

KENTUCKY LOTTERY CORPORATION
FINANCIAL STATEMENTS
NOVEMBER 2018
MONTH 5 OF FISCAL YEAR ENDING JUNE 30, 2019

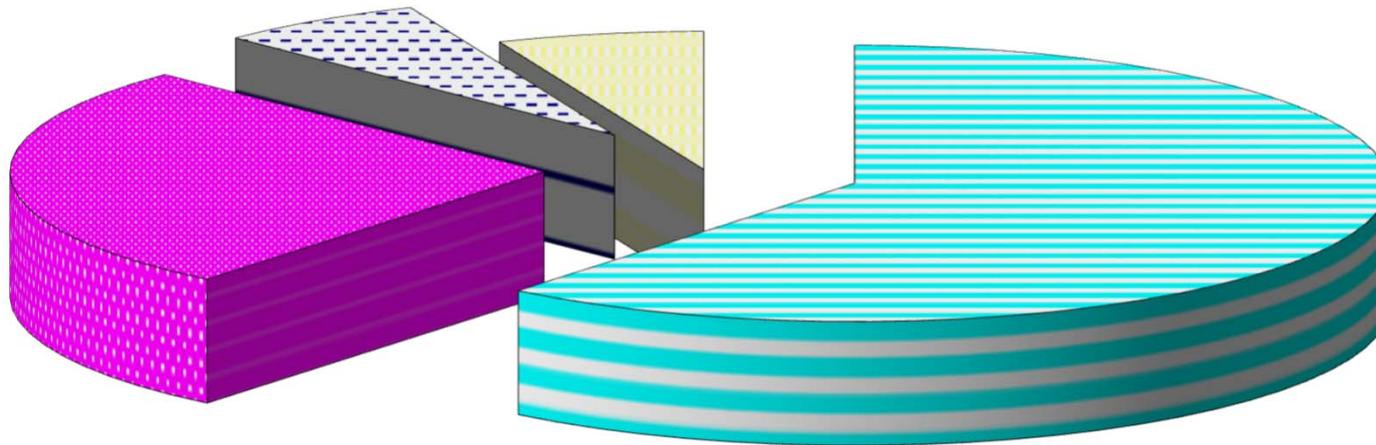
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**KENTUCKY LOTTERY CORPORATION
"WHERE THE MONEY GOES"
INCEPTION-TO-DATE SALES AS OF NOVEMBER 30, 2018
\$19.875 BILLION**

**\$1.257
BILLION PAID FOR
MARKETING & OPERATING
EXP - 6.3%**

\$1.244 BILLION PAID TO RETAILERS - 6.3%



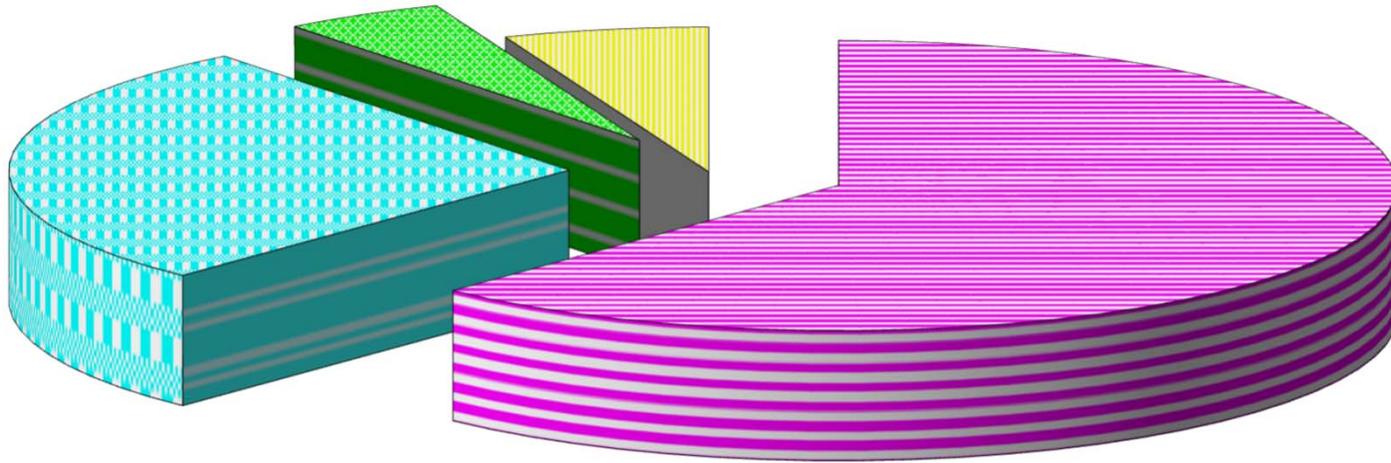
**\$5.282 BILLION
EARNED FOR THE
STATE OF KENTUCKY
- 26.6%**

