

KENTUCKY LOTTERY CORPORATION

FINANCIAL STATEMENTS

APRIL 2019

MONTH 10 OF FISCAL YEAR ENDING JUNE 30, 2019

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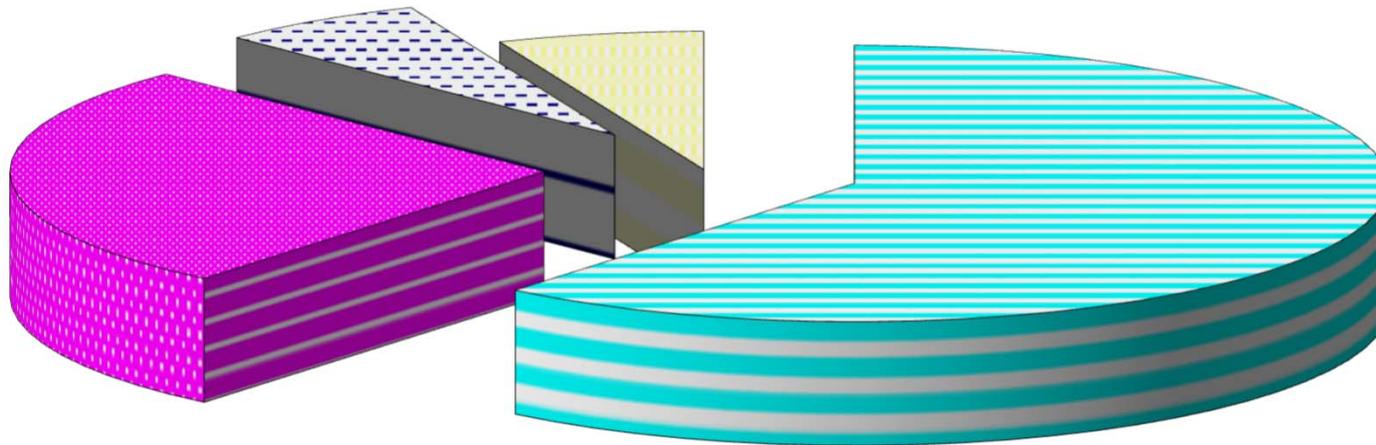
OPERATING EXPENSES

PROPERTY AND EQUIPMENT

**KENTUCKY LOTTERY CORPORATION
"WHERE THE MONEY GOES"
INCEPTION-TO-DATE SALES AS OF APRIL 30, 2019
\$20.360 BILLION**

**\$1.281
BILLION PAID FOR
MARKETING & OPERATING
EXP - 6.3%**

\$1.273 BILLION PAID TO RETAILERS - 6.3%



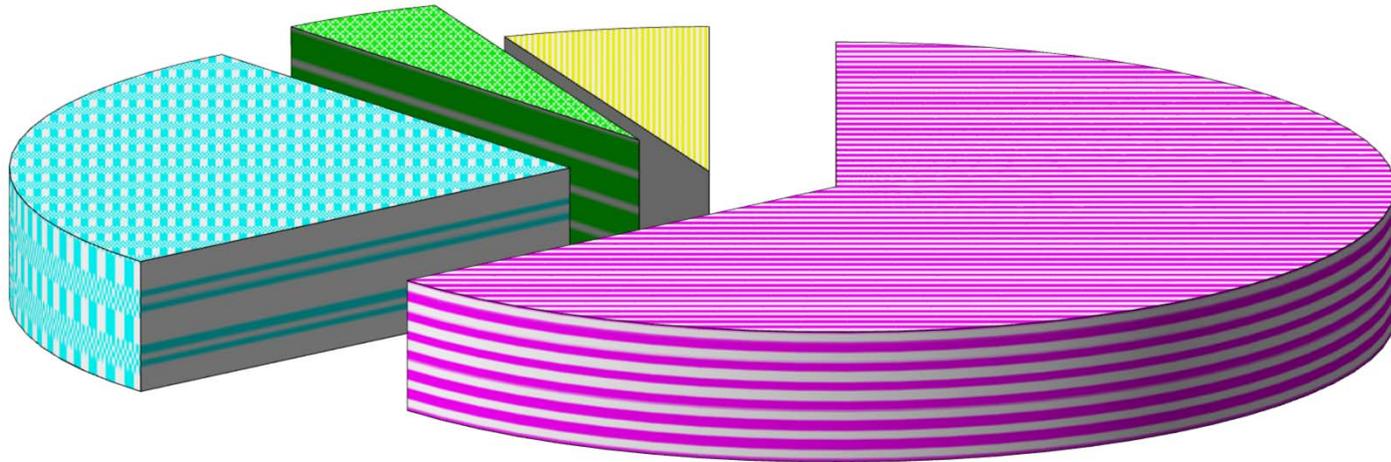
**\$5.397 BILLION
EARNED FOR THE
STATE OF KENTUCKY
- 26.5%**

