

KENTUCKY LOTTERY CORPORATION

FINANCIAL STATEMENTS

JUNE 2019

MONTH 12 OF FISCAL YEAR ENDING JUNE 30, 2019

CONTENTS

CHART - "WHERE THE MONEY GOES" (INCEPTION-TO-DATE)

CHART - "WHERE THE MONEY GOES" (YEAR-TO-DATE)

CHART - SALES AND DIRECT COSTS BY MONTH

CHART – OPERATING EXPENSE BY MONTH

FINANCIAL RESULTS

BALANCE SHEETS

STATEMENTS OF INCOME - COMPARISON TO PRIOR YEAR, BUDGET, AND PERCENTAGE
OF TOTAL SALES (MONTH AND YEAR-TO-DATE)

STATEMENTS OF RETAINED EARNINGS

STATEMENTS OF CASH FLOWS

PROFIT MARGIN REPORT – MONTH

PROFIT MARGIN REPORT - YEAR-TO-DATE

ADVERTISING AND PROMOTION EXPENSES

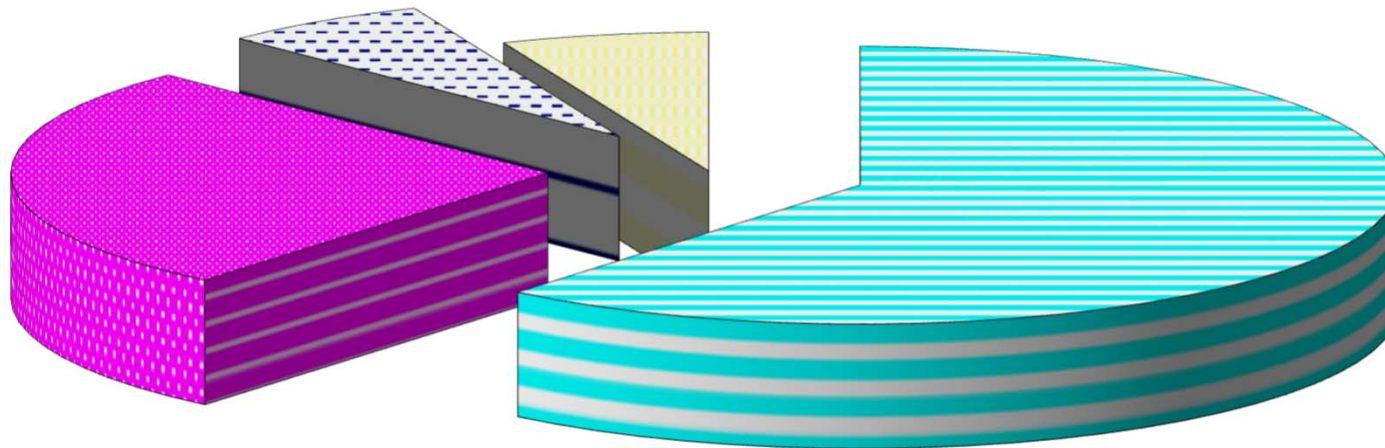
OPERATING EXPENSES

PROPERTY AND EQUIPMENT

**KENTUCKY LOTTERY CORPORATION
"WHERE THE MONEY GOES"
INCEPTION-TO-DATE SALES AS OF JUNE 30, 2019
\$20.557 BILLION**

**\$1.290
BILLION PAID FOR
MARKETING & OPERATING
EXP - 6.3%**

\$1.284 BILLION PAID TO RETAILERS - 6.2%



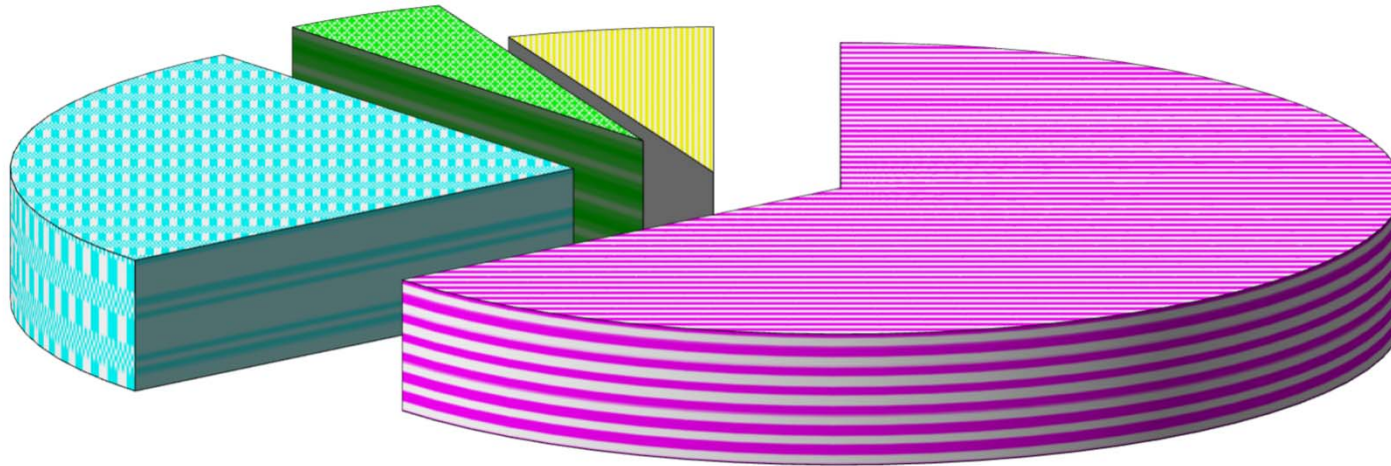
**\$5.444 BILLION
EARNED FOR THE
STATE OF KENTUCKY
- 26.5%**

