



Massachusetts State Lottery Commission

DEBORAH B. GOLDBERG
Treasurer and Receiver General

MICHAEL R. SWEENEY
Executive Director

May 26, 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 April 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

April, 2017

Comments / Observations

YTD amounts for April, 2017 (includes 7/1/16 – 4/29/17) have two (2) less days of activity * than the YTD amounts for April, 2016 (7/1/15 – 4/30/16).

	<u>Statement of Operations</u>	<u>Adjusted (+2 days) **</u>
• Instant Games sales	down 3.2% / \$96.9M	down 2.6% / \$77.8M
• Draw Games + KENO sales***	down 3.4% / \$45.8M	down 2.8% / \$37.3M
• Total Revenues	down 3.3% / \$143.0M	down 2.7% / \$115.3M
• Prize Payout %	72.0% <i>(compared to 73.3% at April, 2016)</i>	72.0%
• Prizes (Paid)	down 5.0% / \$160.6M	down 4.4% / \$140.6M
• Agent Commissions %	down 3.3% / \$7.1M	down 2.6% / \$5.7M
• Agent Bonuses	down 2.0% / \$0.6M	down 1.3% / \$0.4M
• Administrative Expenses	down 6.0% / \$4.1M	down 5.4% / \$3.6M
• Net Profit	up 3.5% / \$29.4M	up 4.2% / \$35.1M

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 April 2017, Fiscal Year 2017, the misalignment is two (-2) days.

** See attached “Adjusted” MSLC Statement of Operations dated April, 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
April, 2017
(\$000's)