**\$12.092 BILLION PAID
TO WINNERS - 60.8%**

**KENTUCKY LOTTERY CORPORATION
"WHERE THE MONEY GOES"
YEAR-TO-DATE SALES AS OF NOVEMBER 30, 2018
\$447.4 MILLION**

**\$20.9 MILLION PAID FOR
MARKETING & OPERATING
EXP - 4.7%**

\$26.5 MILLION PAID TO RETAILERS - 5.9%



**\$122.3 MILLION
EARNED FOR THE
STATE OF
KENTUCKY - 27.3%**

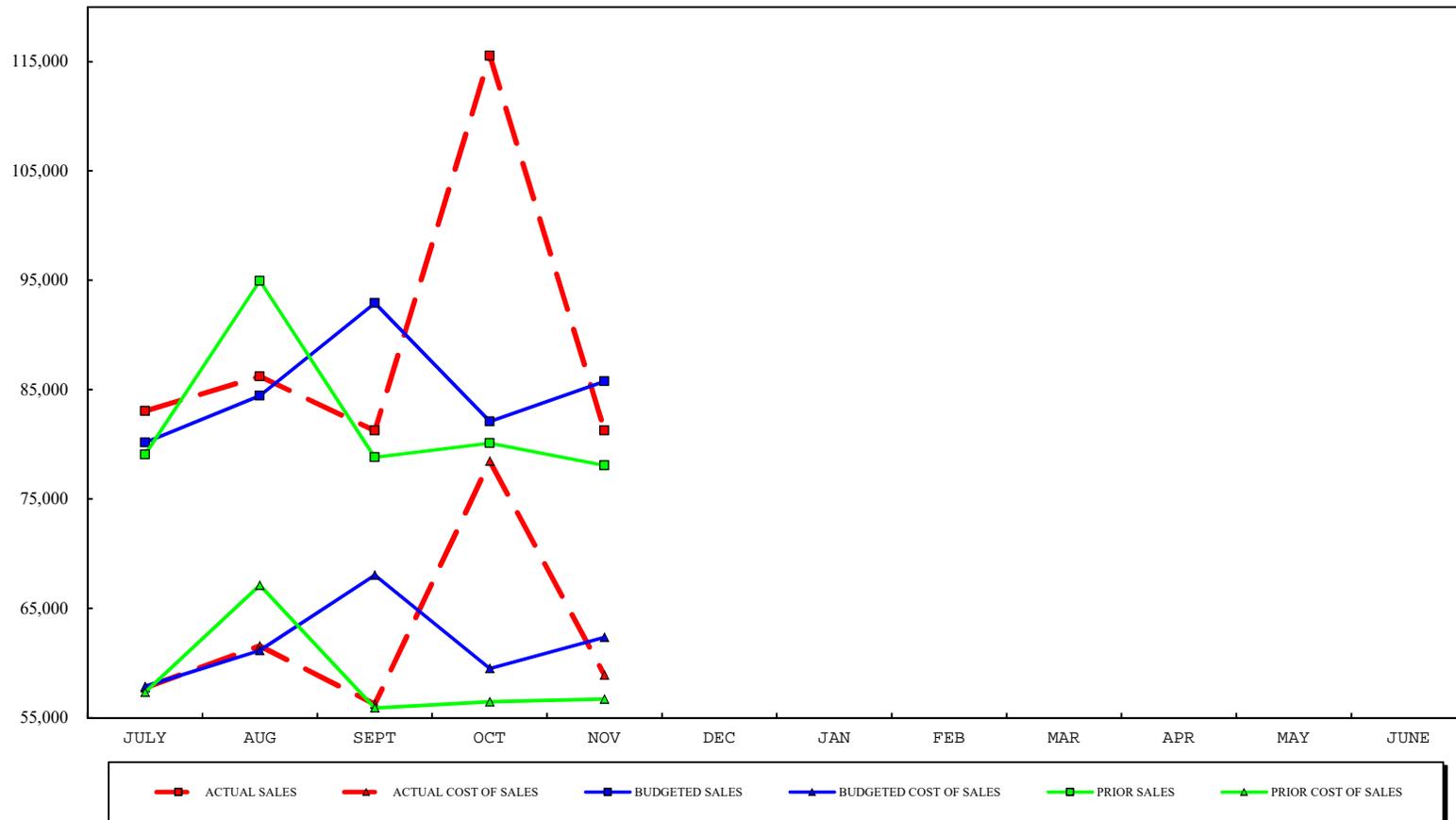
**\$277.7 MILLION PAID
TO WINNERS - 62.1%**

