



Massachusetts State Lottery Commission

DEBORAH B. GOLDBERG
Treasurer and Receiver General

MICHAEL R. SWEENEY
Interim Executive Director

September 22, 2015

His Excellency Charlie Baker
Governor, Commonwealth of Massachusetts
State House
Boston, MA 02133

Dear Governor Baker:

In compliance with the provisions of Chapter 10 Section 24 of the Massachusetts General Laws, attached please find the Statement of Operations for the Massachusetts State Lottery Commission for the month of August 2015.

Sincerely,

Michael R. Sweeney
Interim Executive Director

cc: Deborah B. Goldberg
Treasurer and Receiver General



Supporting the 351 Cities and Towns of Massachusetts

Massachusetts State Lottery Commission
Statement of Operations
Lottery and Arts Lottery Funds
August, 2015
(\$000's)

22-Sep-15

	August, 2015	%	Year-to-Date FY2016	%	Year-to-Date FY2015	%	\$ Change	% Change
Revenues								
Instant Games	334,431	70.9%	582,965	71.0%	574,312	71.3%	8,652	1.5%
MegaMillions	4,486	1.0%	9,411	1.1%	10,751	1.3%	-1,340	-12.5%
Powerball	6,220	1.3%	10,481	1.3%	10,836	1.3%	-355	-3.3%
Numbers Game	30,806	6.5%	53,342	6.5%	53,235	6.6%	107	0.2%
Mass Cash	7,426	1.6%	12,716	1.5%	12,435	1.5%	281	2.3%
Keno	82,359	17.5%	141,608	17.2%	134,282	16.7%	7,326	5.5%
Jackpot Poker	224	0.0%	392	0.0%	510	0.1%	-118	-23.1%
Race Game	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Lucky for Life	2,640	0.6%	4,541	0.6%	4,408	0.5%	133	3.0%
On-Line Raffle Game	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Charity Game Tickets	141	0.0%	302	0.0%	290	0.0%	12	4.1%
Beano Tax (2/5)	50	0.0%	103	0.0%	101	0.0%	1	1.4%
Pull Tabs	59	0.0%	105	0.0%	121	0.0%	-15	-12.6%
License Fees	16	0.0%	16	0.0%	16	0.0%	0	0.1%
Bond Fees and Fines	213	0.0%	371	0.0%	358	0.0%	14	3.8%
Service Fees	546	0.1%	933	0.1%	949	0.1%	-16	-1.6%
Cash Winfall	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Megabucks	2,057	0.4%	3,647	0.4%	3,348	0.4%	299	8.9%
Miscellaneous Income	6	0.0%	7	0.0%	1	0.0%	6	532.1%
Interest	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Subtotal Revenues	471,681	100.0%	820,941	100.0%	805,954	100.0%	14,987	1.9%
Subtotal Prizes	340,184	72.1%	613,428	74.7%	586,091	72.7%	27,337	4.7%
Operating Expenses								
Commissions	23,523	5.0%	40,931	5.0%	40,188	5.0%	743	1.8%
Bonuses	3,469	0.7%	6,228	0.8%	6,198	0.8%	30	0.5%
Subtotal Operating Expenses	26,992	5.7%	47,159	5.7%	46,386	5.8%	773	1.7%
Operating Revenue	104,505	22.2%	160,354	19.5%	173,478	21.5%	-13,123	-7.6%
Administrative Expenses								
Salaries	2,474	0.5%	4,609	0.6%	4,503	0.6%	105	2.3%
Advertising	32	0.0%	28	0.0%	-31	0.0%	59	-188.9%
Equip Rental	18	0.0%	36	0.0%	33	0.0%	3	9.0%
Admin/Facilities	258	0.1%	637	0.1%	2,643	0.3%	-2,006	-75.9%
Facilities Rental	59	0.0%	519	0.1%	534	0.1%	-15	-2.7%
Telephone	1,026	0.2%	1,027	0.1%	56	0.0%	970	1716.9%
Travel	1	0.0%	2	0.0%	3	0.0%	-2	-49.3%
Employee Benefits	126	0.0%	161	0.0%	64	0.0%	97	150.4%
Off./Other Equipment	8	0.0%	7	0.0%	8	0.0%	-1	-15.0%
Postage & Freight	14	0.0%	40	0.0%	343	0.0%	-302	-88.2%
Maintenance	121	0.0%	292	0.0%	515	0.1%	-224	-43.4%
Professional Services	212	0.0%	578	0.1%	81	0.0%	497	614.6%
Other	0	0.0%	0	0.0%	10	0.0%	-10	-99.1%
Vehicles	0	0.0%	0	0.0%	0	0.0%	0	100.0%
Building Improvements	38	0.0%	66	0.0%	65	0.0%	1	1.5%
Prior Year Adjustment	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Estimated Fringe Benefit Alloc.	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Subtotal Admin. Expenses	4,387	0.9%	8,002	1.0%	8,828	1.1%	-826	-9.4%
Net Profit								
Before Distributions	100,118	21.2%	152,353	18.6%	164,649	20.4%	-12,297	-7.5%

Notes to Financial Statement:

1 Year to date amounts have been adjusted for prize accruals.

2 Year to date amounts for FY 2015 (7/1/14-8/30/14) include an additional 1 day of activity over FY2016 (7/1/15-8/29/15). For comparative purposes, an additional 1 day of revenue in FY16 would total approximately \$13.7 million increasing revenues to \$834.6 million resulting in a 3.6% change over FY15. The additional 1 day of revenue would increase net profit by approximately \$2.5 million to \$154.9 million a -5.9% change over FY15.

