



A N N U A L
**COMPREHENSIVE
FINANCIAL REPORT**

For the years ended June 30, 2023 and 2022

ENTERPRISE FUND OF
THE STATE OF MARYLAND

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CONTENTS

INTRODUCTORY SECTION

- 7 LETTER OF TRANSMITTAL
- 14 APPENDIX A: MARYLAND LOTTERY AND GAMING CONTROL AGENCY OFFERINGS
- 22 COMMISSION ORGANIZATION AS OF JUNE 30, 2023
- 23 EXECUTIVE ORGANIZATION CHART

FINANCIAL SECTION

- 27 INDEPENDENT AUDITORS' REPORT
- 30 MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL STATEMENTS:

- 45 STATEMENTS OF NET POSITION
- 46 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
- 47 STATEMENTS OF CASH FLOWS
- 48 NOTES TO THE FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTAL INFORMATION:

- 71 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – BUDGET AND ACTUAL
- 72 NOTES TO THE SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – BUDGET AND ACTUAL
- 73 SCHEDULE OF CHANGES IN NET PENSION LIABILITY, CONTRIBUTIONS AND RELATED RATIOS
- 75 SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFIT PLAN
- 76 INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROLS

STATISTICAL SECTION

FINANCIAL TRENDS:

- 81 NET POSITION AND CHANGES IN NET POSITION – FISCAL YEARS 2014 THROUGH 2023
- 82 SALES – FISCAL YEARS 2014 THROUGH 2023
- 87 U.S. LOTTERIES PER CAPITA SALES – FISCAL YEAR 2023
- 88 PERCENTAGE CHANGE IN SALES – FISCAL YEARS 2014 THROUGH 2023
- 89 EXPENSES AND CONTRIBUTIONS – CUMULATIVE FOR FISCAL YEARS 2014 THROUGH 2023
- 90 LOTTERY CONTRIBUTIONS – INCEPTION TO DATE
- 92 GROSS TERMINAL REVENUE DISTRIBUTIONS – FISCAL YEARS 2014 THROUGH 2023
- 104 TABLE GAME REVENUE DISTRIBUTIONS – FISCAL YEARS 2014 THROUGH 2023
- 107 SPORTS WAGERING
- 108 FANTASY COMPETITION
- 109 RACING AND COMMUNITY DEVELOPMENT FACILITIES FUND TRANSFER

REVENUE CAPACITY:

- 110 RETAILERS, POPULATION AND SALES BY REGION

DEMOGRAPHIC AND ECONOMIC INFORMATION:

- 120 DEMOGRAPHIC AND ECONOMIC STATISTICS – FISCAL YEARS 2014 THROUGH 2023

OPERATING INFORMATION:

- 121 LOTTERY EMPLOYEES – FISCAL YEARS 2014 THROUGH 2023
- 122 OPERATING INDICATORS – FISCAL YEARS 2014 THROUGH 2023
- 123 CAPITAL ASSETS, NET INFORMATION – FISCAL YEARS 2014 THROUGH 2023
- 124 RIGHT-OF-USE ASSETS, NET INFORMATION – FISCAL YEARS 2014 THROUGH 2023

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INTRODUCTORY SECTION

In fiscal year 2023, the Maryland Lottery and Gaming Control Agency (MLGCA) celebrated 50 years of supporting Marylanders. The MLGCA is the fourth largest revenue contributor to the state after individual tax, corporate tax, and sales and use tax.

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Maryland Lottery and Gaming Control Agency

Wes Moore, Governor • John Martin, Director



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January 25, 2024

The Honorable Wes Moore, Governor

Maryland Lottery and Gaming Control Commission

INTRODUCTION

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the Maryland Lottery and Gaming Control Agency (MLGCA) for the fiscal years ended June 30, 2023 and June 30, 2022 (FY2023 and FY2022). This report has been prepared by the MLGCA's Accounting Department. Responsibility for both the accuracy of the financial data and the completeness and fairness of presentation, including all disclosures, rests solely with the MLGCA. To the best of our knowledge and belief, the enclosed data are accurate and are reported in a manner designed to present fairly the financial position, results of operations and cash flows of the MLGCA. All disclosures necessary to enable the reader to gain an understanding of the MLGCA's financial activities have been included.

Presented in this report is information about the MLGCA, an independent agency of the State of Maryland. The MLGCA was established by the Maryland General Assembly through the enactment of Chapter 365 of Laws of Maryland of 1972 and the voters' approval that same year of a constitutional amendment. The amendment was ratified on November 7, 1972, and operations commenced on January 2, 1973. During the 2007 special session of the Maryland General Assembly, Chapter 4 was enacted relating to the legalization of Video Lottery Terminals (VLTs; slot machines) in the state and subject to the passage of a constitutional referendum. In 2008, voters approved the installation of up to 15,000 VLTs at five casinos in the state. On August 14, 2012, Senate Bill 1 — Gaming Expansion: Video Lottery Terminals and Table Games — passed during the 2012 Second Special Session of the Maryland General Assembly. This bill contained many provisions concerning gaming operations and certain provisions that were subject to voter referendum. The provisions that were subject to voter referendum passed during the November 6, 2012 election and allowed for a sixth casino; increased the number of slot machines in the state from 15,000 to 16,500; permitted table games; and authorized 24/7 casino operations. The MLGCA's regulatory role further expanded after voters' approval to legalize sports wagering in a constitutional referendum on November 3, 2020. On April 12, 2021, the General Assembly passed House Bill 940, which created the framework for the state's sports wagering market and provided for the regulation of sports wagering and fantasy gaming competitions. The legislation was signed into law on May 18, 2021. MLGCA began collecting tax revenue from fantasy gaming competitions as of that date. In December 2021, the first five retail sportsbooks opened to the public. In November 2022, the first seven mobile sportsbooks launched.

The MLGCA, in conjunction with the seven-member Maryland Lottery and Gaming Control Commission (MLGCC), serves as regulator of the state’s casino gaming and sports wagering programs while also operating the Lottery. The MLGCA is an enterprise fund of the state and is included in the State’s Annual Comprehensive Financial Report. MLGCA activity is reported as a major enterprise fund type and includes all activity for which the MLGCA is financially accountable.

This letter of transmittal is designed to be read in conjunction with the complementary information offered in the Management’s Discussion and Analysis (MD&A), which can be found immediately following the independent auditors’ report.

The MLGCA is operated as a business enterprise within the framework of state laws and regulations. Its primary mission is to generate revenue for the state, both through the sale of traditional Lottery products and through the administration of the casino gaming and sports wagering programs. The MLGCA fulfills this mission by offering the sale of draw games, monitor games, jackpots and scratch-off games, as described further on pages 14 through 19.

Since its inception in 1973, traditional Lottery sales have exceeded \$59.6 billion and have contributed more than \$19.3 billion in revenue to the state. Most of the revenue from the traditional Lottery is contributed to the State’s General Fund, which supports education, public health and safety, and many other state programs and services. In addition, the MLGCA is required by statute to contribute a defined amount of traditional Lottery revenue each year to the Maryland Stadium Authority, and, from FY2017 to FY2019, \$1 million to the International Racing Fund. In addition, a portion of revenue from the Instant Ticket Lottery Machine (ITLM) program, which is exclusive to veterans’ organizations, is contributed to the Maryland Veterans Trust Fund. Lotteries across the country have evolved and become more diversified, offering players a variety of choices. Today, 45 states and Washington, D.C., operate lotteries, most selling both draw games and scratch-off games. During FY2023, these lotteries generated \$100.7 billion in sales nationwide. The Maryland Lottery ranked sixth among state lotteries in per capita sales during this time period.

The mission of the casino gaming program is to generate revenue for the State of Maryland and to create good-paying jobs while maintaining integrity, security, transparency and fair play. From the opening of Maryland’s first casino in September 2010 through the end of FY2023, slot machine and table game revenues generated by the casinos totaled more than \$15.9 billion. Casino gaming contributions to the state through FY2023 totaled more than \$6.9 billion. The distribution of casino gaming revenue is directed by statute and described more fully on page 38 of this report.

A U.S. Supreme Court Decision in 2018 paved the way for states to legalize sports wagering. Maryland joined a growing list of states to do so when voters approved a sports wagering referendum in November 2020. The state’s first five retail sportsbooks opened in December 2021, and the first seven mobile/online sportsbooks launched in November 2022. As of December 2023, there were 13 retail sportsbook facilities and 12 mobile/online sportsbooks operating in Maryland. Each sportsbook contributes 15% of its taxable win to the Blueprint for Maryland’s Future Fund, which supports public education programs. In FY2023, these contributions totaled nearly \$25.3 million.

ECONOMIC OUTLOOK

The Maryland Board of Revenue Estimates September 28, 2023 presentation indicated that the economic forecast is largely unchanged from their March of 2023 forecast and that Maryland’s economic recovery has generally been slower than the rest of the U.S. Further, employment growth was high in 2021 and 2022 as individuals who lost their job in 2020 were able to regain employment. Going forward, job growth slows as

both total population growth and the share of those who are employed (labor force participation) are lower than before the pandemic. Additionally, it was noted that the new business cycle may look different due to long-term trends and new COVID-19 impacts that are not fully understood. In conclusion, elevated risks to revenue forecasts remain; that is, risk of a recession, extended federal government shutdown or significant spending reductions remain elevated, and post-COVID-19 trends are new and not fully understood.

MLGCA PRODUCTS

Please see Appendix A on page 14 for MLGCA products.

HIGHLIGHTS OF FISCAL YEAR 2023

The Lottery launched operations in January 1973 and spent 2023 celebrating its 50th anniversary. Activities began in early 2023 with recognition of the Lottery's longest-tenured retailers, and numerous 50th anniversary-themed initiatives were conducted from January through September 2023. The Lottery launched its first \$50 scratch-off ticket, *50 Years!*, in February, followed in March by a \$1 scratch-off that featured historical Lottery logos. An all-games promotion ran from February to August, culminating in an event at the Maryland State Fair in early September where one lucky player had the chance to win up to \$5 million.

In FY2023, the MLGCA contributed more than \$1.606 billion to support the State of Maryland's good causes, including the Maryland Education Trust Fund; the Blueprint for Maryland's Future Fund; public health and safety programs; the state's horse-racing industry; the communities and jurisdictions where the state's six casinos are located; small, minority, women-owned business programs; and veterans' organizations. Lottery ticket sales contributed \$714.3 million to the state, while casino gaming revenue contributed \$848.1 million — both of which represented year-over-year increases. Meanwhile, sports wagering and fantasy competitions (including daily fantasy sports) combined to contribute another \$26.4 million.

TRADITIONAL LOTTERY

Lottery ticket sales increased \$101.7 million from FY2022 to more than \$2.764 billion. Profit returned to the state increased \$40.6 million year-over-year to \$714.3 million. Sales of scratch-off tickets increased to a new benchmark of \$1.1 billion, up 5.3% from FY2022.

During FY2023, the national jackpot games Mega Millions and Powerball produced three jackpot rolls that surpassed the \$1 billion mark, including a Powerball jackpot that topped \$2 billion in November 2022. The jackpot rolls helped to generate significantly stronger sales of both games as compared with recent years. Year-over-year Mega Millions sales increased by 81.4%, or \$66 million, to \$147 million, while Powerball sales increased 23.7%, or \$30.2 million, to \$157.8 million.

Lottery players won \$1.730 billion in prizes, an increase of \$40.5 million (2.4%) from FY2022. The Lottery's retailers earned \$219.9 million in sales and cashing commissions, an increase of 8.3%, or \$16.9 million. Players won an average of more than \$4.7 million per day, and the average retailer commission was \$50,000.

CASINO GAMING

In FY2023, Maryland's six casinos had four of the top 10 months since the inception of the casino gaming program, including the highest single-month revenue total of \$212.9 million in October 2022. The casinos generated nearly \$2.1 billion in gaming revenue from slot machines and table games during FY2023, a 2.9% increase from FY2022. The \$848.1 million in contributions to the state went to the following beneficiaries:

- **Education Trust Fund:** \$622.7 million
- **Local Aid:** \$108.9 million (including local impact grants and local jurisdiction contributions)
- **Maryland's Horse Racing Industry:** \$92.2 million (including contributions to the Racetrack Facility Renewal Account and the Horse Racing Purse Dedication Account)
- **Maryland's Small, Minority and Women-Owned Business Fund:** \$19.9 million
- **Responsible Gaming Programs:** \$4.5 million

SPORTS WAGERING AND FANTASY COMPETITIONS

Maryland's sports wagering program launched in December 2021, with the opening of five retail sportsbook locations. Ten mobile sportsbooks launched during FY2023, including the first seven in November 2022. By the end of calendar year 2023, there were 13 retail facilities and 12 mobile sportsbooks operating in Maryland. Sports wagering licensees pay 15% of their taxable win to the Blueprint for Maryland's Future Fund. In FY2023, these contributions totaled nearly \$25.3 million. Expired sports wagering prizes are contributed to the Problem Gambling Fund. Those contributions totaled \$2.1 million during FY2023. In FY2023, net license fees totaled \$11.4 million, which was distributed to the Blueprint for Maryland's Future Fund. Sports wagering licensees pay a license fee every five years.

The operators of fantasy competitions (including daily fantasy sports) also contribute 15% of their revenue to the Blueprint for Maryland's Future Fund. In FY2023, these contributions totaled more than \$1.2 million.

RESPONSIBLE GAMING

Maryland Lottery and Gaming continues to substantially deepen its organization-wide commitment to emphasizing the importance of responsible play.

During FY2023, the Lottery began working on a responsible gaming program jointly sponsored by the North American Association of State and Provincial Lotteries (NASPL) and the National Council on Problem Gambling (NCPG). The NASPL-NCPG Responsible Gambling Verification Program helps lotteries plan and implement effective responsible gaming procedures in all aspects of their operations. The program has three levels of verification (Planning, Implementation and Sustaining), which encourage lotteries to progressively strengthen their commitment to responsible gaming.

The Maryland Lottery is currently recognized at the Sustaining level by virtue of its World Lottery Association (WLA) Level 4 certification, which was achieved in 2022. The WLA is a separate, international responsible gaming program with four levels of certification, and the NASPL-NCPG program gives parallel recognition to lotteries that have been certified by the WLA. The Maryland Lottery plans to submit its first application for the Sustaining level to NASPL-NCPG in late 2024. A group of more than a dozen staff members from multiple departments will spend much of 2024 working on the submission, which will include summaries and documentation of the Lottery's responsible gaming efforts pertaining to employee training; retailer training; public education and awareness; product oversight; research; and advertising.

The Maryland Lottery supports Problem Gambling Awareness Month with a paid advertising campaign and other messaging, and is a participant in NCPG's Gift Responsibly campaign, which reinforces the message that Lottery tickets are not an appropriate gift for anyone under the age of 18.

Maryland Lottery and Gaming maintains its leadership role in the Maryland Alliance for Responsible Gambling (MARG), which brings together the state's gambling stakeholders and the problem gambling treatment community in a collaborative forum to enhance and develop resources. During FY2023, the Lottery updated the design of the MARG website (mdgamblinghelp.org) and streamlined the information presented there. The website provides extensive information on the Voluntary Exclusion Program which the Agency administers, allowing individuals to exclude themselves from all types of gambling that Maryland Lottery and Gaming oversees. Agency staff have also increased collaboration with the Maryland Center of Excellence on Problem Gambling, with regular meetings between MLGCA and Center of Excellence staff to coordinate activities and training opportunities.

FINANCIAL INFORMATION

ACCOUNTING SYSTEMS AND POLICIES

The MLGCA operates enterprise activities, which include sales of scratch-off, FAST PLAY and draw game tickets; the Instant Ticket Lottery Machine (ITLM) program available exclusively to veterans' organizations; and the oversight of gaming operations and the related support functions: personnel, finance, administration, sales, marketing, security, information technology and licensing. No general government functions or operations are managed by the MLGCA or included in this report. The MLGCA, like a private business, utilizes the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the related liabilities are incurred.

BUDGETARY SYSTEMS AND CONTROLS

Budgetary control for all state agencies is maintained through the governor's approval and the enactment of the state's budget by the General Assembly. Each year, the MLGCA submits its budget to the governor for approval. The budget includes the costs to operate the Lottery and to oversee casino gaming, sports wagering and fantasy gaming operations. Excluded from the budget are Lottery prizes paid to winners, commissions paid to Lottery retailers, and operators' share of revenues retained by casino, sports wagering and fantasy gaming operators. Lottery prizes and commissions are funded from the sale of Lottery tickets; commissions paid to the casino operators are funded from slot machine and table game revenue. Commissions paid to sports wagering and fantasy gaming operators are funded from sports wagering and fantasy gaming revenues, respectively.

The governor, in turn, submits the budget for the entire state (including the MLGCA's budget) to the General Assembly for enactment. The MLGCA's official budget, as enacted by the General Assembly, is divided among the various departments within the MLGCA. These departments are responsible for monitoring expenditures within their department to ensure expenditures do not exceed the amount budgeted. Encumbrance accounting is utilized whereby purchase orders, contracts and other commitments are treated as expenditures for budgetary purposes. The MLGCA's Budget Department is responsible for monitoring the entire budget, including the budgeted funds allocated to the various departments, to ensure that the total expenditures (including encumbrances) do not exceed the approved budget without first obtaining the approval of the governor and the General Assembly.

DEBT ADMINISTRATION

The MLGCA's long-term liabilities are primarily payments owed to jackpot, annuity and lifetime winners and employee-related payables. The payments due to winners are fully funded by amounts invested primarily in United States Government Agency Obligations (coupon bonds). Some investments are also held in annuity contracts.

INTERNAL CONTROL ENVIRONMENT

Management of the MLGCA is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft or misuse, and to ensure that the accounting system allows compilation of accurate and timely financial information. The structure is designed to provide reasonable assurance that these objectives are met.

To enhance controls over accounting procedures, the MLGCA has segregated the following functions: budget, personnel, payroll, purchasing, accounts payable, accounts receivable, gaming accounting and general ledger accounting. Data input and processing are separate from system programming, with management providing approval and oversight. In addition, an internal auditor reviews all areas of the MLGCA and reports jointly to the Director and to the MLGCC.

Since the MLGCA manages scratch-off and draw game tickets, controls the disbursement of Lottery prizes, and is responsible for the oversight of the casinos, the following steps have been taken to ensure that operations remain secure and meet the highest ethical standards:

- employing specialized compliance staff who are present at the casinos 24 hours a day, 7 days a week;
- maintaining secure facilities and limiting access to them;
- performing background checks on Lottery retailers, vendors, employees and anyone requiring a gaming and/or sports wagering license;
- printing Lottery tickets with special security features;
- performing unannounced inspections of drawings to insure compliance with established operating procedures;
- reprocessing daily transactional data of all Lottery vendor activity by MLGCA personnel using internal control system programs and reconciling transactions to reports generated by the Lottery vendor;
- comparing, on a daily basis, gross slot machine revenue recorded on the MLGCA's central monitoring system to gross terminal revenue reported by the casinos' slot accounting systems, and reconciling any differences;
- employing auditors to ensure table game, sports wagering and fantasy competition revenue is accurately accounted for and that the operators are adhering to the required internal controls; and
- providing a variety of access and other controls in the MLGCA's computer systems.

The MLGCA has 328 employees, including contractual employees. All Maryland Lottery draw games (Pick 3, Pick 4, Pick 5, Bonus Match 5, Multi-Match, Keno and Racetrax) are conducted by random number generators (RNGs). The computer-controlled RNG systems that operate Keno and Racetrax are maintained at a secure, multi-tenant data center located in Nevada. Pick 3, Pick 4, Pick 5, Bonus Match 5 and Multi-Match drawings are conducted by Lottery staff using an RNG system housed at the Maryland Lottery's facility in Baltimore. Mega Millions, Powerball and Cash4Life drawings are conducted in Georgia, Florida, and New Jersey, respectively.

FUTURE PROJECTS

TRADITIONAL LOTTERY

The Lottery plans to launch a new draw game called CASH POP™ during the fourth quarter of FY2024. CASH POP drawings will occur four times per day and will be conducted by a computer-controlled RNG system. In each drawing, one winning number is selected from a range of 1 to 15. Players can purchase a ticket with as many numbers as they wish from that range. Prize amounts are randomly generated for each ticket from a pre-set range.

Maryland's second \$50 scratch-off ticket is scheduled to launch in February 2024. The Lottery is also planning a scratch-off during the fourth quarter of FY2024 called The Big Spin, which features an innovative prizing process in which the top-prize winners will come to the Lottery's office and spin a prize wheel that will determine their winnings, ranging from \$50,000 to \$250,000.

CASINO GAMING

After finishing FY2023 with year-over-year increases in revenues and contributions to the state, Maryland's six casinos began FY2024 with a strong month, totaling \$174.3 million gaming revenue in July 2023. The total ranked among the top 10 single-month figures as of November 2023. Four of the top six monthly totals in the history of the state's casino program came during FY2023, making for a challenging year-over-year comparison as FY2024 unfolds. All six casinos continue to innovate and provide a wide range of dining and entertainment options to appeal to a broad cross-section of customers.

SPORTS WAGERING AND FANTASY COMPETITIONS

For the duration of FY2023, MLGCA staff worked in conjunction with the Sports Wagering Application Review Commission (SWARC) to implement the sports wagering law, and that effort continues in FY2024. As of December 2023, there were 13 retail sportsbook locations and 12 mobile/online sportsbooks operating in Maryland. Additional retail locations and mobile operators remain in the pipeline and are at various phases of preparing to launch. The work of those businesses continues as the state's sports wagering market is beginning to reach maturity. Initial estimates projected annual contributions to the state of \$25 million to \$30 million. The \$25 million mark was reached in FY2023 even with mobile wagering active for just over seven months of the year. Mobile wagering has accounted for approximately 95% of the total handle since its launch. Estimates for FY2024 project that sports wagering contributions to the state will be \$40 million to \$45 million. The Licensing staff is focused on completing the background investigations of additional applicants for sports wagering licenses, and the Auditing and Compliance teams will be working with those entities to launch their operations.

Respectfully Submitted,

MARYLAND LOTTERY AND GAMING CONTROL AGENCY



John A. Martin
Director



James Nielsen
*Deputy Director and Chief
Operating Officer*



Paula Yocum
*Managing Director and Chief
Financial Officer*

APPENDIX A: MARYLAND LOTTERY AND GAMING CONTROL AGENCY OFFERINGS

The Lottery continues to offer a variety of draw and instant-win games. Draw games allow players to pick their numbers or have them randomly generated by the Lottery's computer system. Customers receive a ticket and then wait for the drawing to determine if they have won. The Lottery offers two types of instant-win games that allow players to immediately determine if they've won by matching numbers or symbols. FAST PLAY games are printed at the time of purchase by Lottery retailer terminals and self-service vending machines. Scratch-off games are played by scratching a latex covering off a play area to reveal pre-printed combinations. If a winning combination appears, the customer is an instant winner. The Instant Ticket Lottery Machine (ITLM) program, available exclusively to veterans' organizations, gives players an entertaining animated display of a predetermined prize amount that is triggered by scanning a pre-printed scratch-off ticket.

MLGCA products offered during Fiscal Year 2023 included the following:

DAILY DRAW GAMES



FISCAL YEAR 2023 STATISTICS – PICK 3:

\$249.8 million in net sales

9.0% of total net sales

\$16.8 million decrease from Fiscal Year 2022 Pick 3 net sales

PICK 3 was the Maryland Lottery's first draw game, introduced in July 1976. Drawings are held twice daily, seven days a week. Players choose three numbers from a range of 0 to 9. Tickets can be purchased for 50 cents or \$1, and the game has nine bet types with payouts ranging from \$25 to \$500.



FISCAL YEAR 2023 STATISTICS – PICK 4:

\$318.2 million in net sales

11.5% of total net sales

\$54.9 million decrease from Fiscal Year 2022 Pick 4 net sales

PICK 4 was introduced in April 1983. Drawings are held twice daily, seven days a week. Players choose four numbers from a range of 0 to 9. Tickets can be purchased for 50 cents or \$1, and the game has 13 bet types with payouts ranging from \$100 to \$5,000.



FISCAL YEAR 2023 STATISTICS – PICK 5:

\$63.3 million in net sales

2.3% of total net sales

\$36.2 million increase from Fiscal Year 2022 Pick 5 net sales

PICK 5 had its first full fiscal year of sales in FY2023. The game made its debut on February 7, 2022. Drawings are held twice daily, seven days a week. Players choose five numbers from a range of 0 to 9. Tickets can be purchased for 50 cents or \$1, and the game has 13 bet types with payouts ranging from \$25 to \$50,000.



FISCAL YEAR 2023 STATISTICS – BONUS MATCH 5:

\$17.7 million in net sales

0.6% of total net sales

\$1.4 million decrease from Fiscal Year 2022 Bonus Match 5 net sales

BONUS MATCH 5 was originally introduced in September 1995. Drawings are held nightly, and players can purchase one line of numbers for \$1; three lines of numbers for \$2; four lines of numbers for \$3; six lines of numbers for \$4; seven lines of numbers for \$5; or nine lines of numbers for \$6. For each line, players select five numbers from a range of 1 to 39. Five winning numbers are drawn from that range, followed by a Bonus Ball number drawn from the remaining 34 numbers. Players matching the five winning numbers on a single line win the top prize of \$50,000. The Bonus Ball provides additional chances to win prizes ranging from \$2 to \$600.



FISCAL YEAR 2023 STATISTICS – FAST PLAY:

\$79.1 million in net sales

2.9% of total net sales

\$2.2 million increase from Fiscal Year 2022 FAST PLAY net sales

FAST PLAY games were introduced on February 10, 2020. The games are printed by Lottery retailer terminals and self-service vending machines at the time of purchase, and players find out immediately if they've won by looking to see if their numbers or symbols match the winning numbers or symbols. Like scratch-offs, FAST PLAY tickets feature a variety of themes and play styles and multiple prize tiers, with price points ranging from \$1 to \$30. Some of the games have a set top prize, while others have progressive jackpot top prizes, which grow with the purchase of each ticket until a jackpot-winning ticket is sold. During Fiscal Year 2023, the Maryland Lottery launched 20 new FAST PLAY games.

MONITOR GAMES



FISCAL YEAR 2023 STATISTICS – KENO:

\$283.8 million in net sales
10.3% of total net sales
\$3.3 million decrease from Fiscal Year 2022 Keno net sales

KENO is a draw game that is predominantly played in a social setting, and drawings are held every three and a half minutes. Keno was introduced in January 1993. In each Keno drawing, a computer generates random sets of 20 numbers from a range of 1 to 80. The numbers are displayed on video monitors at Maryland Lottery retail locations, and recaps are available on the Lottery's app and mdlottery.com. Players select up to 10 numbers from a range of 1 to 80 and win prizes ranging from \$1 to \$100,000 by matching some, all or — in some cases — none of the numbers.

KENO BONUS® is an optional feature that was introduced in April 1999 and is sold in conjunction with Keno. By doubling their base Keno wager, players have an opportunity to multiply their winnings by three, four, five or 10. The Keno Bonus® multiplier is determined by a computer-generated random draw immediately prior to each Keno game drawing. The maximum prize that can be won per game on any Keno ticket with the Keno Bonus® option is \$1 million.

KENO SUPER BONUS™ is an optional feature that was introduced in June 2009 and is sold in conjunction with Keno. The amount of the Keno Super Bonus™ wager is three times the amount of the base Keno wager, giving players an opportunity to multiply their winnings by two, three, four, five, six, 10, 12 or 20. The Keno Super Bonus™ multiplier is determined by a computer-generated random draw immediately prior to each Keno game drawing. The maximum prize that can be won on any Keno ticket with the Keno Super Bonus™ option is \$2 million.



FISCAL YEAR 2023 STATISTICS – RACETRAX®:

\$320.5 million in net sales
11.6% of total net sales
\$1.4 million increase from Fiscal Year 2022 Racetrax® net sales

RACETRAX® is a computer-animated virtual horse-racing game that offers the thrill of horse racing with advanced HD graphics that are displayed on monitors at Maryland Lottery retail locations. The game launched in August 2006 and is predominantly played in a social setting. Computer-generated races are held approximately every four and a half minutes. The game offers 13 different types of bets, with players selecting from a range of horses numbered 1 to 12, and prizes ranging from \$1.20 to \$650,248, depending on the bet type.

RACETRAX® BONUS is an optional feature that launched in August 2009 and is sold in conjunction with Racetrax®. By doubling their base Racetrax® wager, players have an opportunity to multiply their winnings by three, four, five or 10. The multiplier is determined by a computer-generated random draw immediately prior to the start of each race. The maximum prize that can be won per game on any Racetrax® ticket with the Racetrax® Bonus option is \$6,502,480.

JACKPOT GAMES



FISCAL YEAR 2023 STATISTICS – MEGA MILLIONS®:

\$147.0 million in net sales

5.3% of total net sales

\$66.0 million increase from Fiscal Year 2022 Mega Millions net sales

MEGA MILLIONS® is a multi-state jackpot game, with drawings conducted each Tuesday and Friday night. The Maryland Lottery began selling Mega Millions tickets in September 1996, and the game is available in 47 U.S. states and jurisdictions. Tickets cost \$2, and the jackpot starts at \$20 million and grows based on ticket sales until a jackpot-winning ticket is sold. Players choose a total of six numbers from two fields: five numbers from a range of 1 to 70 and one Mega Ball number from a range of 1 to 25. Players matching all six numbers win the jackpot. If there are multiple jackpot winners, the jackpot prize is divided evenly among them. The odds of winning the jackpot are approximately 1 in 302 million. There are also eight other prize tiers ranging from \$2 to \$1 million. Megaplier is an optional feature of Mega Millions® that allows winners to multiply their prizes. By adding the Megaplier option to their tickets for an additional \$1, players can multiply any prizes they win except for the jackpot.



FISCAL YEAR 2023 STATISTICS – MULTI-MATCH®:

\$28.8 million in net sales

1.0% of total net sales

\$10.7 million decrease from Fiscal Year 2022 Multi-Match® net sales

MULTI-MATCH® is a Maryland-only jackpot game that was introduced in February 2006, replacing Lotto, the Maryland Lottery's original in-state jackpot game. Drawings are held each Monday and Thursday evening. Players receive three lines of six numbers from a range of 1 to 43. Players choose or request the computer to generate the first line of numbers, and the computer randomly generates the remaining two lines. Players matching all six winning numbers on a single line win the jackpot, which starts at \$500,000 and increases after each drawing until a jackpot-winning ticket is sold. If there are multiple jackpot winners, the jackpot is evenly divided by the number of winners. Players can also win fixed prizes ranging from \$2 to \$2,000 by matching three or more numbers on a single line or five or more numbers on all three lines combined.



FISCAL YEAR 2023 STATISTICS – POWERBALL®:

\$157.8 million in net sales

5.7% of total net sales

\$30.2 million increase from Fiscal Year 2022 Powerball net sales

POWERBALL® is a multi-state jackpot game, with drawings conducted each Monday, Wednesday and Saturday night. The game expanded from two nights per week to three with the addition of Monday night drawings starting Aug. 23, 2021. The Maryland Lottery began selling Powerball® tickets in January 2010, and tickets for the game are available in 48 U.S. states and jurisdictions. Tickets cost \$2, and the jackpot starts at \$20 million and grows based on ticket sales until a jackpot-winning ticket is sold. Players choose a total of six numbers from two different fields: five numbers from a range of 1 to 69 and one Powerball® number from a range of 1 to 26. Players matching all six numbers win the jackpot. If there are multiple winners, the jackpot prize is divided evenly among all winners. The odds of winning the jackpot are approximately 1 in 292 million. There are also eight other prize tiers ranging from \$4 to \$1 million. Power Play® is an optional feature of Powerball® that allows winners to multiply their prizes. By adding the Power Play® option to their tickets for an additional \$1, players can multiply any prizes they win except for the jackpot. Second prize is always \$2 million with Power Play®. Double Play is another optional feature that was launched along with the Monday drawings on Aug. 23, 2021. Players can add the Double Play option for an additional \$1, making their ticket eligible to win prizes in both the Powerball® drawing and a separate Double Play drawing, which is held 30 minutes after each Powerball® drawing. Double Play offers a fixed \$10 million jackpot and eight other prize tiers.



FISCAL YEAR 2023 STATISTICS – CASH4LIFE®:

\$20.2 million in net sales

0.7% of total net sales

\$700,000 increase from Fiscal Year 2022 Cash4Life net sales

CASH4LIFE® is a multi-state game with nightly drawings and tickets available in 10 states. The Maryland Lottery began selling Cash4Life tickets in January 2016. For \$2, players pick five numbers from a range of 1 to 60 and one Cash Ball from a range of 1 to 4. Players matching all five winning numbers and the Cash Ball number win the top-tier prize of \$1,000 a day for life, and players who match the five winning numbers but do not match the Cash Ball number win the second-tier prize of \$1,000 a week for life. If there are multiple top-tier winners in a single drawing, the prize is divided equally among the winners. In some cases, if there are multiple second-tier prize winners, the prize pool may also be divided equally among the winners. In addition to the top two tiers, there are seven other prize tiers ranging from \$2 to \$2,500.



FISCAL YEAR 2023 STATISTICS – SCRATCH-OFFS:

\$1.1 billion in net sales
38.4% of total net sales
\$53.6 million increase from Fiscal Year 2022 scratch-off net sales

SCRATCH-OFF games were first introduced in 1976. Tickets are pre-printed, and players reveal their prizes by scratching a play area covered with a latex coating. From 1976 to 1985, a limited number of scratch-off games were launched. The Maryland Lottery began launching scratch-offs on a more frequent basis in 1986, and in recent years new tickets have been launched monthly. During Fiscal Year 2023, the Maryland Lottery launched 53 new scratch-off games, with price points of \$1, \$2, \$3, \$5, \$10, \$20, \$30 and \$50. Each scratch-off game has multiple prize tiers, with prizes starting at \$1 and ranging up to \$5 million.



FISCAL YEAR 2023 STATISTICS – INSTANT TICKET LOTTERY MACHINES:

\$15.0 million in net sales
0.5% of total net sales
\$1.9 million increase from Fiscal Year 2022 ITLM net sales

INSTANT TICKET LOTTERY MACHINES (ITLMs) were introduced in September 2014 and placed at qualified veterans' organizations, in accordance with statute. The ITLM is an electronic device that dispenses pre-printed instant scratch-off tickets and utilizes a touchscreen monitor to display an entertaining animated display of the predetermined prize. The device accumulates winnings for players and prints out a voucher at the conclusion of play that can be redeemed for cash or inserted into another ITLM for continued play.

MARYLAND CASINOS

Maryland casinos offered the following during Fiscal Year 2023:



FISCAL YEAR 2023 STATISTICS – VIDEO LOTTERY TERMINALS:

\$1.3 billion in gross terminal revenue
9,733 slot machines as of June 30, 2023
\$16.0 million increase from Fiscal Year 2022 gross terminal revenue

VIDEO LOTTERY TERMINALS (VLT) were approved during the 2007 special session of the Maryland General Assembly, and Maryland's six casinos opened between September 2010 and December 2016.



FISCAL YEAR 2023 STATISTICS – TABLE GAMES:

\$712.5 million in revenue
565 total table games as of June 30, 2023
\$42.5 million increase from Fiscal Year 2022 table game revenue

TABLE GAMES were approved for all six Maryland casinos after voters approved a gaming expansion referendum in the November 2012 General Election. Casinos began launching table game operations during Fiscal Year 2013.

MARYLAND SPORTS WAGERING AND FANTASY COMPETITIONS

Maryland sports wagering and fantasy competition operators offered the following during Fiscal Year 2023:



FISCAL YEAR 2023 STATISTICS – SPORTS WAGERING:

\$2.9 billion in handle
\$168.4 million in taxable win
\$25.3 million in contributions to the state

Maryland's sports wagering market grew significantly during Fiscal Year 2023, beginning the year with six retail locations and ending it with 10 retail locations and 10 mobile sportsbooks operating as of June 30, 2023. An additional three retail locations and two mobile operators launched before the end of calendar 2023, bringing the totals to 13 retail locations and 12 mobile operators. The state's first seven mobile sports wagering licensees commenced operations on Nov. 23, 2022. Mobile wagering has accounted for approximately 95% of the total sports wagering handle in Maryland since its launch. All retail and mobile sports wagering operators pay 15% of their taxable win to the Blueprint for Maryland's Future Fund, which supports public education.

Sports wagering licensees pay a license fee every five years. In Fiscal Year 2023, net license fees totaled \$11.35 million, which was distributed to the Blueprint for Maryland's Future Fund.