AMOUNTS ARE SHOWN AS A PERCENTAGE OF SALES.

THE EARNINGS FOR THE STATE OF KENTUCKY HAVE BEEN DESIGNATED BY THE LEGISLATURE TO BE USED FOR LITERACY DEVELOPMENT, MERIT BASED SCHOLARSHIPS, AND NEED BASED GRANTS.

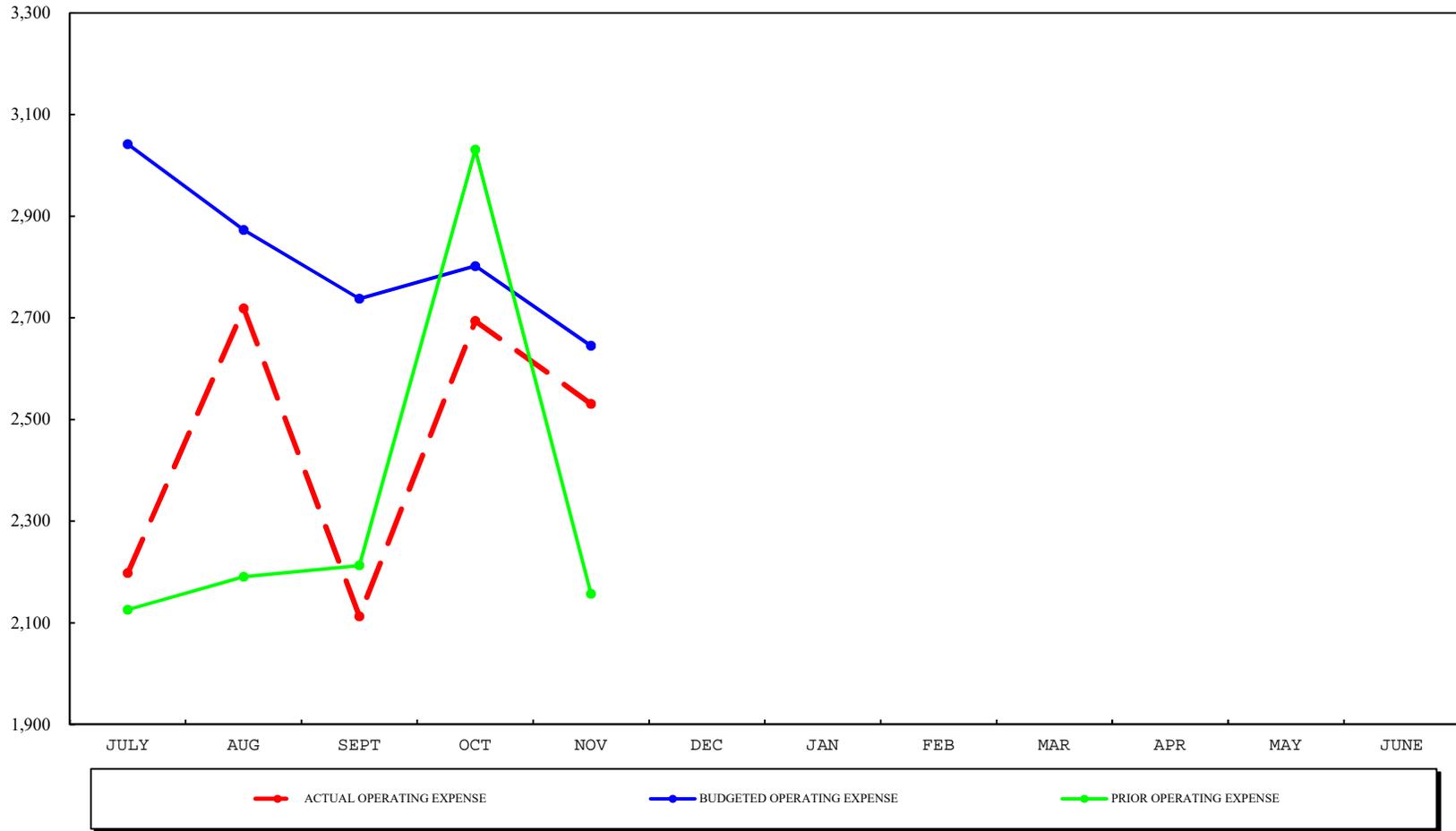
SALES AND DIRECT COSTS BY MONTH

AS OF NOVEMBER 30, 2018



OPERATING EXPENSE BY MONTH

AS OF NOVEMBER 30, 2018



KENTUCKY LOTTERY CORPORATION

FINANCIAL RESULTS

NOVEMBER 2018

INCOME STATEMENT

Ticket sales for November 2018 were \$81.3 million which is \$2.5 million or 3.1% more than the same month of the prior fiscal year. Sales for the year were \$447.5 million which is \$31.7 million or 7.6% more than in the prior fiscal year. Instant ticket sales were \$1.3 million or 2.8% more than the same month of the prior fiscal year, and \$9.8 million or 4.1% more than the prior fiscal year. Draw game sales were \$580,000 or 1.8% more than the same month of the prior year, and \$19.9 million or 11.7% more than prior fiscal year. iLottery instant play sales were \$571,000 or 86.1% more than the same month of the prior year, and \$1.9 million or 55.3% more than prior fiscal year.

Ticket sales for the month of November were \$4.8 million or 5.6% less than budget. Ticket sales for the fiscal year were \$20.5 million or 4.8% more than budget. Instant ticket sales were \$1.8 million or 3.6% less than budget for the current month, and \$4.9 million or 2.0% more than budget for the fiscal year. Draw game sales were \$3.3 million or 9.4% less than budget for the month, and \$15.1 million or 8.6% more than budget for the fiscal year. iLottery instant play sales were \$294,000 or 31.3% more than budget for the month, and \$472,000 or 9.5% more than budget for the fiscal year.

