



FUELING
Imagination.



FUNDING
Education.

FISCAL YEAR 2022 ANNUAL REPORT



Commonwealth of Kentucky
OFFICE OF THE GOVERNOR

Team Kentucky:

Yet again, the entire Kentucky Lottery team of both staff and retailers has delivered – to the benefit of students in every corner of the Commonwealth.

Congratulations for once again shattering a sales record in FY22 by selling \$1,676,502,000 in tickets. This is a 5.7% increase from the previous year, with \$90.2 million in additional sales over FY21.

The Lottery's total cash transfers to the Commonwealth were \$360.8 million. This is \$6.1 million or 1.7% more than last year. These transfers are incredibly impactful, as Lottery retailers and staff worked through the ever-changing business climate of the post-pandemic. Thanks to that work, more money than ever is available to help our state's best, brightest and most deserving students attend college in Kentucky.

For more than two decades now, these programs have worked to help keep our students here at home to attend college and help Kentuckians return to school to get a degree in high-demand fields. Lottery proceeds even support programs to help non traditional students receive degrees in in-demand fields and another that allows high school students to take no-cost college classes and complete the majority of their first semester before they ever step on campus. The value of these initiatives is more important than ever.

Thanks to everyone involved with the Kentucky Lottery for their commitment to keep fueling imagination and funding education.

Sincerely,

Andy Beshear, Governor



Our Mission

Our mission at the Kentucky Lottery is clear – we fuel imagination and fund education for ALL Kentuckians. This is done through lottery proceeds funding college scholarship and grant programs with over \$4.4 Billion in funding since 1999, including every dime ever awarded in the popular KEES Scholarship program. In order to do this, our plan is based on a structure which represents our operation.

KENTUCKY LOTTERY STRATEGIC PILLARS

The most important part of our structure is the top – **Proceeds**, represented by the scholarship and grant programs we fund. Supporting this top structure are four columns which represent our core elements:

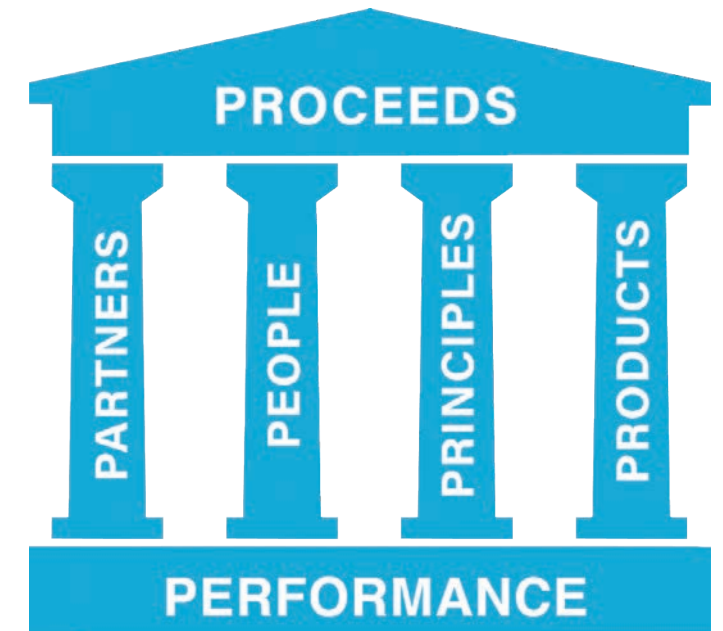
PARTNERS – retailers and vendors

PEOPLE – employees

PRINCIPLES – integrity

PRODUCTS – games and delivery channels

All of these elements are then supported by the foundation of our organization, **Performance** (operational excellence).



ACHIEVING RECORD SALES

Fiscal Year 2022 marks the 11th consecutive year that the sales record for Kentucky Lottery has been broken. This also marks the 25th year out of the past 33 that we've achieved record sales. Scratch-off tickets once again were the largest individual game category, finishing the year at \$963.5 million.

The largest percentage growth category for the year was the Lottery's iLottery instant play sales. Even though the sales channel has seen steady growth over the past seven years since it was launched, it's clear that consumers discovered the platform during the pandemic and have stayed there to play. All internet sales for the year comprised 15% of total Kentucky Lottery sales.

Several Lottery-funded programs have seen increased award amounts due to the record-breaking sales and cash transfers in FY22. Awards for the need-based College Access Program (CAP) in four-year programs will increase to \$5,300 up from \$2,900 last year. One in five Kentuckians has now received a college scholarship or grant that was paid for directly when someone bought a Kentucky Lottery ticket, and we think the public appreciates knowing how these proceeds directly benefit people in their communities. So that means not only do players and retailers win thanks to the Kentucky Lottery, but our best, brightest and most-deserving students do as well.



Mark F. Sommer
Kentucky Lottery Corporation
Board Chairman



Mary R. Harville
Kentucky Lottery Corporation
President & CEO

BEST PLACES TO WORK IN KENTUCKY

For the second year in a row, the Kentucky Lottery was once again named one of the Best Places to Work in Kentucky for a medium-size company by the Kentucky Chamber of Commerce and the Kentucky Society for Human Resources Management.

The award is given based on results of an employee survey of workplace satisfaction and an evaluation of policies, practices and demographics.



"To again make this prestigious list is such a tremendous honor for all of us," said Kentucky Lottery President and CEO Mary Harville. "We've worked hard to create an atmosphere that's a great place to work while at the same time shattering sales records. Those two goals can successfully coexist, and we're an example of that. The best interest of our employees has always been top of mind for us."

