

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • John Martin, Director



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TO: Maryland Lottery and Gaming Control Commission
John Martin, Director

FROM: Paula Yocum, Managing Director, CFO

DATE: October 12, 2021

SUBJECT: Report for the October Commission Meeting

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

I. BUDGET

- **FISCAL YEAR 2021 Final Expenditures**
 - Lottery: \$92,242,246
 - VLT Special Fund: \$11,470,216
 - VLT General Fund: \$ 4,946,387
- **FISCAL YEAR 2022**

The Fiscal Year 2022 budget has been finalized by the legislature. Our advertising budget was reduced by \$2 million. Due to the enactment of sports wagering and fantasy gaming competition legislation, we have also submitted a Fiscal Year 2022 budget deficiency request to cover the anticipated expenses for implementation of the new programs.

 - Lottery: \$85,639,279
 - VLT Special Fund: \$11,743,735
 - VLT General Fund: \$ 6,380,609
- **FISCAL YEAR 2023**

The Fiscal Year 2023 budget request has been submitted to DBM for review. A meeting with DBM's management team has been scheduled for November 1, 2021.
- **Promotion Fund (Unclaimed Prizes)**
 - Beginning Balance as of August 31, 2021 \$4,324,528
 - Estimated increase in September, 2021 \$1,396,490
 - Estimated usage in September, 2021 (\$1,841,438)
 - Estimated Ending Balance as of September 30, 2021 \$3,879,580

II. ACCOUNTING/FINANCE

- The monthly financial statements will be provided separately when received from the auditors.
- The Agreed Upon Procedures audits are currently in process for Cash 4 Life, Mega Millions, Megaplier, Powerball and Powerplay products.

- The annual GAAP (Generally Accepted Accounting Principles) audit is currently in process for FY 2021.
- The annual ACFR (Annual Comprehensive Financial Report) for FY 2021 has been started. This is performed in conjunction with MLGCA Marketing and our vendor GKV.

III. SPECIAL PROJECTS

- The department has started the system implementation process with the software DocuSign. This will allow our organization to electronically sign documents and will allow for a more efficient and effective method to manage the Accounts Payable, the promotional ticket approval, and the Agency's procurement card processes.
- The department's Special Projects Manager is a loaned executive for the 2021 Maryland Charity Campaign which will launch on October 5, 2021. There are 3 additional agency coordinators to assist in the program. The Agency's goal is \$13,090.

IV. FANTASY COMPETITIONS OPERATORS

- As of May 18, 2021, registered fantasy competition operators are now subject to a 15% operator tax per Chapter 356 of the 2021 Session Laws of Maryland (House Bill 940 – Gaming – Regulation of Fantasy Gaming Competitions and Implementation of Sports Wagering – Supplementary Appropriation). Tax revenue and forms are due on a quarterly basis.
- The initial form and payment for the tax period of May 18, 2021 through June 30, 2021 was due on September 15, 2021. The department has received 6 tax forms and their corresponding payments for a total of \$332,883.70 for the period noted.