**\$12.539 BILLION PAID
TO WINNERS - 61.0%**

**KENTUCKY LOTTERY CORPORATION
"WHERE THE MONEY GOES"
YEAR-TO-DATE SALES AS OF JUNE 30, 2019
\$1.1295 BILLION**

**\$54.1 MILLION PAID FOR
MARKETING & OPERATING
EXP - 4.8%**

\$67.0 MILLION PAID TO RETAILERS - 5.9%



**\$283.6 MILLION
EARNED FOR THE
STATE OF
KENTUCKY - 25.1%**

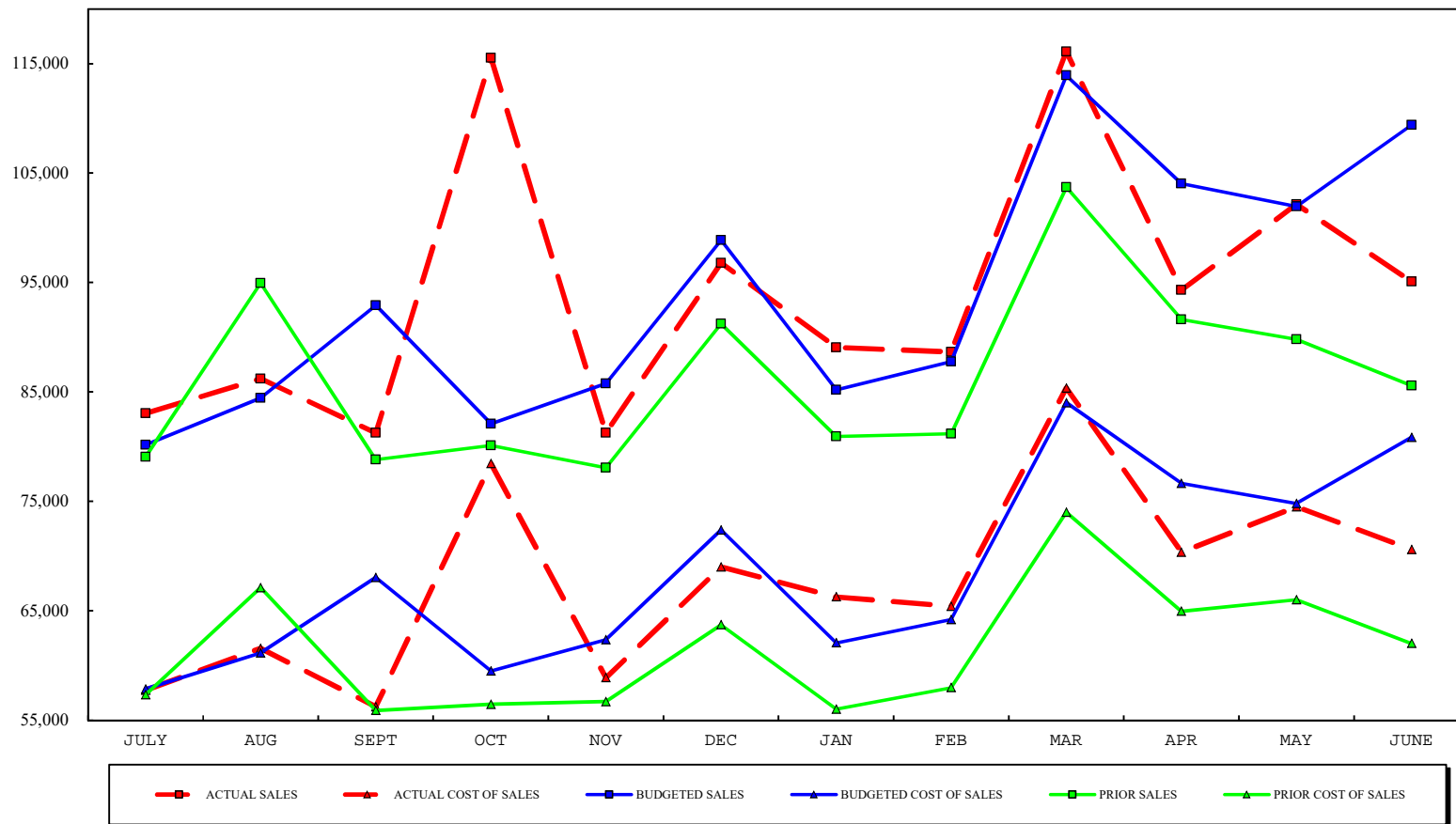
**\$724.8 MILLION PAID
TO WINNERS - 64.2%**

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 JUNE 30, 2019



OPERATING EXPENSE BY MONTH
AS OF JUNE 30, 2019



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

KENTUCKY LOTTERY CORPORATION

FINANCIAL RESULTS

JUNE 2019

INCOME STATEMENT

Ticket sales for June 2019 were \$95.1 million which is \$9.4 million or 11.0 % more than the same month of the prior fiscal year. Sales for the year were \$1.130 billion which is \$87.1 million or 8.4% more than in the prior fiscal year. Instant ticket sales were \$7.5 million or 14.3% more than the same month of the prior fiscal year, and \$56.1 million or 9.1% more than the prior fiscal year. Draw game sales were \$1.2 million or 3.6% more than the same month of the prior year, and \$24.0 million or 5.7% more than prior fiscal year. iLottery instant play sales were \$796,000 or 92.2% more than the same month of the prior year, and \$7.1 million or 69.3% more than prior fiscal year.

