



# Massachusetts State Lottery Commission

DEBORAH B. GOLDBERG  
*Treasurer and Receiver General*

MICHAEL R. SWEENEY  
*Interim Executive Director*

October 21, 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 September 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  
September, 2015  
(\$000's)

21-Oct-15

	September, 2015	%	Year-to-Date FY2016	%	Year-to-Date FY2015	%	\$ Change	% Change
<b>Revenues</b>								
Instant Games	264,361	69.6%	847,325	70.6%	835,828	70.8%	11,497	1.4%
MegaMillions	4,186	1.1%	13,597	1.1%	14,661	1.2%	-1,064	-7.3%
Powerball	10,141	2.7%	20,622	1.7%	23,292	2.0%	-2,671	-11.5%
Numbers Game	24,733	6.5%	78,075	6.5%	77,731	6.6%	344	0.4%
Mass Cash	5,871	1.5%	18,587	1.5%	18,166	1.5%	421	2.3%
Keno	65,874	17.3%	207,482	17.3%	196,655	16.7%	10,828	5.5%
Jackpot Poker	178	0.0%	571	0.0%	743	0.1%	-172	-23.2%
Race Game	0	0.0%	0	0.0%	0	0.0%	0	100.0%
Lucky for Life	2,068	0.5%	6,609	0.6%	6,469	0.5%	140	2.2%
Charity Game Tickets	125	0.0%	427	0.0%	436	0.0%	-9	-2.0%
Beano Tax (2/5)	48	0.0%	151	0.0%	153	0.0%	-2	-1.4%
Pull Tabs	52	0.0%	157	0.0%	172	0.0%	-15	-8.5%
License Fees	14	0.0%	30	0.0%	26	0.0%	4	13.8%
Bond Fees and Fines	172	0.0%	544	0.0%	516	0.0%	28	5.3%
Service Fees	437	0.1%	1,370	0.1%	1,386	0.1%	-16	-1.2%
Megabucks	1,788	0.5%	5,436	0.5%	4,757	0.4%	679	14.3%
Miscellaneous Income	0	0.0%	7	0.0%	1	0.0%	6	447.7%
Interest	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Subtotal Revenues</b>	<b>380,049</b>	<b>100.0%</b>	<b>1,200,990</b>	<b>100.0%</b>	<b>1,180,993</b>	<b>100.0%</b>	<b>19,997</b>	<b>1.7%</b>
<b>Subtotal Prizes</b>	<b>278,568</b>	<b>73.3%</b>	<b>903,461</b>	<b>75.2%</b>	<b>855,595</b>	<b>72.4%</b>	<b>47,866</b>	<b>5.6%</b>
<b>Operating Expenses</b>								
Commissions	18,930	5.0%	59,861	5.0%	58,763	5.0%	1,098	1.9%
Bonuses	3,048	0.8%	9,275	0.8%	8,867	0.8%	409	4.6%
<b>Subtotal Operating Expenses</b>	<b>21,977</b>	<b>5.8%</b>	<b>69,136</b>	<b>5.8%</b>	<b>67,630</b>	<b>5.7%</b>	<b>1,507</b>	<b>2.2%</b>
<b>Operating Revenue</b>	<b>79,503</b>	<b>20.9%</b>	<b>228,392</b>	<b>19.0%</b>	<b>257,769</b>	<b>21.8%</b>	<b>-29,376</b>	<b>-11.4%</b>
<b>Administrative Expenses</b>								
Salaries	2,438	0.6%	7,046	0.6%	6,789	0.6%	257	3.8%
Advertising	73	0.0%	101	0.0%	317	0.0%	-216	-68.1%
Equip Rental	18	0.0%	54	0.0%	56	0.0%	-2	-3.2%
Admin/Facilities	1,779	0.5%	2,416	0.2%	3,850	0.3%	-1,434	-37.2%
Facilities Rental	304	0.1%	824	0.1%	808	0.1%	15	1.9%
Telephone	53	0.0%	1,080	0.1%	987	0.1%	93	9.4%
Travel	1	0.0%	3	0.0%	5	0.0%	-2	-39.3%
Employee Benefits	69	0.0%	230	0.0%	210	0.0%	20	9.6%
Off./Other Equipment	304	0.1%	311	0.0%	28	0.0%	283	1027.0%
Postage & Freight	519	0.1%	559	0.0%	557	0.0%	2	0.4%
Maintenance	171	0.0%	463	0.0%	617	0.1%	-154	-25.0%
Professional Services	345	0.1%	923	0.1%	785	0.1%	138	17.6%
Other	0	0.0%	0	0.0%	10	0.0%	-10	-98.3%
Vehicles	0	0.0%	0	0.0%	0	0.0%	0	100.0%
Building Improvements	46	0.0%	112	0.0%	105	0.0%	7	7.0%
Prior Year Adjustment	7	0.0%	7	0.0%	0	0.0%	7	100.0%
Estimated Fringe Benefit Alloc.	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Subtotal Admin. Expenses</b>	<b>6,128</b>	<b>1.6%</b>	<b>14,130</b>	<b>1.2%</b>	<b>15,125</b>	<b>1.3%</b>	<b>-995</b>	<b>-6.6%</b>
<b>Net Profit</b>								
<b>Before Distributions</b>	<b>73,375</b>	<b>19.3%</b>	<b>214,262</b>	<b>17.8%</b>	<b>242,644</b>	<b>20.5%</b>	<b>-28,382</b>	<b>-11.7%</b>

