



# Legislature of the Virgin Islands

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## POST AUDIT DIVISION

July 27, 2023

### COMMITTEE ON BUDGET, APPROPRIATIONS AND FINANCE FISCAL YEAR 2024 BUDGET HEARING VIRGIN ISLANDS LOTTERY

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**BACKGROUND AND HISTORY**

The Virgin Islands Lottery (VIL) was founded in 1937, and its mandate was amended in 1971 within Title 32, Chapter 13 of the Virgin Islands Code. The Virgin Islands Lottery is an instrumentality of the Government of the United States Virgin Islands. The VIL is the official lottery of the Virgin Islands.

The VIL is managed by an Executive Director, who is appointed by the Governor, and it is supervised by the Virgin Islands Lottery Commission. The Virgin Islands Lottery Commission shall be composed of the Commissioner of Finance, the Director of the Office of Management and Budget or his/her designee, and five additional members appointed by the Governor, subject to confirmation by the Legislature. Of the five members, two members shall be licensed lottery sales agents, one from the District of St. Thomas/St. John and one from the District of St. Croix. The last three members shall be a resident of St. Thomas, St. Croix, and St. John.

The members of the Lottery Commission are listed below:

<b>Name</b>	<b>Title</b>
Jenifer C. O’Neal	Commission Chair
Clarina Modeste-Elliott	Acting Member
Lloyd Daley	STX Member
Vernon A. Finch	STT Member
<b>Vacant</b>	<b>Member</b>
<b>Vacant</b>	<b>Member</b>
<b>Vacant</b>	<b>Member</b>

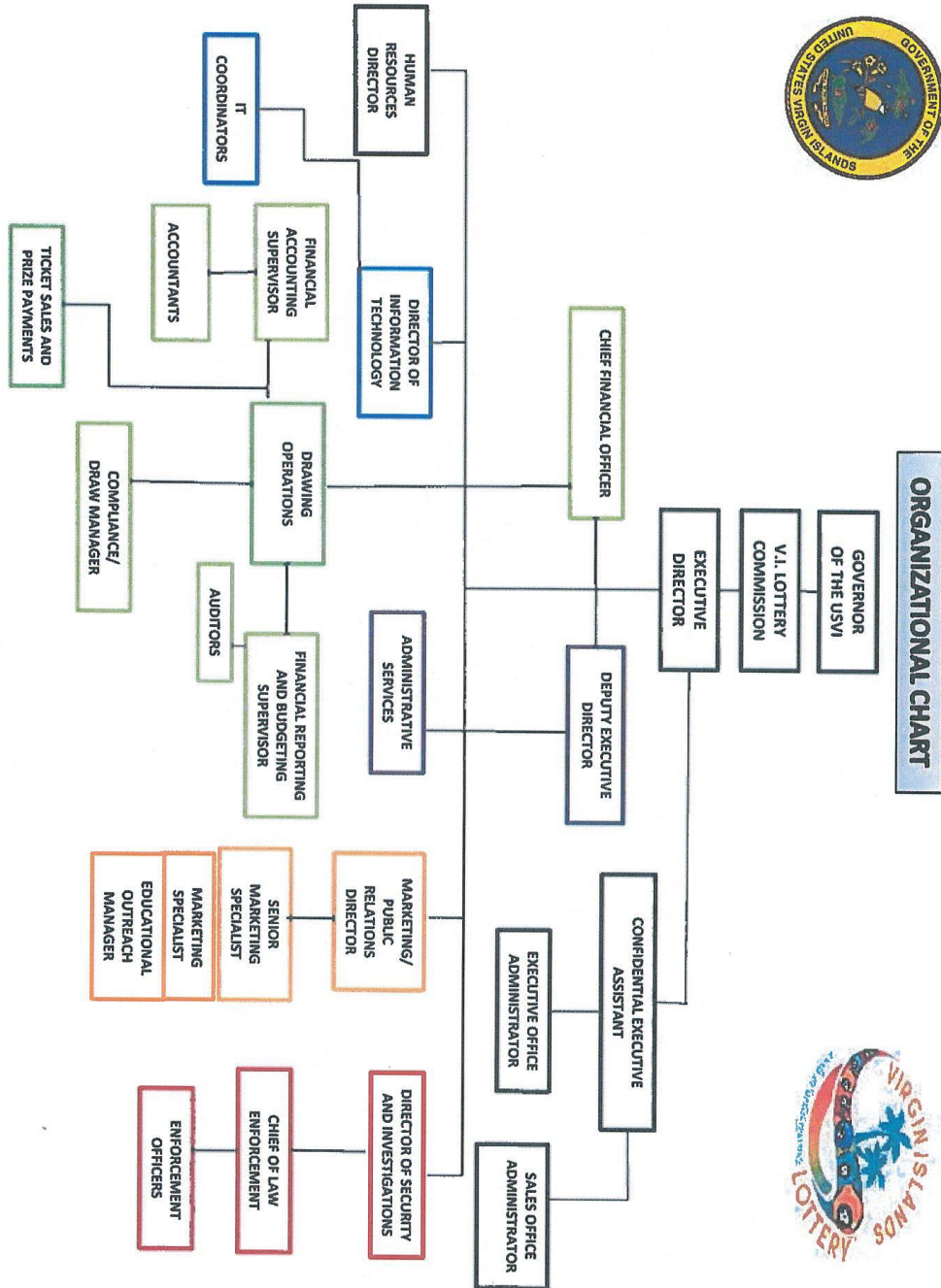
Each member of the Lottery Commission serves for a period of four (4) years. The Lottery Commission is a policy-making body that is responsible for providing advice and oversight on operating and administrative activities and promulgating rules and regulations governing the establishment and operations of the Lottery.