Ticket sales for the month of June were \$14.7 million or 13.4% less than budget. Ticket sales for the fiscal year were \$845,000 or 0.1% less than budget. Instant ticket sales were \$12.4 million or 17.1% less than budget for the current month, and \$9.8 million or 1.4% less than budget for the fiscal year. Draw game sales were \$2.9 million or 7.9% less than budget for the month, and \$5.9 million or 1.3% more than budget for the fiscal year. iLottery instant play sales were \$525,000 or 46.3% more than budget for the month, and \$3.1 million or 21.4% more than budget for the fiscal year.

Prize expenses for June 2019 were 66.4% of total sales, compared to 64.7% in the same month last year and 66.0% budgeted. Combined prize expense for the year was 64.2%, compared to 63.5% last fiscal year and 65.1% budgeted. Instant prize expense for the month was 71.3%, draw game prize expense was 57.3%, and iLottery instant play prize expense was 75.9%. Instant prize expense for the fiscal year was 70.5%, draw game prize expense was 54.2%, and iLottery instant play prize expense was 76.3%.

Operating costs were \$3.4 million for June, compared to \$2.8 million budgeted and \$3.4 million for the same month last year. These costs included advertising and promotions of \$1.1 million, salaries & benefits of \$1.8 million, contracted and professional services of \$186,000, depreciation expense of \$92,000, and other general and administrative costs of \$226,000. Operating costs for the year were \$32.0 million, compared to \$33.3 million budgeted and \$30.9 million in the prior fiscal year.

Income before transfer of dividends for the current month was \$21.0 million, compared to \$20.2 million for the same month in the prior year and \$25.8 million budgeted. Income before transfer of dividends for the fiscal year was \$283.6 million, compared to \$266.4 million in the prior year and \$269.8 million budgeted.

Dividends of \$37.3 million were transferred and \$15.4 million were accrued to the Commonwealth in June for a total of \$276.2 million for the fiscal year. Additional dividends of \$312,000 were accrued in June for transfer to the KEES Reserve for a total of \$7.4 million for the fiscal year. Transfers to the KEES Reserve will be made quarterly during the fiscal year. All dividends were 55.7% of sales for the month. All dividends were 25.1% of sales for the fiscal year compared to 25.7% of sales in the prior year and 22.9% budgeted.

BALANCE SHEET

Cash balance decreased to \$31.1 million, which included \$2.6 million restricted for annuity prize payments. Total investments held to pay grand prizes decreased to \$9.5 million. Accounts Receivable increased to \$37.3 million. Total assets decreased to \$90.5 million.

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

	<u>CURRENT MONTH END</u>	<u>PRIOR MONTH END</u>	<u>PRIOR FISCAL YEAR END</u>
ASSETS:			
CURRENT ASSETS:			
CASH - UNRESTRICTED	\$28,547	\$45,350	\$17,682
CASH - RESTRICTED	2,600	2,600	2,600
INVESTMENTS, CURRENT PORTION	1,594	1,594	1,859
ACCOUNTS RECEIVABLE, NET	37,269	32,342	31,628
OTHER	763	885	1,060
TOTAL CURRENT ASSETS	<u>70,773</u>	<u>82,771</u>	<u>54,829</u>
INVESTMENTS, LESS CURRENT PORTION	7,875	8,391	8,903
PROPERTY AND EQUIPMENT, NET	5,727	5,623	5,441
DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	6,127	6,150	5,182
TOTAL ASSETS	<u>\$90,502</u>	<u>\$102,935</u>	<u>\$74,355</u>
LIABILITIES AND EQUITY:			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$23,472	\$7,927	\$13,248
ESTIMATED PRIZE LIABILITY, CURRENT PORTION	38,193	33,456	30,986
TOTAL CURRENT LIABILITIES	<u>61,665</u>	<u>41,383</u>	<u>44,234</u>
ESTIMATED PRIZE LIABILITY - LESS CURRENT PORTION	10,639	11,409	11,866
UNFUNDED GRAND PRIZE LIABILITY	1,059	1,059	1,116
TOTAL LIABILITIES	<u>73,363</u>	<u>53,851</u>	<u>57,216</u>
CONTRIBUTED CAPITAL	100	100	100
RETAINED EARNINGS	17,039	48,984	17,039
TOTAL EQUITY	<u>17,139</u>	<u>49,084</u>	<u>17,139</u>
TOTAL LIABILITIES AND EQUITY	<u>\$90,502</u>	<u>\$102,935</u>	<u>\$74,355</u>