**\$12.409 BILLION PAID
TO WINNERS - 60.9%**

**KENTUCKY LOTTERY CORPORATION
"WHERE THE MONEY GOES"
YEAR-TO-DATE SALES AS OF APRIL 30, 2019
\$932.3 MILLION**

**\$44.2 MILLION PAID FOR
MARKETING & OPERATING
EXP - 4.7%**

\$55.5 MILLION PAID TO RETAILERS - 6.0%



**\$237.4 MILLION
EARNED FOR THE
STATE OF
KENTUCKY - 25.5%**

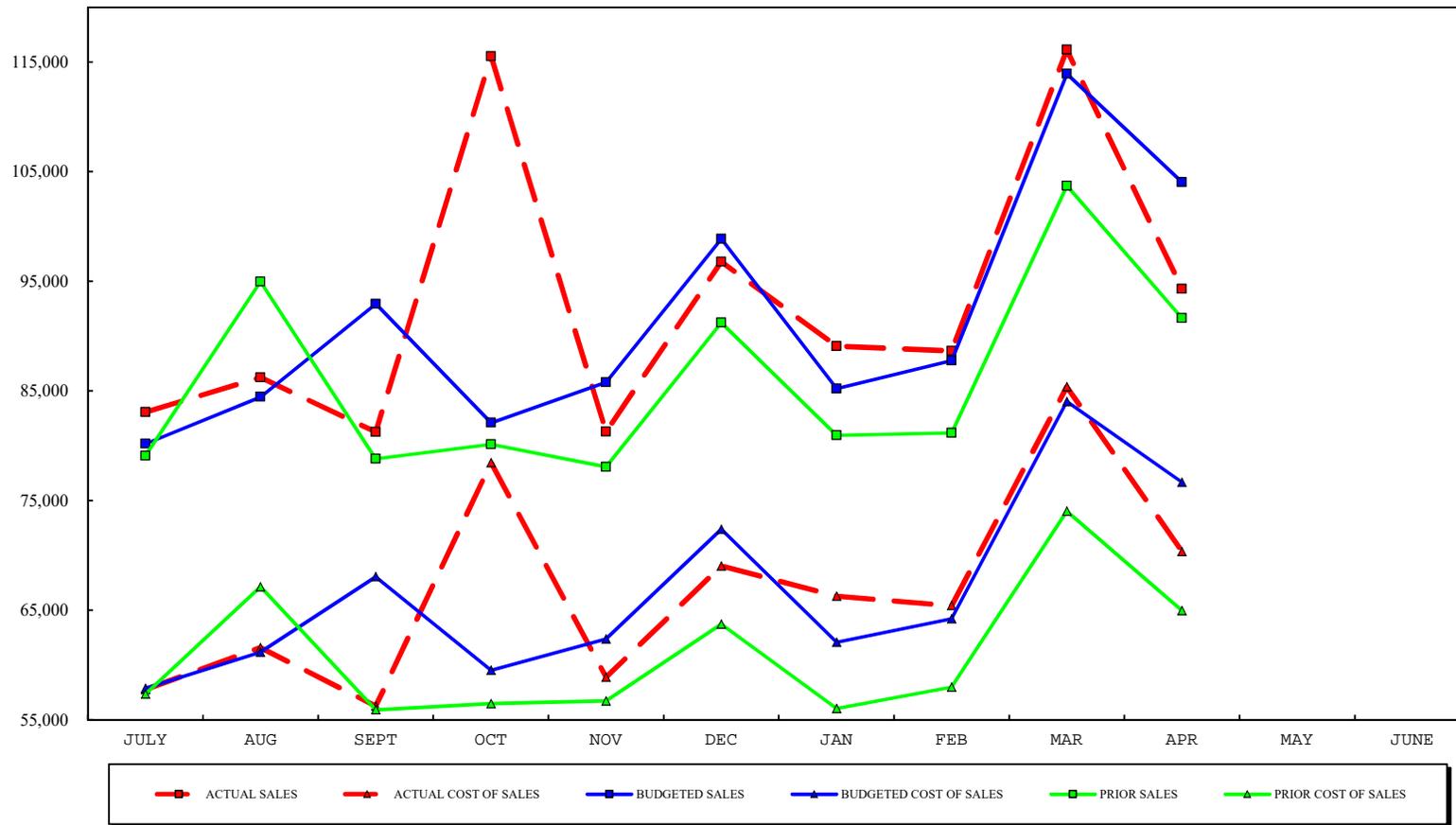
**\$595.2 MILLION PAID
TO WINNERS - 63.8%**

AMOUNTS ARE SHOWN AS A PERCENTAGE OF SALES.

EARNINGS FOR THE STATE OF KENTUCKY ARE USED FOR THE KEES COLLEGE SCHOLARSHIP AND KTG/CAP GRANT PROGRAMS, AS WELL AS THE WORK READY SCHOLARSHIP AND THE DUAL CREDIT SCHOLARSHIP.

SALES AND DIRECT COSTS BY MONTH

AS OF APRIL 30, 2019



OPERATING EXPENSE BY MONTH
AS OF APRIL 30, 2019



—●— ACTUAL OPERATING EXPENSE —●— BUDGETED OPERATING EXPENSE —●— PRIOR OPERATING EXPENSE

KENTUCKY LOTTERY CORPORATION

FINANCIAL RESULTS

APRIL 2019

INCOME STATEMENT

Ticket sales for April 2019 were \$94.3 million which is \$2.4 million or 2.6 % more than the same month of the prior fiscal year. Sales for the year were \$932.4 million which is \$65.5 million or 7.6% more than in the prior fiscal year. Instant ticket sales were \$180,000 or 0.3% less than the same month of the prior fiscal year, and \$41.9 million or 8.3% more than the prior fiscal year. Draw game sales were \$1.3 million or 3.8% more than the same month of the prior year, and \$18.2 million or 5.2% more than prior fiscal year. iLottery instant play sales were \$1.3 million or 141.2% more than the same month of the prior year, and \$5.4 million or 64.2% more than prior fiscal year.

Ticket sales for the month of April were \$10.0 million or 9.6% less than budget. Ticket sales for the fiscal year were \$14.0 million or 1.5% more than budget. Instant ticket sales were \$7.2 million or 11.0% less than budget for the current month, and \$3.0 million or 0.5% more than budget for the fiscal year. Draw game sales were \$3.8 million or 10.0% less than budget for the month, and \$9.1 million or 2.5% more than budget for the fiscal year. iLottery instant play sales were \$940,000 or 69.9% more than budget for the month, and \$1.9 million or 15.8% more than budget for the fiscal year.

Prize expenses for April 2019 were 66.6% of total sales, compared to 63.1% in the same month last year and 65.6% budgeted. Combined prize expense for the year was 63.8%, compared to 63.2% last fiscal year and 65.0% budgeted. Instant prize expense for the month was 71.5%, draw game prize expense was 56.2%, and iLottery instant play prize expense was 98.4%. Instant prize expense for the fiscal year was 70.3%, draw game prize expense was 53.9%, and iLottery instant play prize expense was 76.5%.

Operating costs were \$2.5 million for April, compared to \$2.8 million budgeted and \$2.5 million for the same month last year. These costs included advertising and promotions of \$816,000, salaries & benefits of \$1.2 million, contracted and professional services of \$213,000, depreciation expense of \$101,000, and other general and administrative costs of \$136,000. Operating costs for the year were \$26.0 million, compared to \$27.8 million budgeted and \$25.0 million in the prior fiscal year.