Prize expenses for November 2018 were 64.2% of total sales, compared to 64.8% in the same month last year and 64.6% budgeted. Combined prize expense for the year was 62.1%, compared to 63.4% last fiscal year and 64.5% budgeted. Instant prize expense for the month was 71.6%, draw game prize expense was 53.0%, and iLottery instant play prize expense was 71.2%. Instant prize expense for the fiscal year was 69.3%, draw game prize expense was 52.3%, and iLottery instant play prize expense was 70.8%.

Operating costs were \$2.5 million for November, compared to \$2.6 million budgeted and \$2.2 million for the same month last year. These costs included advertising and promotions of \$849,000, salaries & benefits of \$1.2 million, contracted and professional services of \$251,000, depreciation expense of \$103,000, and other general and administrative costs of \$177,000. Operating costs for the year were \$12.3 million, compared to \$14.1 million budgeted and \$11.7 million prior fiscal year.

Income before transfer of dividends for the current month was \$19.9 million, compared to \$19.2 million for the same month in the prior year and \$20.8 million budgeted. Income before transfer of dividends for the fiscal year was \$122.3 million, compared to \$106.0 million in the prior year and \$102.5 million budgeted.

Dividends of \$21.5 million were transferred to the Commonwealth in November for a total of \$98.5 million for the fiscal year. Additional dividends of \$347,000 were accrued in November for transfer to the KEES Reserve for a total of \$4.6 million for the fiscal year. Transfers to the KEES Reserve will be made quarterly during the fiscal year. All dividends were 26.9% of sales for the month. All dividends were 23.1% of sales for the fiscal year compared to 24.3% of sales in the prior year and 24.0% budgeted.

