



Massachusetts State Lottery Commission

DEBORAH B. GOLDBERG
Treasurer and Receiver General

MICHAEL R. SWEENEY
Executive Director

February 24, 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 January 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

January, 2016

Comments / Observations

YTD amounts for January, 2016 (includes 7/1/15 – 1/30/16) have one (1) less day of activity * than the YTD amounts for January, 2015 (7/1/14 – 1/31/15).

	<u>Statement of Operations</u>	<u>Adjusted (+1 day) **</u>
• Instant Games sales	up 3.2% / \$66.0M	up 3.7% / \$75.8M
• Draw Games + KENO sales***	up 10.7% / \$91.6M	up 11.2% / \$96.1M
• Total Revenues	up 5.4% / \$157.7M	up 5.9% / \$171.9M
• Prize Payout %	73.1% <i>(compared to 72.5% at January, 2015)</i>	73.1%
• Prizes (Paid)	up 6.4% / \$134.4M	up 6.9% / \$144.8M
• Agent Commissions %	up 5.5% / \$7.9M	up 6.0% / \$8.6M
• Agent Bonuses	up 4.7% / \$1.0M	up 5.2% / \$1.1M
• Administrative Expenses	down 3.4% / \$1.5M	down 3.0% / \$1.3M
• Net Profit	up 2.7% / \$15.8M	up 3.2% / \$18.7M

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

** See attached “Adjusted” MSLC Statement of Operations dated January, 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
January, 2016
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23-Feb-16