The Lottery operates its funding sources as an enterprise-fund parallel to operations in the private business. It utilizes the full accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in the United States of America. Budgetary control for the Lottery is addressed through VI Legislation.

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Exhibit I displays the Virgin Islands Lottery's current organization chart.

Exhibit I



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**REVENUE AND EXPENSES**

*Exhibit II* displays the revenue and expenses for the VIL for FY 2022 – FY 2024. The Virgin Islands receives not appropriation from the Legislature. The Lottery is expected to service its expenditures and make contributions to several initiatives from revenues it generates.

*Exhibit II*

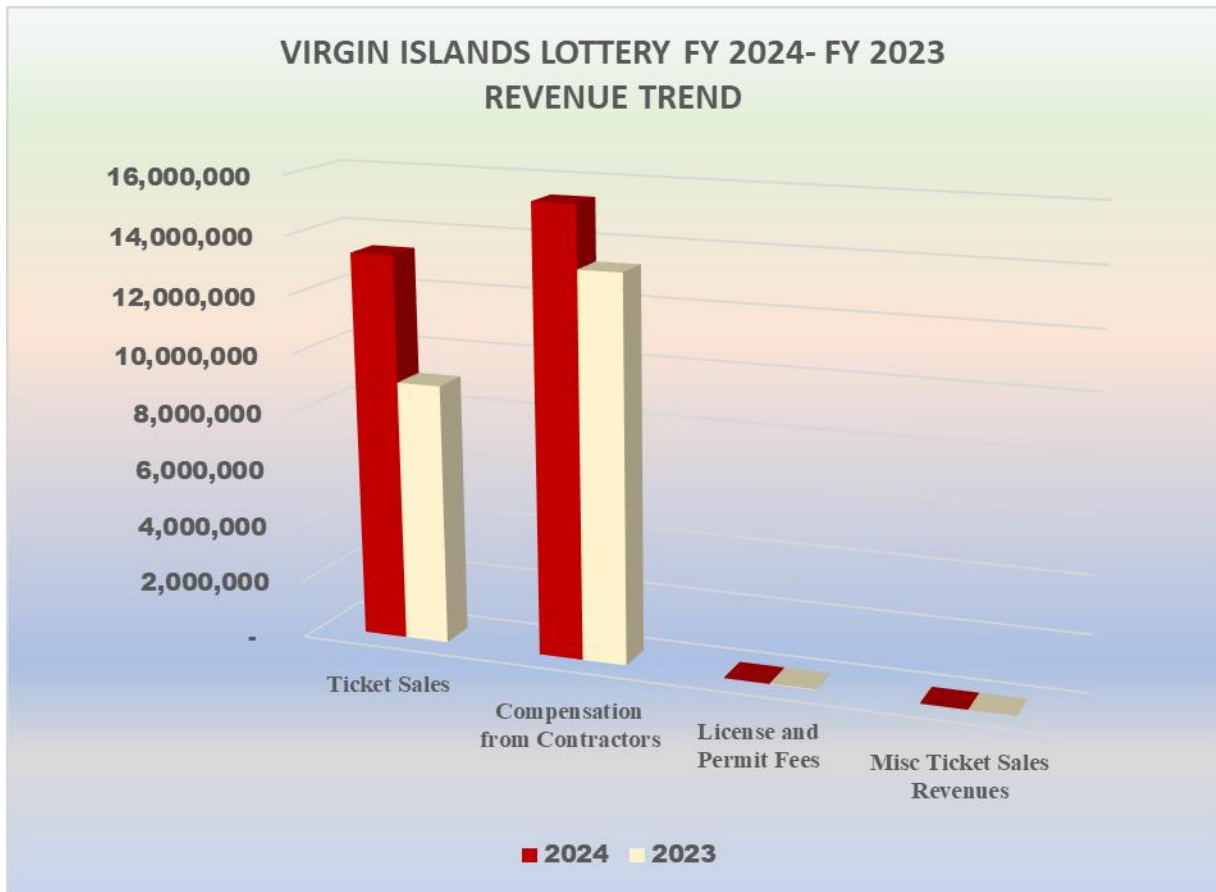
<b>Line-Item Breakdown</b>	<b>FY 2024 Budget</b>	<b>FY 2023 Budget 10/1/22 -4/30/23</b>	<b>FY 2023 Budget</b>	<b>FY 2022 Actual</b>
<b>Operating Revenues</b>				
Traditional Games (Ticket Sales)	\$ 13,338,504	\$ 7,350,823	\$ 9,023,175	\$ 11,523,515
Compensation from Contractors	15,406,042	9,121,903	13,288,191	14,298,408
License & Permit Fees	19,000	15,750	19,000	16,870
Misc. Ticket Sales Revenue	2,500	2,706	2,500	3,384
Gain on Sale on Assets	-	-	-	-
<b>Total Operating Revenues</b>	<b>28,766,046</b>	<b>16,491,182</b>	<b>22,332,866</b>	<b>25,842,177</b>
<b>Operating Expenses</b>				
<b>Direct Costs:</b>				
Prizes Expense	11,277,706	5,409,211	7,629,095	9,357,123
Printing	100,000	16	100,000	49,994
Drawing Operations	-	-	-	-