BALANCE SHEET

Cash balance increased to \$34.8 million, which included \$2.9 million restricted for annuity prize payments. Total investments held to pay grand prizes decreased to \$9.9 million. Accounts Receivable decreased to \$28.5 million. Total assets decreased to \$85.5 million.

KENTUCKY LOTTERY CORPORATION
BALANCE SHEETS
NOVEMBER 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	\$31,909	\$19,938	\$17,682
CASH - RESTRICTED	2,912	2,288	2,600
INVESTMENTS, CURRENT PORTION	1,594	1,594	1,859
ACCOUNTS RECEIVABLE, NET	28,502	45,775	31,628
OTHER	740	863	1,060
TOTAL CURRENT ASSETS	<u>65,657</u>	<u>70,458</u>	<u>54,829</u>
INVESTMENTS, LESS CURRENT PORTION	8,329	9,071	8,903
PROPERTY AND EQUIPMENT, NET	5,435	5,471	5,441
DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	6,069	5,971	5,182
TOTAL ASSETS	<u>\$85,490</u>	<u>\$90,971</u>	<u>\$74,355</u>
LIABILITIES AND EQUITY:			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$7,613	\$8,954	\$13,248
ESTIMATED PRIZE LIABILITY, CURRENT PORTION	29,016	31,088	30,986
TOTAL CURRENT LIABILITIES	<u>36,629</u>	<u>40,042</u>	<u>44,234</u>
ESTIMATED PRIZE LIABILITY - LESS CURRENT PORTION	11,402	11,536	11,866
UNFUNDED GRAND PRIZE LIABILITY	1,109	1,109	1,116
TOTAL LIABILITIES	<u>49,140</u>	<u>52,687</u>	<u>57,216</u>
CONTRIBUTED CAPITAL	100	100	100
RETAINED EARNINGS	36,250	38,184	17,039
TOTAL EQUITY	<u>36,350</u>	<u>38,284</u>	<u>17,139</u>
TOTAL LIABILITIES AND EQUITY	<u>\$85,490</u>	<u>\$90,971</u>	<u>\$74,355</u>

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

MONTH OF NOVEMBER:	VARIANCE			
	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT BETTER/ (WORSE) THAN PRIOR	
SALES:				
INSTANT TICKETS	\$48,071	\$46,770	\$1,301	2.8%
DRAW GAMES	31,975	31,395	\$580	1.8%
ILOTTERY INSTANT PLAY	1,234	663	571	86.1%
TICKET SALES	81,280	78,828	2,452	3.1%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(5)	(749)	744	-99.3%
TOTAL TICKET SALES	81,275	78,079	3,196	4.1%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	34,392	31,860	(2,532)	-7.9%
DRAW GAMES	16,931	18,251	1,320	7.2%
ILOTTERY INSTANT PLAY	878	470	(408)	-86.8%
TOTAL PRIZES	52,201	50,581	(1,620)	-3.2%
PAYMENTS TO RETAILERS	4,936	4,709	(227)	-4.8%
DRAW GAMES VENDOR EXPENSE	1,112	830	(282)	-34.0%
INSTANT TICKET COSTS	646	602	(44)	-7.3%
TOTAL DIRECT COSTS	58,895	56,722	(2,173)	-3.8%
GROSS PROFIT	22,380	21,357	1,023	4.8%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	849	490	(359)	-73.3%
SALARIES, WAGES & BENEFITS	1,151	1,224	73	6.0%
CONTRACTED & PROFESSIONAL SERVICES	251	204	(47)	-23.0%
DEPRECIATION	103	100	(3)	-3.0%
OTHER GENERAL & ADMINISTRATIVE	177	139	(38)	-27.3%
TOTAL OPERATING EXPENSES	2,531	2,157	(374)	-17.3%
OPERATING INCOME	19,849	19,200	649	3.4%
NON-OPERATING INCOME	64	41	23	56.1%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$19,913	\$19,241	\$672	3.5%