Notes to Financial Statement:

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

2 Year to date amounts for FY 2015 (7/1/14-9/27/14) include an additional 1 day of activity over FY2016 (7/1/15-9/26/15). For comparative purposes, an additional 1 day of revenue in FY16 would total approximately \$13.6 million increasing revenues to \$1.215 billion resulting in a 2.8% change over FY15. The additional 1 day of revenue would increase net profit by approximately \$2.4 million to \$216.7 million a -10.7% change over FY15.

# Governor's Report MSLC Statement of Operations

September, 2015

## Comments / Observations

YTD amounts for September, 2015 (includes 7/1/15 – 9/26/15) have one (1) less day of activity \*\* than the YTD amounts for September, 2014 (7/1/14 – 9/27/14).

	<u>Statement of Operations</u>	<u>Adjusted +1 day *</u>
• Instant Games sales	up 1.4% / \$11.5M	up 2.5% / \$21.1M
• Online Games sales	up 2.5% / \$8.5M	up 3.6% / \$12.5M
• Total Revenues	up 1.7% / \$20.0M	up 2.8% / \$33.6M
• Prize Payout %	<b>75.2%</b> <i>(compared to 72.4 % at September, 2014)</i>	Same
Prizes (Paid)	<b>up 5.6% / \$47.9M</b>	<b>up 6.8% / \$58.1M</b>
• Agent Commissions %	<b>up 1.9% / \$1.1M</b>	<b>up 3.0% / \$1.8M</b>
• Agent Bonuses	<b>up 4.6% / \$0.4M</b>	<b>up 5.8% / \$0.5M</b>
• Administrative Expenses	down 6.6% / \$1.0M	down 5.5% / \$0.8M
• Net Profit	<b>down 11.7% / \$28.4M</b>	<b>down 10.7% / \$25.9M</b>