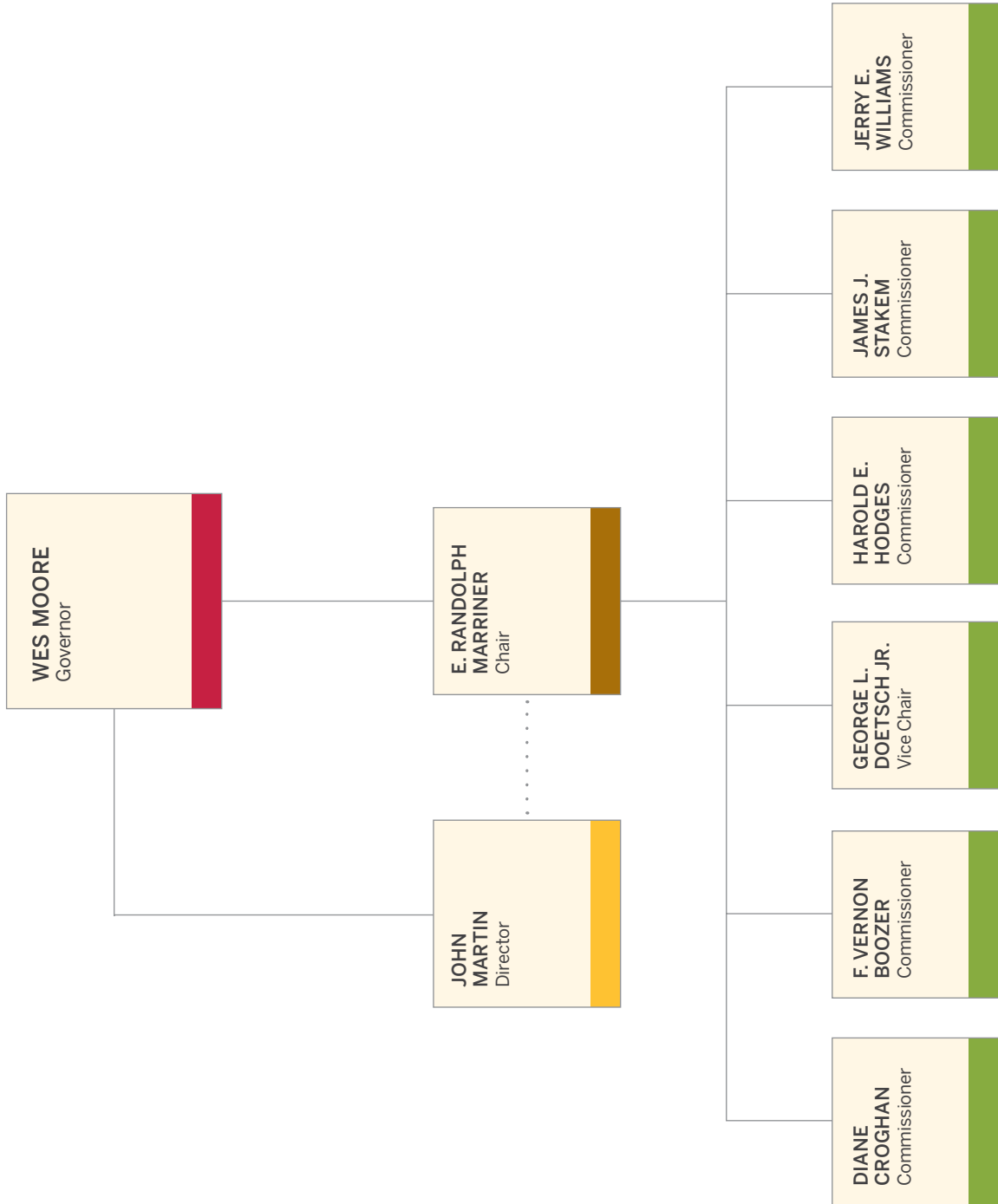


FISCAL YEAR 2023 STATISTICS – FANTASY COMPETITIONS:

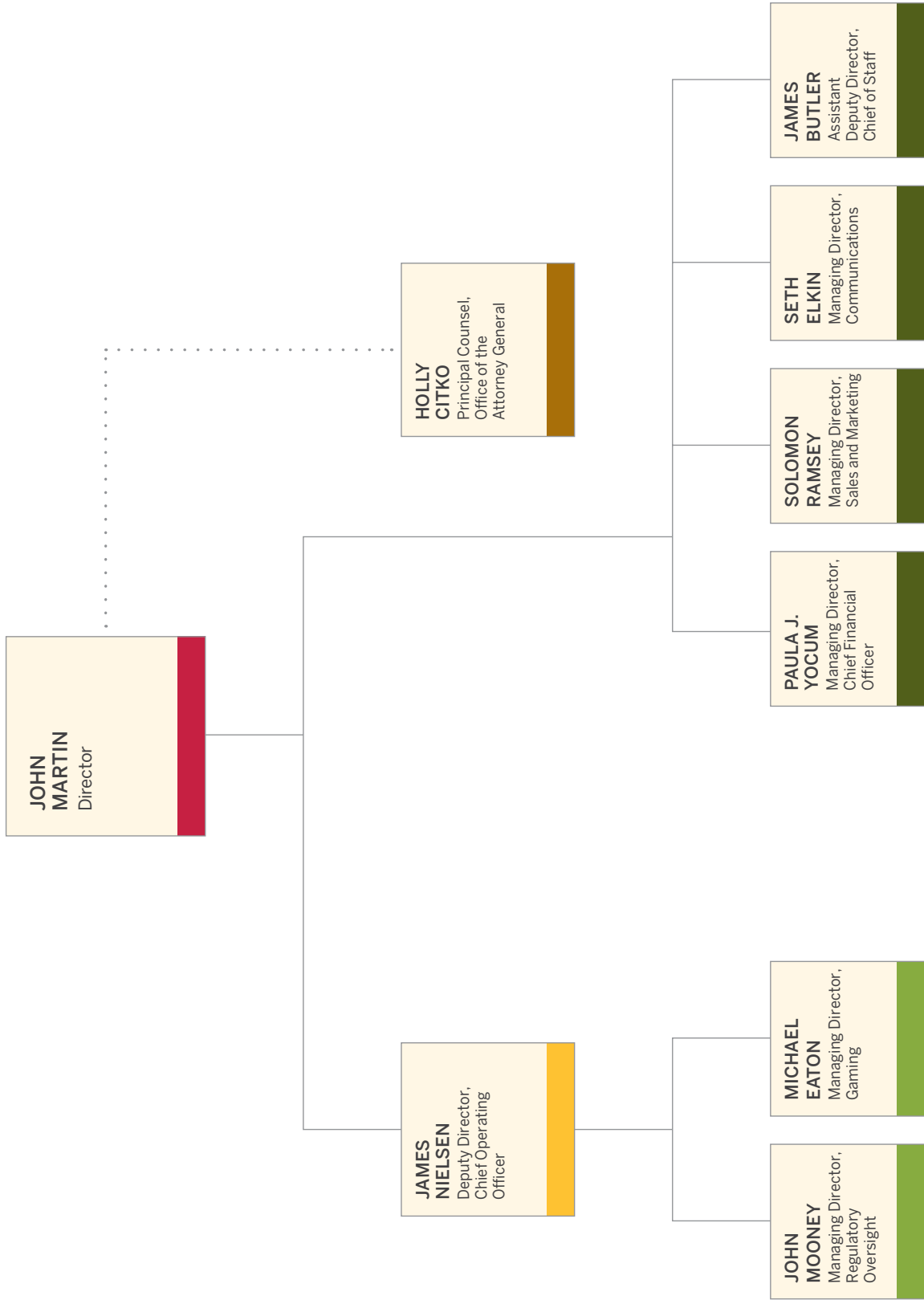
\$7.8 million in revenue
\$1.2 million in contributions to the state

As of June 30, 2023, Maryland had 11 registered fantasy competition operators. As of the end of calendar 2023, there were 15 fantasy competition operators. Each operator pays 15% of its revenue to the Blueprint for Maryland's Future Fund, which supports public education.

Commission Organization as of June 30, 2023



Executive Organization Chart



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FINANCIAL SECTION

In fiscal year 2023, the MLGCA contributed \$1.6 billion to the State of Maryland. \$714.3 million from the Lottery, \$848.1 million from casino gaming, \$25.3 million from sports wagering, and \$1.2 million from fantasy gaming competitions.

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INDEPENDENT AUDITORS' REPORT



To the Maryland Lottery and Gaming Control Agency:

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying financial statements of the business-type activities of the Maryland Lottery and Gaming Control Agency (an agency of the State of Maryland) (Agency or MLGCA), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Agency, as of June 30, 2023 and 2022, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINION

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 1 to the financial statements, in 2023, the Agency adopted new accounting guidance, Government Accounting Standards Board (GASB) No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

EMPHASIS OF MATTER

As discussed in Note 1, the financial statements of the Agency are intended to present the financial position, the changes in financial position and cash flows of the business-type activities of the Agency. They do not purport to, and do not, present fairly the financial position of the State of Maryland as of June 30, 2023 and 2022, the changes in its financial position or cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design,

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implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Maryland Lottery and Gaming Control Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Maryland Lottery and Gaming Control Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Maryland Lottery and Gaming Control Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison and changes in net pension liability, contributions and related ratios and employer contributions for other postemployment benefit plan on pages 30 through 44 and 71 through 75, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have

applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of the Maryland Lottery and Gaming Control Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Maryland Lottery and Gaming Control Agency's internal control over financial reporting and compliance.

SC+H Attest Services, P.C.

December 7, 2023

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) provides an overview of the Maryland Lottery and Gaming Control Agency's (Agency) performance for the fiscal years ended June 30, 2023 and 2022. As you read the MD&A, 2023 refers to the fiscal year ended June 30, 2023, 2022 refers to the fiscal year ended June 30, 2022 and 2021 refers to the fiscal year ended June 30, 2021. The information contained in the MD&A should be read in conjunction with the information contained in the financial statements and notes to the financial statements, which begins on page 45.

FINANCIAL HIGHLIGHTS

- Net lottery sales totaled \$2.76 billion in 2023, an increase of \$101.68 million or 3.82% as compared to \$2.66 billion in 2022, an increase of \$51.55 million or 1.97% as compared to \$2.61 billion in 2021.
- Gross video lottery terminal (VLT) revenue totaled \$1.35 billion in 2023, an increase of \$16.04 million or 1.20% compared to \$1.33 billion in 2022, an increase of \$171.42 million or 14.77% compared to \$1.16 billion in 2021.
- Table game revenue (TGR) totaled \$712.45 million, an increase of \$42.48 million or 6.34% compared to \$669.97 million in 2022, an increase of \$86.64 million or 14.46% in 2022 compared to \$585.33 million in 2021.
- Transfers of lottery proceeds to the State of Maryland in 2023 totaled \$651.61 million, an increase of \$16.54 million or 2.60% compared to \$635.08 million in 2022, which represents an increase of \$3.36 million or 0.53% compared to \$631.72 million in 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Maryland Lottery and Gaming Control Agency is an independent agency of the State of Maryland (the State) that was created to generate revenue through the operation of a lottery. On November 4, 2008, a constitutional amendment was approved by voters which set up broad parameters for the operations of VLTs and the establishment of five casinos in the State. During the 2012 Second Special Session of the Maryland General Assembly, legislation passed, subject to voter referendum, that allowed, among other things, the implementation of table games as well as a sixth casino. During the November 2012 election, voters approved both table games and the sixth casino. The Agency is responsible for regulating the operations of the casinos. As of June 30, 2023, there were six casinos operating in the State with 9,733 VLTs and 565 table games.

The Agency is accounted for as a proprietary-type enterprise fund using the accrual basis of accounting, similar to a private business entity.

FINANCIAL STATEMENTS

The financial statements included in this report are the statements of net position; statements of revenues, expenses, and changes in net position; and statements of cash flows. The statements of net position present the assets and deferred outflows of resources, and liabilities and deferred inflows of resources of the Agency with the difference being reported as net position. The statements of revenues, expenses, and changes in net position report the revenues and expenses of the Agency and are used to measure the success of its operations for a given period of time as it relates to contributions to the State of Maryland and other government agencies. The statements of cash flows reconcile the changes in cash and cash equivalents with the activities

Management's Discussion and Analysis

of the Agency for the periods presented. The activities are classified as operating, noncapital financing, capital and related financing, and investing.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 48 to 70 of this report.

Management's Discussion and Analysis

FINANCIAL ANALYSIS

Table 1 is a summarized version of the statements of net position as of June 30, 2023, 2022 and 2021. The table reflects the Agency's overall change in financial resources and claims on those resources. The majority of the assets consist of cash held by the State Treasury, investments, accounts receivable and net capital and right-of-use assets. The Agency's investments and the majority of accounts receivable, as well as the majority of cash held by the State Treasury, are used to pay lottery winners or are transferred as income to the State of Maryland and other government agencies. Most liabilities represent prize awards payables, annuities payable, amounts due to the State of Maryland, amounts due to other government agencies, lease liabilities and pension obligations.

TABLE 1 – NET POSITION (IN THOUSANDS)

FISCAL YEAR	Difference between 2023 and 2022			2022 (as Restated)	Difference between 2022 and 2021		2021
	2023	\$	%		\$	%	
Current Assets	\$ 527,228	\$ 238,804	82.80%	\$ 288,424	\$ 81,535	39.41%	\$ 206,889
Other Non-Current Assets	22,892	(3,893)	-14.53%	26,785	(6,874)	-20.42%	33,659
Capital and Right-of-Use Assets, Net	3,275	(1,614)	-33.02%	4,889	(2,142)	-30.47%	7,031
Total Assets	\$ 553,395	\$ 233,297	72.88%	\$ 320,098	\$ 72,519	29.29%	\$ 247,579
Deferred Outflows of Resources	\$ 18,330	\$ 5,589	43.87%	\$ 12,741	\$ 1,212	10.51%	\$ 11,529
Total Assets and Deferred Outflows	\$ 571,725	\$ 238,886	71.77%	\$ 332,839	\$ 73,731	28.46%	\$ 259,108
Current Liabilities	\$ 514,372	\$ 234,492	83.78%	\$ 279,880	\$ 75,070	36.65%	\$ 204,810
Non-Current Liabilities	28,831	(3,850)	-11.78%	32,681	(4,813)	-12.84%	37,494
Net Pension Liability	31,055	8,594	38.26%	22,461	(10,939)	-32.75%	33,400
Total Liabilities	\$ 574,258	\$ 239,236	71.41%	\$ 335,022	\$ 59,318	21.52%	\$ 275,704
Deferred Inflows of Resources	\$ 13,128	\$ (2,640)	-16.74%	\$ 15,768	\$ 12,229	345.55%	\$ 3,539
Total Liabilities and Deferred Inflows	\$ 587,386	\$ 236,596	67.45%	\$ 350,790	\$ 71,547	25.62%	\$ 279,243
Net Position							
Net Investment in Capital Assets	\$ 708	\$ 557	369.02%	\$ 151	\$ 151	-	\$ -
Unrestricted	(16,369)	1,733	-9.58%	(18,102)	2,033	-10.10%	(20,135)
Total Net Position	\$ (15,661)	\$ 2,290	-12.76%	\$ (17,951)	\$ 2,184	-10.85%	\$ (20,135)

CURRENT ASSETS

The Agency's current assets increased by \$238.80 million or 82.80% in 2023 compared to 2022, which had increased by \$81.54 million or 39.41% in 2022.

Cash held with the State Treasury increased by \$238.11 or 120.02% in 2023 compared to 2022, which had increased by \$67.03 million or 51.03% compared to 2021. At the end of 2023, there were six months of lottery income and one month of gaming revenue waiting to be transferred. At the end of 2022, there were two months of lottery income and one month of gaming revenue waiting to be transferred. At the end of 2021, there were four months of lottery income and one month of gaming revenue waiting to be transferred.

Management's Discussion and Analysis

CURRENT ASSETS – (continued)

Accounts receivable increased by \$5.23 million or 7.16% in 2023 compared to 2022, which had increased by \$13.81 million or 22.83% compared to 2021. Accounts receivable is primarily comprised of amounts due from lottery retailers from the sale of lottery tickets and revenue due from the casino operators. Accounts receivable from lottery retailers increased by \$1.85 million or 2.78% in 2023 compared to 2022, which had increased by \$12.61 million or 23.38% compared to 2021. On a weekly basis, amounts due from retailers are collected electronically from the lottery retailers' bank accounts. In 2023, five days of sales activity had not yet been collected. In 2022, four days of sales activity had not yet been collected. In 2021, three days of sales activity had not yet been collected.

Accounts receivable from casino operators increased by \$1.08 million or 15.31% in 2023 compared to 2022, which had increased by \$577,900 or 8.95% compared to 2021. Gross terminal revenue is electronically transferred to the Agency on a daily basis, and table game revenue is electronically transferred to the Agency every two days. Corresponding increases and decreases in accounts receivables from casino operators are a function of the change in gaming revenue for the last days of the fiscal year and timing of when the revenue is received.

Accounts Receivable for Sports Wagering and Fantasy Competitions were new in 2022, and mobile sports wagering was new in 2023. Accounts receivable from sports wagering increased by \$2.63 million or 818.89% in 2023 compared to 2022.

NON-CURRENT ASSETS

The Agency's non-current assets consist of investments for annuity payments, net of current portion and capital and right-of-use assets, net of depreciation and amortization. Non-current assets decreased by \$5.51 million or 17.39% in 2023 compared to 2022, which had increased \$72.52 million or 29.29% compared to 2021.

Right-of-use assets, net of amortization, decreased by \$2.16 million or 44.24% in 2023 compared to 2022, which had decreased by \$2.14 million or 30.46% compared to 2021. The decreases were the result of amortization.

The Agency's investments for annuity payments, net of current portion, decreased by \$3.89 million or 14.53% in 2023 compared to 2022, which had decreased by \$6.87 million or 20.42% compared to 2021. The decreases resulted from fewer winners using annuities as a payment option in the preceding years.

DEFERRED OUTFLOWS OF RESOURCES

Deferred pension outflows represent the Agency's contributions subsequent to the measurement date and the changes in the Agency's proportionate share of the State Retirement and Pension Funds total pension liability and the changes in actuarial assumptions as described in Note 10 to the financial statements. Deferred outflows increased by \$5.59 million or 43.87% in 2023 compared to 2022, which had increased by \$1.21 million or 10.51% compared to 2021. The increase in 2023 resulted from the net difference between projected and actual experience offset by less amortization of the deferred outflows compared to 2022. See Note 10. The increase in 2022 resulted from the change in actuarial assumptions in connection with the pension liability, offset by the amortization of the deferred outflows.

Management's Discussion and Analysis

CURRENT LIABILITIES

Current liabilities increased by \$234.49 million or 83.78% in 2023 compared to 2022, which had increased by \$75.07 million or 36.65% compared to 2021. The change between years is mostly related to changes in the amount of lottery income due to the General Fund at year-end and increases in prize awards payable.

Amounts due to the General Fund increased by \$229.85 million or 210.51% in 2023 compared to 2022, which had increased by \$69.95 million or 178.32% compared to 2021. The increase in amounts due to the General Fund was a result of six months', two months' and four months' of state share being outstanding as of June 30, 2023, 2022 and 2021, respectively.

Prize awards payable increased by \$6.41 million or 10.23% in 2023 compared to 2022, which had decreased by \$7.46 million or 10.63% compared to 2021. The decrease in 2022 is related to larger individual prizes being outstanding as of June 30, 2022 versus June 30, 2021. The increase in 2023 is related to overall higher sales. As sales increase, prizes won increases.

NON-CURRENT LIABILITIES

Non-current liabilities increased by \$3.85 million or 11.78% in 2023 compared to 2022, which had decreased by \$4.81 million or 12.84% compared to 2021.

Net pension liability increased by \$8.59 million or 38.26% in 2023 compared to 2022, which had decreased by \$10.94 million or 32.75% compared to 2021. The net pension liability represents the Agency's proportionate share of the State of Maryland's total net pension liability. The changes between the years are primarily the result of the changes in the Agency's proportionate share of the State Retirement and Pension Funds overall pension liability.

In addition, the annuity prizes payable liability decreased by \$2.47 million or 8.82% in 2023 compared to 2022, which had decreased by \$3.16 million or 10.15% compared to 2021.

The non-current portion of lease liability decreased by \$1.42 million or 57.35% in 2023 compared to 2022, which had decreased by \$1.81 million or 42.29% compared to 2021, primarily due to lease and subscription payments made in accordance with the lease and subscription agreements.

DEFERRED INFLOWS OF RESOURCES

Deferred inflows decreased by \$2.64 million or \$16.74% in 2023 compared to 2022, which had increased by \$12.23 million or 345.55% compared to 2021. The differences in deferred pension inflows resulted from the net difference between projected and actual earnings on pension plan investments as described in Note 10 to the financial statements.

NET POSITION

Net position increased by \$2.29 million or 12.76% in 2023 compared to 2022, which had increased by \$2.18 million or 10.85% compared to 2021. Because the Agency is required by law to transfer its entire budgetary basis net position to the State of Maryland and its gaming and sports wagering revenues to various government agencies, changes in net position do not reflect the results of the Agency's operating activities. Rather, changes in net position reflect differences between budgetary basis net income and net income in accordance with accounting principles generally accepted in the United States and the unclaimed prize fund.

Management's Discussion and Analysis

RESULTS OF OPERATIONS

A summary of the Agency's change in net position presented in Table 2 below reflects a summary of changes in net position below.

TABLE 2 - REVENUES, EXPENSES, AND CHANGES IN NET POSITION (IN THOUSANDS)

FISCAL YEAR	Difference between 2023 and 2022			2022 (as Restated)	Difference between 2022 and 2021		
	2023	\$	%		\$	%	2021
Revenue							
Draw games	\$ 1,686,294	\$ 46,196	2.82%	\$ 1,640,098	\$ 32,880	2.05%	\$ 1,607,218
Scratch-Off games	1,063,048	53,574	5.31%	1,009,474	16,067	1.62%	993,407
ITLMs	15,037	1,905	14.51%	13,132	2,607	24.77%	10,525
Total sales	\$ 2,764,379	\$ 101,675	3.82%	\$ 2,662,704	\$ 51,554	1.97%	\$ 2,611,150
Gaming revenue							
Gross terminal revenue	\$ 1,347,853	\$ 16,042	1.20%	\$ 1,331,811	\$ 171,418	14.77%	\$ 1,160,393
State grant	5,672	467	8.97%	5,205	262	5.30%	4,943
Table games	712,453	42,484	6.34%	669,969	84,640	14.46%	585,329
Facility applicants	3,224	383	13.48%	2,841	1,306	85.08%	1,535
Machine assessments	4,481	26	0.58%	4,455	323	7.82%	4,132
ITLM lease revenue	4,511	573	14.55%	3,938	780	24.70%	3,158
Fantasy Gaming	7,804	(9,272)	-54.30%	17,076	17,076	-	-
Sports Wagering	184,040	153,437	501.38%	30,603	30,603	-	-
Total revenue	\$ 5,034,417	\$ 305,815	6.47%	\$ 4,728,602	\$ 357,962	8.19%	\$ 4,370,640
Cost of sales	\$ 3,366,789	\$ 222,214	7.07%	\$ 3,144,575	\$ 220,170	7.53%	\$ 2,924,405
Gross profit	\$ 1,667,627	\$ 83,600	5.28%	\$ 1,584,027	\$ 137,792	9.53%	\$ 1,446,235
Operating expenses	57,868	6,756	13.22%	51,112	(2,904)	-5.38%	54,016
Income from operations	\$ 1,609,760	\$ 76,846	5.01%	\$ 1,532,915	\$ 140,696	10.11%	\$ 1,392,219
Non-operating revenues (expenses)							
Investments income (loss)	\$ (591)	\$ 2,141	-78.37%	\$ (2,732)	\$ (1,236)	82.62%	\$ (1,496)
Amortization of discount for annuity prize liabilities	(894)	143	-13.79%	(1,037)	208	-16.71%	(1,245)
Voluntary exclusion program	153	6	4.08%	147	23	18.55%	124
Payments to State of Maryland General Fund	(651,614)	(16,539)	2.60%	(635,075)	(3,356)	0.53%	(631,719)
Payments to other government funds/agencies – gaming	(954,523)	(62,489)	7.01%	(892,034)	(130,998)	17.21%	(761,036)
Total non-operating expenses	\$ (1,607,469)	\$ (76,738)	5.01%	\$ (1,530,731)	\$ (135,359)	9.70%	\$ (1,395,372)
Change in net position	\$ 2,291	\$ 107	4.88%	\$ 2,184	\$ 5,337	-169.27%	\$ (3,153)
Total net position – beginning of year	(17,951)	2,184	-10.85%	(20,135)	(3,153)	18.57%	(16,982)
Total net position – end of year	\$ (15,660)	\$ 2,291	-12.76%	\$ (17,951)	\$ 2,184	-10.85%	\$ (20,135)

Management’s Discussion and Analysis

SALES

Lottery sales are categorized as jackpot games, draw games, monitor games, scratch-off games and instant ticket lottery machine sales (ITLMs). Net lottery sales were \$2.76 billion in 2023, an increase of \$101.67 million or 3.82% compared to \$2.66 billion in 2022, an increase of \$51.55 million or 1.97% compared to \$2.61 billion in 2021. The largest increase in 2023 was for the Mega Millions category of \$65.96 million or 81.42% over 2022. This was the result of multiple large jackpots, two of which were in excess of \$1.3 billion.

TABLE 3 - NET SALES BY CATEGORY AND GAME

FISCAL YEAR	2023	Difference between 2023 and 2022		2022	Difference between 2022 and 2021		2021
		\$	%		\$	%	
JACKPOT GAMES							
Mega Millions ¹	\$ 146,972,234	\$ 65,962,231	81.42%	\$ 81,010,003	\$ (26,939,939)	-24.96%	\$ 107,949,942
Multi-Match [®]	28,815,483	(10,831,875)	-27.32%	39,647,358	5,944,870	17.64%	33,702,488
Powerball ^{®2}	157,835,043	30,266,520	23.73%	127,568,523	34,332,960	36.82%	93,235,563
Cash4Life	20,207,499	697,650	3.58%	19,509,849	(1,341,860)	-6.44%	20,851,709
Jackpot Games Total	\$ 353,830,259	\$ 86,094,526	32.16%	\$ 267,735,733	\$ 11,996,031	4.69%	\$ 255,739,702
DRAW GAMES							
Pick 3	\$ 249,823,094	\$ (16,727,861)	-6.28%	\$ 266,550,955	\$ (24,247,785)	-8.34%	\$ 290,798,740
Pick 4	318,152,959	(54,976,907)	-14.73%	373,129,866	(22,525,167)	-5.69%	395,655,033
Bonus Match 5	17,740,459	(1,370,654)	-7.17%	19,111,113	(1,396,920)	-6.81%	20,508,033
5 Card Cash	–	(3,353,375)	-100.00%	3,353,375	(2,440,427)	-42.12%	5,793,802
FAST PLAY	79,122,185	2,194,047	2.85%	76,928,138	10,400,411	15.63%	66,527,727
Pick 5	63,328,884	36,181,444	133.28%	27,147,440	27,147,440	–	–
Draw Games Total	\$ 728,167,581	\$ (38,053,306)	-4.97%	\$ 766,220,887	\$ (13,062,448)	-1.68%	\$ 779,283,335
MONITOR GAMES							
Keno ³	\$ 283,817,391	\$ (3,317,834)	-1.16%	\$ 287,135,225	\$ 13,602,226	4.97%	\$ 273,532,999
Racetrax ^{®4}	320,478,161	1,471,790	0.46%	319,006,371	20,344,883	6.81%	298,661,488
Monitor Games Total	\$ 604,295,552	\$ (1,846,044)	-0.30%	\$ 606,141,596	\$ 33,947,109	5.93%	\$ 572,194,487
SCRATCH-OFF GAMES	\$ 1,063,048,241	\$ 53,574,682	5.31%	\$ 1,009,473,559	\$ 16,066,133	1.62%	\$ 993,407,426
ITLM	\$ 15,037,171	\$ 1,905,121	14.51%	\$ 13,132,050	\$ 2,606,930	24.77%	\$ 10,525,120
TOTAL SALES	\$ 2,764,378,804	\$ 101,674,979	3.82%	\$ 2,662,703,825	\$ 51,553,755	1.97%	\$ 2,611,150,070

¹The Mega Millions category includes Mega Millions and Megaplier products for the purposes of this chart.

²The Powerball category includes Powerball, Power Play and Double Play for the purposes of this chart.

³The Keno category includes Keno, Keno Bonus and Kenos Super Bonus for the purposes of this chart.

⁴The Racetrax[®] category includes Racetrax[®] and Racetrax[®] Bonus for the purposes of this chart.

Sales for Jackpot games increased by \$86.09 million or 32.16% in 2023 compared to 2022, which had increased by \$12.00 million or 4.69% compared to 2021. In 2022, a new Powerball add-on game, Doubleplay, was introduced.

Sales for Draw games decreased by \$38.05 million or 4.79% in 2023 compared to 2022, which had decreased \$13.06 million or 1.68% compared to 2021. Pick 5 increased in 2023 by \$36.18 million or 133.28%. In 2022, Pick 5 was added and 5 Card Cash was retired.

Management's Discussion and Analysis

SALES – (continued)

Sales for the Monitor games decreased by \$1.85 million or 0.30% in 2023 compared to 2022, which had increased by \$33.95 million or 5.93% compared to 2021.

ITLMs were first introduced in September 2014 and under law are allowed only in veterans' organizations in certain counties in Maryland. An ITLM is an electronic device that dispenses pre-printed scratch-off tickets and utilizes a touch screen monitor to display the results in an entertaining manner. The device accumulates winnings and prints out a voucher at the conclusion of play. ITLM sales (which are accounted for as amount bet less amount won) increased by \$1.91 million or 14.51% in 2023 compared to 2022, which had increased by \$2.61 million or 24.77% compared to 2021. In 2021, the veteran organizations were open throughout the year, although some had limited capacity for a portion of the year, depending on the county due to the COVID-19 outbreak.

Scratch-off game sales increased by \$53.57 million or 5.31% in 2023 compared to \$16.07 million or 1.62% compared to 2022. Included in 2023 was the introduction of a \$50 ticket. Scratch-off sales growth has continued over the past several years due to improved inventory management, an aggressive planning and development schedule and increased advertising. By closing older games and replenishing inventory with newer games, retailer and player interest and enthusiasm remained high throughout the past years. In addition, a strategic approach to invest in more advertising on the scratch-off product category has been essential to the sales growth.

TABLE 4 - NET SALES OF SCRATCH-OFF TICKETS BY PRICE POINT (IN THOUSANDS)

FISCAL YEAR	2023	Difference between 2023 and 2022		2022	Difference between 2022 and 2021		2021
		\$	%		\$	%	
\$1	\$ 20,216	\$ (1,354)	-6.28%	\$ 21,570	\$ (2,245)	-9.43%	\$ 23,815
\$2	32,618	(1,812)	-5.26%	34,430	(4,271)	-11.04%	38,701
\$3	36,583	(1,626)	-4.26%	38,209	(1,204)	-3.05%	39,413
\$5	241,673	(2,599)	-1.06%	244,272	(7,161)	-2.85%	251,433
\$10	351,064	29,886	9.31%	321,178	11,822	3.82%	309,356
\$20	159,971	(26,806)	-14.35%	186,777	14,607	8.48%	172,170
\$30	148,502	(14,536)	-8.92%	163,038	4,519	2.85%	158,519
\$50	72,421	72,421	-	-	-	-	-
Total	\$ 1,063,048	\$ 53,574	5.31%	\$ 1,009,474	\$ 16,067	1.62%	\$ 993,407

Management's Discussion and Analysis

GAMING REVENUE

Gaming revenue consists of Gross Terminal Revenue, Table Games, State Grant, Facility Applicants, Machine Assessments, Fantasy Gaming and Sports Wagering.

Table 5A below reflects when the casinos opened for VLTs and the number of VLTs for each casino as of June 30, 2023.

TABLE 5A - GROSS TERMINAL REVENUE CASINO INFORMATION

Casino	Date Opened	Machines as of June 30, 2023
Hollywood Casino Perryville	September 27, 2010	690
Casino at Ocean Downs	January 4, 2011	858
Live! Casino	June 6, 2012	3,845
Rocky Gap Casino and Resort	May 22, 2013	620
Horseshoe Casino Baltimore	August 24, 2014	1,430
MGM National	December 8, 2016	2,290
	Total VLTs	9,733

Gaming revenue – gross terminal revenues (GTR) increased \$16.04 million or 1.20% in 2023 compared to 2022, which had increased by \$171.42 million or 14.77% compared to 2021. Table 5 B below shows the GTR for 2023, 2022, and 2021.

TABLE 5B - GROSS TERMINAL REVENUE STATISTICS

Casino	2023 GTR (in millions)	Difference between 2023 and 2022		2022 GTR (in millions)	Difference between 2022 and 2021		2021 GTR (in millions)
		\$	%		\$	%	
Hollywood Casino Perryville	\$ 74.18	\$ (5.88)	-7.34%	\$ 80.06	\$ 4.63	6.14%	\$ 75.43
Casino at Ocean Downs	89.29	4.29	5.05%	85.00	10.03	13.38%	74.97
Live! Casino	498.80	0.36	0.07%	498.44	65.79	15.21%	432.65
Rocky Gap Casino and Resort	57.21	(1.32)	-2.26%	58.53	5.18	9.71%	53.35
Horseshoe Casino Baltimore	135.34	(1.77)	-1.29%	137.11	(0.28)	-0.20%	137.39
MGM National	493.03	20.36	4.31%	472.67	86.07	22.26%	386.60
Total	\$1,347.85	\$ 16.04	1.20%	\$1,331.81	\$ 171.42	14.77%	\$1,160.39

Management's Discussion and Analysis

GAMING REVENUE – (continued)

Table 6A below reflects when the casinos opened for table games and the number of table games for each casino as of June 30, 2023.

TABLE 6A - TABLE GAME CASINO INFORMATION

Casino	Date Opened	Number of Tables as of June 30, 2023
Hollywood Casino Perryville	March 6, 2013	19
Casino at Ocean Downs	December 29, 2017	19
Live! Casino	April 11, 2013	179
Rocky Gap Casino and Resort	May 22, 2013	16
Horseshoe Casino Baltimore	August 24, 2014	122
MGM National	December 8, 2016	210
	Total Tables	565

Table game revenue increased by \$42.48 million or 6.34% in 2023 compared to 2022, which had increased by \$84.64 or 14.46% compared to 2021. The increase was primarily MGM National, which had increased \$52.19 million or 14.89% in 2023 compared to 2022. MGM had 210 tables as of June 30, 2023.

Table 6B below shows the table game revenue for each casino.

TABLE 6B - TABLE GAME REVENUE

Casino	2023 GTR (in millions)	Difference between 2023 and 2022		2022 GTR (in millions)	Difference between 2022 and 2021		2021 GTR (in millions)
		\$	%		\$	%	
Hollywood Casino Perryville	\$ 13.67	\$ 0.82	6.38%	\$ 12.85	\$ 1.79	16.18%	\$ 11.06
Casino at Ocean Downs	9.66	(0.33)	-3.30%	9.99	0.63	6.73%	9.36
Live! Casino	210.15	(5.43)	-2.52%	215.58	25.73	13.55%	189.85
Rocky Gap Casino and Resort	6.37	(0.69)	-9.77%	7.06	(0.13)	-1.81%	7.19
Horseshoe Casino Baltimore	69.98	(4.08)	-5.51%	74.06	11.83	19.01%	62.23
MGM National	402.62	52.19	14.89%	350.43	44.79	14.65%	305.64
Total	\$ 712.45	\$ 42.48	6.34%	\$ 669.97	\$ 84.64	14.46%	\$ 585.33

For the gaming operations, the gross terminal revenue and table game revenue is required to be transferred to specified Government agencies to be used for certain purposes or is retained by the casinos and the Agency to assist in covering the costs of the operations. Changes in the distribution of gaming proceeds occurred in 2023. On the ten-year anniversary of its opening, Rocky Gap's allocations changed. The casino's share decreased by 2% to 48%, their Purse Dedication increased to 6.00% from 2.50%, their Small, Minority & Women-owned Business allocation increased from 0.75% to 1.50%, their Local Impacts increased from 3.50% to 5.50%, their Racetrack Facility Renewal allocation increased to 1.00% from 0.00% and their Maryland Education Trust Fund decreased from 32.00% to 27.00%.