Income before transfer of dividends for the current month was \$21.5 million, compared to \$24.2 million for the same month in the prior year and \$24.6 million budgeted. Income before transfer of dividends for the fiscal year was \$237.4 million, compared to \$224.8 million in the prior year and \$219.5 million budgeted.

Dividends of \$21.5 million were transferred to the Commonwealth in April for a total of \$202.0 million for the fiscal year. Additional dividends of \$990,000 were accrued in April for transfer to the KEES Reserve for a total of \$6.8 million for the fiscal year. Transfers to the KEES Reserve will be made quarterly during the fiscal year. All dividends were 23.8% of sales for the month. All dividends were 22.4% of sales for the fiscal year compared to 23.8% of sales in the prior year and 22.9% budgeted.

BALANCE SHEET

Cash balance decreased to \$39.5 million, which included \$2.6 million restricted for annuity prize payments. Total investments held to pay grand prizes increased to \$10.1 million. Accounts Receivable decreased to \$36.2 million. Total assets decreased to \$98.7 million.

KENTUCKY LOTTERY CORPORATION
BALANCE SHEETS
APRIL 30, 2019
(\$000's)

	<u>CURRENT</u> <u>MONTH END</u>	<u>PRIOR</u> <u>MONTH END</u>	<u>PRIOR FISCAL</u> <u>YEAR END</u>
ASSETS:			
CURRENT ASSETS:			
CASH - UNRESTRICTED	\$36,942	\$38,765	\$17,682
CASH - RESTRICTED	2,600	2,756	2,600
INVESTMENTS, CURRENT PORTION	1,594	1,594	1,859
ACCOUNTS RECEIVABLE, NET	36,223	39,762	31,628
OTHER	950	1,029	1,060
TOTAL CURRENT ASSETS	<u>78,309</u>	<u>83,906</u>	<u>54,829</u>
INVESTMENTS, LESS CURRENT PORTION	8,554	8,507	8,903
PROPERTY AND EQUIPMENT, NET	5,694	5,792	5,441
DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	6,163	6,163	5,182
TOTAL ASSETS	<u>\$98,720</u>	<u>\$104,368</u>	<u>\$74,355</u>
LIABILITIES AND EQUITY:			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$7,407	\$10,128	\$13,248
ESTIMATED PRIZE LIABILITY, CURRENT PORTION	32,814	34,793	30,986
TOTAL CURRENT LIABILITIES	<u>40,221</u>	<u>44,921</u>	<u>44,234</u>
ESTIMATED PRIZE LIABILITY - LESS CURRENT PORTION	11,717	11,661	11,866
UNFUNDED GRAND PRIZE LIABILITY	1,059	1,109	1,116
TOTAL LIABILITIES	<u>52,997</u>	<u>57,691</u>	<u>57,216</u>
CONTRIBUTED CAPITAL	100	100	100
RETAINED EARNINGS	45,623	46,577	17,039
TOTAL EQUITY	<u>45,723</u>	<u>46,677</u>	<u>17,139</u>
TOTAL LIABILITIES AND EQUITY	<u>\$98,720</u>	<u>\$104,368</u>	<u>\$74,355</u>

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO PRIOR YEAR
APRIL 30, 2019
(\$000'S)

MONTH OF APRIL:	VARIANCE			
	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT BETTER/ (WORSE) THAN PRIOR	
SALES:				
INSTANT TICKETS	\$57,644	\$57,824	(\$180)	-0.3%
DRAW GAMES	34,384	33,120	\$1,264	3.8%
ILOTTERY INSTANT PLAY	2,284	948	1,336	140.9%
TICKET SALES	94,312	91,892	2,420	2.6%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	0	(256)	256	-100.0%
TOTAL TICKET SALES	94,312	91,636	2,676	2.9%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	41,206	39,725	(1,481)	-3.7%
DRAW GAMES	19,315	17,323	(1,992)	-11.5%
ILOTTERY INSTANT PLAY	2,248	818	(1,430)	-174.8%
TOTAL PRIZES	62,769	57,866	(4,903)	-8.5%
PAYMENTS TO RETAILERS	5,639	5,408	(231)	-4.3%
DRAW GAMES VENDOR EXPENSE	1,106	923	(183)	-19.8%
INSTANT TICKET COSTS	844	769	(75)	-9.8%
TOTAL DIRECT COSTS	70,358	64,966	(5,392)	-8.3%
GROSS PROFIT	23,954	26,670	(2,716)	-10.2%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	816	966	150	15.5%
SALARIES, WAGES & BENEFITS	1,206	1,159	(47)	-4.1%
CONTRACTED & PROFESSIONAL SERVICES	213	159	(54)	-34.0%
DEPRECIATION	101	98	(3)	-3.1%
OTHER GENERAL & ADMINISTRATIVE	136	163	27	16.6%
TOTAL OPERATING EXPENSES	2,472	2,545	73	2.9%
OPERATING INCOME	21,482	24,125	(2,643)	-11.0%
NON-OPERATING INCOME	54	40	14	35.0%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$21,536	\$24,165	(\$2,629)	-10.9%

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO PRIOR YEAR
YEAR-TO-DATE THROUGH APRIL 30, 2019
(\$000'S)

