

KENTUCKY LOTTERY CORPORATION

FINANCIAL STATEMENTS

MARCH 2019

MONTH 9 OF FISCAL YEAR ENDING JUNE 30, 2019

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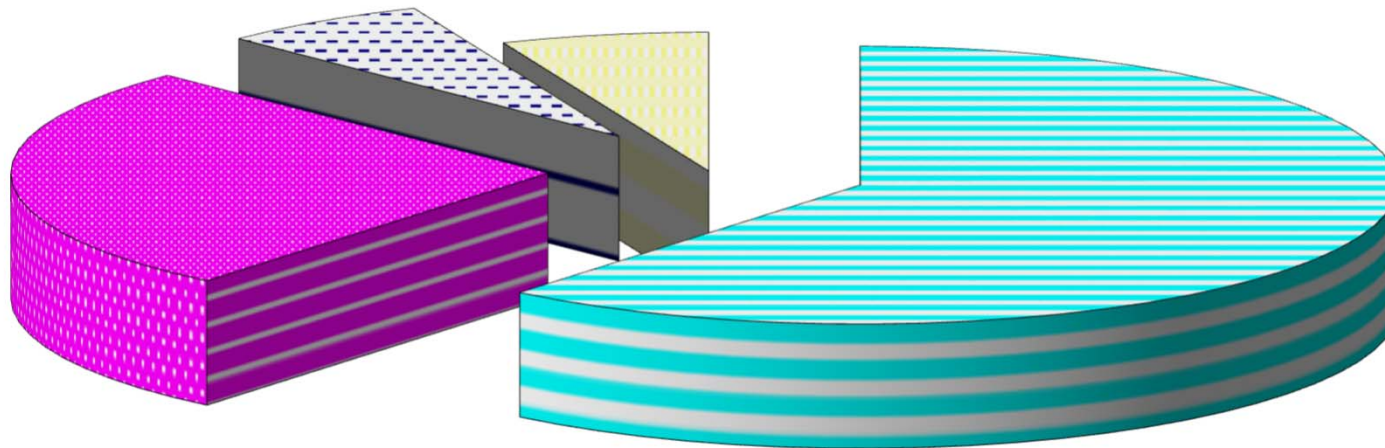
OPERATING EXPENSES

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**KENTUCKY LOTTERY CORPORATION  
"WHERE THE MONEY GOES"  
INCEPTION-TO-DATE SALES AS OF MARCH 31, 2019  
\$20.265 BILLION**

**\$1.276  
BILLION PAID FOR  
MARKETING & OPERATING  
EXP - 6.3%**

**\$1.267 BILLION PAID TO RETAILERS - 6.3%**



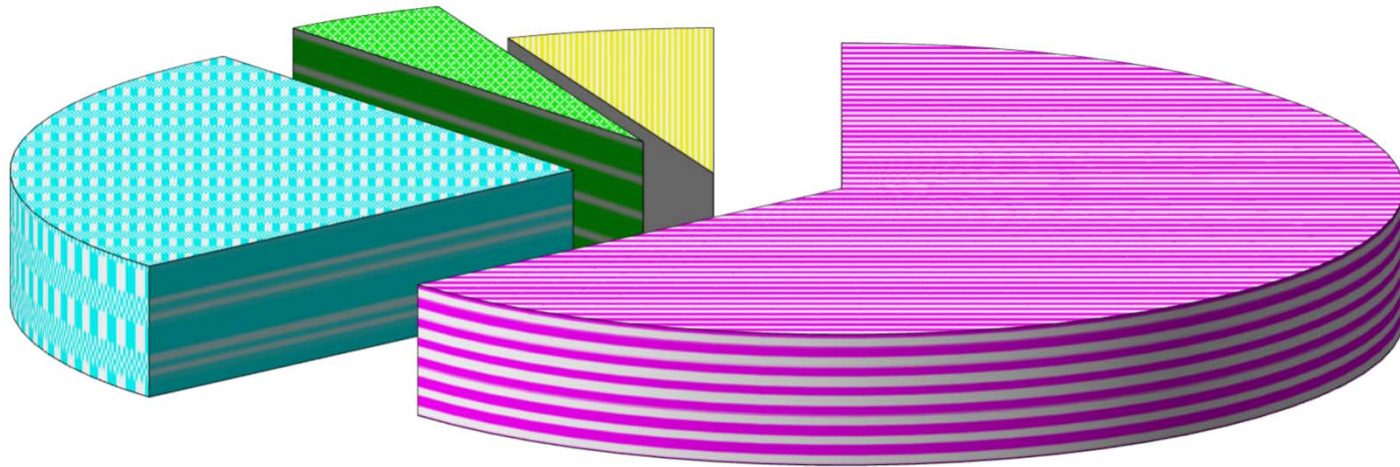
**\$5.376 BILLION  
EARNED FOR THE  
STATE OF KENTUCKY  
- 26.5%**

