

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: March 15, 2018

SUBJECT: Report for the March 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 368 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 07/1/17 to 01/31/18 Count	YTD 07/1/17 to 01/31/18 Amount	February 2018 Count	February 2018 Amount	YTD 07/01/17 to 02/28/18 Count	YTD 07/01/17 to 02/28/18 Amount
Baltimore	3,840	\$6,279,363.97	467	\$732,199.30	4,307	\$7,011,563.27
Lanham	1,139	\$4,745,303.38	133	\$553,620.60	1,272	\$5,298,923.98
XCAP	29,440	\$60,992,705.65	3,441	\$6,827,476.45	32,881	\$67,820,182.10

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. Data concerning subscriptions processed is noted below:

Multi-Match As of 07/3/17 – 6,271 As of 02/26/2018 – 6,292

	YTD January 2018 Count	February 2018 Count	YTD 07/1/17 to 02/28/18 Count
New Mail Applications	684	79	763
New Internet Applications	425	69	494
Renewal	3,876	337	4,213

Mega Millions As of 07/07/17- 14,176 As of 02/23/2018 – 6,780

	YTD January 2018 Count	February 2018 Count	YTD 07/1/17 to 02/28/18 Count
New Mail Applications	5,927	180	6,107
New Internet Applications	283	51	334
Renewal	1,671	170	1,841

Withholdings

	YTD January 2018 Amount	February 2018 Amount	YTD 07/1/17 to 02/28/18 Amount
Child Support	\$93,292.47	\$3,647.00	\$96,939.47
CCU Debts	\$531,473.60	\$67,631.26	\$599,104.86

II. BUDGET

- **FISCAL YEAR 2018**

- Lottery: \$68,795,702
- VLT Special Fund: \$11,857,000
- VLT General Fund: \$19,669,221

- **FISCAL YEAR 2019**

Proposed Budget (subject to Legislative passage)

- Lottery: \$82,223,344
- VLT Special Fund: \$10,264,474
- VLT General Fund: \$ 6,929,957

- **Promotion Fund (Unclaimed Prizes)**

- Balance as of January, 2018 \$ 3,826,943
- Estimated increase in February, 2018 \$ 1,440,600
- Estimated usage in February, 2018 \$ 2,446,679
- Estimated balance as of February, 2018 \$ 2,820,864

III. ACCOUNTING/FINANCE

- The December financial statements will be given out at the March 22, 2018 meeting.

IV. PROCUREMENT

- Procurement works closely with all Divisions to support the MLGCA'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.
- Advertising, Digital, Web & Social Media, and Research Services Contract (#2013-02) for three Functional Areas ("FA") with GKV Communications, Inc. (FA #I – Creative and FA #III - Digital/Web) and Media Works, Ltd. (FA #II – Media). This Contract expires on July 31, 2018 with no renewal options remaining. The MLGCA has a continuing need for these services and has initiated the development of an RFP for a new replacement contract. This RFP, approved by the Commission at its January 2018 meeting, was issued on March 8, 2018. A pre-proposal conference will be held on March 21, 2018 for all interested bidders. Bids are due on April 25, 2018.

- Auditing and Accounting Services (#2015-04) with Stout, Causey & Horning, P.A.: Contract with a Certified Public Accounting firm to provide auditing, accounting, and management services to include technical advice and assistance on various aspects of the Lottery's operations for both Lottery games and the Video Lottery Terminal program. The Contract included three 1-year renewal options. The MLGCA desires to exercise the first 1-year Renewal Option with the term 7/1/2018 – 6/30/2019 in the amount of \$243,925 to continue to provide auditing, accounting, and management services. The NTE amount of this renewal option was specified in the original Contract as \$238,150 but was increased by Modification #1 during the base contract term to add the annual audit of Cash4Life® Agreed Upon Procedures. It is anticipated that this renewal option will be presented to the Commission at its March meeting and, subject to Commission approval, submitted to DBM for inclusion on the BPW Agenda in April.
- MBE/SBR Activities:

A summary of the MLGCA's MBE participation is attached.

V. HUMAN RESOURCES

- The Human Resources (HR) department will be working with the Department of Budget and Management to complete system testing and employee awareness for preparation with implementing electronic enrollment for employee's health benefits this fall.
- HR will also be coordinating with American Red Cross to conduct a blood drive at the Montgomery Business Center on April 3, 2018. All agency employees have been invited to participate.

VI. INFORMATION TECHNOLOGY

- Ongoing work related to the conversion: creating files for data migration, staging/installing new system and network hardware, defining new processes, etc.
- Completed second round of interviews for the network administrator position.
- Began to deploy replacement PCs; there are approximately 100 PCs that are scheduled to be replaced.

VII. CONVERSION

- The majority of the technical requirements have been defined.
- UAT has begun. Testing to date includes basic terminal functionality, GMS reporting and end to end testing around claims and annuities.