protection Agency

5.2 Entities that meet the definition of a Fiscal Agent per 31 CFR Part 205 shall be subject to the terms of this Agreement. The following is a list of Fiscal Agents that administer funds under the programs listed in the Section 4.0 of this Agreement:

Bazilio, Cobb & Associates, P.C. 84.027 Special Education -- Grants to States

6.0 FUNDING TECHNIQUES

6.1 General Terms

6.1.1 The State shall request Federal funds in accordance with the appropriate cut-off times shown in Exhibit I to ensure funds will be received and credited to a State account by the times specified in the funding techniques. Exhibit I is incorporated by reference herein.

6.1.2 The State shall schedule the receipt of Federal funds such that the funds are received and credited to a State account in accordance with the clearance patterns specified in Exhibit II - List of State Clearance Patterns. Exhibit II is incorporated by reference herein.

6.1.3 In instances where the receipt of funds is scheduled for a Saturday, the State shall request funds for deposit on Friday. In instances where the receipt of funds is scheduled for a Sunday, the State shall request funds for deposit on Monday. In instances where the receipt of Federal funds is scheduled for deposit on a day when the State is not open for business, the State shall request funds for deposit the day following the scheduled day; in instances where the receipt of Federal funds is scheduled for deposit on a day when the Federal Government is not open for business, the State shall request funds for deposit the day prior to the scheduled day.

6.1.4 Estimates and Reconciliation of Estimates:
Where estimated expenditures are used to determine the amount of the drawdown, the State will indicate in the terms of the State unique funding technique how the estimated amount is determined and when and how the State will reconcile the difference between the estimate and the State's actual expenditures.

6.1.5 Supplemental Funding:
Unless otherwise defined by program rules, Supplemental Funding is the award of additional funds to provide for an increase in costs due to unforeseen circumstances.

The State will comply with all Federal program agency policies and procedures for requesting supplemental grant funding.

The State will comply with the following guidelines when requesting supplemental funding for the Medical Assistance Program and associated administrative payments (CFDA 93.778):

The State must submit a revised Medicaid Program Budget Report (CMS-37) to request supplemental funding. The CMS guidelines and instructions for completing the CMS-37 are provided in Section 2600F of the State Medicaid Manual (SMM). The CMS/CO must receive the revised Form CMS-37 through the Medicaid Budget Expenditure System/Children's Budget Expenditure System (MBES/CBES) no later than 10 calendar days before the end of the quarter for which the supplemental grant award is being requested.

Additional guidance on this policy is available from the respective CMS Regional Office, U.S. Department of Health & Human Services.

The State will comply with the following guidelines when requesting supplemental funding for TANF (CFDA 93.558), CCDF (CFDA 93.575), CSE (93.563), and the FC/AA (CFDA 93.658 and CFDA 93.659) programs administered by the U.S. Department of Human Services, Administration for Children and Families (HHS/ACF):

a. Timing of the Request
A State should initiate its request for supplemental funding during a quarter as soon as it becomes aware of the fact that a shortfall does/will exist. For the TANF and CCDF grants, supplemental funding requests (estimates) may be submitted by a State, for consideration by ACF, up through and including the 15th day of the third month of the first, second or third quarter of any fiscal year. Since TANF and CCDF are block grant programs, all unawarded portions of the annual allotment will automatically be issued at the beginning of the fourth quarter. Therefore, supplemental funding requests will not be available during the fourth quarter for these programs. For the CSE and FC/AA programs, supplemental funding requests may be submitted by a state, for consideration by ACF, up through and including the 15th day of the third month of any quarter of a fiscal year.

b. Justification for the Request
The request for a supplemental funding for any of the above mentioned programs should contain a justification clearly documenting the need for the additional funding authority during the current quarter. This documentation should be in the form of State accounting records or similar documents that will show the actual expenditures through the most recent month for which such data are available, as well as the State's most accurate projection of its anticipated expenditures during the remaining month(s) of the quarter. For either the TANF or the CCDF program, the State's justification should also include an explanation of the activities requiring the obligation and/or expenditure of amounts that exceed the normal quarterly grant award restrictions and why these activities could not have been delayed until the next quarter.

c. Form Submittal
Supplemental funding requests should be made by completing the appropriate ACF quarterly report of expenditures and estimates applicable to the particular program for which the grant award request is being made.

d. Approval Process

Upon receipt of the state's request for additional funding authority for a quarter, the ACF Regional Office will promptly review the supporting documentation. If the request is properly justified, so long as ACF has adequate funding availability, the State's request will be expedited and supplemental funding will be issued within 5 days of ACF receiving the request. The State will be notified by the Regional Office when the supplemental award has been transmitted to the Payment Management System (PMS) and when it may initiate drawdowns against the supplemental funding.