Management’s Discussion and Analysis

GAMING REVENUE – (continued)

Overall, the gaming revenue disbursements increased \$58.56 million or 2.93% in 2023 compared to 2022. This was due primarily to the Casino Operator increase of \$42.45 million or 3.66%. Table 7 shows the game revenue disbursements/allocations for 2023, 2022 and 2021.

TABLE 7 - GAMING REVENUE DISBURSEMENTS/ALLOCATIONS

Fund	2023 Disbursements (in millions)	Difference between 2023 and 2022		2022 Disbursements (in millions)	Difference between 2022 and 2021		2021 Disbursements (in millions)
		\$	%		\$	%	
Casino Operators	\$ 1,203.07	\$ 42.45	3.66%	\$ 1,160.62	\$ 145.89	14.38%	\$ 1,014.73
Maryland Education Trust Fund	622.76	11.15	1.82%	611.61	80.21	15.09%	531.40
Horse Racing	92.21	1.42	1.56%	90.79	11.96	15.17%	78.83
Local Impact Grants	73.35	0.95	1.31%	72.40	9.51	15.12%	62.89
Local Jurisdictions	35.62	2.12	6.33%	33.50	4.23	14.45%	29.27
Maryland Lottery and Gaming	13.46	0.19	1.43%	13.27	1.67	14.40%	11.60
Small, Minority and Women- Owned Businesses	19.86	0.28	1.43%	19.58	2.57	15.11%	17.01
Total	\$ 2,060.33	\$ 58.56	2.93%	\$ 2,001.77	\$ 256.04	14.67%	\$ 1,745.73

Gaming revenue – state grant represents funds received from the State of Maryland to help pay for the costs of the gaming operations. Gaming revenue – state grant increased by \$467,000 or 8.97% in 2023 compared to 2022, which had increased by \$262,000 or 5.30% compared to 2021. In addition to the state grant, the Agency receives 1% of the gross gaming revenue from the VLTs to help fund its gaming operations. In 2023, the amount of VLT revenue received by the Agency increased by \$190,000 or 1.43% compared to 2022, which had increased by \$1.67 million or 14.40% compared to 2021.

Gaming revenue – facility applicants represents money received to perform background investigations on applicants who have applied for a gaming and/or sports wagering license. Gaming revenue – facility applicants in 2023 increased by \$383,000 or 13.48% compared to 2022, which had increased by \$1.31 million or 85.08% compared to 2021. This account fluctuates based on the number of license applications received, and beginning in 2022 it also includes sports wagering facility applicants.

Gaming revenue – machine assessments represents assessments made to casino operators based on the maximum number of VLTs and table games on the floor during the fiscal year. In accordance with the law, casino operators are assessed a yearly fee of \$425 per VLT and \$500 per table. These funds are collected by the Agency and subsequently remitted to the Maryland Department of Health’s Problem Gambling Fund. VLT machine assessments increased by \$37,000 or 0.09% in 2023 compared to 2022, which had increased \$323,000 or 7.82% in 2022 compared to 2021. However, table games assessments decreased by \$12,000 or 3.85% in 2023 compared to 2022. Assessments fluctuate based on the number of VLTs and table games that are on the casino floor during the year.

Management's Discussion and Analysis

GAMING REVENUE - (continued)

ITLM lease revenue increased by \$573,000 or 14.55% in 2023 compared to 2022, which had increased by \$780,000 or 24.70% in 2022 compared to 2021. ITLM lease revenue represents the amount collected from the veterans' organizations that is used to pay the machine fees to the ITLM vendor.

Beginning in 2022, Sports Wagering and Fantasy Gaming were included in the total Gaming Revenue. In 2023, Sports Wagering totaled \$184.04 million compared to \$30.60 million in 2022. This included license fees for the retail and mobile operators. The revenue, excluding license fees, totaled \$25.26 million in 2023 compared to \$2.88 million in 2022. This was an increase of \$22.38 million or 776.10%. The revenue from this program is required to be transferred to specified Government agencies to be used for certain purposes or is retained by the Sports Wagering licensee or the Agency to assist in covering the costs of the operations. See Table 8 below for Sports Wagering information.

TABLE 8 - SPORTS WAGERING

FISCAL YEAR		Handle	Prizes Paid	Hold %	Promotion Play	Other Deductions	Taxable Win	Contributions to the State	Expired Prizes
2023	RETAIL	\$ 246,642,079	\$ 215,432,916	12.65%	\$ 119,486	\$ 667,588	\$ 30,422,089	\$ 4,563,314	\$ 2,091,753
	MOBILE	2,644,735,545	2,290,119,470	13.41%	211,430,976	5,216,259	137,968,840	20,695,326	—
	COMBINED	\$ 2,891,377,624	\$ 2,505,552,386	13.34%	\$ 211,550,462	\$ 5,883,847	\$ 168,390,929	\$ 25,258,640	\$ 2,091,753
2022	RETAIL	\$ 174,761,019	\$ 155,107,385	11.25%	\$ 0	\$ 437,011	\$ 19,216,623	\$ 2,883,065	\$ 132,415
	MOBILE	—	—	—	—	—	—	—	—
	COMBINED	\$ 174,761,019	\$ 155,107,385	11.25%	\$ 0	\$ 437,011	\$ 19,216,623	\$ 2,883,065	\$ 132,415

- **Handle** is the amount of wagers made by players during the reporting period, including promotional play, if any.
- **Hold Percentage** is determined based on wagers that were placed during the reporting period even if the sporting event has not concluded. As a result, the reported Hold will change as wagers are settled in future periods.
- **Other Deductions** include adjustments, federal excise taxes paid, and loss carryforwards.
- **Taxable Win** is handle less prizes paid less promotional play redeemed less other deductions. A negative taxable win (a loss) is reflected as \$0 taxable win. Losses may be carried forward and deducted from taxable win within the subsequent 3 months.
- **Contributions to the State** represent funds payable to the Blueprint for Maryland's Future.
- **Expired Prizes** are included in the Prizes Paid total in the month they expire. Funds are transferred to the Problem Gambling Fund.

\$ DIFFERENCE BETWEEN 2023 AND 2022:

	Handle	Prizes Paid	Hold %	Promotion Play	Other Deductions	Taxable Win	Contributions to the State	Expired Prizes
RETAIL	\$ 71,881,060	\$ 60,325,530	1.41%	\$ 119,486	\$ 230,577	\$ 11,205,466	\$ 1,680,249	\$ 1,959,338
MOBILE	2,644,735,545	2,290,119,470	13.41%	211,430,976	5,216,259	137,968,840	20,695,326	—
COMBINED	\$ 2,716,616,605	\$ 2,350,445,001	2.10%	\$ 211,550,462	\$ 5,446,836	\$ 149,174,306	\$ 22,375,575	\$ 1,959,338

% DIFFERENCE BETWEEN 2023 AND 2022:

	Handle	Prizes Paid	Hold %	Promotion Play	Other Deductions	Taxable Win	Contributions to the State	Expired Prizes
RETAIL	41.13%	38.89%	12.52%	—	52.76%	58.31%	58.28%	1,479.69%
MOBILE	—	—	—	—	—	—	—	—
COMBINED	1,554.48%	1,515.37%	18.66%	—	1,245.38%	776.28%	776.10%	1,479.69%

* Totals above do not include license fees. License fees are included in gaming revenue - sports wagering on the statements of revenues, expenses, and changes in net position and totaled \$30.60 million and \$11.25 million for the years ended June 30, 2023 and 2022, respectively.

Management's Discussion and Analysis

GAMING REVENUE – (continued)

Due to the implementation of mobile sports wagering, fantasy gaming revenue totaled \$7.80 million in 2023, which decreased by \$9.27 million or 54.30% compared to 2022, which had totaled \$17.08 million. The revenue from this program is required to be transferred to specified Government agencies to be used for certain purposes or is retained by the fantasy gaming operators.

COST OF SALES

Cost of sales consists of lottery prize expense, lottery retailer commissions, casino operator share, sports wagering operator share, fantasy operator share, costs paid to vendors to operate and maintain the lottery and gaming systems, and costs paid for the printing and delivery of scratch-off games. Cost of sales increased by \$222.21 million or 7.07% in 2023 compared to 2022, which had increased by \$220.17 million or 7.53% compared to 2021.

Prize expense increased by \$40.47 million or 2.40% in 2023 compared to 2022, which had increased by \$33.15 million or 2.00% compared to 2021. There is a direct correlation between prize expense and sales. The increases in prize expense were the result of increases in sales.

Commissions paid to lottery retailers increased by \$16.86 million or 8.31% in 2023 compared to 2022, which had increased by \$5.77 million or 2.93% compared to 2021. Typically, increases and decreases in commission are a function of sales as retailers receive a percentage of all tickets sold and cashed at their location. As such, the increases in lottery retailer commissions were the result of increases in sales.

Casino operators share increased by \$42.45 million or 3.66% in 2023 compared to 2022, which had increased by \$145.89 million or 14.38% compared to 2021. The increases in casino operator share were the result of higher overall gaming revenues.

Sports wagering operator share increased by \$126.79 million or 776.10% in 2023 compared to 2022. As noted previously, sports wagering and fantasy competitions were new in 2022 and mobile sports wagering was new in 2023. Fantasy competitions decreased in 2023 compared to 2022 due to the implementation of mobile sports wagering resulting in a decrease in the fantasy operator share.

OPERATING EXPENSES

Operating expenses increased by \$6.76 million or 13.22% in 2023 compared to 2022, which decreased by \$2.90 million or 5.38% compared to 2021.

Salaries, wages, and benefits increased by \$3.34 million or 11.56% in 2023 compared to 2022, which had increased by \$1.10 million or 3.95% compared to 2021. Advertising and promotions increased by \$574,000 or 2.96% in 2023 compared to 2022, which had decreased by \$634,000 or 3.16% compared to 2021. Fluctuations between advertising expenses are related to changes in the advertising budget and encumbrances.

Depreciation decreased by \$329,000 or 12.77% in 2023 compared to 2022, which had increased by \$77,000 or 3.11% compared to 2021. Other general and administrative expenses increased by \$3.17 million or 1631.34% in 2023 compared to 2022, which had decreased by \$3.31 million or 90.68% compared to 2021. Fluctuations are related to changes in pension expense.

Management’s Discussion and Analysis

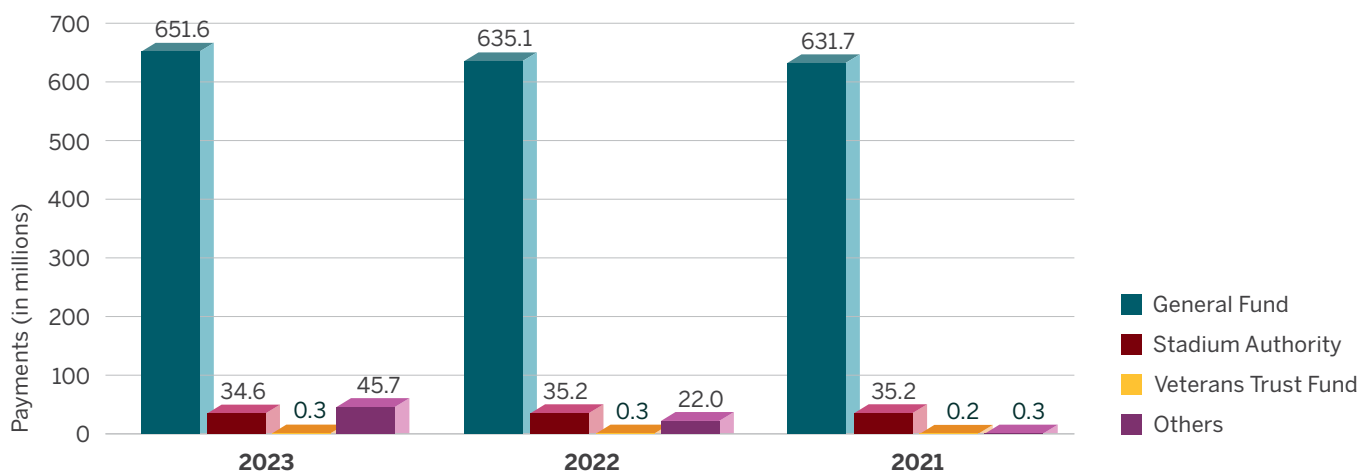
NON-OPERATING REVENUE (EXPENSES)

Non-operating expenses increased by \$76.74 million or 5.01% in 2023 compared to 2022, which had increased by \$135.36 million or 9.70% compared to 2021. Non-operating expenses primarily consist of unrealized gains or losses on investments held to fund obligations to annuitants, and payments to the State of Maryland General Fund and Other Government Funds/Agencies. The Agency expects to realize the face value of its investments, since it holds these investments until maturity. Therefore, any interim unrealized gains or losses on investments will reverse. The change in fair value of the investments held by the Agency is discussed in more detail in Note 3.

The increases in 2023 and 2022 are attributed to both the increase of payments to the State of Maryland General Fund and Other Governmental Funds/Agencies. Payments to the State of Maryland increased by \$16.54 million or 2.6% in 2023 compared to 2022, which had increased by \$3.36 million or 0.53% compared to 2021. As previously mentioned, this increase in 2023 and in 2022 is related to more sales. Payments to Other Governmental Funds/Agencies increased by \$62.49 million or 7.01% in 2023 compared to 2022, which had increased by \$131.00 or 17.21% compared to 2021. The increases in 2023 and 2022 are directly related to casino revenues increases as noted in Table 7. Table 9 provides a breakdown of the various accounts for Lottery revenues whereas Table 10 provides a breakdown for sports wagering and fantasy competitions revenue allocations.

The Agency is required by State law to transfer its budgetary basis net income to the State of Maryland and various other governmental funds/agencies from its lottery operations. Furthermore, it is required to transfer revenue from its gaming and sports wagering operations to various government agencies. Accordingly, the Agency’s success can be measured by the income it transfers.

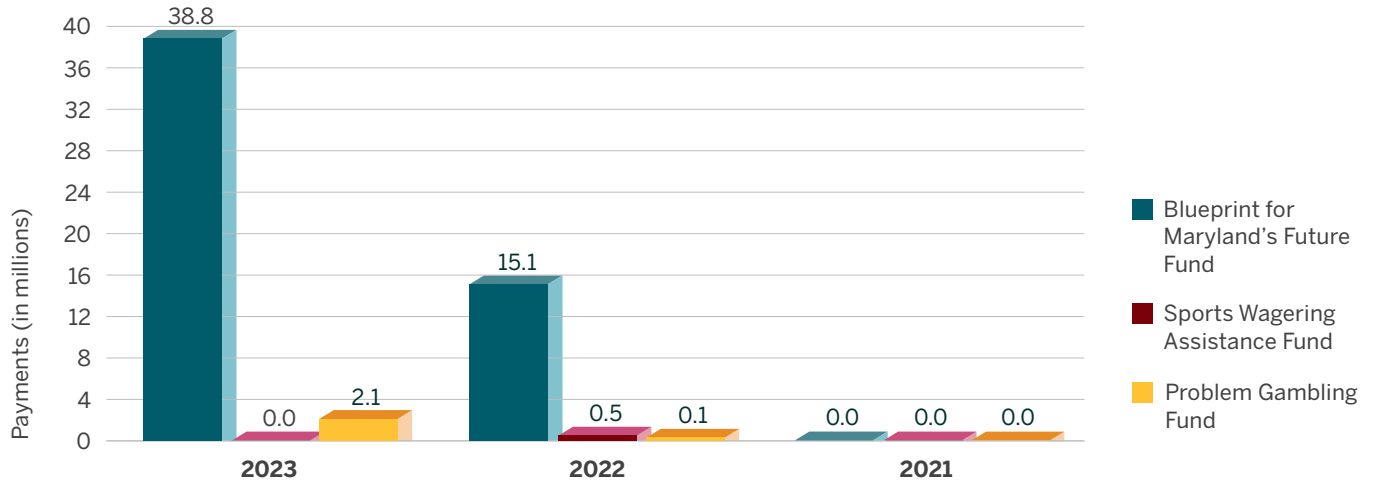
TABLE 9 — LOTTERY PAYMENTS TO THE STATE OF MARYLAND (in millions)



Management’s Discussion and Analysis

NON-OPERATING REVENUE (EXPENSES) – (continued)

TABLE 10 — SPORTS WAGERING AND FANTASY COMPETITIONS PAYMENTS TO THE STATE OF MARYLAND (in millions)



CONTACTING THE AGENCY’S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Agency’s financial activity for those interested in the Agency’s operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Paula Yocum, Chief Financial Officer, Maryland Lottery and Gaming Control Agency, 1800 Washington Boulevard, Suite 330, Baltimore, Maryland 21230.

Statements of Net Position

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022 (as Restated)
Assets:		
Current assets:		
Cash and cash equivalents	\$ 2,983,330	\$ 5,496,166
Cash and cash equivalents – gaming escrow	40,768	40,767
Cash and cash equivalents – gaming licensing deposits	4,530,193	5,848,710
Cash and cash equivalents – agent	169,387	104,137
Cash held with State Treasury	436,493,477	198,385,623
Accounts receivable – lottery	68,420,970	66,568,679
Accounts receivable – fantasy gaming	157,862	397,388
Accounts receivable – casino operators	8,110,450	7,033,689
Accounts receivable – sports wagering	2,956,436	321,739
Prepaid commissions	106,930	85,917
Current portion of investments for annuity payments	3,258,328	4,141,416
Total current assets	<u>527,228,131</u>	<u>288,424,231</u>
Non-current assets:		
Capital assets, net of accumulated depreciation	548,451	–
Right-of-use assets, net of accumulated amortization	2,726,230	4,888,944
Investments for annuity payments, net of current portion	22,892,335	26,785,010
Total non-current assets	<u>26,167,016</u>	<u>31,673,954</u>
Total assets	<u>553,395,147</u>	<u>320,098,185</u>
Deferred Outflows of Resources:		
Deferred pension outflows	18,330,526	12,740,809
Total deferred outflows of resources	<u>18,330,526</u>	<u>12,740,809</u>
Total assets and deferred outflows of resources	<u>\$ 571,725,673</u>	<u>\$ 332,838,994</u>
Liabilities:		
Current liabilities:		
Current portion of annuity prizes payable	\$ 3,278,813	\$ 4,101,555
Current portion of employee related payables	1,945,648	1,824,923
Current portion of lease and subscription liabilities	1,513,262	2,268,570
Transfer due to State of Maryland General Fund	339,033,174	109,184,491
Transfer due to other government agencies	72,922,001	73,117,144
Transfer due to local jurisdictions	8,775,165	8,604,803
Prize awards payable	69,103,831	62,691,472
Accounts payable and accrued expenses	7,477,672	6,028,295
Gaming licensing deposits	2,800,951	2,575,149
Gaming payable	40,768	40,767
Agent payable	169,387	104,137
Unearned revenue	2,551,021	2,366,352
Taxes and other liabilities	4,760,462	6,972,410
Total current liabilities	<u>514,372,155</u>	<u>279,880,068</u>
Non-current liabilities:		
Annuity prizes payable, net of current portion	25,528,422	27,997,316
Employee related payables, net of current portion	2,249,297	2,214,227
Lease and subscription liabilities of current portion	1,053,205	2,469,139
Pension liability	31,054,754	22,461,244
Total non-current liabilities	<u>59,885,678</u>	<u>55,141,926</u>
Total liabilities	<u>574,257,833</u>	<u>335,021,994</u>
Deferred Inflows of Resources:		
Deferred pension inflows	13,128,181	15,768,213
Total deferred inflows of resources	<u>13,128,181</u>	<u>15,768,213</u>
Total liabilities and deferred inflows of resources	<u>587,386,014</u>	<u>350,790,207</u>
Commitments and contingencies (Note 8)		
Net Position:		
Net investment in capital assets, in right-of-use assets	708,214	151,235
Restricted	–	–
Unrestricted	(16,368,555)	(18,102,448)
Total net position	<u>(15,660,341)</u>	<u>(17,951,213)</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 571,725,673</u>	<u>\$ 332,838,994</u>

The accompanying notes are an integral part of these financial statements.

Statements of Revenues, Expenses, and Changes in Net Position FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022 (as Restated)</u>
Revenue:		
Draw games	\$ 1,686,293,392	\$ 1,640,098,216
Scratch-Off games	1,063,048,241	1,009,473,559
ITLMs	15,037,171	13,132,050
Total sales	<u>2,764,378,804</u>	<u>2,662,703,825</u>
Gaming revenue – gross terminal revenue	1,347,852,822	1,331,811,554
Gaming revenue – state grant	5,671,632	5,205,432
Gaming revenue – table games	712,452,973	669,968,678
Gaming revenue – facility applicants	3,224,384	2,841,363
Gaming revenue – machine assessments	4,480,975	4,455,075
ITLM lease revenue	4,511,192	3,937,554
Gaming revenue – fantasy gaming	7,803,960	17,075,872
Gaming revenue – sports wagering	184,039,809	30,602,849
Total revenue	<u>5,034,416,551</u>	<u>4,728,602,202</u>
Cost of sales:		
Prize expense	1,729,578,635	1,689,109,893
Retailer commissions	219,856,683	202,994,272
Casino share	1,203,070,407	1,160,618,368
Sports wagering operators share	143,132,290	16,337,370
Fantasy operator share	6,632,515	14,514,491
Gaming vendor and data processing fees	56,430,910	53,217,325
Instant ticket printing and delivery	8,087,739	7,783,450
Total cost of sales	<u>3,366,789,179</u>	<u>3,144,575,169</u>
Gross profit	1,667,627,372	1,584,027,033
Operating expenses:		
Salaries, wages and benefits	32,260,868	28,918,676
Advertising and promotions	19,997,289	19,422,934
Depreciation and amortization	2,247,446	2,576,474
Other general and administrative expenses	3,362,198	194,196
Total operating expenses	<u>57,867,801</u>	<u>51,112,280</u>
Income from operations	1,609,759,571	1,532,914,753
Non-operating revenues (expenses):		
Investment income (loss)	(590,567)	(2,732,063)
Amortization of discount for annuity prize liabilities	(893,561)	(1,036,863)
Voluntary exclusion program	152,517	146,508
Payments to State of Maryland General Fund	(651,614,467)	(635,074,503)
Payments to Other Governmental Funds/Agencies	(954,522,621)	(892,034,283)
Total non-operating expenses	<u>(1,607,468,699)</u>	<u>(1,530,731,204)</u>
Change in net position	2,290,872	2,183,549
Total net position – beginning of year	<u>(17,951,213)</u>	<u>(20,134,762)</u>
Total net position – end of year	<u>\$ (15,660,341)</u>	<u>\$ (17,951,213)</u>

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022 (as Restated)
Cash flows from operating activities:		
Receipts from customers	\$ 5,029,124,475	\$ 4,715,055,981
Payments to suppliers	(86,377,706)	(81,497,375)
Payments to employees	(31,377,551)	(28,521,851)
Payments to agents	(1,572,684,147)	(1,394,551,084)
Prize payments/awards to players	(1,725,378,224)	(1,692,013,283)
Net cash and cash equivalents provided by operating activities	<u>1,613,306,847</u>	<u>1,518,472,388</u>
Cash flows from noncapital financing activities:		
Transfers to the State of Maryland General Fund and Stadium Authority	(460,358,967)	(600,681,039)
Transfer to DHMH	(6,547,982)	(4,132,393)
Transfers to other government agencies	(909,253,720)	(841,842,092)
Prize payments/awards	(4,185,197)	(5,461,196)
Net cash and cash equivalents used in noncapital financing activities	<u>(1,380,345,866)</u>	<u>(1,452,116,720)</u>
Cash flows from investing activities:		
Proceeds from matured annuities and bonds	4,185,196	5,461,196
Net cash and cash equivalents provided by investing activities	<u>4,185,196</u>	<u>5,461,196</u>
Cash flows from capital and related financing activities:		
Payments of lease liabilities	(2,203,957)	(2,798,521)
Purchase of equipment for cash	(600,468)	-
Net cash and cash equivalents used in capital and related financing activities	<u>(2,804,425)</u>	<u>(2,798,521)</u>
Net increase (decrease) in cash and cash equivalents	234,341,752	69,018,343
Cash and cash equivalents, beginning of year	209,875,403	140,857,060
Cash and cash equivalents, end of year	<u>\$ 444,217,155</u>	<u>\$ 209,875,403</u>
Noncash investing and financing activities:		
Acquisition of right-of-use assets through subscription liabilities	32,715	434,825
Change in fair value of investments	\$ (1,484,128)	\$ (3,768,926)
Reconciliation of operating income to net cash and cash equivalents provided by operating activities:		
Operating income	\$ 1,609,759,571	\$ 1,532,914,753
Adjustments to reconcile operating income to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	2,247,446	2,576,474
Deferred inflows pension expense	(2,708,398)	12,229,259
Deferred outflows pension expense	(5,521,351)	(1,211,779)
Effect of changes in operating assets and liabilities:		
Accounts receivable	(5,324,223)	(13,814,162)
Prepaid commissions	(21,013)	(21,695)
Accounts payable and accrued expenses	1,740,430	(1,011,729)
Employee related payables	155,795	238,555
Taxes and other liabilities	(2,211,948)	4,555,183
Prize awards payable	6,412,359	(7,458,573)
Unearned revenue (decrease) increase	184,669	414,447
Increase on pension liability	8,593,510	(10,938,345)
Net cash and cash equivalents provided by operating activities	<u>\$ 1,613,306,847</u>	<u>\$ 1,518,472,388</u>

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LEGISLATIVE ENACTMENT

The Maryland Lottery and Gaming Control Agency (Agency) was established by the Maryland General Assembly enactment of Chapter 365 of Laws of Maryland of 1972, and the voters' approval that same year of a constitutional amendment to allow the lottery. The amendment was ratified on November 7, 1972, and the Agency commenced operations on January 2, 1973.

The mandate of the law was to establish a State-operated lottery, under the immediate supervision of a Director and the guidance of a Commission, for the purpose of producing revenue for the State. The Governor, with the advice and consent of the Senate of Maryland, appoints the Director and the Commission members.

During the 2007 special session of the Maryland General Assembly, Chapter 4 was enacted relating to the legalization of video lottery terminals (slot machines or VLTs) in the State subject to the passage of a voters' constitutional referendum. In 2008, voters approved the installation of up to 15,000 VLTs at five privately owned casinos at specified locations throughout the State.

On August 14, 2012, Senate Bill 1 – Gaming Expansion – Video Lottery Terminals and Table Games passed the 2012 Second Special Session of the Maryland General Assembly. This bill contained many provisions concerning gaming operations and certain provisions that were subject to voter referendum. The provisions which were subject to voter referendum passed during the November 6, 2012 election, which allowed for a sixth casino at a site in Prince George's County, increased the maximum number of video lottery terminals allowed in the State from 15,000 to 16,500, established table games and allowed for 24-7 operations at the casinos.

Effective October 1, 2012, the bill also authorized the Agency to issue certain veterans' organizations a license for up to five instant ticket lottery machines (ITLM). Veterans' organizations in counties on the Eastern Shore and in Montgomery County are not eligible. After deductions for commissions and prize payouts, 10% of the proceeds are distributed to the Maryland Veterans Trust Fund and the remainder goes to the general fund. An ITLM is an electronic device that dispenses pre-printed scratch-off tickets and utilizes a touchscreen monitor to show the predetermined results in an entertaining animated display. The device scans and validates the barcode on the scratch-off ticket as it is dispensed and displays the result of the ticket on the monitor. The device accumulates winnings for the player and prints out a voucher at the conclusion of play that can be redeemed for cash or inserted into another ITLM for continued play.

Pursuant to § 9-1A-01 of the Maryland State Government Article, under certain circumstances, if a casino returns to successful players more than the amount of money bet through slot machines or table games on a given day, the casino may subtract that amount from the proceeds of the following 7 days for purposes of the calculation of the amount of revenue due to the Agency.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

LEGISLATIVE ENACTMENT – (continued)

Pursuant to § 9-1A-26 of the Maryland State Government Article, the jackpot proceeds won at a video lottery terminal that are not claimed by the winner within 182 days after the jackpot is won shall become the property of the State. The proceeds shall be allocated as follows: 2.5% to the Small, Minority, and Women-Owned Business Account, 9.5% to Local Impact Grants, 10% to Purse Dedication, 1.5% to the Racetrack Facility Renewal Account and the remainder to the Education Trust Fund.

Pursuant to § 9-1A-27(d) of the Maryland State Government Article, the proceeds of table games include a 5% allocation to Local Jurisdictions. The casino share of the proceeds is 80%, and the Maryland Education Trust Fund is allocated the remaining amount.

The Agency, in conjunction with its Commission, serves as the regulator of the Gaming program and is responsible for regulating the casinos, licensing the casino operators and all other entities and individuals requiring a gaming license, and the collection and disbursement of VLT gross terminal revenue (GTR) and table game revenue in accordance with the law.

Effective May 18, 2021, legislation was passed that establishes and implements sports wagering in the State and provides for regulation of sports wagering and fantasy gaming competitions. The Agency must generally regulate sports wagering and the conduct of sports wagering to the same extent that it regulates the operation of VLTs and table games in the State. Certain revenues are to be distributed to the Blueprint for Maryland's Future Fund (BMFF), the Problem Gambling Fund, and a new Sports Wagering Assistance Fund (SWAF).

Pursuant to § 9-1E-06 of the Maryland State Government Article, up to 60 mobile licenses and up to 30 Class B facility licenses may be awarded. If the maximum number of licenses are not awarded, one or more additional application windows for any portion of the remaining mobile licenses or Class B facility licenses may be opened. The establishment of any additional applications windows is at the Sports Wagering Application Review Commission's (SWARC) discretion and would require approval of a majority of SWARC members. Applications and non-refundable application fees for Class B facility licenses and mobile licenses were accepted from Tuesday, September 6, 2022 through Friday, October 21, 2022.

The Agency is a part of the primary government of the State of Maryland and is reported as a proprietary fund and business-type activity within the State of Maryland's financial statements. The State of Maryland prepares an annual comprehensive financial report (ACFR). The Agency is an enterprise fund of the State of Maryland and is included in the basic financial statements of the ACFR of the State of Maryland.

BASIS OF ACCOUNTING AND PRESENTATION

The Agency is accounted for as a proprietary special purpose government fund engaged in business-type activities. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and with accounting principles generally accepted in the United States of America, the financial statements are prepared on the accrual basis of accounting which requires recognition of revenue when earned and expenses when incurred.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results may differ from those estimates.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

Effective July 1, 2022, the Agency adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), which modifies the guidance for subscription-based information technology arrangements (SBITA) accounting. Under this statement, a government generally should recognize a right-to-use subscription assets — an intangible asset — and a corresponding subscription liability. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement term, (3) capitalizable implementation cost, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The Agency has implemented GASB 96 in the current period and has retrospectively adjusted the presentation of SBITAs within the accompanying financial statements.

The effects of the adjustments for the year ended June 30, 2022 were as follows:

	As Previously Reported	Impact of Recently Adopted Accounting Principle	As Adjusted
Statement of Net Position as of June 30, 2022			
Right-of-Use Assets, net	\$ 4,466,197	\$ 422,747	\$ 4,888,944
Lease and Subscription Liabilities	\$ 4,451,917	\$ 285,792	\$ 4,737,709
Accounts Payable and Accrued Expenses	\$ 6,027,626	\$ 669	\$ 6,028,295
Total Net Position	\$ (18,087,499)	\$ 136,286	\$ (17,951,213)
Statement of Revenues, Expenses and Changes in Net Position For the Year Ended June 30, 2022			
Depreciation and Amortization	\$ 2,564,396	\$ 12,078	\$ 2,576,474
Other General and Administration Expenses	\$ 342,560	\$ (148,364)	\$ 194,196
Total Operating Expenses	\$ 51,248,566	\$ (136,286)	\$ 51,112,280
Change in Net Position	\$ 2,047,263	\$ 136,286	\$ 2,183,549

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

LOTTERY GAMES – REVENUE RECOGNITION AND PRIZE OBLIGATIONS

REVENUE RECOGNITION

Revenue from lottery games originates from three product lines: draw games, scratch-off games and ITLMs. The Agency develops multiple game themes and prize structures to comply with its enabling legislation and customer demand. Independent and corporate retailers comprised principally of grocery and convenience stores, package goods stores, and restaurants serve as the primary distribution channel for draw and scratch-off lottery sales. Veterans' organizations are the only distribution channel for ITLMs. Prior to October 1, 2022, lottery retailers received a sales commission of 5.5% and a cashing commission of 3% of prizes redeemed. Effective October 1, 2022, lottery retailers receive a sales commission of 6.0% and a cashing commission of 3% of prizes redeemed. Veterans' organizations, on ITLM games, receive a sales commission of 5.5%, a prizes won commission of 0.5% and a cashing commission of 1.7679%.

Licensed lottery retailers sell draw game lottery tickets to the public through the use of computerized terminals. Draw games are categorized as: Jackpot Games (Mega Millions/Megaplier, Powerball/Powerplay/Double Play[®], Multi-Match and Cash4Life), Daily Draw Games (Pick 3, Pick 4, Pick 5 and Bonus Match 5), Monitor Games (Keno, Keno Bonus[®], Keno Superbonus, Racetrax[®], and Racetrax[®] Bonus) and FAST PLAY. Draw revenue is recognized in the month in which the related drawings are held. Revenue from the sale of tickets and commissions paid for future drawings are deferred until the drawings are held. Revenue from scratch-off games is recognized when the retailer activates the book of tickets. Revenue from the sale of FAST PLAY is recognized in the month in which the ticket is sold. Licensed veterans' organizations offer ITLMs to their customers. The Agency recognizes ITLM revenue as "gross terminal revenue" equivalent to all wagers, net of related prizes, in the month in which the wager was placed.

Prize obligations for draw games are determined and recognized after each drawing is held. For draw games, winners are paid a certain amount that may depend upon the number of winners and the order of the winning numbers drawn. The Multi-Match, Mega Millions and Powerball jackpots are calculated as a percentage of total game revenue. If there is not a jackpot winner, the prize pool is carried forward until there is a winner. The remaining Multi-Match, Mega Millions, Powerball and Cash4Life prize levels are based on a predetermined set amount. Prize obligations are recognized monthly for scratch-off games based on the books activated by retailers and the related prize expense based on the specific game's prize structure. Prize expense for ITLM is recorded as amounts are won and is used in determining the "gross terminal revenue" (GTR) for ITLM.

GAMING OPERATIONS (VLTS AND TABLE GAMES, SPORTS WAGERING AND FANTASY GAMING) – REVENUE RECOGNITION AND PRIZE OBLIGATIONS

As of the end of fiscal year 2023, six casinos were in operation with a total of 9,733 VLTs. VLTs are a self-activated video version of lottery games which allow for a player to place bets for the chance to be awarded credits which can either be redeemed for cash or be replayed as additional bets. The prize structures of these video lottery terminals are designed to award prizes, or credits, at a stipulated rate of total bets played, and prize expenses are netted against total video credits played. The Agency recognizes VLT revenue as "gross terminal revenue" equivalent to all wagers, net of related prizes.

In accordance with the law, the casino operators receive a specified percentage of gross terminal revenue to operate their casinos. Prior to May 22, 2023, of the GTR, casino operators received 39%, 44%, 46%, 49%,

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

53% and 60%. Effective May 22, 2023, of the GTR, casino operators receive 39%, 44%, 46%, 49%, 53% and 54%, respectively. The Agency retains 1% of the gross terminal revenue from all of the casinos. The enabling legislation requires the Agency to disburse the remainder of the gross terminal revenue to other Government agencies, which in turn are responsible for making further distributions.

As of the end of fiscal year 2023, there were 565 table games in operation at the casinos. Table games include blackjack, roulette, craps, baccarat, big six wheel and various poker games. Table game revenue is equivalent to all wagers, net of related prizes. Casino operators receive 80% of the table game revenue to operate their casino. The remaining 20% is remitted to the Agency, who in turn transfers it to the Maryland Education Trust Fund and Local Jurisdictions in accordance with the enabling legislation. The casino operators' share of the revenue from both VLTs and table games is recorded as a cost of sales.

As of the end of fiscal year 2023, sports wagering was in operation at five casinos, five retail locations and for ten mobile operators. Sports wagering entails placing a wager on the outcome of a sporting event. Sports wagering revenue is equivalent to all wagers, net of related prizes. Sports wagering operators (including casinos) receive 85% of the sports wagering revenue to operate their sportsbook. The remaining 15% is remitted to the Agency who in turn transfer it to the BMFF in accordance with the enabling legislation. Sports wagering operators' share of the revenue is recorded as a cost of sales.

