



Massachusetts State Lottery Commission

DEBORAH B. GOLDBERG
Treasurer and Receiver General

MICHAEL R. SWEENEY
Executive Director

April 21, 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 March 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,

A handwritten signature in blue ink that reads "Michael R. Sweeney".

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

March, 2016

Comments / Observations

YTD amounts for March, 2016 (includes 7/1/15 – 3/26/16) have one (1) less day of activity * than the YTD amounts for March, 2015 (7/1/14 – 3/28/15).

	<u>Statement of Operations</u>	<u>Adjusted (+1 day) **</u>
• Instant Games sales	up 3.6% / \$91.1M	up 3.9% / \$100.9M
• Draw Games + KENO sales***	up 9.0% / \$98.3M	up 9.4% / \$102.7M
• Total Revenues	up 5.2% / \$189.5M	up 5.6% / \$203.8M
• Prize Payout %	73.0% <i>(compared to 72.6% at March, 2015)</i>	73.0%
• Prizes (Paid)	up 5.8% / \$153.7M	up 6.2% / \$164.1M
• Agent Commissions %	up 5.1% / \$9.4M	up 5.5% / \$10.1M
• Agent Bonuses	up 4.8% / \$1.3M	up 5.2% / \$1.4M
• Administrative Expenses	up 2.3% / \$1.3M	up 2.6% / \$1.6M
• Net Profit	up 3.2% / \$23.9M	up 3.6% / \$26.7M

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

** See attached “Adjusted” MSLC Statement of Operations dated March, 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
March, 2016
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15-Apr-16

