



# Massachusetts State Lottery Commission

DEBORAH B. GOLDBERG  
*Treasurer and Receiver General*

MICHAEL R. SWEENEY  
*Executive Director*

June 23, 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 May 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

May, 2017

## Comments / Observations

YTD amounts for May, 2017 (includes 7/1/16 – 6/3/17) have five (5) more days of activity \* than the YTD amounts for May, 2016 (7/1/15 – 5/28/16).

	<u>Statement of Operations</u>	<u>Adjusted (-5 days) **</u>
• Instant Games sales	down 1.0% / \$33.4M	down 2.5% / \$81.5M
• Draw Games + KENO sales***	down 1.2% / \$16.8M	down 2.6% / \$38.3M
• Total Revenues	down 1.1% / \$50.3M	down 2.5% / \$120.0M
• Prize Payout %	72.0% <i>(compared to 73.2% at May, 2016)</i>	72.0%
• Prizes (Paid)	down 2.6% / \$90.9M	down 4.0% / \$141.1M
• Agent Commissions %	down 1.0% / \$2.4M	down 2.5% / \$5.9M
• Agent Bonuses	down 0.02% / \$6K	down 1.5% / \$0.5M
• Administrative Expenses	down 7.3% / \$5.5M	down 8.7% / \$6.6M
• Net Profit	up 5.2% / \$48.6M	up 3.7% / \$34.1M

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

\*\* See attached “Adjusted” MSLC Statement of Operations dated May, 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  
May, 2017  
(\$8000's)

