



V.I. CASINO CONTROL COMMISSION

FY 2021

ANNUAL REPORT

2/28/2022

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LETTER TO THE GOVERNOR

February 28, 2022

Honorable Albert Bryan, Jr.
Governor of the Virgin Islands of the United States
Office of the Governor
Government House, Charlotte Amalie
St. Thomas, VI 00802

Dear Governor Bryan:

The attached comprises the Virgin Islands Casino Control Commission's Annual Report as mandated by 32 V.I.C. § 424 which states that, "The Commission shall make to the Governor and the Legislature an annual report of all revenues, expenses and disbursements, and shall include therein such recommendations for changes in this chapter as the Commission deems necessary or desirable." As such, the enclosed documents report on the financial position of the Commission for Fiscal Year 2021, and our records indicate that this is the Commission's second issuance of an Annual Report.

Submitted to the Governor, as well as the Legislature of the Virgin Islands of the United States for the period of October 1st, 2020 through September 30th, 2021 are the following reports: Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Cash Flow Statements and Casinos' Gross Earnings for a five-year period.

The report concludes with the Commission's accomplishments for the fiscal year, challenges experienced during the fiscal year and the Commission's goals and objectives for fiscal year 2022. The Commission Members and Staff remain readily available to assist the Executive and Legislative Branches in any attempts to update or implement changes to the existing laws that govern gambling and gaming activities in the Virgin Islands.

Sincerely,



Marvin L. Pickering, Commissioner
VICCC Chairman and CEO



Usie R. Richards, Commissioner
VICCC Vice-Chairman

LETTER TO THE SENATE PRESIDENT

February 28, 2022

Honorable Donna A. Frett-Gregory
President, 34th Legislature of the U.S. Virgin Islands
Capitol Building, Charlotte Amalie
St. Thomas, VI 00804


Dear Senate President Frett-Gregory:

The attached comprises the Virgin Islands Casino Control Commission's Annual Report as mandated by 32 V.I.C. § 424 which states that, "The Commission shall make to the Governor and the Legislature an annual report of all revenues, expenses and disbursements, and shall include therein such recommendations for changes in this chapter as the Commission deems necessary or desirable." As such, the enclosed documents report on the financial position of the Commission for Fiscal Year 2021, and our records indicate that this is the Commission's second issuance of an Annual Report.

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Sincerely,



Marvin L. Pickering, Commissioner
VICCC Chairman and CEO



Usie R. Richards, Commissioner
VICCC Vice-Chairman

THE VIRGIN ISLANDS CASINO CONTROL COMMISSION

The Virgin Islands Casino Control Commission (VICCC) was established by Title 32 Virgin Islands Code Chapter 21, as amended, in November 1995 (Act No. 6069). The Commission is responsible for the regulation of casinos pursuant to the aforementioned Act and subsequently by Act No. 6419, Internet Gaming and Gambling Act; Racinos, pursuant to the Virgin Islands Racing Industry Assistance Act of 2011 (Act No. 7318) and the Casino IV Establishments (Act No. 7702). The VICCC is funded through four (4) different sources:

- (1) The General Fund for employee salaries and fringe benefits only,
- (2) A Special Casino Control Commission Checking Account, formerly the Casino Control Revolving Fund pursuant to 32 VIC §514, which was amended by Act 7643. This account is funded in the same manner as the former Revolving Fund, namely by casino and casino employee license fees, fines and other fees imposed by law or through regulation by the Commission,
- (3) The Casino Revenue Fund pursuant to 32 VIC §517 which is funded by the 12% tax on gross casino revenues. In this regard, the Commission receives a mere 10% of these taxes, with 90% being allocated to other Departments and Agencies of Government, and
- (4) The Horse Race Track Casino Revenue Fund pursuant to 32 VIC §901 (The Virgin Islands Horse Racing Industry Assistance Act of 2011 (Bill 29-0127; Act 7318).

The collections of these fees support the day-to-day functions requiring administrative and operational oversight of the casinos.

FISCAL YEAR 2021 REVENUES

BY REVENUE SOURCES

General Fund

Though the VICCC was appropriated **\$823,000** (per Act No. 8365), exclusive of fringe costs, for fiscal year 2021 for the Agency's funded positions, the actual payroll cost was **\$745,297**, *not including fringe costs of \$320,701*. The amount remains consistent with funds disbursed in fiscal years 2019 and 2020.

Special Casino Control Commission Account

The VICCC received a total of **\$497,101** from casino license fees, casino employee fees, fines, and other fees imposed by law or through regulations set by the Commission.