**\$12.346 BILLION PAID  
TO WINNERS - 60.9%**

**KENTUCKY LOTTERY CORPORATION  
"WHERE THE MONEY GOES"  
YEAR-TO-DATE SALES AS OF MARCH 31, 2019  
\$838.0 MILLION**

**\$39.7 MILLION PAID FOR  
MARKETING & OPERATING  
EXP - 4.7%**

**\$49.9 MILLION PAID TO RETAILERS - 6.0%**



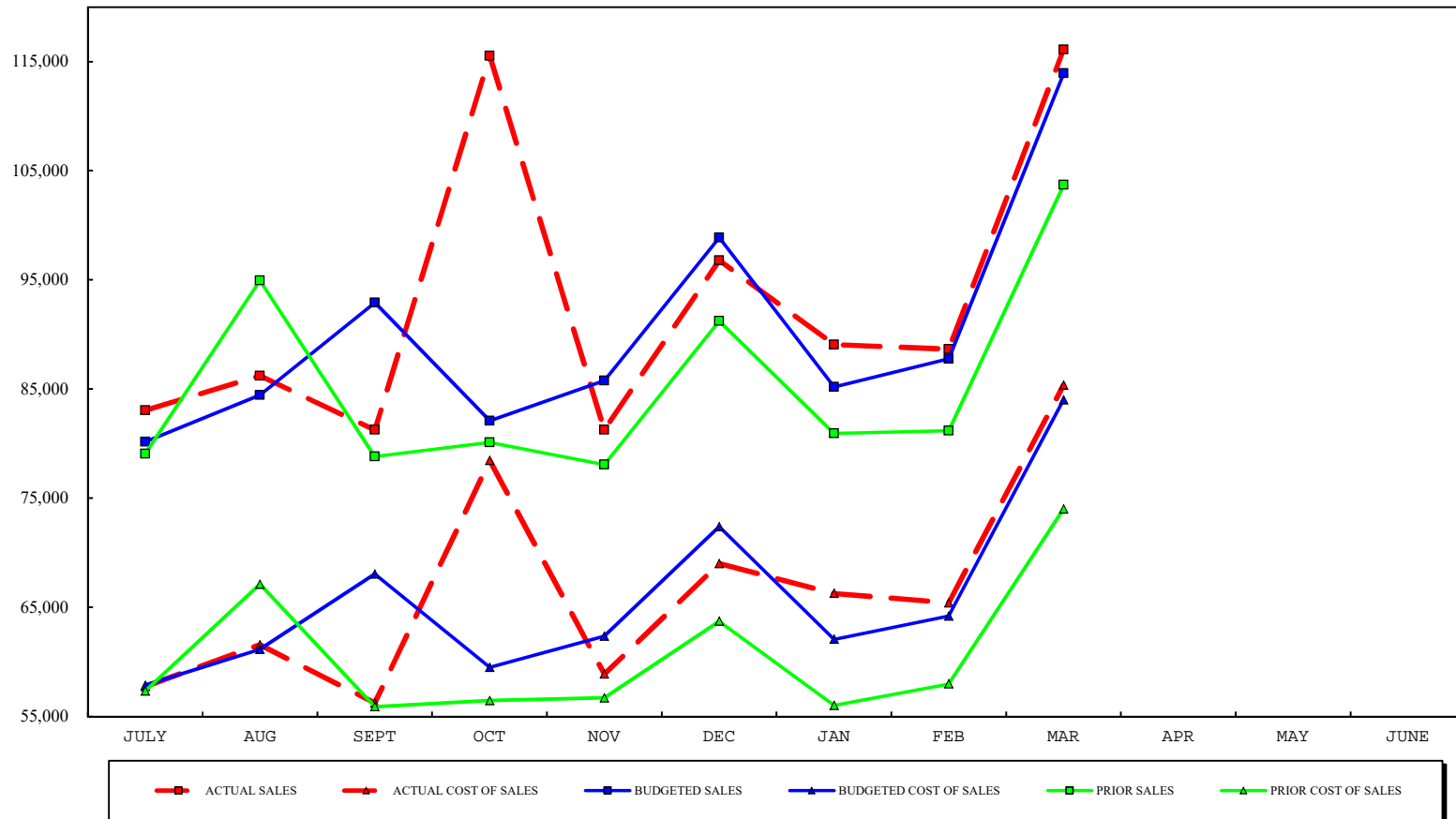
**\$215.9 MILLION  
EARNED FOR THE  
STATE OF  
KENTUCKY - 25.8%**

**\$532.5 MILLION PAID  
TO WINNERS - 63.5%**

**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 MARCH 31, 2019



**OPERATING EXPENSE BY MONTH**  
AS OF MARCH 31, 2019



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

# **KENTUCKY LOTTERY CORPORATION**

## **FINANCIAL RESULTS**

### **MARCH 2019**

#### **INCOME STATEMENT**

Ticket sales for March 2019 were \$116.1 million which is \$12.0 million or 11.5 % more than the same month of the prior fiscal year. Sales for the year were \$838.1 million which is \$63.1 million or 8.1% more than in the prior fiscal year. Instant ticket sales were \$9.7 million or 16.1% more than the same month of the prior fiscal year, and \$42.0 million or 9.4% more than the prior fiscal year. Draw game sales were \$1.6 million or 3.7% more than the same month of the prior year, and \$17.0 million or 5.3% more than prior fiscal year. iLottery instant play sales were \$698,000 or 60.8% more than the same month of the prior year, and \$4.1 million or 54.5% more than prior fiscal year.

Ticket sales for the month of March were \$1.8 million or 1.6% more than budget. Ticket sales for the fiscal year were \$24.0 million or 3.0% more than budget. Instant ticket sales were \$2.1 million or 2.9% less than budget for the current month, and \$10.1 million or 2.1% more than budget for the fiscal year. Draw game sales were \$3.6 million or 9.0% more than budget for the month, and \$13.0 million or 4.0% more than budget for the fiscal year. iLottery instant play sales were \$218,000 or 13.4% more than budget for the month, and \$956,000 or 8.9% more than budget for the fiscal year.