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

MONTH OF JUNE:	VARIANCE			
	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT BETTER/ (WORSE) THAN PRIOR	
SALES:				
INSTANT TICKETS	\$59,805	\$52,338	\$7,467	14.3%
DRAW GAMES	33,617	32,462	\$1,155	3.6%
ILOTTERY INSTANT PLAY	1,659	863	796	92.2%
TICKET SALES	95,081	85,663	9,418	11.0%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	0	(67)	67	-100.0%
TOTAL TICKET SALES	95,081	85,596	9,485	11.1%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	42,622	36,457	(6,165)	-16.9%
DRAW GAMES	19,277	18,208	(1,069)	-5.9%
ILOTTERY INSTANT PLAY	1,260	712	(548)	-77.0%
TOTAL PRIZES	63,159	55,377	(7,782)	-14.1%
PAYMENTS TO RETAILERS	5,360	4,839	(521)	-10.8%
DRAW GAMES VENDOR EXPENSE	1,164	1,195	31	2.6%
INSTANT TICKET COSTS	932	617	(315)	-51.1%
TOTAL DIRECT COSTS	70,615	62,028	(8,587)	-13.8%
GROSS PROFIT	24,466	23,568	898	3.8%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	1,092	1,174	82	7.0%
SALARIES, WAGES & BENEFITS	1,800	1,679	(121)	-7.2%
CONTRACTED & PROFESSIONAL SERVICES	186	262	76	29.0%
DEPRECIATION	92	98	6	6.1%
OTHER GENERAL & ADMINISTRATIVE	226	146	(80)	-54.8%
TOTAL OPERATING EXPENSES	3,396	3,359	(37)	-1.1%
OPERATING INCOME	21,070	20,209	861	4.3%
NON-OPERATING INCOME	(40)	40	(80)	-200.0%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$21,030	\$20,249	\$781	3.9%

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

TWELVE MONTHS YEAR TO DATE:	VARIANCE			
	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT BETTER/ (WORSE) THAN PRIOR	
SALES:				
INSTANT TICKETS	\$669,212	\$613,134	\$56,078	9.1%
DRAW GAMES	443,088	419,126	\$23,962	5.7%
ILOTTERY INSTANT PLAY	17,355	10,252	7,103	69.3%
TICKET SALES	1,129,655	1,042,512	87,143	8.4%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(111)	(7,309)	7,198	-98.5%
TOTAL TICKET SALES	1,129,544	1,035,203	94,341	9.1%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	471,513	418,862	(52,651)	-12.6%
DRAW GAMES	240,051	230,337	(9,714)	-4.2%
ILOTTERY INSTANT PLAY	13,248	8,163	(5,085)	-62.3%
TOTAL PRIZES	724,812	657,362	(67,450)	-10.3%
PAYMENTS TO RETAILERS	67,004	61,138	(5,866)	-9.6%
DRAW GAMES VENDOR EXPENSE	13,737	11,370	(2,367)	-20.8%
INSTANT TICKET COSTS	8,974	8,474	(500)	-5.9%
TOTAL DIRECT COSTS	814,527	738,344	(76,183)	-10.3%
GROSS PROFIT	315,017	296,859	18,158	6.1%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	11,484	10,268	(1,216)	-11.8%
SALARIES, WAGES & BENEFITS	14,913	15,318	405	2.6%
CONTRACTED & PROFESSIONAL SERVICES	2,440	2,374	(66)	-2.8%
DEPRECIATION	1,202	1,186	(16)	-1.3%
OTHER GENERAL & ADMINISTRATIVE	1,916	1,769	(147)	-8.3%
TOTAL OPERATING EXPENSES	31,955	30,915	(1,040)	-3.4%
OPERATING INCOME	283,062	265,944	17,118	6.4%
NON-OPERATING INCOME	549	473	76	16.1%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$283,611	\$266,417	\$17,194	6.5%

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

MONTH OF JUNE:	VARIANCE			
	ACTUAL	BUDGET	ACTUAL BETTER/ (WORSE) THAN BUDGET	
SALES:				
INSTANT TICKETS	59,805	\$72,157	(\$12,352)	-17.1%
DRAW GAMES	33,617	36,497	(2,880)	-7.9%
ILOTTERY INSTANT PLAY	1,659	1,134	525	46.3%
TICKET SALES	95,081	109,788	(14,707)	-13.4%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	0	(387)	387	-100.0%
TOTAL TICKET SALES	95,081	109,401	(14,320)	-13.1%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	42,622	50,633	8,011	15.8%
DRAW GAMES	19,277	20,691	1,414	6.8%
ILOTTERY INSTANT PLAY	1,260	896	(364)	-40.6%
TOTAL PRIZES	63,159	72,220	9,061	12.5%
PAYMENTS TO RETAILERS	5,360	6,515	1,155	17.7%
DRAW GAMES VENDOR EXPENSE	1,164	1,181	17	1.4%
INSTANT TICKET COSTS	932	938	6	0.6%
TOTAL DIRECT COSTS	70,615	80,854	10,239	12.7%
GROSS PROFIT	24,466	28,547	(4,081)	-14.3%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	1,092	960	(132)	-13.8%
SALARIES, WAGES & BENEFITS	1,800	1,345	(455)	-33.8%
CONTRACTED & PROFESSIONAL SERVICES	186	237	51	21.5%
DEPRECIATION	92	94	2	2.1%
OTHER GENERAL & ADMINISTRATIVE	226	142	(84)	-59.2%
TOTAL OPERATING EXPENSES	3,396	2,778	(618)	-22.2%
OPERATING INCOME	21,070	25,769	(4,699)	-18.2%
NON-OPERATING INCOME	(40)	39	(79)	-202.6%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$21,030	\$25,808	(\$4,778)	-18.5%