Additional guidance on this policy is provided in the U.S. Department of Health & Human Services, Administration for Children and Families, letter (May 19, 2004) to State Administrators from the Deputy Assistant Secretary for Administration.

6.2 Description of Funding Techniques

6.2.1 The following are terms under which standard funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

Average Clearance

The State shall request funds such that they are deposited by ACH on the dollar-weighted average day of clearance for the disbursement, in accordance with the clearance pattern specified in Exhibit II.The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I.The amount of the request shall be for the exact amount of that disbursement. This funding technique is interest neutral.

6.2.2 The following are terms under which funding techniques for administrative costs shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

There are no funding techniques listed in Section 6.2.2

6.2.3 The following are terms under which miscellaneous funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

There are no funding techniques listed in Section 6.2.3

6.2.4 The following are terms under which State unique funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

There are no funding techniques listed in Section 6.2.4

6.3 Application of Funding Techniques to Programs

6.3.1 The State shall apply the following funding techniques when requesting Federal funds for the component cash flows of the programs listed in sections 4.2 and 4.3 of this Agreement.

6.3.2 Programs

Below are programs listed in Section 4.2 and Section 4.3.

10.551 Supplemental Nutrition Assistance Program
Recipient: Department of Agriculture
% of Funds Agency Receives: 100.00
Component: Benefit Payments

Technique: Average Clearance
Average Day of Clearance: 0 Days

10.555 National School Lunch Program
Recipient: Department of Agriculture
% of Funds Agency Receives: 53.00
Component: Salaries
Technique: Average Clearance
Average Day of Clearance: 0 Days

Recipient: Department of Agriculture
% of Funds Agency Receives: 47.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
Recipient: Department of Agriculture
% of Funds Agency Receives: 64.00
Component: Salaries
Technique: Average Clearance
Average Day of Clearance: 0 Days

Recipient: Department of Agriculture
% of Funds Agency Receives: 36.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
Recipient: Department of Agriculture
% of Funds Agency Receives: 50.00
Component: Salaries
Technique: Average Clearance
Average Day of Clearance: 0 Days

Recipient: Department of Agriculture
% of Funds Agency Receives: 50.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

12.401 National Guard Military Operations and Maintenance (O&M) Projects
Recipient: Department of Defense
% of Funds Agency Receives: 50.00

Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

Recipient: Office of the Adjutant General
% of Funds Agency Receives: 50.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

16.738 Edward Byrne Memorial Justice Assistance Grant Program
Recipient: Department of Justice
% of Funds Agency Receives: 60.00
Component: Salaries
Technique: Average Clearance
Average Day of Clearance: 0 Days

Recipient: Department of Justice
% of Funds Agency Receives: 40.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
Recipient: Department of Labor
% of Funds Agency Receives: 77.00
Component: Salaries
Technique: Average Clearance
Average Day of Clearance: 0 Days

Recipient: Department of Labor
% of Funds Agency Receives: 23.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

17.225S Unemployment Insurance -- State Benefit Account
Recipient: Department of Labor
% of Funds Agency Receives: 100.00
Component: Benefit Payments
Technique: Average Clearance
Average Day of Clearance: 2 Days

20.205 Highway Planning and Construction
Recipient: Department of Transportation

% of Funds Agency Receives: 6.00
Component: Salaries
Technique: Average Clearance
Average Day of Clearance: 0 Days

Recipient: Department of Transportation
% of Funds Agency Receives: 94.00
Component: Vendor Pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

66.468 Capitalization Grants for Drinking Water Revolving Fund
Recipient: U.S. Environmental Protection Agency
% of Funds Agency Receives: 60.00
Component: Salaries
Technique: Average Clearance
Average Day of Clearance: 0 Days