Prize expenses for March 2019 were 65.5% of total sales, compared to 64.0% in the same month last year and 65.8% budgeted. Combined prize expense for the year was 63.5%, compared to 63.2% last fiscal year and 64.9% budgeted. Instant prize expense for the month was 71.7%, draw game prize expense was 55.3%, and iLottery instant play prize expense was 74.1%. Instant prize expense for the fiscal year was 70.1%, draw game prize expense was 53.6%, and iLottery instant play prize expense was 72.2%.

Operating costs were \$3.3 million for March, compared to \$2.7 million budgeted and \$2.9 million for the same month last year. These costs included advertising and promotions of \$1.6 million, salaries & benefits of \$1.2 million, contracted and professional services of \$202,000, depreciation expense of \$102,000, and other general and administrative costs of \$152,000. Operating costs for the year were \$23.5 million, compared to \$25.0 million budgeted and \$22.5 million in the prior fiscal year.

Income before transfer of dividends for the current month was \$27.5 million, compared to \$26.8 million for the same month in the prior year and \$27.2 million budgeted. Income before transfer of dividends for the fiscal year was \$215.9 million, compared to \$200.7 million in the prior year and \$194.9 million budgeted.

Dividends of \$21.5 million were transferred to the Commonwealth in March for a total of \$180.5 million for the fiscal year. Additional dividends of \$296,000 were accrued in March for transfer to the KEES Reserve for a total of \$5.9 million for the fiscal year. Transfers to the KEES Reserve will be made quarterly during the fiscal year. All dividends were 18.8% of sales for the month. All dividends were 22.2% of sales for the fiscal year compared to 23.9% of sales in the prior year and 23.1% budgeted.

#### **BALANCE SHEET**

Cash balance increased to \$41.5 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 decreased to \$39.8 million. Total assets increased to \$104.4 million.

KENTUCKY LOTTERY CORPORATION  
BALANCE SHEETS  
MARCH 31, 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	\$38,765	\$26,824	\$17,682
CASH - RESTRICTED	2,756	2,756	2,600
INVESTMENTS, CURRENT PORTION	1,594	1,594	1,859
ACCOUNTS RECEIVABLE, NET	39,762	40,963	31,628
OTHER	1,029	804	1,060
TOTAL CURRENT ASSETS	<u>83,906</u>	<u>72,941</u>	<u>54,829</u>
INVESTMENTS, LESS CURRENT PORTION	8,507	8,466	8,903
PROPERTY AND EQUIPMENT, NET	5,792	5,894	5,441
DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	6,163	6,144	5,182
TOTAL ASSETS	<u>\$104,368</u>	<u>\$93,445</u>	<u>\$74,355</u>
LIABILITIES AND EQUITY:			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$10,128	\$7,123	\$13,248
ESTIMATED PRIZE LIABILITY, CURRENT PORTION	34,793	32,957	30,986
TOTAL CURRENT LIABILITIES	<u>44,921</u>	<u>40,080</u>	<u>44,234</u>
ESTIMATED PRIZE LIABILITY - LESS CURRENT PORTION	11,661	11,332	11,866
UNFUNDED GRAND PRIZE LIABILITY	1,109	1,109	1,116
TOTAL LIABILITIES	<u>57,691</u>	<u>52,521</u>	<u>57,216</u>
CONTRIBUTED CAPITAL	100	100	100
RETAINED EARNINGS	46,577	40,824	17,039
TOTAL EQUITY	<u>46,677</u>	<u>40,924</u>	<u>17,139</u>
TOTAL LIABILITIES AND EQUITY	<u>\$104,368</u>	<u>\$93,445</u>	<u>\$74,355</u>

KENTUCKY LOTTERY CORPORATION  
STATEMENTS OF INCOME - COMPARISON TO PRIOR YEAR  
MARCH 31, 2019  
(\$000'S)

MONTH OF MARCH:	VARIANCE			
	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT BETTER/ (WORSE) THAN PRIOR	
<b>SALES:</b>				
INSTANT TICKETS	\$70,006	\$60,279	\$9,727	16.1%
DRAW GAMES	44,268	42,683	\$1,585	3.7%
ILOTTERY INSTANT PLAY	1,846	1,148	698	60.8%
TICKET SALES	116,120	104,110	12,010	11.5%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	0	(399)	399	-100.0%
TOTAL TICKET SALES	116,120	103,711	12,409	12.0%
<b>DIRECT COSTS:</b>				
<b>PRIZES:</b>				
INSTANT TICKETS	50,199	41,944	(8,255)	-19.7%
DRAW GAMES	24,497	23,590	(907)	-3.8%
ILOTTERY INSTANT PLAY	1,368	835	(533)	-63.8%
TOTAL PRIZES	76,064	66,369	(9,695)	-14.6%
PAYMENTS TO RETAILERS	6,959	5,801	(1,158)	-20.0%
DRAW GAMES VENDOR EXPENSE	1,368	1,116	(252)	-22.6%
INSTANT TICKET COSTS	984	736	(248)	-33.7%
TOTAL DIRECT COSTS	85,375	74,022	(11,353)	-15.3%
GROSS PROFIT	30,745	29,689	1,056	3.6%
<b>OPERATING EXPENSES:</b>				
ADVERTISING AND PROMOTION	1,625	1,300	(325)	-25.0%
SALARIES, WAGES & BENEFITS	1,182	1,212	30	2.5%
CONTRACTED & PROFESSIONAL SERVICES	202	194	(8)	-4.1%
DEPRECIATION	102	99	(3)	-3.0%
OTHER GENERAL & ADMINISTRATIVE	152	133	(19)	-14.3%
TOTAL OPERATING EXPENSES	3,263	2,938	(325)	-11.1%
OPERATING INCOME	27,482	26,751	731	2.7%
NON-OPERATING INCOME	67	51	16	31.4%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$27,549	\$26,802	\$747	2.8%



