

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: January 11, 2022

SUBJECT: Report for the January 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.

Program	Original Appropriation	Amendments	Revised Total
Lottery	\$85,639,279	\$329,119	\$85,968,398
VLT Special Fund	\$11,743,735	\$21,047	\$6,401,656
VLT General Fund	\$ 6,380,609	\$259,811	\$12,003,546
Totals	\$103,763,623	\$609,977	\$104,373,600

Amendments were for statewide annual salary reviews (ASR) and cost of living adjustments (COLA) of 2% as authorized in the FY 2022 budget bill. Amendments are pending for additional FY 2022 employee's bonus, cost of living adjustments and step increases (where applicable).

- **FISCAL YEAR 2023**

The Fiscal Year 2023 budget request has been submitted to DBM for review.

Update: DBM provided their analysis for the FY2023 budget. MLGCA management responded to DBM's requests for information in the analysis. Additionally, MLGCA management attended a meeting with DBM's management team to discuss the FY 2022 budget deficiency, the FY 2023 budget request and the responses to the analysis.

- **Promotion Fund (Unclaimed Prizes)**

○ Beginning Balance as of November 30, 2021	\$10,102,780
○ Estimated increase in December, 2022	\$2,181,668
○ Estimated usage in December, 2021	<u>(\$4,152,099)</u>
○ Estimated Ending Balance as of December 31, 2021	\$8,132,349

II. **ACCOUNTING/FINANCE**

- The monthly financial statements will be provided separately when received from the auditors.
- The Agreed Upon Procedures audits are complete for Cash 4 Life, Mega Millions, Megaplier, Powerball and Powerplay products.
- The annual GAAP (Generally Accepted Accounting Principles) audit is complete for FY 2021.
- The annual ACFR (Annual Comprehensive Financial Report) for FY 2021 is complete. This was 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 implementation is in the final stages.
- The department's Special Projects Manager was a loaned executive for the 2021 Maryland Charity Campaign which launched on October 5, 2021. There were 2 additional agency coordinators to assist in the program. The Agency was not only successful in meeting the 2021 goal of \$13,081.66 but exceeded our target amount by 13.5% and raised a total of \$14,846.70.

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 quarterly tax revenue form and payment for the tax period of July 1, 2021 through September 30, 2021 was due on October 15, 2021. The Agency has received \$696,430.80 from Fantasy Competition Operators to date.