As of the end of fiscal year 2023, there were 17 Fantasy Competition Operators. Fantasy competitions include any online fantasy or simulated game or contest such as fantasy sports in which a participant owns, manages, or coaches an imaginary team. The participant wagers on the outcome of their team. Fantasy competition revenue is equivalent to all wagers, net of related prizes. Fantasy Operators receive 85% of the fantasy competition revenues to operate. The remaining 15% is remitted to the Agency who in turn transfers it to the Blueprint for Maryland's Future Fund.

The Gaming program initially provided start-up costs to assist in the operations of the VLT program. Ongoing operation funding assistance is provided in the form of a State grant for both the VLT and Sports Wagering/Fantasy Gaming programs. These programs are not fully supported by their gaming revenues and require this additional funding. During fiscal years 2023 and 2022, the State provided revenue grants in the amount of \$6,284,480 and \$6,136,943, respectively. For the year ended June 30, 2023 and 2022, respectively, the Agency had used \$5,671,632 and \$5,205,432 of state grants which is recognized as revenue.

License-related revenues (application, license, fingerprint, principal applicant background investigation, and vendor fees) are recorded as licensing deposits until the receipt is identified as being for a specific applicant and type of fee, which usually occurs in the same month that the deposit is received. After the specific applicant and fee type is ascertained, the related deposit amount is recognized as revenue, except for principal applicant investigation fees, which are recognized as revenue when the background investigation is completed and the applicant is either invoiced for any investigation costs in excess of the deposit received or the portion of the deposit in excess of investigation costs is returned to the applicant.

Administrative expenses for the Gaming program are recognized as they are incurred. The majority of the expenses incurred for the gaming program are for salaries.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

OPERATING AND NON-OPERATING REVENUES AND EXPENSES

Operating revenues and expenses for proprietary funds such as the Agency, are revenues and expenses that result from providing services and producing and delivering goods and/or services. Operating revenues for the Agency are derived from providing various types of lottery games, various VLTs, table games, sports wagering and fantasy gaming. Operating expenses for lottery games include the costs to operate the various games, to pay prize winners, and administrative expenses. Operating expenses for gaming include the costs to operate the various games and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Beginning in fiscal year 2022, the Agency is required to transfer \$17 million to the Racing and Community Development Financing Fund for each fiscal year from the State Lottery Fund. The State Lottery Fund will receive \$5 million from the Purse Dedication Account, \$3.5 million from the Pimlico Community Development Authority and the balance from the Racetrack Facility Renewal Account (RFRA). The Agency will receive an amount in excess of \$17 million. The excess will be allocated to the General Fund.

CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents include cash deposited with financial institutions, deposits with the Maryland State Treasury and overnight investment repurchase agreements.

CASH AND CASH EQUIVALENTS – GAMING ESCROW

Cash and Cash Equivalents – Gaming Escrow consist of funds deposited in escrow with a financial institution and the related interest earned. The monies deposited are primarily application fees received from gaming facility operator license applicants that are held in separate escrow sub accounts until the application review process is complete and the license is either awarded or denied. If the license is awarded, the monies are transferred to the Maryland Education Trust Fund. If the license is denied, the monies are returned to the applicant.

CASH AND CASH EQUIVALENTS – GAMING LICENSE DEPOSITS

Cash and Cash Equivalents – Gaming License Deposits account is used to record the receipt of license-related fees and investigation deposits that are received from applicants wanting to obtain a gaming license. For the majority of applicants, fees are recorded as revenue after the specific applicant and type of fee received is determined. At the end of each month, these fees are transferred to the Gaming Special Fund account.

For principal employee applicants, in addition to the aforementioned fees, the Agency receives a background investigation deposit which is used to pay the investigation costs for the principal employee applicant. These deposit amounts remain in cash and cash equivalents – gaming license deposits and are recorded as a licensing deposit liability until the investigation is completed. To the extent that the investigation deposit is greater than the costs incurred for the investigation, the monies are refunded to the applicant.

To the extent that the investigation deposit is less than the costs incurred for the investigation, the applicant is billed for the deficit. After the investigation is completed, the deposit is recorded as revenue and is transferred to the Gaming Special Fund account.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

CASH AND CASH EQUIVALENTS – AGENT

Cash and Cash Equivalents – Agent consist of lottery agency funds deposited with a financial institution and the related interest earned. Monies deposited into the accounts were received from select retailers who deposited monies with the Agency in lieu of obtaining a bond.

ACCOUNTS RECEIVABLE – LOTTERY

Accounts Receivable – Lottery represents the amounts due from lottery retailers from the sale of lottery tickets and ITLM amounts played. The Agency utilizes the allowance method to provide for doubtful accounts based on management’s evaluation of the collectability of accounts receivable. The Agency determines accounts receivable to be delinquent when greater than 10 days past due. Receivables are written off when it is determined that amounts are uncollectible. As of June 30, 2023 and 2022, management believes all accounts receivable are collectible, and, as such, no allowance for doubtful accounts has been recorded.

ACCOUNTS RECEIVABLE – FANTASY GAMING

Accounts Receivable – Fantasy Gaming represents the amount of fantasy gaming competition revenue due from the fantasy gaming competition operators. As of June 30, 2023 and 2022, management believes all accounts receivable are collectible, and as such, no allowance for doubtful accounts has been recorded.

ACCOUNTS RECEIVABLE – SPORTS WAGERING

Accounts Receivable – Sports Wagering represents the amount of sports wagering revenue due from the sports wagering operators. As of June 30, 2023 and 2022, management believes all accounts receivable are collectible, and as such, no allowance for doubtful accounts has been recorded.

ACCOUNTS RECEIVABLE – CASINO OPERATORS

Accounts Receivable – Casino Operators represent the amount of gross terminal revenue and table games revenue due from the casino operators. Gross terminal revenue is collected on a daily basis. Table game revenue is collected every two days. Also included in the accounts receivable – casino operators are the amount due from the casino operators for the \$425 per VLT fee assessment and a \$500 per table game fee, which is transferred to the Maryland Department of Health (MDH) Problem Gambling Fund to provide treatment services to Maryland citizens who have been identified voluntarily as having a gambling addiction or related illness. These assessments are made in June for the fiscal year. As of June 30, 2023 and 2022, management believes all accounts receivable are collectible, and as such, no allowance for doubtful accounts has been recorded.

CAPITAL AND RIGHT-OF-USE ASSETS

The Agency has adopted a policy of capitalizing assets with individual amounts exceeding \$25,000 and right-of-use assets held under lease liabilities as defined in GASB 87, *Leases* and GASB 96, *Subscription-Based Information Technology Arrangements*. These assets include leased facilities and purchased and leased equipment comprised principally of technological property and equipment necessary to administer lottery games, VLTs and SBITAs. The purchased assets are recorded at cost, and depreciation is computed using the straight-line method over three to five-year useful lives. The leased and subscription assets are recorded at the present value of the lease and subscription liabilities and amortized using a systematic and rational manner over the shorter of the lease term or useful life of the underlying asset.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

INVESTMENTS

Investments consist of United States Government Treasury Bonds and annuity contracts. The investments in United States Government Treasury Bonds are purchased in the name of the Agency and stated at fair value based on quoted market prices. Investments in annuity contracts are purchased in the name of the Agency and stated at present value, which approximates fair value.

COMPENSATED ABSENCES

The Agency accrues compensated absences in accordance with GASB No. 16, *Accounting for Compensated Absences*. All full-time permanent Agency employees accrue annual leave at variable rates based on the number of years employed by the State of Maryland. The maximum annual leave an employee can earn per calendar year is 25 days. At the end of each calendar year, an employee's accrued annual leave may not exceed 600 hours; however, the State is only liable for payment up to 500 hours. Accrued annual leave is included in the employee-related payables in the accompanying statements of net position. Agency employees also accrue sick pay benefits. However, the Agency does not record a liability for accrued sick pay benefits as neither the State of Maryland nor the Agency has a policy to pay unused sick leave when employees terminate from State service.

PAYMENTS TO THE STATE OF MARYLAND

The State of Maryland law requires the Agency to transfer its lottery revenue in excess of funds allocated to prize awards and operating expenses to the State of Maryland General Fund, the Maryland Veterans Trust Fund, the Maryland Stadium Authority, the Michael Busch Sports Fund, Anne Arundel County, MSDE Maggie McIntosh Schools Arts Fund, MDP and MD Humanities Council and beginning in fiscal year 2023, the Maryland Department of Transportation and Maryland Sports Events Fund. A portion of income from operations of the Mega Millions game is transferred to the Maryland Stadium Authority up to an annual cap set by the authorized appropriation. These payments are recorded as a non-operating expense in the accompanying statements of revenues, expenses, and changes in net position.

The law further requires the Agency to transfer its gaming revenue to various governmental agencies. On a monthly basis, in accordance with percentages specified in the law, the Agency transfers funds to the State's Department of Education into the Maryland Education Trust Fund and Blueprint for Maryland's Future Fund and the State's Racing Commission into accounts for Local Impact Grants, Purse Dedication, Racetracks Facility Renewal and Local Jurisdictions as well as a small, Minority, Women-Owned Business Account – Video Lottery Terminal Fund (VLT) and a Small, Minority-Owned, Women-Owned Business SWF. All transfers are recorded as non-operating expenses in the accompanying statements of revenues, expenses and changes in net position.

A summary of revenue transfers for the years ended June 30, 2023 and 2022, respectively, follows:

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

PAYMENTS TO THE STATE OF MARYLAND – (continued)

Fund	2023	2022
State of Maryland - Lottery	\$ 651,614,467	\$ 635,074,503
Education Trust Fund	622,756,566	611,613,821
Horse Purse Dedication	79,220,787	78,036,882
Local Impact Grants	73,346,902	72,399,726
Blueprint for Maryland's Future Fund	38,791,410	15,132,574
Local Jurisdictions	35,622,649	33,498,434
Maryland Stadium Authority	34,637,225	35,233,033
Small, Minority and Women-Owned Business Account - VLT	19,867,009	19,582,213
Maryland Department of Transportation	14,637,225	–
Racetracks Facility Renewal	12,994,073	12,755,671
Maryland Sports Events Fund	10,000,000	–
MDH Problem Gambling Fund	6,725,245	4,733,999
Anne Arundel County Hold Harmless	1,669,221	1,930,998
Michael E. Busch Youth Sports Fund	1,000,000	1,000,000
MD Veterans Trust	298,756	265,563
MSDE Maggie McIntosh School Arts Fund	250,000	–
MDP MD Humanities Council	150,000	150,000
Small, Minority and Women Owned Businesses Sports Wagering Assistance Fund	–	500,000
Total	\$ 1,603,581,535	\$ 1,521,907,417

NET POSITION

Net position is presented as either restricted, unrestricted or invested in capital assets and right of use. Net position invested in capital and right-of-use assets represents the difference between capital and right-of-use assets net of accumulated depreciation and amortization and the related liability obligations. In accordance with GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, there is a prohibition against reporting negative restricted fund balances. If a restricted fund balance in total is negative, then the negative amount can only be attributed to the unrestricted fund balance classification. Unrestricted net position represents the net position available for future operations, including outstanding encumbrances as of year-end and unrealized gains or losses on investments. Market gains or losses represent temporary fluctuations and are not recognized in the calculation of the amount due to the State of Maryland General Fund or payments to Other Governmental Agencies.

NEW ACCOUNTING PRONOUNCEMENTS

GASB issued GASB Statement No. 100 (GASB No. 100), *Accounting Changes and Error Corrections*, for reporting periods beginning after June 15, 2023, and GASB Statement No. 101 (GASB No. 101), *Compensated Absences*, for reporting periods beginning after December 15, 2023. The Agency is in the process of assessing the impact of these statements and will implement them as of the effective dates, if appropriate.

Notes to the Financial Statements

2. CASH AND CASH EQUIVALENTS

As of June 30, 2023 and 2022, the carrying amounts of deposits with financial institutions were \$7,723,678 and \$11,489,780, respectively. The corresponding bank balances were \$7,512,307 and \$8,914,002 as of June 30, 2023 and 2022, respectively.

As of June 30, 2023 and 2022, the carrying amounts of cash on deposit with the Maryland State Treasury were \$436,493,477 and \$198,385,623, respectively. The corresponding Maryland State Treasury balances were \$19,944,791 and \$21,656,386, as of June 30, 2023 and 2022, respectively. The State Treasury has statutory responsibility for the daily cash management activities of the State's agencies, departments, boards, and commissions. The deposits with the State Treasury are part of the State of Maryland's internal investment pool and are not separately identifiable as to specific types of securities. The State Treasury maintains these and other Maryland State agency funds on a pooled basis in accordance with State statute. The Agency does not obtain interest on funds deposited with the State Treasury. As of June 30, 2023 and 2022, the Agency's deposits with the State Treasury were 2.237% and 1.17% of the total deposits with the State Treasury, respectively.

The amounts on deposit are subject to certain risks, including the following:

Custodial credit risk – Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits will not be returned. The Agency's deposit policy requires that it comply with the State law that governs the State Treasury deposits. Specifically, unexpended or surplus money may be deposited in a financial institution in the State, if the deposit is interest bearing; the financial institution provides collateral that has a market value that exceeds the amount by which a deposit exceeds the deposit insurance; and the custodian holds the collateral.

Interest rate risk – The State Treasury investment policy states that to the extent possible, it will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the State Treasury will not directly invest in securities maturing more than five years from the date of purchase.

Credit risk – State law requires that the State Treasury investments in repurchase agreements be collateralized by United States Treasury and Agency Obligations. In addition, investments may be made directly in United States Agency Obligations. State law also requires that money market mutual funds receive the highest possible rating from at least one nationally recognized statistical rating organization.

Concentration of credit risk – The State Treasury's investment policy limits the amount of repurchase agreements to be invested with a particular institution to 30% of the portfolio. There is no other limit on the amount that may be invested in any one issuer. As of June 30, 2022, more than 5% of government fund investments were in the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), and Federal Home Loan Banks (FHLB). As of June 30, 2023, more than 5% of government fund investments are in the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and Federal Home Loan Banks and Federal Agricultural Mortgage Corporation (FAMC). As of June 30, 2023, these investments are 14.11%, 6.11%, 12.36%, and 8.26% of the State of Maryland's internal investment pool total investments. As of June 30, 2022, these investments are 14.47%, 5.81%, and 17.63% of the State of Maryland's internal investment pool total investments, respectively.

Notes to the Financial Statements

3. INVESTMENTS

UNITED STATES GOVERNMENT TREASURY BONDS

It is the Agency's policy to fund jackpot and lifetime prize awards through the purchase of United States Government Treasury Bonds. Furthermore, it is the policy of the Agency to hold these investments to maturity. The investment maturities approximate the annuity prizes payable installment due dates.

The Agency has purchased long-term investments to fund jackpot and lifetime prize awards. The majority of these investments are United States Government Treasury Bonds, which carry yields to maturity of 0.142% to 6.051%. As of June 30, 2023, and June 30, 2022, the Agency's United States Government Treasury Bonds totaled \$26,117,040 and \$30,887,680, respectively. The investments in United States Government Treasury Bonds are carried at fair value based on quoted market prices on the accompanying statements of net position, and the related unrealized gains (losses) and interest income are recorded as investment revenue (loss) on the accompanying statements of revenues, expenses, and changes in net position.

ANNUITY CONTRACTS

As of June 30, 2023 and 2022, the annuity contracts totaled \$33,623 and \$38,746, respectively. The annuity contracts were purchased in 1976 to satisfy the Agency's obligation for certain lifetime prizes. The value of the annuity contracts and related annuity prizes payable were adjusted in fiscal year 2005 based on revised actuarial life expectancy tables.

INVESTMENT RISK

Interest rate risk is the risk that an investment's fair value decreases as market interest rates increase. Typically, this risk is higher in debt securities with longer maturities. The Agency is not subject to interest rate risk because it is their policy to hold the investments until maturity, unless an annuitant, through a court order, forces the sale of an investment to settle the Agency's obligation to the annuitant, at which time the annuitant would be paid the proceeds received from the sale of investments.

For an investment, custodial risk is the risk that in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Agency is not subject to custodial risk because the United States Government Treasury Bonds are held in the Agency's name by its custodian and annuity contracts are not evidenced by securities that exist in physical or book entry form.

UNITED STATES GOVERNMENT TREASURY BONDS AND ANNUITY CONTRACTS

As of June 30, 2023, the Agency had the following investments:

Investment Type	Fair Value	Credit Quality Rating	% of Investments	Investment Maturities (In Years)				
				Less than 1	1-5	6-10	11-20	21-30
Investments in prize annuities:								
United States Treasury Bonds	\$ 26,117,040	1	99.9%	\$ 3,253,290	\$ 10,840,166	\$ 6,501,541	\$ 5,508,777	\$ 13,266
Annuity Contracts	33,623	2	0.1%	5,038	23,746	4,839	-	-
Total Investments	\$ 26,150,663		100%	\$ 3,258,328	\$ 10,863,912	\$ 6,506,380	\$ 5,508,777	\$ 13,266

1 Credit quality ratings not required for U.S. government and agency securities that are explicitly guaranteed by the U.S. government.

2 Annuity contracts not rated.

Notes to the Financial Statements

3. INVESTMENTS – (continued)

UNITED STATES GOVERNMENT TREASURY BONDS AND ANNUITY CONTRACTS (continued)

As of June 30, 2022, the Agency had the following investments:

Investment Type	Fair Value	Credit Quality Rating	% of Investments	Investment Maturities (In Years)				
				Less than 1	1-5	6-10	11-20	21-30
Investments in prize annuities:								
United States Treasury Bonds	\$ 30,887,680	1	99.9%	\$ 4,136,292	\$ 11,991,827	\$ 7,740,871	\$ 6,989,455	\$ 29,235
Annuity Contracts	38,746	2	0.1%	5,124	24,220	9,402	–	–
Total Investments	\$ 30,926,426		100%	\$ 4,141,416	\$ 12,016,047	\$ 7,750,273	\$ 6,989,455	\$ 29,235

1 Credit quality ratings not required for U.S. government and agency securities that are explicitly guaranteed by the U.S. government.

2 Annuity contracts not rated.

Investments are measured and reported at fair value and are classified and disclosed in one of the following categories:

Level I – Quoted prices are available in active markets for identical investments as of the reporting date.

Level II – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level III – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The following table sets forth by level, within the fair value hierarchy, the Agency's investments at fair value as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
U.S. treasury obligations	\$ 26,117,040	\$ –	\$ –	\$ 26,117,040
Annuities	–	33,623	–	33,623
Total	\$ 26,117,040	\$ 33,623	\$ –	\$ 26,150,663

The following table sets forth by level, within the fair value hierarchy, the Agency's investments at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Investments by fair value level				
U.S. treasury obligations	\$ 30,887,680	\$ –	\$ –	\$ 30,887,680
Annuities	–	38,746	–	38,746
Total	\$ 30,887,680	\$ 38,746	\$ –	\$ 30,926,426

Notes to the Financial Statements

4. CAPITAL ASSETS

A summary of capital assets activity for the year ended June 30, 2023 is as follows:

	2022	Increases	Decreases	2023
Capital Assets				
Machinery and Equipment	\$ 1,611,341	\$ 600,468	\$ -	\$ 2,211,809
Leasehold Improvements	613,240	-	-	613,240
Total Capital Assets	2,224,581	600,468	-	2,825,049
Less: Accumulated Depreciation and Amortization				
Machinery and Equipment	1,611,341	52,017	-	1,663,358
Leasehold Improvements	613,240	-	-	613,240
Total Accumulated Depreciation	2,224,581	52,017	-	2,276,598
Capital Assets, net	\$ -	\$ 548,451	\$ -	\$ 548,451

A summary of capital assets activity for the year ended June 30, 2022 is as follows:

	2021	Increases	Decreases	2022
Capital Assets				
Machinery and Equipment	\$ 1,611,341	\$ -	\$ -	\$ 1,611,341
Leasehold Improvements	613,240	-	-	613,240
Total Capital Assets	2,224,581	-	-	2,224,581
Less: Accumulated Depreciation and Amortization				
Machinery and Equipment	1,611,341	-	-	1,611,341
Leasehold Improvements	613,240	-	-	613,240
Total Accumulated Depreciation	2,224,581	-	-	2,224,581
Capital Assets, net	\$ -	\$ -	\$ -	\$ -

Notes to the Financial Statements

5. RIGHT-OF-USE ASSETS

A summary of right-of-use asset activity for the year ended June 30, 2023 is as follows:

	2022	Increases	Decreases	2023
Right-of-Use Assets				
Machinery and Equipment	\$ 8,250,829	\$ -	\$ -	\$ 8,250,829
Office and Warehouse Space	6,471,988	-	-	6,471,988
Subscription Arrangements	434,825	32,715	-	467,540
Total Right-of-Use Assets	15,157,642	32,715	-	15,190,357
Less: Accumulated Depreciation and Amortization				
Machinery and Equipment	4,495,800	1,333,865	-	5,829,665
Office and Warehouse Space	5,760,820	711,169	-	6,471,989
Subscription Arrangements	12,078	150,395	-	162,473
Total Accumulated Amortization	10,268,698	2,195,429	-	12,464,127
Right-of-Use Assets, net	\$ 4,888,944	\$ (2,162,714)	\$ -	\$ 2,726,230

A summary of right-of-use asset activity for the year ended June 30, 2022 is as follows:

	2021	Increases	Decreases	2022
Right-of-Use Assets				
Machinery and Equipment	\$ 8,250,829	\$ -	\$ -	\$ 8,250,829
Office and Warehouse Space	6,471,988	-	-	6,471,988
Subscription Arrangements	-	434,825	-	434,825
Total Right-of-Use Assets	14,722,817	434,825	-	15,157,642
Less: Accumulated Depreciation and Amortization				
Machinery and Equipment	3,170,344	1,325,456	-	4,495,800
Office and Warehouse Space	4,521,879	1,238,941	-	5,760,820
Subscription Arrangements	-	12,078	-	12,078
Total Accumulated Amortization	7,692,223	2,576,475	-	10,268,698
Right-of-Use Assets, net	\$ 7,030,594	\$ (2,141,650)	\$ -	\$ 4,888,944

Notes to the Financial Statements

6. ANNUITY PRIZE OBLIGATIONS

The Agency carries long-term annuity prize obligations at present value. Presented below is a summary of long-term annuity prize payment requirements for annuities payable to maturity:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,278,813	\$ 54,383	\$ 3,333,196
2025	3,279,972	186,224	3,466,196
2026	3,305,510	320,686	3,626,196
2027	2,374,499	270,697	2,645,196
2028	2,214,928	326,268	2,541,196
2029 - 2033	7,368,415	1,338,410	8,706,825
2034 - 2038	5,264,956	1,615,044	6,880,000
2039 - 2043	1,696,878	829,121	2,525,999
2044	23,264	7,736	31,000
Total	\$ 28,807,235	\$ 4,948,569	\$ 33,755,804

This debt represents annual payments owed to jackpot and lifetime winners. Annuity prizes are paid over a period of time ranging from 20 to 25 years depending on the time period in which the prize was won. The Agency has purchased United States Government Treasury Bonds or annuity contracts that fully fund these obligations.

Long-term liability activity of annuity prize payments for the years ended June 30, 2023 and 2022 was as follows:

<u>Fiscal Year Ending</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
June 30, 2023	\$ 32,098,871	\$ 893,561	\$ 4,185,197	\$ 28,807,235	\$ 3,278,813
June 30, 2022	\$ 36,523,204	\$ 1,036,863	\$ 5,461,196	\$ 32,098,871	\$ 4,101,555

Notes to the Financial Statements

7. EMPLOYEE-RELATED PAYABLES

The employee-related payables due within one year are included in the current portion of the employee-related payables on the accompanying statements of net position, which also includes salaries payable in the amount of \$866,298 and \$733,423 and as of June 30, 2023 and 2022, respectively. Changes in long-term employee-related payables were as follows for the year ended June 30, 2023 and 2022:

	2023		
	Compensated Absences	Workers' Compensation	Combined
Beginning Balance	\$ 2,695,727	\$ 610,000	\$ 3,305,727
Additions	1,439,973	(3,389)	1,436,584
Reductions	(1,336,053)	(77,611)	(1,413,664)
Ending Balance	<u>2,799,647</u>	<u>529,000</u>	<u>3,328,647</u>
Amount Due Within One Year	1,000,000	79,350	1,079,350
Non-Current Portion	<u>1,799,647</u>	<u>449,650</u>	<u>2,249,297</u>
	<u>\$ 2,799,647</u>	<u>\$ 529,000</u>	<u>\$ 3,328,647</u>
	2022		
	Compensated Absences	Workers' Compensation	Combined
Beginning Balance	\$ 2,558,343	\$ 587,000	\$ 3,145,343
Additions	1,316,587	116,064	1,432,651
Reductions	(1,179,203)	(93,064)	(1,272,267)
Ending Balance	<u>2,695,727</u>	<u>610,000</u>	<u>3,305,727</u>
Amount Due Within One Year	1,000,000	91,500	1,091,500
Non-Current Portion	<u>1,695,727</u>	<u>518,500</u>	<u>2,214,227</u>
	<u>\$ 2,695,727</u>	<u>\$ 610,000</u>	<u>\$ 3,305,727</u>

8. COMMITMENTS AND CONTINGENCIES

LEASES

The Agency leases office space, warehouse facilities, and draw and scratch-off product equipment over periods extending through April 2025.

During the month ended November 30, 2019, the Agency implemented GASB 87, *Leases*, which requires both capital and operating leases to be reported on the balance sheet as a depreciable right-of-use asset and a liability to make lease payments. The lease liability, which is equal to the present value of future lease obligations, was determined using the incremental borrowing rate of 3.00% based on the information available at implementation date. The associated right-of-use asset is valued at an amount equal to the lease liability, less any adjustments as defined in GASB 87.

Notes to the Financial Statements

8. COMMITMENTS AND CONTINGENCIES – (continued)

LEASES – (continued)

The Lottery also considered any lease terms that included options to extend or terminate the lease when valuing the right-of-use asset, noting none. The lease agreements do not contain any residual value guarantees or restrictive covenants. There were no lease incentives received at the start of the lease. Reductions to the right-of-use asset were recorded at the implementation date to account for variable payment terms in the leases.

The following is a schedule of future minimum lease payments under these leases as of June 30, 2023:

2024	\$ 1,418,340
2025	<u>1,063,755</u>
Total future minimum lease payments	2,482,095
Less: discount to present value	<u>(60,531)</u>
Lease liability, net	<u>\$ 2,421,564</u>

SUBSCRIPTION BASED ARRANGEMENTS

The Agency has multiple subscription-based information technology arrangements with various vendors. During the month ended June 30, 2023, the Agency implemented GASB 96, *Subscription-Based Information Technology Arrangements*, which requires subscription-based information technology arrangements to be presented on the statement of net position as an amortizable subscription asset and a liability to make payments. The subscription assets represent the Agency's right to use underlying assets for the subscription term, and subscription liabilities represent the Agency's obligation to make subscription payments for the subscription agreement. The subscription liabilities, which are equal to the present value of payments expected to be made during the subscription terms, were determined using the incremental borrowing rates ranging from 2.85% to 3.54% based on the information available at implementation date.

Future minimum subscription payments are as follows as of June 30, 2023:

2024	<u>\$ 149,033</u>
Total future minimum lease payments	149,033
Less: discount to present value	<u>(4,130)</u>
Subscription liabilities, net	<u>\$ 144,903</u>

LITIGATION

The Agency is involved in various litigation arising in the ordinary course of business. The Agency believes that the ultimate resolution of these matters will not have a material adverse effect on its net position.

Notes to the Financial Statements

9. PARTICIPATION IN MULTI-STATE LOTTERIES

MEGA MILLIONS AND POWERBALL

The Agency is a member of the Mega Millions consortium and a Licensee Lottery of Multi-State Lottery Association (MUSL), the organization that operates Powerball. These groups are comprised of lottery directors from member party jurisdictions. The jackpot prize pools are shared on a percent of sales basis. Game accounting is conducted after each drawing. Settlements between members occur after each jackpot win. There are currently 48 lotteries that participate in Powerball and 47 that participate in Mega Millions.

CASH4LIFE

The Agency is a member of the multi-jurisdictional Cash4Life. Cash4Life is a lottery game conducted as a cooperative venture by ten lotteries. The jackpot prize pools are shared on a percent of sales basis. Game accounting is conducted after each daily drawing. Settlements between members occur after each jackpot win.

10. RETIREMENT BENEFITS

The Agency and its employees contribute to the State Retirement and Pension System (the System). The System is a cost-sharing multiple-employer public employee retirement system established by the State to provide pension benefits for State employees. The Agency's only obligation to the System is its required annual contribution. The System is administered by a Board of Trustees in accordance with State Personnel and the Pension Article of the Annotated Code of Maryland. The System prepares a separately audited ACFR, which can be obtained from the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202 or located at <https://sra.maryland.gov/comprehensive-annual-financial-reports>.

PLAN DESCRIPTIONS

Agency employees are members of the Employees' Retirement and Pension Systems (two of several systems managed by the System's Board of Trustees). The Employees' Retirement System (the Retirement Plan) includes those employees hired prior to January 1, 1980 who have not elected to transfer to the Employees' Pension System (the Pension Plan). Conversely, members of the Pension Plan include those employees hired after January 1, 1980 and prior employees who have elected to transfer from the Retirement Plan.

The Retirement Plan provides retirement, death, and disability benefits to its members. Members of the Retirement Plan are generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of eligible service regardless of age. The annual retirement allowance equals 1/55 (1.8%) of the member's highest three-year average final salary (AFS) multiplied by the number of years of accumulated creditable service. A member may retire with reduced benefits after completing 25 years of eligible service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of eligible service, whichever is less. The maximum reduction for a member is 30%. Any member who terminates employment before attaining retirement age but after accumulating five years of eligible service is eligible for a vested retirement allowance.

The Pension Plan provides retirement, death and disability benefits to its members. Certain aspects of eligibility and benefit calculations are different for employees hired on or after July 1, 2011. Those differences are explained below.

Notes to the Financial Statements

10. RETIREMENT BENEFITS – (continued)

PLAN DESCRIPTIONS – (continued)

Members of the Pension Plan who were active participants prior to July 1, 2011 are generally eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. Generally, the annual pension allowance for a member equals 1/55 (1.8%) of the member’s AFS, multiplied by the number of years of creditable service. A member may retire with reduced benefits upon attaining age 55 with at least 15 years of eligible service. Any member who terminates employment before attaining retirement age but after accumulating five years of eligible service is eligible for a vested retirement allowance.

Employees hired on or after July 1, 2011 (New Hires) are generally eligible for full retirement benefits based upon the “Rule of 90,” which states that the sum of the employee’s age plus eligible service must equal 90 or the employee must be age 65 with 10 years of service. The annual pension allowance for New Hires equals 1.5% of the member’s AFS, multiplied by the number of years of creditable service. AFS for New Hires is calculated using the highest 5 consecutive years. A New Hire may retire with reduced benefits upon attaining age 60 with at least 15 years of eligible service. A New Hire who terminates employment before attaining retirement age but after accumulating ten years of eligible service is eligible for a vested retirement allowance.

FUNDING POLICY

Active members and the employers of the members are required to contribute to the Employees’ Retirement and Pension Systems. The Agency’s required contribution is established by annual actuarial valuations using the entry age normal cost method with projection and other actuarial assumptions adopted by the Board of Trustees. For service earned after July 1, 2011, members of the Employees’ Retirement System and the Employee’s Pension System are required to contribute 7% of earnable compensation.

The Agency contributions, which equal 100% of the required contributions, for the years ended June 30, 2023 and 2022 are as follows:

	2023	2022
Agency contribution	\$ 4,113,633	\$ 3,544,347
Percentage of payroll	19.64%	19.35%

GASB NO. 68 – PENSION DISCLOSURES

The Agency accounts for the pension in accordance with *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No 27*. GASB Statement No. 68 requires the Agency to recognize the long-term obligations for pension benefits as a liability and to measure the annual cost of pension benefits.

On June 30, 2023 and 2022, the Agency’s proportion of the State of Maryland’s net pension liability of \$18,651,793,445 and \$13,934,828,067, respectively (State pool only) was \$31,054,754 and \$22,461,244 or 0.166% and 0.161% of the total State’s pension liability, respectively.

Notes to the Financial Statements

10. RETIREMENT BENEFITS – (continued)

GASB NO. 68 – PENSION DISCLOSURES – (continued)

The Agency reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources for the year ended June 30, 2023:

Fund	Deferred Outflows of Resources	Deferred Inflows of Resources
Beginning Balance	\$ 12,740,809	\$ 15,768,213
Agency's contributions during the year	(3,544,347)	–
Amortization of prior year deferred outflows and inflows	(3,111,340)	(3,817,238)
Net difference between projected and actual earnings on pension plan investments	–	1,177,206
Net difference between projected and actual experience	8,063,405	–
Change in proportionate share	68,366	–
Agency's contributions subsequent to the measurement date	4,113,633	–
Ending Balance	<u>\$ 18,330,526</u>	<u>\$ 13,128,181</u>

The Agency's contributions of \$4,113,633 reported as deferred outflows of resources resulted from contributions subsequent to the measurement date. This amount will be recognized as a reduction in the net pension liability for the year ended June 30, 2023.

The Agency reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources for the year ended June 30, 2022:

Fund	Deferred Outflows of Resources	Deferred Inflows of Resources
Beginning Balance	\$ 11,529,030	\$ 3,538,954
Agency's contributions during the year	(3,489,405)	–
Amortization of prior year deferred outflows and inflows	(3,094,925)	(1,210,014)
Net difference between projected and actual earnings on pension plan investments	–	12,365,008
Net difference between projected and actual experience	–	943,149
Change in assumptions	4,251,762	–
Change in proportionate share	–	131,116
Agency's contributions subsequent to the measurement date	3,544,347	–
Ending Balance	<u>\$ 12,740,809</u>	<u>\$ 15,768,213</u>

Notes to the Financial Statements

10. RETIREMENT BENEFITS – (continued)

GASB NO. 68 – PENSION DISCLOSURES – (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2024	\$ 624,527
2025	(252,516)
2026	39,189
2027	(447,923)
2028	1,752,657
2029	(82,449)
Total	\$ 1,633,485

ASSUMPTIONS AND OTHER INPUTS:

Valuation method	Individual Entry Age Normal Cost Method
Amortization method	Level Percentage of Payroll, Closed
Salary increases	2.75% to 11.25% including inflation
Inflation	2.25% general, 2.75% wage
Investment rate of return	6.80%
Discount rate	6.80%
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2018 experience study of the period 2014-2018.
Mortality	Public Sector Mortality Tables with generational mortality projections using scale MP-2018 (2-dimensional) mortality improvement scale.

DISCOUNT RATE

A single discount rate of 6.80% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Notes to the Financial Statements

11. OTHER POSTEMPLOYMENT BENEFITS

Members of the State Retirement and Pension Systems and their dependents are provided postemployment health care benefits through the State Employee and Retiree Health and Welfare Benefits Program (Plan). The Plan is a single-employer defined benefit health care plan established by the State Personnel and Pensions Article, Section 2-501 through 2-516 of the Annotated Code of Maryland. The Plan is self-insured to provide medical, hospitalization, prescription drug and dental insurance benefits to eligible state employees, retirees, and their dependents. A separate valuation is not performed for the Agency. The Agency's only obligation to the Plan is its required annual contribution.

State law grants authority to establish and amend benefit provisions to the Secretary of the Department of Budget and Management (DBM). In addition, the Secretary shall specify by regulation the types or categories of State employees who are eligible to enroll, with or without State subsidies, or who are not eligible to enroll.

The Postretirement Health Benefits Trust Fund (OPEB Trust) is established as an irrevocable trust under Section 34-101 of the State Personnel and Pensions Article to receive appropriated funds and contributions which will be used to assist the Plan in financing the State's postretirement health insurance subsidy. The oversight of the OPEB funds is the same Board of Trustees that oversees the Maryland State Retirement and Pension Systems. The Board of Trustees consists of 15 members. The Maryland State Retirement and Pension Systems prepares separately audited financial statements for the OPEB Trust Fund. The report may be obtained from the Office of the Comptroller, Attention: Plan Administrator, P.O. Box 746, Annapolis, Maryland 21404.

