



Massachusetts State Lottery Commission

DEBORAH B. GOLDBERG
Treasurer and Receiver General

MICHAEL R. SWEENEY
Executive Director

September 28, 2021

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 2021.

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 Sweeney (Sep 29, 2021 09:24 EDT)

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

August, 2021

Comments / Observations

YTD amounts for August, 2021 (includes 7/1/21 – 9/4/21) have six (6) more days of activity * than the YTD amounts for August, 2020 (7/1/20 – 8/29/20).

	<u>Statement of Operations</u>	<u>Adjusted (-6 days) **</u>
• Instant Games sales	up 9.2% / \$59.4M	down 0.8% / \$4.9M
• Draw Games + KENO sales***	up 35.7% / \$91.9M	up 23.3% / \$60.1M
• Total Revenues	up 16.7% / \$151.8M	up 6.1% / \$55.6M
• Prize Payout %	73.9% <i>(compared to 70.8% at August, 2020)</i>	73.9%
• Prizes (Paid)	up 21.8% / \$140.0M	up 10.7% / \$68.9M
• Agent Commissions %	up 16.7% / \$7.5M	up 6.1% / \$2.7M
• Agent Bonuses	up 14.2% / \$1.0M	up 3.8% / \$0.3M
• Administrative Expenses	up 56.1% / \$5.2M	up 41.9% / \$3.9M
• Net Profit	down 0.9% / \$1.9M	down 9.9% / \$20.2M

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 2021, Fiscal Year 2022, the misalignment is six (+6) days.

** See attached “Adjusted” MSLC Statement of Operations dated August, 2021

*** 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 All or Nothing.

Massachusetts State Lottery Commission
Statement of Operations
Lottery and Arts Lottery Funds
August, 2021
(\$000's)