Casino Revenue Fund

The VICCC received a total allotment of **\$164,732** which represents 10% of taxes collected from licensed gaming entities by the Government of the Virgin Islands.

- A total of **\$164,732** *was also collected* for youth related programs which represents 10% of Casino Revenue Taxes and administered by the VICCC pursuant to Title 32, Chapter 21, Article XI, §518 (A-G).

CASH FLOW STATEMENT AS OF SEPTEMBER 30, 2021

Table 1 provides an illustration of the flow of revenues generated by the Commission for fiscal year 2021.

Table 1

Virgin Islands Casino Control Commission
Statement of Cash Flows
October 1, 2020 through September 30, 2021

October 2020 – September 2021

OPERATING ACTIVITIES

<i>Change in Net Position</i>	\$ 167,968
Net Increase in Liabilities	\$ 51,155
Net Cash Provided by Operating Activities	\$ 219,124
Cash at the Beginning of the Period	\$ 90,756
Cash at the End of the Period	\$ 309,880

- The VICCC received **\$164,732** in revenues generated from 10% of Casino Revenue Taxes.
- FY 21 recorded collections for work license fees, work permit fees, fines and other income was **\$497,101**.
- Funding from the GVI for Salaries and Fringe in the amount of \$1,065,998
- FY 21 recorded expenditures, including salaries, totaled **\$1,524,555**.
- FY 21 change in net position was **\$167,968**

CASINOS' GROSS EARNINGS FOR A FIVE YEAR PERIOD 2017 - 2021

Total Annual Gross Earnings for VIGL (Caravelle Casino)

January – December 2017	\$ 5,533,332
January – December 2018	\$ 8,978,204
January – December 2019	\$10,385,466
January – December 2020	\$ 4,451,218
January – December 2021	\$ 6,662,230

Total Annual Gross Earnings for DIVI Carina Bay Casino

DIVI

*January – September 2017	\$ 7,662,742
September – December 2018	\$ 4,139,403
January – December 2019	\$12,075,484
January – December 2020	\$ 6,852,059
January – December 2021	\$11,903,296

****On September 20, 2017 Hurricane Maria caused DIVI Carina Bay Casino to close due to the significant damages to the casino. DIVI Casino reopened in September 2018.***

“Gross revenue”, as defined by the Casino Act — The total of all sums, including checks received by a casino licensee pursuant to section 457 of this title, whether collected or not, actually received by a casino licensee from gaming operations, less only the total of all sums paid out as winnings to patrons and a deduction for uncollectible gaming receivables. The deduction for uncollectible gaming receivables shall not exceed the lesser of: (1) a reasonable provision for uncollectible patron checks received from gaming operations; or (2) four percent (4%) of the total of all sums including checks, whether collected or not, less than the amount paid out as winnings to patrons. Gross revenue shall not include any amount received by a casino from casino simulcasting. For the purpose of this definition, any check which is invalid and unenforceable pursuant to subsection (f) of section 457 of this title, shall be treated as cash received by the casino licensee from gaming operations.

DISASTER RELIEF FUNDING

The VICCC received approval of a Project Work Sheet in the amount of **\$123,326.72** in disaster relief funding for fiscal year 2020. The VICCC has received **\$2,760** in reimbursement for disaster relief to date. Utilization of the funds remains dependent upon incurred expenses prior to applying for reimbursement. Approved funding has been and is being directed to internal building damages, mold remediation, security cameras and damaged vehicles.

BANK ACCOUNT BALANCES AS OF SEPTEMBER 30, 2021

A financial overview of the Commission, by bank account for the period of October 1, 2020 thru September 30, 2021 is compiled in Table 2 below.

Table 2

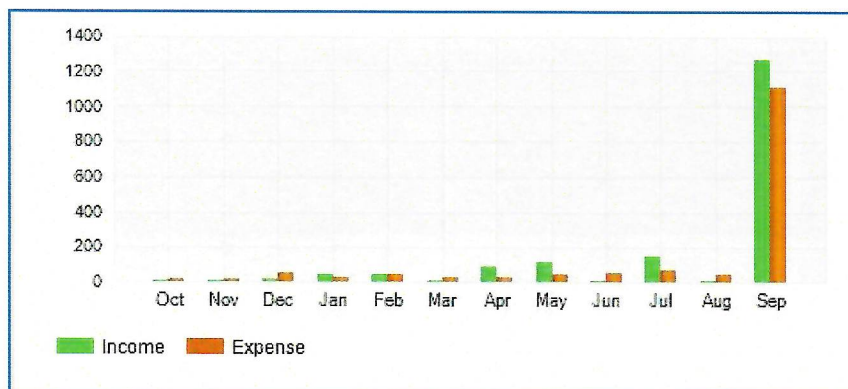
Accounts	Beginning Balance October 1, 2020	Ending Balance September 30, 2021
Commission Operating Account (BP)	\$49,693	\$67,840
Commission Revolving Account	\$41,063	\$241,839
Petty Cash	\$-0-	\$200

- The two accounts listed in Table 2 had a combined beginning balance of **\$90,756**.
- At the end of FY 21 the combined total ending balance was **\$309,880**.