PLAN DESCRIPTION

Agency employees are members of the Plan. Generally, a retiree may enroll and participate in the health benefits option if the retiree retired directly from State service with at least five years of credible service, ended State service with at least ten years of credible service and within five years before the age at which a vested retirement allowance would normally begin, or ended State service with at least 16 years of credible service. For members hired on or after July 1, 2011, they are required to have completed at least 25 years of credible service, retired directly from State service with at least ten years of credible service or ended State service with at least ten years of credible service and within five years before the age at which a vested retirement allowance would normally begin.

FUNDING POLICY

Based on current practice, the State subsidizes approximately 50% to 85% of covered medical, dental, prescription, and hospitalization costs, depending on the type of insurance plan. The Plan assesses a charge to retirees for postemployment health care benefits, which is based on health care insurance charges for active employees. Costs for post-retirement benefits are for State of Maryland retirees. The State does not distinguish employees by employer/State agency. Instead, the State allocates the postemployment health care costs to all participating employers. The cost of these benefits is expensed when paid. For the years ended June 30, 2023 and 2022, the Agency's contributions were \$1,931,171 and \$1,650,281, respectively.

Notes to the Financial Statements

12. RISK MANAGEMENT

The Agency is exposed to various risks associated with the theft, damage, or destruction of assets, torts, and game liability. To manage the related risks, the Agency participates in the State's insurance program, which provides general liability, personal and casualty, and workers' compensation insurance. The program requires all agencies to submit premiums based upon proportionate payroll costs and/or claim history. This insurance covers related losses up to a maximum of \$1,000,000 per event. Settlements have not exceeded coverage for any of the past three fiscal years. The activity related to accrued workers' compensation costs is included in the schedule exhibited in Note 7.

To minimize risks associated with lottery game liabilities, the Agency has established aggregate payout limits for each game type. This approach discontinues sales of the daily numbers games once the potential liability limit is reached for a specific player selection. A maximum payout limit is established for those games with a first-tier prize, which requires multiple first-tier winners to split the related prize.

Because of the low volume of activity and intention that the ITLM program will be used to generate proceeds to help support veterans' organizations, the risks for the ITLM program are minimized. The veterans' organizations keep 50% of the net proceeds, and ITLMs have a payout rate of 90.5%.

Risk is minimized for gaming operations as the law requires a VLT to have an average payout of 87% or more but may not exceed 100%. A casino's gaming floor is to be configured to collectively achieve, at all times, an average payout of 87% and which may not exceed 95%. For table games, an overall loss for a day is spread over a maximum of seven days. Any excess losses not recovered over the 7-day period is absorbed by the Casino and do not impact the Agency.

Sport betting is the activity of predicting sports results and placing a wager on the outcome. The payout is based on the outcome. The State receives 15% of amount wagered less prizes paid in the month in which the wager was made. An overall loss for the month is spread over 3 months.

13. SUBSEQUENT EVENTS

Pursuant to § 9-1E-06 of the Maryland State Government Article, in addition to the locations named, up to 60 mobile licenses and up to 30 Class B facility licenses may be awarded. If the maximum numbers of licenses are not awarded, one or more additional application windows for any portion of the remaining mobile licenses or Class B facility licenses may be opened. The establishment of any additional application windows is at the Sports Wagering Application Review Commission's (SWARC) discretion and would require approval of a majority of SWARC members. Applications and non-refundable application fees for Class B facility licenses and mobile licenses were accepted from Tuesday, Sept. 6, 2022 through Friday, October 21, 2022. Of the currently operating sportsbooks, 10 are of the 17 named locations and 10 are mobile. Of the pending sportsbooks launches, there are 6 retail and 5 are mobile. Additional applicants are under the Agency's review and have not yet had qualification hearings.

Effective July 1, 2023, the VLT proceeds allocations for Hollywood Casino Perryville and Horseshoe Casino Baltimore increased the casinos' share and decreased the Education Trust Fund, while the Rocky Gap Casino Resort's share decreased and the Education Trust Fund increased.

Effective July 1, 2023, the Agency is a member of MUSL and participates in the Mega Millions and Powerball settlements with MUSL.

Schedule of Revenues, Expenses and Changes in Net Position – Budget and Actual

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual Amounts</u>	<u>Variance with Budget over (under)</u>
Revenues				
Cash revenue receipts from all sources	\$ 4,678,667,000	\$ 4,785,026,674	\$ 5,034,416,551	\$ 249,389,877
Expenditures and encumbrances				
Gaming vendor and information technology fees	47,225,522	56,925,522	56,430,910	(494,612)
Instant ticket printing and delivery	8,600,000	8,600,000	8,087,739	(512,261)
Salaries, wages, and benefits	32,155,035	35,157,032	32,260,868	(2,896,164)
Advertising and promotions	20,238,333	20,238,333	19,997,289	(241,044)
Other general and administrative expenses	<u>7,671,893</u>	<u>7,751,503</u>	<u>3,362,198</u>	<u>(4,389,305)</u>
Total expenditures and encumbrances	<u>115,890,783</u>	<u>128,672,390</u>	<u>120,139,004</u>	<u>(8,533,386)</u>
Excess of revenues over expenditures	4,562,776,217	4,656,354,284	4,914,277,547	257,923,263
Other uses of financial resources				
Transfers in (out)				
State of Maryland General Fund	(650,458,000)	(636,451,000)	(651,614,467)	(15,163,467)
Other government agencies/funds-VLT	<u>(906,834,000)</u>	<u>(957,730,674)</u>	<u>(954,522,621)</u>	<u>3,208,053</u>
Excess of revenues over expenditures and other sources of financial resources	<u>\$ 3,005,484,217</u>	<u>\$ 3,062,172,610</u>	<u>\$ 3,308,140,459</u>	<u>\$ 245,967,849</u>
Reconciliation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures				
Change in net position	\$ 2,290,872			
Non-budgetary expenditures:				
Prize expense	1,729,578,635			
Retailer and casino commissions	1,422,927,090			
Sports wagering and fantasy gaming operators share	149,764,805			
Depreciation	2,247,446			
Decrease in fair value of investments	590,567			
Amortization of discount prize liabilities	893,561			
Voluntary exclusion program	<u>(152,517)</u>			
Excess of revenues over expenses	<u>\$ 3,308,140,459</u>			

**Notes to the Schedule of Revenues, Expenses
and Changes in Net Position – Budget and Actual
FOR THE YEAR ENDED JUNE 30, 2023**

1. BUDGETING AND BUDGETARY CONTROL

The Maryland Constitution requires the Governor to submit to the General Assembly an annual balanced budget for the following fiscal year. Each year the Agency prepares its annual budget and submits it to the Governor. The Governor then presents the State’s annual budget (including the Agency’s) to the General Assembly in accordance with Constitutional requirements. The General Assembly is required to then enact a balanced budget.

The Agency’s official budget, as adopted by the Legislature, is based upon accounting for certain transactions on the basis of cash receipts and disbursements. Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded as expenditures when the purchase commitment is made, is employed for budgetary purposes. Unliquidated encumbrances are canceled at year-end if it is determined the funds will not be utilized in the future. Unencumbered appropriations lapse at the end of the fiscal year for which they were appropriated. The major differences between the budget basis and the Accounting Principles Generally Accepted in the United States of America (GAAP) basis of accounting are:

- Lottery player prize payments are not budgeted;
- Lottery retailer commissions are not budgeted;
- Casino operator commissions are not budgeted;
- Sports wagering operator commissions are not budgeted;
- Fantasy gaming operator commissions are not budgeted;
- Revenues are recorded when received in cash (budget) as opposed to when earned (GAAP);
- Expenses (including deferred prizes) are recorded when paid or encumbered (budget) as opposed to when the liability is incurred (GAAP);
- The budget basis excludes depreciation and amortization.

The Agency maintains budgetary control by not permitting the total expenditures to exceed appropriations without executive and legislative branch approval.

Schedule of Changes in Net Pension Liability Contributions and Related Ratios*
FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (NPL)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Agency's proportion of the collective NPL	0.17%	0.16%	0.16%	0.15%	0.15%	0.13%	0.12%	0.11%	0.08%
Agency's proportionate share of the collective NPL	\$ 31,054,754	\$ 22,461,244	\$ 33,399,589	\$ 30,536,823	\$ 32,033,294	\$ 27,645,653	\$ 27,137,095	\$ 22,831,103	\$ 13,723,698
Agency's covered payroll	\$ 20,950,238	\$ 18,314,449	\$ 17,743,618	\$ 17,386,846	\$ 17,398,689	\$ 17,438,842	\$ 16,262,945	\$ 14,459,261	\$ 13,597,365
Proportionate share of the collective NPL as a percentage of covered payroll	148.23%	122.64%	188.23%	175.63%	184.11%	158.53%	166.86%	157.90%	100.93%
Plan fiduciary net position as a percentage of total pension liability	76.27%	81.84%	70.72%	72.34%	71.18%	69.38%	65.79%	68.78%	71.87%

SCHEDULE OF CONTRIBUTIONS

	2023	2022	2021	2020	2019	2018 (as adjusted)	2017	2016	2015
Actuarially determined contributions	\$ 4,113,633	\$ 3,544,347	\$ 3,489,405	\$ 3,237,248	\$ 3,053,641	\$ 3,044,421	\$ 3,115,271	\$ 2,424,201	\$ 2,315,584
Contributions in relation to the actuarially determined contribution	4,113,633	3,544,347	3,489,405	3,237,248	3,053,641	3,044,421	3,115,271	2,424,201	2,315,584
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 20,950,238	\$ 18,314,449	\$ 17,743,618	\$ 17,386,846	\$ 17,398,689	\$ 17,438,842	\$ 16,262,945	\$ 14,459,261	\$ 13,597,365
Contributions as a percentage of covered-employee payroll	19.64%	19.35%	19.67%	18.62%	17.55%	17.46%	19.16%	16.77%	17.03%

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of Changes in Net Pension Liability, Contributions and Related Ratios*

FOR THE YEAR ENDED JUNE 30, 2023

NOTES TO REQUIRED SCHEDULES

ASSUMPTIONS AND OTHER INPUTS:

Valuation Date	June 30	Actuarially determined contribution rates are calculated as of June 30, which is 12 months prior to the beginning of the fiscal year in which the contributions are reported.
Valuation method	Individual Entry Age Normal Cost Method	
Amortization method	Level Percentage of Payroll, Closed	
Asset Valuation Method	5-years smoothed market; 20% collar	
Salary increases	2.75% to 11.25%	
Inflation	2.25% general, 2.75% wage	
Investment rate of return	6.80%	
Discount rate	6.80%	
Retirement age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2018 experience study of the period 2014-2018.	
Mortality	Public Sector Mortality Tables with generational mortality projections using scale MP-2018. “Dimensional mortality” improvement scale.	

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of Employer Contributions for Other Postemployment Benefit Plan*

FOR THE YEAR ENDED JUNE 30, 2023

SCHEDULE OF CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFIT PLAN YEAR-ENDING JUNE 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contribution	\$ 1,931,171	\$ 1,650,281	\$ 1,339,576	\$ 1,654,780	\$ 1,408,400	\$ 1,140,228
Covered Employee Payroll	\$ 20,950,238	\$ 18,314,449	\$ 17,743,618	\$ 17,386,846	\$ 17,398,689	\$ 17,438,842
Actual contributions as a percentage of covered employee payroll	9.22%	9.01%	7.55%	9.52%	8.09%	6.54%

NOTES TO SCHEDULE

Valuation Date: Contractually determined contribution amounts are calculated as of June 30 of the prior year in which contributions are reported.

*Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Maryland Lottery and Gaming Control Agency:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Maryland Lottery and Gaming Control Agency (an agency of the State of Maryland) (Agency), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Maryland Lottery and Gaming Control Agency's basic financial statements, and have issued our report thereon dated December 7, 2023.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Maryland Lottery and Gaming Control Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Maryland Lottery and Gaming Control Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Maryland Lottery and Gaming Control Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Maryland Lottery and Gaming Control Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SC+H Attest Services, P.C.

December 7, 2023

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STATISTICAL SECTION

Since its inception in 1973, the Lottery has contributed more than \$19.3 billion in revenue to the state of Maryland. Maryland's casino program, which began in September 2010, has generated almost \$15.9 billion in revenue, with nearly 5.2 billion supporting education in the state. Maryland's sports wagering, which began in December 2021, has generated \$28.1 million in revenue supporting education in the state. Maryland's fantasy competitions began earning tax revenue May 2021 and have generated \$3.7 million supporting revenue in the state.

Statistical Information Sections

This section of the Annual Comprehensive Financial Report presents detailed information as a supplement to the information presented in the financial statements and notes disclosures to assist readers in assessing the overall financial health of the MLGCA.

CONTENTS

81 FINANCIAL TRENDS

These schedules contain trend information to help readers understand how the MLGCA's financial performance and position have changed over time. The information presented includes changes in net position, sales and contribution/transfer data for the lottery, gaming operations, sports wagering and fantasy competitions, as well as the lottery industry as a whole.

110 REVENUE CAPACITY

These schedules contain information to help readers assess the MLGCA's most significant revenue sources. The lottery's statewide retailer network determines the market exposure for the lottery's games. The casinos determine the market exposure for VLTs and table games.

120 DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help readers understand the environment within which the MLGCA operates.

121 OPERATING INFORMATION

These schedules contain information about the MLGCA's organization and efficiency.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports or the audited financial statements for the relevant year.

Net Position and Changes in Net Position – Fiscal Years 2014 Through 2023

NET POSITION BY COMPONENT - FISCAL YEARS 2014 THROUGH 2023

FISCAL YEAR	2014	2015	2016	2017	2018	2019	2020	2021	2022 (As restated)	2023
Net investment in capital assets	\$ (6,954,587)	\$ 1,041,616	\$ 432,907	\$ 67,350	\$ (1,391,694)	\$ 100,422	\$ -	\$ -	\$ -	\$ 151,235
Unrestricted	1,806,301	(285,733)	1,543,692	(4,977,761)	(8,383,766)	(6,711,713)	(16,982,074)	(20,134,762)	(18,102,448)	(16,368,555)
Total net position	\$ (5,148,286)	\$ 755,883	\$ 1,976,599	\$ (4,910,411)	\$ (9,775,460)	\$ (6,611,291)	\$ (16,982,074)	\$ (20,134,762)	\$ (17,951,213)	\$ (15,660,341)

CHANGE IN NET POSITION - FISCAL YEARS 2014 THROUGH 2023

OPERATING REVENUES:	2014	2015	2016	2017	2018	2019	2020	2021	2022 (As restated)	2023
Daily Draw Games	\$ 545,173,973	\$ 545,723,393	\$ 548,878,901	\$ 556,086,319	\$ 556,913,301	\$ 583,595,693	\$ 641,144,050	\$ 779,283,335	\$ 766,220,887	\$ 728,167,581
Monitor Games	466,230,592	457,655,976	478,647,528	483,643,426	483,994,276	498,058,435	489,482,954	572,194,487	606,141,596	604,295,552
Jackpot Games	232,954,540	207,620,879	259,796,495	206,690,778	241,877,131	293,176,999	198,537,270	255,739,702	267,735,733	353,830,259
Instant Games	479,631,463	546,053,764	611,286,137	676,752,574	750,888,512	812,426,311	852,739,383	993,407,426	1,009,473,559	1,063,048,241
ITLMS	-	3,812,016	6,934,191	8,372,989	9,121,117	9,651,061	7,864,356	10,525,120	13,132,050	15,037,171
Total Net Sales	1,723,990,568	1,760,866,028	1,905,543,252	1,931,545,666	2,042,794,337	2,196,908,499	2,189,768,013	2,611,150,070	2,662,703,825	2,764,378,803
Gaming Revenue-Gross Terminal Revenue	579,133,667	681,822,742	741,694,172	885,867,966	1,046,676,783	1,125,214,916	829,280,731	1,160,392,613	1,331,811,554	1,347,852,822
Gaming Revenue-State Grant	81,648,408	66,263,057	20,274,795	20,706,322	7,474,980	6,715,636	6,461,424	4,943,387	5,205,432	5,671,632
Gaming Revenue-Table Games	254,869,582	356,401,074	402,278,788	535,074,397	632,289,627	635,193,662	450,693,376	585,329,183	669,968,678	712,452,973
Gaming Revenue-Facility Applicants	3,282,340	2,812,897	1,921,206	2,957,020	2,209,398	2,055,879	1,470,576	1,535,251	2,841,363	3,224,384
Gaming Machine Assessment	3,035,800	3,967,980	3,844,625	4,649,746	5,278,854	5,296,225	3,779,273	4,132,375	4,455,075	4,480,975
ITLM Lease Revenue	-	1,587,896	2,894,330	3,494,887	3,807,152	4,028,353	2,361,413	3,157,573	3,937,554	4,511,193
Gaming Revenue-Fantasy Gaming	-	-	-	-	-	-	-	-	-	7,803,960
Gaming Revenue-Sports Wagering	-	-	-	-	-	-	-	-	-	17,075,872
MDH Revenue	-	-	-	-	-	-	95,651	-	-	184,039,809
Total Operating Revenues	2,645,960,365	2,873,721,674	3,078,451,168	3,384,296,004	3,740,531,131	3,975,413,170	3,483,910,457	4,370,640,452	4,728,602,202	5,034,416,551

COST OF SALES:

Prize Expense	1,022,033,738	1,051,485,747	1,133,301,463	1,196,511,295	1,248,722,984	1,357,478,258	1,369,035,515	1,655,957,335	1,689,109,893	1,729,578,635
Retailer Commissions	122,109,073	128,596,268	141,157,005	145,883,312	153,725,963	165,508,687	163,733,149	197,223,468	202,994,272	219,856,683
Casinos Share	406,227,926	538,999,870	626,102,299	819,389,044	996,857,938	1,036,965,945	750,852,790	1,014,728,108	1,160,618,368	1,203,070,407
Sports Wagering Operators Share	-	-	-	-	-	-	-	-	-	143,132,290
Fantasy Operators Share	-	-	-	-	-	-	-	-	-	16,337,370
Gaming Vendor and Data Processing Fees	20,772,228	23,522,186	27,744,841	29,025,085	30,748,701	39,504,953	38,184,132	48,566,232	53,217,325	56,430,910
Instant Ticket Printing and Delivery	7,940,317	6,167,461	5,997,088	7,464,342	6,637,518	7,327,339	8,437,031	7,929,358	7,783,450	8,087,739
Total Operating Expenses	1,579,083,282	1,748,771,532	1,934,302,696	2,198,274,078	2,436,693,104	2,606,785,182	2,330,242,617	2,924,404,501	3,144,575,169	3,366,789,179

OPERATING EXPENSES:

Salaries, Wages, and Benefits	20,205,985	23,198,757	24,476,879	26,873,983	26,966,333	26,724,096	28,171,299	27,819,882	28,918,676	32,260,868
Advertising and Promotions	11,593,907	12,369,906	15,645,392	18,379,694	15,536,795	18,108,829	18,405,264	20,056,834	19,422,934	19,997,289
Other General and Administrative Fees	74,392,476	50,011,479	5,448,107	7,438,231	1,233,077	1,981,874	2,494,573	2,487,007	2,576,474	2,247,446
Depreciation and Amortization	13,300,598	9,827,449	13,038,756	12,982,014	7,382,071	5,899,476	6,474,828	3,653,008	194,196	3,362,198
Total Operating Expenses	119,492,966	95,407,591	58,609,134	65,673,922	51,118,276	52,714,275	55,545,964	54,016,731	51,112,280	57,867,801

NON-OPERATING REVENUES (EXPENSES):

Unrealized Gains (Losses) on Investments	(1,876,860)	(1,016,538)	393,670	(2,108,294)	(1,780,253)	1,257,935	3,699,628	(2,741,021)	(3,768,926)	(1,484,128)
Interest Income (Expense)	(567,607)	(641,187)	(819,905)	(633,426)	-	-	-	-	-	-
Payments to State of Maryland - Lottery	(521,106,646)	(526,526,916)	(569,813,356)	(524,902,592)	(575,672,412)	(593,453,089)	(588,668,172)	(667,439,788)	(635,074,503)	(651,614,467)
Payments to other Government Funds/Agencies - Gaming	(420,631,196)	(499,677,022)	(514,154,133)	(599,628,305)	(680,211,579)	(720,662,476)	(523,647,252)	(725,314,989)	(892,034,283)	(954,522,627)
Gain on Sale of VLTs	-	4,206,207	-	-	-	-	-	-	-	-
Voluntary Exclusion Program	-	1,7047	75,642	37,603	79,444	108,086	123,142	123,890	146,508	152,517
Total Operating Revenues	(944,182,309)	(1,023,638,409)	(1,084,318,082)	(1,127,235,014)	(1,257,584,800)	(1,312,749,544)	(1,108,492,659)	(1,395,371,908)	(1,530,731,204)	(1,607,468,699)

CHANGES IN NET POSITION:

Total Operating Revenues	3,201,808	5,904,169	1,220,716	(6,887,010)	(4,865,049)	3,164,169	(10,370,783)	(3,152,688)	2,183,549	2,290,872
Total Operating Expenses	(8,350,094)	(5,148,286)	755,883	1,976,599	(4,910,411)	(9,775,460)	(6,611,291)	(16,982,074)	(20,134,762)	(17,951,213)
TOTAL NET POSITION, BEGINNING OF YEAR:	\$ (5,148,286)	\$ 755,883	\$ 1,976,599	\$ (4,910,411)	\$ (9,775,460)	\$ (6,611,291)	\$ (16,982,074)	\$ (20,134,762)	\$ (17,951,213)	\$ (15,660,341)
TOTAL NET POSITION, END OF YEAR:	\$ (5,148,286)	\$ 755,883	\$ 1,976,599	\$ (4,910,411)	\$ (9,775,460)	\$ (6,611,291)	\$ (16,982,074)	\$ (20,134,762)	\$ (17,951,213)	\$ (15,660,341)

Sales — Fiscal Years 2014 Through 2023

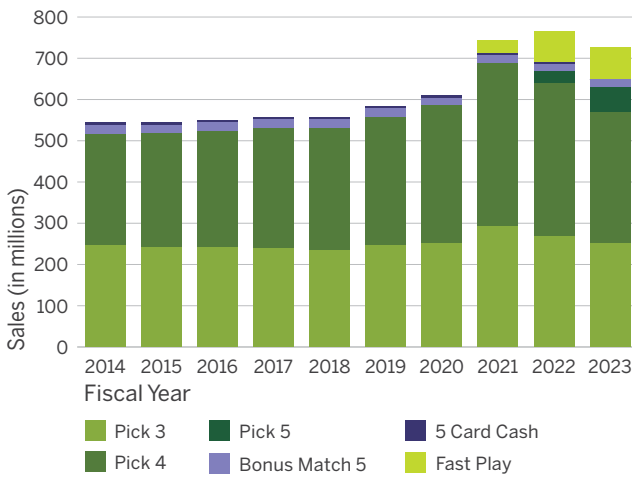
SALES BY CATEGORY AND GAME FISCAL YEAR	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
DAILY DRAW GAMES										
Pick 3	\$ 244,538,835	\$ 240,910,861	\$ 241,569,648	\$ 239,153,635	\$ 235,402,012	\$ 245,626,551	\$ 251,674,709	\$ 290,798,740	\$ 266,550,955	\$ 249,823,094
Pick 4	270,825,588	276,957,939	280,783,133	291,588,159	296,206,896	312,177,226	333,716,018	395,655,033	373,129,866	318,152,959
Bonus Match 5	21,444,445	21,320,570	20,611,878	19,799,308	19,658,089	19,573,334	18,524,396	20,508,033	19,111,113	17,740,459
5 Card Cash	8,365,105	6,534,023	5,914,242	5,545,217	5,646,303	6,218,582	6,027,647	5,793,802	3,353,375	-
FAST PLAY	-	-	-	-	-	-	31,201,280	66,527,727	76,928,138	79,122,185
Pick 5	-	-	-	-	-	-	-	-	27,147,440	63,328,884
Daily Draw Games Total	\$ 545,173,973	\$ 545,723,393	\$ 548,878,901	\$ 556,086,319	\$ 556,913,300	\$ 583,595,693	\$ 641,144,049	\$ 779,283,335	\$ 766,220,887	\$ 728,167,581
MONITOR GAMES										
Keno	\$ 308,104,967	\$ 302,987,619	\$ 311,555,811	\$ 303,244,462	\$ 291,409,988	\$ 286,865,920	\$ 259,195,345	\$ 273,532,999	\$ 287,135,225	\$ 283,817,391
RacetraX®	158,125,625	154,668,357	167,091,717	180,398,545	192,584,289	211,192,515	230,287,609	298,661,489	319,006,371	320,478,161
Monitor Games Total	\$ 466,230,592	\$ 457,655,976	\$ 478,647,528	\$ 483,643,007	\$ 483,994,277	\$ 498,058,435	\$ 489,482,954	\$ 572,194,487	\$ 606,141,596	\$ 604,295,552
JACKPOT GAMES										
Mega Millions	\$ 100,493,295	\$ 82,020,637	\$ 73,217,563	\$ 66,344,693	\$ 88,555,640	\$ 137,707,762	\$ 78,588,223	\$ 107,949,942	\$ 81,010,003	\$ 146,972,234
Multi-Match®	26,699,000	34,499,811	31,095,004	24,018,675	28,952,844	29,001,325	28,983,416	33,702,488	39,647,358	28,815,483
Powerball®	105,762,245	89,507,596	143,525,324	100,133,706	111,194,931	114,078,139	70,394,314	93,235,563	127,568,523	157,835,043
Cash4Life	-	-	11,958,604	16,193,704	13,173,716	12,389,773	20,571,318	20,851,709	19,509,849	20,207,499
Monopoly Millionaires' Club	-	1,592,835	-	-	-	-	-	-	-	-
Jackpot Games Total	\$ 232,954,540	\$ 207,620,879	\$ 259,796,495	\$ 206,690,778	\$ 241,877,131	\$ 293,176,999	\$ 198,537,270	\$ 255,739,702	\$ 267,735,733	\$ 353,830,259
SCRATCH-OFF GAMES	\$ 479,631,463	\$ 546,053,764	\$ 611,286,137	\$ 676,752,574	\$ 750,888,512	\$ 812,426,311	\$ 852,739,383	\$ 993,407,426	\$ 1,009,473,559	\$ 1,063,048,241
ITLTM	\$ -	\$ 3,812,016	\$ 6,934,191	\$ 8,372,989	\$ 9,121,117	\$ 9,651,061	\$ 7,864,356	\$ 10,525,120	\$ 13,132,050	\$ 15,037,171
TOTAL SALES	\$ 1,723,990,568	\$ 1,760,866,028	\$ 1,905,543,252	\$ 1,931,545,667	\$ 2,042,794,337	\$ 2,196,908,499	\$ 2,189,768,012	\$ 2,611,150,070	\$ 2,662,703,825	\$ 2,764,378,804

PRODUCT MIX BY CATEGORY

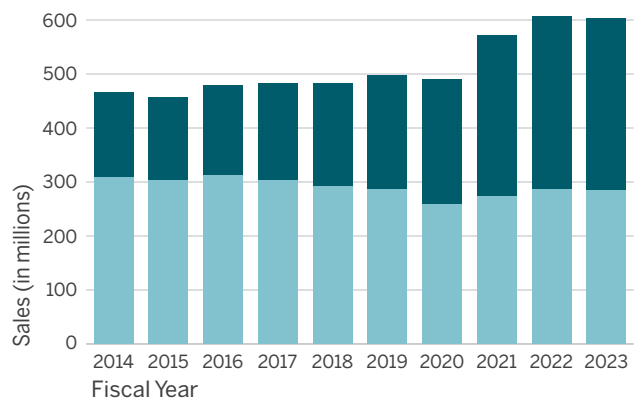
FISCAL YEAR	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Daily Draw Games	31.62%	30.99%	28.80%	28.79%	27.26%	26.56%	29.28%	29.84%	28.78%	26.34%
Monitor Games	27.04%	25.99%	25.12%	25.04%	23.69%	22.67%	22.35%	21.91%	22.76%	21.86%
Jackpot Games	13.51%	11.79%	13.63%	10.70%	11.84%	13.34%	9.07%	9.79%	10.06%	12.80%
Instant Games	27.82%	31.01%	32.08%	35.04%	36.76%	36.98%	38.94%	38.04%	37.91%	38.46%
ITLTM	-	0.22%	0.36%	0.43%	0.45%	0.44%	0.36%	0.40%	0.49%	0.54%

Sales – Fiscal Years 2014 Through 2023 – (continued)

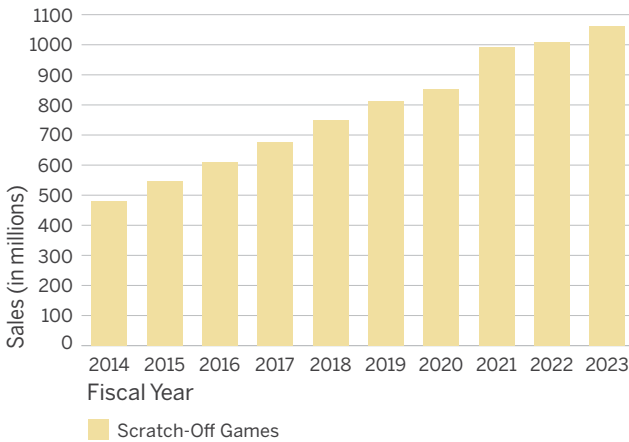
DAILY DRAW GAMES



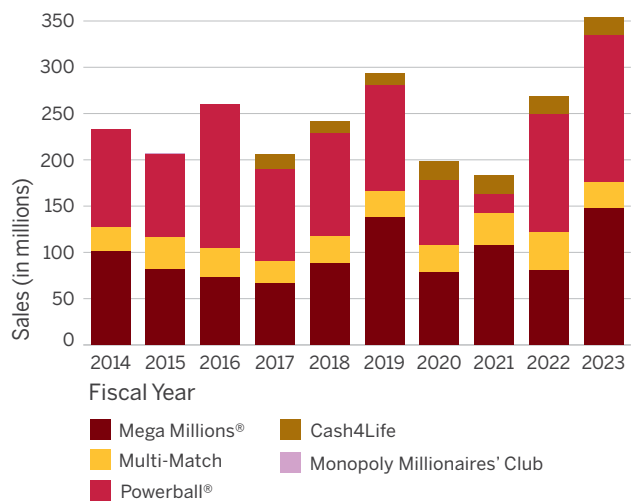
MONITOR GAMES



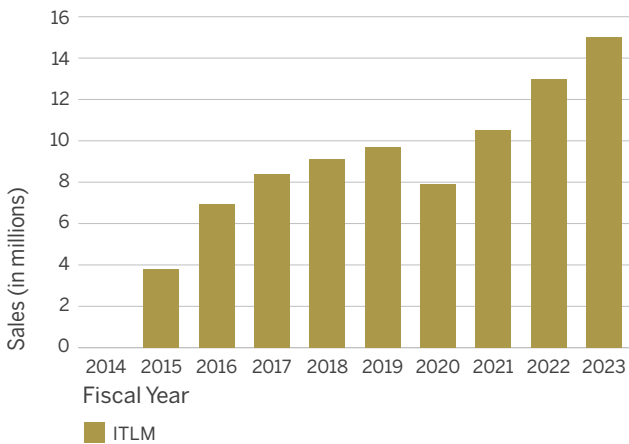
SCRATCH-OFF GAMES



JACKPOT GAMES

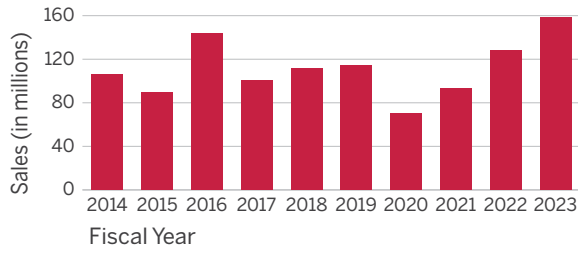


ITLM

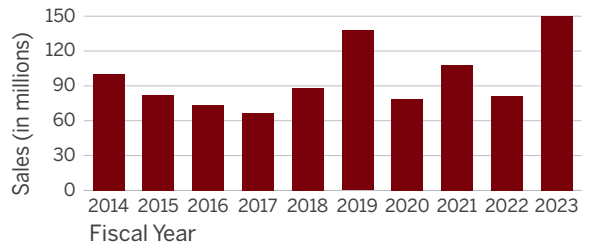


Sales – Fiscal Years 2014 Through 2023 – (continued)

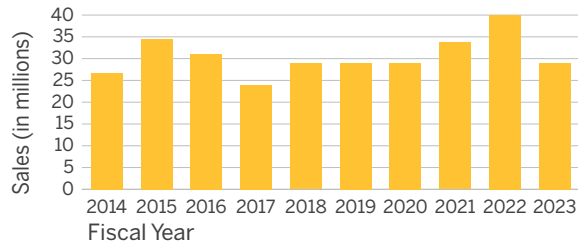
POWERBALL®



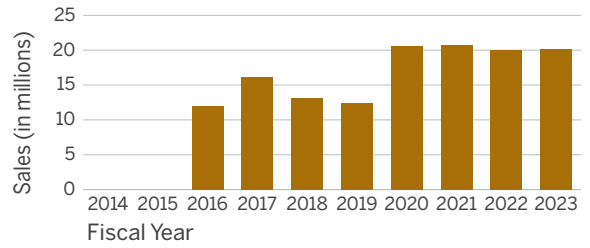
MEGA MILLIONS®



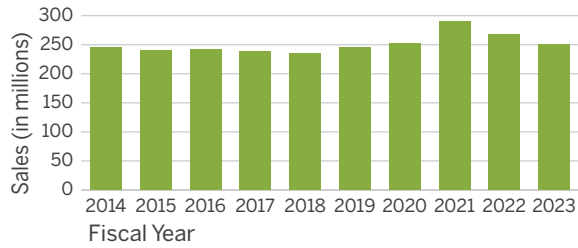
MULTI-MATCH®



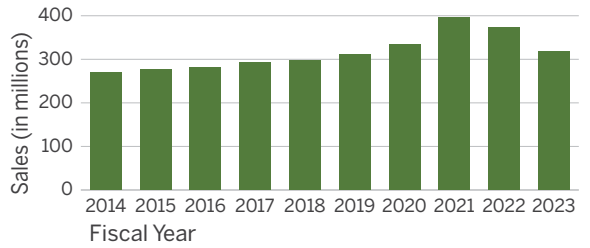
CASH4LIFE



PICK 3



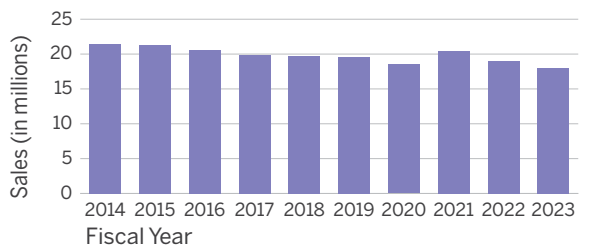
PICK 4



PICK 5

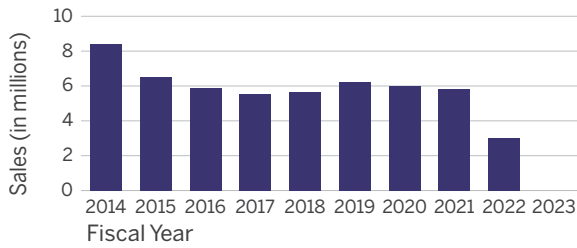


BONUS MATCH 5

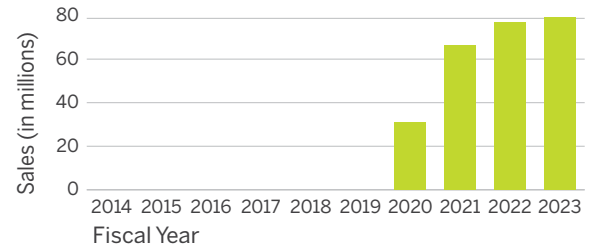


Sales – Fiscal Years 2014 Through 2023 – (continued)

