

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: Paula Yocum, Managing Director, Acting CFO

DATE: January 19, 2021

SUBJECT: Report for the January Commission Meeting

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

I. BUDGET

- **FISCAL YEAR 2020 Final Expenditures**
 - Lottery: \$77,743,420
 - VLT Special Fund: \$10,842,801
 - VLT General Fund: \$ 6,461,424
 - COVID 19 – Fund 9: \$95,651

- **FISCAL YEAR 2021 (was reduced by \$119,756, see approved budget amounts below)**
 - Lottery: \$85,009,877
 - VLT Special Fund: \$11,660,871
 - VLT General Fund: \$ 6,566,576

- **FISCAL YEAR 2022**
 - The Fiscal Year 2022 budget has been submitted to DBM. DBM has completed their analysis and provided recommendations. The Agency has responded to all of their recommendations.

- **Promotion Fund (Unclaimed Prizes)**
 - Beginning Balance as of December 1, 2020 \$1,928,660
 - Estimated increase in December, 2020 \$3,078,455
 - Estimated usage in December, 2020 (\$4,429,949)
 - Estimated Ending Balance as of December 31, 2020 \$ 577,166

II. ACCOUNTING/FINANCE

- Attached are the following audited statements:
 - FY 2020 GAAP Statements
 - FY 2020 June Special-Purpose Financial Statements
 - Independent Accountants' Report on Applying Agreed-Upon Procedures for:
 - Mega Millions Multi-State Lottery – For the period from April 1, 2019 – March 31, 2020
 - Megaplier Multi-State Lottery – For the period from April 1, 2019 – March 31, 2020
 - Cash4Life Multi-State Lottery – For the period from April 1, 2019 – March 31, 2020
 - Powerball Multi-State Lottery – For the period from April 1, 2019 – March 31, 2020

- Power Play Multi-State Lottery – For the period from April 2, 2019 – March 31, 2020
- FY2021 July Special-Purpose Financial Statements

III. PROCUREMENT

- Central Monitor and Control System for a Video Lottery Terminal Program RFP (#2021-06): RFP for a replacement contract to provide the customization, development, implementation, operation, and maintenance of a complete turnkey VLT Control System was issued on October 1, 2020. Proposals were received by the due date of December 2, 2020 and are presently undergoing the evaluation process. Oral Presentations/Discussions are being scheduled with the Offerors by the end of January 2021.
- Lottery Central Monitoring and Control System Contract (#2015-01) with Scientific Games Incorporated, Inc.: Modification #2 in the amount of \$910,400 for the term 1/31/2021 (or sooner upon BPW approval) – 3/31/2023 to provide (1) a license to use the Willy Wonka Golden Ticket™ imagery, marks and logos for an Instant Ticket game, and for supporting marketing and advertising to promote the game, and (2) prizes to be awarded to winners of the Instant Ticket game and related second chance promotion. This Modification, approved by the Commission at its November meeting, was approved by the BPW at its January 6, 2021 meeting.
- Assessment of the MLGCA’s Responsible Gaming Program Compliance with the World Lottery Association Level 4 Certification (#2021-09): RFP (Small Procurement) to obtain independent firm to conduct review and assessment of the MLGCA’s current responsible gaming programs with the goal to assist MLGCA to obtain certification as Level 4 lottery under World Lottery Association’s Responsible Gaming Framework. RFP was issued 10/15/2020. By the due date 11/24/2020 two proposals were received from Gaming Laboratories International (GLI) and Gambling Integrity. Small Procurement procedures were used for this procurement not exceeding \$50,000 in total contract amount. GLI was determined by the Evaluation Committee to be ranked first technically and second in price (\$44,900). Although Gambling Integrity offered a lower price (\$35,000) it was determined that GLI’s technical merit justified its higher price and therefore offered the best value to the State. GLI was therefore awarded the Contract, which was approved by MLGCA in-house since it is within its delegated authority of \$50,000. GLI’s contract is for a term of 18 months.
- Instant Ticket Games and Related Services Contract (#2013-01) with Pollard Banknote Limited (Primary Contract) and Scientific Games International, Inc. and IGT/GTECH Corporation (both Secondary Contracts) for the production of Instant Tickets and delivery to Retailer locations. These Contracts expire August 31, 2021 with no additional renewal options available. Proposals for new replacement contracts were received on March 4, 2020 but the evaluation process was suspended shortly thereafter due to the pandemic related shutdown of both the State and Offeror’s operations. The Offerors were requested to re-validate their proposals due to the delay and all have agreed to do so and to proceed with the evaluation process. Oral Presentations/Discussions are being scheduled with the Offerors in early February 2021.

- MBE/VSBE/SBR Activities:
A summary of the MLGCA's MBE/VSBE participation is attached.

IV. CONVERSIONS

- Agency Bank Accounts and Lottery Central and Back Office Systems:
On January 11, 2021, the Agency began converting the Agency bank accounts from Bank of America to Wells Fargo. The conversion required changes to our lottery central system and back office system for check writing and our weekly retailer Automated Clearing House (ACH) transactions.
- Microsoft Dynamics SL (formerly "Solomon"):
On January 19, 2021, the Agency upgraded Microsoft Dynamics SL. The upgrade included enhancements to the general ledger, financial statement reporting, accounts receivable, VLT license batch processing and fixed asset inventory.