

KENTUCKY LOTTERY CORPORATION
FINANCIAL STATEMENTS
FEBRUARY 2019
MONTH 8 OF FISCAL YEAR ENDING JUNE 30, 2019

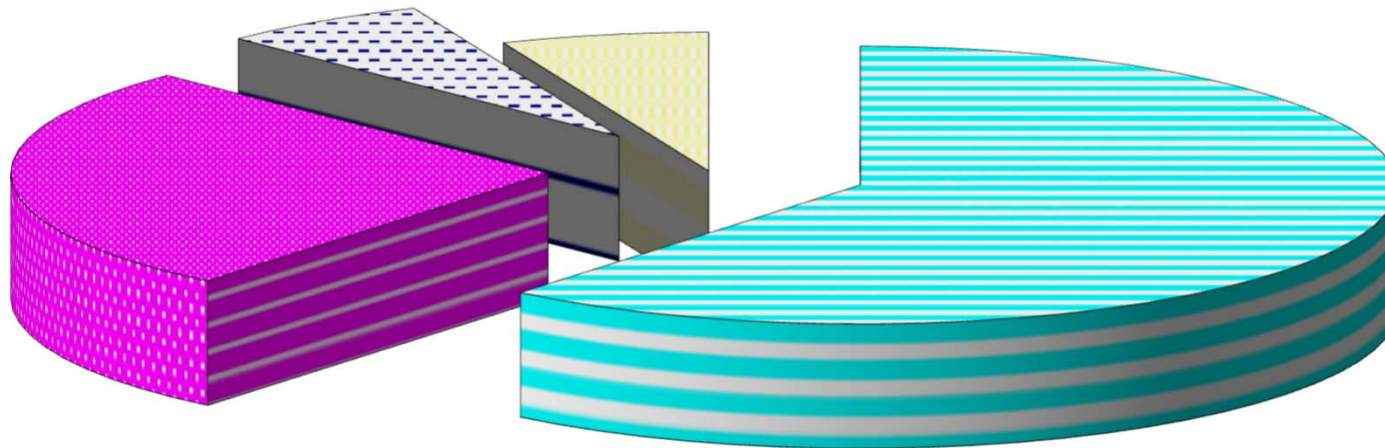
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**KENTUCKY LOTTERY CORPORATION
"WHERE THE MONEY GOES"
INCEPTION-TO-DATE SALES AS OF FEBRUARY 28, 2019
\$20.149 BILLION**

**\$1.271
BILLION PAID FOR
MARKETING & OPERATING
EXP - 6.3%**

\$1.260 BILLION PAID TO RETAILERS - 6.3%



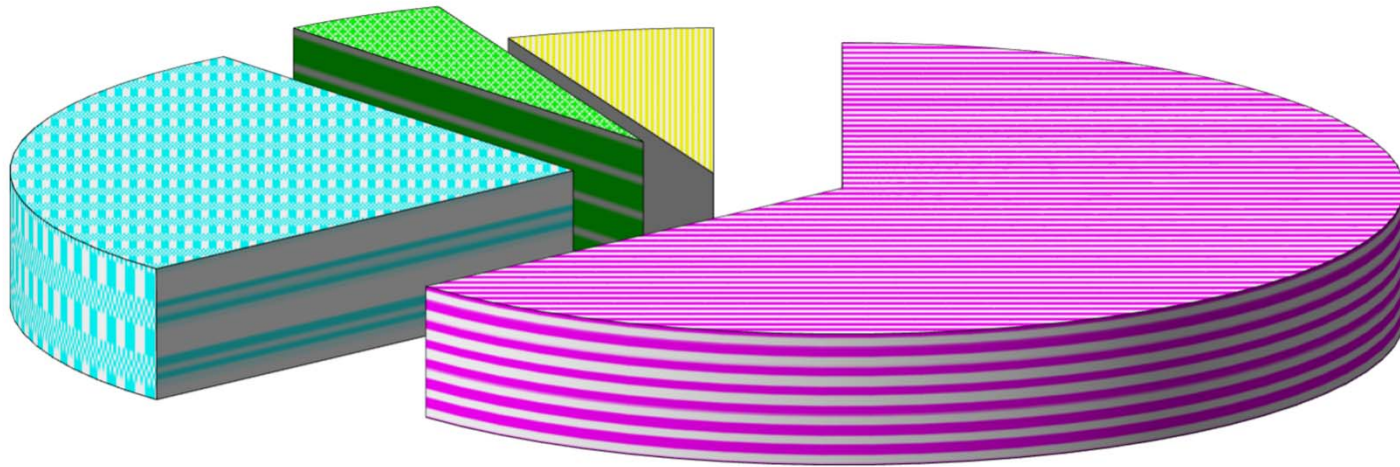
**\$5.348 BILLION
EARNED FOR THE
STATE OF KENTUCKY
- 26.5%**