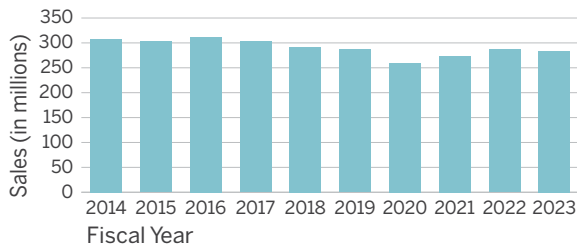
5 CARD CASH



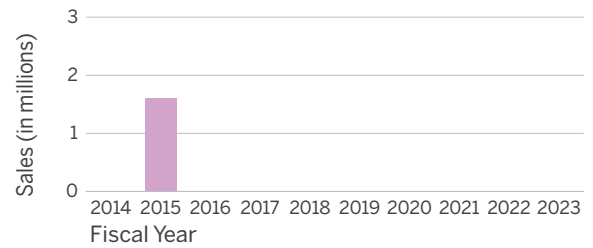
FAST PLAY



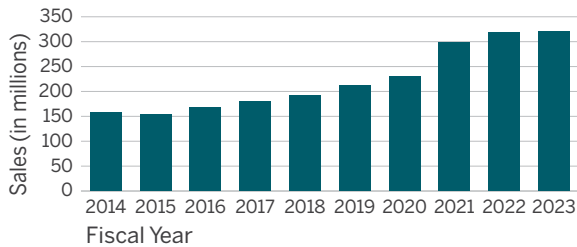
KENO



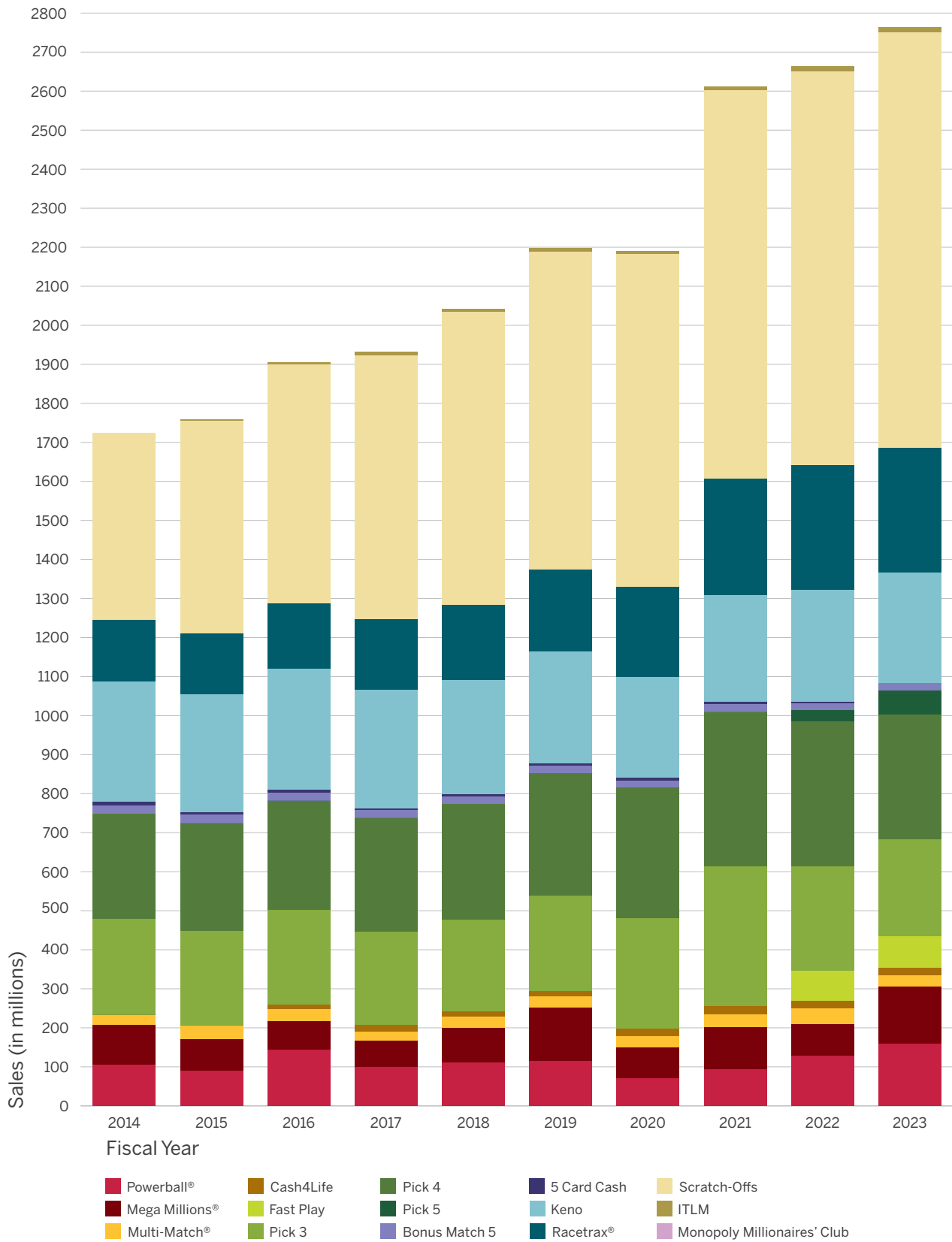
MONOPOLY MILLIONAIRES' CLUB



RACETRAX®



Sales – Fiscal Years 2014 Through 2023 – (continued)



U.S. Lotteries Per Capita Sales – Fiscal Year 2023

Rank	State	Population (M)	Total Sales (\$M)*	Per Capita**
1	Massachusetts	7.0	6,111.5	875
2	Georgia	10.8	6,136.9	568
3	Michigan	10.1	4,864.0	484
4	South Carolina	5.2	2,402.7	463
5	Florida	21.8	9,801.8	450
6	Maryland	6.2	2,749.4	446
7	New Jersey	9.3	3,899.0	421
8	New York	19.8	8,292.3	418
9	North Carolina	10.6	4,342.7	412
10	Connecticut	3.6	1,451.2	402
11	Pennsylvania	13.0	5,136.0	396
12	New Hampshire	1.4	548.0	395
13	Ohio	11.8	4,463.7	379
14	Kentucky	4.5	1,499.8	333
15	Virginia	8.6	2,776.0	321
16	Maine	1.4	410.3	299
17	Texas	29.5	8,725.6	296
18	Washington, D.C.	0.7	197.3	294
19	Rhode Island	1.1	316.3	289
20	Illinois	12.7	3,609.6	285
21	Missouri	6.2	1,644.5	267
22	Indiana	6.8	1,746.3	257
23	Delaware	1.0	254.7	254
24	Vermont	0.6	161.5	250
25	California	39.2	9,250.4	236
26	Idaho	1.9	422.7	222
27	Arizona	7.3	1,516.7	208
28	Arkansas	3.0	607.6	201
29	Wisconsin	5.9	981.7	166
30	Mississippi	2.9	467.7	159
31	Colorado	5.8	889.8	153
32	Iowa	3.2	481.5	151
33	West Virginia	1.8	265.2	149
34	Louisiana	4.6	652.4	141
35	Minnesota	5.7	787.2	138
36	Washington	7.7	1,003.4	130
37	Kansas	2.9	351.3	120
38	Nebraska	2.0	220.2	112
39	Oregon	4.2	440.6	104
40	Oklahoma	4.0	379.8	95
41	South Dakota	0.9	85.2	95
42	New Mexico	2.1	168.5	80
43	Montana	1.1	87.6	79
44	Wyoming	0.6	44.3	77
45	North Dakota	0.8	44.3	51

Source: *La Fleur's Magazine, September/October 2023 Edition*

*FY22 Traditional Sales, excludes VLT revenue

** Subject to rounding.

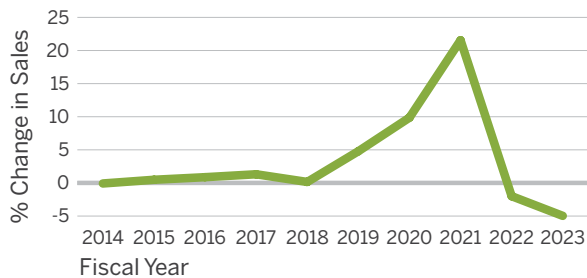
Fiscal year ends June 30 except New York (March 31), Texas August 31) and Michigan (September 30).

The following Lottery was excluded: Tennessee.

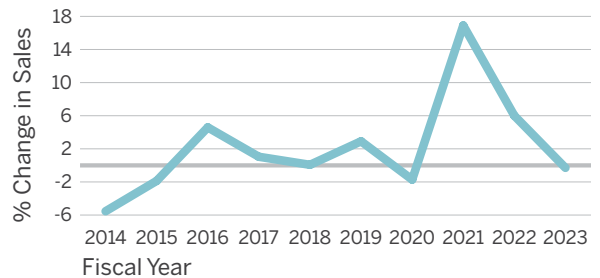
Percentage Change in Sales – Fiscal Years 2014 Through 2023

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Daily Draw Games	-0.08%	0.10%	0.58%	1.31%	0.15%	4.79%	9.86%	21.55%	-1.68%	-4.97%
Monitor Games	-5.54%	-1.84%	4.59%	1.04%	0.07%	2.91%	-1.72%	16.90%	5.93%	-0.30%
Jackpot Games	0.79%	-10.87%	25.13%	-20.44%	17.02%	21.21%	-32.28%	28.81%	4.69%	32.16%
Scratch-Off Games	-1.28%	13.85%	11.95%	10.71%	10.95%	8.20%	4.96%	16.50%	1.62%	5.31%
ITLM	-%	-%	81.90%	20.75%	8.94%	5.81%	-18.51%	33.83%	24.77%	14.51%
Total Sales	-1.83%	2.14%	8.22%	1.36%	5.76%	7.54%	-0.33%	19.24%	1.97%	3.82%

DAILY DRAW GAMES



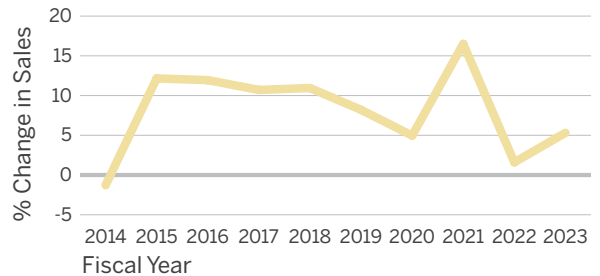
MONITOR GAMES



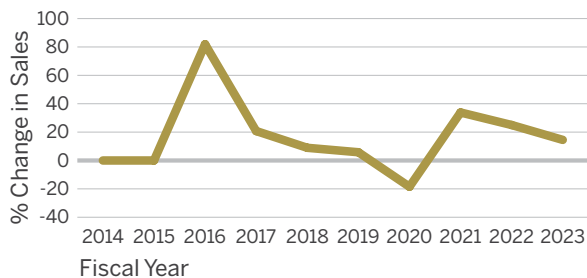
JACKPOT GAMES



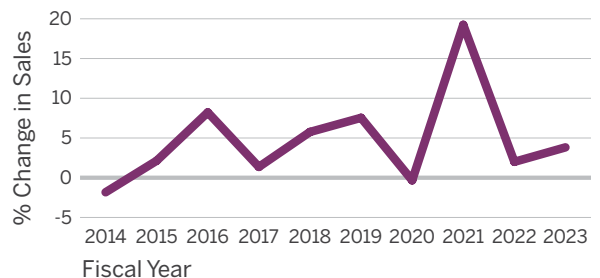
SCRATCH-OFFS



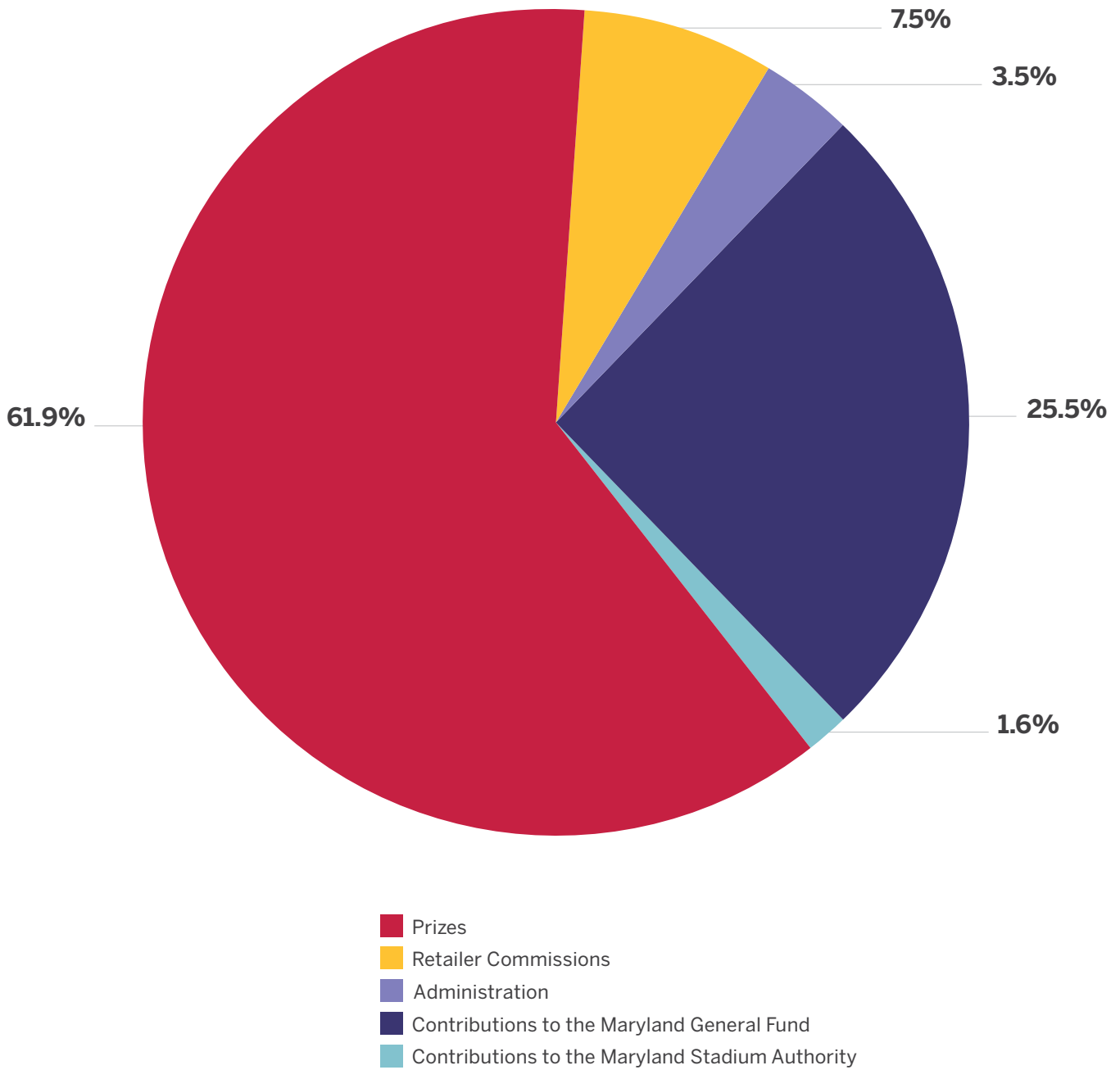
ITLM



TOTAL SALES



Expenses and Contributions – Cumulative for Fiscal Years 2014 Through 2023



Note: Cumulative Contributions for the fiscal years 2014 – 2023 for the following were less than 1% and were therefore not included in this graph: the Maryland Veterans Trust Fund, the International Racing Fund, the Michael Erin Busch Sports Fund, the Maryland Humanities Council, and Local Impact (HB532).

Lottery Contributions — Inception to Date

Fiscal Year	The State of Maryland General Fund	The Maryland Stadium Authority	Subdivisions of Maryland	Veterans Trust Fund	International Racing Fund	Michael Erin Busch Sports Fund	MD Humanities Council	HB 532 Local Impact Distributions	Maggie McIntosh Arts Fund	MDOT Rapid Transit Fund	Total Contributions
1975*	\$ 10,025,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	10,025,000
1976	15,374,000	-	-	-	-	-	-	-	-	-	15,374,000
1977	83,928,000	-	-	-	-	-	-	-	-	-	83,928,000
1978	116,182,000	-	-	-	-	-	-	-	-	-	116,182,000
1979	131,271,000	-	-	-	-	-	-	-	-	-	131,271,000
1980	156,768,000	-	-	-	-	-	-	-	-	-	156,768,000
1981	185,224,000	-	-	-	-	-	-	-	-	-	185,224,000
1982	199,080,000	-	-	-	-	-	-	-	-	-	199,080,000
1983	206,236,000	-	-	-	-	-	-	-	-	-	206,236,000
1984	199,194,000	-	19,095,000	-	-	-	-	-	-	-	218,289,000
1985	250,123,000	-	12,158,000	-	-	-	-	-	-	-	262,281,000
1986	323,423,000	-	-	-	-	-	-	-	-	-	323,423,000
1987	332,366,000	-	-	-	-	-	-	-	-	-	332,366,000
1988	335,928,000	16,750,000	-	-	-	-	-	-	-	-	352,678,000
1989	319,605,000	16,221,000	-	-	-	-	-	-	-	-	335,826,000
1990	311,254,000	24,040,000	-	-	-	-	-	-	-	-	335,294,000
1991	315,247,000	24,004,000	-	-	-	-	-	-	-	-	339,251,000
1992	323,814,000	19,752,000	-	-	-	-	-	-	-	-	343,566,000
1993	301,563,000	21,612,000	-	-	-	-	-	-	-	-	323,175,000
1994	353,308,000	26,743,000	-	-	-	-	-	-	-	-	380,051,000
1995	366,577,000	19,077,000	-	-	-	-	-	-	-	-	385,654,000
1996	369,161,000	20,749,000	-	-	-	-	-	-	-	-	389,910,000
1997	359,835,000	32,818,000	-	-	-	-	-	-	-	-	392,653,000
1998	368,501,000	31,625,000	-	-	-	-	-	-	-	-	400,126,000
1999	362,145,000	31,076,000	-	-	-	-	-	-	-	-	393,221,000
2000	377,763,000	23,250,000	-	-	-	-	-	-	-	-	401,013,000
2001	385,045,000	22,000,000	-	-	-	-	-	-	-	-	407,045,000

MARYLAND LOTTERY AND GAMING CONTROL AGENCY

Lottery Contributions -- Inception to Date -- (continued)

Fiscal Year	The State of Maryland General Fund	The Maryland Stadium Authority	Subdivisions of Maryland	Veterans Trust Fund	International Racing Fund	Michael Erin Busch Sports Fund	MD Humanities Council	HB 532 Local Distributions	Maggie McIntosh Arts Fund	MDOT Rapid Transit Fund	Total Contributions
2002	\$ 416,274,000	\$ 27,230,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 443,504,000
2003	422,948,000	21,949,000	-	-	-	-	-	-	-	-	444,897,000
2004	436,373,000	22,000,000	-	-	-	-	-	-	-	-	458,373,000
2005	455,863,000	21,235,000	-	-	-	-	-	-	-	-	477,098,000
2006	480,471,000	20,500,000	-	-	-	-	-	-	-	-	500,971,000
2007	473,119,000	21,000,000	-	-	-	-	-	-	-	-	494,119,000
2008	507,904,000	21,500,000	-	-	-	-	-	-	-	-	529,404,000
2009	473,206,260	20,000,000	-	-	-	-	-	-	-	-	493,206,260
2010	491,008,632	19,600,000	-	-	-	-	-	-	-	-	510,608,632
2011	499,393,853	20,000,000	-	-	-	-	-	-	-	-	519,393,853
2012	536,264,804	20,000,000	-	-	-	-	-	-	-	-	556,264,804
2013	525,960,121	19,265,000	-	-	-	-	-	-	-	-	545,225,121
2014	501,106,646	20,000,000	-	-	-	-	-	-	-	-	521,106,646
2015	506,492,648	20,000,000	-	34,267	-	-	-	-	-	-	526,526,915
2016	529,753,849	40,000,000	-	59,507	-	-	-	-	-	-	569,813,356
2017	483,832,419	40,000,000	-	70,173	1,000,000	-	-	-	-	-	524,902,592
2018	534,595,837	40,000,000	-	76,575	1,000,000	-	-	-	-	-	575,672,412
2019	552,375,065	40,000,000	-	78,023	1,000,000	-	-	-	-	-	593,453,088
2020	548,511,872	40,000,000	-	156,301	-	-	-	-	-	-	588,668,173
2021	631,718,854	35,207,978	-	214,326	-	298,630	-	-	-	-	667,439,788
2022	635,074,109	35,233,033	-	265,563	-	1,000,000	150,000	1,930,998	-	-	673,653,703
2023	651,614,467	44,637,225	-	298,758	-	1,000,000	150,000	1,669,221	250,000	14,637,225	714,256,896
Total	\$ 18,352,801,436	\$ 939,074,236	\$ 31,253,000	\$ 1,253,493	\$ 3,000,000	\$ 2,298,630	\$ 300,000	\$ 3,600,219	\$ 250,000	\$ 14,637,225	\$ 19,348,468,239
TOTAL LIFETIME CONTRIBUTIONS											
\$ 19,348,468,239											

*Revenues generated from the inception of the MLGCA were not transferred to the State of Maryland until fiscal year 1975.

Gross Terminal Revenue Distributions – Fiscal Years 2014 Through 2023

FISCAL YEAR 2023

	Hollywood Casino	Ocean Downs Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Horseshoe Casino	Total
Education Trust Fund	\$ 34,140,524	\$ 28,634,661	\$ 179,923,443	\$ 17,911,016	\$ 202,402,404	\$ 52,831,489	\$ 515,843,536
Casino	28,905,968	47,246,573	243,985,579	34,281,308	216,612,298	62,198,973	633,230,700
Horse Racing	5,195,211	6,256,413	34,955,611	1,712,968	34,545,099	9,479,730	92,145,032
Local Impact Grants	4,082,233	4,916,411	27,469,182	2,256,998	27,145,971	7,448,951	73,319,746
MLGCA	741,179	891,445	4,979,298	571,355	4,923,007	1,352,152	13,458,435
Small, Minority, Women Owned Business	1,113,281	1,340,711	7,490,800	476,381	7,402,782	2,031,416	19,855,371
Total	\$ 74,178,396	\$ 89,286,214	\$ 498,803,912	\$ 57,210,027	\$ 493,031,561	\$ 135,342,711	\$ 1,347,852,820

FISCAL YEAR 2022

	Hollywood Casino	Ocean Downs Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Horseshoe Casino	Total
Education Trust Fund	\$ 36,873,490	\$ 27,275,440	\$ 180,257,120	\$ 18,787,109	\$ 194,328,754	\$ 53,596,607	\$ 511,118,520
Casino	31,169,189	44,958,324	243,247,236	35,036,645	207,312,647	62,919,384	624,643,426
Horse Racing	5,610,980	5,957,553	34,981,840	1,475,028	33,154,593	9,612,558	90,792,552
Local Impact Grants	4,409,294	4,681,729	27,495,107	2,202,320	26,057,023	7,554,253	72,399,726
MLGCA	799,210	848,270	4,964,229	583,944	4,711,651	1,367,813	13,275,117
Small, Minority, Women Owned Business	1,202,404	1,276,680	7,496,830	441,255	7,105,093	2,059,951	19,582,213
Total	\$ 80,064,567	\$ 84,997,996	\$ 498,442,361	\$ 58,526,303	\$ 472,669,761	\$ 137,110,567	\$ 1,331,811,554

FISCAL YEAR 2021

	Hollywood Casino	Ocean Downs Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Horseshoe Casino	Total
Education Trust Fund	\$ 34,698,766	\$ 23,989,204	\$ 155,754,032	\$ 17,072,579	\$ 158,505,775	\$ 53,583,230	\$ 443,603,588
Casino	29,418,519	39,732,120	211,998,544	32,011,086	170,103,758	63,200,733	546,464,761
Horse Racing	5,280,247	5,247,638	30,285,506	1,333,795	27,061,962	9,617,503	78,826,651
Local Impact Grants	4,148,766	4,123,145	23,795,755	2,000,693	21,262,970	7,556,609	62,887,937
MLGCA	754,321	749,663	4,326,501	533,518	3,865,995	1,373,929	11,603,926
Small, Minority, Women Owned Business	1,131,481	1,124,494	6,489,751	400,139	5,798,992	2,060,894	17,005,751
Total	\$ 75,432,100	\$ 74,966,264	\$ 432,650,090	\$ 53,351,810	\$ 386,599,451	\$ 137,392,898	\$ 1,160,392,613

Gross Terminal Revenue Distributions – Fiscal Years 2014 Through 2023 – (continued)

FISCAL YEAR 2020

	Hollywood Casino	Ocean Downs Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Horseshoe Casino	Total
Education Trust Fund	\$ 22,900,395	\$ 17,642,742	\$ 118,586,640	\$ 12,078,582	\$ 118,910,390	\$ 39,098,953	\$ 329,217,703
Casino	18,784,666	27,852,454	154,534,236	22,062,182	122,767,446	44,297,105	390,298,089
Horse Racing	3,374,859	3,684,322	22,124,521	924,716	19,580,522	6,755,632	56,444,571
Local Impact Grants	2,651,806	2,895,054	17,385,498	1,383,395	15,386,687	5,308,593	45,011,034
MLGCA	481,658	525,518	3,153,760	367,703	2,790,169	962,981	8,281,789
Small, Minority, Women Owned Business	707	1,238	10,479	1,187	10,725	3,211	27,546
Total	\$ 48,194,093	\$ 52,601,328	\$ 315,795,133	\$ 36,817,765	\$ 279,445,939	\$ 96,426,474	\$ 829,280,731

FISCAL YEAR 2019

	Hollywood Casino	Ocean Downs Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Horseshoe Casino	Total
Education Trust Fund	\$ 30,969,939	\$ 23,435,411	\$ 154,595,877	\$ 16,053,211	\$ 163,723,989	\$ 58,643,228	\$ 447,421,655
Casino	25,394,269	36,972,047	201,570,887	29,318,426	169,108,744	66,446,643	528,811,016
Horse Racing	4,564,112	4,893,065	28,845,816	1,229,153	26,960,835	10,132,686	76,625,668
Local Impact Grants	3,586,337	3,844,954	22,666,587	1,838,640	21,185,822	7,962,253	61,084,594
MLGCA	651,135	697,586	4,113,692	488,641	3,843,381	1,444,492	11,238,926
Small, Minority, Women Owned Business	1,341	2,166	10,864	1,642	12,429	4,617	33,059
Total	\$ 65,167,134	\$ 69,845,229	\$ 411,803,723	\$ 48,929,712	\$ 384,835,199	\$ 144,633,920	\$ 1,125,214,917

FISCAL YEAR 2018

	Hollywood Casino	Ocean Downs Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Horseshoe Casino	Total
Education Trust Fund	\$ 29,859,363	\$ 21,181,689	\$ 133,138,092	\$ 14,915,504	\$ 141,713,155	\$ 61,012,364	\$ 401,820,167
Casino	25,306,289	33,339,352	180,896,998	27,886,147	151,759,139	71,838,311	491,026,236
Horse Racing	4,543,796	4,493,281	25,877,631	1,168,167	24,188,782	10,947,741	71,219,399
Local Impact Grants	3,570,192	3,530,731	20,333,846	1,747,965	19,007,300	8,602,573	56,792,606
MLGCA	648,879	640,851	3,691,776	464,895	3,449,071	1,561,659	10,457,130
Small, Minority, Women Owned Business	357	1,593	7,653	1,348	9,844	3,506	24,300
General Fund	973,319	961,276	5,537,663	348,590	5,173,607	2,342,488	15,336,944
Total	\$ 64,902,194	\$ 64,148,772	\$ 369,483,659	\$ 46,532,616	\$ 345,300,900	\$ 156,308,642	\$ 1,046,676,783

Gross Terminal Revenue Distributions – Fiscal Years 2014 Through 2023 – (continued)

FISCAL YEAR 2017

	<u>Hollywood Casino</u>	<u>Ocean Downs Casino</u>	<u>Live! Casino</u>	<u>Rocky Gap Casino</u>	<u>MGM National Harbor</u>	<u>Horseshoe Casino</u>	<u>Total</u>
Education Trust Fund	\$ 28,747,273	\$ 24,736,512	\$ 146,094,799	\$ 18,957,952	\$ 72,760,024	\$ 70,452,252	\$ 361,748,812
Casino	24,598,981	25,614,481	168,308,643	22,568,992	78,083,929	72,154,501	391,329,526
Horse Racing	4,682,111	4,452,083	27,778,076	1,128,450	12,422,443	12,585,478	63,048,641
Local Impact Grants	3,469,087	3,276,271	20,456,504	1,241,295	9,760,491	9,277,796	47,481,444
MLGCA	630,743	595,686	3,719,364	902,759	1,774,635	1,686,872	9,310,058
Small, Minority, Women Owned Business	946,115	893,528	5,579,047	338,535	2,661,952	2,530,308	12,949,485
Total	\$ 63,074,309	\$ 59,568,560	\$ 371,936,432	\$ 45,137,982	\$ 177,463,474	\$ 168,687,208	\$ 885,867,966

FISCAL YEAR 2016

	<u>Hollywood Casino</u>	<u>Ocean Downs Casino</u>	<u>Live! Casino</u>	<u>Rocky Gap Casino</u>	<u>MGM National Harbor</u>	<u>Horseshoe Casino</u>	<u>Total</u>
Education Trust Fund	\$ 29,551,720	\$ 23,603,536	\$ 175,797,317	\$ 17,360,640	\$ –	\$ 75,735,976	\$ 322,049,189
Casino	25,611,063	24,755,093	167,605,867	20,667,429	–	65,639,822	304,279,274
Horse Racing	5,253,619	4,605,599	32,705,161	1,033,371	–	13,464,193	57,061,944
Local Impact Grants	3,611,853	3,166,349	22,484,798	1,136,709	–	9,256,633	39,656,342
MLGCA	656,743	575,858	4,089,156	826,696	–	1,683,605	7,832,058
Small, Minority, Women Owned Business	985,051	863,550	6,132,218	310,011	–	2,524,536	10,815,366
Total	\$ 65,670,049	\$ 57,569,984	\$ 408,814,517	\$ 41,334,857	\$ –	\$ 168,304,764	\$ 741,694,172

Gross Terminal Revenue Distributions – Fiscal Years 2014 Through 2023 – (continued)

FISCAL YEAR 2015

	Hollywood Casino	Ocean Downs Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Horseshoe Casino	Total
Education Trust Fund	\$ 32,132,350	\$ 21,339,142	\$ 188,614,536	\$ 15,990,426	\$ –	\$ 58,418,945	\$ 316,495,398
Casino	22,874,704	22,869,694	137,642,186	19,036,222	–	51,456,205	253,879,011
Horse Racing	5,377,867	4,335,568	31,897,607	951,811	–	10,556,257	53,119,111
Local Impact Grants	3,639,165	2,925,193	21,585,264	1,046,992	–	7,256,644	36,453,259
MLGCA	1,150,047	917,958	6,832,861	761,448	–	2,271,851	11,934,165
Small, Minority, Women Owned Business	992,499	797,780	5,886,890	285,543	–	1,979,085	9,941,798
Total	\$ 66,166,633	\$ 53,185,336	\$ 392,459,345	\$ 38,072,442	\$ –	\$ 131,938,986	\$ 681,822,742

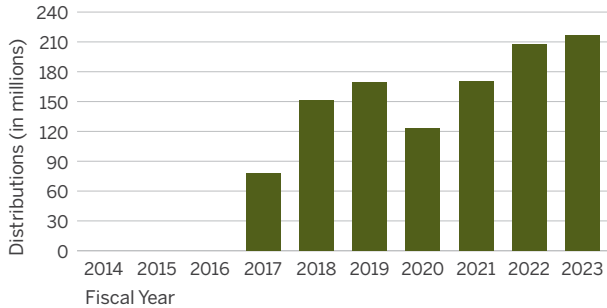
FISCAL YEAR 2014

	Hollywood Casino	Ocean Downs Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Horseshoe Casino	Total
Education Trust Fund	\$ 35,512,839	\$ 20,427,271	\$ 206,655,949	\$ 14,858,393	\$ –	\$ –	\$ 277,454,452
Casino	23,795,405	22,378,315	138,469,975	17,688,565	–	–	202,332,260
Horse Racing	6,309,388	4,553,786	36,715,524	884,428	–	–	48,463,126
Local Impact Grants	3,965,901	2,862,380	23,078,329	972,871	–	–	30,879,481
MLGCA	1,442,146	1,040,865	8,392,120	707,542	–	–	11,582,673
Small, Minority, Women Owned Business	1,081,609	780,648	6,294,090	265,328	–	–	8,421,675
Total	\$ 72,107,288	\$ 52,043,265	\$ 419,605,987	\$ 35,377,127	\$ –	\$ –	\$ 579,133,667

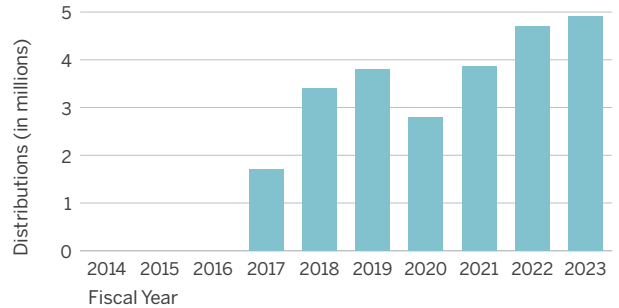
Gross Terminal Revenue Distributions – Fiscal Years 2014 Through 2023 – (continued)

MGM NATIONAL HARBOR

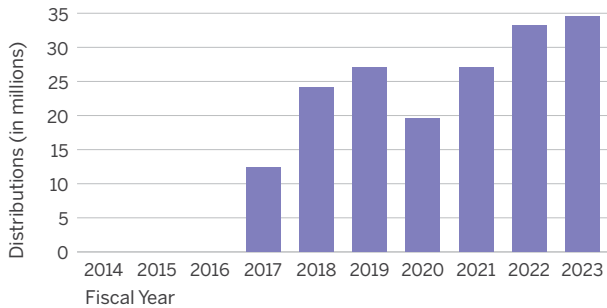
CASINO OPERATORS



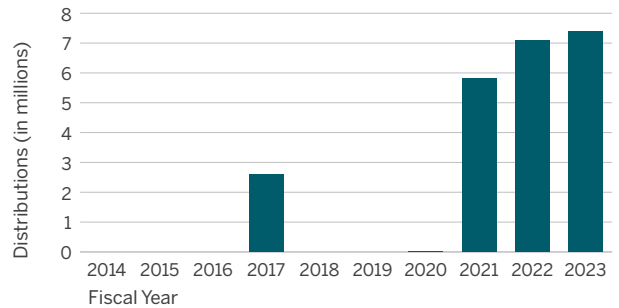
MLGCA



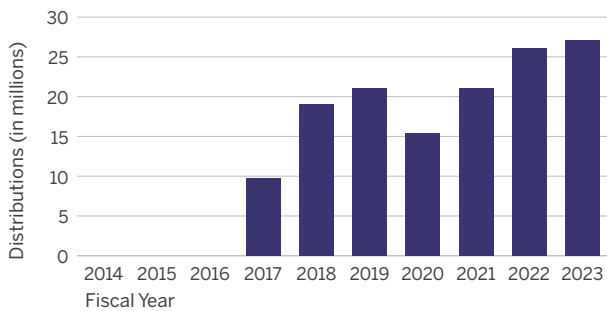
HORSE RACING



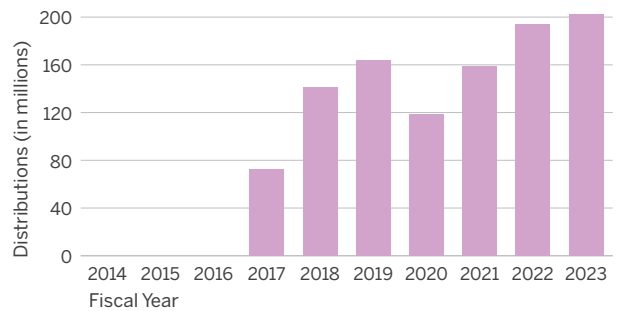
SMALL, MINORITY AND WOMEN-OWNED BUSINESS



