



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 CASINO CONTROL COMMISSION

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BACKGROUND AND HISTORY

The Virgin Islands Casino Control Commission (VICCC) was established by Title 32 Virgin Islands Code Chapter 21, as amended, in November 1995. The Commission is an independent agency of the Executive Branch of the VI Government, whose budget shall be approved annually by the VI Legislature. The Casino Control Commission consists three (3) board members, appointed by the Governor with advice and consent of the Legislature. All members must be US Citizens and legal residents of the Virgin Islands, while two (2) of the members are to be residents of St. Croix district, and one (1) member from St Thomas/St. John district. No member of the Legislature, or person holding elected or appointed office in the Federal or Territorial government shall be eligible to serve as a member of the Commission.

Commission members serve terms of five years; however, no member shall serve more than two consecutive five-year terms. The Chairman shall be the Chief Executive Officer of the Commission and all members shall devote full time to their duties of office and shall not pursue or engage in any other business, occupation, or other gainful employment. Members shall serve for the duration of their terms and until their successors are duly appointed and qualified; however, in the event that a successor is not duly appointed and qualified within 120 days after expiration of a member’s term, a vacancy shall be deemed to exist.

The Commission is mandated by law to develop and implement a regulatory framework that permits and promotes the stability and continuity of casino gaming in the district of St. Croix, declared as the “Casino Zone” within the Territory. The Commission is legally required and authorized to:

- Issue and register licensees to applicable clients, employees, and service industries
- Collect fees associated with registration, impose levies, and penalties
- Conduct investigatory and other civil hearings pertinent to:
 - Decisions on all licenses
 - Registration
 - Certificates
 - Matters affecting suspension, revocation, or renewal of applications
- Administer rules and regulations regarding the manufacture and sale of gaming devices
- Ensure compliance of Title 32 and related laws under the jurisdiction of the Commission
- Conduct daily inspections within the gaming industry to ensure:
 - Verification of the source of Casino(s) revenues
 - Examine documentation and proper financial recording of revenues
 - Review public complaints on conduct of gaming and wagering operations
 - Conduct periodic reviews of Casino facilities
 - Make necessary adjustments to enhance the growth of the Tourism Industry

The Department of Justice, Division of Gaming Enforcement communicates with the Commission, and provides new and/or ongoing matters for investigation, prosecution, and evidence of a violation of the Virgin Islands Casino and Resort Laws.

BACKGROUND AND HISTORY CONTINUED

The Commission is also mandated to execute a continuous study of the operation and administration of casino control laws which may be in effect in other jurisdictions and the continuous updates to federal laws which may affect the operation of casino gaming and citizen’s reactions thereto. The Commission is likewise responsible for ascertaining any defects in the Act, Rules or Regulations, and formulating recommendations for changes to the Governor and the Legislature.

The current Commission members and their terms of services are as follows:

Commissioner	Term of Service	Term Served
Marvin L. Pickering, Chairperson	12/14/20 – 12/14/25	First
Carolyn Hermon Percell	03/24/22 – 03/24/27	First
Luther Renee	04/14/23 – 04/14/28	First

BUDGET OVERVIEW

The General Fund appropriation is used primarily for funding personnel services. The Governor has recommended a General Fund lump sum from the Miscellaneous Section of the budget for FY 2024 in the amount of **\$1,423,800**. The Commission is requesting an amount of **\$1,477,300** for FY 2024. This represents an increase of **\$53,500** below the Governor’s FY 2024 recommendation.

Exhibit I displays FY 2023 Budget, FY 2023 actuals as of February 28, 2023, and FY 2024 projected expenditures (According to the *Virgin Islands Casino Control Commission*)

Exhibit I

Accounts	FY 2023 Budget	10/01/2022 - 02/28/2023	FY 2024 Projections
Appropriated Fund			
General Fund			
Personnel Services			
Unclassified Employee Salaries	\$ 995,700	\$ 198,028	\$1,024,200
Total Personnel Services	995,700	198,028	1,024,200
Total General Fund	995,700	198,028	1,024,200
Fringe Benefits			
Employer Contribution Retirement	196,400	32,256	202,800
F.I.C.A.	61,800	12,247	63,500
Medicare	14,500	2,864	14,900
Health Insurance Premium	149,400	28,514	171,900
Workers Compensation Premiums	1,000	969	1,000
Uniform Allowances- Inspectors	5,000	-	6,000
Total Fringe Benefits	428,100	76,850	460,100