**\$12.270 BILLION PAID
TO WINNERS - 60.9%**

**KENTUCKY LOTTERY CORPORATION
"WHERE THE MONEY GOES"
YEAR-TO-DATE SALES AS OF FEBRUARY 28, 2019
\$721.9 MILLION**

**\$34.3 MILLION PAID FOR
MARKETING & OPERATING
EXP - 4.7%**

\$42.9 MILLION PAID TO RETAILERS - 6.0%



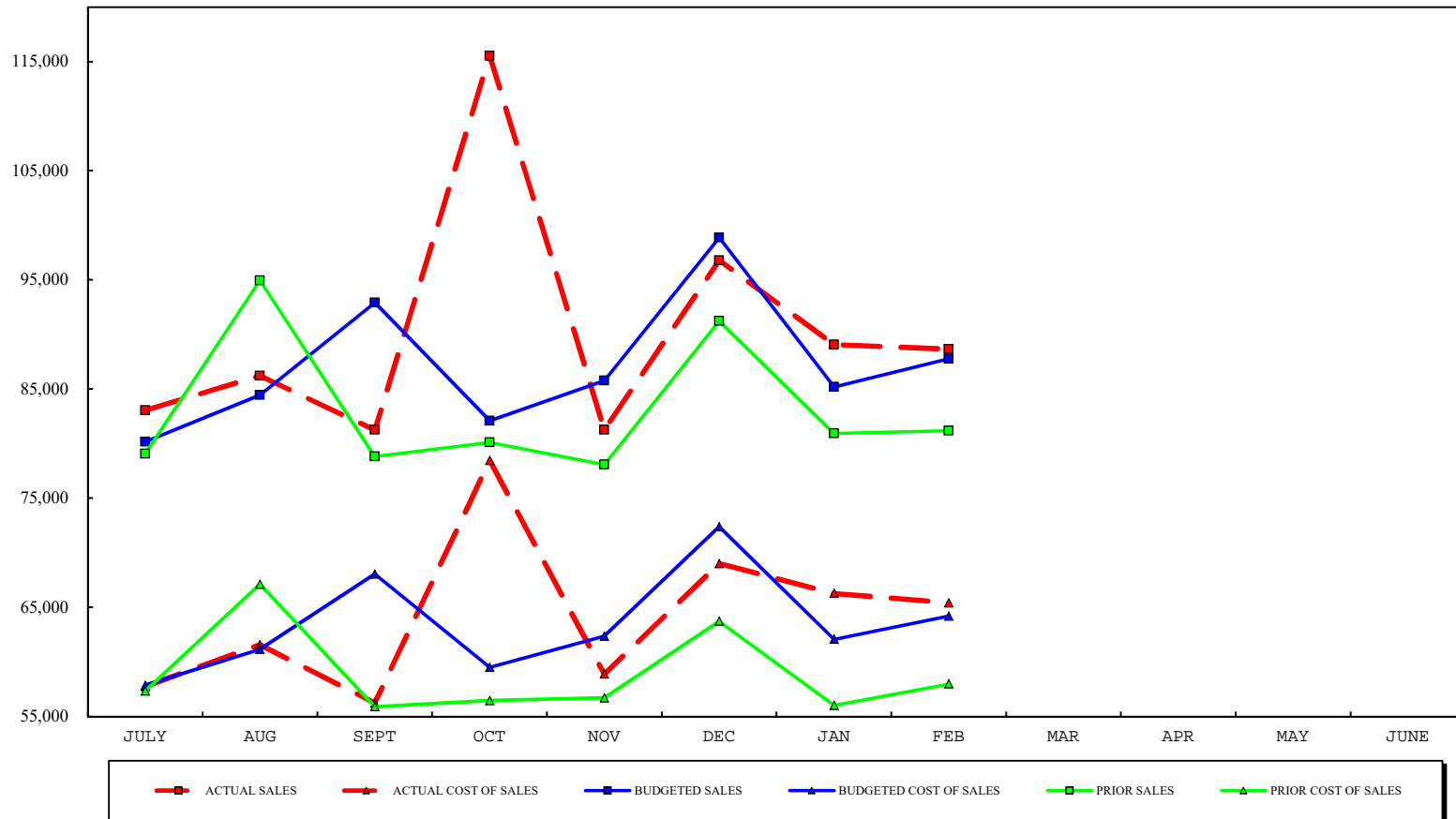
**\$188.3 MILLION
EARNED FOR THE
STATE OF
KENTUCKY - 26.1%**

**\$456.4 MILLION PAID
TO WINNERS - 63.2%**

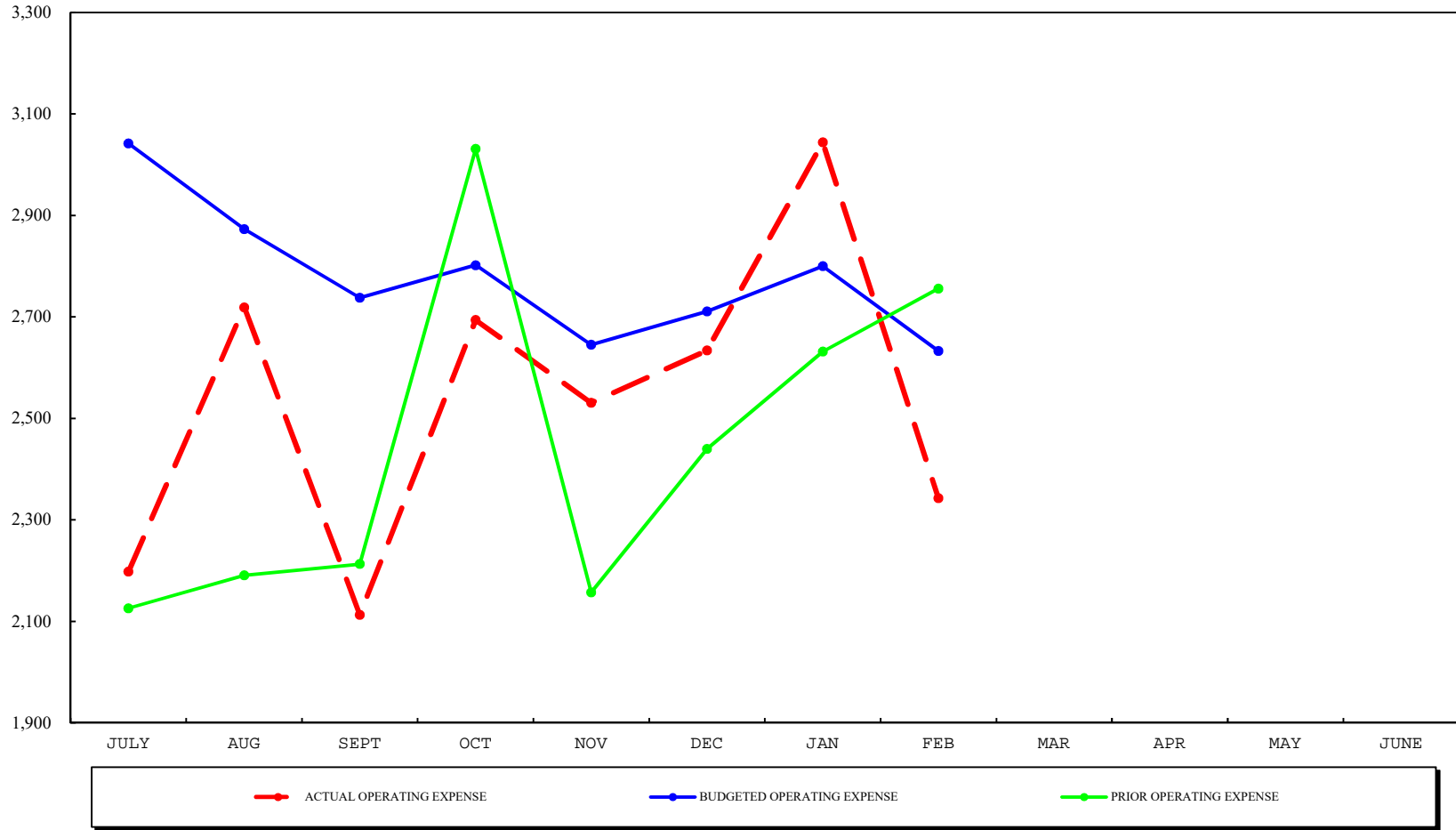
AMOUNTS ARE SHOWN AS A PERCENTAGE OF SALES.

