



Massachusetts State Lottery Commission

DEBORAH B. GOLDBERG
Treasurer and Receiver General

MICHAEL R. SWEENEY
Executive Director

April 20, 2017

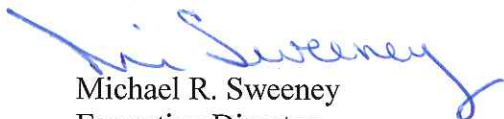
His Excellency Charlie Baker
Governor, Commonwealth of Massachusetts
State House
Boston, MA 02133

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 March 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

March, 2017

Comments / Observations

YTD amounts for March, 2017 (includes 7/1/16 – 4/1/17) have five (5) more days of activity * than the YTD amounts for March, 2016 (7/1/15 – 3/26/16).

	<u>Statement of Operations</u>	<u>Adjusted (-5 days) **</u>
• Instant Games sales	down 0.9% / \$25.0M	down 2.7% / \$72.7M
• Draw Games + KENO sales***	down 1.2% / \$14.6M	down 3.0% / \$36.0M
• Total Revenues	down 1.0% / \$39.6M	down 2.8% / \$108.8M
• Prize Payout %	71.6% <i>(compared to 73.0% at March, 2016)</i>	71.6%
• Prizes (Paid)	down 2.9% / \$81.9M	down 4.7% / \$131.5M
• Agent Commissions %	down 1.0% / \$1.9M	down 2.8% / \$5.4M
• Agent Bonuses	up 0.04% / \$0.1M	down 1.8% / \$0.5M
• Administrative Expenses	down 8.9% / \$5.3M	down 10.5% / \$6.3M
• Net Profit	up 6.5% / \$49.5M	up 4.6% / \$34.9M