Recipient: U.S. Environmental Protection Agency
% of Funds Agency Receives: 40.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

66.605 EPA Performance Partnership Grant
Recipient: U.S. Environmental Protection Agency
% of Funds Agency Receives: 20.00
Component: Salaries
Technique: Average Clearance
Average Day of Clearance: 0 Days

Recipient: U.S. Environmental Protection Agency
% of Funds Agency Receives: 80.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

81.041 State Energy Program
Recipient: Department of Energy
% of Funds Agency Receives: 50.00
Component: Salaries
Technique: Average Clearance
Average Day of Clearance: 0 Days

Recipient: Department of Energy
% of Funds Agency Receives: 50.00

Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

81.128 Energy Efficiency and Conservation Block Grant Program
Recipient: Department of Energy
% of Funds Agency Receives: 100.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

84.027 Special Education -- Grants to States
Recipient: Department of Education
% of Funds Agency Receives: 79.00
Component: salaries
Technique: Average Clearance
Average Day of Clearance: 0 Days

Recipient: Department of Education
% of Funds Agency Receives: 21.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

84.126 Rehabilitation Services -- Vocational Rehabilitation Grants to States
Recipient: Department of Education
% of Funds Agency Receives: 60.00
Component: Salaries
Technique: Average Clearance
Average Day of Clearance: 0 Days

Recipient: Department of Education
% of Funds Agency Receives: 40.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

84.394 State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
Recipient: Department of Education
% of Funds Agency Receives: 100.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

84.397 State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act
Recipient: Department of Education
% of Funds Agency Receives: 100.00
Component: Salaries
Technique: Average Clearance
Average Day of Clearance: 4 Days

84.402 Consolidated Grants to the Outlying Areas, Recovery Act
Recipient: Department of Energy
% of Funds Agency Receives: 100.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

84.403 Consolidated Grant to the Outlying Areas
Recipient: Department of Education
% of Funds Agency Receives: 42.00
Component: Salaries
Technique: Average Clearance
Average Day of Clearance: 0 Days

Recipient: Department of Education
% of Funds Agency Receives: 58.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

84.410 Education Jobs Fund
Recipient: Department of Education
% of Funds Agency Receives: 100.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

93.557 Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth
Recipient: Department of Health & Human Services
% of Funds Agency Receives: 100.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

93.558 Temporary Assistance for Needy Families
Recipient: Department of Health & Human Services
% of Funds Agency Receives: 100.00

Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

93.563 Child Support Enforcement
Recipient: Department of Justice
% of Funds Agency Receives: 83.00
Component: Salaries
Technique: Average Clearance
Average Day of Clearance: 0 Days

Recipient: Department of Justice
% of Funds Agency Receives: 17.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

93.575 Child Care and Development Block Grant
Recipient: Department of Health & Human Services
% of Funds Agency Receives: 50.00
Component: Salaries
Technique: Average Clearance
Average Day of Clearance: 0 Days

Recipient: Department of Health & Human Services
% of Funds Agency Receives: 50.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

93.600 Head Start
Recipient: Department of Health & Human Services
% of Funds Agency Receives: 40.00
Component: Salaries
Technique: Average Clearance
Average Day of Clearance: 0 Days

Recipient: Department of Health & Human Services
% of Funds Agency Receives: 60.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

93.778 Medical Assistance Program
Recipient: Department of Health & Human Services

% of Funds Agency Receives: 7.00
Component: Salaries
Technique: Average Clearance
Average Day of Clearance: 0 Days

Recipient: Department of Health & Human Services
% of Funds Agency Receives: 93.00
Component: Vendor pay and all other costs
Technique: Average Clearance
Average Day of Clearance: 4 Days

6.3.3 Materiality Exemptions

Agencies exempt from coverage on the basis of materiality:

none

7.0 CLEARANCE PATTERNS

7.1 The State shall develop separate clearance patterns for each of the following:

Functional Payment/Bank Account for vendor payment, payroll and other cost.

7.2 The following shall develop the State's clearance patterns:

The Virgin Islands Department of Finance.

7.3 The sources of data the State shall use when developing its clearance patterns are as follows:

Financial Management System and Banco Popular de Puerto Rico

7.4 The State shall use the following methodology when developing its clearance patterns:

When developing each clearance pattern, the State shall track at least 99% of the funds disbursed, from issuance to clearance, for a period of at least three months.