Powerball/Mega Million Drawing Costs	156,000	88,000	156,600	150,800
Dealers Bonuses and Incentives	155,500	93,550	64,700	111,781
Bonus Prizes	203,800	-	212,600	-
<b>Total Direct Costs</b>	<b>11,893,006</b>	<b>5,590,777</b>	<b>8,162,995</b>	<b>9,669,698</b>
Salaries and Benefits	4,269,421	2,079,511	4,240,582	3,567,925
Advertising & Promotion	900,000	356,974	250,000	228,337
Professional Services	763,000	99,319	445,000	431,172
Other General & Administrative	2,592,215	1,274,664	2,554,502	2,079,108
Capital Outlays	409,500	-	93,978	-
	<b>8,934,136</b>	<b>3,810,468</b>	<b>7,584,062</b>	<b>6,306,542</b>
<b>Total Operating Expenses</b>	<b>20,827,142</b>	<b>9,401,245</b>	<b>15,747,057</b>	<b>15,976,240</b>
<b>Operating Income (Loss)</b>	<b>7,938,904</b>	<b>7,089,937</b>	<b>6,585,809</b>	<b>9,865,937</b>
<b>Non-Operating (Revenue) Expense</b>				
Interest/ Other Income	(99,600)	(51,355)	(85,600)	(102,935)
Debt Forgiveness	-	-	-	-
Transfers- Special Educational Initiative Fund	2,310,906	1,368,285	1,993,229	2,144,766
Transfers- Pharmaceutical Assist. Prog.	2,310,906	1,368,285	1,993,229	2,144,766
Transfers- GERS (Retirees Bonus)	1,540,604	912,190	1,328,819	1,429,844
Transfer- Horse Racing Commission	405,781	265,741	349,785	382,413
Transfer- Virgin Islands Government	900,000	900,000	-	-
Veterans Affair	100,000	100,000	100,000	50,000
<b>Total Non-Operating (Revenue) Expense</b>	<b>7,468,598</b>	<b>4,863,146</b>	<b>5,679,461</b>	<b>6,048,854</b>
<b>Total Expenses</b>	<b>28,295,740</b>	<b>14,264,391</b>	<b>21,426,518</b>	<b>22,025,094</b>
<b>Net Income/Loss</b>	<b>\$470,306</b>	<b>\$2,226,791</b>	<b>\$906,348</b>	<b>\$3,817,083</b>

