

Good afternoon Honorable Donna Frett Gregory, Chairperson of the Committee on Budget, Finance and Appropriations, other members of the committee, other senators present, and the listening and viewing audience. Good afternoon to my Lottery family, our awesome dealers, members of the V.I. Lottery Commission and to our loyal customers. I am Raymond J. Williams and I appear before you today in the capacity of Executive Director of the Virgin Islands Lottery. In attendance with me today to present our Fiscal Year 2024 (FY'24) budget for review are Mr. Dwayne Benjamin, Deputy Executive Director, Ms. Shalyn Proctor, Chief Financial Officer, Ms. Verita Carmichael, Human Resources Director, Mr. Enoch Noel, Director of Information Technology, Ms. Ja'Keema Richards, Director of Security & Investigations and Mrs. Alyssa Fredericks my Confidential Executive Assistant. Both Ms. Richards and Mrs. Fredericks recently joined our leadership team at the V. I. Lottery (VIL).

As is customary and very important to me, I wish to start by saying a BIG THANK YOU to my V. I. Lottery family, our dealers, and customers who are all part of the backbone in our successes everyday. I also want to take this opportunity to congratulate our 2023 Employees of the Year, Ms. Verita Carmichael, Director of Human Resources-St. Croix, and Ms. Cylysce Smith-Accounting Specialist, St. Thomas.

The Virgin Islands Lottery Commission convened and approved our FY'24 budget on June 8, 2023. Ms. Proctor our CFO will outline the budget highlights at the end of my presentation.

As was presented at our last appearance in April of this year before the Legislature's Committee on Government Operations, Veterans Affairs & Consumer Protection; the state of the VIL is stable and growing positively. The VIL is "Under Reconstruction!" Let me share several of our highlights and future insights as we continue to rebuild and make us, *"the preeminent game of choice in the Virgin Islands."*

In FY '23 the VIL continued to maintain and in some instances exceed our ticket sales benchmark for the fiscal year in addition to revenues generated from our contractors. In this FY '24 budget we have maintained an additional Extra Ordinary drawing which we project will increase our revenues. Hopefully, this will enhance our ticket sales and provide yet another opportunity for our customers to win a \$500,000.00 grand prize among a plethora of other prizes. Also in the budget, we have increased the opportunity to award more dollars to our scholarship and donations program and to capture a return on our investment via 'for profit sponsorships'. It is our goal throughout the balance of this fiscal year and into next

fiscal year to upgrade our technology landscape. We plan to employ an IT solution that will innovate our accounting and auditing division systems, upgrade our Point of Sales system, upgrade our requisition and payment processing software, and provide for scanning and digitization of all documents both archived and current. I firmly believe in the reduction and use of paper.

Both of our union contracts (USW Rank and File, and Supervisors) are scheduled to expire at the end of FY '24. We have met all scheduled pay increases as per the current contract. In addition to our unionized employees, exempt employees also received increases this fiscal year.

Numerous employees have received training opportunities either virtually or in person. One that stands out is with our accounting and auditing staff. The purpose of their training was to update employees on new GAAP and other accounting/auditing practices and policies. It also gave them the chance to dialogue with the trained professionals in a one-on-one basis, thereby answering questions and detailing thought processes to obtain clarity on methods and procedures. Enforcement staff received training with POST, virtually and in person. Ms. Ja'Keema Richards our new Director of Security & Investigations, has been directed to develop a much more robust audit and regulatory framework for our VLT program in addition to building on the work former Director Jacobs began.

This year we are celebrating our 85th year anniversary of the Virgin Islands Lottery. It is being dubbed as “Celebrating 85 years of riding the waves of opportunity as we celebrate a journey through time!” As part of this celebration, we will host our August Extraordinary Drawing (EX-84) at the original site of the first drawing at Emancipation Garden on August 17, 2023 at 12:00 p.m. To ensure our dealers can enhance sales, we will host promotional activities on all three islands leading up to the EX-84 drawing. We will also be hosting gala’s in both districts and present various categories of awards to several of our dealers for their contributions to the VIL in December along with other activities throughout the rest of this year.

