



Massachusetts State Lottery Commission

DEBORAH B. GOLDBERG
Treasurer and Receiver General

MICHAEL R. SWEENEY
Executive Director

February 16, 2017

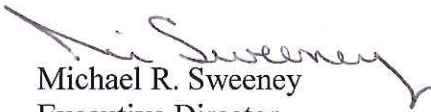
His Excellency Charlie Baker
Governor, Commonwealth of Massachusetts
State House
Boston, MA 02133

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 January 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

Governor's Report MSLC Statement of Operations

January, 2017

Comments / Observations

YTD amounts for January, 2017 (includes 7/1/16 – 2/4/17) have five (5) more days of activity * than the YTD amounts for January, 2016 (7/1/15 – 1/30/16).

	<u>Statement of Operations</u>	<u>Adjusted (-5 days) **</u>
• Instant Games sales	down 0.5% / \$10.1M	down 2.8% / \$57.7M
• Draw Games + KENO sales***	down 2.4% / \$22.8M	down 4.6% / \$44.0M
• Total Revenues	down 1.1% / \$32.8M	down 3.3% / \$101.8M
• Prize Payout %	71.4% <i>(compared to 73.1% at January, 2016)</i>	71.4%
• Prizes (Paid)	down 3.3% / \$74.6M	down 5.5% / \$123.8M
• Agent Commissions %	down 1.1% / \$1.7M	down 3.4% / \$5.1M
• Agent Bonuses	up 0.4% / \$0.1M	down 1.9% / \$0.4M
• Administrative Expenses	down 1.6% / \$0.7M	down 3.9% / \$1.7M
• Net Profit	up 7.3% / \$44.0M	up 4.9% / \$29.3M

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 2017, Fiscal Year 2017, the misalignment is five (+5) days.

** See attached “Adjusted” MSLC Statement of Operations dated January, 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.