LOTTERY

SALES AND PROCEEDS SET

All-Time RECORDS

The Kentucky Lottery's sales and proceeds numbers in FY22 were the highest yet in the Corporation's 33-year history.

Total sales for the fiscal year were **\$1,676,502,000**. This is a 5.7% increase from the previous year, with **\$90.2 million** in additional sales over FY21. Total proceeds (or cash transfers) to the Commonwealth were **\$360.8 million**.

These increased sales meant more prizes were awarded in FY22 than in any other period of the Kentucky Lottery's history. Players won \$1,152,007,000 for the year, an \$84.6 million (7.9%) increase from the previous year.

Scratch-off tickets finished the year at \$963.5 million. This is a \$1.8 million or 0.2% increase from the previous year.

The largest percentage growth category for the year was realized by the Lottery's Instant Play games. The category has seen steady growth over the past seven years since it was launched, particularly in the last two years. Sales of Instant Play games finished FY22 at \$226.1 million, an increase of \$107.4 million or 90.6%. All internet sales for the year comprised 15% of total Kentucky Lottery sales.

Jackpot levels played a large part in how Powerball and Mega Millions sales progressed during the FY. Powerball sales for the year were \$71.1 million, up 16% (or \$9.8 million) from the previous FY. This was due in large part to a pair of jackpot runs during the year and the inclusion of a third nightly draw. The Mega Millions game did not see the same large jackpots, only breaking the \$400 million mark twice in the FY. This led to a 29.2% (or \$14.7

million) decline in annual sales for the game from the previous year, finishing FY22 with \$35.5 million in sales.

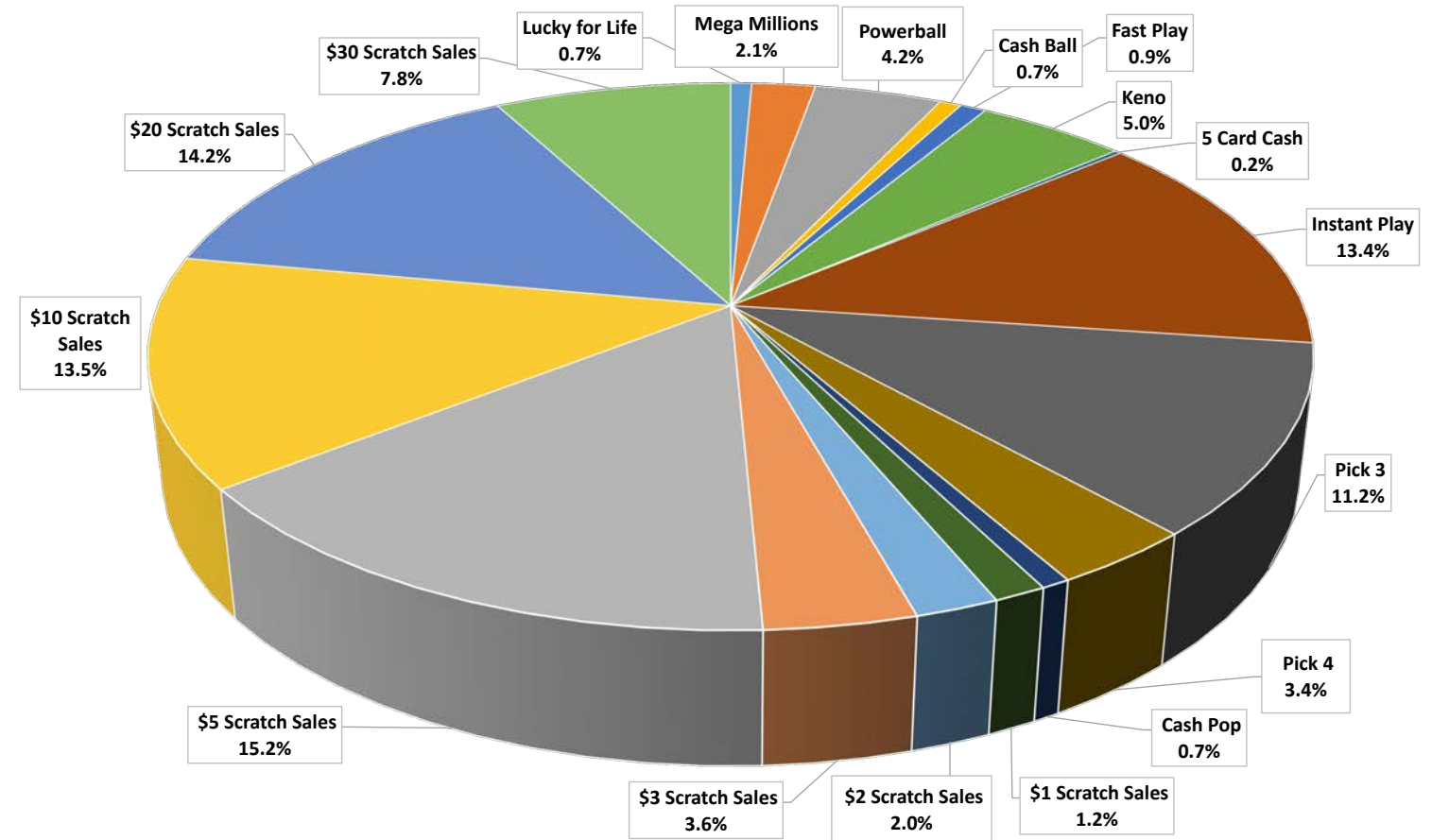
Two other draw games saw increases for the year. The Lucky for Life game went from two drawings a week to seven in July 2021, with a subsequent 51.2% (\$4.0 million) sales jump for the year to \$11.7 million. Fast Play games, which play like a Scratch-off ticket printed from a Lottery terminal or vending machine, saw several new game launches during the year. This led to a 7.4% (\$1.0 million) sales increase to \$14.6 million for the year.

