

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: Gina M. Smith, Deputy Director/CFO

DIVISION: Administration, Finance and Operations

DATE: August 9, 2016

SUBJECT: Report for the August Commission Meeting

I. CUSTOMER RESOURCE CENTER

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

The Customer Resource Center is responsible for processing winner claims. The Lottery has two claim centers, one in Baltimore at the headquarters location and one in Lanham. In addition to processing winner claims, the claim centers are responsible for processing the W-2G paperwork for claims that were cashed by the agent plus locations. The Lottery has approximately **313** Expanded Cashing Authority Program (XCAP) locations that are authorized to cash up to \$5,000 in winnings. These locations, in turn submit completed claim forms to the Lottery so that the related W-2G can be processed. Data concerning the number of winners claims processed by the Lottery and the number of agent plus claim forms processed by the Lottery is noted below:

Location	YTD 07/1/15 to 06/30/2016 Count	YTD 07/1/15 to 06/30/2016 Amount	July 2016 Count	July 2016 Amount	YTD 07/01/16 to 07/31/16 Count	YTD 07/01/16 to 07/31/16 Amount
Baltimore	5,560	\$ 9,416,355.54	538	\$1,103,417.00	538	\$1,103,417.00
Lanham	1,503	\$ 6,748,914.70	254	\$1,023,759.50	254	\$1,023,759.50
XCAP	44,142	\$86,345,482.35	5,378	\$13,418,168.10	5,378	\$13,418,168.10

SUBSCRIPTIONS PROCESSED:

The Lottery's Customer Resource Center is also responsible for processing subscriptions for Multi-Match and Mega Millions. Multi-Match subscriptions can be purchased for 26, 52 or 104 weeks for one to 3 games. Mega Millions subscriptions can be purchased for 26, 52 or 104 weeks for \$1 or \$2 per game. Data concerning subscriptions processed is noted below:

Multi-Match As of 07/4/16 – 7,657 As of 07/25/2016 – 7,421

	YTD June 2016 Count	July 2016 Count	YTD 07/1/16 to 07/31/16 Count
New Applications	1,188	48	48
Internet	898	39	39
Renewal	8,862	949	949

Mega Millions As of 07/01/16- 16,438 As of 07/29/2016 – 15,441

	YTD June 2016 Count	July 2016 Count	YTD 07/1/16 to 06/31/16 Count
New Applications	2,741	160	160
Internet	1,535	112	112
Renewal	13,593	964	964

Withholdings

	YTD June 2016 Amount	July 2016 Amount	YTD 07/1/16 to 07/31/16 Amount
Child Support	\$154,339.19	\$18,947.74	\$18,947.74
CCU Debts	\$939,414.94	\$103,053.63	\$103,053.63

II. BUDGET

- **FISCAL YEAR 2016** - See attached year to date spending
- **FISCAL YEAR 2017**
 - Lottery: \$68,320,140
 - VLT Special Fund: \$9,132,860
 - VLT General Fund: \$21,770,000
- **FISCAL YEAR 2018**
 - Budget is due to DBM in late September, 2016.
 - MFR is due to DBM by August 19, 2016.
- **Promotion Fund (Unclaimed Prizes)**
 - Balance as of June, 2016 \$6,707,548
 - Estimated increase in July, 2016 \$1,903,100
 - Estimated usage in July, 2016 \$ 441,180
 - Estimated balance as of July, 2016 \$8,169,468

III. ACCOUNTING/FINANCE

- The May financial statements will be distributed at the June meeting.
- **Fiscal Year 2016 BRE Estimates**

Lottery:

BRE Estimate – Sales	\$1,834,000,000	BRE Estimate – Profit	\$560,400,000
Actual Sales	\$1,908,437,582	Actual Profit	\$569,813,168

Casino:

BRE Estimate–Revenue	\$1,096,000,000	BRE Estimate–Contributions	\$500,000,000
Actual Revenue	\$1,143,972,960	Actual Contributions	\$510,038,599

IV. PROCUREMENT

- During June/July a total of 71 new small procurements (up to \$25k) were initiated. Procurement works closely with all Divisions to support the Lottery’s daily operations to include, but not limited to, procurement of printing of POS materials and various information sheets/brochures to support all games; promotional items,

sponsorship agreements for events; and supplies/equipment for the Lottery's internal use, as well as the processing of all payments under \$5,000.00 using the State P-Card and monthly reconciliation of bank statement.

