



# Massachusetts State Lottery Commission

DEBORAH B. GOLDBERG  
*Treasurer and Receiver General*

MICHAEL R. SWEENEY  
*Executive Director*

March 16, 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 February 2016.

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

February, 2016

## Comments / Observations

YTD amounts for February, 2016 (includes 7/1/15 – 2/27/16) have one (1) less day of activity \* than the YTD amounts for February, 2015 (7/1/14 – 2/28/15).

	<u>Statement of Operations</u>	<u>Adjusted (+1 day) **</u>
• Instant Games sales	up 4.1% / \$93.1M	up 4.5% / \$102.9M
• Draw Games + KENO sales***	up 9.7% / \$94.9M	up 10.2% / \$99.4M
• Total Revenues	up 5.8% / \$188.1M	up 6.2% / \$202.4M
• Prize Payout %	<b>72.9%</b> <i>(compared to 72.3% at February, 2015)</i>	<b>72.9%</b>
• Prizes (Paid)	<b>up 6.7% / \$157.5M</b>	<b>up 7.1% / \$167.9M</b>
• Agent Commissions %	<b>up 5.7% / \$9.3M</b>	<b>up 6.2% / \$10.0M</b>
• Agent Bonuses	<b>up 5.3% / \$1.3M</b>	<b>up 5.8% / \$1.4M</b>
• Administrative Expenses	down 1.9% / \$0.9M	down 1.5% / \$0.7M
• Net Profit	up 3.1% / \$20.9M	up 3.6% / \$23.8M

**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 February 2016, Fiscal Year 2016, the misalignment is one (-1) day.

\*\* See attached “Adjusted” MSLC Statement of Operations dated February, 2016

\*\*\* 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  
February, 2016  
(\$000's)