KENTUCKY LOTTERY CORPORATION  
STATEMENTS OF INCOME - COMPARISON TO PRIOR YEAR  
YEAR-TO-DATE THROUGH MARCH 31, 2019  
(\$000'S)

NINE MONTHS YEAR TO DATE:	VARIANCE			
	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT BETTER/ (WORSE) THAN PRIOR	
<b>SALES:</b>				
INSTANT TICKETS	\$489,554	\$447,511	\$42,043	9.4%
DRAW GAMES	336,920	319,960	\$16,960	5.3%
ILOTTERY INSTANT PLAY	11,643	7,537	4,106	54.5%
TICKET SALES	838,117	775,008	63,109	8.1%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(110)	(6,863)	6,753	-98.4%
TOTAL TICKET SALES	838,007	768,145	69,862	9.1%
<b>DIRECT COSTS:</b>				
<b>PRIZES:</b>				
INSTANT TICKETS	343,315	304,396	(38,919)	-12.8%
DRAW GAMES	180,754	174,786	(5,968)	-3.4%
ILOTTERY INSTANT PLAY	8,411	5,970	(2,441)	-40.9%
TOTAL PRIZES	532,480	485,152	(47,328)	-9.8%
PAYMENTS TO RETAILERS	49,875	45,552	(4,323)	-9.5%
DRAW GAMES VENDOR EXPENSE	10,300	8,247	(2,053)	-24.9%
INSTANT TICKET COSTS	6,396	6,384	(12)	-0.2%
TOTAL DIRECT COSTS	599,051	545,335	(53,716)	-9.9%
GROSS PROFIT	238,956	222,810	16,146	7.2%
<b>OPERATING EXPENSES:</b>				
ADVERTISING AND PROMOTION	8,707	7,355	(1,352)	-18.4%
SALARIES, WAGES & BENEFITS	10,663	11,144	481	4.3%
CONTRACTED & PROFESSIONAL SERVICES	1,816	1,777	(39)	-2.2%
DEPRECIATION	909	892	(17)	-1.9%
OTHER GENERAL & ADMINISTRATIVE	1,444	1,316	(128)	-9.7%
TOTAL OPERATING EXPENSES	23,539	22,484	(1,055)	-4.7%
OPERATING INCOME	215,417	200,326	15,091	7.5%
NON-OPERATING INCOME	476	348	128	36.8%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$215,893	\$200,674	\$15,219	7.6%

KENTUCKY LOTTERY CORPORATION  
STATEMENTS OF INCOME - COMPARISON TO BUDGET  
MARCH 31, 2019  
(\$000'S)

MONTH OF MARCH:	VARIANCE			
	ACTUAL	BUDGET	ACTUAL BETTER/ (WORSE) THAN BUDGET	
<b>SALES:</b>				
INSTANT TICKETS	70,006	\$72,073	(\$2,067)	-2.9%
DRAW GAMES	44,268	40,620	3,648	9.0%
ILOTTERY INSTANT PLAY	1,846	1,628	218	13.4%
TICKET SALES	116,120	114,321	1,799	1.6%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	0	(397)	397	-100.0%
TOTAL TICKET SALES	116,120	113,924	2,196	1.9%
<b>DIRECT COSTS:</b>				
<b>PRIZES:</b>				
INSTANT TICKETS	50,199	50,538	339	0.7%
DRAW GAMES	24,497	23,175	(1,322)	-5.7%
ILOTTERY INSTANT PLAY	1,368	1,286	(82)	-6.4%
TOTAL PRIZES	76,064	74,999	(1,065)	-1.4%
PAYMENTS TO RETAILERS	6,959	6,822	(137)	-2.0%
DRAW GAMES VENDOR EXPENSE	1,368	1,267	(101)	-8.0%
INSTANT TICKET COSTS	984	937	(47)	-5.0%
TOTAL DIRECT COSTS	85,375	84,025	(1,350)	-1.6%
GROSS PROFIT	30,745	29,899	846	2.8%
<b>OPERATING EXPENSES:</b>				
ADVERTISING AND PROMOTION	1,625	994	(631)	-63.5%
SALARIES, WAGES & BENEFITS	1,182	1,218	36	3.0%
CONTRACTED & PROFESSIONAL SERVICES	202	244	42	17.2%
DEPRECIATION	102	104	2	1.9%
OTHER GENERAL & ADMINISTRATIVE	152	161	9	5.6%
TOTAL OPERATING EXPENSES	3,263	2,721	(542)	-19.9%
OPERATING INCOME	27,482	27,178	304	1.1%
NON-OPERATING INCOME	67	39	28	71.8%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$27,549	\$27,217	\$332	1.2%

KENTUCKY LOTTERY CORPORATION  
 STATEMENTS OF INCOME - COMPARISON TO BUDGET  
 YEAR-TO-DATE THROUGH MARCH 31, 2019  
 (\$000'S)