TEN MONTHS YEAR TO DATE:	VARIANCE			
	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT BETTER/ (WORSE) THAN PRIOR	
SALES:				
INSTANT TICKETS	\$547,198	\$505,335	\$41,863	8.3%
DRAW GAMES	371,304	353,080	\$18,224	5.2%
ILOTTERY INSTANT PLAY	13,927	8,485	5,442	64.1%
TICKET SALES	932,429	866,900	65,529	7.6%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(110)	(7,119)	7,009	-98.5%
TOTAL TICKET SALES	932,319	859,781	72,538	8.4%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	384,521	344,121	(40,400)	-11.7%
DRAW GAMES	200,069	192,109	(7,960)	-4.1%
ILOTTERY INSTANT PLAY	10,659	6,788	(3,871)	-57.0%
TOTAL PRIZES	595,249	543,018	(52,231)	-9.6%
PAYMENTS TO RETAILERS	55,514	50,960	(4,554)	-8.9%
DRAW GAMES VENDOR EXPENSE	11,406	9,170	(2,236)	-24.4%
INSTANT TICKET COSTS	7,240	7,153	(87)	-1.2%
TOTAL DIRECT COSTS	669,409	610,301	(59,108)	-9.7%
GROSS PROFIT	262,910	249,480	13,430	5.4%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	9,523	8,321	(1,202)	-14.4%
SALARIES, WAGES & BENEFITS	11,869	12,303	434	3.5%
CONTRACTED & PROFESSIONAL SERVICES	2,029	1,936	(93)	-4.8%
DEPRECIATION	1,010	990	(20)	-2.0%
OTHER GENERAL & ADMINISTRATIVE	1,580	1,479	(101)	-6.8%
TOTAL OPERATING EXPENSES	26,011	25,029	(982)	-3.9%
OPERATING INCOME	236,899	224,451	12,448	5.5%
NON-OPERATING INCOME	530	388	142	36.6%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$237,429	\$224,839	\$12,590	5.6%

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO BUDGET
APRIL 30, 2019
(\$000'S)

MONTH OF APRIL:	VARIANCE			
	ACTUAL	BUDGET	ACTUAL BETTER/ (WORSE) THAN BUDGET	
SALES:				
INSTANT TICKETS	57,644	\$64,801	(\$7,157)	-11.0%
DRAW GAMES	34,384	38,213	(3,829)	-10.0%
ILOTTERY INSTANT PLAY	2,284	1,344	940	69.9%
TICKET SALES	94,312	104,358	(10,046)	-9.6%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	0	(324)	324	-100.0%
TOTAL TICKET SALES	94,312	104,034	(9,722)	-9.3%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	41,206	45,419	4,213	9.3%
DRAW GAMES	19,315	21,762	2,447	11.2%
ILOTTERY INSTANT PLAY	2,248	1,062	(1,186)	-111.7%
TOTAL PRIZES	62,769	68,243	5,474	8.0%
PAYMENTS TO RETAILERS	5,639	6,275	636	10.1%
DRAW GAMES VENDOR EXPENSE	1,106	1,185	79	6.7%
INSTANT TICKET COSTS	844	956	112	11.7%
TOTAL DIRECT COSTS	70,358	76,659	6,301	8.2%
GROSS PROFIT	23,954	27,375	(3,421)	-12.5%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	816	1,056	240	22.7%
SALARIES, WAGES & BENEFITS	1,206	1,261	55	4.4%
CONTRACTED & PROFESSIONAL SERVICES	213	236	23	9.7%
DEPRECIATION	101	102	1	1.0%
OTHER GENERAL & ADMINISTRATIVE	136	153	17	11.1%
TOTAL OPERATING EXPENSES	2,472	2,808	336	12.0%
OPERATING INCOME	21,482	24,567	(3,085)	-12.6%
NON-OPERATING INCOME	54	38	16	42.1%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$21,536	\$24,605	(\$3,069)	-12.5%

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO BUDGET
YEAR-TO-DATE THROUGH APRIL 30, 2019
(\$000'S)

TEN MONTHS YEAR TO DATE:	VARIANCE			
	ACTUAL	BUDGET	ACTUAL BETTER/ (WORSE) THAN BUDGET	
SALES:				
INSTANT TICKETS	547,198	\$544,244	\$2,954	0.5%
DRAW GAMES	371,304	362,163	9,141	2.5%
ILOTTERY INSTANT PLAY	13,927	12,031	1,896	15.8%
TICKET SALES	932,429	918,438	13,991	1.5%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(110)	(3,190)	3,080	-96.6%
TOTAL TICKET SALES	932,319	915,248	17,071	1.9%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	384,521	380,199	(4,322)	-1.1%
DRAW GAMES	200,069	204,753	4,684	2.3%
ILOTTERY INSTANT PLAY	10,659	9,505	(1,154)	-12.1%
TOTAL PRIZES	595,249	594,457	(792)	-0.1%
PAYMENTS TO RETAILERS	55,514	55,770	256	0.5%
DRAW GAMES VENDOR EXPENSE	11,406	10,864	(542)	-5.0%
INSTANT TICKET COSTS	7,240	7,259	19	0.3%
TOTAL DIRECT COSTS	669,409	668,350	(1,059)	-0.2%
GROSS PROFIT	262,910	246,898	16,012	6.5%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	9,523	10,032	509	5.1%
SALARIES, WAGES & BENEFITS	11,869	12,389	520	4.2%
CONTRACTED & PROFESSIONAL SERVICES	2,029	2,516	487	19.4%
DEPRECIATION	1,010	1,040	30	2.9%
OTHER GENERAL & ADMINISTRATIVE	1,580	1,796	216	12.0%
TOTAL OPERATING EXPENSES	26,011	27,773	1,762	6.3%
OPERATING INCOME	236,899	219,125	17,774	8.1%
NON-OPERATING INCOME	530	388	142	36.6%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$237,429	\$219,513	\$17,916	8.2%

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - PERCENTAGE OF TOTAL SALES
APRIL 30, 2019
(\$000'S)