All other daily draw games saw declining sales. Sales for the daily Pick 3 game decreased by 3.7% (or \$7.1 million), and Pick 4 game sales decreased 5.1% (\$3.1 million). Keno sales also decreased by 6.2%, a \$5.5 million decline from the previous year.

Mary Harville, Kentucky Lottery president and CEO, believes a simple combination has led to these record-breaking results. "To me, it's about great games, fun and integrity," she said. "We're delivering fun games which players are clearly enjoying, and we're doing it with a level of integrity players and decision-makers in the state expect."

"Players clearly play for fun and to win great prizes," Harville said. "But if they don't win, they know the funds we generate go straight back to the Commonwealth to pay for college scholarship and grant programs."

PRODUCT SHARE FY 2022



RECORDS BROKEN IN FY22

Here are the all-time highs the Kentucky Lottery achieved during the fiscal year:

SALES RECORDS:

- Total sales – year and day
- Scratch-off games – year and day
- iLottery instant play games – year, quarter, month, week and day

OTHER RECORDS:

- Total prizes – highest annual amount paid
- Dividends transfers – highest annual cash transfers
- Net income – highest annual amount

INTERNET SALES SEE CONTINUED GROWTH

iLottery sales were again the single largest growth factor in the Kentucky Lottery's record-breaking FY fiscal year. In FY22, overall iLottery sales were \$250.5 million.

From that amount, \$226.1 million in sales were for the Instant Play product line. There were 75 Instant Play games launched over the course of the year. The most popular game – 5 Card Cash – shared a name with a long-standing Kentucky Lottery draw game. The iLottery version of 5 Card Cash saw \$13.5 million in sales, followed by Silver Stars Supreme with \$13.1 million in sales.

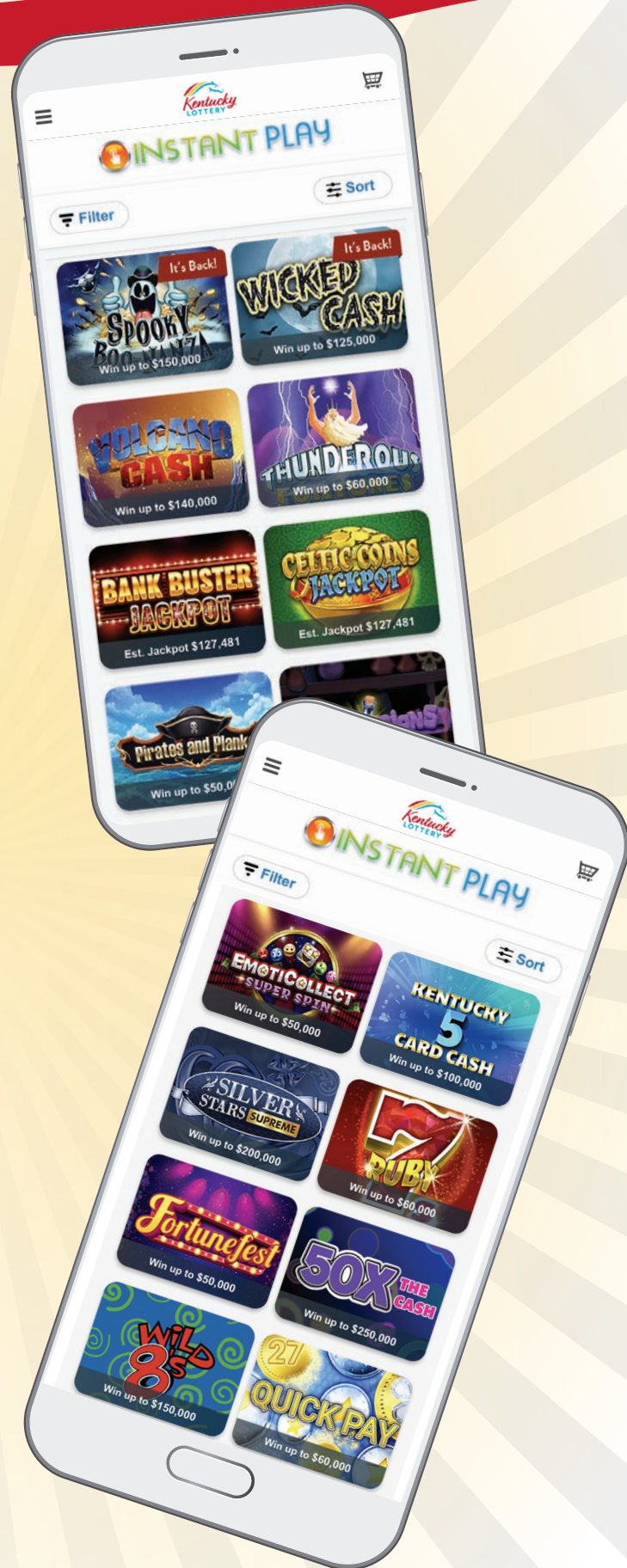
Several new promotions and game styles were introduced during the course of the year, helping to drive these increased sales. Two new game launches were planned for each month to keep content fresh. These included new multiticket options in games such as Multiplier Spectacular, where players could choose the number of tickets they played and customize the ticket cost. A progressive jackpot game, Celtic Coins, was also launched. Players could watch the jackpot grow with each purchase until it was hit.