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Accounts	FY 2023 Budget	10/01/2022 - 02/28/2023	FY 2024 Projections
Supplies			
Office Supplies	8,000	8,134	12,000
Office Furniture	-	270	-
Operating Supplies	4,000	-	4,000
Total Supplies	12,000	8,404	16,000
Other Services & Charges			
Professional Services	199,000	56,081	195,000
Communication	5,600	-	-
Telephone	6,500	1,905	6,500
Travel (Conference)	60,000	6,047	102,000
Travel (Interisland)	12,000	6,369	12,000
Automobile Expenses	12,000	1,436	12,000
Advertising & Promotion	10,000	5,433	15,000
Printing & Binding	5,000	-	7,500
Insurance	2,500	5,468	13,100
Repairs & Maintenance	15,000	5,460	15,000
Rental-Land/ Building	85,000	21,002	85,000
Rental/Machine/Equipment	3,000	-	-
Computer & Internet Charges	5,000	8,227	2,500
Training	6,000	279	10,000
Security	-	-	1,000
Bank Charges	3,000	1,627	6,000
Cable Expenses	3,000	773	-
Janitorial Services	-	400	2,000
Meals & Entertainment	-	1,090	4,000
Merchant Fees	-	57	-
Rent Expenses	-	-	-
Interest Expenses	9,200	2,296	-
Conference Fees	25,000	-	-
Software Expenses	10,000	-	-
Transcriptions	20,000	1,747	10,000
All Other	11,000	4,258	16,100
Total Other Services & Charges	507,800	129,955	514,700
Utilities			
Electricity	25,000	10,138	25,000
Security Expense	1,500	665	-
Water	2,000	767	3,100
Total Utilities	28,500	11,570	28,100
Capital Outlays			
Replacement of Vehicle	45,000	-	45,000
Computers/Servers	45,700	-	15,000
Miscellaneous	63,900	-	-
Total Capital Outlays	154,600	-	60,000
Totals	\$ 2,126,700	\$ 424,807	\$2,103,100

Exhibit II displays the Commission’s two (2) Profit & Loss statements for periods October 1, 2022- February 28, 2023, and October 1, 2021- September 30, 2022.