Governor's Report MSLC Statement of Operations

August, 2015

Comments / Observations

YTD amounts for August, 2015 (includes 7/1/15 – 8/29/15) have one (1) less day of activity ** than the YTD amounts for August, 2014 (7/1/14 – 8/30/14).

	<u>Statement of Operations</u>	<u>Adjusted +1 day *</u>
• Instant Games sales	up 1.5% / \$8.7M	up 3.2% / \$18.4M
• Online Games sales	up 2.8% / \$6.3M	up 4.5% / \$10.3M
• Total Revenues	up 1.9% / \$15.0M	up 3.6% / \$28.7M
• Prize Payout %	74.7% <i>(compared to 72.7 % at August, 2014)</i>	Same
Prizes (Paid)	up 4.7% / \$27.3M	up 6.4% / \$37.6M
• Agent Commissions %	up 1.8% / \$0.7M	up 3.5% / \$1.4M
• Agent Bonuses	up 0.5% / \$0.1M	up 2.2% / \$0.2M
• Administrative Expenses	down 9.4% / \$0.8M	down 7.9% / \$0.7M
• Net Profit	down 7.5% / \$12.3M	down 5.9% / \$9.8M

Red – Reduces profit vs. prior year

*

Black – Increases profit vs. prior year

* See attached “Adjusted” MSLC Statement of Operations dated August, 2015

** The Lottery operates on a weekly (not monthly) close schedule. There are 12 accounting periods in a fiscal year; eight (8) periods have 4 weeks and four (4) periods have five (5) weeks. Because the calendar changes each year, the accounting period for one year does not align with the comparable accounting period for the previous year. The amount of “misalignment” changes from year to year. For fiscal 2016, the misalignment is one (-1) day.

Massachusetts State Lottery Commission
Statement of Operations
Lottery and Arts Lottery Funds
August, 2015
(\$000's)

