

KENTUCKY LOTTERY CORPORATION

FINANCIAL STATEMENTS

APRIL 2018

MONTH 10 OF FISCAL YEAR ENDING JUNE 30, 2018

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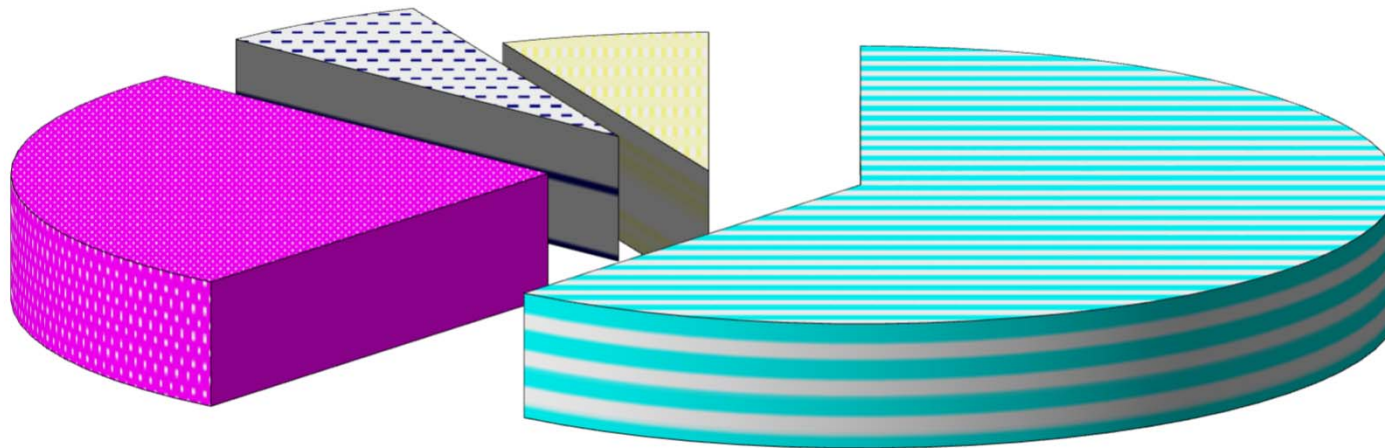
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**KENTUCKY LOTTERY CORPORATION
"WHERE THE MONEY GOES"
INCEPTION-TO-DATE SALES AS OF APRIL 30, 2018
\$19.252 BILLION**

**\$1.227
BILLION PAID FOR
MARKETING & OPERATING
EXP - 6.4%**

\$1.207 BILLION PAID TO RETAILERS - 6.3%



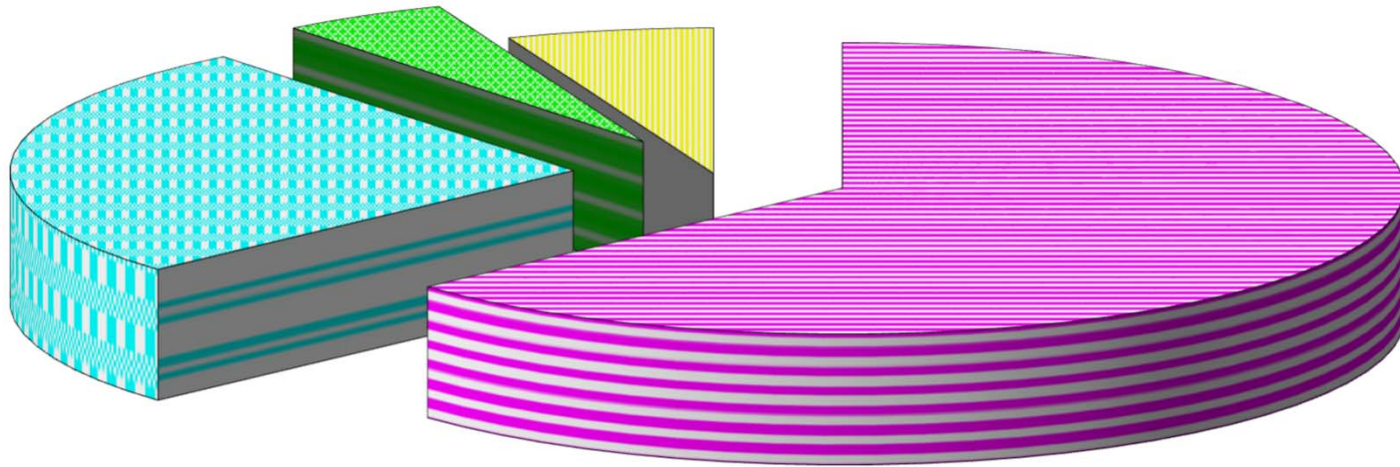
**\$5.119 BILLION
EARNED FOR THE
STATE OF KENTUCKY
- 26.6%**

**\$11.699 BILLION PAID
TO WINNERS - 60.7%**

**KENTUCKY LOTTERY CORPORATION
"WHERE THE MONEY GOES"
YEAR-TO-DATE SALES AS OF APRIL 30, 2018
\$859.8 MILLION**

**\$41.0 MILLION PAID FOR
MARKETING & OPERATING
EXP - 4.7%**

\$51.0 MILLION PAID TO RETAILERS - 5.9%



**\$224.8 MILLION
EARNED FOR THE
STATE OF
KENTUCKY - 26.2%**

**\$543.0 MILLION PAID
TO WINNERS - 63.2%**

AMOUNTS ARE SHOWN AS A PERCENTAGE OF SALES.

EARNINGS FOR THE STATE OF KENTUCKY HAVE BEEN DESIGNATED FOR COLLEGE AND TECHNICAL SCHOOL SCHOLARSHIPS AND GRANTS, HIGH SCHOOL DUAL CREDIT PROGRAMS AND LITERACY DEVELOPMENT.