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*Exhibit III* displays a revenue breakdown for the VIL for FY 2022 – FY 2024.

***Exhibit III***

Revenues	2022 Actual	2023 Budget	2024 Projections	Variance 2024-2023
Ticket Sales	\$ 11,523,515	\$ 9,023,175	\$ 13,338,504	\$ 4,315,329
Compensation from Contractors	14,298,408	13,288,191	15,406,042	2,117,851
License and Permit Fees	16,870	19,000	19,000	-
Misc. Ticket Sales Revenue	3,384	2,500	2,500	-
Gain on Sale of Assets	-	-	-	-
<b>Totals</b>	<b>\$ 25,842,177</b>	<b>\$ 22,332,866</b>	<b>\$ 28,766,046</b>	<b>\$ 6,433,180</b>

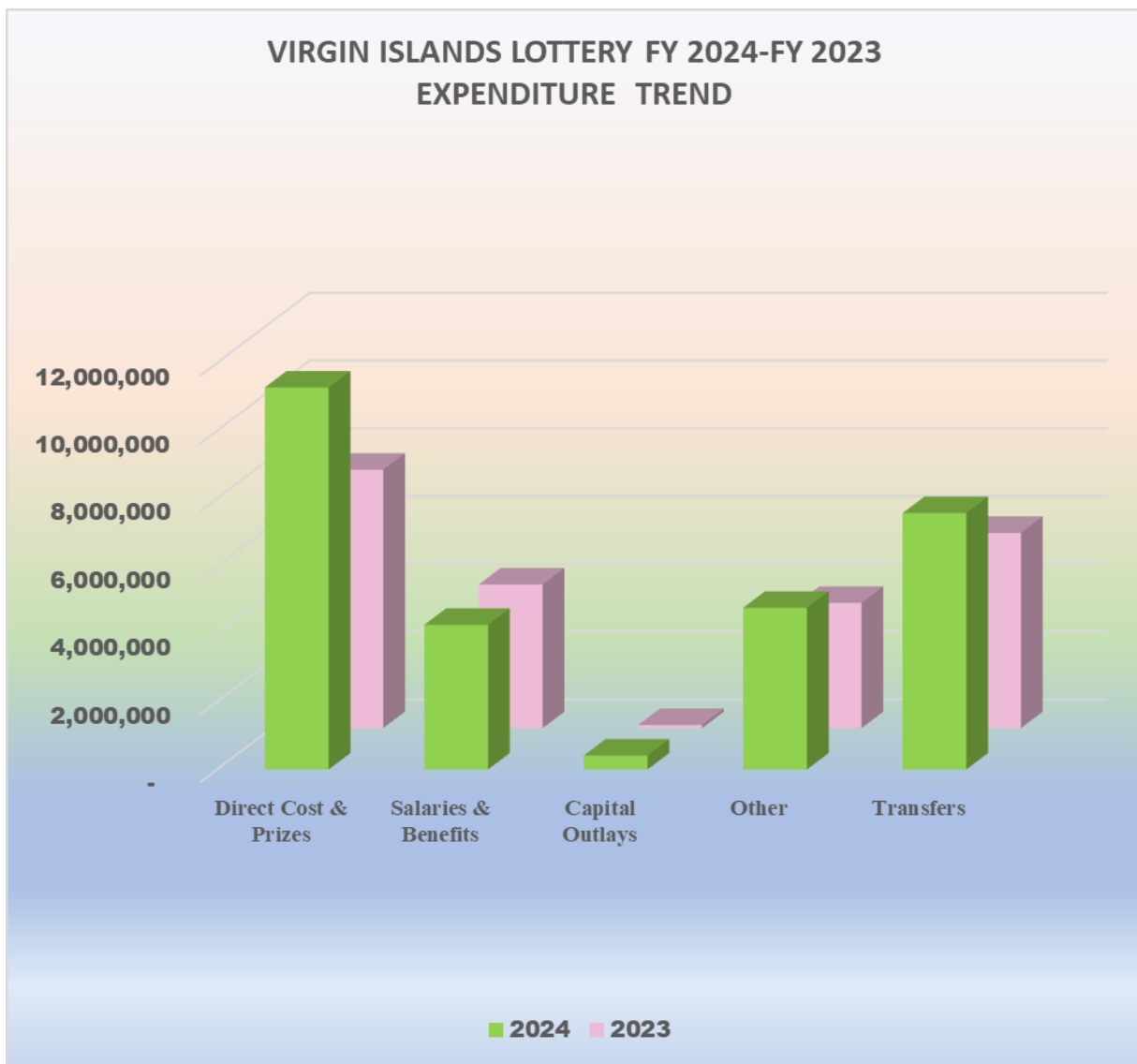


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*Exhibit IV* displays an expenditure breakdown for the VIL for FY 2022 – FY 2024.

*Exhibit IV*

Expenses	2022 Actual	2023 Budget	2024 Projections	Variance 2024-2023
Direct Cost & Prizes	\$ 9,357,123	\$ 7,629,095	\$ 11,277,706	\$3,648,611
Salaries and Benefits	3,567,925	4,240,582	4,269,421	28,839
Capital Outlays	-	93,978	409,500	315,522
Other	2,948,257	3,697,802	4,770,915	1,073,113
Transfers	6,151,789	5,765,061	7,568,198	1,803,137
<b>Total</b>	<b>\$ 22,025,094</b>	<b>\$ 21,426,518</b>	<b>\$ 28,295,740</b>	<b>\$ 6,869,222</b>