As a result, Celtic Coins saw the two largest prizes won on the platform for the year - \$227,334 and \$116,135.

The cascading game style where animated items “fell down” the screen was introduced in the game Prize Potions, and was received well by players. The Emoti family of games expanded to three products which also sold well.

On the promotion side, the Bracket Mania promotion in March where players voted for their favorite games by playing them was a success. There were eight different play style games in the bracket, with players who “voted” for the winning game being entered into a drawing for Bonus Bucks. The games in the first bracket saw \$1.1 million in sales, a 22.6% increase when compared with the same week in the previous year. This helped make June 2022 the best sales month ever for the platform at the time.

Play via mobile devices continued to be the most popular means of access to the channel, with nearly 85% of all play conducted on a mobile device.



DRAW GAMES RECAP

DRAW game sales closed the year at **\$486.9 million** (which includes \$24.5 million in draw-game internet sales).

POWERBALL:

Powerball sales for the year were \$71.1 million, up 16% (or \$9.8 million) from the previous FY. This was due in large part to a pair of jackpot runs during the year, most notably the \$685 million jackpot in October 2021 and a \$630 million jackpot in January 2022 as well as the addition of a Monday night draw. While Kentucky did not have a jackpot winner in FY22, 31 lucky players matched four of the white ball winning numbers and the Powerball to win the game's \$50,000 third prize – and four of those 31 players purchased the Power Play option, meaning that prize was multiplied even higher.



MEGA MILLIONS:

Mega Millions did not see the same large jackpots as Powerball in FY22, only breaking the \$400 million mark twice in the year. This led to a 29.2% (or \$14.7 million) decline in annual sales for the game from the previous year, finishing FY22 with \$35.5 million in sales. Kentucky still has not seen a Mega Millions jackpot winner, but two players won the game's second prize of \$1 million in FY22 and 22 won the game's third prize of \$10,000.



PICK 3 AND PICK 4:

Pick 3, which far and away continues to be the most widely played Kentucky Lottery draw game (more than double sales of any other draw game), decreased by 3.7% (or \$7.1 million) to \$187.1 million. Pick 4 game sales also decreased 5.1% (\$3.1 million) to \$57.1 million.



CASH BALL 225:

Cash Ball 225 finished the year with \$11.9 million in sales, a 10.4% decrease (\$1.4 million) from the previous year. There were seven players who won the game's top prize of \$225,000 in FY22.



LUCKY FOR LIFE:

Lucky For Life went from being drawn two nights a week to seven in FY22, and the move proved successful. Sales grew 51.2% to \$11.7 million, a \$4.0 million increase. Kentucky had two players with the game's second prize of \$25,000 a year for life, and 15 players won the game's third prize of \$5,000 in FY22.



5 CARD CASH:

Sales of the 5 Card Cash game ended the year at \$3.3 million. This was a \$1.8 million (34.7%) decrease from FY21. There were three winners of the game's \$100,000 top prize and two winners of the game's \$5,000 Instant Win prize for the period. This game ended earlier this fiscal year.



KENO:

After double-digit growth in FY21, Keno sales saw a 6.2% decrease in FY22. Sales were \$83.1 million, a \$5.5 million decrease. There was one Keno top prize winner of \$130,000 in FY22 and 25 other winners of amounts between \$10,000 and \$50,000 in FY22.



CASH POP:

In its second full year of availability, the Cash Pop game saw sales decrease by a slight 0.2%. The game finished the year with \$11.5 million in sales, down \$28,000 from the previous year. Drawings for the game take place every four minutes between each Keno drawing. Like Keno, players choose how many Cash Pop numbers they want to play from 1 through 15, or they can choose “Cover All” to play all 15 numbers for a guaranteed win. Tickets print with a player's numbers and corresponding computer-selected prize amounts.



FAST PLAY:

With Fast Play games, there is no drawing to wait for – players know immediately if they've won a prize based on the how-to-play information printed on each ticket. The game also has a rolling jackpot feature which increases every time a Fast Play game is purchased until the jackpot is won. The game saw sales of \$14.6 million, which is a 7.4% (\$1.0 million) increase from the previous year. There were seven jackpot winners for the year who claimed top prizes from \$5,120 to \$350,069.





SCRATCH-OFFS CONTINUE TO BREAK RECORDS

Scratch-off tickets led the way to the record-breaking year for the Kentucky Lottery, amassing \$963.5 million in sales over FY22.

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Several measures contributed to this success. As the \$5 price point was the best seller for these tickets, the Lottery focused on making sure every game launch had a pair of \$5 games included (with the only exception being the three families of games launched in July, January and June). Maximizing sales at this price point helped lead it to \$254.5 million in sales, a 9.5% increase over the prior year.

Strong holiday sales were led by the \$20 ticket Money Limited Edition. Player response right out of the gate to this game was so strong that it led in part to highest sales day for the Kentucky Lottery in its 33-year history. On the day Money Limited Edition and five other holiday-themed tickets were launched, the Lottery realized record-breaking sales of \$17,699,198.

In addition, while other lotteries were seeing declines at the \$3 price point, the Kentucky Lottery continued to grow at that level by adding a \$3 game to the holiday portfolio for the first time since 2013, as well as continuing to offer different extended play styles offering a variety of play to this growing and loyal player base.



There were three families of tickets launched through the FY, all of them well-received with several of them selling out. Each family was based on the strongest themes, all of which utilized the most popular features and a simple key-number-match play style.