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

TWELVE MONTHS YEAR TO DATE:	VARIANCE			
	ACTUAL	BUDGET	ACTUAL BETTER/ (WORSE) THAN BUDGET	
SALES:				
INSTANT TICKETS	669,212	\$679,000	(\$9,788)	-1.4%
DRAW GAMES	443,088	437,200	5,888	1.3%
ILOTTERY INSTANT PLAY	17,355	14,300	3,055	21.4%
TICKET SALES	1,129,655	1,130,500	(845)	-0.1%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(111)	(3,890)	3,779	-97.1%
TOTAL TICKET SALES	1,129,544	1,126,610	2,934	0.3%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	471,513	474,692	3,179	0.7%
DRAW GAMES	240,051	247,352	7,301	3.0%
ILOTTERY INSTANT PLAY	13,248	11,297	(1,951)	-17.3%
TOTAL PRIZES	724,812	733,341	8,529	1.2%
PAYMENTS TO RETAILERS	67,004	68,452	1,448	2.1%
DRAW GAMES VENDOR EXPENSE	13,737	13,218	(519)	-3.9%
INSTANT TICKET COSTS	8,974	9,013	39	0.4%
TOTAL DIRECT COSTS	814,527	824,024	9,497	1.2%
GROSS PROFIT	315,017	302,586	12,431	4.1%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	11,484	11,912	428	3.6%
SALARIES, WAGES & BENEFITS	14,913	15,044	131	0.9%
CONTRACTED & PROFESSIONAL SERVICES	2,440	2,983	543	18.2%
DEPRECIATION	1,202	1,235	33	2.7%
OTHER GENERAL & ADMINISTRATIVE	1,916	2,081	165	7.9%
TOTAL OPERATING EXPENSES	31,955	33,255	1,300	3.9%
OPERATING INCOME	283,062	269,331	13,731	5.1%
NON-OPERATING INCOME	549	466	83	17.8%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$283,611	\$269,797	\$13,814	5.1%

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

MONTH OF JUNE:	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT YEAR BUDGET
SALES:			
INSTANT TICKETS	62.9%	61.1%	66.0%
DRAW GAMES	35.4%	37.9%	33.4%
ILOTTERY INSTANT PLAY	1.7%	1.0%	1.0%
TICKET SALES	100.0%	100.0%	100.4%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	0.0%	0.0%	-0.4%
TOTAL TICKET SALES	100.0%	100.0%	100.0%
DIRECT COSTS:			
PRIZES:			
INSTANT TICKETS	44.8%	42.6%	46.3%
DRAW GAMES	20.3%	21.3%	18.9%
ILOTTERY INSTANT PLAY	1.3%	0.8%	0.8%
TOTAL PRIZES	66.4%	64.7%	66.0%
PAYMENTS TO RETAILERS	5.7%	5.7%	5.9%
DRAW GAME VENDOR EXPENSE	1.2%	1.4%	1.1%
INSTANT TICKET COSTS	1.0%	0.7%	0.9%
TOTAL DIRECT COSTS	74.3%	72.5%	73.9%
GROSS PROFIT	25.7%	27.5%	26.1%
OPERATING EXPENSES:			
ADVERTISING AND PROMOTION	1.2%	1.3%	0.9%
SALARIES, WAGES & BENEFITS	1.9%	2.0%	1.2%
CONTRACTED & PROFESSIONAL SERVICES	0.2%	0.3%	0.2%
DEPRECIATION	0.1%	0.1%	0.1%
OTHER GENERAL & ADMINISTRATIVE	0.2%	0.1%	0.1%
TOTAL OPERATING EXPENSES	3.6%	3.8%	2.5%
OPERATING INCOME	22.1%	23.7%	23.6%
NON-OPERATING INCOME	0.0%	0.0%	0.0%
INCOME BEFORE TRANSFER OF DIVIDENDS	22.1%	23.7%	23.6%

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

TWELVE MONTHS YEAR TO DATE:

	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT YEAR BUDGET
SALES:			
INSTANT TICKETS	59.2%	59.2%	60.3%
DRAW GAMES	39.3%	40.5%	38.8%
ILOTTERY INSTANT PLAY	1.5%	1.0%	1.3%
TICKET SALES	100.0%	100.7%	100.4%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	0.0%	-0.7%	-0.4%
TOTAL TICKET SALES	100.0%	100.0%	100.0%
DIRECT COSTS:			
PRIZES:			
INSTANT TICKETS	41.7%	40.5%	42.1%
DRAW GAMES	21.3%	22.2%	22.0%
ILOTTERY INSTANT PLAY	1.2%	0.8%	1.0%
TOTAL PRIZES	64.2%	63.5%	65.1%
PAYMENTS TO RETAILERS	5.9%	5.9%	6.1%
DRAW GAME VENDOR EXPENSE	1.2%	1.1%	1.1%
INSTANT TICKET COSTS	0.8%	0.8%	0.8%
TOTAL DIRECT COSTS	72.1%	71.3%	73.1%
GROSS PROFIT	27.9%	28.7%	26.9%
OPERATING EXPENSES:			
ADVERTISING AND PROMOTION	1.0%	1.0%	1.1%
SALARIES, WAGES & BENEFITS	1.3%	1.5%	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	2.8%	3.0%	3.0%
OPERATING INCOME	25.1%	25.7%	23.9%
NON-OPERATING INCOME	0.0%	0.0%	0.0%
INCOME BEFORE TRANSFER OF DIVIDENDS	25.1%	25.7%	23.9%

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

	<u>CURRENT YEAR</u>		<u>PRIOR YEAR</u>	
	MONTH	YEAR-TO- DATE	MONTH	YEAR-TO- DATE
RETAINED EARNINGS- BEGINNING OF PERIOD	\$48,984	\$17,039	\$35,959	\$17,039
INCOME BEFORE TRANSFER	21,030	283,611	20,249	266,417
DIVIDENDS - GENERAL FUND & EDUCATION	(52,663)	(276,163)	(38,646)	(256,146)
DIVIDENDS - KEES RESERVE	(312)	(7,448)	(523)	(10,271)
RETAINED EARNINGS- END OF PERIOD	<u>\$17,039</u>	<u>\$17,039</u>	<u>\$17,039</u>	<u>\$17,039</u>