Exhibit I.

Virgin Islands Casino Control Commission
Income/Expense Trend Report
Fiscal Year 2021

\$ in 1,000's



- The annual payroll contributions and payroll expenses received from the GVI is reflected in the information presented for the month of September.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Table 3 represents VICCC's Statement of Revenues, Expenses and Changes in Net Position for fiscal year 2021. .

Table 3

Virgin Islands Casino Control Commission
Statement of Revenues, Expenses and Changes in Net Position
October 1, 2020 through September 30, 2021

	<u>Oct '20 - Sep 21</u>
Operating Revenues	
Income	
Casino Revenue Fund	164,732
License Fees	341,240
Other Income	
GVI Payroll Contributions	1,065,998
Other Income - Other	<u>11,149</u>
Total Other Income	1,077,147
Slot Fees	86,112
Stipulated Settlement	4,160
Work Permit Income	<u>54,440</u>
Total Operating Revenues	1,727,831
Operating Expenses	
Advertising and Promotion	7,171
Automobile Expense	16,785
Bank Service Charges	1,127
Building Naming	3,590
Cable Expense	1,659
Computer and Internet	41,180
Dues and Subscription	526
Electronic Equipment	4,712
Employee Recognition	500
Government Insurance Fund	752
Investigative Fees	58,827
Janitorial Services	7,035
Liability Insurance	1,823
Meals and Entertainment	1,043
Merchant Fees	5,680
Office Supplies	6,694
Other Types of Expenses	1,800

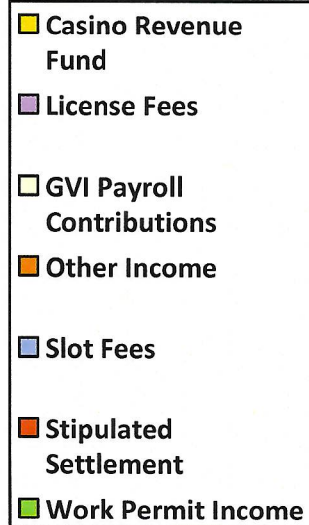
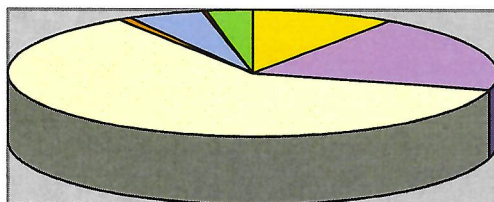
VICCC'S ANNUAL REPORT

Past Due License Fees	23,051
Professional Fees	118,452
Rent Expense	86,206
Repairs and Maintenance	13,057
Salaries	
GERS Contribution	148,222
Medical, Dental and Life Ins	115,464
Medicare	10,807
Payroll	745,297
Social Security	46,209
Total Salaries	1,065,998
Telephone Expense	5,192
Training, Conferences and Dues	24,216
Travel Expense	4,207
Utilities	
Electricity Expense	20,717
Securities Expense	790
Water Expense	1,765
Total Utilities	23,272
Total Operating Expenses	1,524,556
Prior Year Obligations ⁽¹⁾	35,307
Total Expenses	1,559,863
Change in Net Position	167,968

(1) Credit card payments for prior Commission expenditures

AN ASSESSMENT OF THE COMMISSION'S FY21 FINANCIAL STANDING

In FY 2021, revenues were classified by specific categories.



VICCC'S ANNUAL REPORT

Accounting for 61% of operating revenues and 70% of expenditures received in fiscal year 2021, is listed under the category entitled "Government of the Virgin Islands Payroll Contributions."

GVI Payroll Contributions	FYE '2021	FYE '2020
<i>Salaries Expense</i>		
GERS Contribution	\$148,222	\$126,498
Medical, Dental and Life Insurance	115,464	78,759
Basic Life	0	218
Medicare	10,807	10,019
Payroll	745,297	691,298
Social Security	46,208	42,838
<i>Total Salaries Expense</i>	<i>\$1,065,998</i>	<i>\$949,630</i>

FISCAL YEAR 2021 STATEMENT OF NET POSITION

Table 4 represents VICCC's Statement of Net Position as of September 30, 2021.