	January, 2016		Year-to-Date FY2016		Period Close Sales Adj (+1 day)		Adjusted Year-to-Date FY2016		Year-to-Date FY2015		\$ Change		Adjusted \$ Change		% Change		Adjusted % Change		
		%		%				%		%				%		%		%	
Revenues																			
Instant Games	350,675	62.0%	2,097,949	68.7%	9,804	2,107,753	68.7%	2,031,940	70.2%	66,010	75,813	3.2%	3.7%						
MegaMillions	6,038	1.1%	36,987	1.2%	173	37,159	1.2%	51,724	1.8%	-14,738	-14,565	-28.5%	-28.2%						
Powerball	78,460	13.9%	123,402	4.0%	577	123,979	4.0%	54,776	1.9%	68,626	69,203	123.3%	126.3%						
Numbers Game	30,832	5.5%	190,830	6.3%	892	191,722	6.3%	2,389	6.5%	2,389	3,281	1.3%	1.7%						
Mass Cash	7,658	1.4%	45,495	1.5%	213	45,707	1.5%	43,788	1.5%	1,707	1,919	3.9%	4.4%						
Keno	83,072	15.0%	518,275	17.0%	2,422	520,697	17.0%	487,502	16.8%	30,773	33,194	6.3%	6.8%						
Jackpot Poker	186	0.0%	1,319	0.0%	6	1,325	0.0%	1,700	0.1%	-380	-374	-22.4%	-22.0%						
Race Game	0	0.0%	0	0.0%	0	0	0.0%	1	0.0%	-1	-1	-88.6%	-88.6%						
Lucky for Life	2,604	0.5%	16,252	0.5%	76	16,328	0.5%	15,708	0.5%	543	619	3.5%	3.9%						
Charity Game Tickets	147	0.0%	969	0.0%	5	973	0.0%	967	0.0%	2	7	0.2%	0.7%						
Beano Tax (2/5)	45	0.0%	334	0.0%	2	335	0.0%	343	0.0%	-9	-8	-2.7%	-2.3%						
Pull Tabs	73	0.0%	396	0.0%	2	397	0.0%	420	0.0%	-24	-23	-5.8%	-5.4%						
License Fees	6	0.0%	68	0.0%	0	68	0.0%	75	0.0%	-7	-7	-9.3%	-8.9%						
Bond Fees and Fines	205	0.0%	1,291	0.0%	6	1,297	0.0%	1,244	0.0%	47	53	3.7%	4.2%						
Service Fees	545	0.1%	3,327	0.1%	16	3,343	0.1%	3,323	0.1%	4	20	0.1%	0.6%						
MegaBooks	2,784	0.5%	15,097	0.5%	71	15,167	0.5%	12,374	0.4%	2,723	2,793	22.0%	22.6%						
Miscellaneous Income	0	0.0%	17	0.0%	0	17	0.0%	0	0.0%	6	6	54.6%	55.3%						
Interest	1	0.0%	1	0.0%	0	1	0.0%	0	0.0%	1	1	100.0%	100.0%						
Subtotal Revenues	565,333	100.0%	3,052,008	100.0%	14,262	3,066,270	100.0%	2,894,337	100.0%	157,670	171,932	5.4%	5.9%						
Subtotal Prizes	399,566	70.7%	2,231,386	73.1%	10,427	2,241,813	73.1%	2,096,994	72.5%	134,392	144,819	6.4%	6.9%						
Operating Expenses	28,225	5.0%	152,107	5.0%	711	152,818	5.0%	144,182	5.0%	7,925	8,636	5.5%	6.0%						
Commissions	4,033	0.7%	22,656	0.7%	106	22,762	0.7%	21,631	0.7%	1,025	1,131	4.7%	5.2%						
Bonuses	32,258	5.7%	174,763	5.7%	817	175,580	5.7%	165,813	5.7%	8,950	9,767	5.4%	5.9%						
Subtotal Operating Expenses	133,509	23.6%	645,859	21.2%	3,018	648,877	21.2%	631,331	21.8%	14,328	17,346	2.3%	2.7%						
Administrative Expenses	2,501	0.4%	18,124	0.6%	85	18,208	0.6%	17,385	0.6%	739	823	4.2%	4.7%						
Salaries	245	0.0%	1,057	0.0%	5	1,062	0.0%	1,306	0.0%	-249	-244	-19.0%	-18.7%						
Advertising	18	0.0%	125	0.0%	1	126	0.0%	122	0.0%	2	3	2.0%	2.5%						
Equip Rental	1,157	0.2%	8,511	0.3%	40	8,551	0.3%	8,516	0.3%	-6	34	-0.1%	0.4%						
Admin/Facilities	63	0.0%	1,930	0.1%	9	1,939	0.1%	2,004	0.1%	-74	-65	-3.7%	-3.2%						
Facilities Rental	608	0.1%	3,986	0.1%	19	4,005	0.1%	5,924	0.2%	-1,937	-1,919	-32.7%	-32.4%						
Telephone	2	0.0%	12	0.0%	0	12	0.0%	16	0.0%	-4	-4	-25.6%	-25.3%						
Travel	207	0.0%	712	0.0%	3	715	0.0%	612	0.0%	100	104	16.4%	17.0%						
Employee Benefits	13	0.0%	489	0.0%	2	491	0.0%	90	0.0%	399	401	44.0%	44.5%						
Off/Other Equipment	353	0.1%	1,837	0.1%	9	1,846	0.1%	1,655	0.1%	182	191	11.0%	11.5%						
Postage & Freight	91	0.0%	805	0.0%	4	809	0.0%	1,056	0.0%	-251	-247	-23.4%	-23.8%						
Maintenance	2,863	0.5%	4,884	0.2%	23	4,906	0.2%	5,285	0.2%	-402	-379	-7.6%	-7.2%						
Professional Services	14	0.0%	33	0.0%	0	33	0.0%	31	0.0%	2	2	6.0%	6.5%						
Other	0	0.0%	2	0.0%	0	2	0.0%	0	0.0%	2	2	100.0%	100.0%						
Vehicles	40	0.0%	273	0.0%	1	274	0.0%	295	0.0%	-22	-21	-7.6%	-7.2%						
Building Improvements	0	0.0%	8	0.0%	0	8	0.0%	2	0.0%	6	6	388.2%	390.5%						
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.	8,174	1.4%	42,789	1.4%	200	42,989	1.4%	44,500	1.5%	-1,512	-1,312	-3.4%	-3.0%						
Subtotal Admin. Expenses	125,335	22.2%	603,070	19.8%	2,818	605,888	19.8%	587,231	20.3%	15,839	18,657	2.7%	3.2%						
Net Profit Before Distributions																			

Notes to Financial Statement:

- Year to date amounts have been adjusted for prize accruals.
- Year to date amounts for FY2016 (7/1/15-1/31/16) include one (1) less day of activity over FY2015 (7/1/14-1/31/15). For comparative purposes, an additional one (1) day of revenue in FY16 would total approximately \$14.3 million increasing revenues to \$3.1 billion, resulting in a \$17.1 million or 5.9% change over FY15. The additional 1 day of revenue would increase net profit by approximately \$2.8 million to \$60.5 million, resulting in a \$18.7 million or 3.2% change over FY15.