MONTH OF APRIL:	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT YEAR BUDGET
SALES:			
INSTANT TICKETS	61.1%	63.1%	62.3%
DRAW GAMES	36.5%	36.1%	36.7%
ILOTTERY INSTANT PLAY	2.4%	1.0%	1.3%
TICKET SALES	100.0%	100.2%	100.3%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	0.0%	-0.2%	-0.3%
TOTAL TICKET SALES	100.0%	100.0%	100.0%
DIRECT COSTS:			
PRIZES:			
INSTANT TICKETS	43.7%	43.3%	43.7%
DRAW GAMES	20.5%	18.9%	20.9%
ILOTTERY INSTANT PLAY	2.4%	0.9%	1.0%
TOTAL PRIZES	66.6%	63.1%	65.6%
PAYMENTS TO RETAILERS	6.0%	5.9%	6.0%
DRAW GAME VENDOR EXPENSE	1.2%	1.0%	1.2%
INSTANT TICKET COSTS	0.8%	0.9%	0.9%
TOTAL DIRECT COSTS	74.6%	70.9%	73.7%
GROSS PROFIT	25.4%	29.1%	26.3%
OPERATING EXPENSES:			
ADVERTISING AND PROMOTION	0.9%	1.0%	1.0%
SALARIES, WAGES & BENEFITS	1.3%	1.3%	1.2%
CONTRACTED & PROFESSIONAL SERVICES	0.2%	0.2%	0.2%
DEPRECIATION	0.1%	0.1%	0.1%
OTHER GENERAL & ADMINISTRATIVE	0.1%	0.2%	0.2%
TOTAL OPERATING EXPENSES	2.6%	2.8%	2.7%
OPERATING INCOME	22.8%	26.3%	23.6%
NON-OPERATING INCOME	0.0%	0.1%	0.1%
INCOME BEFORE TRANSFER OF DIVIDENDS	22.8%	26.4%	23.7%

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF INCOME - PERCENTAGE OF TOTAL SALES
 YEAR-TO-DATE THROUGH APRIL 30, 2019
 (\$000'S)

TEN MONTHS YEAR TO DATE:

	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT YEAR BUDGET
SALES:			
INSTANT TICKETS	58.7%	58.8%	59.5%
DRAW GAMES	39.8%	41.1%	39.6%
ILOTTERY INSTANT PLAY	1.5%	1.0%	1.3%
TICKET SALES	100.0%	100.9%	100.4%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	0.0%	-0.9%	-0.4%
TOTAL TICKET SALES	100.0%	100.0%	100.0%
DIRECT COSTS:			
PRIZES:			
INSTANT TICKETS	41.2%	40.0%	41.5%
DRAW GAMES	21.5%	22.4%	22.5%
ILOTTERY INSTANT PLAY	1.1%	0.8%	1.0%
TOTAL PRIZES	63.8%	63.2%	65.0%
PAYMENTS TO RETAILERS	6.0%	5.9%	6.0%
DRAW GAME VENDOR EXPENSE	1.2%	1.1%	1.2%
INSTANT TICKET COSTS	0.8%	0.8%	0.8%
TOTAL DIRECT COSTS	71.8%	71.0%	73.0%
GROSS PROFIT	28.2%	29.0%	27.0%
OPERATING EXPENSES:			
ADVERTISING AND PROMOTION	1.0%	1.0%	1.1%
SALARIES, WAGES & BENEFITS	1.3%	1.4%	1.4%
CONTRACTED & PROFESSIONAL SERVICES	0.2%	0.2%	0.3%
DEPRECIATION	0.1%	0.1%	0.1%
OTHER GENERAL & ADMINISTRATIVE	0.2%	0.2%	0.2%
TOTAL OPERATING EXPENSES	2.8%	2.9%	3.1%
OPERATING INCOME	25.4%	26.1%	23.9%
NON-OPERATING INCOME	0.1%	0.1%	0.1%
INCOME BEFORE TRANSFER OF DIVIDENDS	25.5%	26.2%	24.0%

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF RETAINED EARNINGS
 APRIL 30, 2019
 (\$000'S)

	<u>CURRENT YEAR</u>		<u>PRIOR YEAR</u>	
	<u>MONTH</u>	<u>YEAR-TO- DATE</u>	<u>MONTH</u>	<u>YEAR-TO- DATE</u>
RETAINED EARNINGS- BEGINNING OF PERIOD	\$46,577	\$17,039	\$34,427	\$17,039
INCOME BEFORE TRANSFER	21,536	237,429	24,165	224,839
DIVIDENDS - GENERAL FUND & EDUCATION	(21,500)	(202,000)	(20,500)	(196,500)
DIVIDENDS - KEES RESERVE	(990)	(6,845)	(1,029)	(8,315)
RETAINED EARNINGS- END OF PERIOD	<u>\$45,623</u>	<u>\$45,623</u>	<u>\$37,063</u>	<u>\$37,063</u>

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF CASH FLOWS
 YEAR-TO-DATE THROUGH APRIL 30, 2019
 (\$000'S)

	MONTH	YEAR-TO-DATE
CASH FLOWS FROM OPERATING ACTIVITIES:		
OPERATING INCOME	\$21,482	\$236,899
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
DEPRECIATION	101	1,010
PROVISION FOR LOSSES ON ACCOUNTS RECEIVABLE	10	116
INCREASE (DECREASE) IN CASH DUE TO CHANGES IN:		
ACCOUNTS RECEIVABLE	3,529	(4,711)
OTHER ASSETS	79	110
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	(2,721)	(5,841)
ESTIMATED PRIZE LIABILITY	(1,973)	1,622
NET CASH PROVIDED BY OPERATING ACTIVITIES	20,507	229,205
CASH FLOWS FROM INVESTING ACTIVITIES:		
PROCEEDS FROM MATURITIES OR SALE OF INVESTMENTS	0	1,089
PURCHASE OF INVESTMENTS	0	0
CHANGE IN INVESTMENTS	(47)	(475)
DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	0	(981)
INTEREST INCOME	39	288
SECURITY LENDING FEES	0	4
NET CASH PROVIDED BY INVESTING ACTIVITIES	(8)	(75)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
DIVIDENDS TRANSFERRED/PAYABLE	(22,490)	(208,845)
RETAILER APPLICATION AND OTHER NON-OPERATING FEES	15	133
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(22,475)	(208,712)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
PURCHASES OF PROPERTY AND EQUIPMENT	(3)	(1,263)
PROCEEDS FROM DISPOSAL OF PROPERTY AND EQUIPMENT	0	105
PROCEEDS FROM ISSUANCE OF LONG-TERM DEBT	0	0
REPAYMENTS OF LONG-TERM DEBT	0	0
INTEREST EXPENSE	0	0
NET CASH USED IN CAPITAL FINANCING ACTIVITIES	(3)	(1,158)
NET INCREASE (DECREASE) IN CASH	(1,979)	19,260
CASH, BEGINNING OF PERIOD	41,521	20,282
CASH, END OF PERIOD	\$39,542	\$39,542

