



# Massachusetts State Lottery Commission

DEBORAH B. GOLDBERG  
*Treasurer and Receiver General*

MICHAEL R. SWEENEY  
*Executive Director*

September 21, 2017

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 August 2017.

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*

Massachusetts State Lottery Commission  
Statement of Operations  
Lottery and Arts Lottery Funds  
August, 2017  
(\$000's)

20-Sep-17

	August, 2017	%	Year-to-Date FY2018	%	Period Close Sales Adj (+1 day)	Adjusted Year-to-Date FY2018	%	Year-to-Date FY2017	%	\$ Change	Adjusted \$ Change	% Change	Adjusted % Change
<b>Revenues</b>													
Instant Games	336,558	65.5%	615,087	67.1%	9,611	624,698	67.1%	614,370	68.2%	717	10,328	0.1%	1.7%
MegaMillions	9,563	1.9%	15,864	1.7%	248	16,112	1.7%	19,211	2.1%	-3,047	-3,100	-17.4%	-16.1%
Powerball	34,503	6.7%	41,890	4.6%	655	42,545	4.6%	25,544	2.8%	16,346	17,001	64.0%	66.6%
Numbers Game	30,726	6.0%	56,150	6.1%	877	57,028	6.1%	57,209	6.4%	-1,059	-182	-1.9%	-0.3%
Mass Cash	7,663	1.5%	13,831	1.5%	216	14,047	1.5%	14,052	1.6%	-221	-4	-1.6%	0.0%
Keno	88,427	17.2%	161,493	17.6%	32	164,017	17.6%	151,984	16.9%	9,509	12,032	6.3%	7.9%
All or Nothing	1,136	0.2%	2,049	0.2%	32	2,081	0.2%	7,626	0.8%	-5,577	-5,545	100.0%	100.0%
Lucky for Life	4,344	0.5%	4,344	0.5%	68	4,412	0.5%	4,444	0.5%	-101	-33	-2.3%	-0.7%
Charity Game Tickets	123	0.0%	260	0.0%	4	264	0.0%	297	0.0%	-37	-33	-12.5%	-11.1%
Banno Tax (2/5)	46	0.0%	88	0.0%	1	89	0.0%	89	0.0%	-2	0	-1.9%	-0.4%
Pull Tabs	73	0.0%	129	0.0%	2	131	0.0%	124	0.0%	5	7	4.4%	6.0%
License Fees	5	0.0%	11	0.0%	0	11	0.0%	16	0.0%	-5	-5	-32.8%	-31.7%
Bond Fees and Fines	203	0.0%	367	0.0%	6	373	0.0%	384	0.0%	-17	-11	-4.5%	-3.0%
Service Fees	542	0.1%	988	0.1%	15	1,003	0.1%	1,012	0.1%	-24	-8	-2.4%	-0.8%
Megabucks	2,122	0.4%	3,740	0.4%	58	3,798	0.4%	3,859	0.4%	-119	-60	-3.1%	-1.6%
Miscellaneous Income	4	0.0%	4	0.0%	0	4	0.0%	6	0.0%	-2	-2	-28.7%	-27.6%
Interest	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0.0%
<b>Subtotal Revenues</b>	<b>514,130</b>	<b>100.0%</b>	<b>916,294</b>	<b>100.0%</b>	<b>14,317</b>	<b>930,611</b>	<b>100.0%</b>	<b>900,228</b>	<b>100.0%</b>	<b>16,065</b>	<b>30,383</b>	<b>1.8%</b>	<b>3.4%</b>
<b>Subtotal Prizes</b>	<b>369,704</b>	<b>71.9%</b>	<b>652,027</b>	<b>71.2%</b>	<b>10,188</b>	<b>662,215</b>	<b>71.2%</b>	<b>640,577</b>	<b>71.2%</b>	<b>11,450</b>	<b>21,638</b>	<b>1.8%</b>	<b>3.4%</b>
<b>Operating Expenses</b>	<b>25,629</b>	<b>5.0%</b>	<b>45,678</b>	<b>5.0%</b>	<b>714</b>	<b>46,392</b>	<b>5.0%</b>	<b>44,891</b>	<b>5.0%</b>	<b>787</b>	<b>1,501</b>	<b>1.8%</b>	<b>3.3%</b>
Commissions	3,683	0.7%	6,750	0.7%	105	6,855	0.7%	7,049	0.8%	-299	-194	-4.2%	-2.7%
Bonuses	29,314	5.7%	52,428	5.7%	819	53,247	5.7%	51,940	5.8%	488	1,307	0.9%	2.5%
<b>Subtotal Operating Expenses</b>	<b>115,112</b>	<b>22.4%</b>	<b>211,839</b>	<b>23.1%</b>	<b>3,310</b>	<b>215,149</b>	<b>23.1%</b>	<b>207,712</b>	<b>23.1%</b>	<b>4,127</b>	<b>7,437</b>	<b>2.0%</b>	<b>3.6%</b>
<b>Administrative Expenses</b>	<b>2,519</b>	<b>0.5%</b>	<b>4,385</b>	<b>0.5%</b>	<b>69</b>	<b>4,453</b>	<b>0.5%</b>	<b>4,423</b>	<b>0.5%</b>	<b>-39</b>	<b>30</b>	<b>-0.9%</b>	<b>0.7%</b>
Salaries	319	0.1%	443	0.0%	7	450	0.0%	63	0.0%	380	387	59.9%	610.8%
Equip Rental	13	0.0%	17	0.0%	0	18	0.0%	32	0.0%	-15	-15	-46.2%	-45.4%
Admin/Facilities	2,097	0.4%	2,605	0.3%	41	2,645	0.3%	1,837	0.2%	768	808	41.8%	44.0%
Facilities Rental	311	0.1%	560	0.1%	9	569	0.1%	515	0.1%	45	54	8.8%	10.5%
Telephone	574	0.1%	574	0.1%	9	583	0.1%	476	0.1%	98	107	20.6%	22.4%
Travel	1	0.0%	1	0.0%	0	1	0.0%	3	0.0%	-2	-2	-57.4%	-56.7%
Employee Benefits	114	0.0%	141	0.0%	2	143	0.0%	107	0.0%	34	36	31.5%	33.5%
OE/Other Equipment	149	0.0%	146	0.0%	2	148	0.0%	72	0.0%	74	76	103.2%	106.3%
Postage & Freight	246	0.0%	310	0.0%	5	315	0.0%	6	0.0%	303	308	4780.3%	4856.6%
Maintenance	174	0.0%	636	0.0%	10	646	0.0%	516	0.1%	120	130	23.3%	25.2%
Professional Services	107	0.0%	152	0.0%	2	155	0.0%	30	0.0%	123	125	411.7%	419.7%
Other	7	0.0%	10	0.0%	0	10	0.0%	12	0.0%	-2	-2	-14.3%	-12.9%
Vehicles	0	0.0%	0	0.0%	0	0	0.0%	-1	0.0%	1	1	-63.5%	-63.0%
Building Improvements	35	0.0%	74	0.0%	0	75	0.0%	69	0.0%	5	6	6.7%	8.4%
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%
<b>Subtotal Admin. Expenses</b>	<b>6,666</b>	<b>1.3%</b>	<b>10,052</b>	<b>1.1%</b>	<b>157</b>	<b>10,210</b>	<b>1.1%</b>	<b>8,160</b>	<b>0.9%</b>	<b>1,893</b>	<b>2,050</b>	<b>23.2%</b>	<b>25.1%</b>
<b>Net Profit</b>	<b>108,447</b>	<b>21.1%</b>	<b>201,787</b>	<b>22.0%</b>	<b>3,153</b>	<b>204,940</b>	<b>22.0%</b>	<b>199,552</b>	<b>22.2%</b>	<b>2,235</b>	<b>5,387</b>	<b>1.1%</b>	<b>2.7%</b>
<b>Before Distributions</b>													
<b>Notes to Financial Statement:</b>													
1 Year to date amounts have been adjusted for prize accruals.													
2 Year to date amounts for FY 2018 (7/1/17-9/2/17) include one (1) less day of activity over FY2017 (7/1/16-9/3/16). For comparative purposes, one (1) additional day of revenue in FY18 would total approximately \$14.3 million, increasing revenues to \$330.6 million, resulting in a \$30.4 million or 3.4% change over FY17. One (1) additional day of revenue would increase net profit by approximately \$3.2 million to \$205.0 million, resulting in a \$5.4 million or 2.7% change over FY17.													