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 FEBRUARY 28, 2019



OPERATING EXPENSE BY MONTH
AS OF FEBRUARY 28, 2019



KENTUCKY LOTTERY CORPORATION

FINANCIAL RESULTS

FEBRUARY 2019

INCOME STATEMENT

Ticket sales for February 2019 were \$88.7 million which is \$7.0 million or 8.6% more than the same month of the prior fiscal year. Sales for the year were \$722.0 million which is \$51.1 million or 7.6% more than in the prior fiscal year. Instant ticket sales were \$6.6 million or 13.7% more than the same month of the prior fiscal year, and \$32.3 million or 8.3% more than the prior fiscal year. Draw game sales were \$53,000 or 0.2% less than the same month of the prior year, and \$15.4 million or 5.5% more than prior fiscal year. iLottery instant play sales were \$453,000 or 45.9% more than the same month of the prior year, and \$3.4 million or 53.3% more than prior fiscal year.

Ticket sales for the month of February were \$598,000 or 0.7% more than budget. Ticket sales for the fiscal year were \$22.2 million or 3.2% more than budget. Instant ticket sales were \$2.9 million or 5.6% more than budget for the current month, and \$12.2 million or 3.0% more than budget for the fiscal year. Draw game sales were \$2.3 million or 6.8% less than budget for the month, and \$9.3 million or 3.3% more than budget for the fiscal year. iLottery instant play sales were \$40,000 or 2.9% more than budget for the month, and \$738,000 or 8.1% more than budget for the fiscal year.

Prize expenses for February 2019 were 65.7% of total sales, compared to 63.5% in the same month last year and 65.0% budgeted. Combined prize expense for the year was 63.2%, compared to 63.0% last fiscal year and 64.7% budgeted. Instant prize expense for the month was 71.4%, draw game prize expense was 55.8%, and iLottery instant play prize expense was 71.8%. Instant prize expense for the fiscal year was 69.9%, draw game prize expense was 53.4%, and iLottery instant play prize expense was 71.9%.

Operating costs were \$2.3 million for February, compared to \$2.6 million budgeted and \$2.8 million for the same month last year. These costs included advertising and promotions of \$780,000, salaries & benefits of \$1.1 million, contracted and professional services of \$197,000, depreciation expense of \$103,000, and other general and administrative costs of \$153,000. Operating costs for the year were \$20.3 million, compared to \$22.2 million budgeted and \$19.5 million in the prior fiscal year.

Income before transfer of dividends for the current month was \$21.0 million, compared to \$20.5 million for the same month in the prior year and \$21.0 million budgeted. Income before transfer of dividends for the fiscal year was \$188.3 million, compared to \$173.9 million in the prior year and \$167.7 million budgeted.

Dividends of \$20.0 million were transferred to the Commonwealth in February for a total of \$159.0 million for the fiscal year. Additional dividends of \$240,000 were accrued in February for transfer to the KEES Reserve for a total of \$5.6 million for the fiscal year. Transfers to the KEES Reserve will be made quarterly during the fiscal year. All dividends were 22.8% of sales for the month. All dividends were 22.8% of sales for the fiscal year compared to 24.5% of sales in the prior year and 23.7% budgeted.

BALANCE SHEET

Cash balance decreased to \$29.6 million, which included \$2.8 million restricted for annuity prize payments. Total investments held to pay grand prizes increased to \$10.1 million. Accounts Receivable increased to \$41.0 million. Total assets decreased to \$93.4 million.

KENTUCKY LOTTERY CORPORATION
BALANCE SHEETS
FEBRUARY 28, 2019
(\$000's)

	<u>CURRENT MONTH END</u>	<u>PRIOR MONTH END</u>	<u>PRIOR FISCAL YEAR END</u>
ASSETS:			
CURRENT ASSETS:			
CASH - UNRESTRICTED	\$26,824	\$30,589	\$17,682
CASH - RESTRICTED	2,756	2,756	2,600
INVESTMENTS, CURRENT PORTION	1,594	1,594	1,859
ACCOUNTS RECEIVABLE, NET	40,963	37,201	31,628
OTHER	804	840	1,060
TOTAL CURRENT ASSETS	<u>72,941</u>	<u>72,980</u>	<u>54,829</u>
INVESTMENTS, LESS CURRENT PORTION	8,466	8,422	8,903
PROPERTY AND EQUIPMENT, NET	5,894	5,968	5,441
DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	6,144	6,138	5,182
TOTAL ASSETS	<u>\$93,445</u>	<u>\$93,508</u>	<u>\$74,355</u>
LIABILITIES AND EQUITY:			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$7,123	\$8,184	\$13,248
ESTIMATED PRIZE LIABILITY, CURRENT PORTION	32,957	32,716	30,986
TOTAL CURRENT LIABILITIES	<u>40,080</u>	<u>40,900</u>	<u>44,234</u>
ESTIMATED PRIZE LIABILITY - LESS CURRENT PORTION	11,332	11,286	11,866
UNFUNDED GRAND PRIZE LIABILITY	1,109	1,109	1,116
TOTAL LIABILITIES	<u>52,521</u>	<u>53,295</u>	<u>57,216</u>
CONTRIBUTED CAPITAL	100	100	100
RETAINED EARNINGS	40,824	40,113	17,039
TOTAL EQUITY	<u>40,924</u>	<u>40,213</u>	<u>17,139</u>
TOTAL LIABILITIES AND EQUITY	<u>\$93,445</u>	<u>\$93,508</u>	<u>\$74,355</u>