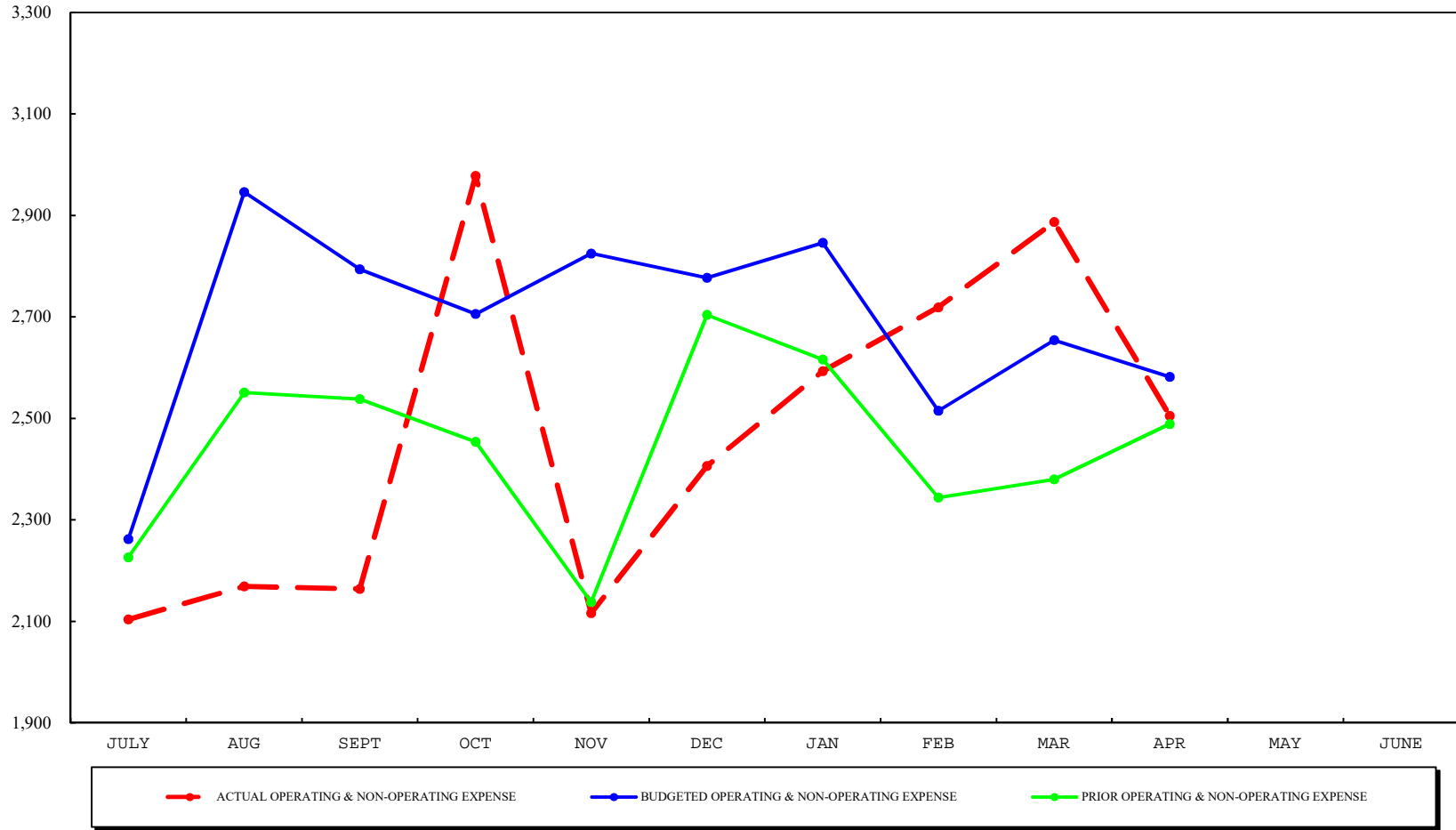
SALES AND DIRECT COSTS BY MONTH
AS OF APRIL 30, 2018



■ ACTUAL SALES
 ▲ ACTUAL COST OF SALES
 ■ BUDGETED SALES
 ▲ BUDGETED COST OF SALES
 ■ PRIOR SALES
 ▲ PRIOR COST OF SALES

OPERATING EXPENSE AND NON-OPERATING INCOME BY MONTH

AS OF APRIL 30, 2018



KENTUCKY LOTTERY CORPORATION

FINANCIAL RESULTS

APRIL 2018

INCOME STATEMENT

Ticket sales for April 2018 were \$91.9 million which is \$4.3 million or 4.9% more than the same month of the prior fiscal year. Sales for the year were \$866.9 million which is \$43.9 million or 5.3% more than in the prior fiscal year. Instant ticket sales were \$1.9 million or 3.4% more than the same month of the prior fiscal year, and \$9.8 million or 2.0% more than the prior fiscal year. Draw game sales were \$1.1 million or 4.4% more than the same month of the prior year, and \$22.1 million or 8.4% more than prior fiscal year. Keno sales were \$932,000 million or 13.5% more than the same month of the prior fiscal year, and \$7.6 million or 12.3% more than prior fiscal year. iLottery instant play sales were \$402,000 or 73.6% more than the same month of the prior year, and \$4.5 million or 110.4% more than prior fiscal year.