NINE MONTHS YEAR TO DATE:	VARIANCE			
	ACTUAL	BUDGET	ACTUAL BETTER/ (WORSE) THAN BUDGET	
<b>SALES:</b>				
INSTANT TICKETS	489,554	\$479,443	\$10,111	2.1%
DRAW GAMES	336,920	323,950	12,970	4.0%
ILOTTERY INSTANT PLAY	11,643	10,687	956	8.9%
TICKET SALES	838,117	814,080	24,037	3.0%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(110)	(2,866)	2,756	-96.2%
TOTAL TICKET SALES	838,007	811,214	26,793	3.3%
<b>DIRECT COSTS:</b>				
<b>PRIZES:</b>				
INSTANT TICKETS	343,315	334,780	(8,535)	-2.5%
DRAW GAMES	180,754	182,991	2,237	1.2%
ILOTTERY INSTANT PLAY	8,411	8,443	32	0.4%
TOTAL PRIZES	532,480	526,214	(6,266)	-1.2%
PAYMENTS TO RETAILERS	49,875	49,495	(380)	-0.8%
DRAW GAMES VENDOR EXPENSE	10,300	9,679	(621)	-6.4%
INSTANT TICKET COSTS	6,396	6,303	(93)	-1.5%
TOTAL DIRECT COSTS	599,051	591,691	(7,360)	-1.2%
GROSS PROFIT	238,956	219,523	19,433	8.9%
<b>OPERATING EXPENSES:</b>				
ADVERTISING AND PROMOTION	8,707	8,976	269	3.0%
SALARIES, WAGES & BENEFITS	10,663	11,128	465	4.2%
CONTRACTED & PROFESSIONAL SERVICES	1,816	2,280	464	20.4%
DEPRECIATION	909	938	29	3.1%
OTHER GENERAL & ADMINISTRATIVE	1,444	1,643	199	12.1%
TOTAL OPERATING EXPENSES	23,539	24,965	1,426	5.7%
OPERATING INCOME	215,417	194,558	20,859	10.7%
NON-OPERATING INCOME	476	350	126	36.0%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$215,893	\$194,908	\$20,985	10.8%

KENTUCKY LOTTERY CORPORATION  
STATEMENTS OF INCOME - PERCENTAGE OF TOTAL SALES  
MARCH 31, 2019  
(\$000'S)

MONTH OF MARCH:	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT YEAR BUDGET
<b>SALES:</b>			
INSTANT TICKETS	60.3%	58.1%	63.3%
DRAW GAMES	38.1%	41.2%	35.7%
ILOTTERY INSTANT PLAY	1.6%	1.1%	1.4%
TICKET SALES	100.0%	100.4%	100.4%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	0.0%	-0.4%	-0.4%
TOTAL TICKET SALES	100.0%	100.0%	100.0%
<b>DIRECT COSTS:</b>			
<b>PRIZES:</b>			
INSTANT TICKETS	43.2%	40.4%	44.4%
DRAW GAMES	21.1%	22.8%	20.3%
ILOTTERY INSTANT PLAY	1.2%	0.8%	1.1%
TOTAL PRIZES	65.5%	64.0%	65.8%
PAYMENTS TO RETAILERS	6.0%	5.6%	6.0%
DRAW GAME VENDOR EXPENSE	1.2%	1.1%	1.2%
INSTANT TICKET COSTS	0.8%	0.7%	0.8%
TOTAL DIRECT COSTS	73.5%	71.4%	73.8%
GROSS PROFIT	26.5%	28.6%	26.2%
<b>OPERATING EXPENSES:</b>			
ADVERTISING AND PROMOTION	1.4%	1.3%	0.9%
SALARIES, WAGES & BENEFITS	1.0%	1.2%	1.1%
CONTRACTED & PROFESSIONAL SERVICES	0.2%	0.1%	0.2%
DEPRECIATION	0.1%	0.1%	0.1%
OTHER GENERAL & ADMINISTRATIVE	0.1%	0.1%	0.1%
TOTAL OPERATING EXPENSES	2.8%	2.8%	2.4%
OPERATING INCOME	23.7%	25.8%	23.8%
NON-OPERATING INCOME	0.0%	0.0%	0.1%
INCOME BEFORE TRANSFER OF DIVIDENDS	23.7%	25.8%	23.9%

KENTUCKY LOTTERY CORPORATION  
 STATEMENTS OF INCOME - PERCENTAGE OF TOTAL SALES  
 YEAR-TO-DATE THROUGH MARCH 31, 2019  
 (\$000'S)

NINE MONTHS YEAR TO DATE:

	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT YEAR BUDGET
<b>SALES:</b>			
INSTANT TICKETS	58.4%	58.3%	59.1%
DRAW GAMES	40.2%	41.7%	39.9%
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%
<b>DIRECT COSTS:</b>			
<b>PRIZES:</b>			
INSTANT TICKETS	41.0%	39.6%	41.3%
DRAW GAMES	21.5%	22.8%	22.6%
ILOTTERY INSTANT PLAY	1.0%	0.8%	1.0%
TOTAL PRIZES	63.5%	63.2%	64.9%
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	71.5%	71.0%	72.9%
GROSS PROFIT	28.5%	29.0%	27.1%
<b>OPERATING EXPENSES:</b>			
ADVERTISING AND PROMOTION	1.0%	1.0%	1.1%
SALARIES, WAGES & BENEFITS	1.3%	1.5%	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%	3.0%	3.1%
OPERATING INCOME	25.7%	26.0%	24.0%
NON-OPERATING INCOME	0.1%	0.1%	0.0%
INCOME BEFORE TRANSFER OF DIVIDENDS	25.8%	26.1%	24.0%

KENTUCKY LOTTERY CORPORATION  
 STATEMENTS OF RETAINED EARNINGS  
 MARCH 31, 2019  
 (\$000'S)