Table 4

Virgin Islands Casino Control Commission

Statement of Net Position

As of September 30, 2021

	30-Sep-20
ASSETS	
<i>Current Assets</i>	
Cash	
Petty Cash	200
Total Petty Cash	200
Checking/Savings	
Commission Operating Account	67,840
Commission Revolving Account	241,839
Total Checking/Savings	309,680
TOTAL ASSETS	309,880
Net Position	
Opening Balance at 10/01/2020	90,756
Liabilities Due CCC-Youth Programs Account	35,307
Liabilities Due -DGE	15,848
Change in Net Position	167,968
TOTAL NET POSITION	309,880

ADMINISTRATIVE AND FINANCIAL MEASURES

Below is a listing of the Commission's major accomplishments during the Fiscal Year Ended September 30, 2021:

- Issued for the first time in the Commission's history, the Annual Report to the Governor and the Legislature as mandated by 32 VIC §424.
- Successfully on-boarded the new Chairman/Chief Executive Officer.
- Hired and successfully on-boarded the new Executive Director.
- Established on-line payment portal on the Commission's website for the collection of license fees through Banco Popular to expedite collection of revenues.
- Successfully negotiated a renewal rental lease agreement with the Government Employees Retirement System for a one-year term with a renewal option for an additional year.
- Improved the financial reporting processes to separate the financial activities of the Commission, the Division of Gaming Enforcement and the Youth Fund Programs and provide monthly financial reports for each entity.
- Implemented procedures to provide monthly financial reports to the Attorney General and the Director of the Division of Gaming Enforcement.
- Implemented the provisions of Act Nos. 8132 and 8451 in naming the Commission's office the Eileen Ramona Petersen Casino Control Commission Building.

CHALLENGES EXPERIENCED IN FY 2021

- The Commission lacks a full complement of Commissioners with the vacancy of a member from the St. Thomas/St. John District.
- Lack of a long-term lease for the Commission's offices; term of one year with a none-year option to renew creates uncertainty.

GOALS FOR FISCAL YEAR 2022

- Re-activate the VI Alliance for Responsible Gaming.
- Conduct a review of the Internet Gambling and Gaming laws and regulations to determine if any amendments are necessary and ensure that the Master Franchisees execute the mandates of the laws and regulations.

- Upgrade the IT infrastructure of the Commission by the acquisition of new servers and other related computer equipment and related software applications.
- Ensure that Commission members and staff are provided ethics training on a continuous basis.
- Post the Commission's financial reports on the website to achieve the ongoing goal of financial transparency

APPENDIX I

DIVISION OF GAMING ENFORCEMENT

Working in unison with the Casino Control Commission, the Department of Justice', Division of Gaming Enforcement (DGE) provides an investigative arm in matters for investigation, prosecution, and the search for evidence of a violation of the Virgin Islands Casino and Resort Laws. Twenty percent of the funds collected in the Commission's Revolving Account are allocated to DGE for operating expenses.

FISCAL YEAR 2021 REVENUES

CASH FLOW STATEMENT AS OF SEPTEMBER 30, 2021

Table 5 represents the flow of revenues generated by the Division of Gaming and Enforcement for fiscal year 2021.

Table 5

Division of Gaming Enforcement
Statement of Cash Flows
October 1, 2020 through September 30, 2021

October 2020 – September 2021

OPERATING ACTIVITIES

<i>Change in Net Position</i>	\$123,352
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Net Increase in Liabilities	\$ 7,546
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Net Cash Provided by Operating Activities	\$ 130,898
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Cash at the Beginning of the Period	\$ 53,755
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Cash at the End of the Period	\$ 184,653
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- FY 21 recorded collections for work license fees, work permit fees, fines and other income was **\$134,120**.
- FY 21 recorded expenditures totaled **\$10,768**.

BANK ACCOUNT BALANCES AS OF SEPTEMBER 30, 2021

A financial overview of the Commission's DGE Revolving Account for the period of October 1, 2020 thru September 30, 2021 remains as follows.

Table 6

Accounts	Beginning Balance October 1, 2020	Ending Balance September 30, 2021
Commission/DGE Revolving Account	\$53,755	\$184,653

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Table 7 represents DGE's Statement of Revenues, Expenses and Changes in Net Position for fiscal year 2021. .