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO PRIOR YEAR
FEBRUARY 28, 2019
(\$000'S)

MONTH OF FEBRUARY:	VARIANCE			
	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT BETTER/ (WORSE) THAN PRIOR	
SALES:				
INSTANT TICKETS	\$54,903	\$48,277	\$6,626	13.7%
DRAW GAMES	32,317	32,370	(\$53)	-0.2%
ILOTTERY INSTANT PLAY	1,441	988	453	45.9%
TICKET SALES	88,661	81,635	7,026	8.6%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(1)	(454)	453	-99.8%
TOTAL TICKET SALES	88,660	81,181	7,479	9.2%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	39,221	32,812	(6,409)	-19.5%
DRAW GAMES	18,028	17,837	(191)	-1.1%
ILOTTERY INSTANT PLAY	1,034	880	(154)	-17.5%
TOTAL PRIZES	58,283	51,529	(6,754)	-13.1%
PAYMENTS TO RETAILERS	5,345	4,863	(482)	-9.9%
DRAW GAMES VENDOR EXPENSE	1,046	865	(181)	-20.9%
INSTANT TICKET COSTS	739	732	(7)	-1.0%
TOTAL DIRECT COSTS	65,413	57,989	(7,424)	-12.8%
GROSS PROFIT	23,247	23,192	55	0.2%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	780	1,242	462	37.2%
SALARIES, WAGES & BENEFITS	1,110	1,125	15	1.3%
CONTRACTED & PROFESSIONAL SERVICES	197	149	(48)	-32.2%
DEPRECIATION	103	99	(4)	-4.0%
OTHER GENERAL & ADMINISTRATIVE	153	141	(12)	-8.5%
TOTAL OPERATING EXPENSES	2,343	2,756	413	15.0%
OPERATING INCOME	20,904	20,436	468	2.3%
NON-OPERATING INCOME	47	37	10	27.0%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$20,951	\$20,473	\$478	2.3%

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO PRIOR YEAR
YEAR-TO-DATE THROUGH FEBRUARY 28, 2019
(\$000'S)

EIGHT MONTHS YEAR TO DATE:	VARIANCE			
	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT BETTER/ (WORSE) THAN PRIOR	
SALES:				
INSTANT TICKETS	\$419,548	\$387,232	\$32,316	8.3%
DRAW GAMES	292,652	277,277	\$15,375	5.5%
ILOTTERY INSTANT PLAY	9,797	6,389	3,408	53.3%
TICKET SALES	721,997	670,898	51,099	7.6%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(110)	(6,464)	6,354	-98.3%
TOTAL TICKET SALES	721,887	664,434	57,453	8.6%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	293,116	262,452	(30,664)	-11.7%
DRAW GAMES	156,257	151,196	(5,061)	-3.3%
ILOTTERY INSTANT PLAY	7,043	5,135	(1,908)	-37.2%
TOTAL PRIZES	456,416	418,783	(37,633)	-9.0%
PAYMENTS TO RETAILERS	42,916	39,751	(3,165)	-8.0%
DRAW GAMES VENDOR EXPENSE	8,932	7,131	(1,801)	-25.3%
INSTANT TICKET COSTS	5,412	5,648	236	4.2%
TOTAL DIRECT COSTS	513,676	471,313	(42,363)	-9.0%
GROSS PROFIT	208,211	193,121	15,090	7.8%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	7,082	6,055	(1,027)	-17.0%
SALARIES, WAGES & BENEFITS	9,481	9,932	451	4.5%
CONTRACTED & PROFESSIONAL SERVICES	1,614	1,583	(31)	-2.0%
DEPRECIATION	807	793	(14)	-1.8%
OTHER GENERAL & ADMINISTRATIVE	1,292	1,183	(109)	-9.2%
TOTAL OPERATING EXPENSES	20,276	19,546	(730)	-3.7%
OPERATING INCOME	187,935	173,575	14,360	8.3%
NON-OPERATING INCOME	409	297	112	37.7%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$188,344	\$173,872	\$14,472	8.3%

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO BUDGET
FEBRUARY 28, 2019
(\$000'S)

MONTH OF FEBRUARY:	VARIANCE			
	ACTUAL	BUDGET	ACTUAL BETTER/ (WORSE) THAN BUDGET	
SALES:				
INSTANT TICKETS	54,903	\$52,005	\$2,898	5.6%
DRAW GAMES	32,317	34,657	(2,340)	-6.8%
ILOTTERY INSTANT PLAY	1,441	1,401	40	2.9%
TICKET SALES	88,661	88,063	598	0.7%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(1)	(286)	285	-99.7%
TOTAL TICKET SALES	88,660	87,777	883	1.0%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	39,221	36,326	(2,895)	-8.0%
DRAW GAMES	18,028	19,648	1,620	8.2%
ILOTTERY INSTANT PLAY	1,034	1,107	73	6.6%
TOTAL PRIZES	58,283	57,081	(1,202)	-2.1%
PAYMENTS TO RETAILERS	5,345	5,354	9	0.2%
DRAW GAMES VENDOR EXPENSE	1,046	1,070	24	2.2%
INSTANT TICKET COSTS	739	704	(35)	-5.0%
TOTAL DIRECT COSTS	65,413	64,209	(1,204)	-1.9%
GROSS PROFIT	23,247	23,568	(321)	-1.4%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	780	967	187	19.3%
SALARIES, WAGES & BENEFITS	1,110	1,159	49	4.2%
CONTRACTED & PROFESSIONAL SERVICES	197	248	51	20.6%
DEPRECIATION	103	104	1	1.0%
OTHER GENERAL & ADMINISTRATIVE	153	155	2	1.3%
TOTAL OPERATING EXPENSES	2,343	2,633	290	11.0%
OPERATING INCOME	20,904	20,935	(31)	-0.1%
NON-OPERATING INCOME	47	39	8	20.5%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$20,951	\$20,974	(\$23)	-0.1%