24-Sep-21

	August, 2021	%	Year-to-Date FY2022	%	Period Close Sales Adj (-6 days)	Adjusted Year-to-Date FY2022	%	Year-to-Date FY2021	%	\$ Change	Adjusted \$ Change	% Change	Adjusted % Change
Revenues													
Instant Games	378,403	67.0%	707,508	66.8%	64,319	643,189	66.8%	648,074	71.5%	59,434	-4,885	9.2%	-0.8%
MegaMillions	8,771	1.6%	14,642	1.4%	1,331	13,311	1.4%	9,435	1.0%	5,207	3,876	55.2%	41.1%
Powerball	10,320	1.8%	16,825	1.6%	1,530	15,295	1.6%	10,282	1.1%	6,542	5,013	63.6%	48.8%
Numbers Game	35,303	6.3%	66,770	6.3%	6,070	60,700	6.3%	60,124	6.6%	6,646	576	11.1%	1.0%
Mass Cash	8,701	1.5%	16,611	1.6%	1,510	15,101	1.6%	15,431	1.7%	1,180	-330	7.6%	-2.1%
Keno	115,628	20.5%	223,111	21.1%	20,283	202,828	21.1%	154,012	17.0%	69,100	48,817	44.9%	31.7%
All or Nothing	683	0.1%	1,312	0.1%	119	1,193	0.1%	1,127	0.1%	186	66	16.5%	5.9%
Lucky for Life	4,421	0.8%	7,072	0.7%	643	6,429	0.7%	3,973	0.4%	3,099	2,456	78.0%	61.8%
Charity Game Tickets	80	0.0%	164	0.0%	15	149	0.0%	1	0.0%	164	149	22722.4%	20647.6%
Beano Tax (2/5)	14	0.0%	26	0.0%	2	24	0.0%	1	0.0%	26	23	4857.6%	4407.0%
Pull Tabs	57	0.0%	96	0.0%	9	87	0.0%	16	0.0%	81	72	517.7%	461.5%
License Fees	4	0.0%	11	0.0%	1	10	0.0%	4	0.0%	7	6	178.9%	153.6%
Bond Fees and Fines	199	0.0%	374	0.0%	34	340	0.0%	308	0.0%	66	32	21.5%	10.4%
Service Fees	495	0.1%	931	0.1%	85	847	0.1%	797	0.1%	134	49	16.8%	6.2%
Megabucks	1,670	0.3%	3,129	0.3%	284	2,845	0.3%	3,196	0.4%	-66	-351	-2.1%	-11.0%
Miscellaneous Income	2	0.0%	2	0.0%	0	2	0.0%	2	0.0%	1	1	46.1%	32.8%
Interest	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%	0	0	0.0%	0.0%
Subtotal Revenues	564,752	100.0%	1,058,587	100.0%	96,235	962,352	100.0%	906,781	100.0%	151,806	55,571	16.7%	6.1%
Subtotal Prizes	414,411	73.4%	782,027	73.9%	71,093	710,934	73.9%	642,051	70.8%	139,976	68,883	21.8%	10.7%
Operating Expenses													
Commissions	28,170	5.0%	52,774	5.0%	4,798	47,977	5.0%	45,237	5.0%	7,537	2,740	16.7%	6.1%
Bonuses	4,293	0.8%	7,880	0.7%	716	7,163	0.7%	6,901	0.8%	979	262	14.2%	3.8%
Subtotal Operating Expenses	32,463	5.7%	60,654	5.7%	5,514	55,140	5.7%	52,138	5.7%	8,516	3,002	16.3%	5.8%
Operating Revenue	117,878	20.9%	215,905	20.4%	19,628	196,278	20.4%	212,592	23.4%	3,313	-16,314	1.6%	-7.7%
Administrative Expenses													
Salaries	2,585	0.5%	5,429	0.5%	494	4,935	0.5%	5,635	0.6%	-206	-700	-3.7%	-12.4%
Advertising	4	0.0%	0	0.0%	0	0	0.0%	-18	0.0%	18	18	-100.0%	-100.0%
Equip Rental	3	0.0%	7	0.0%	1	6	0.0%	9	0.0%	-2	-3	-23.6%	-30.6%
Admin/Facilities	3,016	0.5%	5,644	0.5%	513	5,131	0.5%	1,032	0.1%	4,612	4,099	447.1%	397.3%
Facilities Rental	441	0.1%	837	0.1%	76	761	0.1%	786	0.1%	51	-25	6.4%	-3.2%
Telephone	1,128	0.2%	1,181	0.1%	107	1,074	0.1%	648	0.1%	533	426	82.2%	65.6%
Travel	1	0.0%	3	0.0%	0	2	0.0%	2	0.0%	1	1	70.9%	55.4%
Employee Benefits	175	0.0%	175	0.0%	16	159	0.0%	76	0.0%	98	83	128.7%	107.9%
Off./Other Equipment	4	0.0%	31	0.0%	3	28	0.0%	1	0.0%	29	27	2089.4%	1890.3%
Postage & Freight	164	0.0%	267	0.0%	24	243	0.0%	4	0.0%	263	239	6528.8%	5926.2%
Maintenance	44	0.0%	439	0.0%	40	399	0.0%	552	0.1%	-113	-153	-20.5%	-27.8%
Professional Services	147	0.0%	359	0.0%	33	326	0.0%	382	0.0%	-23	-55	-6.0%	-14.5%
Other	2	0.0%	6	0.0%	1	5	0.0%	7	0.0%	-1	-2	-20.2%	-27.4%
Vehicles	0	0.0%	-1	0.0%	0	-1	0.0%	-2	0.0%	1	2	-70.7%	-73.4%
Building Improvements	10	0.0%	62	0.0%	6	56	0.0%	137	0.0%	-75	-81	-54.9%	-59.0%
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%
Subtotal Admin. Expenses	7,724	1.4%	14,437	1.4%	1,312	13,125	1.4%	9,251	1.0%	5,186	3,873	56.1%	41.9%
Net Profit													
Before Distributions	110,154	19.5%	201,468	19.0%	18,315	183,153	19.0%	203,341	22.4%	-1,872	-20,188	-0.9%	-9.9%

Notes to Financial Statement:

- Year-to-Date amounts have been adjusted for prize accruals.
- Year-to-Date amounts for FY 2022 (7/1/21-9/4/21) include five (6) more days of activity over FY2021 (7/1/20-8/29/20). For comparative purposes, six (6) fewer days of revenue in FY22 would total approximately \$96.2 million, decreasing revenues to \$962.4 million, resulting in a \$55.6 million or 6.1% change over FY21. Six (6) fewer days of revenue would decrease net profit by approximately \$18.3 million to \$183.2 million, resulting in a (\$20.2) million or -9.9% change over FY21.
- Administrative Expenses reflect the costs against the Lottery's General Fund Accounts appropriated in the annual budget (General Appropriation Act). The costs against these accounts are broken down by type of expenditures based upon the object classes and object codes contained in the Expenditure Classification Handbook used in all