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

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

18-Apr-17

	March 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	273,773	69.0%	2,623,212	68.9%	47,695	2,575,518	68.9%	2,648,236	68.8%	-25,023	-72,718	-0.9%	-2.7%
MegaMillions	4,784	1.2%	48,713	1.3%	886	47,827	1.3%	45,029	1.2%	3,684	2,798	8.2%	6.2%
Powertball	5,553	1.4%	88,723	2.3%	1,613	87,110	2.3%	140,125	3.6%	-51,402	-53,015	-36.7%	-37.8%
Numbers Game	25,296	6.4%	243,671	6.4%	4,430	239,241	6.4%	242,200	6.3%	1,471	-2,959	0.6%	-1.2%
Mass Cash	6,114	1.5%	59,235	1.6%	1,077	58,158	1.6%	58,385	1.5%	850	-227	1.5%	-0.4%
Keno	75,586	19.0%	680,838	17.9%	12,379	668,478	17.9%	663,261	17.2%	17,597	5,217	2.7%	0.8%
Jackpot Poker	0	0.0%	2	0.0%	0	2	0.0%	1,661	0.0%	-1,659	-1,659	-99.9%	-99.9%
All or Nothing	938	0.2%	16,265	0.4%	296	15,970	0.4%	0	0.0%	16,265	15,970	100.0%	100.0%
Lucky for Life	2,272	0.6%	19,460	0.5%	354	19,106	0.5%	20,331	0.5%	-872	-1,226	-4.3%	-6.0%
Charity Game Tickets	154	0.0%	1,208	0.0%	22	1,186	0.0%	1,241	0.0%	-33	-55	-2.6%	-4.4%
Bearo Tax (2/5)	44	0.0%	389	0.0%	7	382	0.0%	420	0.0%	-31	-38	-7.4%	-9.0%
Pull Tabs	54	0.0%	551	0.0%	10	541	0.0%	498	0.0%	52	42	10.5%	8.5%
License Fees	8	0.0%	76	0.0%	1	75	0.0%	90	0.0%	-14	-15	-15.2%	-16.8%
Bond Fees and Fines	162	0.0%	1,606	0.0%	29	1,577	0.0%	1,622	0.0%	-16	-45	-1.0%	-2.8%
Service Fees	432	0.1%	4,256	0.1%	77	4,179	0.1%	4,199	0.1%	57	-21	1.4%	-0.5%
Megabucks	1,726	0.4%	18,594	0.5%	338	18,256	0.5%	19,117	0.5%	-523	-861	-2.7%	-4.5%
Miscellaneous Income	0	0.0%	24	0.0%	0	23	0.0%	26	0.0%	-2	-3	-9.4%	-11.0%
Interest	0	0.0%	0	0.0%	0	0	0.0%	1	0.0%	-1	-1	100.0%	100.0%
Subtotal Revenues	396,898	100.0%	3,806,843	100.0%	69,215	3,737,628	100.0%	3,846,443	100.0%	-39,600	-108,816	-1.0%	-2.8%
Subtotal Prizes	296,232	74.6%	2,726,060	71.6%	49,565	2,676,495	71.6%	2,807,955	73.0%	-81,895	-131,460	-2.9%	-4.7%
Operating Expenses													
Commissions	19,742	5.0%	189,619	5.0%	3,448	186,171	5.0%	191,528	5.0%	-1,909	-5,357	-1.0%	-2.8%
Bonuses	2,933	0.7%	28,530	0.7%	519	28,011	0.7%	28,520	0.7%	10	-509	0.0%	-1.8%
Subtotal Operating Expenses	22,674	5.7%	218,149	5.7%	3,966	214,183	5.7%	220,048	5.7%	-1,899	-5,865	-0.9%	-2.7%
Operating Revenue	77,992	19.7%	862,634	22.7%	15,684	846,950	22.7%	818,440	21.3%	44,194	28,510	5.4%	3.5%
Administrative Expenses													
Salaries	2,537	0.6%	23,014	0.6%	418	22,595	0.6%	23,047	0.6%	-34	-452	-0.1%	-2.0%
Advertising	33	0.0%	1,256	0.0%	23	1,233	0.0%	1,628	0.0%	-372	-395	-22.9%	-24.3%
Equip Rental	4	0.0%	123	0.0%	2	120	0.0%	160	0.0%	-38	-40	-23.6%	-25.0%
Admin/Facilities	2,501	0.6%	13,405	0.4%	244	13,162	0.4%	11,526	0.3%	1,879	1,635	16.3%	14.2%
Facilities Rental	304	0.1%	2,650	0.1%	48	2,602	0.1%	2,525	0.1%	125	77	4.9%	3.0%
Telephone	562	0.1%	4,395	0.1%	80	4,315	0.1%	5,508	0.1%	-1,113	-1,193	-20.2%	-21.7%
Travel	2	0.0%	19	0.0%	0	19	0.0%	17	0.0%	2	2	11.0%	9.0%
Employee Benefits	112	0.0%	859	0.0%	16	844	0.0%	884	0.0%	-25	-41	-2.8%	-4.6%
OH/Other Equipment	0	0.0%	555	0.0%	10	545	0.0%	5,771	0.2%	-5,216	-5,226	-90.4%	-90.6%
Postage & Freight	246	0.1%	1,917	0.1%	35	1,882	0.1%	2,235	0.1%	-318	-353	-14.2%	-15.8%
Maintenance	156	0.0%	1,359	0.0%	24	1,314	0.0%	1,020	0.0%	318	294	31.2%	28.8%
Professional Services	500	0.1%	4,532	0.1%	82	4,450	0.1%	5,449	0.1%	-917	-999	-16.8%	-18.3%
Other	9	0.0%	39	0.0%	1	38	0.0%	46	0.0%	-7	-7	-14.4%	-15.9%
Vehicles	332	0.1%	331	0.0%	6	325	0.0%	2	0.0%	328	322	13443.8%	13197.5%
Building Improvements	37	0.0%	371	0.0%	7	364	0.0%	349	0.0%	22	15	6.3%	4.3%
Prior Year Adjustment	0	0.0%	26	0.0%	0	26	0.0%	8	0.0%	18	18	228.1%	222.1%
Estimated Fringe Benefit Alloc.	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0.0%
Subtotal Admin. Expenses	7,335	1.8%	54,831	1.4%	997	53,834	1.4%	60,176	1.6%	-5,345	-6,342	-8.9%	-10.5%
Net Profit													
Before Distributions	70,657	17.8%	807,804	21.2%	14,687	793,116	21.2%	758,264	19.7%	49,539	34,852	6.5%	4.6%

Notes to Financial Statement:

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

2 Year to date amounts for FY 2017 (7/1/16-4/1/17) include an additional five (5) days of activity over FY2016 (7/1/15-3/26/16). For comparative purposes, five (5) fewer days of revenue in FY17 would total approximately \$69.2 million, decreasing revenues to \$3.737 billion, resulting in a (\$108.8) million or -2.8% change over FY16. Five (5) fewer days of revenue would decrease net profit by approximately \$14.7 million to \$73.1 million, resulting in a \$34.9 million or 4.6% change over FY16.