



Massachusetts State Lottery Commission

DEBORAH B. GOLDBERG
Treasurer and Receiver General

MICHAEL R. SWEENEY
Executive Director

January 19, 2016

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 December 2015.

Please note that we have changed the format of the Statement of Operations and included a summary report to provide a more representative description and comparison of the current fiscal year results over the prior fiscal year.

Sincerely,

Michael R. Sweeney
Executive Director

cc: Deborah B. Goldberg
Treasurer and Receiver General



Supporting the 351 Cities and Towns of Massachusetts

Governor's Report MSLC Statement of Operations

December, 2015

Comments / Observations

YTD amounts for December, 2015 (includes 7/1/15 – 12/26/15) have one (1) less day of activity * than the YTD amounts for December, 2014 (7/1/14 – 12/27/14).

	<u>Statement of Operations</u>	<u>Adjusted (+1 day) **</u>
• Instant Games sales	up 2.5% / \$41.8M	up 3.0% / \$51.6M
• Draw Games + KENO sales***	up 2.7% / \$19.4M	up 3.3% / \$23.5M
• Total Revenues	up 2.5% / \$61.2M	up 3.1% / \$75.1M
• Prize Payout %	73.6% <i>(compared to 72.3% at December, 2014)</i>	73.6%
• Prizes (Paid)	up 4.4% / \$77.3M	up 5.0% / \$87.5M
• Agent Commissions %	up 2.6% / \$3.1M	up 3.1% / \$3.8M
• Agent Bonuses	up 3.4% / \$0.6M	up 3.9% / \$0.7M
• Administrative Expenses	down 10.5% / \$4.1M	down 10.0% / \$3.9M
• Net Profit	down 3.2% / \$15.7M	down 2.6% / \$13.0M

Red – Reduces profit vs. prior year

*

Black – Increases profit vs. prior year

* 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 the month of December 2015, Fiscal Year 2016, the misalignment is one (-1) day.

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

*** Draw Games + KENO sales was previously referred to as Online Game Sales. The change was made to provide a better description of what the games sales actually represent. Draw Games + KENO refers to games that have a drawing to select winning numbers. The Draw Games include The Numbers Game, Mega Millions, Powerball, Mass Cash, Lucky for Life and Megabucks. KENO also includes Jackpot Poker.

Massachusetts State Lottery Commission
Statement of Operations
Lottery and Arts Lottery Funds
December, 2015
(\$800's)

