



Massachusetts State Lottery Commission

DEBORAH B. GOLDBERG
Treasurer and Receiver General

MICHAEL R. SWEENEY
Executive Director

November 20, 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 October 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

October, 2015

Comments / Observations

YTD amounts for October, 2015 (includes 7/1/15 – 10/31/15) have six (6) more days of activity * than the YTD amounts for October, 2014 (7/1/14 – 10/25/14).

	<u>Statement of Operations</u>	<u>Adjusted (-6 days) **</u>
• Instant Games sales	up 7.6% / \$84.0M	up 2.4% / \$26.2M
• Draw Games + KENO sales***	up 7.9% / \$36.2M	up 2.6% / \$12.1M
• Total Revenues	up 7.7% / \$120.3M	up 2.5% / \$38.3M
• Prize Payout %	73.9% <i>(compared to 73.0% at October, 2014)</i>	73.9%
• Prizes (Paid)	up 9.1% / \$103.2M	up 3.7% / \$42.6M
• Agent Commissions %	up 7.9% / \$6.1M	up 2.6% / \$2.0M
• Agent Bonuses	up 8.8% / \$1.0M	up 3.5% / \$0.4M
• Administrative Expenses	up 0.4% / \$0.1M	down 4.5% / \$1.0M
• Net Profit	up 3.2% / \$9.9M	down 1.8% / \$5.7M

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 October 2015, Fiscal Year 2016, the misalignment is six (+6) days.

