



Massachusetts State Lottery Commission

DEBORAH B. GOLDBERG
Treasurer and Receiver General

BETH BRESNAHAN
Executive Director

September 15, 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 July 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
July, 2015
(\$000's)

25-Aug-15

	July, 2015	%	Year-to-Date FY2016	%	Year-to-Date FY2015	%	\$ Change	% Change
Revenues								
Instant Games	248,533	71.2%	248,533	71.2%	244,434	71.4%	4,099	1.7%
MegaMillions	4,925	1.4%	4,925	1.4%	3,192	0.9%	1,733	54.3%
Powerball	4,261	1.2%	4,261	1.2%	5,054	1.5%	-793	-15.7%
Numbers Game	22,536	6.5%	22,536	6.5%	22,667	6.6%	-131	-0.6%
Mass Cash	5,290	1.5%	5,290	1.5%	5,273	1.5%	17	0.3%
Keno	59,249	17.0%	59,249	17.0%	57,338	16.8%	1,910	3.3%
Jackpot Poker	169	0.0%	169	0.0%	219	0.1%	-50	-22.9%
Race Game	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Lucky for Life	1,901	0.5%	1,901	0.5%	1,836	0.5%	65	3.5%
On-Line Raffle Game	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Charity Game Tickets	161	0.0%	161	0.0%	162	0.0%	-1	-0.4%
Beano Tax (2/5)	53	0.0%	53	0.0%	50	0.0%	3	6.6%
Pull Tabs	46	0.0%	46	0.0%	60	0.0%	-14	-23.5%
License Fees	0	0.0%	0	0.0%	10	0.0%	-10	100.0%
Bond Fees and Fines	159	0.0%	159	0.0%	154	0.0%	5	3.1%
Service Fees	387	0.1%	387	0.1%	403	0.1%	-16	-4.0%
Cash Winfall	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Megabucks	1,590	0.5%	1,590	0.5%	1,343	0.4%	247	18.4%
Miscellaneous Income	0	0.0%	0	0.0%	0	0.0%	0	-37.0%
Interest	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Subtotal Revenues	349,261	100.0%	349,261	100.0%	342,196	100.0%	7,064	2.1%
Subtotal Prizes	258,369	74.0%	265,834	76.1%	243,095	71.0%	22,739	9.4%
Operating Expenses								
Commissions	17,408	5.0%	17,408	5.0%	17,071	5.0%	337	2.0%
Bonuses	2,759	0.8%	2,759	0.8%	2,693	0.8%	66	2.4%
Subtotal Operating Expenses	20,167	5.8%	20,167	5.8%	19,764	5.8%	403	2.0%
Operating Revenue	70,725	20.2%	63,260	18.1%	79,337	23.2%	-16,077	-20.3%
Administrative Expenses								
Salaries	2,135	0.6%	2,135	0.6%	2,167	0.6%	-32	-1.5%
Advertising	-4	0.0%	-4	0.0%	-32	0.0%	28	-87.2%
Equip Rental	18	0.0%	18	0.0%	17	0.0%	2	11.2%
Admin/Facilities	379	0.1%	379	0.1%	1,605	0.5%	-1,226	-76.4%
Facilities Rental	461	0.1%	461	0.1%	233	0.1%	228	97.9%
Telephone	0	0.0%	0	0.0%	1	0.0%	0	-53.5%
Travel	1	0.0%	1	0.0%	1	0.0%	0	-26.2%
Employee Benefits	35	0.0%	35	0.0%	34	0.0%	1	2.0%
Off./Other Equipment	-2	0.0%	-2	0.0%	7	0.0%	-9	-120.7%
Postage & Freight	26	0.0%	26	0.0%	75	0.0%	-48	-64.8%
Maintenance	170	0.0%	170	0.0%	412	0.1%	-242	-58.7%
Professional Services	366	0.1%	366	0.1%	21	0.0%	346	1682.8%
Other	0	0.0%	0	0.0%	6	0.0%	-6	-98.7%
Vehicles	0	0.0%	0	0.0%	0	0.0%	0	100.0%
Building Improvements	28	0.0%	28	0.0%	31	0.0%	-4	-11.3%
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	3,614	-1.0%	3,614	1.0%	4,577	1.3%	-963	-21.0%
Net Profit								
Before Distributions	67,110	19.2%	59,645	17.1%	74,760	21.8%	-15,114	-20.2%

Notes to Financial Statement:

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

2 Year to date amounts for FY 2015 (7/1/14-7/26/14) include an additional 1 day of activity over FY2016 (7/1/15-7/25/15). For comparative purposes, an additional 1 day of revenue in FY16 would total approximately \$14 million increasing revenues to \$363.2 million resulting in a 6.1% change over FY15. The additional 1 day of revenue would increase net profit by approximately \$2.4 million to \$62.0 million a -17.0% change over FY15.