Some of the notable launches for the year included the Full of \$500's game. Most tickets like this at the \$5 price point have top prizes in the neighborhood of \$50,000 to \$100,000. The top prize in this game however was only \$500 - but there were a huge number of prizes at that level available. The game was expected to be in market for 12 weeks but instead sold out in just 21 days. And, as a result, an

additional Full of \$500's game was added to the schedule in the spring with an increased order quantity to last for the remainder of the fiscal year which led to this game being the highest indexing \$5 game of the year.

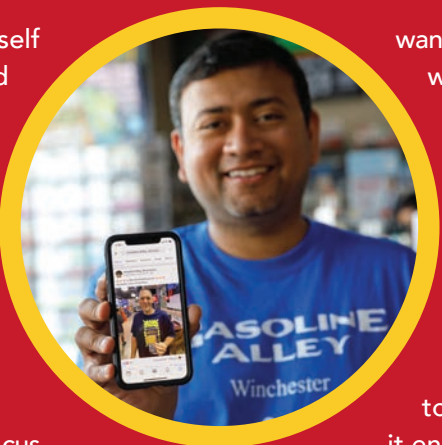
This model of higher secondary prizes was also followed with the fourth \$30 game launched by the Kentucky Lottery, \$2 Million Diamond Dazzler. Previous games at this price point have had a \$3 million top prize, but this had a \$2 million top prize. As a result, those additional dollars went to enhance prize levels such as the lowest prize in the game being \$40 (and not the purchase price) as well as the more attainable secondary prize levels. ●



- FY22 saw a continued emphasis on reducing out of stocks in retail, dropping the level to 4.7% this year from 5% in FY21.
- Kentucky Lottery retailers earned an average of \$24,000 in retailer commissions for FY22.

RETAILER SPOTLIGHT

Gasoline Alley has made a name for itself on social media, specifically Facebook and Instagram. Montu Patel, owner of the Winchester store, says proudly “We have more than 5,000 followers on Facebook.” When asked why they rely so heavily on social media, Montu said, “We use it mainly for winner awareness. We think it’s important to let customers know what big winners you’ve sold.”



“My wife, Dimpal, and I know it helps bring customers into the store too because they’ll mention they just saw a winner on Facebook,” said Montu. To ensure they are posting tickets that were sold at their store, Montu says they stamp the back of tickets \$10 and more. “If it’s a big winner and that stamp is on the back of the ticket, we ask the person if we can take their picture,” Montu said. “Most

want to be featured on our social media pages when they see other winners.”

And customers don’t have to rely on social media alone to know Gasoline Alley is big on winner awareness. Walk into the store and you’ll see banners of top selling tickets and tickets that were big winners line the window. Montu said, “When a customer walks in to pay for gas and sees all the big winners, it encourages them to play.”

“Using social media, posting winners in the store and especially, cashing winning tickets has been great for our business. We always try to cash winning tickets when we can because they’ll turn around and get a few more tickets. It’s just good business!” Montu adds.



KLCares

The KLC encourages employees to become involved in their communities and contribute their time and talents to organizations that make a positive difference in deepening community connections. Each year, the KLC offers paid volunteer hours for employees who want to volunteer their time and skills in the community.



An internal program, KLCares, provides multiple giving opportunities to different non-profits within the community. Some of the organizations benefiting in the past include: The Healing Place, Byck Elementary and local animal shelters.

This past fiscal year, we also saw devastation among our communities. Deadly tornadoes hit western Kentucky in December 2021. KLC employees quickly stepped up providing monetary donations as well as some of the most requested products, including baby formula.

We’ve been able to add the western Kentucky tornado relief efforts to our list of causes and still break the previous records for our Metro United Way and Fund for the Arts employee campaigns. More than \$32,000 was generated through employee pledges for Metro United Way and a record amount was pledged to our Fund For The Arts campaign.

The Kentucky Lottery is proud of the dedication of our employees to volunteer their time and funds to make a difference in our communities.



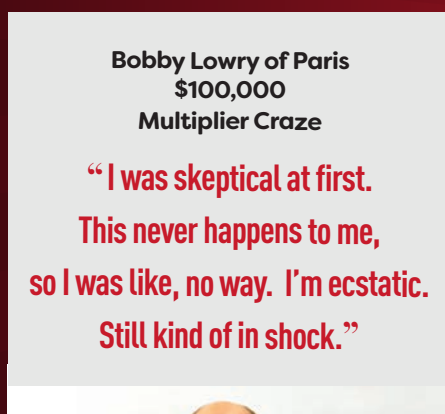
WINNERS WINNERS EVERYWHERE

THE KENTUCKY LOTTERY AWARDED A RECORD **\$1.152 BILLION** IN PRIZES IN FY22, THIS IS \$84.6 MILLION (7.9%) MORE THAN THE PREVIOUS YEAR. HERE ARE JUST A FEW OF THE THOUSANDS AND THOUSANDS OF WINNING MOMENTS WE CREATED.



Lillie Ingram of Louisville
Derby City Fanatic Second
Chance Promotion

“I couldn’t believe it. I’ve never won anything like this before. I’ve been wanting to take part in Derby festivities for so long.”

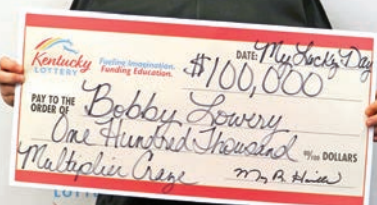


Bobby Lowry of Paris
\$100,000
Multiplier Craze

“I was skeptical at first. This never happens to me, so I was like, no way. I’m ecstatic. Still kind of in shock.”



Bobby Lowry of Paris
\$100,000
Multiplier Craze



Lisa Maltese of Louisville
\$111,615.36
Celtic Coins Jackpot Instant Play

“A couple of clicks and here we are. This is so crazy.”