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO BUDGET
YEAR-TO-DATE THROUGH FEBRUARY 28, 2019
(\$000'S)

EIGHT MONTHS YEAR TO DATE:	VARIANCE			
	ACTUAL	BUDGET	ACTUAL BETTER/ (WORSE) THAN BUDGET	
SALES:				
INSTANT TICKETS	419,548	\$407,370	\$12,178	3.0%
DRAW GAMES	292,652	283,330	9,322	3.3%
ILOTTERY INSTANT PLAY	9,797	9,059	738	8.1%
TICKET SALES	721,997	699,759	22,238	3.2%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(110)	(2,469)	2,359	-95.5%
TOTAL TICKET SALES	721,887	697,290	24,597	3.5%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	293,116	284,242	(8,874)	-3.1%
DRAW GAMES	156,257	159,816	3,559	2.2%
ILOTTERY INSTANT PLAY	7,043	7,157	114	1.6%
TOTAL PRIZES	456,416	451,215	(5,201)	-1.2%
PAYMENTS TO RETAILERS	42,916	42,673	(243)	-0.6%
DRAW GAMES VENDOR EXPENSE	8,932	8,412	(520)	-6.2%
INSTANT TICKET COSTS	5,412	5,366	(46)	-0.9%
TOTAL DIRECT COSTS	513,676	507,666	(6,010)	-1.2%
GROSS PROFIT	208,211	189,624	18,587	9.8%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	7,082	7,982	900	11.3%
SALARIES, WAGES & BENEFITS	9,481	9,910	429	4.3%
CONTRACTED & PROFESSIONAL SERVICES	1,614	2,036	422	20.7%
DEPRECIATION	807	834	27	3.2%
OTHER GENERAL & ADMINISTRATIVE	1,292	1,482	190	12.8%
TOTAL OPERATING EXPENSES	20,276	22,244	1,968	8.8%
OPERATING INCOME	187,935	167,380	20,555	12.3%
NON-OPERATING INCOME	409	311	98	31.5%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$188,344	\$167,691	\$20,653	12.3%

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - PERCENTAGE OF TOTAL SALES
FEBRUARY 28, 2019
(\$000'S)

MONTH OF FEBRUARY:	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT YEAR BUDGET
SALES:			
INSTANT TICKETS	61.9%	59.5%	59.2%
DRAW GAMES	36.5%	39.9%	39.5%
ILOTTERY INSTANT PLAY	1.6%	1.2%	1.6%
TICKET SALES	100.0%	100.6%	100.3%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	0.0%	-0.6%	-0.3%
TOTAL TICKET SALES	100.0%	100.0%	100.0%
DIRECT COSTS:			
PRIZES:			
INSTANT TICKETS	44.2%	40.4%	41.4%
DRAW GAMES	20.3%	22.0%	22.3%
ILOTTERY INSTANT PLAY	1.2%	1.1%	1.3%
TOTAL PRIZES	65.7%	63.5%	65.0%
PAYMENTS TO RETAILERS	6.0%	6.0%	6.1%
DRAW GAME VENDOR EXPENSE	1.2%	1.1%	1.3%
INSTANT TICKET COSTS	0.9%	0.8%	0.8%
TOTAL DIRECT COSTS	73.8%	71.4%	73.2%
GROSS PROFIT	26.2%	28.6%	26.8%
OPERATING EXPENSES:			
ADVERTISING AND PROMOTION	0.9%	1.5%	1.1%
SALARIES, WAGES & BENEFITS	1.2%	1.4%	1.3%
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	2.6%	3.4%	3.0%
OPERATING INCOME	23.6%	25.2%	23.8%
NON-OPERATING INCOME	0.0%	0.0%	0.1%
INCOME BEFORE TRANSFER OF DIVIDENDS	23.6%	25.2%	23.9%

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF INCOME - PERCENTAGE OF TOTAL SALES
 YEAR-TO-DATE THROUGH FEBRUARY 28, 2019
 (\$000'S)

EIGHT MONTHS YEAR TO DATE:

	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT YEAR BUDGET
SALES:			
INSTANT TICKETS	58.1%	58.3%	58.4%
DRAW GAMES	40.5%	41.7%	40.6%
ILOTTERY INSTANT PLAY	1.4%	1.0%	1.3%
TICKET SALES	100.0%	101.0%	100.3%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	0.0%	-1.0%	-0.3%
TOTAL TICKET SALES	100.0%	100.0%	100.0%
DIRECT COSTS:			
PRIZES:			
INSTANT TICKETS	40.6%	39.5%	40.8%
DRAW GAMES	21.6%	22.7%	22.9%
ILOTTERY INSTANT PLAY	1.0%	0.8%	1.0%
TOTAL PRIZES	63.2%	63.0%	64.7%
PAYMENTS TO RETAILERS	6.0%	6.0%	6.1%
DRAW GAME VENDOR EXPENSE	1.3%	1.0%	1.2%
INSTANT TICKET COSTS	0.7%	0.9%	0.8%
TOTAL DIRECT COSTS	71.2%	70.9%	72.8%
GROSS PROFIT	28.8%	29.1%	27.2%
OPERATING EXPENSES:			
ADVERTISING AND PROMOTION	1.0%	0.9%	1.2%
SALARIES, WAGES & BENEFITS	1.3%	1.5%	1.4%
CONTRACTED & PROFESSIONAL SERVICES	0.2%	0.3%	0.3%
DEPRECIATION	0.1%	0.1%	0.1%
OTHER GENERAL & ADMINISTRATIVE	0.2%	0.2%	0.2%
TOTAL OPERATING EXPENSES	2.8%	3.0%	3.2%
OPERATING INCOME	26.0%	26.1%	24.0%
NON-OPERATING INCOME	0.1%	0.1%	0.1%
INCOME BEFORE TRANSFER OF DIVIDENDS	26.1%	26.2%	24.1%