Governor's Report MSLC Statement of Operations

July, 2015

Comments / Observations

YTD amounts for July, 2015 (includes 7/1/15 – 7/25/15) have one (1) less day of activity ** than the YTD amounts for July, 2014 (7/1/14 – 7/26/14).

	<u>Statement of Operations</u>	<u>Adjusted +1 day *</u>
• Instant Games sales	up 1.7% / \$4.1M	up 5.7% / \$14.0M
• Online Games sales	up 3.1% / \$3.0M	up 7.2% / \$7.0M
• Total Revenues	up 2.1% / \$7.1M	up 6.1% / \$21.0M
• Prize Payout %	76.1% <i>(compared to 71.0 % at July, 2014)</i>	Same
Prizes (Paid)	up 9.4% / \$22.7M	up 13.7% / \$33.4M
• Agent Commissions %	up 2.0% / \$0.1M	up 6.1% / \$1.0M
• Agent Bonuses	up 2.4% / \$0.1M	up 6.5% / \$0.2M
• Administrative Expenses	down 21.0% / \$1.0M	down 17.9% / \$0.8M
• Net Profit	down 20.2% / \$15.1M	down 17.0% / \$12.7M

Red – Reduces profit vs. prior year

*

Black – Increases profit vs. prior year

* See attached “Adjusted” MSLC Statement of Operations dated July, 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
July, 2015
(\$800's)