Russell Turner of Somerset
\$2,000,000
\$2,000,000 Diamond Dazzler

“I thought I was having a heart attack. I saw the biggest number I’d ever seen in my life. I started shaking and screaming.”



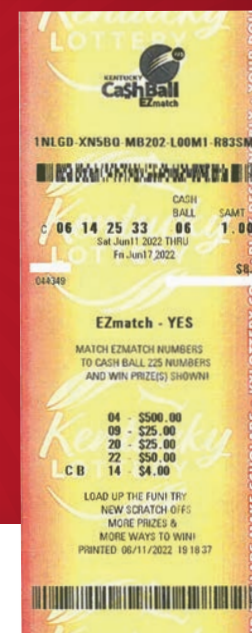
Radcliff player
\$25,000 a year for life
Lucky For Life

“Are you kidding me? We just sat there looking at each other asking, ‘Did this really just happen?’”



Philip Burkhart of Harlan
\$100,000
Fastest Road to \$3 Million

“It’s a blessing. When I saw that comma, I just knew. I couldn’t believe it. What are the odds of that ticket being at that store?”



Richmond player
\$225,000
Cash Ball 225

“I couldn’t believe it. When the odds of winning are one in 1,300,000 and I’m the one, that’s crazy.”



Kayla Smith of Hazard
\$100,000
Win Win Win

“We were in disbelief. Full of excitement and shocked. So many emotions.”



Gallatin County woman
\$150,000
Powerball

“I just stood there staring at the display. It went blank so I scanned it again just to make sure. I checked it a third time and this time took a picture because I knew my husband wasn’t going to believe me.”

FUELING *Imagination.*



Kentucky Lottery President & CEO Mary Harville talked with UK President Eli Capilouto about the Lottery-funded programs benefitting students.



President Harville met with ECU President David McFaddin to discuss the ever-growing opportunities at ECU supported through Lottery-funded grants and scholarships.



Sales increases lead to more funds available for Lottery-funded college scholarship and grant programs.

Record-breaking sales and cash transfers in FY22 have led to increased award amounts for several of the programs funded by Lottery proceeds. Awards for the need-based College Access Program (CAP) in four-year programs will increase to \$5,300, up from \$2,900 last year. Other need-based scholarship and grant programs funded by Lottery proceeds will also see increases. In addition, increased Lottery transfers have led to an expansion of the Work Ready Kentucky Scholarship program. This initiative helps residents who want to earn two-year degrees or certificates studying in-demand career fields. The program initially just covered four semesters of classes, but additional funding has expanded Work Ready to now continue until a student has earned 60 credit hours or completed an associates degree, whichever comes first.

Kentucky Lottery proceeds fund a variety of college scholarship and grant programs. The most notable among them is the Kentucky Educational Excellence Scholarship (KEES) program, which for 23 years has been solely funded by Lottery proceeds.

These profits also pay for the need-based College Access Program (CAP) and the Kentucky Tuition Grants (KTG) initiatives. In addition, Lottery proceeds fund the Work Ready KY Scholarship which helps students go to college to study in-demand professions, and the Dual Credit Program, which allows students to earn college credits while still in high school.

Here are just a few examples of the impact made by these dollars over the last two decades.

Lauren Allen

- HOMETOWN: LOUISVILLE
- JEFFERSON COMMUNITY & TECHNICAL COLLEGE SOPHOMORE ORGANIZATIONAL LEADERSHIP MAJOR
- WORK READY KY SCHOLARSHIP
- PLANS AFTER COLLEGE: WORK AS A CORPORATE TRAINER

Kentucky Lottery surpasses the **\$4.4 BILLION** mark in funding college scholarship and grant programs.

FUNDING *Education.*



President Harville with on-field check presentations at University of Kentucky and University of Louisville home football games in 2022.



“
 KEES money made me feel rewarded for all the hard work I put into my academics while in high school. It allowed me to attend college close to home. I love my small town and there is nowhere else I would rather be attending school.
 ”

Alexis Hope Newsome

HOMETOWN: PIKEVILLE
 UNIVERSITY OF PIKEVILLE
 SOPHOMORE
 BIOLOGY MAJOR
 KEES, CAP, KTG AND DUAL-CREDIT SCHOLARSHIP
PLANS AFTER COLLEGE:
 ATTEND THE KENTUCKY COLLEGE OF OSTEOPATHIC MEDICINE.

Kaleb Cunningham

HOMETOWN: LOUISVILLE
 KENTUCKY STATE UNIVERSITY
 FRESHMAN
 UNDECLARED MAJOR
 KEES RECIPIENT
PLANS AFTER COLLEGE: ATTEND GRADUATE SCHOOL, GIVE BACK AND HELP SERVE THE PEOPLE IN WHATEVER WAY GOD MAY LEAD ME.