Ticket sales for the month of April were \$3.4 million or 3.9% more than budget. Ticket sales for the fiscal year were \$8.3 million or 1.0% more than budget. Instant ticket sales were \$4.0 million, or 7.3% more than budget for the current month, and \$9.7 million or 1.9% less than budget for the fiscal year. Draw game sales were \$1.6 million or 6.0% less than budget for the month, and \$17.9 million or 6.7% more than budget for the fiscal year. Keno sales for the month were \$934,000 or 13.5% more than budget, and \$896,000 or 1.3% less than budget for the fiscal year. iLottery instant play sales were \$167,000 or 21.4% more than budget for the month, and \$1.0 million or 13.6% more than budget for the fiscal year.

Prize expenses for April 2018 were 63.1% of total sales, compared to 63.1% in the same month last year and 64.6% budgeted. Combined prize expense for the year was 63.2%, compared to 63.7% last fiscal year and 64.3% budgeted. Instant prize expense for the month was 69.0%, draw game prize expense was 48.4%, Keno prize expense was 65.0%, and iLottery instant play prize expense was 86.3%. Instant prize expense for the fiscal year was 69.1%, draw game prize expense was 51.8%, Keno prize expense was 65.0%, and iLottery instant play prize expense was 80.0%.

Operating costs were \$2.5 million for April, compared to \$2.6 million budgeted and \$2.5 million for the same month last year. These costs included advertising and promotions of \$966,000, salaries & benefits of \$1.2 million, contracted and professional services of \$159,000, depreciation expense of \$98,000, and other general and administrative costs of \$163,000. Operating costs for the year were \$25.0 million, compared to \$27.2 million budgeted and \$24.8 million prior fiscal year.

Income before transfer of dividends for the current month was \$24.2 million, compared to \$22.3 million for the same month in the prior year and \$21.7 million budgeted. Income before transfer of dividends for the fiscal year was \$224.8 million, compared to \$204.0 million in the prior year and \$210.1 million budgeted.

Dividends of \$20.5 million were transferred to the Commonwealth in April for a total of \$196.5 million for the fiscal year. Additional dividends of \$1.0 million were accrued in April for transfer to the KEES reserve for a total of \$8.3 million for the fiscal year. Transfer of the KEES funds will be made quarterly during the fiscal year. All dividends were 23.5% of sales for the month. All dividends were 23.8% of sales for the fiscal year compared to 24.8% of sales in the prior year and 24.0% budgeted.

BALANCE SHEET

Cash balance decreased to \$30.9 million, which included \$2.7 million restricted for annuity prize payments. Total investments held to pay grand prizes decreased to \$10.9 million. Accounts Receivable increased to \$33.0 million. Total assets decreased to \$86.2 million.

KENTUCKY LOTTERY CORPORATION
BALANCE SHEETS
APRIL 30, 2018
(\$000's)

	<u>CURRENT MONTH END</u>	<u>PRIOR MONTH END</u>	<u>PRIOR FISCAL YEAR END</u>
ASSETS:			
CURRENT ASSETS:			
CASH - UNRESTRICTED	\$28,258	\$34,616	\$20,149
CASH - RESTRICTED	2,650	2,806	2,600
INVESTMENTS, CURRENT PORTION	1,859	1,859	1,859
ACCOUNTS RECEIVABLE, NET	33,000	28,232	24,692
OTHER	907	978	1,067
TOTAL CURRENT ASSETS	<u>66,674</u>	<u>68,491</u>	<u>50,367</u>
INVESTMENTS, LESS CURRENT PORTION	9,012	9,517	10,111
PROPERTY AND EQUIPMENT, NET	5,244	5,213	5,314
DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	5,269	5,219	4,848
TOTAL ASSETS	<u>\$86,199</u>	<u>\$88,440</u>	<u>\$70,640</u>
LIABILITIES AND EQUITY:			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$6,758	\$10,537	\$10,054
ESTIMATED PRIZE LIABILITY, CURRENT PORTION	29,321	30,416	29,981
TOTAL CURRENT LIABILITIES	<u>36,079</u>	<u>40,953</u>	<u>40,035</u>
ESTIMATED PRIZE LIABILITY - LESS CURRENT PORTION	11,841	12,574	13,061
UNFUNDED GRAND PRIZE LIABILITY	1,116	386	405
TOTAL LIABILITIES	<u>49,036</u>	<u>53,913</u>	<u>53,501</u>
CONTRIBUTED CAPITAL	100	100	100
RETAINED EARNINGS	37,063	34,427	17,039
TOTAL EQUITY	<u>37,163</u>	<u>34,527</u>	<u>17,139</u>
TOTAL LIABILITIES AND EQUITY	<u>\$86,199</u>	<u>\$88,440</u>	<u>\$70,640</u>

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO PRIOR YEAR
APRIL 30, 2018
(\$000'S)

MONTH OF APRIL:	VARIANCE			
	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT BETTER/ (WORSE) THAN PRIOR	
SALES:				
INSTANT TICKETS	\$57,824	\$55,919	\$1,905	3.4%
DRAW GAMES	25,284	24,217	\$1,067	4.4%
KENO	7,836	6,904	932	13.5%
ILOTTERY INSTANT PLAY	948	546	402	73.6%
TICKET SALES	91,892	87,586	4,306	4.9%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(256)	(1,164)	908	-78.0%
TOTAL TICKET SALES	91,636	86,422	5,214	6.0%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	39,725	37,621	(2,104)	-5.6%
DRAW GAMES	12,232	11,994	(238)	-2.0%
KENO	5,091	4,519	(572)	-12.7%
ILOTTERY INSTANT PLAY	818	382	(436)	-114.1%
TOTAL PRIZES	57,866	54,516	(3,350)	-6.1%
PAYMENTS TO RETAILERS	5,408	5,389	(19)	-0.4%
DRAW GAMES VENDOR EXPENSE	923	844	(79)	-9.4%
INSTANT TICKET COSTS	769	844	75	8.9%
TOTAL DIRECT COSTS	64,966	61,593	(3,373)	-5.5%
GROSS PROFIT	26,670	24,829	1,841	7.4%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	966	903	(63)	-7.0%
SALARIES, WAGES & BENEFITS	1,159	1,090	(69)	-6.3%
CONTRACTED & PROFESSIONAL SERVICES	159	239	80	33.5%
DEPRECIATION	98	108	10	9.3%
OTHER GENERAL & ADMINISTRATIVE	163	167	4	2.4%
TOTAL OPERATING EXPENSES	2,545	2,507	(38)	-1.5%
OPERATING INCOME	24,125	22,322	1,803	8.1%
NON-OPERATING INCOME	40	18	22	122.2%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$24,165	\$22,340	\$1,825	8.2%