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF RETAINED EARNINGS
 FEBRUARY 28, 2019
 (\$000'S)

	<u>CURRENT YEAR</u>		<u>PRIOR YEAR</u>	
	MONTH	YEAR-TO- DATE	MONTH	YEAR-TO- DATE
RETAINED EARNINGS- BEGINNING OF PERIOD	\$40,113	\$17,039	\$29,296	\$17,039
INCOME BEFORE TRANSFER	20,951	188,344	20,473	173,872
DIVIDENDS - GENERAL FUND & EDUCATION	(20,000)	(159,000)	(20,000)	(156,000)
DIVIDENDS - KEES RESERVE	(240)	(5,559)	(1,506)	(6,648)
RETAINED EARNINGS- END OF PERIOD	\$40,824	\$40,824	\$28,263	\$28,263

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

	MONTH	YEAR-TO-DATE
CASH FLOWS FROM OPERATING ACTIVITIES:		
OPERATING INCOME	\$20,904	\$187,935
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
DEPRECIATION	103	807
PROVISION FOR LOSSES ON ACCOUNTS RECEIVABLE	15	95
INCREASE (DECREASE) IN CASH DUE TO CHANGES IN:		
ACCOUNTS RECEIVABLE	(3,777)	(9,430)
OTHER ASSETS	36	256
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	(1,061)	(6,125)
ESTIMATED PRIZE LIABILITY	287	1,430
NET CASH PROVIDED BY OPERATING ACTIVITIES	16,507	174,968
CASH FLOWS FROM INVESTING ACTIVITIES:		
PROCEEDS FROM MATURITIES OR SALE OF INVESTMENTS	0	1,089
PURCHASE OF INVESTMENTS	0	0
CHANGE IN INVESTMENTS	(44)	(387)
DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	(6)	(962)
INTEREST INCOME	31	214
SECURITY LENDING FEES	1	4
NET CASH PROVIDED BY INVESTING ACTIVITIES	(18)	(42)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
DIVIDENDS TRANSFERRED/PAYABLE	(20,240)	(164,559)
RETAILER APPLICATION AND OTHER NON-OPERATING FEES	12	102
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(20,228)	(164,457)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
PURCHASES OF PROPERTY AND EQUIPMENT	(29)	(1,260)
PROCEEDS FROM DISPOSAL OF PROPERTY AND EQUIPMENT	3	89
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	(26)	(1,171)
NET INCREASE (DECREASE) IN CASH	(3,765)	9,298
CASH, BEGINNING OF PERIOD	33,345	20,282
CASH, END OF PERIOD	\$29,580	\$29,580

KENTUCKY LOTTERY CORPORATION
 PROFIT MARGIN REPORT
 MONTH ENDING FEBRUARY 28, 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>ILOTTERY INSTANT PLAY</u>	<u>NON-GAME SPECIFIC</u>	<u>TOTAL</u>
SALES:													
SALES AT RETAIL	54,902	4,984	843	80	3,506	11,486	3,045	544	6,532	554	0	0	86,476
ILOTTERY	<u>0</u>	<u>132</u>	<u>50</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>95</u>	<u>0</u>	<u>426</u>	<u>40</u>	<u>1,441</u>	<u>0</u>	<u>2,184</u>
TOTAL SALES	<u>54,902</u>	<u>5,116</u>	<u>893</u>	<u>80</u>	<u>3,506</u>	<u>11,486</u>	<u>3,140</u>	<u>544</u>	<u>6,958</u>	<u>594</u>	<u>1,441</u>	<u>0</u>	<u>88,660</u>
DIRECT COSTS:													
PRIZES WON:													
PRIZES AT RETAIL	39,221	2,489	523	47	1,997	6,474	1,506	326	4,233	259	0	0	57,075
ILOTTERY	<u>0</u>	<u>52</u>	<u>18</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>63</u>	<u>0</u>	<u>263</u>	<u>18</u>	<u>1,034</u>	<u>0</u>	<u>1,448</u>
TOTAL PRIZES WON	<u>39,221</u>	<u>2,541</u>	<u>541</u>	<u>47</u>	<u>1,997</u>	<u>6,474</u>	<u>1,569</u>	<u>326</u>	<u>4,496</u>	<u>277</u>	<u>1,034</u>	<u>0</u>	<u>58,523</u>
UNCLAIMED PRIZE CREDIT	0	(56)	(9)	0	(35)	(66)	(26)	(7)	(30)	(11)	0	0	(240)
PAYMENTS TO RETAILERS	3,568	257	48	4	194	638	156	38	388	30	1	23	5,345
ONLINE VENDOR EXPENSE	239	86	17	1	54	177	55	11	143	12	68	183	1,046
TICKET COSTS	<u>739</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>739</u>
TOTAL DIRECT COSTS	<u>43,767</u>	<u>2,828</u>	<u>597</u>	<u>52</u>	<u>2,210</u>	<u>7,223</u>	<u>1,754</u>	<u>368</u>	<u>4,997</u>	<u>308</u>	<u>1,103</u>	<u>206</u>	<u>65,413</u>
GROSS PROFIT	<u>11,135</u>	<u>2,288</u>	<u>296</u>	<u>28</u>	<u>1,296</u>	<u>4,263</u>	<u>1,386</u>	<u>176</u>	<u>1,961</u>	<u>286</u>	<u>338</u>	<u>(206)</u>	<u>23,247</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>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%	0.0%	100.0%
DIRECT COSTS:													
TOTAL PRIZES WON	71.4%	49.7%	60.6%	58.8%	57.0%	56.4%	50.0%	59.9%	64.6%	46.6%	71.8%	0.0%	66.0%
UNCLAIMED PRIZE CREDIT	0.0%	-1.1%	-1.0%	0.0%	-1.0%	-0.6%	-0.8%	-1.3%	-0.4%	-1.9%	0.0%	0.0%	-0.3%
PAYMENTS TO RETAILERS	6.5%	5.0%	5.4%	5.0%	5.5%	5.6%	5.0%	7.0%	5.6%	5.1%	0.1%	0.0%	6.0%
ONLINE VENDOR EXPENSE	0.4%	1.7%	1.9%	1.3%	1.5%	1.5%	1.8%	2.0%	2.1%	2.0%	4.7%	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>0.9%</u>
TOTAL DIRECT COSTS	<u>79.6%</u>	<u>55.3%</u>	<u>66.9%</u>	<u>65.1%</u>	<u>63.0%</u>	<u>62.9%</u>	<u>56.0%</u>	<u>67.6%</u>	<u>71.9%</u>	<u>51.8%</u>	<u>76.6%</u>	<u>0.0%</u>	<u>73.8%</u>
GROSS PROFIT	<u>20.4%</u>	<u>44.7%</u>	<u>33.1%</u>	<u>34.9%</u>	<u>37.0%</u>	<u>37.1%</u>	<u>44.0%</u>	<u>32.4%</u>	<u>28.1%</u>	<u>48.2%</u>	<u>23.4%</u>	<u>0.0%</u>	<u>26.2%</u>