“
 After receiving my KEES award, I felt like I was getting rewarded for the hard work I did in high school.
 ”



“
These scholarships have allowed me to be the first person in my family to go to a four-year college to pursue a degree for my dream job. Without these grants and scholarships, I would not be able to further my education especially since I am paying for college myself.
”

Cassidy Farwick

HOMETOWN: RUSSELLVILLE
WESTERN KENTUCKY UNIVERSITY SOPHOMORE
DENTAL HYGIENE MAJOR
KEES RECIPIENT
PLANS AFTER COLLEGE:
GET A JOB IN A DENTAL OFFICE

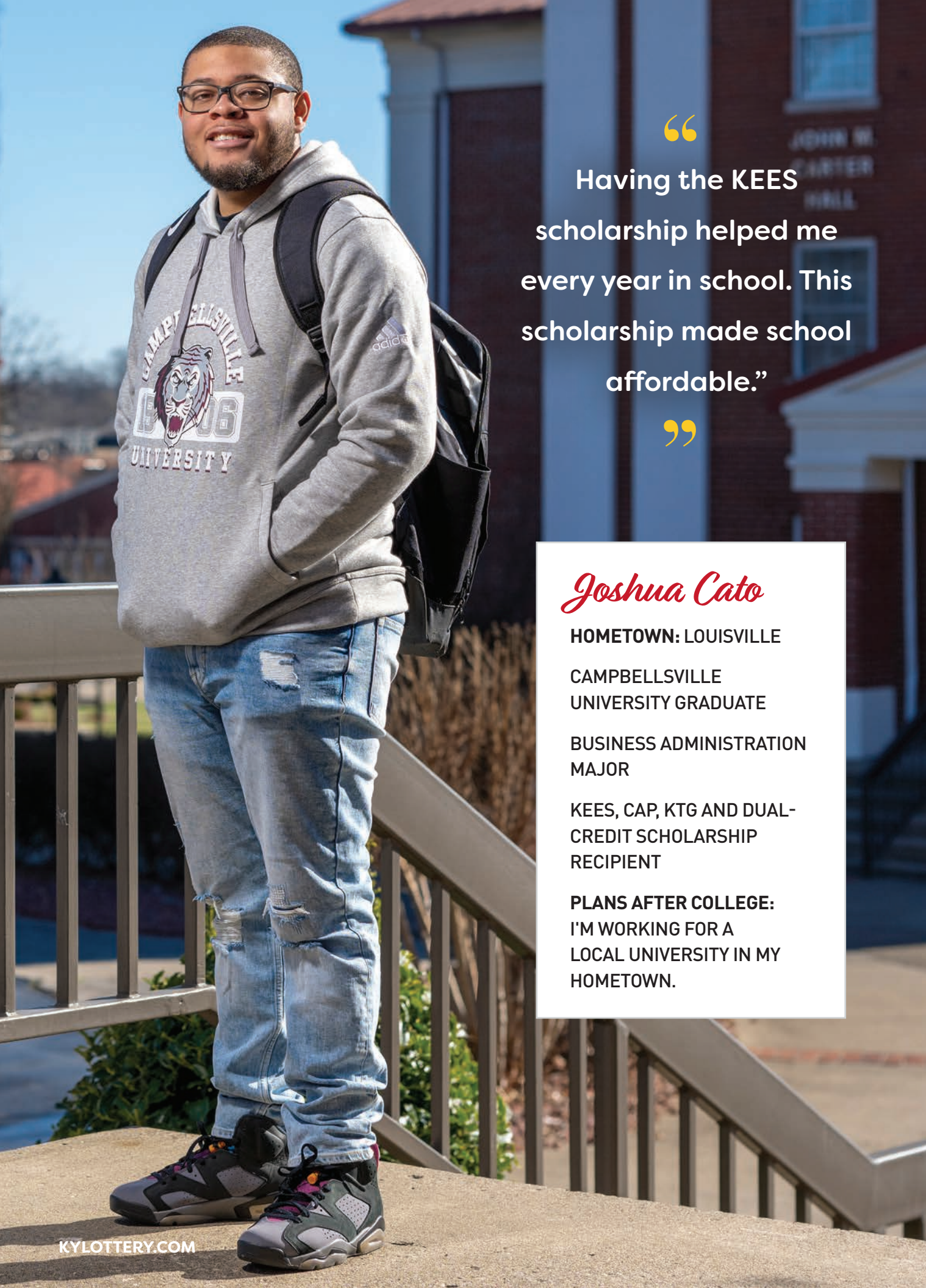


Jordan Johns

HOMETOWN: LOUISVILLE
SIMMONS COLLEGE
SOPHOMORE
GENERAL STUDIES MAJOR
KEES AND DUAL CREDIT SCHOLARSHIP RECIPIENT
PLANS AFTER COLLEGE:
I HOPE TO BE AN OB/GYN

“
I just want to make my mom proud by getting my bachelor’s degree. I’m the third child in my family to go to college but the first to get a four-year degree. KEES alleviates some of the financial stress off our family from me furthering my education.
”





“
Having the KEES scholarship helped me every year in school. This scholarship made school affordable.”
”

Joshua Cato

HOMETOWN: LOUISVILLE

CAMPBELLVILLE
UNIVERSITY GRADUATE

BUSINESS ADMINISTRATION
MAJOR

KEES, CAP, KTG AND DUAL-
CREDIT SCHOLARSHIP
RECIPIENT

PLANS AFTER COLLEGE:
I'M WORKING FOR A
LOCAL UNIVERSITY IN MY
HOMETOWN.



Rachel Taylor

HOMETOWN: AUBURN

WESTERN KENTUCKY
UNIVERSITY SENIOR

PUBLIC RELATIONS AND
ENGLISH MAJOR

KEES RECIPIENT

PLANS AFTER COLLEGE: WORK
FOR A FEDERAL CONSERVATION
AGENCY DOING PUBLIC AFFAIRS
AND COMMUNICATIONS.

“
My KEES money has opened doors for me all throughout my college career. This scholarship will allow me to enter the workforce with valuable experience and financial stability, which will provide a strong foundation for the rest of my life.
”



CORPORATE SOCIAL RESPONSIBILITY

The Kentucky Lottery is a founding member of the Kentucky Council on Problem Gambling (KYCPG). The council was formed in 1995 to educate the community about problem and compulsive gambling, offer training to counselors interested in treating gambling disorders and offer financial assistance for treatment to those wanting help.

