

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: September 13, 2018

SUBJECT: Report for the September 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. Prior to April 27, 2018 the Lottery had two claim centers, one in Baltimore at the headquarters location and one in Lanham. See the data below. At close of business on April 27, 2018, Lanham closed in anticipation of our casino partners becoming lottery claim centers. In May, MGM National Harbor and Live! Casino and Hotel were provided with the ability to cash winning tickets from \$5,001 to \$25,000 like our Baltimore claim center. In the near future, our remaining casinos will be provided with the same ability.

The Lottery has approximately **358** Expanded Cashing Authority Program (XCAP) locations that are authorized to cash up to \$5,000 in winnings. In our new system, all claims are processed in the field and the Customer Resource Center no longer has to key in claim forms. These locations, in turn, submit completed claim forms to the Lottery so that the related W-2G can be processed. Data concerning the number and amount of winners' claims processed by the Lottery and the casinos are noted below:

Location	August 2018 Count	August 2018 Amount	YTD 07/01/18 to 08/31/18 Count	YTD 07/01/18 to 08/31/18 Amount
Baltimore	1,618	\$5,132,081.76	2,744	\$8,973,791.66
Casinos	14	\$151,096.40	36	\$390,408.10

SUBSCRIPTIONS PROCESSED:

The Lottery's Customer Resource Center is also responsible for processing subscriptions. Multi-Match, Mega Millions, Powerball and Cash4Life subscriptions can be purchased for 26, 52 or 104 draws. Data concerning subscriptions processed is noted below:

Total Subscriptions as of August 31, 2018:

Multi Match	2,787
Mega Millions	5,502
Powerball	1,425 (added after conversion)
Cash4Life	<u>641 (added after conversion)</u>
Total	10,355

Total Subscriptions Processed During August 2018

Multi Match	446
Mega Millions	440
Powerball	334
Cash4Life	<u>161</u>
Total	1,381

Withholdings

	YTD July 2018 Amount	August 2018 Amount	YTD 07/1/18 to 08/31/18 Amount
Child Support	\$17,290	\$6,740	\$24,030
CCU Debts	\$124,619	\$89,604	\$214,224

II. BUDGET

- **FISCAL YEAR 2018**
 - Lottery: \$71,448,486
 - VLT Special Fund: \$10,110,308
 - VLT General Fund: \$9,350,813
 - We have completed end of year closing.

- **FISCAL YEAR 2019**

- Budget

- Lottery: \$82,120,306
 - VLT Special Fund: \$10,187,001
 - VLT General Fund: \$ 6,917,562

- **FISCAL YEAR 2020**

- We are in the process of preparing the FY2020 budget that is due to DBM on September 28, 2018.

- **Promotion Fund (Unclaimed Prizes)**

- Balance as of July, 2018 \$ 6,552,372
 - Estimated increase in August, 2018 \$ 1,667,000
 - Estimated usage in August, 2018 \$ (2,300,000)
 - Estimated balance as of August, 2018 \$ 5,919,372

III. ACCOUNTING/FINANCE

- Continue to work on converting financial statements to GAAP.

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.
- RFP for Advertising, Marketing, Media and Related Services (#2018-07): This RFP for a new advertising contract contains two Functional Areas – Creative Development and Production Services, and Media Planning and Buying Services. This RFP replaces the prior RFP #2018-01, which was cancelled. This RFP, which was approved by the Commission at its August meeting, has been approved by DBM and was issued on August 29, 2018. A Pre-Proposal Conference was held September 12, 2018, and Proposals are due by October 10, 2018.
- RFP for Lottery Drawing Machines and Related Maintenance Services (#2018-06): This RFP covers the purchase of six new Drawing Machines to be used for the live Televised Drawings and also provides maintenance and repair services for these new machines as well as for the MLGCA's existing inventory of machines. This RFP, which was approved by the Commission at its August meeting, has been submitted to DBM for review and will be issued as soon as DBM approval is obtained.

- MBE/VSBE/SBR Activities:

I. A summary of the MLGCA's MBE/VSBE participation is attached. (Note: This is the first reporting month for FY 2019 amounts and some contractors have not yet reported)

V. HUMAN RESOURCES

- The Human Resources (HR) department will be working with the agency's EEO Officer to ensure all employees receive sexual harassment training as mandated by new legislation.
- Additionally HR will be assisting all employees to prepare for the upcoming open enrollment process for health benefits.

VI. INFORMATION TECHNOLOGY

- Reviewing options to replace the Agency's telephone system per the recommendation of the State's department of IT. A new system will provide additional functionality, and improve communication with our customers.
- Pre-implementation security scans of the Agency's new websites and hosting environment have been completed. The results are under review.