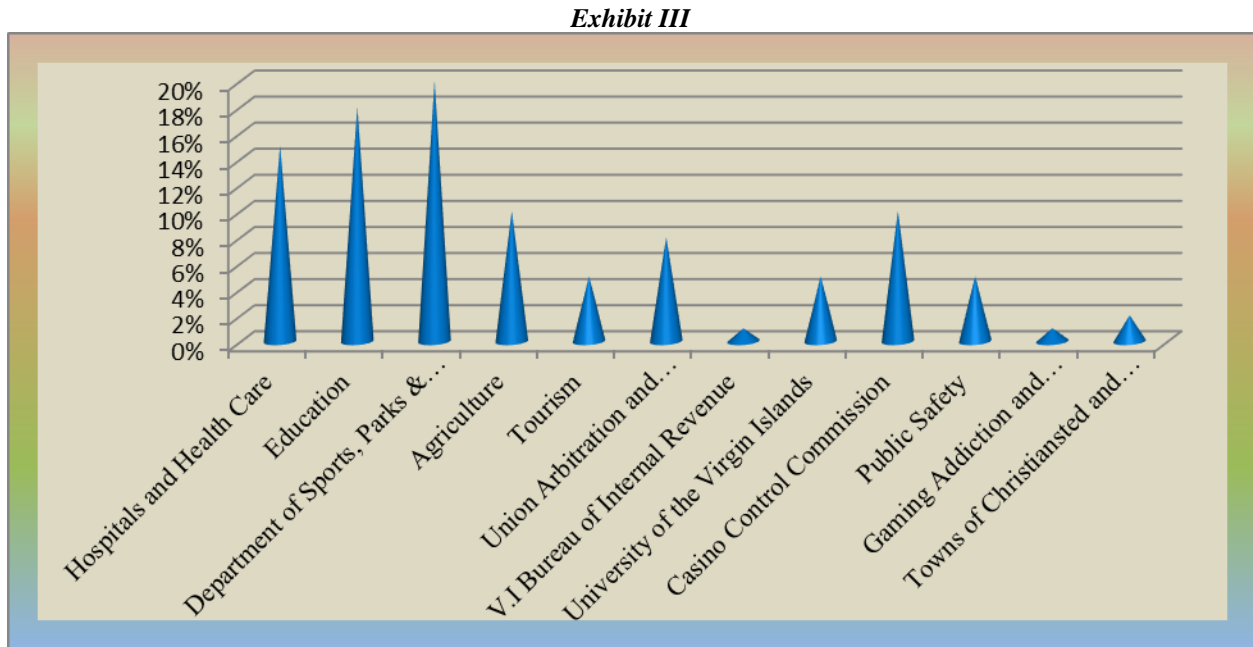
Exhibit II

<u>Oct 1, 2022- Feb 28, 2023</u>	<u>Oct 1, 2021, - Sep 30, 2022</u>	<u>Casino Control Commission (Profit & Loss Statements)</u>
		Income:
\$238,817	\$ 265,680	<i>Casino Revenue Fund</i>
34,200	179,108	<i>Application fees/Work Permit Fee</i>
273,909	1,236,703	<i>GVI Payroll Contribution</i>
\$546,926	\$ 1,681,491	Total Income
		Less Expenses:
198,028	862,309	<i>Personnel Services</i>
76,850	359,343	<i>Fringe Benefits</i>
8,404	9,744	<i>Supplies</i>
5,433	17,105	<i>Advertising & Promotion Expenses</i>
1,436	4,556	<i>Automobile Expenses</i>
-	6,427	<i>Building Name Expenses</i>
1,627	5,697	<i>Bank Service Charges</i>
773	1,725	<i>Cable Expenses</i>
8,227	5,300	<i>Computer & Internet Expenses</i>
1,649	-	<i>Dues & Subscription</i>
1,905	4,556	<i>Telephone</i>
1,359	1,279	<i>Employee Recognition</i>
279	8,013	<i>Training Expenses</i>
6,047	23,959	<i>Travel Conference</i>
6,369	1,870	<i>Travel (Inter Island)</i>
400	4,400	<i>Janitorial Services</i>
5,468	1,882	<i>Liability Insurance</i>
1,090	2,210	<i>Meals & Entertainment</i>
57	2,998	<i>Merchant Fees</i>
2,296	3,445	<i>Interest Expense</i>
56,081	139,666	<i>Professional Services</i>
21,002	84,006	<i>Rent Expenses</i>
5,460	14,094	<i>Repairs & Maintenance</i>
2,997	10,610	<i>Other Expenses</i>
-	78,458	<i>Capital Outlays</i>
665	665	<i>Security Expenses</i>
10,905	25,114	<i>Utilities Expenses</i>
424,807	1,679,431	Total Operating Expenses
\$122,119	\$ 2,060	Net Income/Loss

Casino Revenue Fund

The “Casino Revenue Fund” was created to establish a separate special account to assist in the development of local initiatives in Health Care, Agriculture, Education, Historical and Recreational programs, Tourism, Entertainment, Public Safety and Tax Administration.

Exhibit III displays a clearer picture of the percentages of each recipient.



NB: The Casino Revenue Fund is used to defray any costs incurred for supplies, utilities and other charges. The balance as of March 31, 2023, is \$986,621.23.

Gross revenues from casino gaming are not subject to the gross receipts tax. However, gross revenues from hotel operations are subject to the gross receipts tax. The Commission may require a monthly report and recognition statement to be filed with it on or before the 10th day of each month, with respect to gross revenues and deposits received and made during the preceding month.

Job Training Programs

A provision of the Casino Revenue Fund allocates ten percent (10%) of the Fund earmarked to youth related programs to be used by the Commission to subsidize training programs in the form of:

1. Providing financial assistance to casino employees obtaining their G.E.D. and other educational pursuits, including assistance in obtaining certification in the field of hotel/hospitality management at the St. Croix Vocational School. The Commission

contributes half the cost of each employee participating in the G.E.D. or hotel/hospitality program, with the casino licensee covering the other 50% of the cost. The G.E.D. and hotel/hospitality programs shall be instituted by each casino licensee prior to the beginning of the operations in St. Croix and notice shall be given to their employees and/or prospective employees of the existence of the program on an ongoing basis; and,

2. Subsidizing 50% of the budgetary needs of the Jobs for Virgin Islands Graduates (JOVIG) program, its purpose being to assist at-risk and disadvantaged youths in graduating from high school and thereafter finding and keeping quality jobs, through a territory supported school-to-work transition program.

After the second full year of a casino hotel commencing operations in the Virgin Islands, all casino employees and casino key employees, as defined in the Act, shall be holders of vocational training certificates or a high school diploma.

BANK ACCOUNTS

For FY 2023 the Casino Control Commission manages and operates five (5) bank accounts namely, the Commission Operating Account, Youth Programs Account, Commission Revolving Account, VI Alliance on Responsible Gaming, Commission/DGE Revolving Account and a Petty Cash account

Exhibit IV displays a summarized listing of beginning balance, deposits, expenditures, and ending balance for each account.