7.5 The State shall identify for each check or warrant (hereafter, check) in the population: (1) the date the check was released for payment; (2) the date the check was debited from the State's account, and, (3) the amount of the check.

7.6 The State shall use the following method to calculate the dollar-weighted average day of clearance:

To determine the number of days each check was outstanding (clearance time), the issue date shall be subtracted from the date the check cleared the State's account.

To determine the percentage of the disbursement paid out each day following issuance, the amount of the checks that clear the State's account each day shall be summed and then divided by the amount of the total disbursement.

For each day following issuance, the clearance time of the checks paid out that day shall be multiplied by the percentage of the total disbursement those checks represent. This product is the clearance factor.

The dollar-weighted average day of clearance for the disbursement shall be determined by summing the clearance factor

of each day following the disbursement.

7.7 The State shall adjust each clearance pattern to reflect the dollar-weighted proportion of funds paid out by EFT/Direct payroll, with the following exceptions:

None

The State shall also adjust each clearance pattern to reflect:

Not Applicable

7.8 Each of the State's clearance patterns is calculated in calendar days.

7.9 An authorized State official shall certify that each clearance pattern developed by the State accurately corresponds to the clearance activity of the programs to which it is applied. This certification shall be provided to the Fiscal Service prior to the effective date of the Agreement. The State shall recertify its clearance patterns at least every five years.

7.10 The State shall follow the procedures of 31 CFR 205 if it has actual or constructive knowledge, at any time, that a clearance pattern does not correspond to a program's clearance activity.

8.0 INTEREST CALCULATION METHODOLOGY

8.1 General Terms

8.1.1 The State and the Secretary agree that no interest liabilities will be incurred for transfers of funds made in accordance with the procedures specified in section 6 of this Agreement where the following funding techniques are applied:

Average Clearance

8.1.2 The State shall maintain information on disbursements and receipts of funds to verify the implementation of any funding technique and document interest liabilities.
For each disbursement, the State shall be able to identify:
(1) amount of the issuance
(2) date of issuance
(3) date Federal funds are received and credited to a State account
(4) amount of Federal funds received
(5) date funds were requested

8.2 Federal Interest Liabilities

8.2.1 A Federal interest liability shall accrue from the day the State pays out its own funds for program purposes to the day Federal funds are credited to a State account. With regard to funds transferred out of the Federal Highway Trust Fund, if a State does not bill at least weekly for current project costs, the Federal interest liability shall not accrue prior to the day the State submits a request for funds.

8.2.2 The State shall use the following method to calculate Federal interest liabilities:

For all transactions where the State pays out its own funds for program purposes prior to receiving Federal funds, the State shall track each payment from the date it is paid out of a State account to the date Federal funds are subsequently credited to a State account to cover that outlay. The Federal interest liability on each payment shall be based on the difference in whole days between the two events. With Federal-State matching programs, interest shall be calculated on

the Federal percentage of the disbursement.

8.3 The Unemployment Trust Fund

8.3.1 The State shall use the following method to calculate State interest liabilities on funds withdrawn from the several accounts in the Unemployment Trust Fund:

Federal Funds Interest Neutral, State Funds not:
The State shall use the following methodology to calculate State interest liabilities on funds withdrawn from the State account in the UTF under the Unemployment Insurance program.

Based on statements provided by its financial institution (or other appropriate sources), the State shall determine the actual interest earnings and the related banking costs attributable to funds withdrawn from its account in the UTF. At the end of the States fiscal year, the State shall calculate the percentage of its total unemployment compensation expenditures for (1) funds withdrawn from the State account in the UTF, or the State %, and (2) funds withdrawn from the Federal Employees Compensation Account (FECA) and the Extended Unemployment Compensation Account (EUCA) and any other accounts of Federal funds in the UTF, or the Federal %.

The actual interest earnings of the benefit payment account on the whole constitute the actual interest earnings attributable to funds withdrawn from the State account in the UTF, since the State shall apply an appropriate interest neutral funding technique, to funds withdrawn from the FECA and EUCA and any other benefit accounts of Federal funds in the UTF from which the State draws.