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO PRIOR YEAR
YEAR-TO-DATE THROUGH APRIL 30, 2018
(\$000'S)

TEN MONTHS YEAR TO DATE:	VARIANCE			
	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT BETTER/ (WORSE) THAN PRIOR	
SALES:				
INSTANT TICKETS	\$505,335	\$495,531	\$9,804	2.0%
DRAW GAMES	283,780	261,687	\$22,093	8.4%
KENO	69,300	61,709	7,591	12.3%
ILOTTERY INSTANT PLAY	8,485	4,033	4,452	110.4%
TICKET SALES	866,900	822,960	43,940	5.3%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(7,119)	(11,435)	4,316	-37.7%
TOTAL TICKET SALES	859,781	811,525	48,256	5.9%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	344,121	332,924	(11,197)	-3.4%
DRAW GAMES	147,032	141,036	(5,996)	-4.3%
KENO	45,077	40,116	(4,961)	-12.4%
ILOTTERY INSTANT PLAY	6,788	2,914	(3,874)	-132.9%
TOTAL PRIZES	543,018	516,990	(26,028)	-5.0%
PAYMENTS TO RETAILERS	50,960	50,613	(347)	-0.7%
DRAW GAMES VENDOR EXPENSE	9,170	8,292	(878)	-10.6%
INSTANT TICKET COSTS	7,153	7,206	53	0.7%
TOTAL DIRECT COSTS	610,301	583,101	(27,200)	-4.7%
GROSS PROFIT	249,480	228,424	21,056	9.2%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	8,321	8,299	(22)	-0.3%
SALARIES, WAGES & BENEFITS	12,303	12,041	(262)	-2.2%
CONTRACTED & PROFESSIONAL SERVICES	1,936	1,822	(114)	-6.3%
DEPRECIATION	990	1,097	107	9.8%
OTHER GENERAL & ADMINISTRATIVE	1,479	1,499	20	1.3%
TOTAL OPERATING EXPENSES	25,029	24,758	(271)	-1.1%
OPERATING INCOME	224,451	203,666	20,785	10.2%
NON-OPERATING INCOME	388	318	70	22.0%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$224,839	\$203,984	\$20,855	10.2%

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO BUDGET
APRIL 30, 2018
(\$000'S)

MONTH OF APRIL:	VARIANCE			
	ACTUAL	BUDGET	ACTUAL BETTER/ (WORSE) THAN BUDGET	
SALES:				
INSTANT TICKETS	\$57,824	\$53,874	\$3,950	7.3%
DRAW GAMES	25,284	26,892	(1,608)	-6.0%
KENO	7,836	6,902	934	13.5%
ILOTTERY INSTANT PLAY	948	781	167	21.4%
TICKET SALES	91,892	88,449	3,443	3.9%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(256)	(270)	14	-5.2%
TOTAL TICKET SALES	91,636	88,179	3,457	3.9%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	39,725	37,254	(2,471)	-6.6%
DRAW GAMES	12,232	14,612	2,380	16.3%
KENO	5,091	4,501	(590)	-13.1%
ILOTTERY INSTANT PLAY	818	586	(232)	-39.6%
TOTAL PRIZES	57,866	56,953	(913)	-1.6%
PAYMENTS TO RETAILERS	5,408	5,263	(145)	-2.8%
DRAW GAMES VENDOR EXPENSE	923	959	36	3.8%
INSTANT TICKET COSTS	769	725	(44)	-6.1%
TOTAL DIRECT COSTS	64,966	63,900	(1,066)	-1.7%
GROSS PROFIT	26,670	24,279	2,391	9.8%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	966	813	(153)	-18.8%
SALARIES, WAGES & BENEFITS	1,159	1,241	82	6.6%
CONTRACTED & PROFESSIONAL SERVICES	159	279	120	43.0%
DEPRECIATION	98	115	17	14.8%
OTHER GENERAL & ADMINISTRATIVE	163	159	(4)	-2.5%
TOTAL OPERATING EXPENSES	2,545	2,607	62	2.4%
OPERATING INCOME	24,125	21,672	2,453	11.3%
NON-OPERATING INCOME	40	25	15	60.0%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$24,165	\$21,697	\$2,468	11.4%

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO BUDGET
YEAR-TO-DATE THROUGH APRIL 30, 2018
(\$000'S)