**Red – Reduces profit vs. prior year**

\*

**Black – Increases profit vs. prior year**

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

21-Oct-15 21-Oct-15

	September, 2015		Year-to-Date FY2016		Period Close Sales Act - 1 day	Adjusted Year-to-Date FY2016		Year-to-Date FY2015		\$ Change	Adjusted \$ Change	% Change	Adjusted % Change
		%		%				%	%				
<b>Revenues</b>													
Instant Games	264,361	69.6%	847,325	70.6%	9,629	856,954	70.6%	835,828	70.8%	11,497	21,126	1.4%	2.5%
MegaMillions	4,186	1.1%	13,597	1.1%	155	13,752	1.1%	14,661	1.2%	-1,064	-909	-7.3%	-6.2%
Powerball	10,141	2.7%	20,622	1.7%	234	20,856	1.7%	23,292	2.0%	-2,671	-2,436	-11.5%	-10.5%
Numbers Game	24,733	6.5%	78,075	6.5%	887	78,963	6.5%	77,731	6.6%	344	1,231	0.4%	1.6%
Mass Cash	5,871	1.5%	18,587	1.5%	211	18,798	1.5%	18,166	1.5%	421	632	2.3%	3.5%
Keno	65,874	17.3%	207,482	17.3%	2,358	209,840	17.3%	196,655	16.7%	10,828	13,186	6.7%	6.7%
Jackpot Poker	178	0.0%	571	0.0%	6	577	0.0%	743	0.1%	-172	-165	-23.3%	-22.3%
Race Game	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	100.0%	100.0%
Lucky for Life	2,068	0.5%	6,609	0.6%	75	6,684	0.6%	6,469	0.5%	140	215	2.2%	3.3%
Charity Game Tickets	125	0.0%	427	0.0%	5	432	0.0%	435	0.0%	-9	-4	-2.0%	-0.9%
Beano Tax (25)	48	0.0%	151	0.0%	2	153	0.0%	153	0.0%	-2	0	-1.4%	-0.3%
Pull Tabs	52	0.0%	157	0.0%	2	159	0.0%	172	0.0%	-15	-13	-8.5%	-7.5%
License Fees	14	0.0%	30	0.0%	0	30	0.0%	26	0.0%	4	4	13.8%	15.1%
Bond Fees and Fines	172	0.0%	544	0.0%	6	550	0.0%	516	0.0%	28	34	5.3%	6.5%
Service Fees	437	0.1%	1,370	0.1%	16	1,386	0.1%	1,366	0.1%	-16	0	-1.2%	0.0%
Megabucks	1,788	0.5%	5,436	0.5%	62	5,497	0.5%	4,757	0.4%	679	741	14.3%	15.6%
Miscellaneous Income	7	0.0%	7	0.0%	0	7	0.0%	1	0.0%	6	6	447.7%	454.0%
Interest	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0.0%
<b>Subtotal Revenues</b>	<b>380,049</b>	<b>100.0%</b>	<b>1,200,990</b>	<b>100.0%</b>	<b>13,648</b>	<b>1,214,638</b>	<b>100.0%</b>	<b>1,180,993</b>	<b>100.0%</b>	<b>19,997</b>	<b>33,644</b>	<b>1.7%</b>	<b>2.8%</b>
<b>Subtotal Prizes</b>	<b>278,568</b>	<b>73.3%</b>	<b>903,461</b>	<b>75.2%</b>	<b>10,267</b>	<b>913,728</b>	<b>75.2%</b>	<b>885,595</b>	<b>72.4%</b>	<b>47,866</b>	<b>58,133</b>	<b>5.6%</b>	<b>6.8%</b>
<b>Operating Expenses</b>													
Commissions	18,930	5.0%	59,861	5.0%	680	60,541	5.0%	58,763	5.0%	1,098	1,778	1.9%	3.0%
Bonuses	3,048	0.8%	9,275	0.8%	105	9,381	0.8%	8,867	0.8%	409	514	4.6%	5.8%
<b>Subtotal Operating Expenses</b>	<b>21,977</b>	<b>5.8%</b>	<b>69,136</b>	<b>5.8%</b>	<b>785</b>	<b>69,922</b>	<b>5.8%</b>	<b>67,630</b>	<b>5.7%</b>	<b>1,507</b>	<b>2,292</b>	<b>2.2%</b>	<b>3.4%</b>
