



Massachusetts State Lottery Commission

DEBORAH B. GOLDBERG
Treasurer and Receiver General

MICHAEL R. SWEENEY
Executive Director

August 19, 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 July 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

July, 2016

Comments / Observations

YTD amounts for July, 2016 (includes 7/1/16 – 7/30/16) have five (5) more days of activity * than the YTD amounts for July, 2015 (7/1/15 – 7/25/15).

	<u>Statement of Operations</u>	<u>Adjusted (-5 days) **</u>
• Instant Games sales	up 15.2% / \$37.7M	down 4.0% / \$10.0M
• Draw Games + KENO sales***	up 43.0% / \$43.0M	up 19.2% / \$19.2M
• Total Revenues	up 23.1% / \$80.8M	up 2.6% / \$9.1M
• Prize Payout %	70.1% <i>(compared to 76.1% at July, 2015)</i>	70.1%
• Prizes (Paid)	up 13.5% / \$35.8M	down 5.4% / \$14.5M
• Agent Commissions %	up 23.3% / \$4.1M	up 2.7% / \$0.5M
• Agent Bonuses	up 21.2% / \$0.6M	up 1.0% / \$27K
• Administrative Expenses	down 3.8% / \$0.1M	down 19.8% / \$0.7M
• Net Profit	up 67.9% / \$40.5M	up 39.9% / \$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 July 2016, Fiscal Year 2017, the misalignment is five (+5) days.

** See attached “Adjusted” MSLC Statement of Operations dated July, 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 and All or Nothing.

Massachusetts State Lottery Commission
Statement of Operations
Lottery and Arts Lottery Funds
July, 2016
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19-Aug-16