	March, 2016		Year-to-Date FY2016		Period Close Sales Adj (+1 day)		Adjusted FY2016		Year-to-Date FY2015		\$ Change		Adjusted \$ Change		% Change		Adjusted % Change		
		%		%		%		%		%		%		%		%		%	
Revenues																			
Instant Games	283,941	70.2%	2,648,236	68.8%	9,808	68.8%	2,658,044	68.8%	2,577,107	69.9%	91,129	100,937	3,6%	3,9%					
MegaMillions	3,842	1.0%	45,029	1.2%	167	1.2%	45,196	1.2%	60,207	1.6%	-15,178	-15,011	-22.2%	-24.9%					
Powerball	5,762	1.4%	140,125	3.6%	519	3.6%	140,644	3.6%	78,411	2.1%	61,714	62,233	78.7%	79.4%					
Numbers Game	26,121	6.5%	242,200	6.3%	897	6.3%	243,097	6.3%	237,419	6.5%	4,781	5,678	2.0%	2.4%					
Mass Cash	6,436	1.6%	58,382	1.5%	216	1.5%	58,601	1.5%	55,151	1.5%	3,234	3,450	5.9%	6.3%					
Keno	73,703	18.2%	663,261	17.2%	2,457	17.2%	663,718	17.2%	622,484	17.0%	40,777	43,233	6.6%	6.9%					
Jackpot Poker	170	0.0%	1,661	0.0%	6	0.0%	1,668	0.0%	2,117	0.1%	-455	-449	-21.5%	-21.2%					
Race Game	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	0.0%	-1	-1	-88.7%	-88.6%					
Lucky for Life	2,025	0.5%	20,331	0.5%	75	0.5%	20,407	0.5%	20,218	0.6%	113	188	0.6%	0.9%					
Charity Game Tickets	155	0.0%	1,241	0.0%	5	0.0%	1,246	0.0%	1,204	0.0%	37	41	3.1%	3.4%					
Beano Tax (2/5)	44	0.0%	420	0.0%	2	0.0%	421	0.0%	415	0.0%	5	6	1.1%	1.5%					
Pull Tabs	56	0.0%	498	0.0%	2	0.0%	500	0.0%	505	0.0%	-7	-5	-1.3%	-1.0%					
License Fees	8	0.0%	90	0.0%	0	0.0%	90	0.0%	99	0.0%	-9	-9	-9.1%	-8.8%					
Bond Fees and Fines	169	0.0%	1,622	0.0%	6	0.0%	1,628	0.0%	1,584	0.0%	38	44	2.4%	2.8%					
Service Fees	436	0.1%	4,199	0.1%	16	0.1%	4,215	0.1%	4,187	0.1%	12	28	0.3%	0.7%					
Megabucks	1,578	0.4%	19,117	0.5%	71	0.5%	19,188	0.5%	15,793	0.4%	3,324	3,395	21.0%	21.5%					
Miscellaneous Income	0	0.0%	26	0.0%	0	0.0%	26	0.0%	20	0.0%	6	6	29.8%	30.3%					
Interest	0	0.0%	1	0.0%	0	0.0%	1	0.0%	0	0.0%	1	1	100.0%	100.0%					
Subtotal Revenues	404,448	100.0%	3,846,443	100.0%	14,246	100.0%	3,860,690	100.0%	3,656,923	100.0%	189,521	203,767	5.2%	5.6%					
Subtotal Prizes	308,828	76.4%	2,807,955	73.0%	10,400	73.0%	2,818,355	73.0%	2,654,301	72.6%	153,654	164,054	5.8%	6.2%					
Operating Expenses																			
Commissions	20,144	5.0%	191,528	5.0%	709	5.0%	192,237	5.0%	182,154	5.0%	9,374	10,083	5.1%	5.5%					
Bonuses	3,000	0.7%	28,520	0.7%	106	0.7%	28,626	0.7%	27,210	0.7%	1,310	1,416	4.8%	5.2%					
Subtotal Operating Expenses	23,144	5.7%	220,048	5.7%	815	5.7%	220,863	5.7%	209,364	5.7%	10,684	11,499	5.1%	5.5%					
Operating Revenue	72,477	17.9%	818,440	21.3%	3,031	21.3%	821,472	21.3%	793,258	21.7%	25,183	28,214	3.2%	3.6%					
Administrative Expenses																			
Salaries	2,469	0.6%	23,047	0.6%	85	0.6%	23,133	0.6%	22,291	0.6%	756	841	3.4%	3.8%					
Advertising	204	0.1%	1,628	0.0%	6	0.0%	1,634	0.0%	1,982	0.1%	-354	-347	-17.8%	-17.5%					
Equip Rental	18	0.0%	160	0.0%	1	0.0%	161	0.0%	158	0.0%	2	3	1.5%	1.9%					
Admin/Facilities	1,882	0.5%	11,526	0.3%	43	0.3%	11,569	0.3%	12,723	0.3%	-1,197	-1,155	-9.4%	-9.1%					
Facilities Rental	289	0.1%	2,525	0.1%	9	0.1%	2,535	0.1%	2,581	0.1%	-56	-47	-2.2%	-1.8%					
Telephone	457	0.1%	5,508	0.1%	20	0.1%	5,528	0.1%	7,949	0.2%	-2,442	-2,421	-30.7%	-30.5%					
Travel	2	0.0%	17	0.0%	0	0.0%	17	0.0%	20	0.0%	-3	-3	-13.2%	-13.2%					
Employee Benefits	102	0.0%	884	0.0%	3	0.0%	887	0.0%	776	0.0%	108	111	13.9%	14.3%					
Off./Other Equipment	5,188	1.3%	5,771	0.2%	21	0.2%	5,792	0.2%	190	0.0%	5,581	5,602	2937.5%	2948.7%					
Postage & Freight	180	0.0%	2,235	0.1%	8	0.1%	2,243	0.1%	2,212	0.1%	23	31	1.0%	1.4%					
Maintenance	96	0.0%	1,020	0.0%	4	0.0%	1,024	0.0%	1,367	0.0%	-346	-343	-25.3%	-25.1%					
Professional Services	315	0.1%	5,449	0.1%	20	0.1%	5,469	0.1%	6,151	0.2%	-702	-682	-11.4%	-11.1%					
Other	0	0.0%	46	0.0%	0	0.0%	46	0.0%	40	0.0%	6	6	14.9%	14.9%					
Vehicles	0	0.0%	2	0.0%	0	0.0%	2	0.0%	0	0.0%	2	2	100.0%	100.0%					
Building Improvements	38	0.0%	349	0.0%	1	0.0%	350	0.0%	404	0.0%	-55	-54	-13.6%	-13.3%					
Prior Year Adjustment	0	0.0%	8	0.0%	0	0.0%	8	0.0%	2	0.0%	6	6	388.2%	390.0%					
Estimated Fringe Benefit Alloc.	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0	0.0%	0.0%					
Subtotal Admin. Expenses	11,239	2.8%	60,176	1.6%	223	1.6%	60,399	1.6%	58,847	1.6%	1,329	1,552	2.3%	2.6%					
Net Profit Before Distributions	61,238	15.1%	758,264	19.7%	2,808	19.7%	761,073	19.7%	734,411	20.1%	23,853	26,662	3.2%	3.6%					

Notes to Financial Statement:

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

2 Year to date amounts for FY 2016 (7/1/15-3/26/16) include one (1) less day of activity over FY2015 (7/1/14-3/28/15). For comparative purposes, an additional one (1) day of revenue in FY16 would total approximately \$14.2 million increasing revenues to \$3.9 billion, resulting in a \$203.8 million or 5.6% change over FY15. The additional 1 day of revenue would increase net profit by approximately \$2.8 million to \$761 million, resulting in a \$26.7 million or 3.6% change over FY15.