TEN MONTHS YEAR TO DATE:	VARIANCE			
	ACTUAL	BUDGET	ACTUAL BETTER/ (WORSE) THAN BUDGET	
SALES:				
INSTANT TICKETS	\$505,335	\$515,029	(\$9,694)	-1.9%
DRAW GAMES	283,780	265,929	17,851	6.7%
KENO	69,300	70,196	(896)	-1.3%
ILOTTERY INSTANT PLAY	8,485	7,470	1,015	13.6%
TICKET SALES	866,900	858,624	8,276	1.0%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(7,119)	(7,097)	(22)	0.3%
TOTAL TICKET SALES	859,781	851,527	8,254	1.0%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	344,121	351,411	7,290	2.1%
DRAW GAMES	147,032	144,355	(2,677)	-1.9%
KENO	45,077	45,772	695	1.5%
ILOTTERY INSTANT PLAY	6,788	5,603	(1,185)	-21.1%
TOTAL PRIZES	543,018	547,141	4,123	0.8%
PAYMENTS TO RETAILERS	50,960	51,043	83	0.2%
DRAW GAMES VENDOR EXPENSE	9,170	9,048	(122)	-1.3%
INSTANT TICKET COSTS	7,153	7,281	128	1.8%
TOTAL DIRECT COSTS	610,301	614,513	4,212	0.7%
GROSS PROFIT	249,480	237,014	12,466	5.3%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	8,321	8,864	543	6.1%
SALARIES, WAGES & BENEFITS	12,303	12,768	465	3.6%
CONTRACTED & PROFESSIONAL SERVICES	1,936	2,761	825	29.9%
DEPRECIATION	990	1,091	101	9.3%
OTHER GENERAL & ADMINISTRATIVE	1,479	1,673	194	11.6%
TOTAL OPERATING EXPENSES	25,029	27,157	2,128	7.8%
OPERATING INCOME	224,451	209,857	14,594	7.0%
NON-OPERATING INCOME	388	250	138	55.2%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$224,839	\$210,107	\$14,732	7.0%

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - PERCENTAGE OF TOTAL SALES
APRIL 30, 2018
(\$000'S)

MONTH OF APRIL:

	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT YEAR BUDGET
SALES:			
INSTANT TICKETS	63.1%	64.7%	61.1%
DRAW GAMES	27.6%	28.0%	30.5%
KENO	8.6%	8.0%	7.8%
ILOTTERY INSTANT PLAY	1.0%	0.6%	0.9%
TICKET SALES	100.3%	101.3%	100.3%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	-0.3%	-1.3%	-0.3%
TOTAL TICKET SALES	100.0%	100.0%	100.0%
DIRECT COSTS:			
PRIZES:			
INSTANT TICKETS	43.4%	43.5%	42.2%
DRAW GAMES	13.2%	14.0%	16.6%
KENO	5.6%	5.2%	5.1%
ILOTTERY INSTANT PLAY	0.9%	0.4%	0.7%
TOTAL PRIZES	63.1%	63.1%	64.6%
PAYMENTS TO RETAILERS	5.9%	6.2%	6.0%
DRAW GAME VENDOR EXPENSE	1.0%	1.0%	1.1%
INSTANT TICKET COSTS	0.9%	1.0%	0.8%
TOTAL DIRECT COSTS	70.9%	71.3%	72.5%
GROSS PROFIT	29.1%	28.7%	27.5%
OPERATING EXPENSES:			
ADVERTISING AND PROMOTION	1.0%	1.0%	0.9%
SALARIES, WAGES & BENEFITS	1.3%	1.3%	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%	2.9%	2.9%
OPERATING INCOME	26.3%	25.8%	24.6%
NON-OPERATING INCOME	0.1%	0.0%	0.0%
INCOME BEFORE TRANSFER OF DIVIDENDS	26.4%	25.8%	24.6%

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF INCOME - PERCENTAGE OF TOTAL SALES
 YEAR-TO-DATE THROUGH APRIL 30, 2018
 (\$000'S)

TEN MONTHS YEAR TO DATE:

	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT YEAR BUDGET
SALES:			
INSTANT TICKETS	58.8%	61.1%	60.5%
DRAW GAMES	33.0%	32.2%	31.2%
KENO	8.1%	7.6%	8.2%
ILOTTERY INSTANT PLAY	1.0%	0.5%	0.9%
TICKET SALES	100.9%	101.4%	100.8%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	-0.9%	-1.4%	-0.8%
TOTAL TICKET SALES	100.0%	100.0%	100.0%
DIRECT COSTS:			
PRIZES:			
INSTANT TICKETS	40.0%	41.0%	41.3%
DRAW GAMES	17.2%	17.4%	16.9%
KENO	5.2%	4.9%	5.4%
ILOTTERY INSTANT PLAY	0.8%	0.4%	0.7%
TOTAL PRIZES	63.2%	63.7%	64.3%
PAYMENTS TO RETAILERS	5.9%	6.3%	6.0%
DRAW GAME VENDOR EXPENSE	1.1%	1.0%	1.0%
INSTANT TICKET COSTS	0.8%	0.9%	0.9%
TOTAL DIRECT COSTS	71.0%	71.9%	72.2%
GROSS PROFIT	29.0%	28.1%	27.8%
OPERATING EXPENSES:			
ADVERTISING AND PROMOTION	1.0%	1.0%	1.0%
SALARIES, WAGES & BENEFITS	1.4%	1.5%	1.6%
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	2.9%	3.0%	3.2%
OPERATING INCOME	26.1%	25.1%	24.6%
NON-OPERATING INCOME	0.1%	0.0%	0.1%
INCOME BEFORE TRANSFER OF DIVIDENDS	26.2%	25.1%	24.7%

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF RETAINED EARNINGS
 APRIL 30, 2018
 (\$000'S)

	<u>CURRENT YEAR</u>		<u>PRIOR YEAR</u>	
	MONTH	YEAR-TO- DATE	MONTH	YEAR-TO- DATE
RETAINED EARNINGS- BEGINNING OF PERIOD	\$34,427	\$17,039	\$19,094	\$17,904
INCOME BEFORE TRANSFER	24,165	224,839	22,340	203,984
DIVIDENDS - GENERAL FUND & EDUCATION	(20,500)	(196,500)	(20,000)	(192,500)
DIVIDENDS - KEES RESERVE	(1,029)	(8,315)	(802)	(8,756)
RETAINED EARNINGS- END OF PERIOD	<u>\$37,063</u>	<u>\$37,063</u>	<u>\$20,632</u>	<u>\$20,632</u>