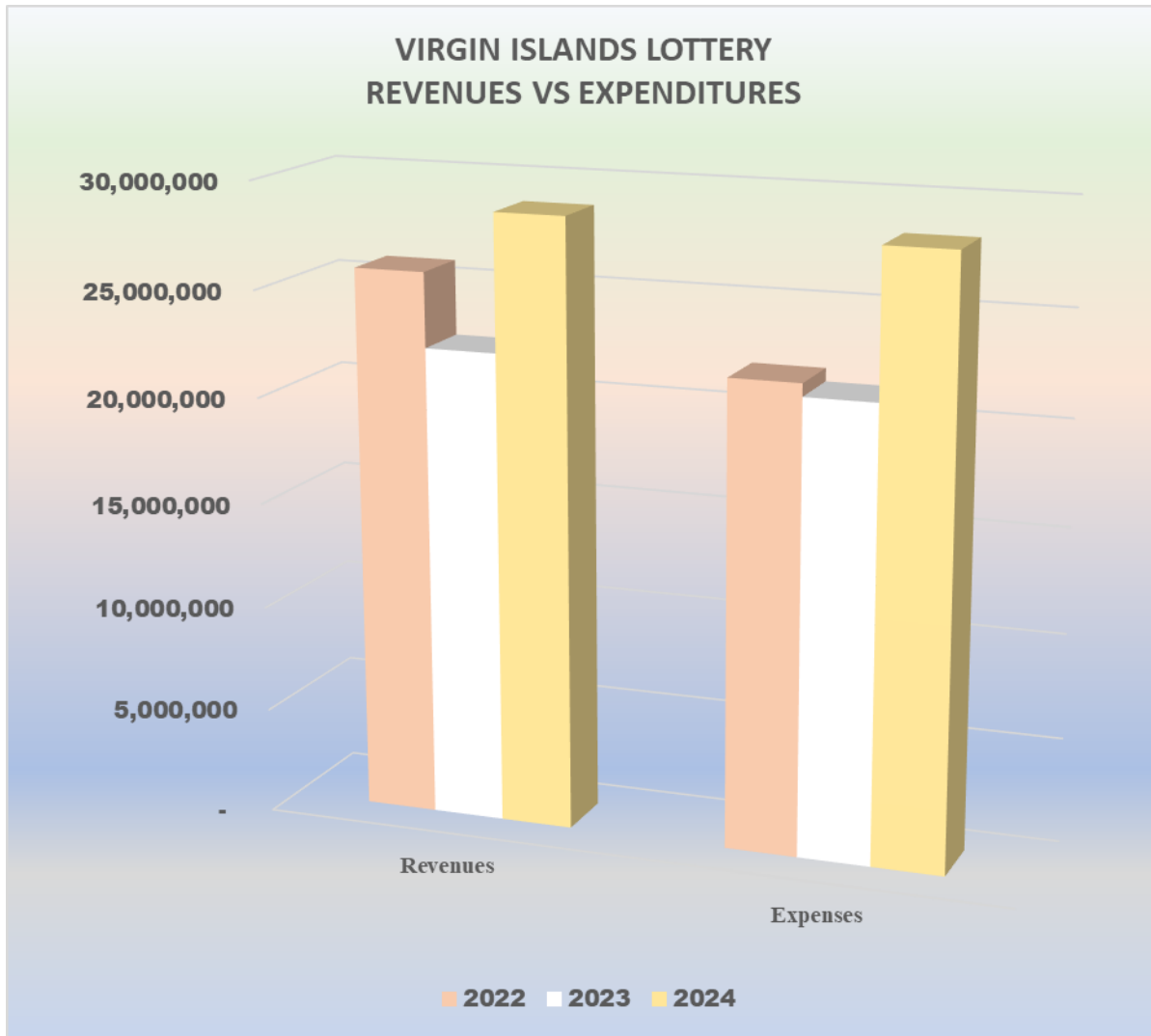


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*Exhibit V* displays a pictorial view of revenues vs. expenditures for the VIL for FY 2022 – FY 2024.

*Exhibit V*

	2022	2023	2024
<b>Revenues</b>	\$ 25,842,177	\$ 22,332,866	\$ 28,766,046
<b>Expenses</b>	22,025,094	21,426,518	28,295,740
<b>Net Profit/Loss</b>	<b>\$ 3,817,083</b>	<b>\$ 906,348</b>	<b>\$470,306</b>



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**LEASES**

*Exhibit VI* displays the leases for the VIL.

*Exhibit VI*

<b>Lessor</b>	<b>Address</b>	<b>Monthly Rent</b>	<b>Annual Rent</b>
Isidor Paiewonsky Associates	St. Thomas Main Office	\$14,250	\$171,000
Sunny Isles Developers, Inc	St. Croix Sunny Isles Office	8,050	96,605
St. Thomas Cargo	St. Thomas Storage	1,200	14,400
Sun Self Storage	St. Croix Storage	822	9,864
A&R Warehouse & Storage	St. Thomas Storage	900	10,800
Chinnery’s Food O Mat, Inc	St. Thomas	1,000	12,000
<b>Total</b>		<b>\$ 26,222</b>	<b>\$ 314,669</b>

**PROFESSIONAL SERVICES CONTRACTS**

*Exhibit VII* displays the professional services contracts for the VIL.

