



# Massachusetts State Lottery Commission

DEBORAH B. GOLDBERG  
*Treasurer and Receiver General*

MICHAEL R. SWEENEY  
*Executive Director*

June 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 May 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

May, 2016

## Comments / Observations

YTD amounts for May, 2016 (includes 7/1/15 – 5/28/16) have one (1) less day of activity \* than the YTD amounts for May, 2015 (7/1/14 – 5/30/15).

	<u>Statement of Operations</u>	<u>Adjusted (+1 day) **</u>
• Instant Games sales	up 2.5% / \$80.6M	up 2.8% / \$90.4M
• Draw Games + KENO sales***	up 8.2% / \$110.5M	up 8.5% / \$114.9M
• Total Revenues	up 4.2% / \$191.2M	up 4.5% / \$205.5M
• Prize Payout %	<b>73.2%</b> <i>(compared to 72.4% at May, 2015)</i>	<b>73.2%</b>
• Prizes (Paid)	<b>up 5.2% / \$173.8M</b>	<b>up 5.6% / \$184.2M</b>
• Agent Commissions %	<b>up 4.2% / \$9.6M</b>	<b>up 4.5% / \$10.3M</b>
• Agent Bonuses	<b>up 4.0% / \$1.3M</b>	<b>up 4.3% / \$1.5M</b>
• Administrative Expenses	<b>up 1.9% / \$1.4M</b>	<b>up 2.2% / \$1.6M</b>
• Net Profit	up 0.6% / \$5.1M	up 0.9% / \$7.9M

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

\*\* See attached “Adjusted” MSLC Statement of Operations dated May, 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  
May, 2016  
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20-Jun-16