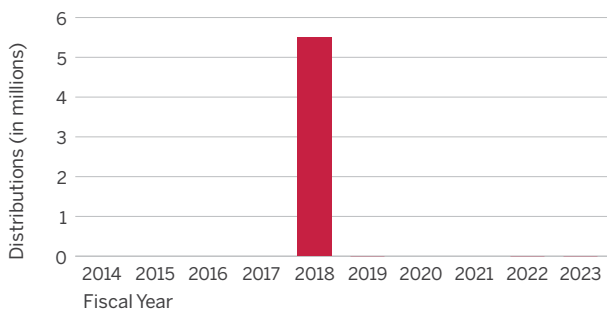
LOCAL IMPACT GRANTS



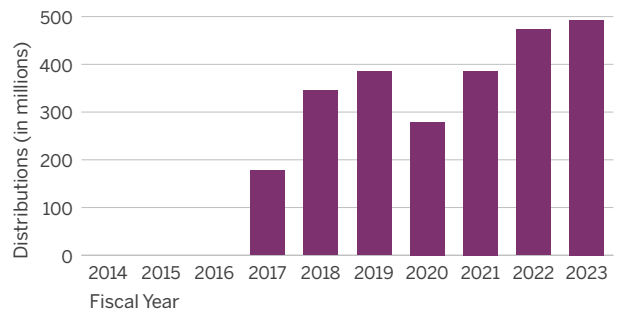
EDUCATION TRUST FUND



GENERAL FUND



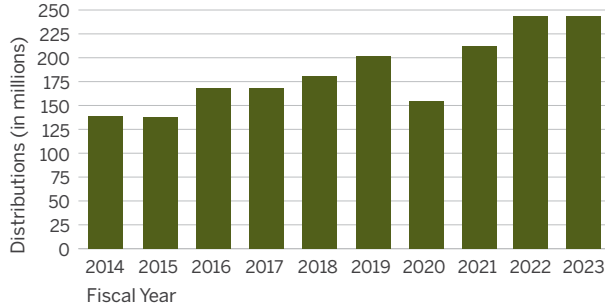
TOTAL VLT TRANSFERS



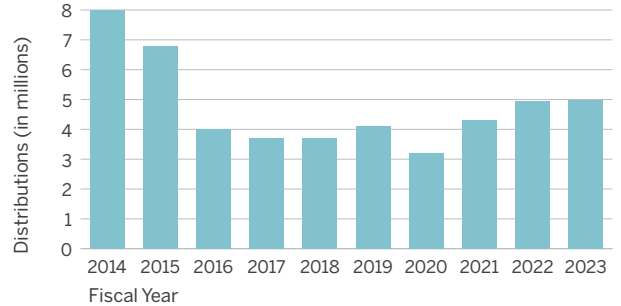
Gross Terminal Revenue Distributions – Fiscal Years 2014 Through 2023 – (continued)

LIVE! CASINO

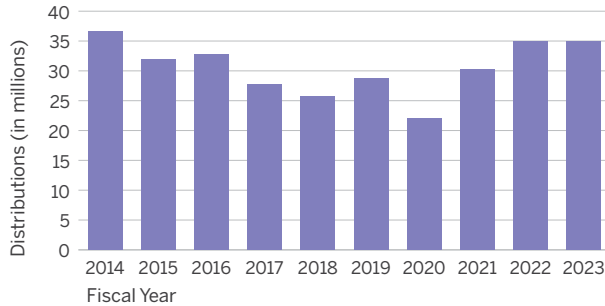
CASINO OPERATORS



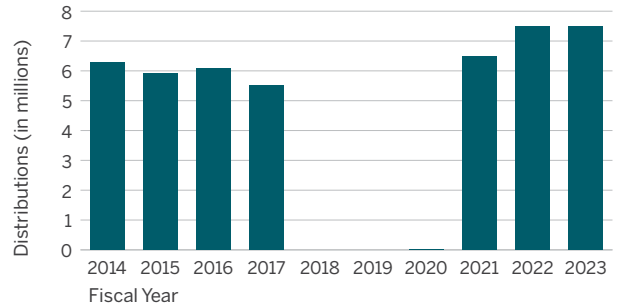
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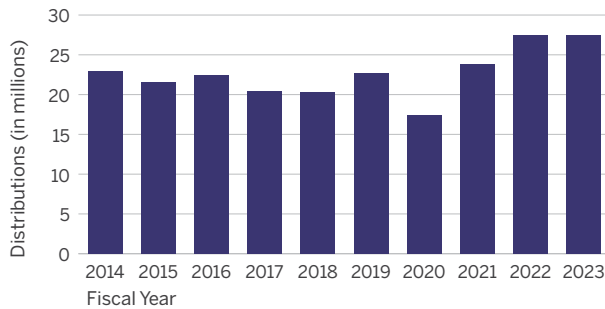
HORSE RACING



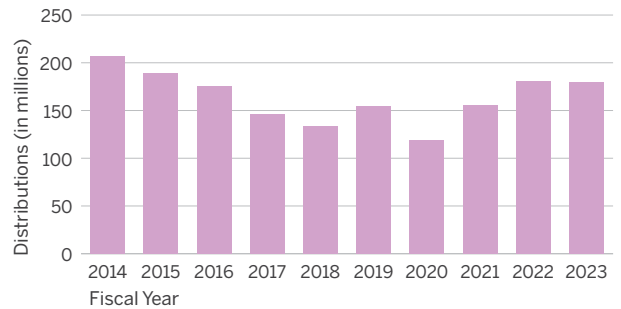
SMALL, MINORITY AND WOMEN-OWNED BUSINESS



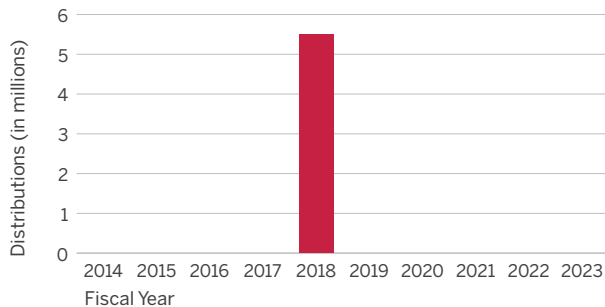
LOCAL IMPACT GRANTS



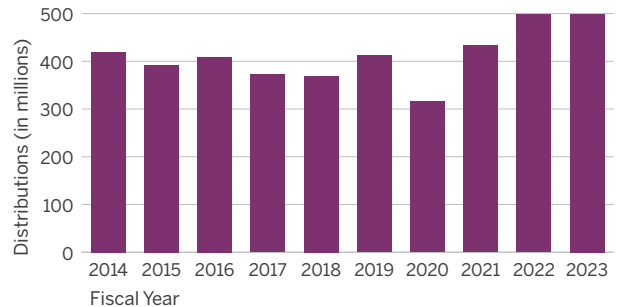
EDUCATION TRUST FUND



GENERAL FUND



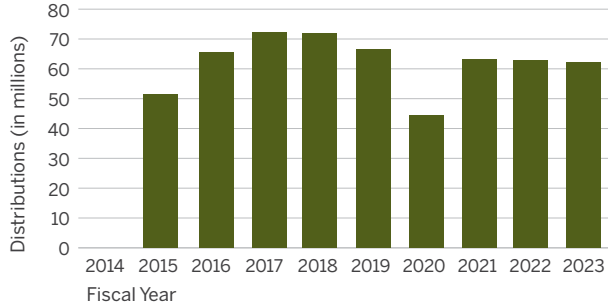
TOTAL VLT TRANSFERS



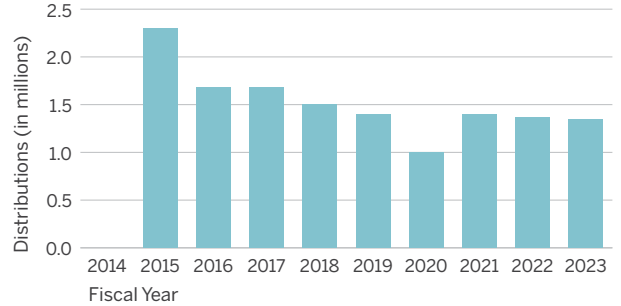
Gross Terminal Revenue Distributions – Fiscal Years 2014 Through 2023 – (continued)

HORSESHOE CASINO

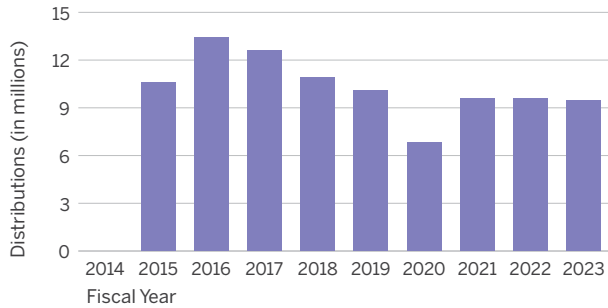
CASINO OPERATORS



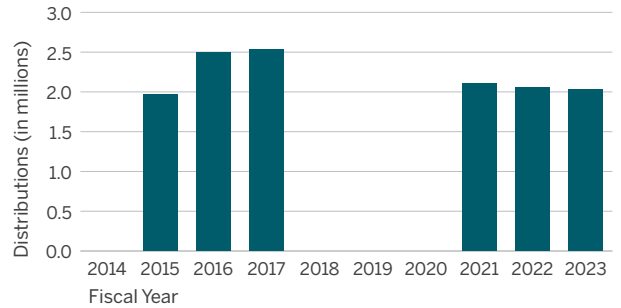
MLGCA



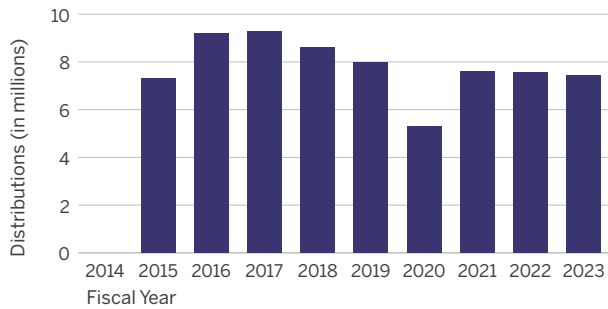
HORSE RACING



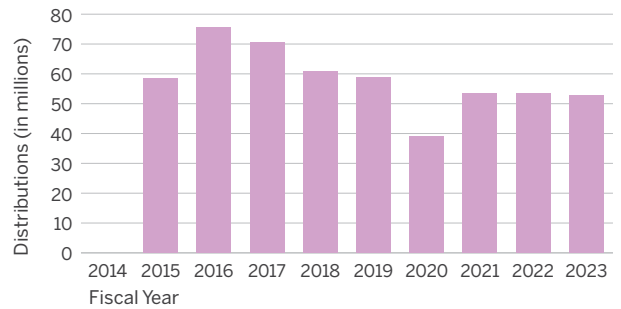
SMALL, MINORITY AND WOMEN-OWNED BUSINESS



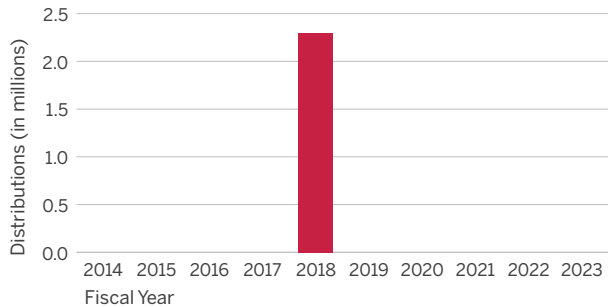
LOCAL IMPACT GRANTS



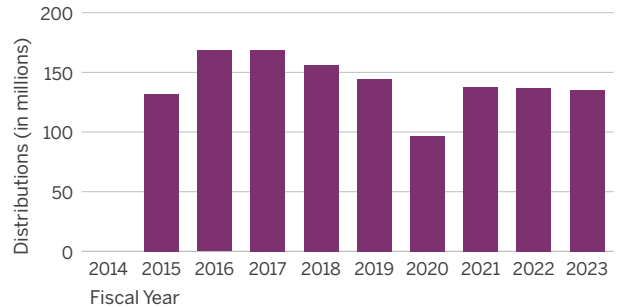
EDUCATION TRUST FUND



GENERAL FUND



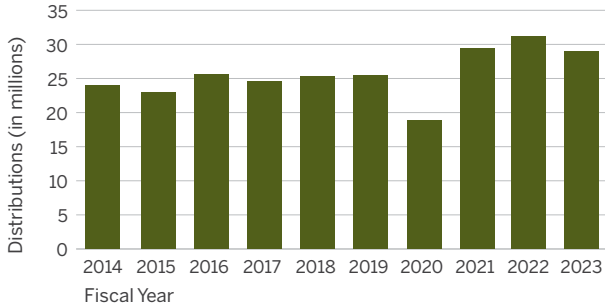
TOTAL VLT TRANSFERS



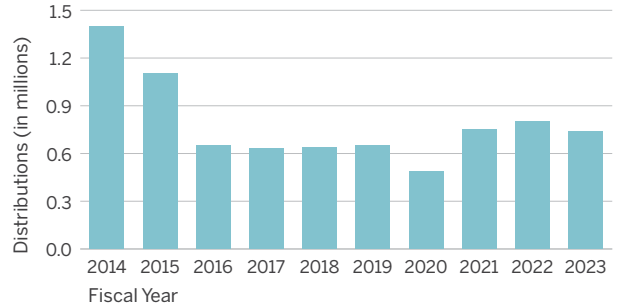
Gross Terminal Revenue Distributions – Fiscal Years 2014 Through 2023 – (continued)

HOLLYWOOD CASINO

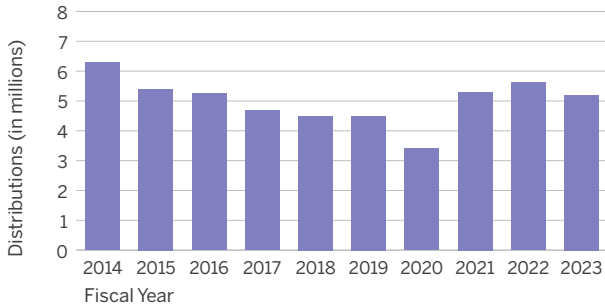
CASINO OPERATORS



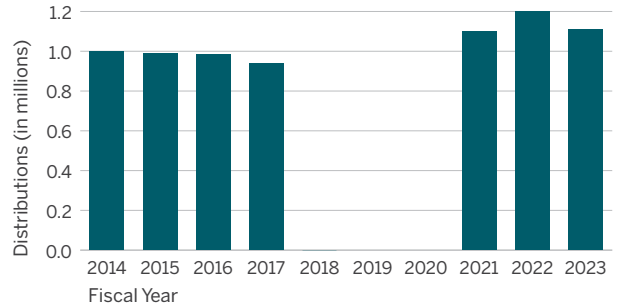
MLGCA



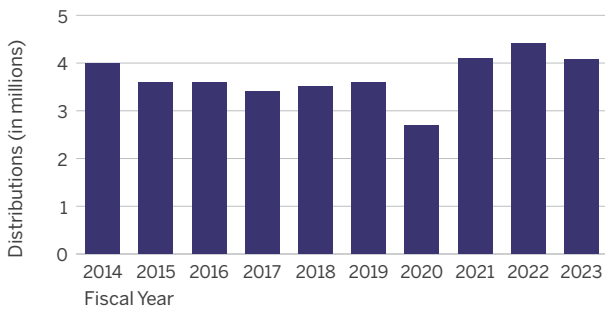
HORSE RACING



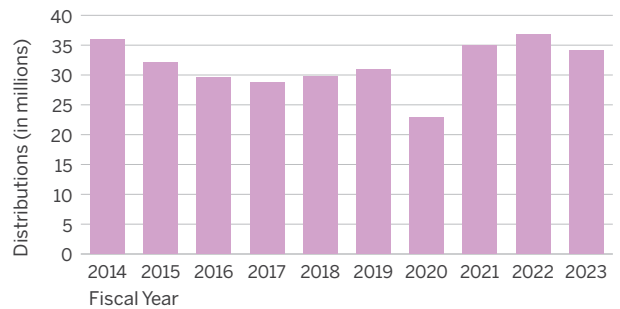
SMALL, MINORITY AND WOMEN-OWNED BUSINESS



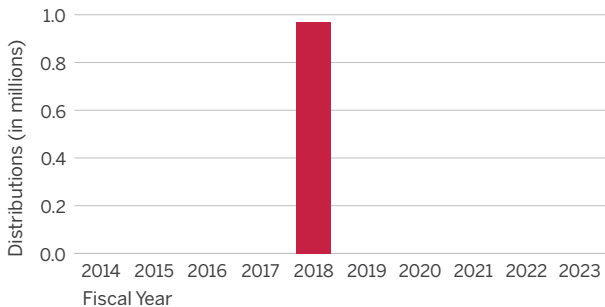
LOCAL IMPACT GRANTS



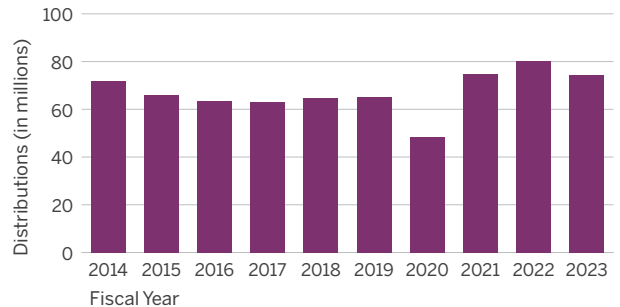
EDUCATION TRUST FUND



GENERAL FUND



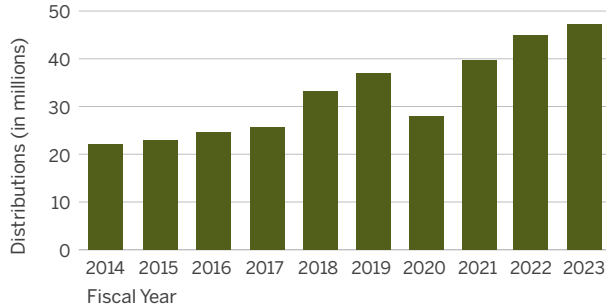
TOTAL VLT TRANSFERS



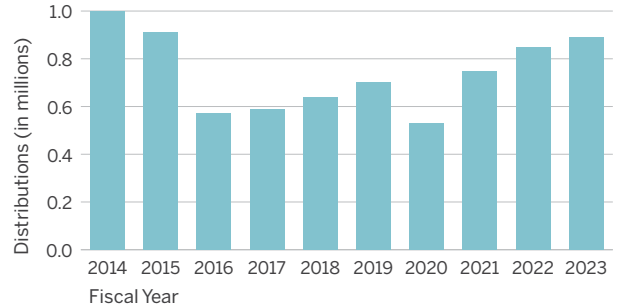
Gross Terminal Revenue Distributions – Fiscal Years 2014 Through 2023 – (continued)

OCEAN DOWNS CASINO

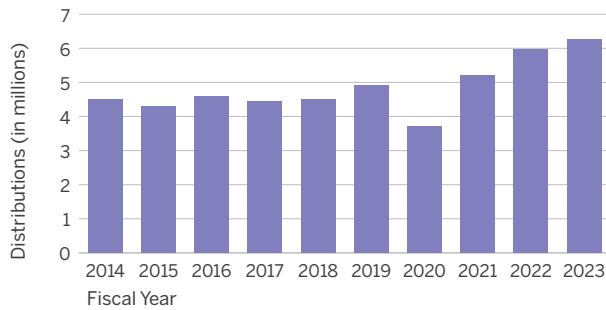
CASINO OPERATORS



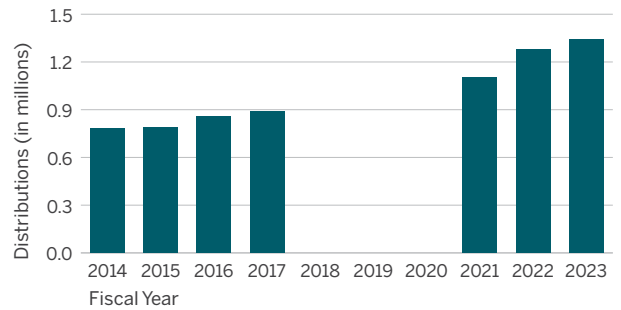
MLGCA



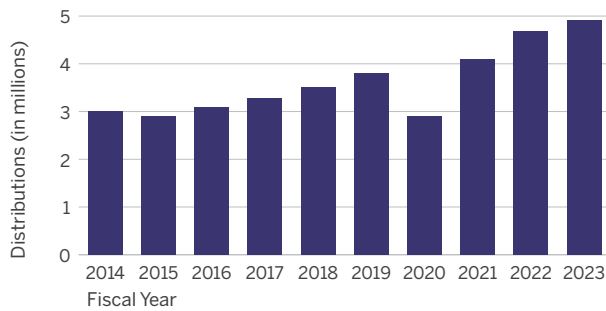
HORSE RACING



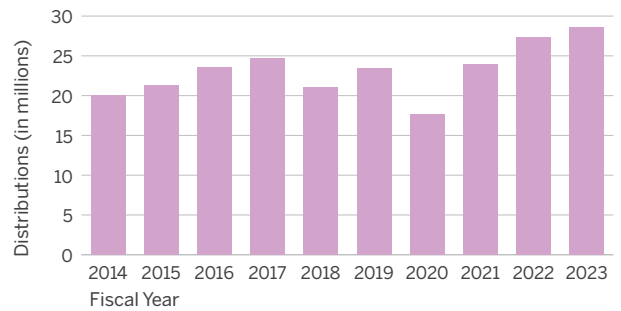
SMALL, MINORITY AND WOMEN-OWNED BUSINESS



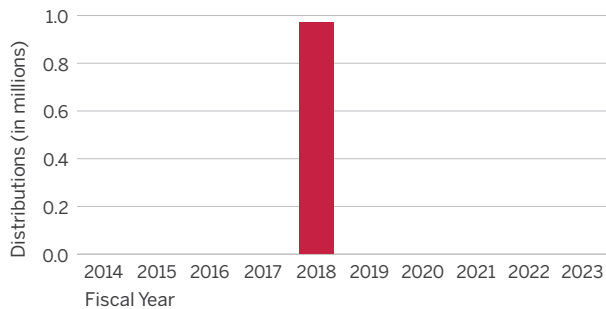
LOCAL IMPACT GRANTS



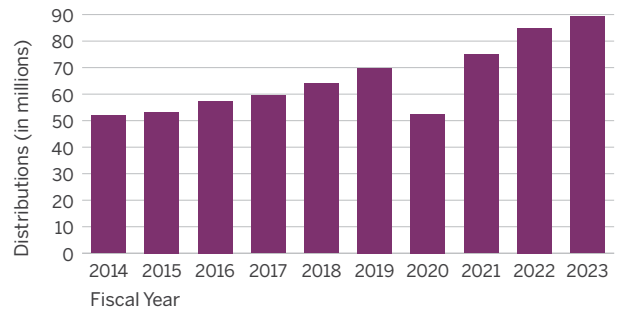
EDUCATION TRUST FUND



GENERAL FUND



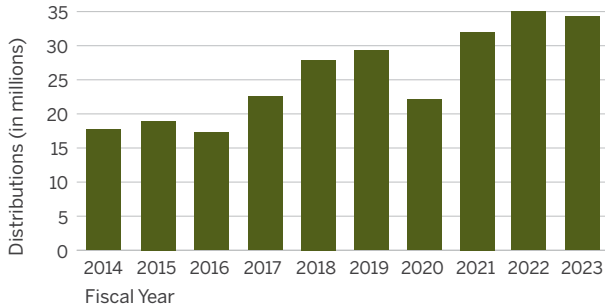
TOTAL VLT TRANSFERS



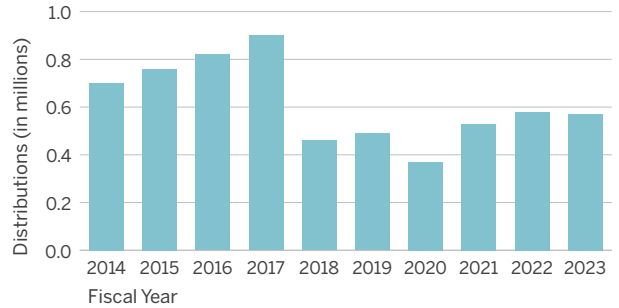
Gross Terminal Revenue Distributions – Fiscal Years 2014 Through 2023 – (continued)

ROCKY GAP CASINO

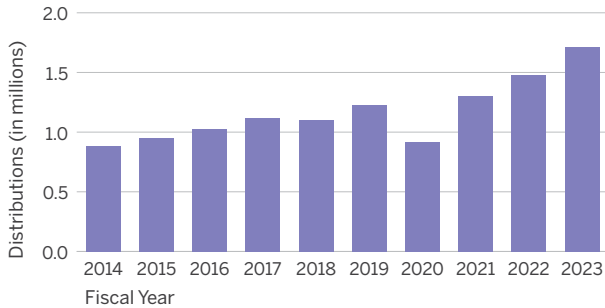
CASINO OPERATORS



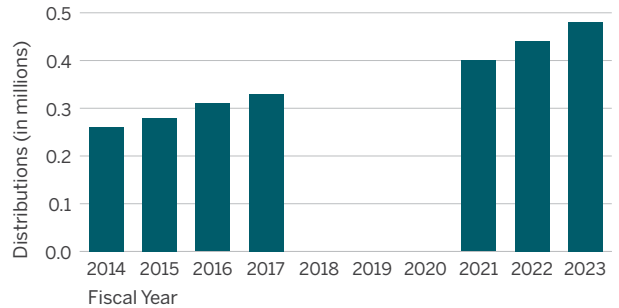
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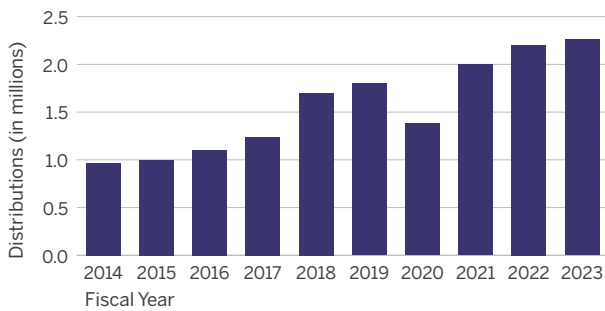
HORSE RACING



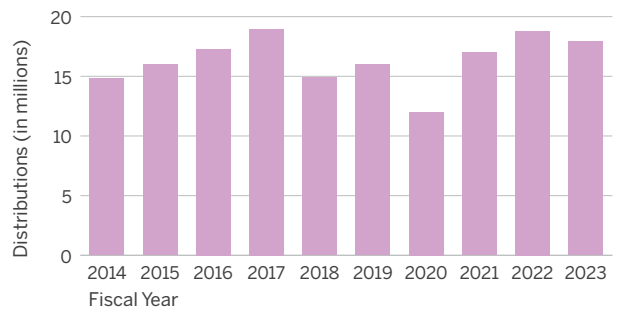
SMALL, MINORITY AND WOMEN-OWNED BUSINESS



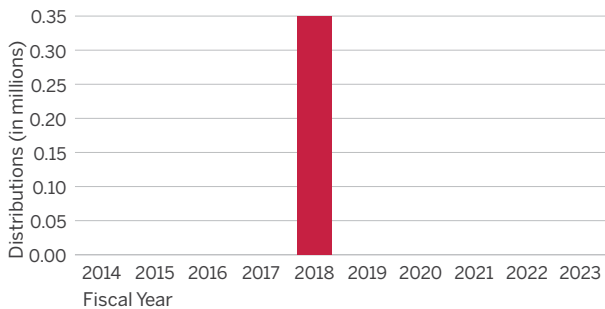
LOCAL IMPACT GRANTS



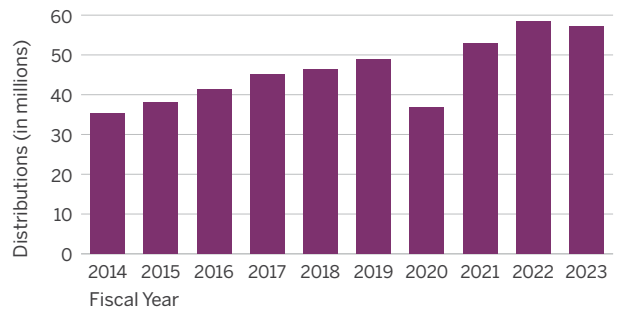
EDUCATION TRUST FUND



GENERAL FUND



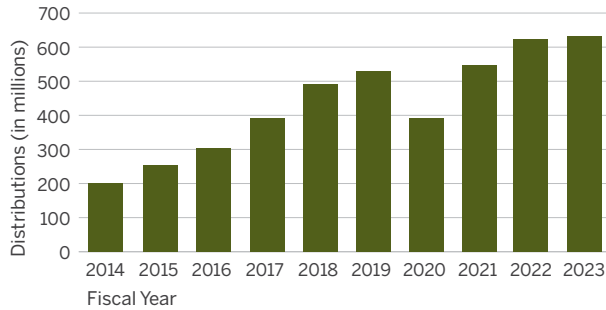
TOTAL VLT TRANSFERS



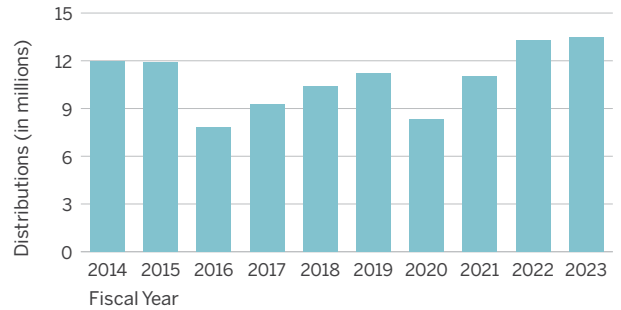
Gross Terminal Revenue Distributions – Fiscal Years 2014 Through 2023 – (continued)

ALL CASINOS COMBINED

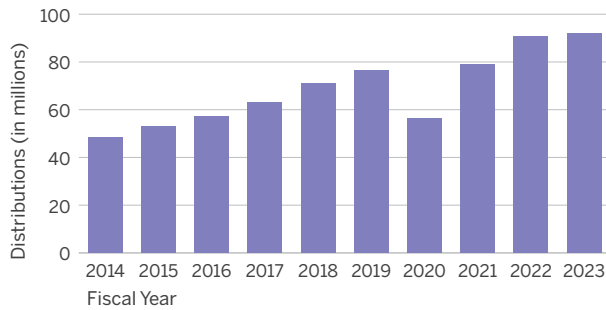
CASINO OPERATORS



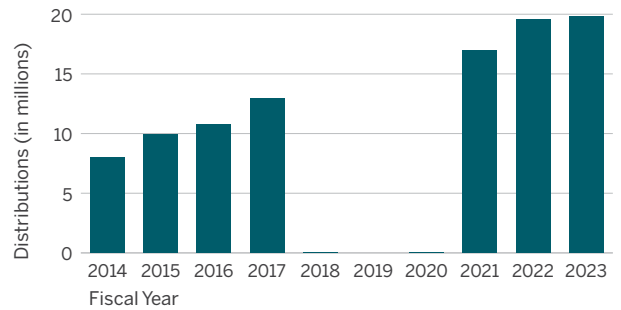
MLGCA



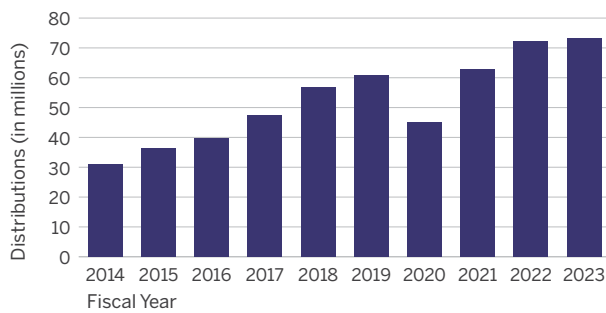
HORSE RACING



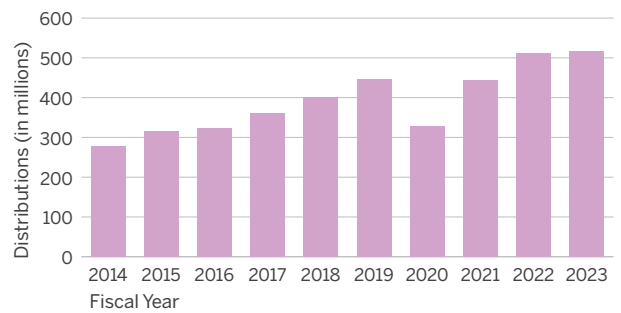
SMALL, MINORITY AND WOMEN-OWNED BUSINESS



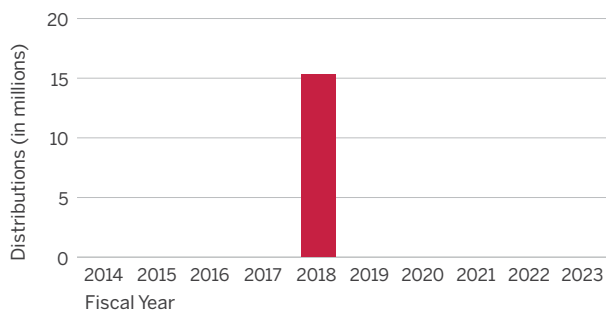
LOCAL IMPACT GRANTS



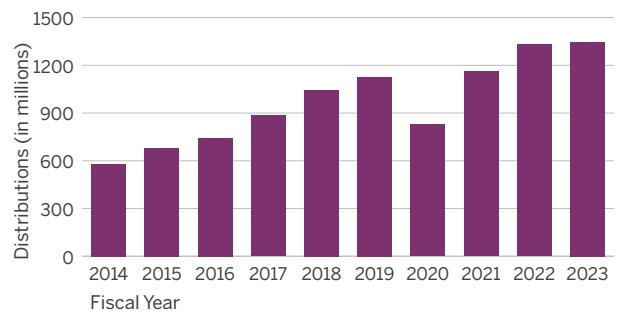
EDUCATION TRUST FUND



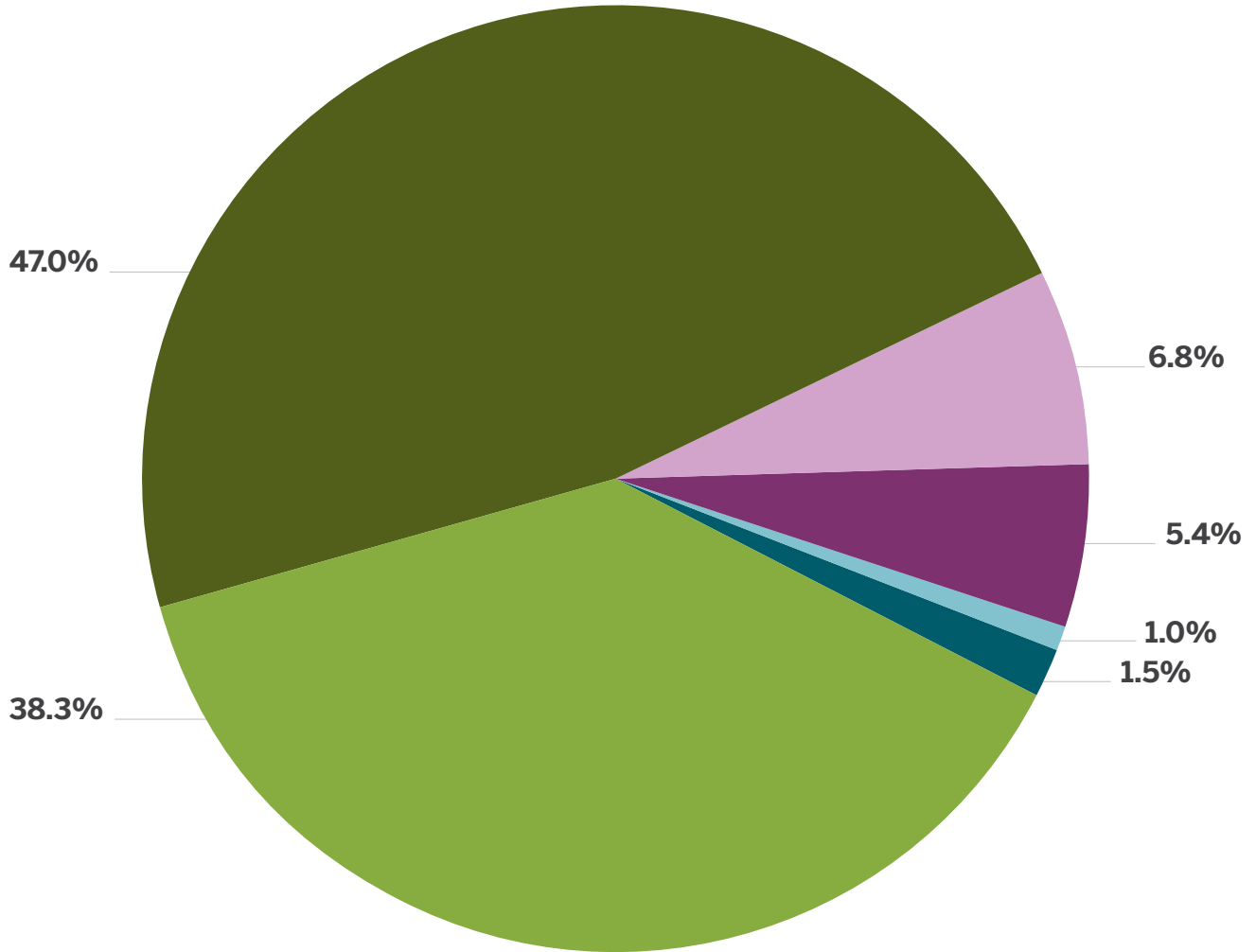
GENERAL FUND



TOTAL VLT TRANSFERS



Gross Terminal Revenue Distributions – Cumulative for Fiscal Years 2014 Through 2023