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

15-Feb-17

	January, 2017	%	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	337,756	69.8%	2,087,878	69.2%	47,668	2,040,209	69.2%	2,097,949	68.7%	-10,072	-57,740	-0.5%	-2.8%
MegaMillions	5,596	1.2%	40,488	1.3%	924	39,564	1.3%	36,987	1.2%	3,501	2,577	9.5%	7.0%
PoweRball	8,162	1.7%	67,220	2.2%	1,535	65,686	2.2%	123,402	4.0%	-56,182	-57,716	-45.5%	-46.8%
Numbers Game	30,767	6.4%	193,609	6.4%	4,420	189,189	6.4%	190,830	6.3%	2,779	-1,641	1.5%	-0.9%
Mass Cash	7,528	1.6%	47,136	1.6%	1,076	46,060	1.6%	45,495	1.5%	1,641	565	3.6%	1.2%
Keno	86,699	17.9%	532,194	17.6%	12,151	520,044	17.6%	518,275	17.0%	13,919	1,769	2.7%	0.3%
Jackpot Poker	0	0.0%	2	0.0%	0	2	0.0%	1,319	0.0%	-1,317	-1,317	-99.8%	-99.8%
All or Nothing	1,091	0.2%	14,267	0.5%	326	13,941	0.5%	0	0.0%	14,267	13,941	100.0%	100.0%
Lucky for Life	2,415	0.5%	15,294	0.5%	349	14,945	0.5%	16,252	0.5%	-958	-1,307	-5.9%	-8.0%
Charity Game Tickets	138	0.0%	958	0.0%	22	936	0.0%	969	0.0%	-11	-33	-1.1%	-3.4%
Beano Tax (2/5)	44	0.0%	309	0.0%	7	302	0.0%	334	0.0%	-24	-31	-1.8%	-9.4%
Pull Tabs	71	0.0%	440	0.0%	10	430	0.0%	396	0.0%	45	35	0.5%	11.3%
License Fees	14	0.0%	68	0.0%	2	66	0.0%	68	0.0%	0	-1	-0.5%	-1.8%
Bond Fees and Fines	201	0.0%	1,284	0.0%	29	1,255	0.0%	1,291	0.0%	-7	-36	-0.5%	-2.8%
Service Fees	541	0.1%	3,393	0.1%	77	3,315	0.1%	3,327	0.1%	65	-12	2.0%	-0.4%
MegaBucks	2,543	0.5%	14,606	0.5%	333	14,273	0.5%	15,097	0.5%	-491	-824	-3.2%	-5.5%
Miscellaneous Income	0	0.0%	15	0.0%	0	15	0.0%	17	0.0%	-2	-2	-11.0%	-13.0%
Interest	0	0.0%	0	0.0%	0	0	0.0%	1	0.0%	-1	-1	100.0%	100.0%
Subtotal Revenues	483,566	100.0%	3,019,163	100.0%	68,931	2,950,232	100.0%	3,052,008	100.0%	-32,845	-101,775	-1.1%	-3.3%
Subtotal Prizes	345,186	71.4%	2,156,828	71.4%	49,243	2,107,585	71.4%	2,231,386	73.1%	-74,558	-123,801	-3.3%	-5.5%
Operating Expenses													
Commissions	24,094	5.0%	150,400	5.0%	3,434	146,966	5.0%	152,107	5.0%	-1,707	-5,141	-1.1%	-3.4%
Bonuses	3,715	0.8%	22,744	0.8%	519	22,225	0.8%	22,656	0.7%	88	-431	0.4%	-1.9%
Subtotal Operating Expenses	27,808	5.8%	173,144	5.7%	3,953	169,191	5.7%	174,763	5.7%	-1,619	-5,572	-0.9%	-3.2%
Operating Revenue	110,572	22.9%	689,191	22.8%	15,735	673,456	22.8%	645,859	21.2%	43,352	27,597	6.7%	4.3%
Administrative Expenses													
Salaries	2,500	0.5%	17,965	0.6%	410	17,555	0.6%	18,124	0.6%	-159	-569	-0.9%	-3.1%
Advertising	152	0.0%	1,103	0.0%	25	1,078	0.0%	1,057	0.0%	46	20	4.3%	1.9%
Equip Rental	13	0.0%	105	0.0%	2	103	0.0%	125	0.0%	-20	-22	-15.6%	-17.5%
Admin/Facilities	613	0.1%	9,808	0.3%	224	9,584	0.3%	8,511	0.3%	1,298	1,074	15.2%	12.6%
Facilities Rental	296	0.1%	2,004	0.1%	46	1,959	0.1%	1,950	0.1%	74	29	3.9%	1.5%
Telephone	521	0.1%	3,297	0.1%	75	3,221	0.1%	3,986	0.1%	-689	-765	-17.3%	-19.2%
Travel	1	0.0%	16	0.0%	0	15	0.0%	12	0.0%	3	3	27.2%	24.3%
Employee Benefits	177	0.0%	672	0.0%	15	656	0.0%	712	0.0%	-41	-56	-5.7%	-7.9%
Off/Other Equipment	29	0.0%	545	0.0%	12	533	0.0%	489	0.0%	57	44	11.6%	9.0%
Postage & Freight	292	0.1%	1,427	0.0%	33	1,394	0.0%	1,837	0.1%	-410	-443	-22.3%	-24.1%
Maintenance	112	0.0%	1,093	0.0%	25	1,069	0.0%	805	0.0%	288	263	35.8%	32.7%
Professional Services	162	0.0%	3,723	0.1%	85	3,638	0.1%	4,884	0.2%	-1,161	-1,246	-23.8%	-25.9%
Other	0	0.0%	26	0.0%	1	25	0.0%	33	0.0%	-8	-8	-22.8%	-24.6%
Vehicles	0	0.0%	-1	0.0%	0	-1	0.0%	2	0.0%	-4	-4	-151.8%	-150.6%
Building Improvements	36	0.0%	285	0.0%	7	279	0.0%	273	0.0%	12	6	4.6%	2.2%
Prior Year Adjustment	21	0.0%	26	0.0%	1	26	0.0%	8	0.0%	18	18	228.1%	220.6%
Estimated Funge Benefit Alloc.	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0.0%
Subtotal Admin. Expenses	4,925	1.0%	42,094	1.4%	961	41,133	1.4%	42,789	1.4%	-695	-1,656	-1.6%	-3.9%
Net Profit	103,647	21.8%	647,097	21.4%	14,774	632,323	21.4%	603,070	19.8%	44,027	29,253	7.3%	4.9%
Before Distributions													

Notes to Financial Statement:

- Year to date amounts have been adjusted for prize accruals.
- Year to date amounts for FY 2012 (7/1/16-2/4/17) include an additional five (5) days of activity over FY2016 (7/1/15-1/30/16). For comparative purposes, five (5) fewer days of revenue in FY17 would total approximately \$68.9 million, decreasing revenues to \$2.950 billion, resulting in a (\$101.8) million or -3.3% change over FY16. Five (5) fewer days of revenue would decrease net profit by approximately \$14.8 million to \$632.3 million, resulting in a \$29.3 million or 4.9% change over FY16.