The VIL is not just an agency that licenses and regulates traditional lottery and other games, our purpose at the VIL is to make DREAMS COME THROUGH! Additionally, we provide opportunities to strengthen our entire community via sports, arts, music, education, and entertainment. Allow me to present a few examples; we proudly sponsored the Senior National Women’s Basketball team that won gold recently, and *‘Team Voltage’* the Jestorce women’s volleyball team that also won a gold medal at the 2023 AAU Junior national volleyball championship in Orlando, Florida. Another up and coming superstar Ms. Michelle Smith who continues to excel and is now recognized for her wins and bringing home GOLD

medals in track & field and other events nationally and internationally. She recently won gold at the North American, Central American & Caribbean U18 800m and U18 400m hurdles. Our sponsorships with the V. I. Basketball Federation, the V. I. Olympic Committee, and the USVI softball federation among others have shown that individuals in our community can, do, and excel once provided the opportunities. We believe that providing scholarship opportunities for our teams to travel is major but most importantly, helping to develop sports, arts, and music, as a positive skill and outlet to our students locally is why our enterprise has grown. Last year, we sponsored 47 organizations out of 56 applications. This year we sponsored 70 out of 86 applicants. Just to name a few:

- VI Basketball Federation
- VI Track & Field Federation
- Access to Racial & Cultural Health Institute
- St. Thomas Sea Walls
- Young Entrepreneurz Organization
- Father's in the Community
- St. John Singers
- VI Children's Musuem
- Project Promise VI
- VI Softball Federation
- Caribbean Drag Racing Association
- Jestorce Volleyball Club
- Positive Guidance
- USVI Boxing Federation
- Institute for Social Change
- Healthy Encores
- STX Science Teacher Association
- USVI Chess Federation

Between the months of February and May of this fiscal year, the VIL has been a sponsor of the ‘Caribbean Music Festival’ (CMF) held in Frederiksted, St. Croix. This Jazz series was the brainchild of Governor Albert Bryan, Jr. to bring back ‘Jazz in The Park’ to the west end of St. Croix. We were and continue to be proud to highlight Dion Parsons and the All Star line up of entertainers primarily made up of local and prestigious artists young and older alike here in the territory. Dion Parsons and his 21st century band are known locally, nationally, and internationally where they have placed the Virgin Islands on the global landscape of professional music. These events were all free of charge to the entire community and were extremely well received. Thanks to the persistence of our staff (past and present), we have sponsored several for profit events that have proven a significant return on our investments (ROI). We can now favorably track new customers both young and old by hosting second chance draws and raffles to win tickets and prizes for concerts, cruises, shopping sprees, vehicles and the list goes on. The ability to track our customers will give us insight on targeting our future enhancement and planning for the VIL. We continue to sell our community on the idea that we all win when you play the Virgin Islands Lottery!

The roll out of the new ‘Caribbean Numbers games’, and other national games are beginning to show promising results as part of our growing portfolio. These games are specifically targeted to replace those illegal pale, wewe, tripeleta, quiniela and

other games that are prevalent throughout our community. Our contractor-Caribbean Lottery Services Inc. has been working on a new central system enhancement project. Implementation of the final product will begin in August of this year with a completion date set for October 2023. These upgrades will allow them to offer a more friendly management and retailer interface, next generation retailer terminal and accessories, enhance retailer and player experience with convenient self-service technology to check their tickets. Caribbean Lottery Services Inc. (CLS) has 60 retail locations territory-wide to provide customers unfettered access to play instant, scratch, and other games. The Virgin Islands Lottery as part of the “Powerball group” participated for our third year in the “Powerball First Millionaire of the Year- New Years Rocking Eve” promotion. This activity will be held in New York city for its fourth year. Based on a series of drawings that starts in October of the current year, the purchase of a Powerball ticket of \$10 or more can enter a local drawing and eventually based on a progression of drawings, we have the potential opportunity to send a finalist to New York to become the ‘First Millionaire of the Year’. This event happens on New Years eve as the ‘Ball drop’ takes place in Times Square. As small as we are comparatively to the other participating states, we did send a finalist and a companion to New York last year who, believe it or not, ended up amongst the last five contestants. Something almost unimaginable.

Our other contractor-Southland Gaming USVI (SGVI Inc.) continues to show marked sales growth at the Video Lottery Terminal locations in the St. Thomas/St. John district. We have 37 licensed retailers, and two Entertainment Centers that house 647 VLT's. Additionally, the Clinton E. Phipps racetrack will house a new VLT Entertainment Center as an added benefit for horse racing fans and visitors to the territory. Another new Entertainment Center 'Luckie Street' is on target to open this year as well. With the addition of new games and gaming centers for entertainment, our revenues will grow this coming fiscal year.