*Exhibit VII*

<b>Type of Service</b>	<b>Annual Amount</b>
Audit Fees	\$ 61,000
Information Technology Consultation	82,000
Janitorial Services	88,000
Legal Consultation	80,000
Professional Consultation	80,000
IT Solutions	367,000
<b>Total</b>	<b>\$ 758,000</b>

**TRAINING AND SYMPOSIUM EXPENSES**

*Exhibit VIII* displays the training and symposium annual costs for the VIL.

*Exhibit VIII*

<b>Item</b>	<b>Annual Amount</b>
Human Resources	\$ 6,000
Security and Investigations	12,000
Marketing	7,500
Information/Technology	15,000
Accounting	15,000
Administration/Tickets& Ball	18,500
Ticket Sales	6,000
<b>Total</b>	<b>\$ 80,000</b>



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**SECURITY EXPENSES**

*Exhibit IX* displays the security expense for the VIL.

*Exhibit IX*

Security Expense	
Item	Annual Amount
ADT	\$2,800
Alarmco	600
RT Unlimited (St. Croix)	48,200
RT Unlimited (St. Thomas)	48,200
<b>Total</b>	<b>\$ 99,800</b>

**VEHICLE LISTING**

VIL vehicle expenses are **\$22,647**. Maintenance costs total **\$7,781** and gasoline charges are **\$14,866**. *Exhibit X* provides a detailed listing of VIL’s vehicles.

*Exhibit X*

Year	Make/Model	Gas	Maintenance	Office
2018	Ford Ecosport			STT
2018	Chevrolet Traverse			STT
2021	Ford Explorer			STT
2021	Chevrolet Colorado			STT
2021	Ford Explorer			STT
2021	Ram Promas			STT
2022	Ford Explorer			STT
	<b>Total</b>	<b>\$9,594</b>	<b>\$6,562</b>	
2018	Chevrolet Equinox			STX
2020	Chevrolet Colorado			STX
2021	Ford Explorer			STX
2018	Ford Explorer			STX
2013	Ford Explorer			STX
2013	Ford Explorer			STX
	<b>Total</b>	<b>\$5,272</b>	<b>\$1,219</b>	

**POST AUDIT COMMENTS**

VIL projected revenues for FY 2024 are **\$28,766,046** and projected expenses and transfers are **\$28,295,740**, creating a profit of **\$470,306**. This represents a decrease of **(\$436,042)** below FY 2023 profit of **\$906,348**. (pg. 7).



Vincent J. Samuel  
 Post Auditor

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**APPENDIX I – PERSONNEL LISTING**