# Governor's Report MSLC Statement of Operations

August, 2017

## Comments / Observations

YTD amounts for August, 2017 (includes 7/1/17 – 9/2/17) have one (1) less day of activity \* than the YTD amounts for August, 2016 (7/1/16 – 9/3/16).

	<u>Statement of Operations</u>	<u>Adjusted (+1 day) **</u>
• Instant Games sales	up 0.1% / \$0.7M	up 1.7% / \$10.3M
• Draw Games + KENO sales***	up 5.4% / \$15.4M	up 7.1% / \$20.1M
• Total Revenues	up 1.8% / \$16.1M	up 3.4% / \$30.4M
• Prize Payout %	71.2% <i>(compared to 71.2% at August, 2016)</i>	71.2%
• Prizes (Paid)	<b>up 1.8% / \$11.5M</b>	<b>up 3.4% / \$21.6M</b>
• Agent Commissions %	<b>up 1.8% / \$0.8M</b>	<b>up 3.3% / \$1.5M</b>
• Agent Bonuses	down 4.2% / \$0.3M	down 2.7% / \$0.2M
• Administrative Expenses	<b>up 23.2% / \$1.9M</b>	<b>up 25.1% / \$2.1M</b>
• Net Profit	up 1.1% / \$2.2M	up 2.7% / \$5.4M

**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 August 2017, Fiscal Year 2017, the misalignment is one (-1) day.

\*\* See attached “Adjusted” MSLC Statement of Operations dated August, 2017

\*\*\* 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.