	<u>CURRENT YEAR</u>		<u>PRIOR YEAR</u>	
	MONTH	YEAR-TO- DATE	MONTH	YEAR-TO- DATE
RETAINED EARNINGS- BEGINNING OF PERIOD	\$40,824	\$17,039	\$28,263	\$17,039
INCOME BEFORE TRANSFER	27,549	215,893	26,802	200,674
DIVIDENDS - GENERAL FUND & EDUCATION	(21,500)	(180,500)	(20,000)	(176,000)
DIVIDENDS - KEES RESERVE	(296)	(5,855)	(638)	(7,286)
RETAINED EARNINGS- END OF PERIOD	<u>\$46,577</u>	<u>\$46,577</u>	<u>\$34,427</u>	<u>\$34,427</u>

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

	MONTH	YEAR-TO-DATE
CASH FLOWS FROM OPERATING ACTIVITIES:		
OPERATING INCOME	\$27,482	\$215,417
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
DEPRECIATION	102	909
PROVISION FOR LOSSES ON ACCOUNTS RECEIVABLE	11	106
INCREASE (DECREASE) IN CASH DUE TO CHANGES IN:		
ACCOUNTS RECEIVABLE	1,190	(8,240)
OTHER ASSETS	(225)	31
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	3,005	(3,120)
ESTIMATED PRIZE LIABILITY	2,165	3,595
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>33,730</b>	<b>208,698</b>
CASH FLOWS FROM INVESTING ACTIVITIES:		
PROCEEDS FROM MATURITIES OR SALE OF INVESTMENTS	0	1,089
PURCHASE OF INVESTMENTS	0	0
CHANGE IN INVESTMENTS	(41)	(428)
DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	(19)	(981)
INTEREST INCOME	35	249
SECURITY LENDING FEES	0	4
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>(25)</b>	<b>(67)</b>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
DIVIDENDS TRANSFERRED/PAYABLE	(21,796)	(186,355)
RETAILER APPLICATION AND OTHER NON-OPERATING FEES	16	118
<b>NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES</b>	<b>(21,780)</b>	<b>(186,237)</b>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
PURCHASES OF PROPERTY AND EQUIPMENT	0	(1,260)
PROCEEDS FROM DISPOSAL OF PROPERTY AND EQUIPMENT	16	105
PROCEEDS FROM ISSUANCE OF LONG-TERM DEBT	0	0
REPAYMENTS OF LONG-TERM DEBT	0	0
INTEREST EXPENSE	0	0
<b>NET CASH USED IN CAPITAL FINANCING ACTIVITIES</b>	<b>16</b>	<b>(1,155)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>11,941</b>	<b>21,239</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>29,580</b>	<b>20,282</b>
<b>CASH, END OF PERIOD</b>	<b>\$41,521</b>	<b>\$41,521</b>

KENTUCKY LOTTERY CORPORATION  
 PROFIT MARGIN REPORT  
 MONTH ENDING MARCH 31, 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	70,006	12,305	915	484	4,056	13,728	2,905	614	7,661	579	1	0	0	113,254
ILOTTERY	<u>0</u>	<u>315</u>	<u>57</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>93</u>	<u>0</u>	<u>506</u>	<u>49</u>	<u>0</u>	<u>1,846</u>	<u>0</u>	<u>2,866</u>
TOTAL SALES	<u>70,006</u>	<u>12,620</u>	<u>972</u>	<u>484</u>	<u>4,056</u>	<u>13,728</u>	<u>2,998</u>	<u>614</u>	<u>8,167</u>	<u>628</u>	<u>1</u>	<u>1,846</u>	<u>0</u>	<u>116,120</u>
DIRECT COSTS:														
PRIZES WON:														
PRIZES AT RETAIL	50,199	6,193	313	282	1,523	8,466	1,493	378	5,024	525	1	0	0	74,397
ILOTTERY	<u>0</u>	<u>158</u>	<u>18</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>48</u>	<u>0</u>	<u>330</u>	<u>41</u>	<u>0</u>	<u>1,368</u>	<u>0</u>	<u>1,963</u>
TOTAL PRIZES WON	<u>50,199</u>	<u>6,351</u>	<u>331</u>	<u>282</u>	<u>1,523</u>	<u>8,466</u>	<u>1,541</u>	<u>378</u>	<u>5,354</u>	<u>566</u>	<u>1</u>	<u>1,368</u>	<u>0</u>	<u>76,360</u>
UNCLAIMED PRIZE CREDIT	0	(60)	(12)	0	(41)	(73)	(59)	(8)	(30)	(13)	0	0	0	(296)
PAYMENTS TO RETAILERS	4,563	640	50	27	219	769	147	43	452	31	0	0	18	6,959
ONLINE VENDOR EXPENSE	307	216	19	8	73	249	53	12	163	12	0	88	168	1,368
TICKET COSTS	<u>984</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>984</u>
TOTAL DIRECT COSTS	<u>56,053</u>	<u>7,147</u>	<u>388</u>	<u>317</u>	<u>1,774</u>	<u>9,411</u>	<u>1,682</u>	<u>425</u>	<u>5,939</u>	<u>596</u>	<u>1</u>	<u>1,456</u>	<u>186</u>	<u>85,375</u>
GROSS PROFIT	<u>13,953</u>	<u>5,473</u>	<u>584</u>	<u>167</u>	<u>2,282</u>	<u>4,317</u>	<u>1,316</u>	<u>189</u>	<u>2,228</u>	<u>32</u>	<u>0</u>	<u>390</u>	<u>(186)</u>	<u>30,745</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	71.7%	50.3%	34.1%	58.3%	37.5%	61.7%	51.4%	61.6%	65.6%	90.1%	100.0%	74.1%	0.0%	65.8%
UNCLAIMED PRIZE CREDIT	0.0%	-0.5%	-1.2%	0.0%	-1.0%	-0.5%	-2.0%	-1.3%	-0.4%	-2.1%	0.0%	0.0%	0.0%	-0.3%
PAYMENTS TO RETAILERS	6.5%	5.1%	5.1%	5.6%	5.4%	5.6%	4.9%	7.0%	5.5%	4.9%	0.0%	0.0%	0.0%	6.0%
ONLINE VENDOR EXPENSE	0.4%	1.7%	2.0%	1.7%	1.8%	1.8%	1.8%	2.0%	2.0%	1.9%	0.0%	4.8%	0.0%	1.2%
TICKET COSTS	<u>1.4%</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>80.0%</u>	<u>56.6%</u>	<u>40.0%</u>	<u>65.6%</u>	<u>43.7%</u>	<u>68.6%</u>	<u>56.1%</u>	<u>69.3%</u>	<u>72.7%</u>	<u>94.8%</u>	<u>100.0%</u>	<u>78.9%</u>	<u>0.0%</u>	<u>73.5%</u>
GROSS PROFIT	<u>20.0%</u>	<u>43.4%</u>	<u>60.0%</u>	<u>34.4%</u>	<u>56.3%</u>	<u>31.4%</u>	<u>43.9%</u>	<u>30.7%</u>	<u>27.3%</u>	<u>5.2%</u>	<u>0.0%</u>	<u>21.1%</u>	<u>0.0%</u>	<u>26.5%</u>