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

	MONTH	YEAR-TO-DATE
CASH FLOWS FROM OPERATING ACTIVITIES:		
OPERATING INCOME	\$21,070	\$283,062
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
DEPRECIATION	92	1,202
PROVISION FOR LOSSES ON ACCOUNTS RECEIVABLE	36	152
INCREASE (DECREASE) IN CASH DUE TO CHANGES IN:		
ACCOUNTS RECEIVABLE	(4,963)	(5,793)
OTHER ASSETS	122	297
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	15,545	10,224
ESTIMATED PRIZE LIABILITY	3,967	5,923
NET CASH PROVIDED BY OPERATING ACTIVITIES	35,869	295,067
CASH FLOWS FROM INVESTING ACTIVITIES:		
PROCEEDS FROM MATURITIES OR SALE OF INVESTMENTS	560	1,859
PURCHASE OF INVESTMENTS	0	0
CHANGE IN INVESTMENTS	(44)	(566)
DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	23	(945)
INTEREST INCOME	40	369
SECURITY LENDING FEES	0	4
NET CASH PROVIDED BY INVESTING ACTIVITIES	579	721
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
DIVIDENDS TRANSFERRED/PAYABLE	(52,975)	(283,611)
RETAILER APPLICATION AND OTHER NON-OPERATING FEES	18	169
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(52,957)	(283,442)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
PURCHASES OF PROPERTY AND EQUIPMENT	(196)	(1,488)
PROCEEDS FROM DISPOSAL OF PROPERTY AND EQUIPMENT	(98)	7
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	(294)	(1,481)
NET INCREASE (DECREASE) IN CASH	(16,803)	10,865
CASH, BEGINNING OF PERIOD	47,950	20,282
CASH, END OF PERIOD	\$31,147	\$31,147

KENTUCKY LOTTERY CORPORATION
 PROFIT MARGIN REPORT
 MONTH ENDING JUNE 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	59,805	4,228	1,388	171	3,637	12,650	3,447	496	6,286	530	14	0	0	92,652
ILOTTERY	<u>0</u>	<u>121</u>	<u>56</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>121</u>	<u>0</u>	<u>430</u>	<u>42</u>	<u>0</u>	<u>1,659</u>	<u>0</u>	<u>2,429</u>
TOTAL SALES	<u>59,805</u>	<u>4,349</u>	<u>1,444</u>	<u>171</u>	<u>3,637</u>	<u>12,650</u>	<u>3,568</u>	<u>496</u>	<u>6,716</u>	<u>572</u>	<u>14</u>	<u>1,659</u>	<u>0</u>	<u>95,081</u>
DIRECT COSTS:														
PRIZES WON:														
PRIZES AT RETAIL	42,624	2,257	574	99	1,678	8,121	1,634	303	4,120	230	7	0	0	61,647
ILOTTERY	<u>0</u>	<u>123</u>	<u>20</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>117</u>	<u>0</u>	<u>274</u>	<u>30</u>	<u>0</u>	<u>1,260</u>	<u>0</u>	<u>1,824</u>
TOTAL PRIZES WON	<u>42,624</u>	<u>2,380</u>	<u>594</u>	<u>99</u>	<u>1,678</u>	<u>8,121</u>	<u>1,751</u>	<u>303</u>	<u>4,394</u>	<u>260</u>	<u>7</u>	<u>1,260</u>	<u>0</u>	<u>63,471</u>
UNCLAIMED PRIZE CREDIT	(2)	(71)	(10)	0	(33)	(68)	(71)	(6)	(37)	(14)	0	0	0	(312)
PAYMENTS TO RETAILERS	3,643	236	77	9	198	711	175	35	229	28	1	(4)	22	5,360
ONLINE VENDOR EXPENSE	263	75	26	2	58	190	63	10	139	10	0	79	249	1,164
TICKET COSTS	<u>932</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>932</u>
TOTAL DIRECT COSTS	<u>47,460</u>	<u>2,620</u>	<u>687</u>	<u>110</u>	<u>1,901</u>	<u>8,954</u>	<u>1,918</u>	<u>342</u>	<u>4,725</u>	<u>284</u>	<u>8</u>	<u>1,335</u>	<u>271</u>	<u>70,615</u>
GROSS PROFIT	<u>12,345</u>	<u>1,729</u>	<u>757</u>	<u>61</u>	<u>1,736</u>	<u>3,696</u>	<u>1,650</u>	<u>154</u>	<u>1,991</u>	<u>288</u>	<u>6</u>	<u>324</u>	<u>(271)</u>	<u>24,466</u>

(% OF SALES)

