



Massachusetts State Lottery Commission

DEBORAH B. GOLDBERG
Treasurer and Receiver General

MICHAEL R. SWEENEY
Executive Director

December 11, 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 November 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

November, 2015

Comments / Observations

YTD amounts for November, 2015 (includes 7/1/15 – 11/28/15) have one (1) less day of activity * than the YTD amounts for November, 2014 (7/1/14 – 11/29/14).

	<u>Statement of Operations</u>	<u>Adjusted (+1 day) **</u>
• Instant Games sales	up 2.3% / \$33.4.0M	up 3.0% / \$43.1M
• Draw Games + KENO sales***	up 1.8% / \$11.0M	up 2.5% / \$15.1M
• Total Revenues	up 2.2% / \$44.5M	up 2.9% / \$58.2M
• Prize Payout %	73.3% <i>(compared to 72.3% at November, 2014)</i>	73.3%
• Prizes (Paid)	up 3.6% / \$53.0M	up 4.3% / \$63.1M
• Agent Commissions %	up 2.3% / \$2.3M	up 3.0% / \$3.0M
• Agent Bonuses	up 3.5% / \$0.5M	up 4.2% / \$0.6M
• Administrative Expenses	down 5.5% / \$1.7M	down 4.9% / \$1.5M
• Net Profit	down 2.3% / \$9.7M	down 1.7% / \$7.0M

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 November 2015, Fiscal Year 2016, the misalignment is one (-1) day.

** See attached “Adjusted” MSLC Statement of Operations dated October, 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
November, 2015
(\$000's)