KENTUCKY LOTTERY CORPORATION
 PROFIT MARGIN REPORT
 YEAR TO DATE AS OF FEBRUARY 28, 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>ILOTTERY INSTANT PLAY</u>	<u>NON-GAME SPECIFIC</u>	<u>TOTAL</u>
SALES:													
SALES AT RETAIL	419,438	45,237	7,186	80	29,222	96,576	47,134	4,692	51,913	4,738	0	0	706,216
ILOTTERY	<u>0</u>	<u>1,085</u>	<u>395</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,274</u>	<u>0</u>	<u>2,813</u>	<u>307</u>	<u>9,797</u>	<u>0</u>	<u>15,671</u>
TOTAL SALES	<u>419,438</u>	<u>46,322</u>	<u>7,581</u>	<u>80</u>	<u>29,222</u>	<u>96,576</u>	<u>48,408</u>	<u>4,692</u>	<u>54,726</u>	<u>5,045</u>	<u>9,797</u>	<u>0</u>	<u>721,887</u>
DIRECT COSTS:													
PRIZES WON:													
PRIZES AT RETAIL	296,080	22,391	3,016	47	12,631	54,155	23,611	3,097	33,805	2,582	0	0	451,415
ILOTTERY	<u>0</u>	<u>537</u>	<u>360</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>638</u>	<u>0</u>	<u>1,815</u>	<u>167</u>	<u>7,043</u>	<u>0</u>	<u>10,560</u>
TOTAL PRIZES WON	<u>296,080</u>	<u>22,928</u>	<u>3,376</u>	<u>47</u>	<u>12,631</u>	<u>54,155</u>	<u>24,249</u>	<u>3,097</u>	<u>35,620</u>	<u>2,749</u>	<u>7,043</u>	<u>0</u>	<u>461,975</u>
UNCLAIMED PRIZE CREDIT	(2,964)	(738)	(80)	0	(329)	(602)	(421)	(51)	(274)	(100)	0	0	(5,559)
PAYMENTS TO RETAILERS	26,965	2,350	397	4	1,585	5,362	2,435	332	3,081	264	3	138	42,916
ONLINE VENDOR EXPENSE	1,834	789	144	1	450	1,487	834	93	1,097	94	466	1,643	8,932
TICKET COSTS	<u>5,412</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>5,412</u>
TOTAL DIRECT COSTS	<u>327,327</u>	<u>25,329</u>	<u>3,837</u>	<u>52</u>	<u>14,337</u>	<u>60,402</u>	<u>27,097</u>	<u>3,471</u>	<u>39,524</u>	<u>3,007</u>	<u>7,512</u>	<u>1,781</u>	<u>513,676</u>
GROSS PROFIT	<u>92,111</u>	<u>20,993</u>	<u>3,744</u>	<u>28</u>	<u>14,885</u>	<u>36,174</u>	<u>21,311</u>	<u>1,221</u>	<u>15,202</u>	<u>2,038</u>	<u>2,285</u>	<u>(1,781)</u>	<u>208,211</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>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%	0.0%	100.0%
DIRECT COSTS:													
TOTAL PRIZES WON	70.6%	49.5%	44.5%	58.8%	43.2%	56.1%	50.1%	66.0%	65.1%	54.5%	71.9%	0.0%	64.0%
UNCLAIMED PRIZE CREDIT	-0.7%	-1.6%	-1.1%	0.0%	-1.1%	-0.6%	-0.9%	-1.1%	-0.5%	-2.0%	0.0%	0.0%	-0.8%
PAYMENTS TO RETAILERS	6.4%	5.1%	5.2%	5.0%	5.4%	5.6%	5.0%	7.1%	5.6%	5.2%	0.0%	0.0%	6.0%
ONLINE VENDOR EXPENSE	0.4%	1.7%	1.9%	1.3%	1.5%	1.5%	1.7%	2.0%	2.0%	1.9%	4.8%	0.0%	1.3%
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>0.7%</u>
TOTAL DIRECT COSTS	<u>78.0%</u>	<u>54.7%</u>	<u>50.5%</u>	<u>65.1%</u>	<u>49.0%</u>	<u>62.6%</u>	<u>55.9%</u>	<u>74.0%</u>	<u>72.2%</u>	<u>59.6%</u>	<u>76.7%</u>	<u>0.0%</u>	<u>71.2%</u>
GROSS PROFIT	<u>22.0%</u>	<u>45.3%</u>	<u>49.5%</u>	<u>34.9%</u>	<u>51.0%</u>	<u>37.4%</u>	<u>44.1%</u>	<u>26.0%</u>	<u>27.8%</u>	<u>40.4%</u>	<u>23.3%</u>	<u>0.0%</u>	<u>28.8%</u>

KENTUCKY LOTTERY CORPORATION
ADVERTISING AND PROMOTION EXPENSES

MONTH ENDING FEBRUARY 28, 2019
(\$000'S)