<b>Operating Revenue</b>	<b>79,503</b>	<b>20.9%</b>	<b>228,392</b>	<b>19.0%</b>	<b>2,595</b>	<b>230,988</b>	<b>19.0%</b>	<b>257,769</b>	<b>21.8%</b>	<b>-29,376</b>	<b>-26,781</b>	<b>-11.4%</b>	<b>-10.4%</b>
<b>Administrative Expenses</b>													
Salaries	2,438	0.6%	7,046	0.6%	80	7,126	0.6%	6,789	0.6%	257	337	3.8%	5.0%
Advertising	73	0.0%	101	0.0%	1	102	0.0%	317	0.0%	-216	-215	-68.1%	-67.7%
Equip Rental	18	0.0%	54	0.0%	1	55	0.0%	56	0.0%	-2	-1	-3.2%	-2.1%
Admin/Facilities	1,779	0.5%	2,416	0.2%	27	2,444	0.2%	3,850	0.3%	-1,434	-1,407	-37.2%	-36.5%
Facilities Rental	304	0.1%	824	0.1%	9	833	0.1%	808	0.1%	15	25	3.1%	3.1%
Telephone	53	0.0%	1,080	0.1%	12	1,092	0.1%	987	0.1%	93	105	9.4%	10.6%
Travel	1	0.0%	3	0.0%	0	3	0.0%	5	0.0%	-2	-2	-39.3%	-38.6%
Employee Benefits	69	0.0%	230	0.0%	3	233	0.0%	210	0.0%	20	23	9.6%	10.9%
Off/Other Equipment	304	0.1%	311	0.0%	4	314	0.0%	28	0.0%	283	287	1027.0%	1039.8%
Postage & Freight	519	0.1%	559	0.0%	6	566	0.0%	557	0.0%	2	9	0.4%	1.5%
Maintenance	171	0.0%	463	0.0%	5	468	0.0%	617	0.1%	-154	-149	-25.0%	-24.1%
Professional Services	345	0.1%	923	0.1%	10	933	0.1%	785	0.1%	138	149	17.6%	19.0%
Other	0	0.0%	0	0.0%	0	0	0.0%	10	0.0%	-10	-10	-98.3%	-98.2%
Vehicles	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	100.0%	100.0%
Building Improvements	46	0.0%	112	0.0%	1	114	0.0%	105	0.0%	7	9	7.0%	8.2%
Prior Year Adjustment	7	0.0%	7	0.0%	0	7	0.0%	0	0.0%	7	7	100.0%	100.0%
Estimated Fringe Benefit Alloc	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0.0%
<b>Subtotal Admin. Expenses</b>	<b>6,128</b>	<b>1.6%</b>	<b>14,130</b>	<b>1.2%</b>	<b>161</b>	<b>14,290</b>	<b>1.2%</b>	<b>15,125</b>	<b>1.3%</b>	<b>-995</b>	<b>-834</b>	<b>-6.6%</b>	<b>-5.5%</b>
<b>Net Profit Before Distributions</b>	<b>73,375</b>	<b>19.3%</b>	<b>214,262</b>	<b>17.8%</b>	<b>2,435</b>	<b>216,697</b>	<b>17.8%</b>	<b>242,644</b>	<b>20.5%</b>	<b>-28,382</b>	<b>-25,947</b>	<b>-11.7%</b>	<b>-10.7%</b>

Notes to Financial Statement:

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2 Year to date amounts for FY 2015 (7/1/14-9/27/14) include an additional 1 day of activity over FY2016 (7/1/15-9/26/15). For comparative purposes, an additional 1 day of revenue in FY16 would total approximately \$13.6 million increasing revenues to \$1,215 billion resulting in a 2.8% change over FY15. The additional 1 day of revenue would increase net profit by approximately \$2.4 million to \$216.7 million a -10.7% change over FY15.