09-Dec-15

	November, 2015		Year-to-Date		Period Close		Adjusted		Year-to-Date		\$ Change		Adjusted	
		%	FY2016	%	Sales Adj (+1 day)	FY2016	%	FY2015	%	FY2015	%	\$ Change	% Change	% Change
Revenues														
Instant Games	273,650	69.9%	1,458,299	70.3%	9,658	1,467,957	70.3%	1,424,881	70.2%	33,418	43,076	2.3%	3.0%	
MegaMillions	6,234	1.6%	25,236	1.2%	168	25,464	1.2%	34,144	1.7%	-8,848	-8,680	-25.9%	-25.4%	
Powerball	5,493	1.4%	35,361	1.7%	234	35,595	1.7%	37,279	1.8%	-1,918	-1,684	-5.1%	-4.5%	
Numbers Game	25,137	6.4%	133,971	6.5%	887	134,858	6.5%	133,077	6.6%	894	1,781	0.7%	1.3%	
Mass Cash	5,890	1.5%	31,800	1.5%	211	32,011	1.5%	30,995	1.5%	805	1,016	2.6%	3.3%	
Keno	69,951	17.9%	361,727	17.4%	2,396	364,123	17.4%	343,045	16.9%	18,682	21,078	5.4%	6.1%	
Jackpot Poker	175	0.0%	969	0.0%	6	975	0.0%	1,236	0.1%	-267	-260	-21.1%	-21.1%	
Race Game	0	0.0%	0	0.0%	0	0	0.0%	1	0.0%	-1	-1	-88.6%	-88.6%	
Lucky for Life	2,167	0.6%	11,339	0.5%	75	11,414	0.5%	11,261	0.6%	78	153	0.7%	1.4%	
Charity Game/Tickets	127	0.0%	710	0.0%	5	714	0.0%	713	0.0%	-3	1	-0.5%	-0.2%	
Beano Tax (2/5)	44	0.0%	243	0.0%	2	245	0.0%	250	0.0%	-7	-5	-2.7%	-2.0%	
Pull Tabs	46	0.0%	264	0.0%	2	266	0.0%	295	0.0%	-31	-29	-10.4%	-9.8%	
License Fees	8	0.0%	48	0.0%	0	48	0.0%	45	0.0%	3	3	6.8%	7.5%	
Bond Fees and Fines	165	0.0%	920	0.0%	6	926	0.0%	878	0.0%	42	48	4.8%	5.5%	
Service Fees	433	0.1%	2,351	0.1%	16	2,367	0.1%	2,363	0.1%	-12	4	-0.5%	0.1%	
MegaBooks	2,131	0.5%	9,806	0.5%	65	9,871	0.5%	8,189	0.4%	1,617	1,682	19.7%	20.5%	
Miscellaneous Income	9	0.0%	17	0.0%	0	17	0.0%	11	0.0%	6	6	55.1%	56.1%	
Interest	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0.0%	
Subtotal Revenues	391,660	100.0%	2,073,121	100.0%	13,729	2,086,850	100.0%	2,028,662	100.0%	44,459	58,188	2.2%	2.9%	
Subtotal Prizes	277,990	71.0%	1,520,509	73.3%	10,070	1,530,579	73.3%	1,467,518	72.3%	52,991	63,061	3.6%	4.3%	
Operating Expenses														
Commissions	19,482	5.0%	103,313	5.0%	684	103,997	5.0%	101,008	5.0%	2,305	2,990	2.3%	3.0%	
Bonuses	2,739	0.7%	15,458	0.7%	102	15,560	0.7%	14,939	0.7%	519	621	3.5%	4.2%	
Subtotal Operating Expenses	22,221	5.7%	118,771	5.7%	787	119,557	5.7%	115,946	5.7%	2,824	3,611	2.4%	3.1%	
Operating Revenue	91,449	23.3%	433,841	20.9%	2,873	436,714	20.9%	445,197	21.9%	-11,357	-8,483	-2.6%	-1.9%	
Administrative Expenses														
Salaries	2,415	0.6%	13,185	0.6%	87	13,272	0.6%	12,556	0.6%	628	716	5.0%	5.7%	
Advertising	495	0.1%	699	0.0%	5	704	0.0%	1,099	0.1%	-399	-395	-36.3%	-35.9%	
Equip Rental	18	0.0%	89	0.0%	1	90	0.0%	90	0.0%	-1	0	-0.6%	0.0%	
Admin./Facilities	695	0.2%	5,250	0.3%	35	5,284	0.3%	6,255	0.3%	-1,005	-971	-16.1%	-15.5%	
Facilities Rental	74	0.0%	1,400	0.1%	9	1,409	0.1%	1,402	0.1%	-2	7	-0.2%	0.5%	
Telephone	799	0.2%	2,751	0.1%	18	2,769	0.1%	2,999	0.1%	-248	-229	-8.3%	-7.6%	
Travel	2	0.0%	7	0.0%	0	7	0.0%	13	0.0%	-5	-5	-41.0%	-40.6%	
Employee Benefits	70	0.0%	415	0.0%	3	418	0.0%	382	0.0%	33	36	8.6%	9.3%	
Off/Other Equipment	20	0.0%	335	0.0%	2	337	0.0%	49	0.0%	286	289	\$84.8%	\$89.3%	
Postage & Freight	241	0.1%	1,202	0.1%	8	1,210	0.1%	1,148	0.1%	54	62	4.7%	5.4%	
Maintenance	81	0.0%	640	0.0%	4	645	0.0%	885	0.0%	-245	-241	-27.7%	-27.2%	
Professional Services	362	0.1%	1,927	0.1%	13	1,940	0.1%	2,702	0.1%	-775	-762	-28.7%	-28.2%	
Other	19	0.0%	19	0.0%	0	19	0.0%	12	0.0%	7	7	100.0%	100.0%	
Vehicles	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0.0%	
Building Improvements	44	0.0%	197	0.0%	1	199	0.0%	183	0.0%	14	15	7.7%	8.4%	
Prior Year Adjustment	0	0.0%	7	0.0%	0	7	0.0%	1	0.0%	6	6	522.2%	526.3%	
Estimated Pringe Benefit Alloc.	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0.0%	
Subtotal Admin. Expenses	5,336	1.4%	28,125	1.4%	186	28,311	1.4%	29,777	1.5%	-1,652	-1,465	-5.5%	-4.9%	
Net Profit														
Before Distributions	86,113	22.0%	405,716	19.6%	2,687	408,402	19.6%	415,420	20.5%	-9,705	-7,018	-2.3%	-1.7%	

Notes to Financial Statement:

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

2 Year to date amounts for FY 2016 (7/1/15-11/28/15) include one (1) less day of activity over FY2015 (7/1/14-11/29/14). For comparative purposes, an additional one (1) day of revenue in FY16 would total approximately \$13.7 million increasing revenues to \$2.087 billion, resulting in a \$58.2 million or 2.9% change over FY15. The additional 1 day of revenue would increase net profit by approximately \$2.7 million to \$408.4 million, resulting in a (\$7.0) million or -1.7% change over FY15.