	May, 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
		%		%		%		%		%				
<b>Revenues</b>														
Instant Games	296,474	70.3%	3,288,287	69.0%	9,875	3,298,161	69.0%	3,207,724	70.2%	80,563	90,437	2.5%	2.8%	
MegaMillions	5,722	1.4%	55,290	1.2%	166	55,456	1.2%	72,885	1.6%	-17,595	-17,429	-24.1%	-23.9%	
Poweball	11,102	2.6%	161,290	3.4%	484	161,774	3.4%	93,900	2.1%	67,390	67,874	71.8%	72.3%	
Numbers Game	25,654	6.1%	295,946	6.3%	901	300,847	6.3%	294,934	6.5%	5,012	5,913	1.7%	2.0%	
Mass Cash	6,233	1.5%	72,479	1.5%	218	72,696	1.5%	68,431	1.5%	4,048	4,265	5.9%	6.2%	
Keno	71,462	16.9%	825,579	17.3%	2,479	828,058	17.3%	776,368	17.0%	49,212	51,691	6.3%	6.7%	
Jackpot Poker	145	0.0%	2,009	0.0%	6	2,015	0.0%	2,566	0.1%	-557	-551	-21.7%	-21.5%	
Race Game	0	0.0%	0	0.0%	0	0	0.0%	1	0.0%	-1	-1	-87.7%	-87.6%	
Lucky for Life	2,090	0.5%	24,859	0.5%	75	24,934	0.5%	23,074	0.5%	-215	-141	-0.9%	-0.6%	
Charity Game Tickets	156	0.0%	1,533	0.0%	5	1,537	0.0%	1,482	0.0%	51	56	3.4%	3.8%	
Banno Tax (2/5)	46	0.0%	509	0.0%	2	510	0.0%	510	0.0%	-1	1	-0.2%	0.1%	
Pull Tabs	60	0.0%	641	0.0%	2	643	0.0%	633	0.0%	8	10	1.3%	1.6%	
License Fees	0	0.0%	109	0.0%	0	110	0.0%	115	0.0%	-5	-5	-4.7%	-4.4%	
Bond Fees and Fines	168	0.0%	2,006	0.0%	6	2,012	0.0%	1,964	0.0%	42	48	2.1%	2.5%	
Service Fees	438	0.1%	5,181	0.1%	16	5,196	0.1%	5,166	0.1%	15	31	0.3%	0.6%	
Megabucks	1,870	0.4%	22,670	0.5%	68	22,738	0.5%	19,421	0.4%	3,249	3,317	16.7%	17.1%	
Miscellaneous Income	7	0.0%	33	0.0%	0	33	0.0%	27	0.0%	6	6	22.6%	23.0%	
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>421,626</b>	<b>100.0%</b>	<b>4,762,422</b>	<b>100.0%</b>	<b>14,302</b>	<b>4,776,723</b>	<b>100.0%</b>	<b>4,571,200</b>	<b>100.0%</b>	<b>191,221</b>	<b>205,523</b>	<b>4.2%</b>	<b>4.5%</b>	
<b>Subtotal Prizes</b>	<b>302,425</b>	<b>71.7%</b>	<b>3,484,261</b>	<b>73.2%</b>	<b>10,463</b>	<b>3,494,724</b>	<b>73.2%</b>	<b>3,310,501</b>	<b>72.4%</b>	<b>173,760</b>	<b>184,223</b>	<b>5.2%</b>	<b>5.6%</b>	
<b>Operating Expenses</b>														
Commissions	20,989	5.0%	237,171	5.0%	712	237,883	5.0%	227,566	5.0%	9,605	10,317	4.2%	4.5%	
Bonuses	3,085	0.7%	35,193	0.7%	106	35,299	0.7%	33,849	0.7%	1,345	1,430	4.0%	4.3%	
<b>Subtotal Operating Expenses</b>	<b>24,075</b>	<b>5.7%</b>	<b>272,364</b>	<b>5.7%</b>	<b>818</b>	<b>273,182</b>	<b>5.7%</b>	<b>261,414</b>	<b>5.7%</b>	<b>10,950</b>	<b>11,768</b>	<b>4.2%</b>	<b>4.5%</b>	
<b>Operating Revenue</b>	<b>95,127</b>	<b>22.6%</b>	<b>1,005,797</b>	<b>21.1%</b>	<b>3,020</b>	<b>1,008,817</b>	<b>21.1%</b>	<b>999,285</b>	<b>21.9%</b>	<b>6,511</b>	<b>9,532</b>	<b>0.7%</b>	<b>1.0%</b>	
<b>Administrative Expenses</b>														
Salaries	2,453	0.6%	29,161	0.6%	88	29,249	0.6%	28,231	0.6%	930	1,017	3.3%	3.6%	
Advertising	333	0.1%	2,262	0.0%	7	2,269	0.0%	2,644	0.1%	-382	-375	-14.5%	-14.2%	
Equip Rental	18	0.0%	196	0.0%	1	196	0.0%	193	0.0%	2	3	1.3%	1.6%	
Admin/ Facilities	1,878	0.4%	15,467	0.3%	46	15,514	0.3%	17,034	0.4%	-1,567	-1,520	-9.2%	-8.9%	
Facilities Rental	422	0.1%	3,245	0.1%	10	3,255	0.1%	3,178	0.1%	67	76	2.1%	2.4%	
Telephone	892	0.2%	6,422	0.1%	19	6,441	0.1%	9,803	0.2%	-3,381	-3,361	-34.5%	-34.3%	
Travel	1	0.0%	22	0.0%	0	22	0.0%	26	0.0%	-4	-4	-14.3%	-14.0%	
Employee Benefits	117	0.0%	1,127	0.0%	3	1,131	0.0%	1,064	0.0%	64	67	6.0%	6.3%	
Off/Other Equipment	264	0.1%	6,148	0.1%	18	6,166	0.1%	391	0.0%	5,756	5,775	1470.4%	1475.1%	
Postage & Freight	289	0.1%	2,871	0.1%	9	2,879	0.1%	2,800	0.1%	70	79	2.5%	2.8%	
Maintenance	141	0.0%	1,264	0.0%	4	1,268	0.0%	1,565	0.0%	-300	-297	-19.2%	-19.0%	
Professional Services	1,242	0.3%	6,882	0.1%	21	6,902	0.1%	7,018	0.2%	-136	-115	-1.9%	-1.6%	
Other	0	0.0%	56	0.0%	0	57	0.0%	67	0.0%	-11	-11	-16.1%	-15.9%	
Vehicles	452	0.1%	480	0.0%	1	482	0.0%	114	0.0%	366	367	321.0%	322.2%	
Building Improvements	38	0.0%	429	0.0%	1	430	0.0%	499	0.0%	-70	-69	-14.8%	-13.8%	
Prior Year Adjustment	0	0.0%	8	0.0%	0	8	0.0%	2	0.0%	6	6	388.2%	389.7%	
Estimated Pringe 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>8,541</b>	<b>2.0%</b>	<b>76,041</b>	<b>1.6%</b>	<b>228</b>	<b>76,270</b>	<b>1.6%</b>	<b>74,630</b>	<b>1.6%</b>	<b>1,412</b>	<b>1,640</b>	<b>1.9%</b>	<b>2.2%</b>	
<b>Net Profit Before Distributions</b>	<b>86,586</b>	<b>20.5%</b>	<b>929,755</b>	<b>19.5%</b>	<b>2,792</b>	<b>932,547</b>	<b>19.5%</b>	<b>924,655</b>	<b>20.2%</b>	<b>5,100</b>	<b>7,892</b>	<b>0.6%</b>	<b>0.9%</b>	

Notes to Financial Statement:

- 1 Year to date amounts have been adjusted for prize accruals.
- 2 Year to date amounts for FY 2016 (7/1/15-5/28/16) include one (1) less day of activity over FY2015 (7/1/14-5/30/15). For comparative purposes, an additional one (1) day of revenue in FY16 would total approximately \$0 million increasing revenues to \$0 billion, resulting in a \$0 million or 0% change over FY15. The additional 1 day of revenue would increase net profit by approximately \$0 million, resulting in a \$0 million or 0% change over FY15.