

Maryland Lottery and Gaming Control Agency



Larry Hogan, Governor • Gordon Medenica, Director

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TO: Maryland Lottery and Gaming Control Commission
Gordon Medenica, Director

FROM: Financial Director's Report

DIVISION: Administration, Finance and Operations

DATE: May 15, 2020

SUBJECT: Report for the May Commission Meeting

This is a status update of ongoing and special projects in Administration, Finance and Operations.

I. CUSTOMER RESOURCE CENTER

The Customer Resource Center is responsible for processing winner claims. In addition, MGM National Harbor, Live! Casino and Hotel, Hollywood Casino Perryville, Ocean Downs Casino, and Rocky Gap Casino have the ability to cash winning tickets from \$5,001 to \$25,000, similar to our Baltimore claim center. In the near future, Horseshoe Casino will be provided with the same ability. Due to COVID-19, the decision was made to close the casinos on March 16, 2020, and the Customer Resource Center at Lottery headquarters closed on March 30, 2020. As a result of the closures, all claims over \$5,000 must be processed via U.S. Mail.

As of April 30, 2020, the Lottery now has approximately **371** Expanded Cashing Authority Program (XCAP) locations that are authorized to cash up to \$5,000 in winnings. In our new system, all claims are processed in the field and the Customer Resource Center no longer has to key in claim forms. These locations, in turn, submit completed claim forms to the Lottery so that the related W-2G can be processed. Data concerning the number and amount of winners' claims processed by the Lottery, the casinos and XCAP retailers are noted below:

Location	April 2020 Count	April 2020 Amount	YTD 7/01/19 To 04/30/20	YTD 7/01/19 to 04/30/20
Baltimore	821	\$268,739	10,979	\$47,543,799
Casinos	0	\$0.00	333	\$3,658,972

XCAP PROCESSING:

April 2020 Count	April 2020 Amount	YTD 7/01/19 to 04/30/20	YTD 7/01/19 to 04/30/20
4,868	\$10,421,586	53,452	\$112,961,736

SUBSCRIPTIONS PROCESSED:

The Lottery’s Customer Resource Center is also responsible for processing subscriptions. Multi-Match, Mega Millions, Powerball and Cash4Life subscriptions can be purchased for 26, 52 or 104 draws. Data concerning subscriptions processed is noted below:

Total Subscriptions as of April 2020:

Multi-Match	2,156
Mega Millions	3,441
Powerball	2,540
Cash4Life	<u>386</u>
Total	8,523

Total Subscriptions Processed During April 2020:

Multi-Match	576
Mega Millions	883
Powerball	744
Cash4Life	<u>144</u>
Total	2,347

Interceptions:

April Report

	YTD March 2020 Amount	April 2020 Amount	YTD 7/1/19 to 04/30/20 Amount
Child Support	\$192,105	\$2,269	\$194,374
CCU Debts	\$988,225	\$0.00	\$988,225

II. BUDGET

- **FISCAL YEAR 2020**
 - Lottery: \$86,109,661
 - VLT Special Fund: \$11,401,155
 - VLT General Fund: \$ 6,954,957
- **FISCAL YEAR 2021**
 - The Legislature has approved our FY21 budget as recommended by the Department of Budget Management.
- **Promotion Fund (Unclaimed Prizes) – April Report**
 - Beginning Balance as of April 1, 2020 \$5,335,155
 - Estimated increase in April, 2020 \$1,117,281
 - Estimated usage in April, 2020 (\$3,484,000)
 - Estimated Ending Balance as of April 30, 2020 \$2,968,436

III. ACCOUNTING/FINANCE

- The draft of the December statement is attached.

IV. PROCUREMENT

- Licensing Contract (#2020-02) with the Baltimore Ravens Limited Partnership: New sole source contract in the NTE amount of \$317,980 for the 2.5 year term approximately May 21, 2020 - November 30, 2022 to provide 1) a license to use the Ravens NFL team marks and logos for two Instant Ticket Lottery Games and 2) Ravens and NFL football related prizes, which is similar to the Raven's Contracts done for the past eleven years. This contract, which was approved by the Commission at its April meeting, was submitted to DGS for inclusion on the May 20, 2020, BPW Agenda. However, DGS has now moved this contract to the June 3, 2020, BPW meeting.
- Auditing and Accounting Services (#2015-04) with Stout, Causey & Horning, P.A.: Contract with a Certified Public Accounting firm to provide auditing, accounting, and management services to include technical advice and assistance on various aspects of operations for both Lottery games and the VLT program. The Contract included three 1-year renewal options and option #1 and 2 were previously exercised. The MLGCA desires to exercise the third Renewal Option with term 7/1/2020 – 6/30/2021 in the amount of \$244,425 to continue these services. The NTE amount of this renewal option was specified in the original Contract as \$238,650 but was increased by Modification #1 during the base contract term to add the annual audit of Cash4Life® Agreed Upon Procedures. It is anticipated that this renewal option will be submitted to the Commission at its May meeting and, subject to Commission approval, submitted to DGS for inclusion on the June 17, 2020, BPW Agenda.
- MBE/VSBE/SBR Activities:
 - Current MBE data is unavailable at this time. Reports will be updated as soon as possible.

V. HUMAN RESOURCES

The HR department will continue to work with agency leadership to prepare for transitioning our workforce back to full operational capabilities while ensuring an even safer working environment for our employees. HR and other departments are developing innovative ways to increase the capability of our employees to work remotely, and to ensure social distancing for employees who have to report into the office to work. HR will also continue to provide all agency members with the safety and prevention guidelines provided by CDC and MDH in an effort to help prevent the spread on COVID 19 and other flu viruses in the workplace.