The State shall calculate the related banking costs attributable to funds withdrawn from the State account in the UTF by multiplying the State % by the amount of the related banking costs of the benefit payment account as a whole. The States liability for interest on funds withdrawn from its account in the UTF shall consist of the actual interest earnings of the benefit payment account on the whole less the related banking costs attributed to such funds.

8.4 Refund Liabilities

8.4.1 The State shall be liable for interest on refunds from the date the refund is credited to a State account until the date the refund is debited from the State account for program purposes. The State shall apply a $50,000 refund transaction threshold below which the State shall not incur or calculate interest liabilities on refunds. A transaction is defined as a single deposit.

8.4.2 For each refund, the State shall maintain information identifying:
(1) date a refund is credited to a State account
(2) date of the subsequent deposit of Federal funds against which the refund is offset
(3) amount of the refund

8.4.3 The State shall use the following methodology to calculate interest liabilities on refunds:

With programs to which applicable interest neutral funding techniques are applied, the State interest liability shall be based on the difference in whole days between the date the refund is deposited in a State account and the date the refund is offset against a subsequent deposit of Federal funds.

8.5 Exemptions

8.5.1 Where more than one State agency is a recipient of Federal funds under a program, a particular State agency's funding may be excluded from interest calculation procedures if the State agency receives an amount of funds less than 5

% of the State's threshold for major Federal assistance programs. Notwithstanding this potential exemption, however, in no case shall less than 90% of a program's total funding be subject to interest calculation procedures.

Proration of calculations: If less than total program funding is subject to interest calculation procedures, the resulting interest liability calculations shall be prorated to 100% of program funding.

8.6 State Interest Liabilities

8.6.1 The State shall be liable for interest on Federal funds from the date Federal funds are credited to a State account until the date those funds are paid out for program purposes.

8.6.2 The State shall use the following method to calculate State interest liabilities on Federal funds:

8.6.2.1 Measuring Time Funds Are Held

To determine the total time Federal funds are held, the State shall measure the time between the date Federal funds are received and credit to a State's account and the date those funds are debited from the State's account.

8.6.2.2 Source of Data

shall be determined from information captured by Central Financial Management System.

8.6.2.3 Standards Applied

The average daily cash balance of Federal Funds in the program's account reflects the actual activity of each draw from the date of deposit to the date of issuance or clearance, whichever is pertinent.

8.6.2.4 Calculation Procedure

I = ADB x R, where

I = State's total interest liability

ADB = Average Daily Balance of cash in a program's account, measured from deposit to clearance

R = Annualized rate equal to the average equivalent yields of 13-week Treasury bills auctioned during a State's fiscal year

9.0 REVERSE FLOW PROGRAMS

The State is not required to cover any reverse flow programs under the terms of this Agreement because the State does not participate in the program.

10.0 INTEREST CALCULATION COSTS

10.1 As set forth in 31 CFR 205.27, interest calculation costs are defined as those costs necessary for the actual calculation of interest, including the cost of developing and maintaining clearance patterns in support of the interest calculations. Interest calculation costs do not include expenses for normal disbursing services, such as processing of checks or maintaining records for accounting and reconciliation of cash balances, or expenses for upgrading or modernizing accounting systems. Interest calculation costs in excess of $50,000 in any year are not eligible for reimbursement, unless the State provides justification with the annual report.

10.2 The State expects to incur the following types of interest calculation costs:

Direct cost claim for calculating interest and the development and maintenance of clearance patterns.

10.3 The State shall submit all claims for reimbursement of interest calculation costs with its Annual Report in accordance with 31 CFR 205.

11.0 NON-COMPLIANCE

11.1 The provisions of 31 CFR Part 205.29 and 31 CFR Part 205.30 shall apply in cases of non-compliance with the terms of this Agreement.