<u>PROFIT MARGIN</u>	<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	71.3%	54.7%	41.1%	57.9%	46.1%	64.2%	49.1%	61.1%	65.4%	45.5%	50.0%	75.9%	0.0%	66.8%
UNCLAIMED PRIZE CREDIT	0.0%	-1.6%	-0.7%	0.0%	-0.9%	-0.5%	-2.0%	-1.2%	-0.6%	-2.4%	0.0%	0.0%	0.0%	-0.4%
PAYMENTS TO RETAILERS	6.1%	5.4%	5.3%	5.3%	5.4%	5.6%	4.9%	7.1%	3.4%	4.9%	7.1%	-0.2%	0.0%	5.7%
ONLINE VENDOR EXPENSE	0.4%	1.7%	1.8%	1.2%	1.6%	1.5%	1.8%	2.0%	2.1%	1.7%	0.0%	4.8%	0.0%	1.2%
TICKET COSTS	<u>1.6%</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>1.0%</u>
TOTAL DIRECT COSTS	<u>79.4%</u>	<u>60.2%</u>	<u>47.5%</u>	<u>64.4%</u>	<u>52.2%</u>	<u>70.8%</u>	<u>53.8%</u>	<u>69.0%</u>	<u>70.3%</u>	<u>49.7%</u>	<u>57.1%</u>	<u>80.5%</u>	<u>0.0%</u>	<u>74.3%</u>
GROSS PROFIT	<u>20.6%</u>	<u>39.8%</u>	<u>52.5%</u>	<u>35.6%</u>	<u>47.8%</u>	<u>29.2%</u>	<u>46.2%</u>	<u>31.0%</u>	<u>29.7%</u>	<u>50.3%</u>	<u>42.9%</u>	<u>19.5%</u>	<u>0.0%</u>	<u>25.7%</u>

KENTUCKY LOTTERY CORPORATION
 PROFIT MARGIN REPORT
 YEAR TO DATE AS OF JUNE 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	669,101	71,726	11,419	1,244	44,573	149,860	61,395	6,878	79,471	7,014	77	0	0	1,102,758
ILOTTERY	<u>0</u>	<u>1,791</u>	<u>623</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,745</u>	<u>0</u>	<u>4,780</u>	<u>492</u>	<u>0</u>	<u>17,355</u>	<u>0</u>	<u>26,786</u>
TOTAL SALES	<u>669,101</u>	<u>73,517</u>	<u>12,042</u>	<u>1,244</u>	<u>44,573</u>	<u>149,860</u>	<u>63,140</u>	<u>6,878</u>	<u>84,251</u>	<u>7,506</u>	<u>77</u>	<u>17,355</u>	<u>0</u>	<u>1,129,544</u>
DIRECT COSTS:														
PRIZES WON:														
PRIZES AT RETAIL	474,479	35,713	4,624	730	18,774	87,715	30,787	4,423	51,790	4,344	37	0	0	713,416
ILOTTERY	<u>0</u>	<u>892</u>	<u>434</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>875</u>	<u>0</u>	<u>3,090</u>	<u>305</u>	<u>0</u>	<u>13,248</u>	<u>0</u>	<u>18,844</u>
TOTAL PRIZES WON	<u>474,479</u>	<u>36,605</u>	<u>5,058</u>	<u>730</u>	<u>18,774</u>	<u>87,715</u>	<u>31,662</u>	<u>4,423</u>	<u>54,880</u>	<u>4,649</u>	<u>37</u>	<u>13,248</u>	<u>0</u>	<u>732,260</u>
UNCLAIMED PRIZE CREDIT	(2,966)	(1,336)	(134)	0	(494)	(878)	(1,004)	(80)	(404)	(152)	0	0	0	(7,448)
PAYMENTS TO RETAILERS	42,991	3,737	629	69	2,413	8,356	3,159	486	4,558	386	5	0	215	67,004
ONLINE VENDOR EXPENSE	2,928	1,256	229	22	702	2,360	1,093	136	1,704	141	1	826	2,339	13,737
TICKET COSTS	<u>8,974</u>													<u>8,974</u>
TOTAL DIRECT COSTS	<u>526,406</u>	<u>40,262</u>	<u>5,782</u>	<u>821</u>	<u>21,395</u>	<u>97,553</u>	<u>34,910</u>	<u>4,965</u>	<u>60,738</u>	<u>5,024</u>	<u>43</u>	<u>14,074</u>	<u>2,554</u>	<u>814,527</u>
GROSS PROFIT	<u>142,695</u>	<u>33,255</u>	<u>6,260</u>	<u>423</u>	<u>23,178</u>	<u>52,307</u>	<u>28,230</u>	<u>1,913</u>	<u>23,513</u>	<u>2,482</u>	<u>34</u>	<u>3,281</u>	<u>(2,554)</u>	<u>315,017</u>

(% OF SALES)

<u>PROFIT MARGIN</u>	<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	70.9%	49.8%	42.0%	58.7%	42.1%	58.5%	50.1%	64.3%	65.1%	61.9%	48.1%	76.3%	0.0%	64.8%
UNCLAIMED PRIZE CREDIT	-0.4%	-1.8%	-1.1%	0.0%	-1.1%	-0.6%	-1.6%	-1.2%	-0.5%	-2.0%	0.0%	0.0%	0.0%	-0.6%
PAYMENTS TO RETAILERS	6.4%	5.1%	5.2%	5.5%	5.4%	5.6%	5.0%	7.1%	5.4%	5.1%	6.5%	0.0%	0.0%	5.9%
ONLINE VENDOR EXPENSE	0.4%	1.7%	1.9%	1.8%	1.6%	1.6%	1.7%	2.0%	2.0%	1.9%	1.3%	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>78.6%</u>	<u>54.8%</u>	<u>48.0%</u>	<u>66.0%</u>	<u>48.0%</u>	<u>65.1%</u>	<u>55.2%</u>	<u>72.2%</u>	<u>72.0%</u>	<u>66.9%</u>	<u>55.9%</u>	<u>81.1%</u>	<u>0.0%</u>	<u>72.1%</u>
GROSS PROFIT	<u>21.4%</u>	<u>45.2%</u>	<u>52.0%</u>	<u>34.0%</u>	<u>52.0%</u>	<u>34.9%</u>	<u>44.8%</u>	<u>27.8%</u>	<u>28.0%</u>	<u>33.1%</u>	<u>44.1%</u>	<u>18.9%</u>	<u>0.0%</u>	<u>27.9%</u>