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF CASH FLOWS
 YEAR-TO-DATE THROUGH APRIL 30, 2018
 (\$000'S)

	MONTH	YEAR-TO-DATE
CASH FLOWS FROM OPERATING ACTIVITIES:		
OPERATING INCOME	\$24,125	\$224,451
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
DEPRECIATION	98	990
PROVISION FOR LOSSES ON ACCOUNTS RECEIVABLE	3	69
INCREASE (DECREASE) IN CASH DUE TO CHANGES IN:		
ACCOUNTS RECEIVABLE	(4,771)	(8,377)
OTHER ASSETS	71	160
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	(3,779)	(3,296)
ESTIMATED PRIZE LIABILITY	(1,098)	(1,169)
NET CASH PROVIDED BY OPERATING ACTIVITIES	14,649	212,828
CASH FLOWS FROM INVESTING ACTIVITIES:		
PROCEEDS FROM MATURITIES OR SALE OF INVESTMENTS	245	1,649
PURCHASE OF INVESTMENTS	0	0
CHANGE IN INVESTMENTS	260	(550)
DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	(50)	(421)
INTEREST INCOME	24	196
SECURITY LENDING FEES	1	10
NET CASH PROVIDED BY INVESTING ACTIVITIES	480	884
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
DIVIDENDS TRANSFERRED/PAYABLE	(21,529)	(204,815)
RETAILER APPLICATION AND OTHER NON-OPERATING FEES	15	182
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(21,514)	(204,633)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
PURCHASES OF PROPERTY AND EQUIPMENT	(129)	(920)
PROCEEDS FROM DISPOSAL OF PROPERTY AND EQUIPMENT	0	0
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	(129)	(920)
NET INCREASE (DECREASE) IN CASH	(6,514)	8,159
CASH, BEGINNING OF PERIOD	37,422	22,749
CASH, END OF PERIOD	\$30,908	\$30,908

KENTUCKY LOTTERY CORPORATION
 PROFIT MARGIN REPORT
 MONTH ENDING APRIL 30, 2018
 (\$000'S)

PROFIT CONTRIBUTION

	<u>INSTANT</u>	<u>POWERBALL</u>	<u>KY CASH BALL</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	57,568	4,466	922	3,586	12,441	2,494	514	7,493	633	0	0	90,117
ILOTTERY	<u>0</u>	<u>90</u>	<u>45</u>	<u>0</u>	<u>0</u>	<u>59</u>	<u>0</u>	<u>343</u>	<u>34</u>	<u>948</u>	<u>0</u>	<u>1,519</u>
TOTAL SALES	<u>57,568</u>	<u>4,556</u>	<u>967</u>	<u>3,586</u>	<u>12,441</u>	<u>2,553</u>	<u>514</u>	<u>7,836</u>	<u>667</u>	<u>948</u>	<u>0</u>	<u>91,636</u>
DIRECT COSTS:												
PRIZES WON:												
PRIZES AT RETAIL	40,509	2,149	311	1,299	6,727	1,209	303	4,905	335	0	0	57,747
ILOTTERY	<u>0</u>	<u>53</u>	<u>13</u>	<u>0</u>	<u>0</u>	<u>28</u>	<u>0</u>	<u>218</u>	<u>18</u>	<u>818</u>	<u>0</u>	<u>1,148</u>
TOTAL PRIZES WON	<u>40,509</u>	<u>2,202</u>	<u>324</u>	<u>1,299</u>	<u>6,727</u>	<u>1,237</u>	<u>303</u>	<u>5,123</u>	<u>353</u>	<u>818</u>	<u>0</u>	<u>58,895</u>
UNCLAIMED PRIZE CREDIT	(784)	(67)	(9)	(21)	(66)	(26)	(5)	(32)	(19)	0	0	(1,029)
PAYMENTS TO RETAILERS	3,599	228	50	192	688	128	35	435	35	0	18	5,408
ONLINE VENDOR EXPENSE	248	77	18	55	192	44	10	(1)	13	47	220	923
TICKET COSTS	<u>769</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>769</u>
TOTAL DIRECT COSTS	<u>44,341</u>	<u>2,440</u>	<u>383</u>	<u>1,525</u>	<u>7,541</u>	<u>1,383</u>	<u>343</u>	<u>5,525</u>	<u>382</u>	<u>865</u>	<u>238</u>	<u>64,966</u>
GROSS PROFIT	<u>13,227</u>	<u>2,116</u>	<u>584</u>	<u>2,061</u>	<u>4,900</u>	<u>1,170</u>	<u>171</u>	<u>2,311</u>	<u>285</u>	<u>83</u>	<u>(238)</u>	<u>26,670</u>

(% OF SALES)