The Office of the Governor recently forwarded to the 35th Legislature, amendments that will provide our Division of Security and Investigations the enhanced ability in carrying out their enforcement responsibilities to better enforce and execute their duties effectively. These amendments will give us more teeth in combating illegal gaming throughout the Virgin Islands. It is my fervent wish that the amendments be acted on expeditiously and favorably.

I have requested and received a guarantee from our financial auditor, Bert Smith & Associates, that they will complete both FY'21 and FY '22 financial audits by December of 2023.

The V. I. Lottery currently employs 40 persons with six vacancies.

These are just a few of the highlights at the V. I. Lottery. We will continue to ride the “Wave of Opportunity” while maintaining our vision of *“Making the Virgin Islands Lottery the preeminent game of choice.”*

I would now like our CFO to provide our financial picture for Fiscal Year ‘24.

We stand ready to answer questions after our CFO presents the budget numbers.

Thank you.

Shalyn Proctor
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The Virgin Islands Lottery Commission approved budget for fiscal year 2024 projects total operating revenues of \$28,766,046 comprised of the following:

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|---|--------------|
| ▪ Traditional Game | \$13,338,504 |
| ▪ Compensation from Contractors | \$15,406,042 |
| ○ Southland Gaming (\$13,526,042) | |
| ○ Caribbean Lottery Services (\$1,880,0000) | |
| ▪ Other Income (Fees and Licenses) | \$21,500.00 |

After a careful analysis and review of the 2023 fiscal year revenues received and budgeted amounts, the Virgin Islands Lottery is expected to surpass its FY 2023 budgeted amounts. Three extra ordinary drawings are being budgeted for FY 2024 as was in FY 2023. A 47.83% increase in revenues is budgeted for the Traditional Game for FY 2024 based on current revenue trends and other planned marketing initiatives which will

result in the forecasted amounts indicated above. The regular traditional draw game sales averages approximately 60% per drawing, while the extra ordinary drawings sales averages approximately 75% to 85% per draw. We anticipate a 15.94% increase in compensation from contractors as the demand for retailers increase and other gaming centers coming online.

As of June 30, 2023, \$9,442,104 was generated from the Traditional Lottery Game sales, a total of \$10,547,372 was received from Southland Gaming and \$1,193,496 was received from Caribbean Lottery Services. Based on actuals as of June 30, 2023, a 33% increase in revenues is projected for the traditional lottery game which is 4% more than fiscal year 2022. We also project a 15% increase in revenues from Southland Gaming which is 6% more than in the fiscal year 2022. Although Caribbean Lottery Services projects an .8% decrease in revenues for fiscal year 2023 the revenue generated is 4% more than fiscal year 2022.

Total Direct Costs are projected at \$11,893,006. This includes prize expense, printing, drawing operations, Powerball/Mega Million drawing cost, dealers' bonuses and expenses and bonus prizes for our Extra Ordinary Drawings.

\$4,269,421 is budgeted for salaries and benefits inclusive of negotiated employee increases. Advertising and promotion, professional services, and other general and administrative capital outlays total \$4,664,715.

Total Operating Expenses is projected at \$20,827,142 with an operating income of \$7,938,904.

Pursuant to Title 32 of the Virgin Islands Code Chapter 13 Section 246 Mandatory transfers for fiscal year 2024 are projected as follows:

- Educational Initiative Fund \$2,310,906

- Pharmaceutical Assistance Program \$2,310,906
- GERS Retirees Bonus Fund \$1,540,604
- Horse Racing Improvement Fund \$ 405,781

Although not mandated, the Virgin Islands Lottery continues to budget \$100,000 for the Office of Veterans Affairs for administrative cost assistance and \$900,000 to the general fund to cover expected appropriation in FY 2022 & FY 2023. Total contributions to these government programs for fiscal year 2024 is estimated at \$7,568,198.

To date an appropriation to the Office of Veterans Affairs have been made in the amount of \$100,000 based on their request and a total of \$5,821,408 was paid to date in mandated transfers to date for fiscal year 2023 which is broken down as follows:

- Educational Initiative Fund \$1,761,130
- Pharmaceutical Assistance Program \$1,761,130
- GERS Retirees Bonus Fund \$2,270,000
- Horse Racing Improvement Fund \$ 29,148

The Virgin Islands Lottery projects a total expense of \$28,295,740 with a net income of \$470,306 for fiscal year 2024.