	July, 2016	%	Year-to-Date FY2017	%	Period Close Sales Adj (-5 days)	Adjusted Year-to-Date FY2017	%	Year-to-Date FY2016	%	\$ Change	Adjusted \$ Change	% Change	Adjusted % Change
Revenues													
Instant Games	286,201	66.6%	286,201	66.6%	47,700	238,501	66.6%	248,533	71.2%	37,668	-10,032	15.2%	-4.0%
MegaMillions	14,520	3.4%	14,520	3.4%	2,420	12,100	3.4%	4,925	1.4%	9,594	7,174	194.8%	145.7%
PowertoBall	18,127	4.2%	18,127	4.2%	3,021	15,106	4.2%	4,261	1.2%	13,866	10,845	325.5%	254.5%
Numbers Game	26,312	6.1%	26,312	6.1%	4,385	21,927	6.1%	22,536	6.5%	3,776	-610	16.8%	-2.7%
Mass Cash	6,436	1.5%	6,436	1.5%	1,073	5,363	1.5%	5,290	1.3%	1,146	73	21.7%	1.4%
Keno	70,463	16.4%	70,463	16.4%	11,744	58,719	16.4%	59,249	17.0%	11,214	-530	18.9%	-0.9%
Jackpot Poker	0	0.0%	0	0.0%	0	0	0.0%	169	0.0%	-169	-169	-100.0%	-100.0%
All or Nothing	3,316	0.8%	3,316	0.8%	553	2,763	0.8%	0	0.0%	3,316	2,763	100.0%	100.0%
Lucky for Life	2,009	0.5%	2,009	0.5%	335	1,674	0.5%	0	0.0%	1,901	109	5.7%	-11.9%
Charity Game Tickets	138	0.0%	138	0.0%	26	132	0.0%	161	0.0%	-3	-30	-2.1%	-18.4%
Beano Tax (2/5)	41	0.0%	41	0.0%	7	34	0.0%	53	0.0%	-12	-19	-22.7%	-35.6%
Pull Tabs	58	0.0%	58	0.0%	10	49	0.0%	46	0.0%	12	5	26.7%	5.6%
License Fees	6	0.0%	6	0.0%	1	5	0.0%	0	0.0%	6	3	100.0%	100.0%
Bond Fees and Fines	182	0.0%	182	0.0%	30	152	0.0%	159	0.0%	23	-7	14.5%	-4.6%
Service Fees	466	0.1%	466	0.1%	78	388	0.1%	387	0.1%	78	1	20.2%	0.2%
MegaBucks	1,727	0.4%	1,727	0.4%	288	1,439	0.4%	1,590	0.5%	137	-151	8.6%	-9.5%
Miscellaneous Income	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	-20.2%	-33.5%
Interest	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0.0%
Subtotal Revenues	430,022	100.0%	430,022	100.0%	71,670	358,351	100.0%	349,261	100.0%	80,761	9,091	23.1%	2.6%
Subtotal Prizes	311,580	72.5%	301,621	70.1%	50,270	251,351	70.1%	265,834	76.1%	35,788	-14,483	13.5%	-5.4%
Operating Expenses													
Commissions	21,458	5.0%	21,458	5.0%	3,576	17,881	5.0%	17,408	5.0%	4,049	473	23.3%	2.7%
Bonuses	3,343	0.8%	3,343	0.8%	557	2,786	0.8%	2,759	0.8%	585	27	21.2%	1.0%
Subtotal Operating Expenses	24,801	5.8%	24,801	5.8%	4,133	20,667	5.8%	20,167	5.8%	4,634	500	23.0%	2.5%
Operating Revenue	93,641	21.8%	103,599	24.1%	17,267	86,333	24.1%	63,260	18.1%	40,340	23,073	63.8%	36.5%
Administrative Expenses													
Salaries	1,960	0.5%	1,960	0.5%	327	1,633	0.5%	2,135	0.6%	-175	-502	-8.2%	-23.5%
Advertising	-11	0.0%	-11	0.0%	-2	-9	0.0%	-4	0.0%	-7	-5	-17.1%	126.5%
Equip Rental	15	0.0%	15	0.0%	2	12	0.0%	18	0.0%	-4	-6	-19.4%	-32.9%
Admin/Facilities	846	0.2%	846	0.2%	141	705	0.2%	379	0.1%	467	326	123.0%	85.8%
Facilities Rental	236	0.1%	236	0.1%	39	196	0.1%	461	0.1%	-225	-264	-48.8%	-57.7%
Telephone	14	0.0%	14	0.0%	2	12	0.0%	0	0.0%	14	11	3743.3%	3102.8%
Travel	1	0.0%	1	0.0%	0	1	0.0%	1	0.0%	0	0	53.7%	28.1%
Employee Benefits	33	0.0%	33	0.0%	5	27	0.0%	35	0.0%	-2	-8	-6.9%	-22.4%
Off/Other Equipment	-4	0.0%	-4	0.0%	-1	-3	0.0%	-2	0.0%	-3	-2	166.9%	122.4%
Postage & Freight	1	0.0%	1	0.0%	0	1	0.0%	26	0.0%	-26	-26	-97.1%	-97.6%
Maintenance	381	0.1%	381	0.1%	63	317	0.1%	170	0.0%	211	147	123.8%	86.5%
Professional Services	4	0.0%	4	0.0%	1	4	0.0%	366	0.1%	-362	-363	-98.8%	-99.0%
Other	6	0.0%	6	0.0%	1	5	0.0%	0	0.0%	5	5	7601.2%	6317.7%
Vehicles	-1	0.0%	-1	0.0%	0	-1	0.0%	0	0.0%	-1	-1	468.4%	373.7%
Building Improvements	0	0.0%	0	0.0%	0	0	0.0%	28	0.0%	-28	-28	-101.5%	-101.2%
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.	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0.0%
Subtotal Admin. Expenses	3,479	0.8%	3,479	0.8%	580	2,899	0.8%	3,614	1.0%	-136	-715	-3.8%	-19.8%
Net Profit													
Before Distributions	90,162	21.0%	100,121	23.3%	16,687	83,434	23.3%	59,645	17.1%	40,475	23,789	67.9%	39.9%

Notes to Financial Statement:

1 Year to date amounts have been adjusted for price accruals

2 Year to date amounts for FY 2017 (7/1/16-7/30/16) include an additional five (5) days of activity over FY2016 (7/1/15-7/25/15). For comparative purposes, five (5) fewer days of revenue in FY17 would total approximately \$71.7 million, decreasing revenues to \$358.4 million, resulting in a \$9.1 million or 2.6% change over FY16. Five (5) fewer days of revenue would decrease net profit by approximately \$16.7 million to \$83.4 million, resulting in a \$23.8 million or 39.9% change over FY16.