

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: February 15, 2022

SUBJECT: Report for the February 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. DBM provided their analysis for the Fiscal Year 2023 budget.

Update: The Fiscal Year 2023 proposed operating and capital budgets were introduced. MLGCA management responded to Department of Legislative Services' (DLS) requests for information for their analysis of the proposed budget allowance. DLS submitted their analysis that concurred with the Governor's allowance for MLGCA. Agency budget hearings are scheduled for Friday, February 18th and Monday, February 21st with the Senate's Public Safety, Transportation, and Environment subcommittee and the House's Transportation and the Environment subcommittee, respectively.

II. ACCOUNTING/FINANCE

- **Promotion Fund (Unclaimed Prizes)**

○ Beginning Balance as of December 31, 2021	\$8,724,249
○ Estimated increase in January, 2022	\$2,904,153
○ Estimated usage in January, 2022	<u>(\$1,223,191)</u>
○ Estimated Ending Balance as of January 31, 2021	\$10,405,211

- The monthly financial statements will be provided separately when received from the auditors.

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 for the Accounts Payable user case and is expected to go live in the next 60 days.
- The department has started to participate in the Agency's fixed assets system implementation process. This system is expected to not only reduce the length of time to approve Agency procurement requests but also to allow for real time status of such requests. Additionally, it is expected that the inventory control module will create efficiencies in entries of, maintenance of and reconciliation of inventory records.

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 October 1, 2021 through December 31, 2021 was due on January 15, 2021. The Agency has received \$1,419,668.04 from Fantasy Competition Operators to date.