



# Massachusetts State Lottery Commission

STEVEN GROSSMAN  
*Treasurer and Receiver General*

BETH BRESNAHAN  
*Executive Director*

July 24, 2014

As part of the continuing effort to uphold State Treasurer Steve Grossman's commitment to transparent and open operations at the Lottery, enclosed are fiscal performance documents accounting for results through June 2014. These figures represent our unaudited year-end sales and estimated net profit figures for fiscal year 2014.

The Lottery's fiscal year commenced on July 1, 2013 and ended June 30, 2014. Sales of \$4.861 billion topped the previous sales record of \$4.850 billion set last year by \$11 million, marking the third consecutive year of record-setting sales. We anticipate returning \$971 million in net profit to the Commonwealth, which is \$14 million higher than the projection shared at the Consensus Revenue hearing in December, and \$34 million higher than the \$937 million that was included in the FY14 state budget. Over the last three fiscal years, Lottery sales have totaled \$14.453 billion and profits have totaled \$2.912 billion.

Compared to FY11, sales for FY14 are up 9.8 percent and profits are up 9.5 percent. This growth has been accomplished with greater operational efficiencies, including a reduction from 406 to 394 full-time employees through attrition in that span. Further demonstrating the efficiency of operations, the Lottery spent an estimated \$2.1 million less than it budgeted for administrative costs, money that was directly applied to the overall profit. The Lottery's administrative costs remained at approximately 2 percent of overall revenues, the lowest of any lottery operating in the United States.

June 2014 sales were up \$31 million over last year and our prize payout for the month was 75.15 percent as compared to 72.12 percent in June 2013. This increase for the month drove the overall estimated prize payout for FY14 to 72.3 percent, which is the payout rate that was budgeted for the fiscal year. As explained in previous correspondence, the prize payout percentage fluctuates based on the schedule or rate at which players cash in their prizes.

June's sales increase was driven by a \$30 million bump in the Instant Ticket portfolio, thanks to four new games that were released mid-month (\$1, \$2, \$5, \$10 tickets) and continued excitement around the \$30 World Class Millions ticket that debuted in late April. Additionally, there was a \$3 million increase in KENO sales; a \$1 million increase in Powerball sales; and, nearly a \$1 million bump in Numbers Game sales.

Two active games in the portfolio, Megabucks Doubler and Jackpot Poker, each experienced \$1 million sales decreases in June. The Daily Race Game was down \$1 million because the game has not generated any sales since its official end in June 2013.

Over the coming weeks, we will be performing final work on these year-end figures and look forward to sharing our finalized financial statement of operations in September. Please note that the

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charts included below include game sales only, and do not include other revenue-generating items such as fees collected and interest earned which contribute to our overall sales figures. These items will be detailed in the statement of operations.

In the meantime, I am happy to answer any questions you may have about the estimated net profit figure shared above or concerning the Lottery's overall fiscal performance. I can be reached directly at 781-849-5500.

Sincerely,

*Beth Bresnahan*

Beth Bresnahan  
Executive Director



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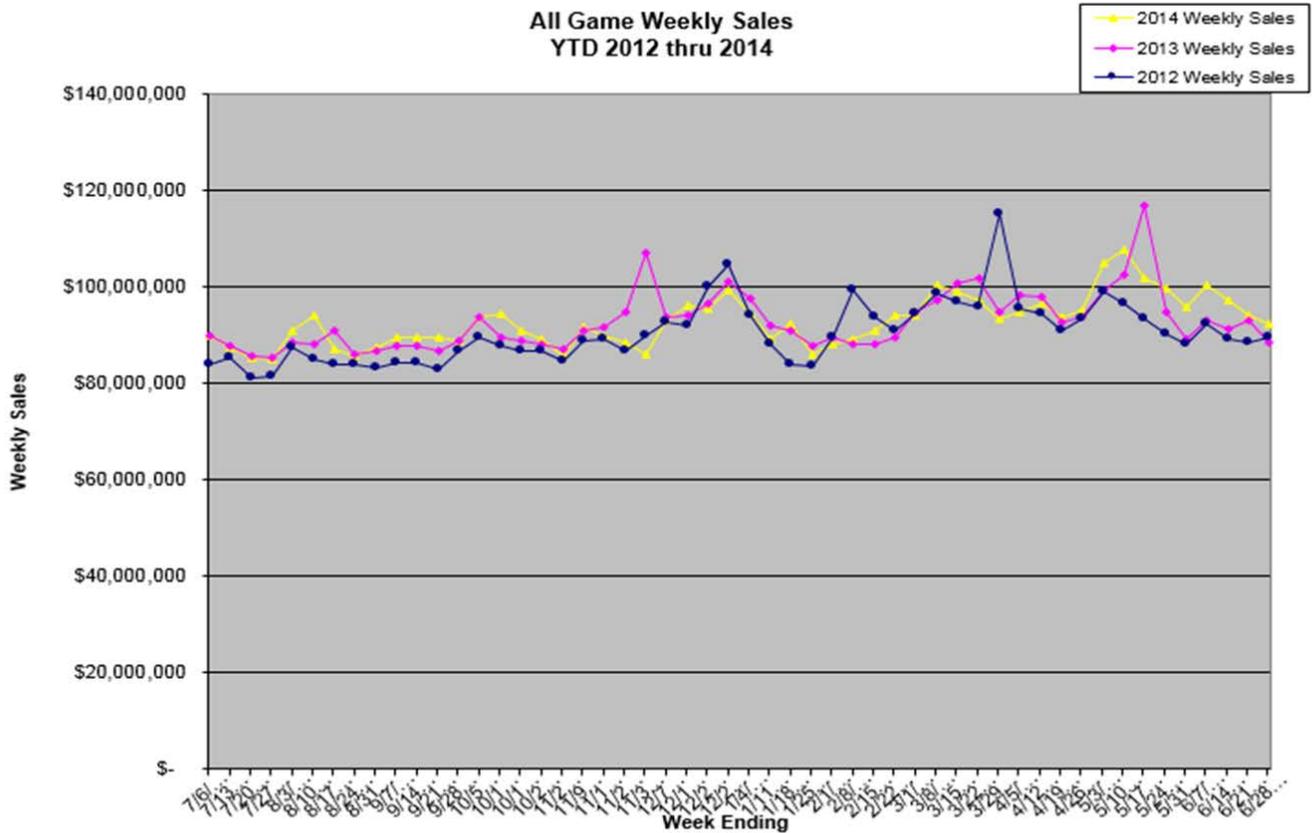