15-Mar-16

	February, 2016	%	Year-to-Date FY2016	%	Period Close Sales Adj (+) (day)	Year-to-Date FY2016	%	Year-to-Date FY2015	%	\$ Change	Adjusted \$ Change	% Change	Adjusted % Change
<b>Revenues</b>													
Instant Games	266,345	68.3%	2,364,295	68.7%	9,770	2,374,064	68.7%	2,271,186	69.8%	93,108	102,878	4.1%	4.5%
MegaMillions	4,200	1.1%	41,187	1.2%	170	41,357	1.2%	56,485	1.7%	-15,298	-15,128	-27.1%	-26.8%
Powerball	10,961	2.8%	134,363	3.9%	555	134,918	3.9%	73,054	2.2%	61,309	61,864	83.9%	84.7%
Numbers Game	25,248	6.5%	216,079	6.3%	893	216,972	6.3%	211,845	6.5%	4,234	5,127	2.0%	2.4%
Mass Cash	6,454	1.7%	51,949	1.5%	215	52,164	1.5%	49,300	1.5%	2,649	2,865	5.4%	5.8%
Keno	71,283	18.3%	589,558	17.1%	2,436	591,994	17.1%	550,703	16.9%	38,855	41,291	7.1%	7.5%
Jackpot Poker	172	0.0%	1,492	0.0%	6	1,498	0.0%	1,897	0.1%	-405	-399	-21.4%	-21.0%
Race Game	0	0.0%	0	0.0%	0	0	0.0%	1	0.0%	-1	-1	-88.7%	-88.6%
Lucky for Life	2,054	0.5%	18,306	0.5%	76	18,382	0.5%	17,946	0.6%	360	435	2.0%	2.4%
Charity Game Tickets	117	0.0%	1,086	0.0%	4	1,090	0.0%	1,031	0.0%	55	59	5.3%	5.8%
Bemo Tex (2/5)	42	0.0%	375	0.0%	2	377	0.0%	368	0.0%	7	9	1.9%	2.3%
Pull Tabs	46	0.0%	442	0.0%	2	444	0.0%	458	0.0%	-16	-14	-3.5%	-3.1%
License Fees	14	0.0%	82	0.0%	0	82	0.0%	83	0.0%	-1	-1	-1.2%	-0.8%
Bond Fees and Fines	163	0.0%	1,453	0.0%	6	1,459	0.0%	1,425	0.0%	29	35	2.0%	2.4%
Service Fees	435	0.1%	3,763	0.1%	16	3,778	0.1%	3,750	0.1%	12	28	0.3%	0.7%
Mega Bucks	2,443	0.6%	17,539	0.5%	72	17,612	0.5%	14,305	0.4%	3,235	3,307	22.6%	23.1%
Miscellaneous Income	9	0.0%	26	0.0%	0	26	0.0%	20	0.0%	6	6	30.9%	31.5%
Interest	0	0.0%	1	0.0%	0	1	0.0%	0	0.0%	1	1	100.0%	100.0%
<b>Subtotal Revenues</b>	<b>389,987</b>	<b>100.0%</b>	<b>3,441,995</b>	<b>100.0%</b>	<b>14,223</b>	<b>3,456,218</b>	<b>100.0%</b>	<b>3,253,857</b>	<b>100.0%</b>	<b>188,138</b>	<b>202,361</b>	<b>5.8%</b>	<b>6.2%</b>
<b>Subtotal Prizes</b>	<b>310,731</b>	<b>79.7%</b>	<b>2,509,812</b>	<b>72.9%</b>	<b>10,371</b>	<b>2,520,183</b>	<b>72.9%</b>	<b>2,352,290</b>	<b>72.3%</b>	<b>157,521</b>	<b>167,892</b>	<b>6.7%</b>	<b>7.1%</b>
<b>Operating Expenses</b>													
Commissions	19,277	4.9%	171,384	5.0%	708	172,092	5.0%	162,071	5.0%	9,313	10,021	5.7%	6.2%
Bonuses	2,864	0.7%	25,520	0.7%	105	25,626	0.7%	24,227	0.7%	1,294	1,399	5.3%	5.8%
<b>Subtotal Operating Expenses</b>	<b>22,141</b>	<b>5.7%</b>	<b>196,904</b>	<b>5.7%</b>	<b>814</b>	<b>197,718</b>	<b>5.7%</b>	<b>186,298</b>	<b>5.7%</b>	<b>10,606</b>	<b>11,420</b>	<b>5.7%</b>	<b>6.1%</b>
<b>Operating Revenue</b>	<b>57,115</b>	<b>14.6%</b>	<b>735,279</b>	<b>21.4%</b>	<b>3,058</b>	<b>738,317</b>	<b>21.4%</b>	<b>715,269</b>	<b>22.0%</b>	<b>20,010</b>	<b>23,049</b>	<b>2.8%</b>	<b>3.2%</b>
<b>Administrative Expenses</b>													
Salaries	2,454	0.6%	20,578	0.6%	85	20,663	0.6%	19,817	0.6%	761	846	3.8%	4.3%
Advertising	367	0.1%	1,425	0.0%	6	1,431	0.0%	1,460	0.0%	-36	-30	-2.4%	-2.0%
Equip Rental	18	0.0%	143	0.0%	1	143	0.0%	140	0.0%	2	3	1.7%	2.2%
Admin./Facilities	1,134	0.3%	9,645	0.3%	40	9,684	0.3%	9,649	0.3%	-5	35	0.0%	0.4%
Facilities Rental	306	0.1%	2,236	0.1%	9	2,245	0.1%	2,283	0.1%	-47	-38	-2.1%	-1.7%
Telephone	1,064	0.3%	5,050	0.1%	21	5,071	0.1%	6,921	0.2%	-1,871	-1,850	-27.0%	-26.7%
Travel	3	0.0%	16	0.0%	0	16	0.0%	18	0.0%	-2	-2	-12.0%	-11.6%
Employee Benefits	70	0.0%	782	0.0%	3	785	0.0%	680	0.0%	102	106	15.1%	15.5%
Off./Other Equipment	94	0.0%	583	0.0%	2	585	0.0%	144	0.0%	439	442	305.6%	307.3%
Postage & Freight	218	0.1%	2,055	0.1%	8	2,064	0.1%	1,862	0.1%	194	202	10.4%	10.9%
Maintenance	119	0.0%	924	0.0%	4	928	0.0%	1,143	0.0%	-219	-215	-19.2%	-18.8%
Professional Services	251	0.1%	5,134	0.1%	21	5,156	0.1%	5,383	0.2%	-248	-227	-4.6%	-4.2%
Other	12	0.0%	46	0.0%	0	46	0.0%	31	0.0%	14	14	45.4%	46.0%
Vehicles	0	0.0%	2	0.0%	0	2	0.0%	0	0.0%	2	2	100.0%	100.0%
Building Improvements	37	0.0%	310	0.0%	1	312	0.0%	333	0.0%	-23	-21	-6.8%	-6.4%
Prior Year Adjustment	0	0.0%	8	0.0%	0	8	0.0%	2	0.0%	6	6	388.2%	390.2%
Estimated Prize 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>6,148</b>	<b>1.6%</b>	<b>48,937</b>	<b>1.4%</b>	<b>202</b>	<b>49,139</b>	<b>1.4%</b>	<b>49,865</b>	<b>1.5%</b>	<b>-928</b>	<b>-726</b>	<b>-1.9%</b>	<b>-1.5%</b>
<b>Net Profit Before Distributions</b>	<b>50,967</b>	<b>13.1%</b>	<b>686,342</b>	<b>19.9%</b>	<b>2,836</b>	<b>689,178</b>	<b>19.9%</b>	<b>665,404</b>	<b>20.4%</b>	<b>20,939</b>	<b>23,775</b>	<b>3.1%</b>	<b>3.6%</b>

Notes to Financial Statement:

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

2 Year to date amounts for FY 2016 (7/1/15-2/27/16) include one (1) less day of activity over FY2015 (7/1/14-2/28/15). For comparative purposes, an additional one (1) day of revenue in FY16 would total approximately \$14.2 million increasing revenues to \$3.5 billion, resulting in a \$202.4 million or 6.2% change over FY15. The additional 1 day of revenue would increase net profit by approximately \$2.8 million to \$689.2 million, resulting in a \$23.8 million or 3.6% change over FY15.