19-Jun-17

	May, 2017		Year-to-Date FY2017		Period Close Sales Adj (-5 days)		Adjusted FY2017		Year-to-Date FY2016		\$ Change	Adjusted \$ Change	% Change	Adjusted % Change
		%		%		%		%		%				
<b>Revenues</b>														
Instant Games	360,029	70.0%	3,254,896	69.1%	48,149	69.1%	3,206,747	69.0%	3,288,287	69.0%	-33,391	-81,540	-1.0%	-2.5%
MegaMillions	3,934	0.8%	55,795	1.2%	825	1.2%	54,970	1.2%	55,290	1.2%	505	-320	0.9%	-0.6%
Powerball	13,279	2.6%	106,886	2.3%	1,581	2.3%	105,305	2.3%	161,290	3.4%	-54,403	-55,985	-33.7%	-34.7%
Numbers Game	31,690	6.2%	300,825	6.4%	4,450	6.4%	296,375	6.4%	299,946	6.3%	879	-3,571	1.2%	-1.2%
Mass Cash	7,649	1.5%	73,020	1.5%	1,080	1.5%	71,940	1.5%	72,479	1.5%	541	-539	0.7%	-0.7%
Keno	91,762	17.8%	847,480	18.0%	12,537	18.0%	834,943	18.0%	825,579	17.3%	21,900	9,364	2.7%	1.1%
Jackpot Poker	0	0.0%	2	0.0%	0	0.0%	2	0.0%	2,009	0.0%	-2,006	-2,006	-99.9%	-99.9%
All or Nothing	939	0.2%	18,003	0.4%	266	0.4%	17,737	0.4%	0	0.0%	18,003	17,737	100.0%	100.0%
Lucky for Life	2,343	0.5%	23,716	0.5%	351	0.5%	23,365	0.5%	24,839	0.5%	-1,473	-1,494	-4.6%	-6.0%
Charity Game Tickets	151	0.0%	1,494	0.0%	22	0.0%	1,472	0.0%	1,533	0.0%	-39	-61	-2.5%	-4.0%
Beano Tex (2/5)	47	0.0%	472	0.0%	7	0.0%	465	0.0%	509	0.0%	-37	-44	-7.3%	-8.7%
Pull Tabs	84	0.0%	691	0.0%	10	0.0%	681	0.0%	641	0.0%	50	40	7.9%	6.3%
License Fees	8	0.0%	106	0.0%	2	0.0%	104	0.0%	109	0.0%	-3	-5	-3.2%	-4.6%
Bond Fees and Fines	202	0.0%	1,970	0.0%	29	0.0%	1,941	0.0%	2,005	0.0%	-36	-66	-1.8%	-3.3%
Service Fees	542	0.1%	5,230	0.1%	77	0.1%	5,152	0.1%	5,181	0.1%	49	-28	0.9%	-0.5%
Megabucks	1,672	0.3%	21,547	0.5%	319	0.5%	21,228	0.5%	22,670	0.5%	-1,124	-1,442	-5.0%	-6.4%
Miscellaneous Income	5	0.0%	29	0.0%	0	0.0%	28	0.0%	33	0.0%	-5	-5	-13.6%	-14.9%
Interest	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	0.0%	-1	-1	100.0%	100.0%
Subtotal Revenues	514,336	100.0%	4,712,161	100.0%	69,707	100.0%	4,642,454	100.0%	4,762,422	100.0%	-50,261	-119,967	-1.1%	-2.5%
Subtotal Prizes	365,891	71.1%	3,393,408	72.0%	50,198	72.0%	3,343,210	72.0%	3,484,261	73.2%	-90,853	-141,051	-2.6%	-4.0%
<b>Operating Expenses</b>														
Commissions	25,651	5.0%	234,741	5.0%	3,472	5.0%	231,268	5.0%	237,171	5.0%	-2,430	-5,902	-1.0%	-2.5%
Bonuses	3,711	0.7%	35,188	0.7%	521	0.7%	34,667	0.7%	35,193	0.7%	-6	-525	0.0%	-1.5%
Subtotal Operating Expenses	29,362	5.7%	269,929	5.7%	3,993	5.7%	265,935	5.7%	272,364	5.7%	-2,436	-6,429	-0.9%	-2.4%
Operating Revenue	119,082	23.2%	1,048,824	22.3%	15,515	22.3%	1,033,309	22.3%	1,005,797	21.1%	43,027	27,512	4.3%	2.7%
<b>Administrative Expenses</b>														
Salaries	2,465	0.5%	29,227	0.6%	432	0.6%	28,794	0.6%	29,161	0.6%	66	-367	0.2%	-1.3%
Advertising	657	0.1%	2,157	0.0%	32	0.0%	2,125	0.0%	2,262	0.0%	-105	-137	-4.6%	-6.1%
Equip Rental	4	0.0%	130	0.0%	2	0.0%	128	0.0%	196	0.0%	-66	-68	-33.6%	-34.6%
Admin/Facilities	1,761	0.3%	17,877	0.4%	264	0.4%	17,613	0.4%	15,467	0.3%	2,410	2,145	13.6%	13.9%
Facilities Rental	283	0.1%	3,243	0.1%	48	0.1%	3,195	0.1%	3,245	0.1%	-2	-50	-0.1%	-1.5%
Telephone	548	0.1%	5,475	0.1%	81	0.1%	5,394	0.1%	6,422	0.1%	-947	-1,028	-14.8%	-16.0%
Travel	2	0.0%	27	0.0%	0	0.0%	27	0.0%	22	0.0%	5	5	23.3%	21.5%
Employee Benefits	80	0.0%	1,074	0.0%	16	0.0%	1,058	0.0%	1,127	0.0%	-54	-70	-4.8%	-6.2%
Off/Other Equipment	160	0.0%	758	0.0%	11	0.0%	747	0.0%	6,148	0.1%	-5,390	-5,401	-87.7%	-87.9%
Postage & Freight	200	0.0%	2,328	0.0%	34	0.0%	2,294	0.0%	2,871	0.1%	-543	-577	-18.9%	-20.1%
Maintenance	153	0.0%	1,611	0.0%	24	0.0%	1,587	0.0%	1,264	0.0%	347	323	27.4%	25.6%
Professional Services	430	0.1%	5,454	0.1%	81	0.1%	5,373	0.1%	6,882	0.1%	-1,428	-1,508	-20.7%	-21.9%
Other	4	0.0%	51	0.0%	1	0.0%	51	0.0%	56	0.0%	-5	-6	-8.9%	-10.2%
Vehicles	258	0.1%	589	0.0%	9	0.0%	580	0.0%	480	0.0%	109	100	22.6%	20.8%
Building Improvements	47	0.0%	464	0.0%	7	0.0%	457	0.0%	429	0.0%	35	28	8.2%	6.6%
Prior Year Adjustment	6	0.0%	32	0.0%	0	0.0%	32	0.0%	8	0.0%	24	24	302.3%	296.3%
Estimated Fringe Benefit Alloc.	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0	0.0%	0.0%
Subtotal Admin. Expenses	7,060	1.4%	70,497	1.5%	1,043	1.5%	69,454	1.5%	76,041	1.6%	-5,544	-6,587	-7.3%	-8.7%
<b>Net Profit</b>														
Before Distributions	112,022	21.8%	978,327	20.8%	14,472	20.8%	963,855	20.8%	929,755	19.5%	48,572	34,099	5.2%	3.7%

Notes to Financial Statement:

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

2 Year to date amounts for FY2017 (7/1/16-6/30/17) include an additional five (5) days of activity over FY2016 (7/1/15-5/28/16). For comparative purposes, five (5) fewer days of revenue in FY17 would total approximately \$69.7 million, decreasing revenues to \$4.612 billion, resulting in a (\$120) million or -2.5% change over FY16. Five (5) fewer days of revenue would decrease net profit by approximately \$14.5 million to \$963.9 million, resulting in a \$34.1 million or 3.7% change over FY16.