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All Game Weekly Sales  
YTD 2012 thru 2014



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<b>MSLC Revenue Results</b>							
<b>June FY14 vs. FY13</b>							
(\$ millions)							
Through June 30, 2014							
	<b>FY14</b>	<b>% of Total</b>	<b>FY13</b>	<b>% of Total</b>	<b>\$ Change</b>	<b>% Change</b>	
<b>Instant Tickets</b>	\$297	72.6%	\$267	70.6%	\$30	11.3%	
<b>MegaMillions</b>	3	0.9%	4	0.9%	0	-2.5%	
<b>Powerball</b>	7	1.7%	6	1.5%	1	20.5%	
<b>Keno</b>	65	16.0%	63	16.6%	3	4.1%	
<b>Mass Cash</b>	6	1.5%	6	1.5%	0	7.7%	
<b>Race Game</b>	0	0.0%	1	0.2%	-1	-100.0%	
<b>Lucky For Life</b>	2	0.6%	3	0.7%	0	-16.6%	
<b>Numbers Game</b>	26	6.4%	26	6.8%	1	2.3%	
<b>Super 50-50 Raffle</b>	0	0.0%	0	0.1%	0	-100.0%	
<b>Megabucks</b>	1	0.4%	2	0.5%	-1	-26.5%	
<b>Jackpot Poker</b>	0	0.1%	2	0.4%	-1	-82.1%	
<b>Total</b>	<b>\$409</b>	<b>100.0%</b>	<b>\$378</b>	<b>100.0%</b>	<b>\$31</b>	<b>8.3%</b>	
<b>Instant Tickets</b>	\$297	72.6%	\$267	70.6%	\$30	11.3%	
<b>Online Games</b>	112	27.4%	111	29.4%	1	1.1%	
<b>Total</b>	<b>\$409</b>	<b>100.0%</b>	<b>\$378</b>	<b>100.0%</b>	<b>\$31</b>	<b>8.3%</b>	
Adjusted	Month	6/1/14-6/30/14	Month	6/2/13-6/30/13			
		added 6/29/14 - 6/30/14		added 6/30/13			
		30 days		29 days			



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<b>MSLC Revenue Results</b>						
<b>Year-to-Date FY14 vs. FY13</b>						
(\$ millions)						
Through June 30, 2014						
	<b>FY14</b>	<b>% of Total</b>	<b>FY13</b>	<b>% of Total</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Instant Tickets</b>	\$3,384	69.9%	\$3,343	69.2%	\$41	1.2%
<b>MegaMillions</b>	79	1.6%	53	1.1%	26	48.1%
<b>Powerball</b>	106	2.2%	148	3.1%	-41	-28.1%
<b>Keno</b>	814	16.8%	801	16.6%	14	1.7%
<b>Mass Cash</b>	73	1.5%	70	1.5%	3	3.9%
<b>Race Game</b>	0	0.0%	24	0.5%	-24	-100.0%
<b>Lucky For Life</b>	31	0.6%	40	0.8%	-9	-22.5%
<b>Numbers Game</b>	323	6.7%	325	6.7%	-2	-0.6%
<b>Super 50-50 Raffle</b>	1	0.0%	3	0.1%	-2	-63.0%
<b>Megabucks</b>	20	0.4%	22	0.5%	-2	-7.7%
<b>Jackpot Poker</b>	7	0.1%	2	0.0%	5	307.3%
<b>Total</b>	<b>\$4,839</b>	<b>100.0%</b>	<b>\$4,831</b>	<b>100.0%</b>	<b>\$7</b>	<b>0.2%</b>
<b>Instant Tickets</b>	\$3,384	69.9%	\$3,343	69.2%	\$41	1.2%
<b>Online Games</b>	1,454	30.1%	1,488	30.8%	-33	-2.3%
<b>Total</b>	<b>\$4,839</b>	<b>100.0%</b>	<b>\$4,831</b>	<b>100.0%</b>	<b>\$7</b>	<b>0.2%</b>
Adjusted	Year	6/30/13-6/28/14	Year	7/1/12-6/29/13		
	FY Adj	deducted 6/30/13	FY Adj	added 6/30/13		
		added 6/29/14 - 6/30/14				
		365 days		365 days		



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