KENTUCKY LOTTERY CORPORATION  
 PROFIT MARGIN REPORT  
 YEAR TO DATE AS OF MARCH 31, 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	489,444	57,542	8,101	564	33,278	110,304	50,039	5,306	59,574	5,317	1	0	0	819,470
ILOTTERY	<u>0</u>	<u>1,400</u>	<u>452</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,367</u>	<u>0</u>	<u>3,319</u>	<u>356</u>	<u>0</u>	<u>11,643</u>	<u>0</u>	<u>18,537</u>
TOTAL SALES	<u>489,444</u>	<u>58,942</u>	<u>8,553</u>	<u>564</u>	<u>33,278</u>	<u>110,304</u>	<u>51,406</u>	<u>5,306</u>	<u>62,893</u>	<u>5,673</u>	<u>1</u>	<u>11,643</u>	<u>0</u>	<u>838,007</u>
DIRECT COSTS:														
PRIZES WON:														
PRIZES AT RETAIL	346,279	28,584	3,329	329	14,154	62,621	25,104	3,475	38,829	3,107	1	0	0	525,812
ILOTTERY	<u>0</u>	<u>695</u>	<u>378</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>686</u>	<u>0</u>	<u>2,145</u>	<u>208</u>	<u>0</u>	<u>8,411</u>	<u>0</u>	<u>12,523</u>
TOTAL PRIZES WON	<u>346,279</u>	<u>29,279</u>	<u>3,707</u>	<u>329</u>	<u>14,154</u>	<u>62,621</u>	<u>25,790</u>	<u>3,475</u>	<u>40,974</u>	<u>3,315</u>	<u>1</u>	<u>8,411</u>	<u>0</u>	<u>538,335</u>
UNCLAIMED PRIZE CREDIT	(2,964)	(798)	(92)	0	(370)	(675)	(480)	(59)	(304)	(113)	0	0	0	(5,855)
PAYMENTS TO RETAILERS	31,528	2,990	447	31	1,804	6,131	2,582	375	3,533	295	0	3	156	49,875
ONLINE VENDOR EXPENSE	2,141	1,005	163	9	523	1,736	887	105	1,260	106	0	554	1,811	10,300
TICKET COSTS	<u>6,396</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>6,396</u>
TOTAL DIRECT COSTS	<u>383,380</u>	<u>32,476</u>	<u>4,225</u>	<u>369</u>	<u>16,111</u>	<u>69,813</u>	<u>28,779</u>	<u>3,896</u>	<u>45,463</u>	<u>3,603</u>	<u>1</u>	<u>8,968</u>	<u>1,967</u>	<u>599,051</u>
GROSS PROFIT	<u>106,064</u>	<u>26,466</u>	<u>4,328</u>	<u>195</u>	<u>17,167</u>	<u>40,491</u>	<u>22,627</u>	<u>1,410</u>	<u>17,430</u>	<u>2,070</u>	<u>0</u>	<u>2,675</u>	<u>(1,967)</u>	<u>238,956</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	70.7%	49.7%	43.3%	58.3%	42.5%	56.8%	50.2%	65.5%	65.1%	58.4%	100.0%	72.2%	0.0%	64.2%
UNCLAIMED PRIZE CREDIT	-0.6%	-1.4%	-1.1%	0.0%	-1.1%	-0.6%	-0.9%	-1.1%	-0.5%	-2.0%	0.0%	0.0%	0.0%	-0.7%
PAYMENTS TO RETAILERS	6.4%	5.1%	5.2%	5.5%	5.4%	5.6%	5.0%	7.1%	5.6%	5.2%	0.0%	0.0%	0.0%	6.0%
ONLINE VENDOR EXPENSE	0.4%	1.7%	1.9%	1.6%	1.6%	1.6%	1.7%	2.0%	2.0%	1.9%	0.0%	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>78.2%</u>	<u>55.1%</u>	<u>49.3%</u>	<u>65.4%</u>	<u>48.4%</u>	<u>63.4%</u>	<u>56.0%</u>	<u>73.5%</u>	<u>72.2%</u>	<u>63.5%</u>	<u>100.0%</u>	<u>77.0%</u>	<u>0.0%</u>	<u>71.5%</u>
GROSS PROFIT	<u>21.8%</u>	<u>44.9%</u>	<u>50.7%</u>	<u>34.6%</u>	<u>51.6%</u>	<u>36.6%</u>	<u>44.0%</u>	<u>26.5%</u>	<u>27.8%</u>	<u>36.5%</u>	<u>0.0%</u>	<u>23.0%</u>	<u>0.0%</u>	<u>28.5%</u>