KENTUCKY LOTTERY CORPORATION
 PROFIT MARGIN REPORT
 MONTH ENDING APRIL 30, 2019
 (\$000'S)

PROFIT CONTRIBUTION

	<u>INSTANT</u>	<u>POWERBALL</u>	<u>KY CASH BALL</u>	<u>KY QUICK BUCKS</u>	<u>PICK 4</u>	<u>PICK 3</u>	<u>MEGA MILLIONS</u>	<u>5 CARD CASH</u>	<u>KENO</u>	<u>LFL</u>	<u>Win Place Show</u>	<u>ILOTTERY INSTANT PLAY</u>	<u>NON-GAME SPECIFIC</u>	<u>TOTAL</u>
SALES:														
SALES AT RETAIL ILOTTERY	57,644	4,304	857	287	3,792	13,042	3,276	534	6,760	592	39	0	0	91,127
	<u>0</u>	<u>117</u>	<u>59</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>109</u>	<u>0</u>	<u>566</u>	<u>50</u>	<u>0</u>	<u>2,284</u>	<u>0</u>	<u>3,185</u>
TOTAL SALES	<u>57,644</u>	<u>4,421</u>	<u>916</u>	<u>287</u>	<u>3,792</u>	<u>13,042</u>	<u>3,385</u>	<u>534</u>	<u>7,326</u>	<u>642</u>	<u>39</u>	<u>2,284</u>	<u>0</u>	<u>94,312</u>
DIRECT COSTS:														
PRIZES WON:														
PRIZES AT RETAIL ILOTTERY	41,206	2,041	298	170	1,324	8,924	1,673	312	4,326	668	18	0	0	60,960
	<u>0</u>	<u>56</u>	<u>19</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>55</u>	<u>0</u>	<u>369</u>	<u>52</u>	<u>0</u>	<u>2,248</u>	<u>0</u>	<u>2,799</u>
TOTAL PRIZES WON	<u>41,206</u>	<u>2,097</u>	<u>317</u>	<u>170</u>	<u>1,324</u>	<u>8,924</u>	<u>1,728</u>	<u>312</u>	<u>4,695</u>	<u>720</u>	<u>18</u>	<u>2,248</u>	<u>0</u>	<u>63,759</u>
UNCLAIMED PRIZE CREDIT	0	(399)	(15)	0	(46)	(67)	(411)	(7)	(30)	(15)	0	0	0	(990)
PAYMENTS TO RETAILERS	3,759	220	47	16	202	740	167	38	399	32	3	1	15	5,639
ONLINE VENDOR EXPENSE	252	76	18	4	61	206	59	11	154	13	1	109	142	1,106
TICKET COSTS	<u>844</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>844</u>
TOTAL DIRECT COSTS	<u>46,061</u>	<u>1,994</u>	<u>367</u>	<u>190</u>	<u>1,541</u>	<u>9,803</u>	<u>1,543</u>	<u>354</u>	<u>5,218</u>	<u>750</u>	<u>22</u>	<u>2,358</u>	<u>157</u>	<u>70,358</u>
GROSS PROFIT	<u>11,583</u>	<u>2,427</u>	<u>549</u>	<u>97</u>	<u>2,251</u>	<u>3,239</u>	<u>1,842</u>	<u>180</u>	<u>2,108</u>	<u>(108)</u>	<u>17</u>	<u>(74)</u>	<u>(157)</u>	<u>23,954</u>

(% OF SALES)

PROFIT MARGIN

	<u>INSTANT</u>	<u>POWERBALL</u>	<u>KY CASH BALL</u>	<u>KY QUICK BUCKS</u>	<u>PICK 4</u>	<u>PICK 3</u>	<u>MEGA MILLIONS</u>	<u>5 CARD CASH</u>	<u>KENO</u>	<u>LFL</u>	<u>Win Place Show</u>	<u>ILOTTERY INSTANT PLAY</u>	<u>NON-GAME SPECIFIC</u>	<u>TOTAL</u>
TOTAL SALES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%
DIRECT COSTS:														
TOTAL PRIZES WON	71.5%	47.4%	34.6%	59.2%	34.9%	68.4%	51.0%	58.4%	64.1%	112.1%	46.2%	98.4%	0.0%	67.6%
UNCLAIMED PRIZE CREDIT	0.0%	-9.0%	-1.6%	0.0%	-1.2%	-0.5%	-12.1%	-1.3%	-0.4%	-2.3%	0.0%	0.0%	0.0%	-1.0%
PAYMENTS TO RETAILERS	6.5%	5.0%	5.1%	5.6%	5.3%	5.7%	4.9%	7.1%	5.4%	5.0%	7.7%	0.0%	0.0%	6.0%
ONLINE VENDOR EXPENSE	0.4%	1.7%	2.0%	1.4%	1.6%	1.6%	1.7%	2.1%	2.1%	2.0%	2.6%	4.8%	0.0%	1.2%
TICKET COSTS	<u>1.5%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.8%</u>
TOTAL DIRECT COSTS	<u>79.9%</u>	<u>45.1%</u>	<u>40.1%</u>	<u>66.2%</u>	<u>40.6%</u>	<u>75.2%</u>	<u>45.5%</u>	<u>66.3%</u>	<u>71.2%</u>	<u>116.8%</u>	<u>56.5%</u>	<u>103.2%</u>	<u>0.0%</u>	<u>74.6%</u>
GROSS PROFIT	<u>20.1%</u>	<u>54.9%</u>	<u>59.9%</u>	<u>33.8%</u>	<u>59.4%</u>	<u>24.8%</u>	<u>54.5%</u>	<u>33.7%</u>	<u>28.8%</u>	<u>-16.8%</u>	<u>43.5%</u>	<u>-3.2%</u>	<u>0.0%</u>	<u>25.4%</u>

KENTUCKY LOTTERY CORPORATION
 PROFIT MARGIN REPORT
 YEAR TO DATE AS OF APRIL 30, 201
 (\$000'S)