TYPE OF COST	INSTANT	POWERBALL	KY CASH BALL	PICK 4	PICK 3	MEGA MILLIONS	5 CARD CASH	KENO	LFL	iLottery Instant Play	NON-GAME SPECIFIC	TOTAL
MEDIA:												
TELEVISION	107	0	0	0	0	0	0	162	0	(1)	7	275
RADIO	24	1	0	0	0	0	0	151	0	0	0	176
PRINT	0	0	0	0	0	0	0	0	0	0	5	5
BILLBOARD	7	25	0	0	0	25	0	0	0	0	0	57
ONLINE	94	2	7	0	0	9	0	0	0	51	5	168
OTHER (TRANSIT, ETC.)	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDIA	232	28	7	0	0	34	0	313	0	50	17	681
PRODUCTION	(45)	1	0	0	(1)	0	0	0	0	2	29	(14)
COUPONS & PROMOTIONS	0	(2)	0	0	0	0	0	0	0	0	41	39
SPECIAL EVENT/GAME SHOW	0	0	0	0	0	0	0	0	0	0	1	1
PREMIUMS	0	0	0	0	0	0	0	0	0	0	9	9
AGENCY FEES	7	0	0	0	0	0	0	0	0	0	35	42
OTHER (SIGNAGE, ETC.)	0	0	0	0	0	0	0	0	0	0	22	22
TOTAL	<u>194</u>	<u>27</u>	<u>7</u>	<u>0</u>	<u>(1)</u>	<u>34</u>	<u>0</u>	<u>313</u>	<u>0</u>	<u>52</u>	<u>154</u>	<u>780</u>

YEAR-TO-DATE AS OF FEBRUARY 28, 2019
(\$000'S)

TYPE OF COST	INSTANT	POWERBALL	KY CASH BALL	PICK 4	PICK 3	MEGA MILLIONS	5 CARD CASH	KENO	LFL	iLottery Instant Play	NON-GAME SPECIFIC	TOTAL
MEDIA:												
TELEVISION	1,525	0	0	73	74	0	54	252	0	0	74	2,052
RADIO	983	4	0	0	0	3	0	297	0	0	30	1,317
PRINT	2	0	0	0	0	0	0	0	0	0	22	24
BILLBOARD	173	206	0	0	0	206	3	0	0	0	3	591
ONLINE	715	0	7	2	3	7	1	36	0	389	52	1,212
OTHER (TRANSIT, ETC.)	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDIA	3,398	210	7	75	77	216	58	585	0	389	181	5,196
PRODUCTION	150	10	0	0	(3)	12	0	106	0	2	486	763
COUPONS & PROMOTIONS	2	0	0	0	0	0	0	0	0	2	418	422
SPECIAL EVENT/GAME SHOW	0	0	0	0	0	0	0	0	0	0	60	60
PREMIUMS	0	0	0	0	0	0	0	8	0	0	131	139
AGENCY FEES	7	0	0	0	0	0	0	0	0	0	347	354
OTHER (SIGNAGE, ETC.)	0	0	0	0	0	0	0	0	0	0	148	148
TOTAL	<u>3,557</u>	<u>220</u>	<u>7</u>	<u>75</u>	<u>74</u>	<u>228</u>	<u>58</u>	<u>699</u>	<u>0</u>	<u>393</u>	<u>1,771</u>	<u>7,082</u>

KENTUCKY LOTTERY CORPORATION
 OPERATING EXPENSES
 FEBRUARY 28, 2019
 (\$000'S)

	<u>MONTH</u>	<u>YEAR-TO-DATE</u>
ADVERTISING & PROMOTION	\$780	\$7,082
<u>SALARIES, WAGES & BENEFITS:</u>		
SALARIES AND WAGES	862	7,364
BENEFITS AND TAXES	248	2,117
	1,110	9,481
<u>CONTRACTED & PROFESSIONAL SERVICES:</u>		
ON-LINE DRAWING EXPENSES	18	29
CONSULTANT SERVICES	48	499
SECURITY SERVICES	21	109
REPAIRS AND MAINTENANCE	15	91
CUSTODIAL SERVICES	0	32
PUBLIC INFORMATION SERVICES	5	32
DIRECTOR EXPENSES	4	24
COMPUTER SOFTWARE COST/MAINT.	38	335
COMPUTER HARDWARE COST/MAINT.	(7)	61
LEGAL SERVICES	7	52
AUDIT EXPENSES	22	184
OTHER	26	166
	197	1,614
<u>DEPRECIATION:</u>		
DEPRECIATION EXPENSE	103	807
<u>OTHER GENERAL & ADMINISTRATIVE:</u>		
COMMUNICATIONS/TELEPHONE SERVICES	26	102
OFFICE SUPPLIES & SERVICES	14	119
TRAVEL AND RELATED EXPENSES	24	339
RENT, UTILITIES AND INSURANCE	70	560
A/R COLLECTIONS ALLOWANCE	10	95
OTHER	9	77
	153	1,292
TOTAL OPERATING EXPENSES	\$2,343	\$20,276
 <u>NON-OPERATING INCOME:</u>		
INTEREST EXPENSE	0	0
INTEREST INCOME	31	214
OTHER INCOME/(LOSS)	16	195
	\$47	\$409
TOTAL NON-OPERATING INCOME	\$47	\$409

KENTUCKY LOTTERY CORPORATION
PROPERTY AND EQUIPMENT
FEBRUARY 28, 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>
LEASEHOLD IMPROVEMENTS	\$45	\$45	\$45
BUILDINGS	8,178	8,178	8,079
LAND	423	423	423
TRANSPORTATION	1,314	1,314	1,264
FURNITURE, FIXTURES & EQUIPMENT	1,150	1,149	1,138
DATA PROCESSING EQUIPMENT & SOFTWARE	5,721	5,692	4,379
INCOMPLETE FIXED ASSETS	0	0	572
TELEPHONE & COMMUNICATIONS EQUIPMENT	24	24	6
DRAWING EQUIPMENT	<u>626</u>	<u>626</u>	<u>560</u>
PROPERTY AND EQUIPMENT, GROSS	17,481	17,451	16,466
ACCUMULATED DEPRECIATION	<u>(11,587)</u>	<u>(11,483)</u>	<u>(11,025)</u>
PROPERTY AND EQUIPMENT, NET	<u>\$5,894</u>	<u>\$5,968</u>	<u>\$5,441</u>