22-Sep-15 22-Sep-15

	August, 2015		Year-to-Date FY2016		Period Close Sales Adj - 1 day		Adjusted Year-to-Date FY2016		Year-to-Date FY2015		\$ Change		Adjusted \$ Change		% Change		Adjusted % Change		
		%		%		%		%		%		%		%		%		%	
Revenues																			
Instant Games	334,431	70.9%	582,965	71.0%	9,716	71.0%	592,681	71.0%	574,312	71.3%	8,652	18,368	1,5%	3,2%					
MegaMillions	4,486	1.0%	9,411	1.1%	157	1.1%	9,568	1.1%	10,751	1.3%	-1,340	-1,183	-12.5%	-11.0%					
Powerball	6,220	1.3%	10,481	1.3%	175	1.3%	10,655	1.3%	10,836	1.3%	-355	-180	-3.3%	-1.7%					
Numbers Game	30,806	6.5%	53,342	6.5%	889	6.5%	54,231	6.5%	53,235	6.6%	107	996	0.2%	1.9%					
Mass Cash	7,426	1.6%	12,716	1.5%	212	1.5%	12,928	1.5%	12,435	1.5%	493	493	2.3%	4.0%					
Keno	82,359	17.5%	141,608	17.2%	2,360	17.2%	143,968	17.2%	134,282	16.7%	7,326	9,686	5.5%	7.2%					
Jackpot Poker	224	0.0%	392	0.0%	7	0.0%	399	0.0%	510	0.1%	-118	-111	-23.1%	-21.8%					
Race Game	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0	0.0%	0.0%					
Lucky for Life	2,640	0.6%	4,541	0.6%	76	0.6%	4,617	0.6%	4,408	0.5%	133	209	3.0%	4.7%					
On-Line Raffle Game	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0	0.0%	0.0%					
Charity Game Tickets	141	0.0%	302	0.0%	5	0.0%	307	0.0%	290	0.0%	12	17	4.1%	5.8%					
Beano Tax (2/5)	50	0.0%	103	0.0%	2	0.0%	105	0.0%	101	0.0%	1	3	3.1%	3.1%					
Pull Tabs	59	0.0%	105	0.0%	2	0.0%	107	0.0%	121	0.0%	-15	-13	-12.6%	-11.2%					
License Fees	16	0.0%	16	0.0%	0	0.0%	16	0.0%	16	0.0%	0	0	0.1%	1.8%					
Bond Fees and Fines	213	0.0%	371	0.0%	6	0.0%	378	0.0%	358	0.0%	14	20	3.8%	5.5%					
Service Fees	546	0.1%	933	0.1%	16	0.1%	949	0.1%	949	0.1%	-16	0	-1.6%	0.0%					
Cash Winfall	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0	0.0%	0.0%					
MegaLucks	2,057	0.4%	3,647	0.4%	61	0.4%	3,708	0.4%	3,348	0.4%	299	360	8.9%	10.8%					
Miscellaneous Income	6	0.0%	7	0.0%	0	0.0%	7	0.0%	1	0.0%	6	6	532.1%	542.7%					
Interest	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0	0.0%	0.0%					
Subtotal Revenues	471,681	100.0%	820,941	100.0%	13,682	100.0%	834,624	100.0%	805,954	100.0%	14,987	28,670	1.9%	3.6%					
Subtotal Prizes	340,184	72.1%	613,428	74.7%	10,224	74.7%	623,652	74.7%	586,091	72.7%	27,337	37,561	4.7%	6.4%					
Operating Expenses	23,523	5.0%	40,931	5.0%	682	5.0%	41,614	5.0%	40,188	5.0%	743	1,425	1.8%	3.5%					
Bonuses	3,469	0.7%	6,228	0.8%	104	0.8%	6,331	0.8%	6,198	0.8%	30	134	0.5%	2.2%					
Subtotal Operating Expenses	26,992	5.7%	47,159	5.7%	786	5.7%	47,945	5.7%	46,386	5.8%	773	1,559	1.7%	3.4%					
Operating Revenue	104,505	22.2%	160,354	19.5%	2,673	19.5%	163,027	19.5%	173,478	21.5%	-13,123	-10,451	-7.6%	-6.0%					
Administrative Expenses	2,474	0.5%	4,609	0.6%	77	0.6%	4,686	0.6%	4,503	0.6%	105	182	2.3%	4.0%					
Salaries	32	0.0%	28	0.0%	0	0.0%	28	0.0%	-31	0.0%	59	60	-188.9%	-190.4%					
Advertising	18	0.0%	36	0.0%	1	0.0%	37	0.0%	33	0.0%	3	4	9.0%	10.9%					
Equip Rental	258	0.1%	637	0.1%	11	0.1%	648	0.1%	2,643	0.3%	-2,006	-1,995	-75.9%	-75.3%					
Admin/Facilities	59	0.0%	519	0.1%	9	0.1%	528	0.1%	534	0.1%	-15	-6	-2.7%	-1.1%					
Facilities Rental	1,026	0.2%	1,027	0.1%	17	0.1%	1,044	0.1%	56	0.0%	970	987	1716.9%	1747.2%					
Telephone	1	0.0%	2	0.0%	0	0.0%	2	0.0%	3	0.0%	-2	-2	-49.3%	-48.5%					
Travel	126	0.0%	161	0.0%	3	0.0%	164	0.0%	64	0.0%	97	100	150.4%	154.6%					
Employee Benefits	8	0.0%	7	0.0%	0	0.0%	7	0.0%	8	0.0%	-1	-1	-15.0%	-13.6%					
Off/Other Equipment	14	0.0%	40	0.0%	1	0.0%	41	0.0%	343	0.0%	-302	-301	-88.2%	-88.0%					
Postage & Freight	121	0.0%	292	0.0%	5	0.0%	296	0.0%	515	0.1%	-224	-219	-43.4%	-42.5%					
Maintenance	212	0.0%	578	0.1%	10	0.1%	588	0.1%	81	0.0%	497	507	614.6%	626.5%					
Professional Services	0	0.0%	0	0.0%	0	0.0%	0	0.0%	10	0.0%	-10	-10	-99.1%	-99.1%					
Other	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0	100.0%	100.0%					
Vehicles	38	0.0%	66	0.0%	1	0.0%	67	0.0%	65	0.0%	1	2	3.2%	3.2%					
Building Improvements	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0	0.0%	0.0%					
Prior Year Adjustment	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0	0.0%	0.0%					
Estimated Fringe Benefit Alloc.	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0	0.0%	0.0%					
Subtotal Admin. Expenses	4,387	0.9%	8,002	1.0%	133	1.0%	8,135	1.0%	8,828	1.1%	-826	-693	-9.4%	-7.9%					
Net Profit Before Distributions	100,118	21.2%	152,353	18.6%	2,539	18.6%	154,992	18.6%	164,649	20.4%	-12,297	-9,758	-7.5%	-5.9%					

Notes to Financial Statement:

- Year to date amounts have been adjusted for prize accruals.
- Year to date amounts for FY 2015 (7/1/14-6/30/15) include an additional 1 day of activity over FY2016 (7/1/15-6/29/15). For comparative purposes, an additional 1 day of revenue in FY16 would total approximately \$13.7 million increasing revenues to \$834.6 million resulting in a 3.6% change over FY15. The additional 1 day of revenue would increase net profit by approximately \$2.5 million to \$154.9 million a -5.9% change over FY15.