12.0 AUTHORIZED SIGNATURES

Angel E. Dawson, Jr.
Commissioner of Finance

Signature: [redacted] Date Signed: 1/29/14

Date Submitted 01/17/2014

Kristine S. Conrath
Assistant Commissioner
Revenue Collections Management
Bureau of the Fiscal Service
U.S. Department of the Treasury

Signature: Kristine S Conrath Date Signed: 2/21/2014

Exhibit I - Funds Request and Receipt Times Schedule
Territory of Virgin Islands

Federal Agency	Payment Type	Request Cut-Off Time	Receipt Window
Agriculture-FNS	ACH	11:59 PM	1 day
Agriculture-FNS	Fedwire	5:45 PM	0 day
Agriculture-FS	ACH	3:00 PM	1 day
Air National Guard	ACH	12:00 PM	15 days
Army National Guard	ACH	12:00 PM	15 days
Commerce-NOAA	ACH	2:00 PM	1 day
Dept of Homeland Security (FEMA)	Fedwire	2:00 PM	0 day
Dept of Homeland Security (ODP)	ACH	2:00 PM	2 days
Dept of Homeland Security (ODP)	Fedwire	2:00 PM	2 days
EPA	ACH	2:00 PM	2 days
EPA	Fedwire	2:00 PM	0 day
Education	ACH	3:00 PM	1 day
Education	Fedwire	2:00 PM	0 day
Energy	ACH	4:00 PM	1 day
Energy	Fedwire	3:00 PM	0 day
HHS	ACH	6:30 PM	1 day
HHS	Fedwire	3:00 PM	0 day
HUD	ACH	5:30 PM	2 days
HUD	Fedwire	3:00 PM	0 day
Interior-FWS	ACH	11:59 PM	1 day
Interior-FWS	Fedwire	5:45 PM	0 day
Interior-OSM	ACH	3:00 PM	1 day
Interior-OSM	Fedwire	5:45 PM	0 day
Justice	ACH	11:00 PM	6 days
Justice	Fedwire	2:00 PM	2 days
Labor-Non-UTF	ACH	3:00 PM	1 day
Labor-UTF	ACH	3:00 PM	1 day
Labor-UTF	Fedwire	3:00 PM	0 day
National Science Foundation (NSF)	ACH	8:00 PM	1 day
National Science Foundation (NSF)	Fedwire	5:45 PM	0 day
Social Security Administration	ACH	11:59 PM	1 day
Social Security Administration	Fedwire	5:45 PM	0 day
Transportation (FAA)	ACH	2:00 PM	1 day
Transportation (FHWA)	ACH	12:00 PM	3 days
Transportation (FHWA)	Fedwire	12:00 PM	0 day
Transportation (FTA)	ACH	2:00 PM	1 day
Veterans Administration	ACH	12:00 PM	3 days

Exhibit II - Territory of Virgin Islands

LIST OF STATE CLEARANCE TIMES

(Rounded Dollar-Weighted Average Day of Clearance)

Clearance Times Where the Timing of A Draw Down Is Based on A Clearance Pattern

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
10.551	Supplemental Nutrition Assistance Program	Department of Agriculture	100.00	Benefit Payments	Average Clearance	0 Days
10.555	National School Lunch Program	Department of Agriculture	53.00	Salaries	Average Clearance	0 Days
10.555	National School Lunch Program	Department of Agriculture	47.00	Vendor pay and all other costs	Average Clearance	4 Days
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Agriculture	64.00	Salaries	Average Clearance	0 Days
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Agriculture	36.00	Vendor pay and all other costs	Average Clearance	4 Days
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Department of Agriculture	50.00	Salaries	Average Clearance	0 Days
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Department of Agriculture	50.00	Vendor pay and all other costs	Average Clearance	4 Days
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Department of Defense	50.00	Vendor pay and all other costs	Average Clearance	4 Days
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Office of the Adjutant General	50.00	Vendor pay and all other costs	Average Clearance	4 Days
16.738	Edward Byrne Memorial Justice Assistance Grant Program	Department of Justice	60.00	Salaries	Average Clearance	0 Days
16.738	Edward Byrne Memorial Justice Assistance Grant Program	Department of Justice	40.00	Vendor pay and all other costs	Average Clearance	4 Days
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Labor	23.00	Vendor pay and all other costs	Average Clearance	4 Days
17.225F	Unemployment Insurance -- Federal Benefit Account and Administrative Costs	Department of Labor	77.00	Salaries	Average Clearance	0 Days
17.225S	Unemployment Insurance -- State Benefit Account	Department of Labor	100.00	Benefit Payments	Average Clearance	2 Days
20.205	Highway Planning and Construction	Department of Transportation	6.00	Salaries	Average Clearance	0 Days