- Maryland Education Trust Fund
- Casino Operators
- Horse Racing
- Local Impact Grants
- Maryland Lottery and Gaming Control Agency
- General Fund and Small, Minority and Women-Owned Businesses

Table Game Revenue Distributions – Fiscal Years 2014 Through 2023*

FISCAL YEAR 2023

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 10,497,086	\$ 2,050,662	\$ 31,522,725	\$ 954,998	\$ 60,392,971	\$ 1,449,504	\$ 106,867,946
Casino	55,984,460	10,936,864	168,121,199	5,093,321	322,095,845	7,730,688	569,962,377
Local Jurisdictions	3,499,029	683,554	10,507,575	318,333	20,130,990	\$483,168	35,622,649
Total	\$ 69,980,575	\$ 13,671,081	\$ 210,151,499	\$ 6,366,651	\$ 402,619,806	\$ 9,663,360	\$ 712,452,972

FISCAL YEAR 2022

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 11,109,054	\$ 1,927,334	\$ 32,337,722	\$ 1,058,795	\$ 52,563,634	\$ 1,498,763	\$ 100,495,302
Casino	59,248,289	10,279,113	172,467,851	5,646,904	280,339,383	7,993,403	535,974,943
Local Jurisdictions	3,703,018	642,445	10,779,241	352,931	17,521,211	499,588	33,498,434
Total	\$ 74,060,361	\$ 12,848,892	\$ 215,584,813	\$ 7,058,630	\$ 350,424,229	\$ 9,991,753	\$ 669,968,678

FISCAL YEAR 2021

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 9,334,500	\$ 1,658,773	\$ 28,477,213	\$ 1,078,704	\$ 45,845,979	\$ 1,404,208	\$ 87,799,378
Casino	49,784,001	8,846,788	151,878,469	5,753,086	244,511,888	7,489,114	468,263,347
Local Jurisdictions	3,111,500	552,924	9,492,404	359,568	15,281,993	468,069	29,266,459
Total	\$ 62,230,002	\$ 11,058,485	\$ 189,848,086	\$ 7,191,358	\$ 305,639,860	\$ 9,361,392	\$ 585,329,183

FISCAL YEAR 2020

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 9,869,448	\$ 1,142,746	\$ 20,059,269	\$ 836,640	\$ 34,721,183	\$ 974,721	\$ 67,604,006
Casino	52,637,056	6,094,643	106,982,767	4,462,080	185,179,643	5,198,511	360,554,701
Local Jurisdictions	3,289,816	380,915	6,686,423	278,880	11,573,728	324,907	22,534,669
Total	\$ 65,796,319	\$ 7,618,304	\$ 133,728,459	\$ 5,577,601	\$ 231,474,554	\$ 6,498,139	\$ 450,693,376

FISCAL YEAR 2019

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 15,845,278	\$ 1,438,313	\$ 26,639,772	\$ 1,077,679	\$ 48,992,379	\$ 1,285,627	\$ 95,279,049
Casino	84,508,151	7,671,002	142,078,786	5,747,623	261,292,690	6,856,678	508,154,929
Local Jurisdictions	5,281,759	479,438	8,879,924	359,226	16,330,793	428,542	31,759,683
Total	\$ 105,635,189	\$ 9,588,753	\$ 177,598,482	\$ 7,184,528	\$ 326,615,862	\$ 8,570,848	\$ 635,193,662

Table Game Revenue Distributions – Fiscal Years 2014 Through 2023* – (continued)

FISCAL YEAR 2018

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 16,618,068	\$ 1,557,518	\$ 28,517,716	\$ 1,145,438	\$ 46,502,245	\$ 502,459	\$ 94,843,444
Casino	88,629,698	8,306,761	152,094,484	6,109,002	248,011,974	2,679,783	505,831,702
Local Jurisdictions	5,539,356	519,173	9,505,905	381,813	15,500,748	167,486	31,614,481
Total	\$ 110,787,122	\$ 10,383,451	\$ 190,118,105	\$ 7,636,253	\$ 310,014,967	\$ 3,349,729	\$ 632,289,627

FISCAL YEAR 2017

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 23,460,713	\$ 1,943,775	\$ 38,595,825	\$ 1,315,368	\$ 24,142,402	\$ –	\$ 89,458,083
Casino	108,272,221	9,070,367	175,857,826	6,099,629	128,759,475	–	428,059,518
Local Jurisdictions	3,607,342	323,816	5,368,631	209,539	8,047,467	–	17,556,796
Total	\$ 135,340,277	\$ 11,337,959	\$ 219,822,282	\$ 7,624,536	\$ 160,949,343	\$ –	\$ 535,074,397

FISCAL YEAR 2016

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 28,424,630	\$ 2,316,981	\$ 48,398,026	\$ 1,316,121	\$ –	\$ –	\$ 80,455,758
Casino	113,698,520	9,267,922	193,592,103	5,264,484	–	–	312,823,029
Local Jurisdictions	–	–	–	–	–	–	–
Total	\$ 142,123,150	\$ 11,584,903	\$ 241,990,129	\$ 6,580,605	\$ –	\$ –	\$ 402,278,787

FISCAL YEAR 2015

	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ 20,809,553	\$ 2,387,304	\$ 46,760,192	\$ 1,323,165	\$ –	\$ –	\$ 71,280,215
Casino	83,238,214	9,549,216	187,040,768	5,292,661	–	–	285,120,859
Local Jurisdictions	–	–	–	–	–	–	–
Total	\$ 104,047,767	\$ 11,936,520	\$ 233,800,960	\$ 6,615,826	\$ –	\$ –	\$ 356,401,074

FISCAL YEAR 2014

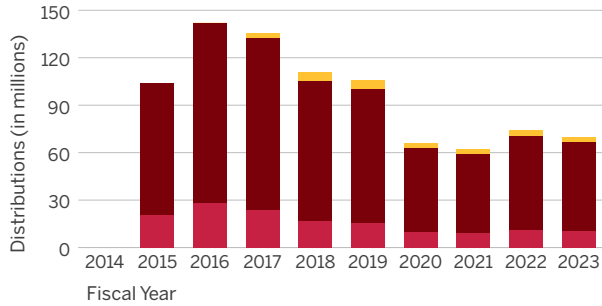
	Horseshoe Casino	Hollywood Casino	Live! Casino	Rocky Gap Casino	MGM National Harbor	Ocean Downs Casino	Total
Education Trust Fund	\$ –	\$ 2,713,278	\$ 47,078,737	\$ 1,181,901	\$ –	\$ –	\$ 50,973,916
Casino	–	10,853,113	188,314,949	4,727,604	–	–	203,895,666
Local Jurisdictions	–	–	–	–	–	–	–
Total	\$ –	\$ 13,566,391	\$ 235,393,687	\$ 5,909,505	\$ –	\$ –	\$ 254,869,582

MGM National Harbor began operation in December 2016.

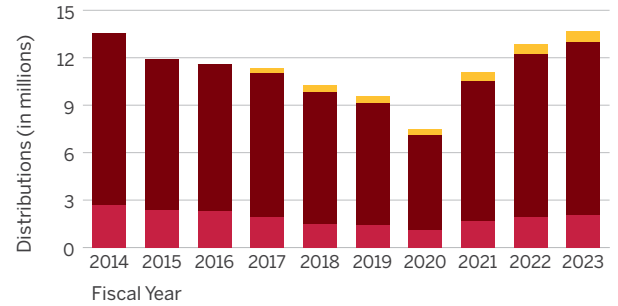
Table Game Revenue Distributions – Fiscal Years 2014 Through 2023* – (continued)

TABLE GAME REVENUE DISTRIBUTIONS

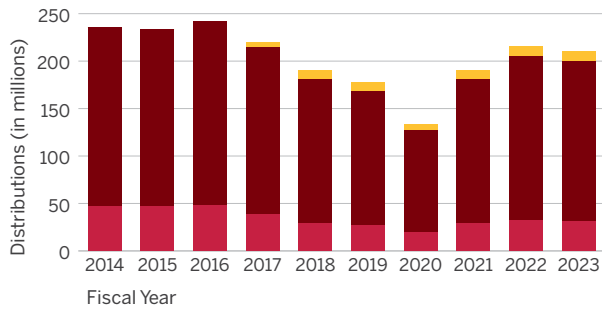
HORSESHOE CASINO



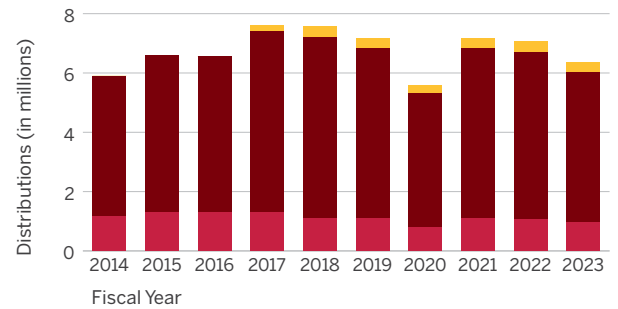
HOLLYWOOD CASINO



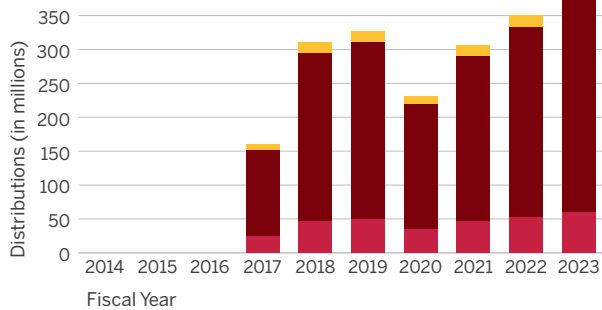
LIVE! CASINO



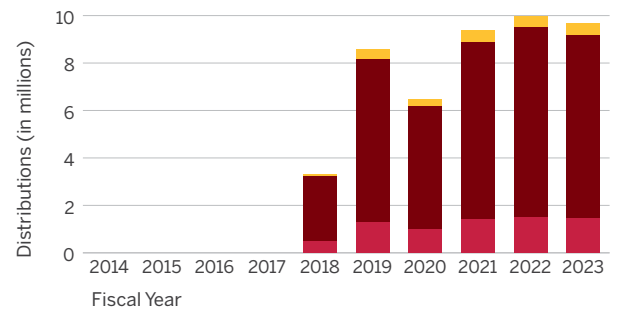
ROCKY GAP CASINO



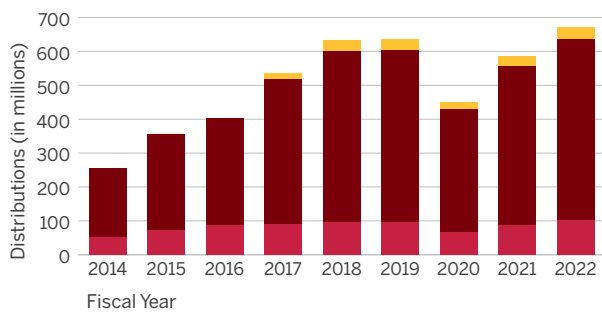
MGM NATIONAL HARBOR



OCEAN DOWNS CASINO



TOTAL



■ Education Trust Fund
 ■ Casino
 ■ Local Jurisdictions

Sports Wagering

FISCAL YEAR 2023

	Handle	Prizes Paid	Hold %	Promotion Play	Other Deductions	Taxable Win	Contributions to the State	Expired Prizes
RETAIL	\$ 246,642,079	\$ 215,432,916	12.65%	\$ 119,486	\$ 667,588	\$ 30,422,089	\$ 4,563,314	\$ 2,091,753
MOBILE	2,644,735,545	2,290,119,470	13.41%	211,430,976	5,216,259	137,968,840	20,695,326	–
TOTAL	\$ 2,891,377,624	\$ 2,505,552,386	13.34%	\$ 211,550,462	\$ 5,883,847	\$ 168,390,929	\$ 25,258,640	\$ 2,091,753

FISCAL YEAR 2022

	Handle	Prizes Paid	Hold %	Promotion Play	Other Deductions	Taxable Win	Contributions to the State	Expired Prizes
RETAIL	\$ 174,761,019	\$ 155,107,385	11.25%	\$ 0	\$ 437,011	\$ 19,216,623	\$ 2,883,065	\$ 132,415
MOBILE	–	–	–	–	–	–	–	–
TOTAL	\$ 174,761,019	\$ 155,107,385	11.25%	\$ 0	\$ 437,011	\$ 19,216,623	\$ 2,883,065	\$ 132,415

SPORTS WAGERING DEFINITIONS

Handle: Amount players wagered, including promotional wagers provided by sportsbooks

Prizes: Winnings paid to players

Hold %: Percentage of the handle remaining after prizes are paid

Other Deductions: Includes adjustments, federal excise tax and loss carryforward

Taxable Win: Amount remaining after sportsbooks pay winners and deduct promotional play and other amounts

Contributions to the State: 15% of the taxable win, contributed to the Blueprint for Maryland's Future Fund

SPORTS WAGERING FY2023 FACTS & FIGURES

- Five retail sportsbooks were in operation when FY2023 began. Five more retail locations launched during FY2023.
- Ten mobile sportsbooks launched during FY2023, including the first seven on Nov. 23, 2022.
- Monthly operator-by-operator revenue reports are available at mdgaming.com.
- Expired sports wagering prizes are paid to the Problem Gambling Fund and totaled \$2,091,752 in FY2023.
- Sports wagering licensees pay a license fee every five years. In FY2023, net license fees totaled \$11,350,000, which was distributed to the Blueprint for Maryland's Future Fund.

Fantasy Competition

The operators of fantasy competitions (including daily fantasy sports) contribute 15% of their revenue to the Blueprint for Maryland’s Future Fund.

<u>FISCAL YEAR</u>	<u>Fantasy Competition Revenue</u>	<u>Operator Share</u>	<u>Contributions to the State</u>
2022	\$ 17,075,872	\$ 14,541,491	\$ 2,561,381
2023	7,802,960	6,632,516	1,170,444
TOTAL	\$ 24,878,832	\$ 21,174,007	\$ 3,731,825

Racing and Community Development Facilities Fund Transfer

Revenues Received From:

<u>FISCAL YEAR</u>	<u>Horse Racing Purse Dedication Fund</u>	<u>Pimlico Community Development Authority</u>	<u>Racetrack Facility Renewal Account</u>	<u>Total Amount Received by MLGCA</u>
2022	\$ 5,000,000	\$ 3,500,000	\$ 10,440,154	\$ 18,940,154
2023	5,000,000	3,500,000	10,444,776	18,833,776
TOTAL	\$ 10,000,000	\$ 7,000,000	\$ 20,884,930	\$ 37,773,930

Revenues Transferred To:

<u>FISCAL YEAR</u>	<u>Racing and Community Development Facilities Fund</u>	<u>State of Maryland General Fund</u>	<u>Total Amount Disbursed by MLGCA</u>
2022	\$ 17,000,000	\$ 1,940,154	\$ 18,940,154
2023	17,000,000	1,833,776	18,833,776
TOTAL	\$ 34,000,000	\$ 3,773,930	\$ 37,773,930

Retailers, Population, and Sales by Region

FISCAL YEAR 2023

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	52	414	719	73	30	136	91	141
% of Total Retailers	1.20%	9.49%	16.49%	1.67%	0.70%	3.11%	2.09%	3.24%
Population	68,106	588,261	854,535	92,783	33,293	172,891	103,725	166,617
% of Total Population	1.10%	9.52%	13.83%	1.50%	0.54%	2.80%	1.68%	2.70%
% of Sales	0.67%	9.66%	16.67%	1.64%	0.54%	2.29%	1.52%	4.03%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	32	175	29	187	166	19	417	620
% of Total Retailers	0.73%	4.00%	0.67%	4.29%	3.80%	0.44%	9.57%	14.21%
Population	32,531	271,717	28,806	260,924	332,317	19,198	1,062,061	967,201
% of Total Population	0.53%	4.40%	0.47%	4.22%	5.38%	0.31%	17.19%	15.66%
% of Sales	0.59%	2.98%	0.27%	3.74%	3.11%	0.23%	11.00%	20.33%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	51	96	16	35	114	86	89	571
% of Total Retailers	1.17%	2.20%	0.36%	0.81%	2.61%	1.97%	2.05%	13.08%
Population	49,874	113,777	24,620	37,526	154,705	103,588	52,460	585,708
% of Total Population	0.81%	1.84%	0.40%	0.61%	2.50%	1.68%	0.85%	9.48%
% of Sales	0.79%	2.57%	0.45%	0.58%	1.96%	1.73%	1.35%	11.25%

Retailers, Population, and Sales by Region – (continued)

FISCAL YEAR 2022

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	51	381	668	69	31	129	90	136
% of Total Retailers	1.32%	9.93%	17.42%	1.79%	0.80%	3.36%	2.34%	3.54%
Population	67,729	590,336	849,316	93,928	33,386	173,873	103,905	168,698
% of Total Population	1.21%	10.56%	15.20%	1.68%	0.60%	3.11%	1.86%	3.02%
% of Sales	0.75%	10.55%	19.39%	1.85%	0.62%	2.51%	1.67%	4.54%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	37	164	34	176	161	26	397	581
% of Total Retailers	0.96%	4.26%	0.90%	4.59%	4.20%	0.67%	10.35%	15.13%
Population	32,489	279,835	28,702	262,977	334,529	19,270	1,054,827	955,306
% of Total Population	0.58%	5.01%	0.51%	4.71%	5.99%	0.34%	18.87%	17.09%
% of Sales	0.72%	3.20%	0.30%	4.16%	3.40%	0.26%	11.93%	23.48%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	63	100	48	67	156	140	134	548
% of Total Retailers	1.64%	2.60%	1.25%	1.74%	4.05%	3.66%	3.49%	14.29%
Population	50,798	114,468	24,584	37,626	154,937	103,980	53,132	576,498
% of Total Population	0.91%	2.05%	0.44%	0.67%	2.77%	1.86%	0.95%	10.32%
% of Sales	0.88%	2.96%	0.52%	0.67%	2.18%	1.93%	1.53%	14.24%

Retailers, Population, and Sales by Region – (continued)

FISCAL YEAR 2021

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	53	410	716	70	30	134	94	140
% of Total Retailers	1.22%	9.51%	16.58%	1.63%	0.70%	3.11%	2.17%	3.24%
Population	68,106	588,261	854,535	92,783	33,293	172,891	103,725	166,617
% of Total Population	1.10%	9.52%	13.83%	1.50%	0.54%	2.80%	1.68%	2.70%
% of Sales	0.66%	9.18%	16.64%	1.59%	0.53%	2.22%	1.49%	4.04%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	30	165	28	177	158	19	411	600
% of Total Retailers	0.69%	3.81%	0.65%	4.09%	3.65%	0.43%	9.51%	13.89%
Population	32,531	271,717	28,806	260,924	332,317	19,198	1,062,061	967,201
% of Total Population	0.53%	4.40%	0.47%	4.22%	5.38%	0.31%	17.19%	15.66%
% of Sales	0.64%	2.69%	0.24%	3.63%	2.71%	0.23%	10.17%	20.66%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	53	92	14	35	116	85	91	598
% of Total Retailers	1.22%	2.14%	0.32%	0.81%	2.69%	1.97%	2.10%	13.84%
Population	49,874	113,777	24,620	37,526	154,705	103,588	52,460	585,708
% of Total Population	0.81%	1.84%	0.40%	0.61%	2.50%	1.68%	0.85%	9.48%
% of Sales	0.74%	2.59%	0.42%	0.58%	1.94%	1.65%	1.31%	13.42%

Retailers, Population, and Sales by Region – (continued)

FISCAL YEAR 2020

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	53	408	699	71	29	128	95	138
% of Total Retailers	1.23%	9.48%	16.24%	1.64%	0.67%	2.97%	2.20%	3.21%
Population	70,416	579,234	827,370	92,525	33,406	168,447	102,855	163,257
% of Total Population	1.16%	9.58%	13.69%	1.53%	0.55%	2.79%	1.70%	2.70%
% of Sales	0.62%	9.37%	16.28%	1.57%	0.49%	2.20%	1.42%	3.86%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	33	154	26	173	155	18	423	600
% of Total Retailers	0.76%	3.58%	0.61%	4.02%	3.61%	0.42%	9.81%	13.94%
Population	31,929	259,547	29,014	255,441	325,690	19,422	1,050,688	909,327
% of Total Population	0.53%	4.29%	0.48%	4.23%	5.39%	0.32%	17.38%	15.04%
% of Sales	0.69%	2.57%	0.21%	3.58%	2.71%	0.23%	10.74%	21.15%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	51	92	14	36	114	83	92	622
% of Total Retailers	1.18%	2.12%	0.33%	0.83%	2.64%	1.93%	2.14%	14.45%
Population	50,381	113,510	25,616	37,181	151,049	103,609	52,276	593,490
% of Total Population	0.83%	1.88%	0.42%	0.62%	2.50%	1.71%	0.86%	9.82%
% of Sales	0.72%	2.57%	0.40%	0.58%	1.79%	1.56%	1.28%	13.41%

Retailers, Population, and Sales by Region – (continued)

FISCAL YEAR 2019

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	55	415	701	71	29	129	93	140
% of Total Retailers	1.25%	9.46%	15.96%	1.62%	0.65%	2.94%	2.12%	3.20%
Population	70,975	576,031	828,431	92,003	33,304	168,429	102,826	161,503
% of Total Population	1.17%	9.53%	13.71%	1.52%	0.55%	2.79%	1.70%	2.67%
% of Sales	0.60%	9.49%	16.22%	1.50%	0.56%	2.21%	1.44%	3.79%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	32	156	28	173	154	17	436	603
% of Total Retailers	0.73%	3.56%	0.63%	3.95%	3.51%	0.38%	9.92%	13.74%
Population	31,998	255,648	29,163	253,956	323,196	19,383	1,052,567	909,308
% of Total Population	0.53%	4.23%	0.48%	4.20%	5.35%	0.32%	17.42%	15.05%
% of Sales	0.63%	2.60%	0.21%	3.68%	2.85%	0.25%	11.39%	20.75%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	53	97	17	37	114	81	97	663
% of Total Retailers	1.20%	2.21%	0.39%	0.84%	2.60%	1.84%	2.20%	15.10%
Population	50,251	112,664	25,675	36,968	150,926	103,195	51,823	602,495
% of Total Population	0.83%	1.86%	0.42%	0.61%	2.50%	1.71%	0.86%	9.97%
% of Sales	0.76%	2.47%	0.37%	0.56%	1.65%	1.37%	1.40%	13.32%

Retailers, Population, and Sales by Region – (continued)

FISCAL YEAR 2018

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	57	426	706	69	29	129	97	139
% of Total Retailers	1.29%	9.63%	15.96%	1.55%	0.66%	2.91%	2.19%	3.13%
Population	71,615	573,235	832,468	91,502	33,193	167,781	102,746	159,700
% of Total Population	1.18%	9.47%	13.75%	1.51%	0.55%	2.77%	1.70%	2.64%
% of Sales	0.64%	9.53%	16.41%	1.50%	0.46%	2.20%	1.29%	3.94%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	31	155	28	183	154	17	430	601
% of Total Retailers	0.71%	3.50%	0.63%	4.15%	3.47%	0.39%	9.72%	13.59%
Population	32,162	252,022	29,233	252,160	321,113	19,384	1,058,810	912,756
% of Total Population	0.53%	4.16%	0.48%	4.17%	5.31%	0.32%	17.49%	15.08%
% of Sales	0.61%	2.48%	0.20%	3.54%	2.76%	0.25%	11.38%	20.75%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	56	103	17	37	116	82	99	663
% of Total Retailers	1.26%	2.32%	0.39%	0.83%	2.61%	1.85%	2.24%	15.00%
Population	49,770	112,667	25,918	37,103	150,578	102,923	51,690	611,648
% of Total Population	0.82%	1.86%	0.43%	0.61%	2.49%	1.70%	0.85%	10.11%
% of Sales	0.75%	2.44%	0.37%	0.52%	1.64%	1.28%	1.39%	13.67%

Retailers, Population, and Sales by Region – (continued)

FISCAL YEAR 2017

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	60	431	704	69	29	128	98	139
% of Total Retailers	1.34%	9.70%	15.85%	1.55%	0.64%	2.88%	2.20%	3.14%
Population	73,869	550,175	817,682	89,694	32,644	167,210	101,684	150,710
% of Total Population	1.26%	9.35%	13.89%	1.52%	0.55%	2.84%	1.73%	2.56%
% of Sales	0.62%	9.58%	16.23%	1.57%	0.45%	2.14%	1.30%	3.78%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	30	152	28	188	154	16	427	596
% of Total Retailers	0.68%	3.41%	0.63%	4.24%	3.46%	0.37%	9.62%	13.42%
Population	32,554	239,520	29,850	248,540	299,356	20,112	1,004,476	881,419
% of Total Population	0.55%	4.07%	0.51%	4.22%	5.09%	0.34%	17.07%	14.98%
% of Sales	0.62%	2.40%	0.19%	3.56%	2.78%	0.25%	10.97%	20.93%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	53	103	17	39	113	83	98	687
% of Total Retailers	1.20%	2.32%	0.37%	0.88%	2.55%	1.87%	2.20%	15.46%
Population	48,542	108,993	26,206	38,040	149,087	100,521	51,567	622,417
% of Total Population	0.82%	1.85%	0.45%	0.65%	2.53%	1.71%	0.88%	10.58%
% of Sales	0.70%	2.39%	0.37%	0.55%	1.60%	1.31%	1.39%	14.34%

Retailers, Population, and Sales by Region – (continued)

FISCAL YEAR 2016

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	60	465	759	72	30	138	105	152
% of Total Retailers	1.24%	9.60%	15.67%	1.49%	0.62%	2.85%	2.17%	3.14%
Population	72,528	564,195	831,128	90,595	32,579	167,627	102,382	156,118
% of Total Population	1.21%	9.39%	13.84%	1.51%	0.54%	2.79%	1.70%	2.60%
% of Sales	0.61%	9.64%	16.32%	1.45%	0.42%	2.09%	1.29%	3.78%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	32	162	28	201	174	19	447	633
% of Total Retailers	0.66%	3.35%	0.58%	4.15%	3.59%	0.39%	9.23%	13.07%
Population	32,384	245,322	28,692	250,290	313,424	19,787	1,040,116	909,535
% of Total Population	0.54%	4.08%	0.48%	4.17%	5.22%	0.33%	17.32%	15.14%
% of Sales	0.60%	2.37%	0.19%	3.64%	2.78%	0.29%	10.91%	20.66%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	59	107	19	43	135	90	112	801
% of Total Retailers	1.22%	2.21%	0.39%	0.89%	2.79%	1.86%	2.31%	16.54%
Population	48,904	111,413	25,768	37,512	149,585	102,370	51,540	621,849
% of Total Population	0.81%	1.86%	0.43%	0.62%	2.49%	1.70%	0.86%	10.35%
% of Sales	0.72%	2.31%	0.35%	0.52%	1.62%	1.33%	1.33%	14.66%

Retailers, Population, and Sales by Region – (continued)

FISCAL YEAR 2015

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	63	481	765	72	31	139	97	156
% of Total Retailers	1.29%	9.83%	15.63%	1.47%	0.63%	2.84%	1.98%	3.19%
Population	72,952	560,133	826,925	90,613	32,538	167,830	102,383	154,747
% of Total Population	1.22%	9.37%	13.84%	1.52%	0.54%	2.81%	1.71%	2.59%
% of Sales	0.57%	9.59%	16.14%	1.43%	0.39%	2.06%	1.18%	3.83%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	35	162	28	206	168	18	475	645
% of Total Retailers	0.72%	3.31%	0.57%	4.21%	3.43%	0.37%	9.70%	13.18%
Population	32,578	243,675	29,679	250,105	309,284	19,820	1,030,447	904,430
% of Total Population	0.55%	4.08%	0.50%	4.18%	5.18%	0.33%	17.24%	15.13%
% of Sales	0.52%	2.30%	0.19%	3.57%	2.73%	0.24%	10.52%	21.14%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	57	110	20	37	119	87	117	807
% of Total Retailers	1.16%	2.25%	0.41%	0.76%	2.43%	1.78%	2.39%	16.49%
Population	48,804	110,382	25,859	37,643	149,573	101,539	51,675	622,793
% of Total Population	0.82%	1.85%	0.43%	0.63%	2.50%	1.70%	0.86%	10.42%
% of Sales	0.68%	2.17%	0.35%	0.46%	1.52%	1.26%	1.23%	15.92%

Retailers, Population, and Sales by Region – (continued)

FISCAL YEAR 2014

	Allegany County	Anne Arundel County	Baltimore County	Calvert County	Caroline County	Carroll County	Cecil County	Charles County
# of Retailers	60	468	752	69	31	134	91	148
% of Total Retailers	1.27%	9.91%	15.93%	1.46%	0.66%	2.84%	1.93%	3.13%
Population	73,521	555,743	823,015	90,484	32,693	167,564	101,913	152,864
% of Total Population	1.24%	9.37%	13.88%	1.53%	1.64%	8.39%	1.72%	2.58%
% of Sales	0.59%	9.56%	16.21%	1.45%	0.40%	2.07%	1.12%	3.58%

	Dorchester County	Frederick County	Garrett County	Harford County	Howard County	Kent County	Montgomery County	Prince George's County
# of Retailers	33	155	36	186	167	17	435	616
% of Total Retailers	0.70%	3.28%	0.76%	3.94%	3.54%	0.36%	9.21%	13.05%
Population	32,660	241,409	29,889	249,215	304,580	19,944	1,016,677	890,081
% of Total Population	0.55%	4.07%	0.50%	4.20%	5.14%	0.34%	17.15%	15.01%
% of Sales	0.50%	2.30%	0.19%	3.48%	2.83%	0.25%	10.28%	21.20%

	Queen Anne's County	St. Mary's County	Somerset County	Talbot County	Washington County	Wicomico County	Worcester County	Baltimore City
# of Retailers	57	100	21	34	126	81	107	797
% of Total Retailers	1.21%	2.12%	0.44%	0.72%	2.67%	1.72%	2.27%	16.88%
Population	48,517	109,633	26,273	37,931	149,588	100,896	51,620	622,104
% of Total Population	0.82%	1.85%	0.44%	0.64%	2.52%	1.70%	0.87%	10.49%
% of Sales	0.66%	2.15%	0.31%	0.47%	1.51%	1.21%	1.19%	16.47%

Demographic and Economic Statistics – Fiscal Years 2014 Through 2023

Fiscal Year	Statewide Population¹	Statewide Personal Income¹ (expressed in thousands)	Statewide Per Capita Personal Income¹	Unemployment Rate²
2014	5,955,756	\$ 320,928	\$ 53,885	5.8%
2015	5,985,008	\$ 336,428	\$ 56,212	5.0%
2016	6,004,556	\$ 348,600	\$ 58,056	4.3%
2017	6,025,384	\$ 359,647	\$ 59,689	4.0%
2018	6,040,226	\$ 370,347	\$ 61,313	3.8%
2019	6,053,126	\$ 379,934	\$ 62,767	3.5%
2020	6,057,454	\$ 415,937	\$ 68,665	8.6%
2021	6,050,432	\$ 423,545	\$ 70,002	6.2%
2022	6,164,600	\$ 432,933	\$ 70,228	3.0%
2023	6,164,151	\$ 456,132	\$ 73,997	1.7%

Sources:

¹ U.S. Department of Commerce, Bureau of Economic Analysis. Regional Data Charts as of October 2023.² U.S. Bureau of Labor Statistics Local Area Unemployment Statistics as of October 2023.

Lottery Employees – Fiscal Years 2014 Through 2023**Number of Employees (includes contractual)**

As of June 30, 2023	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Agent Administration*	5	5	5	5	5	5	4	4	3	3
Commissioners	7	7	7	7	6	7	7	7	7	7
Communications	24	23	23	22	24	24	22	28	23	19
Customer Service	10	10	10	9	9	9	7	8	9	9
Executive	9	9	9	8	8	8	7	7	7	7
Facilities	4	5	5	5	5	6	5	6	6	5
Finance, Budget & Procurement and Special Projects	24	22	24	17	21	21	18	16	15	20
Information Technology	21	21	16	16	16	16	18	18	18	17
Instant Ticket Warehouse	6	7	7	7	7	7	7	9	11	11
Legal Services	8	8	8	7	7	6	6	6	6	7
Personnel	4	3	3	3	3	3	4	3	3	5
Product Development & Creative Services	13	15	12	11	11	11	9	9	9	8
Sales	61	56	60	59	61	61	59	57	63	55
Security	8	8	8	8	8	8	8	8	8	7
Gaming, Sports Wagering and Fantasy**	124	128	141	145	146	146	138	132	132	148
Total	328	327	338	329	337	338	319	318	320	328

*Effective with the Gaming Expansion Act, the MLGCA Commissioners became positioned employees.

**Fantasy Competitions has been operating under the regulation of the Agency since FY 2021. Sports Wagering was implemented in FY 2022.

Operating Indicators - Percentage of Lottery Administrative Expenses to Sales – Fiscal Years 2014 Through 2023

Fiscal Year	Sales	Admin Expense	Percentage of Administrative Expenses to Sales
2014	\$ 1,723,990,568	\$ 56,552,165	3.28%
2015	\$ 1,760,866,028	\$ 57,441,563	3.26%
2016	\$ 1,905,543,252	\$ 62,035,390	3.26%
2017	\$ 1,931,545,666	\$ 67,144,568	3.48%
2018	\$ 2,042,794,337	\$ 70,366,608	3.44%
2019	\$ 2,196,908,499	\$ 79,793,722	3.63%
2020	\$ 2,189,768,013	\$ 77,743,420	3.55%
2021	\$ 2,611,150,070	\$ 92,242,247	3.53%
2022	\$ 2,662,703,825	\$ 94,935,530	3.57%
2023	\$ 2,764,378,803	\$ 97,367,535	3.52%

Administrative expenses include operating expenses, lottery vendor and data processing fees, and scratch-off ticket printing and delivery.

Capital Assets, Net Information – Fiscal Years 2014 Through 2023

Fiscal Year	Machinery and Equipment	VLTS	Total Capital Assets
2014	\$ –	\$ 10,525,562	\$ 10,525,562
2015	\$ 1,026,010	\$ 60,730,078	\$ 61,756,088
2016	\$ 817,330	\$ 47,900,001	\$ 48,717,331
2017	\$ 608,650	\$ 35,126,668	\$ 35,735,318
2018	\$ 399,970	\$ –	\$ 399,970
2019	\$ 191,290	\$ –	\$ 191,290
2020	\$ –	\$ –	\$ –
2021	\$ –	\$ –	\$ –
2022	\$ –	\$ –	\$ –
2023	\$ 548,451	\$ –	\$ 548,451

Right-of-Use Assets, Net Information – Fiscal Years 2014 Through 2023

Fiscal Year	Machinery and Equipment	Office and Warehouse Space	Subscription Arrangements	Total Right-of-Use Assets
2014	\$ –	\$ –	\$ –	\$ –
2015	\$ –	\$ –	\$ –	\$ –
2016	\$ –	\$ –	\$ –	\$ –
2017	\$ –	\$ –	\$ –	\$ –
2018	\$ –	\$ 5,447,589	\$ –	\$ 5,447,589
2019	\$ 7,500,948	\$ 4,315,791	\$ –	\$ 11,816,739
2020	\$ 6,366,817	\$ 3,150,784	\$ –	\$ 9,517,601
2021	\$ 5,080,485	\$ 1,950,109	\$ –	\$ 7,030,594
2022	\$ 3,755,029	\$ 711,168	\$ 422,747	\$ 4,888,944
2023	\$ 2,421,163	\$ –	\$ 305,067	\$ 2,726,230

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