KENTUCKY LOTTERY CORPORATION  
ADVERTISING AND PROMOTION EXPENSES

MONTH ENDING MARCH 31, 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	610	0	0	295	0	(1)	0	0	40	0	0	7	951
RADIO	111	0	0	0	0	0	1	0	0	0	0	1	113
PRINT	0	0	0	0	0	0	0	0	0	0	0	0	0
BILLBOARD	8	26	0	0	0	0	25	0	0	0	0	0	59
ONLINE	0	10	0	31	0	0	10	0	0	0	50	89	190
OTHER (TRANSIT, ETC.)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDIA	729	36	0	326	0	(1)	36	0	40	0	50	97	1,313
PRODUCTION	(1)	0	0	32	0	0	0	0	1	0	0	31	63
COUPONS & PROMOTIONS	6	0	0	0	0	0	0	0	0	0	0	123	129
SPECIAL EVENT/GAME SHOW	0	0	0	0	0	0	0	0	0	0	0	34	34
PREMIUMS	0	0	0	0	0	0	0	0	0	0	0	35	35
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	0	8	8
TOTAL	734	36	0	358	0	(1)	36	0	41	0	50	371	1,625

YEAR-TO-DATE AS OF MARCH 31, 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	2,135	0	0	295	73	73	0	54	292	0	0	81	3,003
RADIO	1,094	4	0	0	0	0	4	0	297	0	0	31	1,430
PRINT	2	0	0	0	0	0	0	0	0	0	0	22	24
BILLBOARD	181	232	0	0	0	0	231	3	0	0	0	3	650
ONLINE	715	17	0	31	2	3	17	1	36	0	439	141	1,402
OTHER (TRANSIT, ETC.)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDIA	4,127	253	0	326	75	76	252	58	625	0	439	278	6,509
PRODUCTION	149	10	0	32	0	(3)	12	0	107	0	2	517	826
COUPONS & PROMOTIONS	8	0	0	0	0	0	0	0	0	0	2	541	551
SPECIAL EVENT/GAME SHOW	0	0	0	0	0	0	0	0	0	0	0	94	94
PREMIUMS	0	0	0	0	0	0	0	0	8	0	0	166	174
AGENCY FEES	7	0	0	0	0	0	0	0	0	0	0	390	397
OTHER (SIGNAGE, ETC.)	0	0	0	0	0	0	0	0	0	0	67	89	156
TOTAL	4,291	263	0	358	75	73	264	58	740	0	510	2,075	8,707

KENTUCKY LOTTERY CORPORATION  
 OPERATING EXPENSES  
 MARCH 31, 2019  
 (\$000'S)

	<u>MONTH</u>	<u>YEAR-TO-DATE</u>
ADVERTISING & PROMOTION	\$1,625	\$8,707
<u>SALARIES, WAGES &amp; BENEFITS:</u>		
SALARIES AND WAGES	916	8,280
BENEFITS AND TAXES	266	2,383
	1,182	10,663
<u>CONTRACTED &amp; PROFESSIONAL SERVICES:</u>		
ON-LINE DRAWING EXPENSES	2	31
CONSULTANT SERVICES	42	541
SECURITY SERVICES	17	126
REPAIRS AND MAINTENANCE	10	101
CUSTODIAL SERVICES	1	33
PUBLIC INFORMATION SERVICES	1	33
DIRECTOR EXPENSES	3	27
COMPUTER SOFTWARE COST/MAINT.	44	379
COMPUTER HARDWARE COST/MAINT.	12	73
LEGAL SERVICES	9	61
AUDIT EXPENSES	27	211
OTHER	34	200
	202	1,816
<u>DEPRECIATION:</u>		
DEPRECIATION EXPENSE	102	909
<u>OTHER GENERAL &amp; ADMINISTRATIVE:</u>		
COMMUNICATIONS/TELEPHONE SERVICES	14	116
OFFICE SUPPLIES & SERVICES	27	146
TRAVEL AND RELATED EXPENSES	29	368
RENT, UTILITIES AND INSURANCE	68	628
A/R COLLECTIONS ALLOWANCE	6	106
OTHER	8	80
	152	1,444
TOTAL OPERATING EXPENSES	\$3,263	\$23,539
 <u>NON-OPERATING INCOME:</u>		
INTEREST EXPENSE	0	0
INTEREST INCOME	35	249
OTHER INCOME/(LOSS)	32	227
	\$67	\$476
TOTAL NON-OPERATING INCOME	\$67	\$476

KENTUCKY LOTTERY CORPORATION  
PROPERTY AND EQUIPMENT  
MARCH 31, 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	1,223	1,314	1,264
FURNITURE, FIXTURES & EQUIPMENT	1,150	1,150	1,138
DATA PROCESSING EQUIPMENT & SOFTWARE	5,721	5,721	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	17,390	17,481	16,466
ACCUMULATED DEPRECIATION	<u>(11,598)</u>	<u>(11,587)</u>	<u>(11,025)</u>
PROPERTY AND EQUIPMENT, NET	<u>\$5,792</u>	<u>\$5,894</u>	<u>\$5,441</u>