- Lottery Central Monitoring and Control System (#2015-01): RFP to obtain a Lottery Central Monitoring and Control System, and its implementation, operation and maintenance. Proposals moving toward selection and approval.
- Powerball Power Cruise Licensing Contract (#2016-04) with Alchemy3, LLC: New sole source contract in the NTE amount of \$115,975 for the term September 23, 2016 – January 31, 2018 to provide (1) a license to use the Royal Caribbean International® cruise line marks and logos as part of a Powerball promotion, specifically within product and marketing, advertising and digital materials to support the promotional campaign; and (2) twenty-five exclusive Royal Caribbean cruise packages to be used as player prizes in conjunction with the promotional campaign. It is anticipated that this contract will be presented to the Commission for review at its August 2016 meeting and, subject to Commission approval, submitted to DBM for inclusion on the 9/7/2016 BPW Agenda.
- MBE/SBR Activities:
 - I. A summary of the Lottery's MBE participation including both Lottery and VLT operations is attached.

V. HUMAN RESOURCES

- HR is currently focusing its recruitment efforts to fill several key positions vacancies within the agency to include several Casino Compliance positions for the upcoming MGM casino.
- HR is continuing its training efforts for agency members regarding continued updates to the Workday personnel system.

VI. INFORMATION TECHNOLOGY

- The Splunk (Security Information and Event Monitor application) implementation is in progress. The anticipated duration of the project is 3 months.
- Changed the Agency system/user accounts minimum password length to 10 characters to increase password security and complexity.
- Completed interviews for the Computer Operator position, job offer made the week of 8/8.

- Upgraded 60 mobile telephones that were eligible for a free upgrade.
- Installed a new server for off-site data storage at our back up data center.
- Upgraded and expanded the Agency's security surveillance system.
- Created a new file server to isolate the server's role to only be used as a file server to improve the overall performance and management of the system.

Maryland Lottery and Gaming Control Agency
Lottery Budget - FY 2016
7/1/2015-6/30/2016

	FY 16 BUDGET	YTD Actual	Difference
SALARIES AND WAGES	\$14,279,614.00	\$14,243,195.14	\$36,418.86
OPERATING COSTS	\$53,445,537.00	\$46,632,259.13	\$6,813,277.87
SUPPLIES & MATERIALS	\$141,000.00	\$179,381.34	-\$38,381.34
EQUIPMENT	\$160,500.00	\$118,457.47	\$42,042.53
FIXED CHARGES	\$930,898.00	\$975,177.93	-\$44,279.93
TOTALS	\$68,957,549.00	\$62,148,471.01	\$6,809,077.99

Maryland Lottery and Gaming Control Agency
Fiscal Year 2016 Budget - Gaming
General Funds
7/1/2015-6/30/2016

	FY 16 BUDGET	YTD Actual	Difference
SALARIES AND WAGES	\$10,018,143.00	\$9,729,768.42	\$288,374.58
OPERATING COSTS	\$5,832,360.00	\$5,807,024.69	\$25,335.31
SUPPLIES & MATERIALS	\$70,000.00	\$38,211.10	\$31,788.90
EQUIPMENT	\$8,802,522.00	\$4,419,415.87	\$4,383,106.13
FIXED CHARGES	\$280,424.00	\$280,374.95	\$49.05
TOTALS	\$25,003,449.00	\$20,274,795.03	\$4,728,653.97

Maryland Lottery and Gaming Control Agency
Fiscal Year 2016 Budget - Gaming Special Funds
7/1/2015-6/30/2016

	FY 16 BUDGET	YTD Actual	Difference
OPERATING COSTS	\$9,558,000.00	\$9,558,000.00	\$0.00
TOTALS	\$9,558,000.00	\$9,558,000.00	\$0.00