PROFIT MARGIN

	<u>INSTANT</u>	<u>POWERBALL</u>	<u>KY CASH BALL</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%	0.0%	100.0%
DIRECT COSTS:												
TOTAL PRIZES WON	70.4%	48.3%	33.5%	36.2%	54.1%	48.5%	58.9%	65.4%	52.9%	86.3%	0.0%	64.3%
UNCLAIMED PRIZE CREDIT	-1.4%	-1.5%	-0.9%	-0.6%	-0.5%	-1.0%	-1.0%	-0.4%	-2.8%	0.0%	0.0%	-1.2%
PAYMENTS TO RETAILERS	6.3%	5.0%	5.2%	5.4%	5.5%	5.0%	6.8%	5.6%	5.2%	0.0%	0.0%	5.9%
ONLINE VENDOR EXPENSE	0.4%	1.7%	1.9%	1.5%	1.5%	1.7%	1.9%	0.0%	1.9%	5.0%	0.0%	1.0%
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>0.9%</u>
TOTAL DIRECT COSTS	<u>77.0%</u>	<u>53.5%</u>	<u>39.7%</u>	<u>42.5%</u>	<u>60.6%</u>	<u>54.2%</u>	<u>66.6%</u>	<u>70.6%</u>	<u>57.2%</u>	<u>91.3%</u>	<u>0.0%</u>	<u>70.9%</u>
GROSS PROFIT	<u>23.0%</u>	<u>46.5%</u>	<u>60.3%</u>	<u>57.5%</u>	<u>39.4%</u>	<u>45.8%</u>	<u>33.4%</u>	<u>29.4%</u>	<u>42.8%</u>	<u>8.7%</u>	<u>0.0%</u>	<u>29.1%</u>

KENTUCKY LOTTERY CORPORATION
 PROFIT MARGIN REPORT
 YEAR TO DATE AS OF APRIL 30, 2018
 (\$000'S)

PROFIT CONTRIBUTION

	<u>INSTANT</u>	<u>POWERBALL</u>	<u>KY CASH BALL</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	498,216	66,935	9,155	36,065	124,311	33,261	5,103	68,609	6,238	0	0	847,893
ILOTTERY	<u>0</u>	<u>1,197</u>	<u>448</u>	<u>0</u>	<u>0</u>	<u>723</u>	<u>0</u>	<u>691</u>	<u>344</u>	<u>8,485</u>	<u>0</u>	<u>11,888</u>
TOTAL SALES	<u>498,216</u>	<u>68,132</u>	<u>9,603</u>	<u>36,065</u>	<u>124,311</u>	<u>33,984</u>	<u>5,103</u>	<u>69,300</u>	<u>6,582</u>	<u>8,485</u>	<u>0</u>	<u>859,781</u>
DIRECT COSTS:												
PRIZES WON:												
PRIZES AT RETAIL	348,768	33,576	4,583	14,561	73,099	16,568	2,932	44,976	3,702	0	0	542,765
ILOTTERY	<u>0</u>	<u>610</u>	<u>144</u>	<u>0</u>	<u>0</u>	<u>360</u>	<u>0</u>	<u>462</u>	<u>204</u>	<u>6,788</u>	<u>0</u>	<u>8,568</u>
TOTAL PRIZES WON	<u>348,768</u>	<u>34,186</u>	<u>4,727</u>	<u>14,561</u>	<u>73,099</u>	<u>16,928</u>	<u>2,932</u>	<u>45,438</u>	<u>3,906</u>	<u>6,788</u>	<u>0</u>	<u>551,333</u>
UNCLAIMED PRIZE CREDIT	(4,647)	(1,312)	(105)	(382)	(777)	(414)	(58)	(361)	(259)	0	0	(8,315)
PAYMENTS TO RETAILERS	31,472	3,422	514	1,946	6,935	1,718	362	3,971	485	2	133	50,960
ONLINE VENDOR EXPENSE	2,215	1,133	180	556	1,914	574	98	1,097	120	418	865	9,170
TICKET COSTS	<u>7,153</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>7,153</u>
TOTAL DIRECT COSTS	<u>384,961</u>	<u>37,429</u>	<u>5,316</u>	<u>16,681</u>	<u>81,171</u>	<u>18,806</u>	<u>3,334</u>	<u>50,145</u>	<u>4,252</u>	<u>7,208</u>	<u>998</u>	<u>610,301</u>
GROSS PROFIT	<u>113,255</u>	<u>30,703</u>	<u>4,287</u>	<u>19,384</u>	<u>43,140</u>	<u>15,178</u>	<u>1,769</u>	<u>19,155</u>	<u>2,330</u>	<u>1,277</u>	<u>(998)</u>	<u>249,480</u>

(% OF SALES)

PROFIT MARGIN

	<u>INSTANT</u>	<u>POWERBALL</u>	<u>KY CASH BALL</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%	0.0%	100.0%
DIRECT COSTS:												
TOTAL PRIZES WON	70.0%	50.2%	49.2%	40.4%	58.8%	49.8%	57.5%	65.6%	59.3%	80.0%	0.0%	64.1%
UNCLAIMED PRIZE CREDIT	-0.9%	-1.9%	-1.1%	-1.1%	-0.6%	-1.2%	-1.1%	-0.6%	-3.9%	0.0%	0.0%	-0.9%
PAYMENTS TO RETAILERS	6.3%	5.0%	5.4%	5.4%	5.6%	5.1%	7.1%	5.7%	7.4%	0.0%	0.0%	5.9%
ONLINE VENDOR EXPENSE	0.4%	1.7%	1.9%	1.5%	1.5%	1.7%	1.9%	1.6%	1.8%	4.9%	0.0%	1.1%
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>0.8%</u>
TOTAL DIRECT COSTS	<u>77.2%</u>	<u>55.0%</u>	<u>55.4%</u>	<u>46.2%</u>	<u>65.3%</u>	<u>55.4%</u>	<u>65.4%</u>	<u>72.3%</u>	<u>64.6%</u>	<u>84.9%</u>	<u>0.0%</u>	<u>71.0%</u>
GROSS PROFIT	<u>22.8%</u>	<u>45.0%</u>	<u>44.6%</u>	<u>53.8%</u>	<u>34.7%</u>	<u>44.6%</u>	<u>34.6%</u>	<u>27.7%</u>	<u>35.4%</u>	<u>15.1%</u>	<u>0.0%</u>	<u>29.0%</u>