** 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
October, 2015
(\$'000's)

20-Nov-15

	October, 2015		Year-to-Date FY2016		Period Close Sales Adj (6 days)		Adjusted Year-to-Date FY2016		Year-to-Date FY2015		\$ Change	Adjusted \$ Change	% Change	Adjusted \$ Change	% Change
		%		%		%		%		%					
Revenues															
Instant Games	337,324	70.2%	1,184,650	70.5%	57,788	1,126,862	70.5%	1,100,615	70.5%	84,034	26,246	7.6%	2.4%		
MegaMillions	5,465	1.1%	19,062	1.1%	930	18,132	1.1%	24,039	1.5%	-4,976	-5,906	-20.7%	-24.6%		
Powerball	9,246	1.9%	29,868	1.8%	1,457	28,411	1.8%	28,911	1.9%	956	-501	3.3%	-1.7%		
Numbers Game	30,758	6.4%	108,834	6.5%	5,309	103,525	6.5%	102,313	6.6%	6,520	1,211	8.4%	1.2%		
Mass Cash	7,324	1.5%	25,911	1.5%	1,264	24,647	1.5%	23,906	1.5%	2,005	741	8.4%	3.1%		
Keno	84,294	17.5%	291,776	17.4%	14,233	277,543	17.4%	261,952	16.8%	29,824	15,591	11.4%	6.0%		
Jackpot Poker	223	0.0%	794	0.0%	39	755	0.0%	969	0.1%	-174	-213	-18.0%	-22.0%		
Race Game	0	0.0%	0	0.0%	0	0	0.0%	1	0.0%	-1	-1	-88.5%	-89.1%		
Lucky for Life	2,563	0.5%	9,172	0.5%	447	8,725	0.5%	8,653	0.6%	519	72	6.0%	0.8%		
Charity Game Tickets	156	0.0%	583	0.0%	28	555	0.0%	587	0.0%	-4	-33	-0.7%	-5.6%		
Beano Tax (2/5)	48	0.0%	199	0.0%	10	189	0.0%	203	0.0%	-4	-14	-1.9%	-6.7%		
Pull Tabs	61	0.0%	218	0.0%	11	207	0.0%	229	0.0%	-12	-22	-5.1%	-9.7%		
License Fees	10	0.0%	39	0.0%	2	38	0.0%	38	0.0%	0	0	0.0%	0.0%		
Bond Fees and Fines	211	0.0%	755	0.0%	37	718	0.0%	686	0.0%	69	32	10.1%	4.7%		
Service Fees	548	0.1%	1,919	0.1%	94	1,825	0.1%	1,824	0.1%	94	1	5.2%	0.0%		
Mega Bucks	2,239	0.5%	7,675	0.5%	374	7,300	0.5%	6,194	0.4%	1,481	1,107	23.9%	17.9%		
Miscellaneous Income	0	0.0%	7	0.0%	0	7	0.0%	2	0.0%	6	5	376.0%	352.8%		
Interest	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0.0%		
Subtotal Revenues	480,470	100.0%	1,681,461	100.0%	82,022	1,599,438	100.0%	1,561,122	100.0%	120,339	38,316	7.7%	2.5%		
Subtotal Prizes	337,898	70.3%	1,243,038	73.9%	60,656	1,182,402	73.9%	1,139,809	73.0%	103,229	42,593	9.1%	3.7%		
Operating Expenses															
Commissions	23,970	5.0%	83,831	5.0%	4,089	79,742	5.0%	77,715	5.0%	6,116	2,026	7.9%	2.6%		
Bonuses	3,443	0.7%	12,719	0.8%	620	12,098	0.8%	11,691	0.7%	1,028	407	8.8%	3.5%		
Subtotal Operating Expenses	27,413	5.7%	96,549	5.7%	4,710	91,840	5.7%	89,406	5.7%	7,143	2,434	8.0%	2.7%		
Operating Revenue	115,160	24.0%	341,873	20.3%	16,677	325,196	20.3%	331,907	21.3%	9,966	-6,711	3.0%	-2.0%		
Administrative Expenses															
Salaries	3,723	0.8%	10,769	0.6%	525	10,244	0.6%	9,131	0.6%	1,639	1,113	17.9%	12.2%		
Advertising	103	0.0%	204	0.0%	10	194	0.0%	746	0.0%	-542	-552	-72.6%	-74.0%		
Equip Rental	18	0.0%	72	0.0%	3	68	0.0%	75	0.0%	-4	-7	-4.7%	-9.4%		
Admin/Facilities	2,138	0.4%	4,554	0.3%	222	4,332	0.3%	5,882	0.4%	-1,328	-1,550	-22.6%	-26.4%		
Facilities Rental	503	0.1%	1,326	0.1%	65	1,262	0.1%	1,108	0.1%	219	154	19.7%	13.9%		
Telephone	872	0.2%	1,952	0.1%	95	1,856	0.1%	2,018	0.1%	-66	-161	-3.3%	-8.0%		
Travel	2	0.0%	5	0.0%	0	5	0.0%	9	0.0%	-4	-4	-44.0%	-46.8%		
Employee Benefits	115	0.0%	345	0.0%	17	328	0.0%	346	0.0%	-18	-18	-0.2%	-0.2%		
Off/Other Equipment	4	0.0%	315	0.0%	15	300	0.0%	33	0.0%	282	266	845.3%	799.2%		
Postage & Freight	402	0.1%	961	0.1%	47	914	0.1%	894	0.1%	67	20	7.5%	2.2%		
Maintenance	97	0.0%	560	0.0%	27	532	0.0%	757	0.0%	-198	-225	-26.1%	-29.7%		
Professional Services	642	0.1%	1,565	0.1%	76	1,488	0.1%	1,555	0.1%	10	-67	0.6%	-4.3%		
Other	0	0.0%	0	0.0%	0	0	0.0%	11	0.0%	-10	-10	-97.5%	-100.0%		
Vehicles	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	100.0%	100.0%		
Building Improvements	41	0.0%	154	0.0%	7	146	0.0%	141	0.0%	12	5	8.6%	3.3%		
Prior Year Adjustment	0	0.0%	7	0.0%	0	7	0.0%	1	0.0%	6	6	522.2%	491.9%		
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	8,659	1.8%	22,789	1.4%	1,112	21,677	1.4%	22,708	1.5%	81	-1,030	0.4%	-4.5%		
Net Profit Before Distributions	106,501	22.2%	319,084	19.0%	15,565	303,519	19.0%	309,199	19.8%	9,885	-5,680	3.2%	-1.8%		

Notes to Financial Statement:

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

2 Year to date amounts for FY 2016 (7/1/15-10/31/15) include an additional six (6) days of activity over FY2015 (7/1/14-10/25/14). For comparative purposes, six (6) fewer days of revenue in FY16 would total approximately \$82 million, decreasing revenues to \$1,599 billion, resulting in a \$38.3 million or 2.5% change over FY15. Six (6) fewer days of revenue would decrease net profit by approximately \$15.6 million to \$303.5 million, resulting in a (\$5.7) million or -1.8% change over FY15.