24-May-17

	April, 2017	%	Year-to-Date FY2017	%	Period Close Sales Adj (+2 days)	Year-to-Date FY2017	Adjusted Year-to-Date FY2017	%	Year-to-Date FY2016	%	\$ Change	Adjusted \$ Change	% Change	Adjusted % Change
Revenues														
Instant Games	271,655	69.5%	2,894,867	69.0%	19,108	2,913,975	2,991,813	68.9%	2,991,813	68.9%	-96,946	-77,838	-3.2%	-2.6%
MegaMillions	3,148	0.8%	51,861	1.2%	342	52,203	49,568	1.1%	49,568	1.1%	2,293	2,635	4.6%	5.3%
Powerball	4,885	1.2%	93,608	2.2%	618	94,225	150,188	3.5%	150,188	3.5%	-56,580	-55,962	-37.7%	-37.3%
Numbers Game	25,464	6.5%	269,135	6.4%	1,776	270,911	274,292	6.3%	274,292	6.3%	-5,157	-3,381	-1.9%	-1.2%
Mass Cash	6,136	1.6%	65,371	1.6%	431	65,803	66,246	1.5%	66,246	1.5%	-875	-443	-1.3%	-0.7%
Keno	74,860	19.1%	755,717	18.0%	4,988	760,706	754,117	17.4%	754,117	17.4%	1,600	6,588	0.2%	0.9%
Jackpot Poker	0	0.0%	2	0.0%	0	2	1,863	0.0%	1,863	0.0%	-1,861	-1,861	-99.9%	-99.9%
All or Nothing	799	0.2%	17,064	0.4%	113	17,177	0	0.0%	0	0.0%	17,064	17,177	100.0%	100.0%
Lucky for Life	1,913	0.5%	21,373	0.5%	141	21,514	22,769	0.5%	22,769	0.5%	-1,396	-1,255	-6.1%	-6.1%
Charity Game Tickets	134	0.0%	1,343	0.0%	9	1,352	1,377	0.0%	1,377	0.0%	-34	-25	-2.5%	-1.8%
Beano Tax (2/5)	35	0.0%	424	0.0%	3	427	463	0.0%	463	0.0%	-39	-36	-8.4%	-7.8%
Pull Tabs	57	0.0%	607	0.0%	4	611	581	0.0%	581	0.0%	27	31	4.6%	5.3%
License Fees	22	0.0%	98	0.0%	1	98	109	0.0%	109	0.0%	-12	-11	-10.7%	-10.1%
Bond Fees and Fines	162	0.0%	1,768	0.0%	12	1,779	1,839	0.0%	1,839	0.0%	-71	-59	-3.9%	-3.2%
Service Fees	432	0.1%	4,687	0.1%	31	4,718	4,743	0.1%	4,743	0.1%	-56	-25	-1.2%	-0.5%
MegaBucks	1,280	0.3%	19,875	0.5%	131	20,006	20,800	0.5%	20,800	0.5%	-925	-794	-4.4%	-3.8%
Miscellaneous Income	0	0.0%	24	0.0%	0	24	27	0.0%	27	0.0%	-3	-2	-9.7%	-9.1%
Interest	0	0.0%	0	0.0%	0	0	1	0.0%	1	0.0%	-1	-1	100.0%	100.0%
Subtotal Revenues	390,982	100.0%	4,197,825	100.0%	27,708	4,225,534	4,340,795	100.0%	4,340,795	100.0%	-142,970	-115,262	-3.3%	-2.7%
Subtotal Prizes	312,941	80.0%	3,022,945	72.0%	19,953	3,042,898	3,183,522	73.3%	3,183,522	73.3%	-160,576	-140,623	-5.0%	-4.4%
Operating Expenses														
Commissions	19,471	5.0%	209,090	5.0%	1,380	210,470	216,181	5.0%	216,181	5.0%	-7,091	-5,711	-3.3%	-2.6%
Bonuses	2,946	0.8%	31,476	0.7%	208	31,684	32,108	0.7%	32,108	0.7%	-632	-424	-2.0%	-1.3%
Subtotal Operating Expenses	22,417	5.7%	240,566	5.7%	1,588	242,154	248,289	5.7%	248,289	5.7%	-7,723	-6,135	-3.1%	-2.5%
Operating Revenue	55,624	14.2%	934,314	22.3%	6,167	940,481	908,984	20.9%	908,984	20.9%	25,329	31,496	2.8%	3.5%
Administrative Expenses														
Salaries	3,747	1.0%	26,761	0.6%	177	26,938	26,708	0.6%	26,708	0.6%	53	230	0.2%	0.9%
Advertising	244	0.1%	1,500	0.0%	10	1,510	1,928	0.0%	1,928	0.0%	-428	-418	-22.2%	-21.7%
Equip Rental	4	0.0%	126	0.0%	1	127	178	0.0%	178	0.0%	-52	-51	-29.1%	-28.6%
Admin/Facilities	2,710	0.7%	16,116	0.4%	106	16,222	13,590	0.3%	13,590	0.3%	2,526	2,632	18.6%	19.4%
Facilities Rental	309	0.1%	2,960	0.1%	20	2,979	2,822	0.1%	2,822	0.1%	137	157	4.9%	5.6%
Telephone	532	0.1%	4,926	0.1%	33	4,959	5,530	0.1%	5,530	0.1%	-604	-571	-10.9%	-10.3%
Travel	5	0.0%	25	0.0%	0	25	21	0.0%	21	0.0%	4	4	20.4%	21.2%
Employee Benefits	135	0.0%	994	0.0%	7	1,000	1,010	0.0%	1,010	0.0%	-17	-10	-1.6%	-1.0%
Off/Other Equipment	43	0.0%	598	0.0%	4	602	5,884	0.1%	5,884	0.1%	-5,286	-5,282	-89.8%	-89.8%
Postage & Freight	211	0.1%	2,128	0.1%	14	2,142	2,582	0.1%	2,582	0.1%	-454	-439	-17.6%	-17.0%
Maintenance	119	0.0%	1,458	0.0%	10	1,467	1,123	0.0%	1,123	0.0%	335	344	29.8%	30.6%
Professional Services	492	0.1%	5,024	0.1%	33	5,057	5,640	0.1%	5,640	0.1%	-616	-583	-10.9%	-10.3%
Other	9	0.0%	48	0.0%	0	48	56	0.0%	56	0.0%	-9	-8	-15.5%	-14.9%
Vehicles	0	0.0%	331	0.0%	2	333	28	0.0%	28	0.0%	303	305	1089.9%	1097.8%
Building Improvements	46	0.0%	417	0.0%	3	420	391	0.0%	391	0.0%	26	28	6.5%	7.2%
Prior Year Adjustment	0	0.0%	26	0.0%	0	26	8	0.0%	8	0.0%	18	18	228.1%	230.2%
Estimated Fringe Benefit Alloc.	0	0.0%	0	0.0%	0	0	0	0.0%	0	0.0%	0	0	0.0%	0.0%
Subtotal Admin. Expenses	8,607	2.2%	63,437	1.5%	419	63,856	67,500	1.5%	67,500	1.5%	-4,063	-3,644	-6.0%	-5.4%
Net Profit Before Distributions	47,017	12.0%	870,876	20.7%	5,748	876,625	841,484	19.4%	841,484	19.4%	29,392	35,140	3.5%	4.2%

Notes to Financial Statement:

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

2 Year to date amounts for FY 2017 (7/1/16-4/29/17) include two (2) less days of activity over FY2016 (7/1/15-4/30/16). For comparative purposes, two (2) additional days of revenue in FY17 would total approximately \$37.7 million, increasing revenues to \$4,225 billion, resulting in a (\$115.3) million or -2.7% change over FY16. Two (2) additional days of revenue would increase net profit by approximately \$5.7 million to \$876.6 million, resulting in a \$35.1 million or 4.2% change over FY16.