KENTUCKY LOTTERY CORPORATION
ADVERTISING AND PROMOTION EXPENSES

MONTH ENDING JUNE 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	181	0	101	0	1	(1)	0	0	0	0	0	7	289
RADIO	139	0	0	0	0	0	1	0	0	0	0	5	145
PRINT	0	0	0	0	0	0	0	0	0	0	0	0	0
BILLBOARD	8	25	0	0	0	0	25	0	0	0	0	0	58
ONLINE	51	(7)	0	(1)	0	0	(7)	0	0	0	46	95	177
OTHER (TRANSIT, ETC.)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDIA	379	18	101	(1)	1	(1)	19	0	0	0	46	107	669
PRODUCTION	10	0	5	0	0	0	0	0	9	0	0	83	107
COUPONS & PROMOTIONS	(2)	0	0	0	0	0	0	0	0	0	0	105	103
SPECIAL EVENT/GAME SHOW	0	0	0	0	0	0	0	0	0	0	0	47	47
PREMIUMS	0	0	0	0	0	0	0	0	(1)	0	0	44	43
AGENCY FEES	1	0	0	0	0	0	0	0	0	0	0	45	46
OTHER (SIGNAGE, ETC.)	0	0	0	0	0	0	0	0	0	0	0	77	77
TOTAL	388	18	106	(1)	1	(1)	19	0	8	0	46	508	1,092

YEAR-TO-DATE AS OF JUNE 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	2,788	0	101	299	73	72	0	54	357	0	0	102	3,846
RADIO	1,456	5	0	0	0	0	6	0	286	0	0	61	1,814
PRINT	2	0	0	0	0	0	0	0	0	0	0	22	24
BILLBOARD	282	307	0	0	0	0	307	3	0	0	0	3	902
ONLINE	945	(26)	0	54	3	3	(26)	1	59	0	600	266	1,879
OTHER (TRANSIT, ETC.)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDIA	5,473	286	101	353	76	75	287	58	702	0	600	454	8,465
PRODUCTION	174	10	5	32	0	7	12	0	116	0	2	713	1,071
COUPONS & PROMOTIONS	0	0	0	0	0	0	0	0	0	0	6	741	747
SPECIAL EVENT/GAME SHOW	0	0	0	0	0	0	0	0	0	0	0	144	144
PREMIUMS	0	0	0	0	0	0	0	0	7	0	0	238	245
AGENCY FEES	20	0	0	0	0	0	0	0	10	0	0	523	553
OTHER (SIGNAGE, ETC.)	0	0	0	0	0	0	0	0	0	0	67	192	259
TOTAL	5,667	296	106	385	76	82	299	58	835	0	675	3,005	11,484

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

	<u>MONTH</u>	<u>YEAR-TO-DATE</u>
ADVERTISING & PROMOTION	\$1,092	\$11,484
<u>SALARIES, WAGES & BENEFITS:</u>		
SALARIES AND WAGES	1,267	11,483
BENEFITS AND TAXES	533	3,430
	1,800	14,913
<u>CONTRACTED & PROFESSIONAL SERVICES:</u>		
ON-LINE DRAWING EXPENSES	(6)	54
CONSULTANT SERVICES	71	711
SECURITY SERVICES	26	187
REPAIRS AND MAINTENANCE	4	117
CUSTODIAL SERVICES	4	54
PUBLIC INFORMATION SERVICES	0	36
DIRECTOR EXPENSES	3	37
COMPUTER SOFTWARE COST/MAINT.	27	486
COMPUTER HARDWARE COST/MAINT.	8	128
LEGAL SERVICES	6	84
AUDIT EXPENSES	23	286
OTHER	20	260
	186	2,440
<u>DEPRECIATION:</u>		
DEPRECIATION EXPENSE	92	1,202
<u>OTHER GENERAL & ADMINISTRATIVE:</u>		
COMMUNICATIONS/TELEPHONE SERVICES	30	167
OFFICE SUPPLIES & SERVICES	21	183
TRAVEL AND RELATED EXPENSES	62	492
RENT, UTILITIES AND INSURANCE	71	832
A/R COLLECTIONS ALLOWANCE	36	152
OTHER	6	90
	226	1,916
 TOTAL OPERATING EXPENSES	 \$3,396	 \$31,955
 <u>NON-OPERATING INCOME:</u>		
INTEREST EXPENSE	0	0
INTEREST INCOME	40	369
OTHER INCOME/(LOSS)	(80)	180
	(80)	180
TOTAL NON-OPERATING INCOME	(\$40)	\$549

KENTUCKY LOTTERY CORPORATION
PROPERTY AND EQUIPMENT
JUNE 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	8,110	8,207	8,079
LAND	423	423	423
TRANSPORTATION	1,205	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	278	2	572
TELEPHONE & COMMUNICATIONS EQUIPMENT	24	24	6
DRAWING EQUIPMENT	<u>486</u>	<u>626</u>	<u>560</u>
PROPERTY AND EQUIPMENT, GROSS	17,442	17,421	16,466
ACCUMULATED DEPRECIATION	<u>(11,715)</u>	<u>(11,798)</u>	<u>(11,025)</u>
PROPERTY AND EQUIPMENT, NET	<u>\$5,727</u>	<u>\$5,623</u>	<u>\$5,441</u>