Table 7

Division of Gaming Enforcement
Statement of Revenues, Expenses and Changes in Net Position
October 1, 2020 through September 30, 2021

	<u>Oct '20 - Sep 21</u>
Operating Revenues	
Income	
Inv Income - Incredible Tech	4,113
Inv Income Fees-Interblock USA	0
License Fees	59,395
Other Income	25,086
Slot Fees	7,020
Work Permit Income	38,505
Total Operating Revenues	134,120
Operating Expenses	
Advertising and Promotion	1,028
Automobile Expense	1,143
Bank Service Charges	47
Computer and Internet	495
Meals and Entertainment	927
Office Supplies	12
Professional Fees	1,890
Rent Expense	2,660
Training	2,510
Travel Expense	56
Total Operating Expenses	10,768
Change in Net Position	123,352

FISCAL YEAR 2021 STATEMENT OF NET POSITION

Table 8 represents DGE's Statement of Net Position as of September 30, 2021.

Table 8

Division of Gaming Enforcement
Statement of Net Position
As of September 30, 2021

	Sep 30, 21
ASSETS	
<i>Current Assets</i>	
Checking/Savings	
DGE Revolving Account	184,653
Total Checking/Savings	184,653
TOTAL ASSETS	184,653
Net Position	
Opening Balance at 10/01/2020	53,755
Liabilities	7,546
Change in Net Position	123,352
TOTAL NET POSITION	184,653

APPENDIX II

CCC-YOUTH PROGRAM ACCOUNT

Ten percent of taxes collected from licensed gaming entities by the Government of the Virgin Islands is earmarked to youth related programs. The following training programs are subsidized by the Commission, in accordance with Virgin Islands Code, Title 32, Section 518:

1. Financial assistance to help casino employees obtain their G.E.D. and further their education, to include but not limited to college education,
2. Financial assistance for casino employees to obtain certification in the field of Hotel/Hospitality Management,
3. Fifty percent (50%) of the budgetary needs of the Jobs for America's Graduates Virgin Islands program, and
4. Make available to the casino licensee half the cost of each employee participating in the G.E.D. or Hotel/Hospitality programs.

FISCAL YEAR 2021 REVENUES

CASH FLOW STATEMENT AS OF SEPTEMBER 30, 2021

Table 9 represents the flow of revenues deposited into the Youth Program's Account for fiscal year 2021.

Table 9

CCC-YOUTH PROGRAM ACCOUNT

Statement of Cash Flows

October 1, 2020 through September 30, 2021

October 2020 – September 2021

OPERATING ACTIVITIES

Change in Net Position \$165,699

Receivables Due from VICCC \$ 35,307

Net Cash Provided by Operating Activities \$ 130,391

Cash at the Beginning of the Period \$ 366,247

Cash at the End of the Period \$ 496,638

- The CCC's Youth Program Account received **\$164,732** in revenues generated from a percentage of sales from Casino Revenue Taxes.
- The CCC's Youth Program Account received **\$967** in interest income.

BANK ACCOUNT BALANCES AS OF SEPTEMBER 30, 2021

A financial overview of the Commission's Youth Program Account for the period of October 1, 2020 thru September 30, 2021 remains as follows.

Table 10

Accounts	Beginning Balance October 1, 2020	Ending Balance September 30, 2021
CCC's Youth Program Account	\$366,247	\$496,638

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Table 11 represents the VICCC's Youth Program Statement of Revenues, Expenses and Changes in Net Position for fiscal year 2021. .

Table 11

CCC-YOUTH PROGRAM ACCOUNT

Statement of Revenues, Expenses and Changes in Net Position

October 1, 2020 through September 30, 2021

	<u>Oct '20 - Sep 21</u>
Operating Revenues	
Income	
Casino Revenue Fund	164,732
Interest Income	966
Total Operating Revenues	<u>165,699</u>
Change in Net Position	<u><u>165,699</u></u>

FISCAL YEAR 2021 STATEMENT OF NET POSITION

Table 12 represents the Statement of Net Position for CCC's Youth Program Account as of September 30, 2021.

Table 12

CCC-YOUTH PROGRAM ACCOUNT

Statement of Net Position

As of September 30, 2021

	<u>Sep 30, 21</u>
ASSETS	
Current Assets	
Checking/Savings	
CCC's Youth Program Account	496,638
Total Checking/Savings	<u>496,638</u>
Accounts Receivable	
Receivables Due from VICCC	35,307
TOTAL CURRENT ASSETS	<u>531,946</u>
Net Position	
Opening Balance at 10/01/2020	366,247
Change in Net Position	165,699
TOTAL NET POSITION	<u>531,946</u>