PROFIT CONTRIBUTION

	<u>INSTANT</u>	<u>POWERBALL</u>	<u>KY CASH BALL</u>	<u>KY QUICK BUCKS</u>	<u>PICK 4</u>	<u>PICK 3</u>	<u>MEGA MILLIONS</u>	<u>5 CARD CASH</u>	<u>KENO</u>	<u>LFL</u>	<u>Win Place Show</u>	<u>ILOTTERY INSTANT PLAY</u>	<u>NON-GAME SPECIFIC</u>	<u>TOTAL</u>
SALES:														
SALES AT RETAIL	547,088	61,846	8,958	851	37,070	123,346	53,315	5,840	66,334	5,909	40	0	0	910,597
ILOTTERY	<u>0</u>	<u>1,517</u>	<u>511</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,476</u>	<u>0</u>	<u>3,885</u>	<u>406</u>	<u>0</u>	<u>13,927</u>	<u>0</u>	<u>21,722</u>
TOTAL SALES	<u>547,088</u>	<u>63,363</u>	<u>9,469</u>	<u>851</u>	<u>37,070</u>	<u>123,346</u>	<u>54,791</u>	<u>5,840</u>	<u>70,219</u>	<u>6,315</u>	<u>40</u>	<u>13,927</u>	<u>0</u>	<u>932,319</u>
DIRECT COSTS:														
PRIZES WON:														
PRIZES AT RETAIL	387,485	30,625	3,627	499	15,478	71,545	26,777	3,787	43,155	3,775	19	0	0	586,772
ILOTTERY	<u>0</u>	<u>751</u>	<u>397</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>741</u>	<u>0</u>	<u>2,514</u>	<u>260</u>	<u>0</u>	<u>10,659</u>	<u>0</u>	<u>15,322</u>
TOTAL PRIZES WON	<u>387,485</u>	<u>31,376</u>	<u>4,024</u>	<u>499</u>	<u>15,478</u>	<u>71,545</u>	<u>27,518</u>	<u>3,787</u>	<u>45,669</u>	<u>4,035</u>	<u>19</u>	<u>10,659</u>	<u>0</u>	<u>602,094</u>
UNCLAIMED PRIZE CREDIT	(2,964)	(1,197)	(107)	0	(416)	(742)	(891)	(66)	(334)	(128)	0	0	0	(6,845)
PAYMENTS TO RETAILERS	35,287	3,210	494	47	2,006	6,871	2,749	413	3,932	327	3	4	171	55,514
ONLINE VENDOR EXPENSE	2,393	1,081	181	13	584	1,942	946	116	1,414	119	1	663	1,953	11,406
TICKET COSTS	<u>7,240</u>													<u>7,240</u>
TOTAL DIRECT COSTS	<u>429,441</u>	<u>34,470</u>	<u>4,592</u>	<u>559</u>	<u>17,652</u>	<u>79,616</u>	<u>30,322</u>	<u>4,250</u>	<u>50,681</u>	<u>4,353</u>	<u>23</u>	<u>11,326</u>	<u>2,124</u>	<u>669,409</u>
GROSS PROFIT	<u>117,647</u>	<u>28,893</u>	<u>4,877</u>	<u>292</u>	<u>19,418</u>	<u>43,730</u>	<u>24,469</u>	<u>1,590</u>	<u>19,538</u>	<u>1,962</u>	<u>17</u>	<u>2,601</u>	<u>(2,124)</u>	<u>262,910</u>

(% OF SALES)

PROFIT MARGIN

	<u>INSTANT</u>	<u>POWERBALL</u>	<u>KY CASH BALL</u>	<u>KY QUICK BUCKS</u>	<u>PICK 4</u>	<u>PICK 3</u>	<u>MEGA MILLIONS</u>	<u>5 CARD CASH</u>	<u>KENO</u>	<u>LFL</u>	<u>Win Place Show</u>	<u>ILOTTERY INSTANT PLAY</u>	<u>NON-GAME SPECIFIC</u>	<u>TOTAL</u>
TOTAL SALES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%
DIRECT COSTS:														
TOTAL PRIZES WON	70.8%	49.5%	42.5%	58.6%	41.8%	58.0%	50.2%	64.8%	65.0%	63.9%	47.5%	76.5%	0.0%	64.6%
UNCLAIMED PRIZE CREDIT	-0.5%	-1.9%	-1.1%	0.0%	-1.1%	-0.6%	-1.6%	-1.1%	-0.5%	-2.0%	0.0%	0.0%	0.0%	-0.8%
PAYMENTS TO RETAILERS	6.4%	5.1%	5.2%	5.5%	5.4%	5.6%	5.0%	7.1%	5.6%	5.2%	7.5%	0.0%	0.0%	6.0%
ONLINE VENDOR EXPENSE	0.4%	1.7%	1.9%	1.5%	1.6%	1.6%	1.7%	2.0%	2.0%	1.9%	2.5%	4.8%	0.0%	1.2%
TICKET COSTS	<u>1.3%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.8%</u>
TOTAL DIRECT COSTS	<u>78.4%</u>	<u>54.4%</u>	<u>48.5%</u>	<u>65.6%</u>	<u>47.7%</u>	<u>64.6%</u>	<u>55.3%</u>	<u>72.8%</u>	<u>72.1%</u>	<u>69.0%</u>	<u>57.5%</u>	<u>81.3%</u>	<u>0.0%</u>	<u>71.8%</u>
GROSS PROFIT	<u>21.6%</u>	<u>45.6%</u>	<u>51.5%</u>	<u>34.4%</u>	<u>52.3%</u>	<u>35.4%</u>	<u>44.7%</u>	<u>27.2%</u>	<u>27.9%</u>	<u>31.0%</u>	<u>42.5%</u>	<u>18.7%</u>	<u>0.0%</u>	<u>28.2%</u>

KENTUCKY LOTTERY CORPORATION
ADVERTISING AND PROMOTION EXPENSES

MONTH ENDING APRIL 30, 2019
(\$000'S)