KENTUCKY LOTTERY CORPORATION
ADVERTISING AND PROMOTION EXPENSES

MONTH ENDING APRIL 30, 2018
(\$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	224	0	0	0	1	0	0	142	0	0	1	368
RADIO	151	0	0	0	0	1	0	96	0	0	0	248
PRINT	0	0	0	0	0	0	0	0	0	0	0	0
BILLBOARD	45	28	0	0	0	26	0	0	0	0	(1)	98
ONLINE	86	18	0	0	0	18	0	0	0	51	(1)	172
OTHER (TRANSIT, ETC.)	0	0	0	0	0	0	0	0	0	0	1	1
TOTAL MEDIA	506	46	0	0	1	45	0	238	0	51	0	887
PRODUCTION	12	0	0	0	0	0	0	1	0	1	(31)	(17)
COUPONS & PROMOTIONS	0	0	0	0	0	0	0	0	0	0	34	34
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	16	16
AGENCY FEES	0	0	0	0	0	0	0	0	0	0	42	42
OTHER (SIGNAGE, ETC.)	0	0	0	0	0	0	0	0	0	0	3	3
TOTAL	<u>518</u>	<u>46</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>45</u>	<u>0</u>	<u>239</u>	<u>0</u>	<u>52</u>	<u>65</u>	<u>966</u>

YEAR-TO-DATE AS OF APRIL 30, 2018
(\$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	1,811	41	0	1	2	41	0	442	0	0	286	2,624
RADIO	643	1	0	0	0	2	0	305	0	0	63	1,014
PRINT	0	0	0	0	0	0	0	0	0	0	24	24
BILLBOARD	174	319	0	0	0	302	0	0	0	0	1	796
ONLINE	589	88	10	0	0	89	5	145	2	499	64	1,491
OTHER (TRANSIT, ETC.)	0	16	0	3	3	16	0	0	0	0	1	48
TOTAL MEDIA	3,226	465	10	4	5	450	5	892	2	499	439	5,997
PRODUCTION	361	31	0	0	0	43	4	95	0	25	359	918
COUPONS & PROMOTIONS	0	6	0	0	0	6	0	0	0	0	507	519
SPECIAL EVENT/GAME SHOW	0	0	0	0	0	0	0	0	0	0	91	91
PREMIUMS	0	0	0	0	0	0	0	0	0	0	117	117
AGENCY FEES	0	0	0	0	0	0	0	0	0	0	387	387
OTHER (SIGNAGE, ETC.)	0	0	0	0	0	0	0	0	0	71	221	292
TOTAL	<u>3,587</u>	<u>502</u>	<u>10</u>	<u>4</u>	<u>5</u>	<u>499</u>	<u>9</u>	<u>987</u>	<u>2</u>	<u>595</u>	<u>2,121</u>	<u>8,321</u>

KENTUCKY LOTTERY CORPORATION
 OPERATING EXPENSES
 APRIL 30, 2018
 (\$000'S)

	<u>MONTH</u>	<u>YEAR-TO-DATE</u>
ADVERTISING & PROMOTION	\$966	\$8,321
 <u>SALARIES, WAGES & BENEFITS:</u>		
SALARIES AND WAGES	904	9,467
BENEFITS AND TAXES	255	2,836
	1,159	12,303
 <u>CONTRACTED & PROFESSIONAL SERVICES:</u>		
ON-LINE DRAWING EXPENSES	17	44
CONSULTANT SERVICES	12	393
SECURITY SERVICES	15	141
REPAIRS AND MAINTENANCE	4	98
CUSTODIAL SERVICES	5	54
PUBLIC INFORMATION SERVICES	5	44
DIRECTOR EXPENSES	4	36
COMPUTER SOFTWARE COST/MAINT.	46	602
COMPUTER HARDWARE COST/MAINT.	2	51
LEGAL SERVICES	7	40
AUDIT EXPENSES	25	215
OTHER	17	218
	159	1,936
 <u>DEPRECIATION:</u>		
DEPRECIATION EXPENSE	98	990
 <u>OTHER GENERAL & ADMINISTRATIVE:</u>		
COMMUNICATIONS/TELEPHONE SERVICES	27	134
OFFICE SUPPLIES & SERVICES	14	107
TRAVEL AND RELATED EXPENSES	44	366
RENT, UTILITIES AND INSURANCE	75	787
A/R COLLECTIONS ALLOWANCE	3	69
OTHER	0	16
	163	1,479
 TOTAL OPERATING EXPENSES	 \$2,545	 \$25,029
 <u>NON-OPERATING INCOME:</u>		
INTEREST EXPENSE	0	0
INTEREST INCOME	24	196
OTHER INCOME/(LOSS)	16	192
	\$40	\$388

KENTUCKY LOTTERY CORPORATION
PROPERTY AND EQUIPMENT
APRIL 30, 2018
(\$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	8,073	8,065	7,925
LAND	423	423	423
TRANSPORTATION	1,264	1,264	1,254
FURNITURE, FIXTURES & EQUIPMENT	1,241	1,238	1,982
DATA PROCESSING EQUIPMENT & SOFTWARE	4,063	4,041	16,845
INCOMPLETE FIXED ASSETS	398	286	0
TELEPHONE & COMMUNICATIONS EQUIPMENT	379	379	379
DRAWING EQUIPMENT	<u>560</u>	<u>576</u>	<u>560</u>
PROPERTY AND EQUIPMENT, GROSS	16,446	16,317	29,413
ACCUMULATED DEPRECIATION	<u>(11,202)</u>	<u>(11,104)</u>	<u>(24,099)</u>
PROPERTY AND EQUIPMENT, NET	<u>\$5,244</u>	<u>\$5,213</u>	<u>\$5,314</u>