25-Aug-15 25-Aug-15

	July, 2015		Year-to-Date FY2016		Period Close Sales Adj - 1 day		Adjusted Year-to-Date FY2015		Year-to-Date FY2015		\$ Change		Adjusted \$ Change		% Change		Adjusted % Change		
		%		%		%		%		%									
Revenues																			
Instant Games	248,533	71.2%	248,533	71.2%	9,941	258,475	71.2%	244,434	71.4%	4,099	14,041	1.7%	5,776	5.7%					
MegaMillions	4,925	1.4%	4,925	1.4%	197	5,122	1.4%	3,192	0.9%	1,733	1,930	54.3%	60.5%						
Powerball	4,261	1.2%	4,261	1.2%	170	4,431	1.2%	5,054	1.5%	-793	-623	-15.7%	-12.3%						
Numbers Game	22,536	6.5%	22,536	6.5%	901	23,438	6.5%	22,667	6.6%	-131	-770	-0.6%	3.4%						
Mass Cash	5,290	1.5%	5,290	1.5%	212	5,502	1.5%	5,273	1.5%	17	229	0.3%	4.3%						
Keno	59,249	17.0%	59,249	17.0%	2,370	61,619	17.0%	57,338	16.8%	1,910	4,280	3.3%	7.5%						
Jackpot Poker	169	0.0%	169	0.0%	7	176	0.0%	219	0.1%	-50	-43	-22.9%	-19.8%						
Race Game	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0.0%						
Lucky for Life	1,901	0.5%	1,901	0.5%	76	1,977	0.5%	1,836	0.5%	65	141	3.5%	7.7%						
On-Line Raffle Game	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0.0%						
Charity Game Tickets	161	0.0%	161	0.0%	6	168	0.0%	162	0.0%	-1	6	-0.4%	3.6%						
Beano Tax (2/5)	53	0.0%	53	0.0%	2	55	0.0%	50	0.0%	3	5	6.0%	10.9%						
Pull Tabs	46	0.0%	46	0.0%	2	48	0.0%	60	0.0%	-14	-10	-23.5%	-20.4%						
License Fees	0	0.0%	0	0.0%	0	0	0.0%	10	0.0%	-10	-10	100.0%	100.0%						
Bond Fees and Fines	159	0.0%	159	0.0%	6	165	0.0%	154	0.0%	5	11	3.1%	7.3%						
Service Fees	387	0.1%	387	0.1%	15	403	0.1%	403	0.1%	-16	-1	-4.0%	-0.2%						
Cash Winfall	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	247	310	18.4%	23.1%						
MegaBooks	1,590	0.5%	1,590	0.5%	64	1,654	0.5%	1,343	0.4%	247	310	18.4%	23.1%						
Miscellaneous Income	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	-37.0%	-34.5%						
Interest	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0.0%						
Subtotal Revenues	349,261	100.0%	349,261	100.0%	13,970	363,231	100.0%	342,196	100.0%	7,064	21,035	2.1%	6.1%						
Subtotal Prizes	258,369	74.0%	265,834	76.1%	10,633	276,467	76.1%	243,095	71.0%	22,739	33,373	9.4%	13.7%						
Operating Expenses	17,408	5.0%	17,408	5.0%	696	18,105	5.0%	17,071	5.0%	337	1,033	2.0%	6.1%						
Commissions	2,759	0.8%	2,759	0.8%	110	2,869	0.8%	2,693	0.8%	66	176	2.4%	6.5%						
Bonuses	20,167	5.8%	20,167	5.8%	807	20,974	5.8%	19,764	5.8%	403	1,209	2.0%	6.1%						
Subtotal Operating Expenses	70,725	20.2%	63,260	18.1%	2,530	65,790	18.1%	79,337	23.2%	-16,077	-13,547	-20.3%	-17.1%						
Administrative Expenses	2,135	0.6%	2,135	0.6%	85	2,221	0.6%	2,167	0.6%	-32	53	-1.5%	2.4%						
Salaries	-4	0.0%	-4	0.0%	0	-4	0.0%	-32	0.0%	28	28	-87.2%	-86.7%						
Advertising	18	0.0%	18	0.0%	1	19	0.0%	17	0.0%	2	3	11.2%	15.7%						
Equip Rental	379	0.1%	379	0.1%	15	394	0.1%	1,605	0.5%	-1,226	-1,211	-76.4%	-75.4%						
Admin/Facilities	461	0.1%	461	0.1%	18	479	0.1%	233	0.1%	228	246	97.9%	105.8%						
Facilities Rental	0	0.0%	0	0.0%	0	0	0.0%	1	0.0%	0	0	-53.5%	-51.6%						
Telephone	1	0.0%	1	0.0%	0	1	0.0%	1	0.0%	0	0	-26.2%	-23.3%						
Travel	35	0.0%	35	0.0%	1	36	0.0%	34	0.0%	1	2	2.0%	6.0%						
Employee Benefits	-2	0.0%	-2	0.0%	0	-2	0.0%	7	0.0%	-9	-9	-120.7%	-121.5%						
OE/Other Equipment	26	0.0%	26	0.0%	1	27	0.0%	75	0.0%	-48	-47	-64.8%	-63.4%						
Postage & Freight	170	0.0%	170	0.0%	7	177	0.0%	412	0.1%	-242	-235	-58.7%	-57.0%						
Maintenance	366	0.1%	366	0.1%	15	381	0.1%	21	0.0%	346	360	1682.8%	1754.1%						
Professional Services	0	0.0%	0	0.0%	0	0	0.0%	6	0.0%	-6	-6	-98.7%	-98.7%						
Other	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	100.0%	100.0%						
Vehicles	28	0.0%	28	0.0%	1	29	0.0%	31	0.0%	-4	-2	-11.3%	-7.8%						
Building Improvements	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%						
Estimated Fringe Benefit Alloc.	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0.0%						
Subtotal Admin. Expenses	3,614	1.0%	3,614	1.0%	145	3,759	1.0%	4,577	1.3%	-963	-818	-21.0%	-17.9%						
Net Profit Before Distributions	67,110	19.2%	59,645	17.1%	2,386	62,031	17.1%	74,760	21.8%	-15,114	-12,729	-20.2%	-17.0%						

Notes to Financial Statement:

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

2 Year to date amounts for FY 2015 (7/1/14-7/26/14) include an additional 1 day of activity over FY2016 (7/1/15-7/26/15). For comparative purposes, an additional 1 day of revenue in FY16 would total approximately \$14 million increasing revenues to \$363.2 million resulting in a 6.1% change over FY15. The additional 1 day of revenue would increase net profit by approximately \$2.4 million to \$62.0 million a -17.0% change over FY15.