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
20.205	Highway Planning and Construction	Department of Transportation	94.00	Vendor Pay and all other costs	Average Clearance	4 Days
66.468	Capitalization Grants for Drinking Water Revolving Fund	U.S. Environmental Protection Agency	40.00	Vendor pay and all other costs	Average Clearance	4 Days
66.468	Capitalization Grants for Drinking Water Revolving Fund	U.S. Environmental Protection Agency	60.00	Salaries	Average Clearance	0 Days
66.605	EPA Performance Partnership Grant	U.S. Environmental Protection Agency	20.00	Salaries	Average Clearance	0 Days
66.605	EPA Performance Partnership Grant	U.S. Environmental Protection Agency	80.00	Vendor pay and all other costs	Average Clearance	4 Days
81.041	State Energy Program	Department of Energy	50.00	Salaries	Average Clearance	0 Days
81.041	State Energy Program	Department of Energy	50.00	Vendor pay and all other costs	Average Clearance	4 Days
81.128	Energy Efficiency and Conservation Block Grant Program	Department of Energy	100.00	Vendor pay and all other costs	Average Clearance	4 Days
84.027	Special Education -- Grants to States	Department of Education	79.00	salaries	Average Clearance	0 Days
84.027	Special Education -- Grants to States	Department of Education	21.00	Vendor pay and all other costs	Average Clearance	4 Days
84.126	Rehabilitation Services -- Vocational Rehabilitation Grants to States	Department of Education	60.00	Salaries	Average Clearance	0 Days
84.126	Rehabilitation Services -- Vocational Rehabilitation Grants to States	Department of Education	40.00	Vendor pay and all other costs	Average Clearance	4 Days
84.394	State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	Department of Education	100.00	Vendor pay and all other costs	Average Clearance	4 Days
84.397	State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	Department of Education	100.00	Salaries	Average Clearance	4 Days
84.402	Consolidated Grants to the Outlying Areas, Recovery Act	Department of Energy	100.00	Vendor pay and all other costs	Average Clearance	4 Days
84.403	Consolidated Grant to the Outlying Areas	Department of Education	42.00	Salaries	Average Clearance	0 Days
84.403	Consolidated Grant to the Outlying Areas	Department of Education	58.00	Vendor pay and all other costs	Average Clearance	4 Days
84.410	Education Jobs Fund	Department of Education	100.00	Vendor pay and all other costs	Average Clearance	4 Days
93.557	Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	Department of Health & Human Services	100.00	Vendor pay and all other costs	Average Clearance	4 Days
93.558	Temporary Assistance for Needy Families	Department of Health & Human Services	100.00	Vendor pay and all other costs	Average Clearance	4 Days
93.563	Child Support Enforcement	Department of Justice	83.00	Salaries	Average Clearance	0 Days
93.563	Child Support Enforcement	Department of Justice	17.00	Vendor pay and all other costs	Average Clearance	4 Days
93.575	Child Care and Development Block Grant	Department of Health & Human Services	50.00	Vendor pay and all other costs	Average Clearance	4 Days
93.575	Child Care and Development Block Grant	Department of Health & Human Services	50.00	Salaries	Average Clearance	0 Days

CFDA	Program Name	Recipient	%	Component	Technique	Rounded days
93.600	Head Start	Department of Health & Human Services	40.00	Salaries	Average Clearance	0 Days
93.600	Head Start	Department of Health & Human Services	60.00	Vendor pay and all other costs	Average Clearance	4 Days
93.778	Medical Assistance Program	Department of Health & Human Services	7.00	Salaries	Average Clearance	0 Days
93.778	Medical Assistance Program	Department of Health & Human Services	93.00	Vendor pay and all other costs	Average Clearance	4 Days

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I hereby certify that an authorized State official has certified at least every five years that the "Rounded Days of Clearance" listed in Exhibit 2 of this Treasury-State Agreement:

1. Have been prepared in accordance with the standards provided in 31 CFR 205.20;

2. Accurately represent the flow of Federal funds under the Federal assistance programs to which they apply;

3. Reflect seasonal or other periodic variations in the clearance activities; and,

4. Are auditable.

Date: _____

Printed Name: _____

Certifying Signature: _____

Title: _____