Exhibit IV

Accounts	Beginning Balance- Oct 1, 2022	Deposits	Disbursements	Ending Balance- February 28, 2023
Commission Operating Account	\$173,301	250,580	(\$177,546)	\$246,335
Youth Programs Account	345,112	214	-	345,326
Commission Revolving Account	134,241	29,291	(39,715)	123,817
VI Alliance on Responsible Gaming	185,476	9,553	(500)	194,529
Commission/DGE Revolving Account	265,070	53,039	(55,968)	262,141
Petty Cash	\$300	\$-	\$-	\$300

FEDERAL GRANTS

The Virgin Islands Casino Control Commission did not receive any Federal grants.

PERSONNEL SERVICES

For FY 2024, the Commission submitted a General Fund spending plan totaling **\$1,024,200**. This sum will cover salaries for the Commission members and staff. Personnel Services represents approximately **48%** of the overall budget submitted by the Commission.

There is a total of fifteen (15) positions, thirteen (13) positions are filled and there are two (2) vacancies. *Exhibit V* displays a listing of personnel services for the Commission for FY 2024.

Exhibit V

Positions	Salary	Status
Chairman	\$ 105,000	FILLED
Commissioner	100,000	FILLED
Commissioner	100,000	FILLED
Legal Counsel	100,000	VACANT
Executive Director	80,000	FILLED
IT Support Specialist	62,000	VACANT
Licensing & Compliance	68,250	FILLED
Executive Assistant	65,500	FILLED
Archive Specialist	55,500	FILLED
Senior Casino Inspector	54,600	FILLED
Casino Inspector II	49,820	FILLED
Casino Inspector II	49,820	FILLED
Casino Inspector II	49,820	FILLED
Casino Inspector I	49,820	FILLED
Custodial Worker	34,000	FILLED
Totals	\$ 1,024,130	15

VEHICLE LISTING

Exhibit VI displays a listing of vehicles for the Commission. The gas consumption is \$2,157. The repair and maintenance charges are \$2,295.

Exhibit VI

Years	Make	Model	Funding Source	Condition	Plate No.	Lease/ Own	Office
2010	Ford	Explorer	Casino Revenue Fund	Fair	CC-1	Own	STX
2011	Ford	Explorer	Casino Revolving Fund	Good	CC-3	Own	STX
2022	Ford	Explorer	Casino Revenue Fund	Excellent	CC-1	Own	STX

LEASED REAL PROPERTY

Exhibit VII displays Casino Control Commission lease.

Exhibit VII

Lessor	Location	Sq. Ft.	Annual Rent	Period
Government Employee Retirement Systems (GERS)	#3005 Estate Orange Grove, C'Sted St. Croix,	4,667	\$ 84,006	10/05/22-10/04/23
	Total	4,667	\$ 84,006	

PROFESSIONAL SERVICE CONTRACTS

Exhibit VIII displays a listing of the professional service contracts

Exhibit VIII

Vendors	Service	Term	Payments- 10/01/2021- 09/30/2022	Payments- 10/01/2022- 02/28/2023
Diane Andrews	<i>Transcripts Services</i>	Ongoing	\$-	\$1,510
Bert Smith & Co.	<i>Audit Services</i>	Upon Completion	-	-
Crucian Point, LLC	<i>Website Management</i>	Ongoing	20,155	3,752
Ronald W. Belfon Esq	<i>Independent Hearing officer</i>	Ongoing	-	-
Elite Reporting Svs	<i>Transcripts Services</i>	Ongoing	-	2,110
Gaming Laboratories	<i>Review of Internet Gaming</i>	Upon Completion	7,000	-
JZT Management	<i>IT Services</i>	Ongoing	-	26,251
TAP Consultants	<i>Financial Management Svs</i>	Ongoing	26,099	11,030
Atty Yvette D. Ross Edwards	<i>Legal Services</i>	Ongoing	89,820	48,960
Totals			\$143,074	\$93,613

OUTSTANDING OBLIGATIONS

The Virgin Islands Casino Control Commission does not have any outstanding obligations.

POST AUDITOR’S COMMENTS

The Governor has recommended a General Fund lump sum from the Miscellaneous Section of the budget for FY 2024 in the amount of **\$1,423,800**. The Commission is requesting an amount of **\$1,477,300** for FY 2024. This represents a decrease of **\$53,500** below the Governor’s FY 2024 recommendation.

Vincent J. Samuel
 Post Auditor