15-Jan-16

	December, 2015		Year-to-Date FY2016		Adjusted Year-to-Date FY2016		Year-to-Date FY2015		Adjusted Year-to-Date FY2015		Year-to-Date FY2015		Adjusted Year-to-Date FY2015	
		%		%		%		%		%	\$ Change	% Change	\$ Change	% Change
Revenues														
Instant Games	288,975	69.9%	1,747,274	70.3%	9,761	70.3%	1,757,036	70.3%	1,705,471	70.3%	41,803	2.5%	51,564	3.0%
MegaMillions	5,653	1.4%	30,949	1.2%	173	1.2%	31,122	1.2%	41,087	1.7%	-10,138	-24.7%	-9,965	-24.3%
Poweball	9,581	2.3%	44,942	1.8%	251	1.8%	45,193	1.8%	42,551	1.8%	2,391	5.6%	2,642	6.2%
Numbers Game	26,027	6.3%	155,998	6.4%	894	6.4%	160,892	6.4%	138,698	6.5%	1,300	0.8%	2,194	1.4%
Mass Cash	6,036	1.5%	37,837	1.5%	211	1.5%	38,048	1.5%	36,823	1.5%	1,014	2.8%	1,225	3.3%
Keno	71,475	17.3%	433,203	17.4%	2,420	17.4%	435,623	17.4%	410,340	16.9%	22,862	5.6%	25,282	6.2%
Jackpot Poker	164	0.0%	1,133	0.0%	6	0.0%	1,139	0.0%	1,445	0.1%	-312	-21.6%	-305	-21.1%
Race Game	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	0.0%	-1	-88.6%	-1	-88.6%
Lucky for Life	2,309	0.6%	13,647	0.5%	76	0.5%	13,724	0.5%	13,289	0.5%	358	2.7%	434	3.3%
Charity/Game Tickets	112	0.0%	821	0.0%	5	0.0%	826	0.0%	845	0.0%	-23	-2.8%	-19	-2.2%
Bearny Tax (2/5)	46	0.0%	289	0.0%	2	0.0%	291	0.0%	301	0.0%	-12	-4.0%	-10	-3.4%
Pull Tabs	322	0.0%	322	0.0%	2	0.0%	324	0.0%	345	0.0%	-23	-6.7%	-21	-6.2%
License Fees	14	0.0%	62	0.0%	0	0.0%	62	0.0%	59	0.0%	3	4.5%	3	5.1%
Bond Fees and Fines	166	0.0%	1,086	0.0%	6	0.0%	1,092	0.0%	1,033	0.0%	52	5.1%	58	5.6%
Service Fees	431	0.1%	2,782	0.1%	16	0.1%	2,798	0.1%	2,792	0.1%	-9	-0.3%	6	0.2%
Mega bucks	2,507	0.6%	12,313	0.5%	69	0.5%	12,382	0.5%	10,342	0.4%	1,971	19.1%	2,040	19.7%
Miscellaneous Income	0	0.0%	17	0.0%	0	0.0%	17	0.0%	11	0.0%	6	54.9%	6	55.7%
Interest	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Subtotal Revenues	413,554	100.0%	2,486,674	100.0%	13,892	100.0%	2,500,566	100.0%	2,425,433	100.0%	61,241	2.5%	75,133	3.1%
Subtotal Prizes	291,416	70.5%	1,830,371	73.6%	10,226	73.6%	1,840,597	73.6%	1,753,099	72.3%	77,273	4.4%	87,498	5.0%
Operating Expenses	20,569	5.0%	123,882	5.0%	692	5.0%	124,574	5.0%	120,773	5.0%	3,109	2.6%	3,801	3.1%
Commissions	3,165	0.8%	18,623	0.7%	104	0.7%	18,727	0.7%	18,016	0.7%	607	3.4%	711	3.9%
Bonuses	23,734	5.7%	142,505	5.7%	796	5.7%	143,301	5.7%	138,790	5.7%	3,715	2.7%	4,511	3.3%
Subtotal Operating Expenses	98,403	23.8%	513,798	20.7%	2,870	20.7%	516,669	20.7%	533,545	22.0%	-19,747	-3.7%	-16,876	-3.2%
Operating Revenue														
Administrative Expenses	2,438	0.6%	15,623	0.6%	87	0.6%	15,710	0.6%	15,009	0.6%	614	4.1%	701	4.7%
Salaries	113	0.0%	812	0.0%	5	0.0%	816	0.0%	1,205	0.0%	-393	-32.6%	-388	-32.2%
Advertising	18	0.0%	107	0.0%	1	0.0%	108	0.0%	105	0.0%	2	2.3%	3	2.9%
Equip Rental	2,105	0.5%	7,354	0.3%	41	0.3%	7,395	0.3%	7,959	0.3%	-605	-7.6%	-563	-7.1%
Admin/Facilities	467	0.1%	1,867	0.1%	10	0.1%	1,878	0.1%	1,697	0.1%	170	10.0%	181	10.6%
Facilities Rental	627	0.2%	3,378	0.1%	19	0.1%	3,397	0.1%	4,949	0.2%	-1,571	-31.7%	-1,552	-31.4%
Telephone	3	0.0%	10	0.0%	0	0.0%	10	0.0%	15	0.0%	-4	-30.3%	-4	-29.9%
Travel	90	0.0%	505	0.0%	3	0.0%	508	0.0%	469	0.0%	36	7.7%	39	8.3%
Employee Benefits	141	0.0%	476	0.0%	3	0.0%	479	0.0%	472	0.0%	404	8.3%	407	8.3%
Off/Other Equipment	282	0.1%	1,484	0.1%	8	0.1%	1,492	0.1%	1,373	0.1%	110	8.0%	119	8.6%
Postage & Freight	73	0.0%	714	0.0%	4	0.0%	718	0.0%	974	0.0%	-260	-26.7%	-256	-26.3%
Maintenance	94	0.0%	2,021	0.1%	11	0.1%	2,032	0.1%	4,565	0.2%	-2,544	-55.7%	-2,533	-55.5%
Professional Services	19	0.0%	19	0.0%	0	0.0%	20	0.0%	31	0.0%	-11	-36.9%	-11	-36.6%
Other	3	0.0%	2	0.0%	0	0.0%	2	0.0%	0	0.0%	2	100.0%	2	100.0%
Vehicles	36	0.0%	233	0.0%	1	0.0%	235	0.0%	260	0.0%	-27	-10.2%	-25	-10.0%
Building Improvements	1	0.0%	8	0.0%	0	0.0%	8	0.0%	2	0.0%	6	388.2%	6	390.9%
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 Pringe Benefit	6,489	1.6%	34,615	1.4%	193	1.4%	34,808	1.4%	38,683	1.6%	-4,069	-10.5%	-3,875	-10.0%
Subtotal Admin. Expenses														
Net Profit	91,914	22.2%	479,184	19.3%	2,677	19.3%	481,861	19.3%	494,862	20.4%	-15,678	-3.2%	-13,001	-2.6%
Before Distributions														

Notes to Financial Statement:

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

2 Year to date amounts for FY 2016 (7/1/15-12/26/15) include one (1) less day of activity over FY2015 (7/1/14-12/27/14). For comparative purposes, an additional one (1) day of revenue in FY16 would total approximately \$13.9 million increasing revenues to \$2.5 billion, resulting in a \$75.1 million or 3.1% change over FY15. The additional 1 day of revenue would increase net profit by approximately \$2.7 million to \$481.9 million, resulting in a (\$13.0) million or -2.6% change over FY15.