TYPE OF COST	INSTANT	POWERBALL	KY CASH BALL	Quick Bucks	PICK 4	PICK 3	MEGA MILLIONS	5 CARD CASH	KENO	LFL	iLottery Instant Play	NON-GAME SPECIFIC	TOTAL
MEDIA:													
TELEVISION	178	0	0	6	(1)	0	0	0	65	0	0	7	255
RADIO	117	1	0	0	0	0	0	0	(2)	0	0	9	125
PRINT	0	0	0	0	0	0	0	0	0	0	0	0	0
BILLBOARD	48	25	0	0	0	0	26	0	0	0	0	0	99
ONLINE	94	(32)	0	24	1	(1)	(32)	(1)	23	0	57	2	136
OTHER (TRANSIT, ETC.)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDIA	437	(6)	0	30	(1)	(1)	(6)	(1)	86	0	57	18	615
PRODUCTION	7	(1)	0	0	0	0	0	0	0	0	0	59	65
COUPONS & PROMOTIONS	6	0	0	0	0	0	0	0	0	0	3	71	80
SPECIAL EVENT/GAME SHOW	0	0	0	0	0	0	0	0	0	0	0	3	3
PREMIUMS	0	0	0	0	0	0	0	0	0	0	0	9	9
AGENCY FEES	0	0	0	0	0	0	0	0	0	0	0	43	43
OTHER (SIGNAGE, ETC.)	0	0	0	0	0	0	0	0	0	0	(67)	68	1
TOTAL	450	(7)	0	30	(1)	(1)	(6)	(1)	86	0	(7)	271	816

YEAR-TO-DATE AS OF APRIL 30, 2019
(\$000'S)

TYPE OF COST	INSTANT	POWERBALL	KY CASH BALL	Quick Bucks	PICK 4	PICK 3	MEGA MILLIONS	5 CARD CASH	KENO	LFL	iLottery Instant Play	NON-GAME SPECIFIC	TOTAL
MEDIA:													
TELEVISION	2,313	0	0	301	72	73	0	54	357	0	0	88	3,258
RADIO	1,211	5	0	0	0	0	4	0	295	0	0	40	1,555
PRINT	2	0	0	0	0	0	0	0	0	0	0	22	24
BILLBOARD	229	257	0	0	0	0	257	3	0	0	0	3	749
ONLINE	809	(15)	0	55	3	3	(15)	1	59	0	496	143	1,538
OTHER (TRANSIT, ETC.)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDIA	4,564	247	0	356	75	76	246	58	711	0	496	296	7,124
PRODUCTION	156	9	0	32	0	(3)	12	0	107	0	2	576	891
COUPONS & PROMOTIONS	14	0	0	0	0	0	0	0	0	0	5	612	631
SPECIAL EVENT/GAME SHOW	0	0	0	0	0	0	0	0	0	0	0	97	97
PREMIUMS	0	0	0	0	0	0	0	0	8	0	0	175	183
AGENCY FEES	7	0	0	0	0	0	0	0	0	0	0	433	440
OTHER (SIGNAGE, ETC.)	0	0	0	0	0	0	0	0	0	0	0	157	157
TOTAL	4,741	256	0	388	75	73	258	58	826	0	503	2,346	9,523

KENTUCKY LOTTERY CORPORATION
 OPERATING EXPENSES
 APRIL 30, 2019
 (\$000'S)

	<u>MONTH</u>	<u>YEAR-TO-DATE</u>
ADVERTISING & PROMOTION	\$816	\$9,523
 <u>SALARIES, WAGES & BENEFITS:</u>		
SALARIES AND WAGES	954	9,234
BENEFITS AND TAXES	252	2,635
	1,206	11,869
 <u>CONTRACTED & PROFESSIONAL SERVICES:</u>		
ON-LINE DRAWING EXPENSES	10	41
CONSULTANT SERVICES	54	595
SECURITY SERVICES	17	143
REPAIRS AND MAINTENANCE	7	108
CUSTODIAL SERVICES	0	33
PUBLIC INFORMATION SERVICES	2	35
DIRECTOR EXPENSES	3	30
COMPUTER SOFTWARE COST/MAINT.	56	435
COMPUTER HARDWARE COST/MAINT.	4	77
LEGAL SERVICES	4	65
AUDIT EXPENSES	28	239
OTHER	28	228
	213	2,029
 <u>DEPRECIATION:</u>		
DEPRECIATION EXPENSE	101	1,010
 <u>OTHER GENERAL & ADMINISTRATIVE:</u>		
COMMUNICATIONS/TELEPHONE SERVICES	12	128
OFFICE SUPPLIES & SERVICES	16	162
TRAVEL AND RELATED EXPENSES	30	398
RENT, UTILITIES AND INSURANCE	66	694
A/R COLLECTIONS ALLOWANCE	5	116
OTHER	7	82
	136	1,580
 TOTAL OPERATING EXPENSES	 \$2,472	 \$26,011
 <u>NON-OPERATING INCOME:</u>		
INTEREST EXPENSE	0	0
INTEREST INCOME	39	288
OTHER INCOME/(LOSS)	15	242
	\$54	\$530

KENTUCKY LOTTERY CORPORATION
PROPERTY AND EQUIPMENT
APRIL 30, 2019
(\$000'S)

	<u>CURRENT MONTH END</u>	<u>PRIOR MONTH END</u>	<u>PRIOR FISCAL YEAR END</u>
LEASEHOLD IMPROVEMENTS	\$45	\$45	\$45
BUILDINGS	8,178	8,178	8,079
LAND	423	423	423
TRANSPORTATION	1,223	1,223	1,264
FURNITURE, FIXTURES & EQUIPMENT	1,150	1,150	1,138
DATA PROCESSING EQUIPMENT & SOFTWARE	5,721	5,721	4,379
INCOMPLETE FIXED ASSETS	2	0	572
TELEPHONE & COMMUNICATIONS EQUIPMENT	24	24	6
DRAWING EQUIPMENT	<u>626</u>	<u>626</u>	<u>560</u>
PROPERTY AND EQUIPMENT, GROSS	17,392	17,390	16,466
ACCUMULATED DEPRECIATION	<u>(11,698)</u>	<u>(11,598)</u>	<u>(11,025)</u>
PROPERTY AND EQUIPMENT, NET	<u>\$5,694</u>	<u>\$5,792</u>	<u>\$5,441</u>