Managed in conjunction with the KYCPG, the 1-800-GAMBLER hotline is staffed 24/7 by professionals trained in problem and compulsive gambling issues. Anyone with any sort of gambling problem can call the number for information, guidance and referrals

to treatment programs and Gamblers Anonymous. If people don't want to speak with someone for more information, they can send a text to 1-800-GAMBLER to interact with a counselor. They can also go to the Lottery's website at www.kylottery.com, click on the "Play Responsibly" button at the bottom of the page, and be taken to a link where they can conduct an online chat with a counselor. These services are available 24 hours a day, seven days a week.

The Kentucky Lottery was the first U.S. lottery to hold all three responsible gambling certifications offered in the worldwide industry.

PLAY RESPONSIBLY BILLBOARDS:

The Kentucky Lottery continued the "Play Responsibly" billboard campaign in FY22. Billboards across the Commonwealth shared the message along with the 1-800-GAMBLER phone number. In total, the 20 boards received 4,114,173 impressions.



KLC RECOGNIZED 28TH STRAIGHT YEAR FOR FINANCIAL EXCELLENCE

For 28 consecutive years, the KLC has achieved the highest form of recognition in governmental accounting and financial reporting. The KLC once again earned in FY22 the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. The award recognizes organizations that demonstrate a spirit of full disclosure and clearly communicate their financial story. The KLC was the second lottery in North America to receive this award, and only one other U.S. lottery has received this designation more often than the KLC.

FINANCIAL STATEMENTS

Kentucky Lottery Corporation STATEMENTS OF NET POSITION June 30, 2022 and 2021 (dollars in thousands)

	2022	2021 (Restated)
ASSETS		
Current Assets		
Cash and equivalents	\$22,895	\$29,143
Cash and equivalents, annuitants	2,639	2,600
Investments at fair value, current portion	1,384	1,383
Accounts receivable, net	74,956	65,193
Other assets	1,120	1,096
Total current assets	102,994	99,415
Noncurrent Assets		
Investments at fair value, less current portion	5,330	7,068
Operating Lease Assets	9,638	13,033
Capital assets, net	4,577	5,212
Deposits with Multi-State Lottery Association	5,268	5,582
Total noncurrent assets	24,813	30,895
Total assets	127,807	130,310
LIABILITIES		
Current Liabilities		
Accounts payable, accrued expenses, and compensated absences, current portion	12,018	13,359
Due to the Commonwealth of Kentucky	9,545	11,030
Estimated prize liability, current portion	70,071	64,447
Operating Lease Liability, current Portion	3,667	4,086
Total current liabilities	95,301	92,922
Noncurrent Liabilities		
Accrued compensated absences, less current portion	539	512
Estimated prize liability, less current portion	8,547	9,764
Operating Lease Liability, current Portion	5,971	8,947
Total noncurrent liabilities	15,057	19,223
Total liabilities	110,358	112,145
NET POSITION		
Net investment in capital assets	4,577	5,212
Unrestricted	12,872	12,953
Net position	\$17,449	\$18,165

Kentucky Lottery Corporation STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION For the Years Ended June 30, 2022 and 2021 (dollars in thousands)

	2022	2021
Operating revenues		
Instant games	\$963,495	\$961,683
Draw games	486,945	506,009
iLottery instant play games	226,062	118,633
Total operating revenues	1,676,502	1,586,325
Direct costs		
Prize expense		
Instant games	680,908	682,351
Draw games	275,028	285,195
iLottery instant play games	196,071	99,900
Total prize expense	1,152,007	1,067,446
Payments to retailers	87,135	90,606
Draw game and iLottery vendor expense	26,377	24,275
Instant ticket costs	15,453	15,820
Total direct costs	1,280,972	1,198,147
Operating revenues net of direct costs	395,530	388,178
Operating expenses		
Advertising and promotion	12,991	11,166
Salaries, wages, and benefits	17,941	17,091
Contracted and professional services	2,314	1,997
Depreciation	1,142	1,159
Other general and administrative	2,027	1,812
Total operating expenses	36,415	33,225
Operating income	359,115	354,953
Non-operating revenue (expense)		
Payments to the Commonwealth of Kentucky	(359,333)	(355,100)
Investment (loss)/income	(353)	(67)
Interest expense	(363)	(421)
Other income	218	128
Total non-operating expense	(359,831)	(355,460)
Change in net position	(716)	(507)
Net position at beginning of year	18,165	18,672
Net position at end of year	\$17,449	\$18,165

The Corporation has adopted GASB Statement 72, which requires investments to be presented at fair value, resulting in a decrease in income of approximately \$507 in 2022 and an increase in income of \$241 in 2021, when compared to the historical cost method.

The above financial information was derived from the annual financial statements. The financial audit for the year ended June 30, 2022 was performed by MCM CPAs and Advisors LLP. A copy of the completed annual report can be downloaded at www.kylottery.com or obtained by writing: Kentucky Lottery Corporation, PR Dept., 1011 W Main Street, Louisville, KY 40202 or by calling (502) 560-1677.

* Payments to the Commonwealth of Kentucky include both payments made and payments accrued for transfer to the Commonwealth as of June 30, 2022 and June 30, 2021.

**Changes adopted to conform with the provisions of GASB Statement No. 87, Leases, have been retroactively applied. The 2021 Statement of Net Position was restated to reflect the Leased Assets and Liabilities in the amount of \$13,033.



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