<b>Job Title</b>	<b>Location</b>	<b>Status</b>	<b>Current Salary</b>	<b>FY 2024 Salary</b>
<b>Classified Union Employees</b>				
Maintenance/Chauffeur II	STX	Filled	\$ 30,729.95	\$ 31,651.85
Cashier II	STX	Filled	30,729.95	31,651.85
Cashier II	STX	Filled	28,965.92	29,834.90
Cashier III	STX	Filled	43,232.12	44,529.08
Lottery Maintenance/Chauffeur	STT	Filled	30,729.95	31,651.85
Lottery Maintenance/Chauffeur	STT	Filled	30,729.95	31,651.85
Cashier III	STT/STJ	Filled	44,529.08	45,864.95
Cashier II	STT/STJ	Filled	39,554.87	40,741.52
Cashier II	STT	Filled	28,965.92	29,834.90
Cashier II	STT	Filled	30,729.95	31,651.85
Cashier III	STT	Filled	44,529.08	45,864.95
Cashier II	STX	Filled	30,729.95	31,651.85
<b>Subtotal</b>	<b>12</b>		<b>414,156.69</b>	<b>426,581.40</b>
<b>Supervisors</b>				
Supervisor	STX	Filled	53,796.90	55,410.81
Supervisor	STT	Filled	53,796.90	55,410.81
Asst. Supervisor	STT	Filled	47,756.11	47,787.41
<b>Subtotal</b>	<b>3</b>		<b>155,349.91</b>	<b>158,609.03</b>
<b>Overtime</b>			<b>50,000</b>	<b>50,000</b>
<b>Total Classified Union Employees</b>	<b>15</b>		<b>619,506.60</b>	<b>635,190.43</b>
<b>Exempt Employees</b>				
Executive Office Administrator	STT	Filled	\$ 68,158.38	\$ 70,879.52
Sales Office Administrator	STX	Filled	42,000.00	43,680.00
Executive Sales Office Administrator	STT	Filled	52,514.55	54,615.13
Administrative Assistant	STT	Filled	45,000.00	46,800.00
Cost Accounting Specialist	STT	Filled	47,320.00	49,212.80
Internal Audit Specialist	STX	Filled	50,000.00	52,000.00
Auditor Specialist	STX	Filled	50,232.00	52,241.28
Accounting Specialist	STT	Filled	42,120.00	43,804.80
<b>Internal Auditor</b>	<b>STT</b>	<b>Vacant</b>	<b>-</b>	<b>60,000.00</b>
Enforcement Officer	STT	Filled	55,000.00	57,200.00
Enforcement Officer	STT	Filled	55,000.00	57,200.00
<b>Enforcement Officer</b>	<b>STT</b>	<b>Vacant</b>	<b>-</b>	<b>47,000.00</b>
<b>Enforcement Officer</b>	<b>STX</b>	<b>Vacant</b>	<b>-</b>	<b>47,000.00</b>
Enforcement Officer	STX	Filled	55,000.00	57,200.00
Enforcement Officer	STX	Filled	47,000.00	50,000.00
<b>Chief of Law Enforcement</b>	<b>STX</b>	<b>Vacant</b>	<b>-</b>	<b>91,000.00</b>
IT Coordinator	STT	Filled	53,401.38	55,537.44
Lead Online Accounts Compliance	STT	Filled	53,401.38	55,537.44
Senior Marketing Specialist	STT	Filled	56,000.00	58,240.00

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<b>APPENDIX I – PERSONNEL LISTING...Continued</b>				
<b>Job Title</b>	<b>Location</b>	<b>Status</b>	<b>Current Salary</b>	<b>FY 2024 Salary</b>
Confidential Exec. Admin Asst.	STX	Filled	75,000.00	78,000.00
Educational Outreach Manager	STT	Filled	65,775.80	68,406.83
Financial Budgeting & Reporting Sup.	STT	Filled	80,499.65	83,719.64
Financial Accounting Supervisor	STT	Filled	80,896.20	84,132.05
Compliance Draw Manager	STT	Filled	64,480.00	67,059.20
<b>Subtotal</b>	<b>24</b>		<b>1,138,794.34</b>	<b>1,429,466.13</b>
<b>Management</b>				
Executive Director	STX	Filled	115,000.00	115,000.00
Deputy Executive Director	STT	Filled	93,600.00	97,344.00
Chief Financial Officer	STT	Filled	98,800.00	102,752.00
Director of Security and Investigation	STT	Filled	91,520.00	95,180.80
<b>Marketing/Public Relations Director</b>	<b>STT</b>	<b>Vacant</b>	-	<b>80,000.00</b>
Director of Information Technology	STT	Filled	77,250.00	80,340.00
Human Resources Director	STX	Filled	78,000.00	81,120.00
<b>Subtotal</b>	<b>7</b>		<b>554,170.00</b>	<b>651,736.80</b>
<b>Total Unclassified Employees</b>	<b>31</b>		<b>1,692,964.34</b>	<b>2,081,202.93</b>
<b>Grand Total</b>	<b>46</b>		<b>2,312,470.94</b>	<b>2,716,393.93</b>
<b>Personnel Summary</b>				
<b>Classification</b>	<b>Count</b>	<b>Status</b>	<b>Current Salary</b>	<b>FY 2024 Salary</b>
Classified Filled	15	Filled	569,506.60	585,190.43
Overtime	-	-	50,000	50,000
Unclassified Filled	26	Filled	1,692,964.34	1,757,202.93
Unclassified Vacant	5	Vacant	-	324,000
<b>Total</b>	<b>46</b>		<b>\$ 2,312,470.94</b>	<b>\$ 2,716,393.36</b>