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

FIVE MONTHS YEAR TO DATE:	VARIANCE			
	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT BETTER/ (WORSE) THAN PRIOR	
SALES:				
INSTANT TICKETS	\$251,457	\$241,646	\$9,811	4.1%
DRAW GAMES	190,558	170,641	\$19,917	11.7%
ILOTTERY INSTANT PLAY	5,442	3,505	1,937	55.3%
TICKET SALES	447,457	415,792	31,665	7.6%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(101)	(4,723)	4,622	-97.9%
TOTAL TICKET SALES	447,356	411,069	36,287	8.8%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	174,251	163,610	(10,641)	-6.5%
DRAW GAMES	99,606	94,311	(5,295)	-5.6%
ILOTTERY INSTANT PLAY	3,853	2,792	(1,061)	-38.0%
TOTAL PRIZES	277,710	260,713	(16,997)	-6.5%
PAYMENTS TO RETAILERS	26,490	24,937	(1,553)	-6.2%
DRAW GAMES VENDOR EXPENSE	5,616	4,376	(1,240)	-28.3%
INSTANT TICKET COSTS	3,133	3,540	407	11.5%
TOTAL DIRECT COSTS	312,949	293,566	(19,383)	-6.6%
GROSS PROFIT	134,407	117,503	16,904	14.4%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	4,084	3,242	(842)	-26.0%
SALARIES, WAGES & BENEFITS	5,814	6,158	344	5.6%
CONTRACTED & PROFESSIONAL SERVICES	1,051	1,026	(25)	-2.4%
DEPRECIATION	496	502	6	1.2%
OTHER GENERAL & ADMINISTRATIVE	810	790	(20)	-2.5%
TOTAL OPERATING EXPENSES	12,255	11,718	(537)	-4.6%
OPERATING INCOME	122,152	105,785	16,367	15.5%
NON-OPERATING INCOME	190	187	3	1.6%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$122,342	\$105,972	\$16,370	15.4%

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

MONTH OF NOVEMBER:	VARIANCE			
	ACTUAL	BUDGET	ACTUAL BETTER/ (WORSE) THAN BUDGET	
SALES:				
INSTANT TICKETS	\$48,071	\$49,865	(\$1,794)	-3.6%
DRAW GAMES	31,975	35,276	(3,301)	-9.4%
ILOTTERY INSTANT PLAY	1,234	940	294	31.3%
TICKET SALES	81,280	86,081	(4,801)	-5.6%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(5)	(299)	294	-98.3%
TOTAL TICKET SALES	81,275	85,782	(4,507)	-5.3%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	34,392	34,786	394	1.1%
DRAW GAMES	16,931	19,897	2,966	14.9%
ILOTTERY INSTANT PLAY	878	742	(136)	-18.3%
TOTAL PRIZES	52,201	55,425	3,224	5.8%
PAYMENTS TO RETAILERS	4,936	5,266	330	6.3%
DRAW GAMES VENDOR EXPENSE	1,112	1,053	(59)	-5.6%
INSTANT TICKET COSTS	646	628	(18)	-2.9%
TOTAL DIRECT COSTS	58,895	62,372	3,477	5.6%
GROSS PROFIT	22,380	23,410	(1,030)	-4.4%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	849	914	65	7.1%
SALARIES, WAGES & BENEFITS	1,151	1,248	97	7.8%
CONTRACTED & PROFESSIONAL SERVICES	251	241	(10)	-4.1%
DEPRECIATION	103	104	1	1.0%
OTHER GENERAL & ADMINISTRATIVE	177	138	(39)	-28.3%
TOTAL OPERATING EXPENSES	2,531	2,645	114	4.3%
OPERATING INCOME	19,849	20,765	(916)	-4.4%
NON-OPERATING INCOME	64	39	25	64.1%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$19,913	\$20,804	(\$891)	-4.3%

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

FIVE MONTHS YEAR TO DATE:	VARIANCE			
	ACTUAL	BUDGET	ACTUAL BETTER/ (WORSE) THAN BUDGET	
SALES:				
INSTANT TICKETS	251,457	\$246,515	\$4,942	2.0%
DRAW GAMES	190,558	175,495	15,063	8.6%
ILOTTERY INSTANT PLAY	5,442	4,970	472	9.5%
TICKET SALES	447,457	426,980	20,477	4.8%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(101)	(1,554)	1,453	-93.5%
TOTAL TICKET SALES	447,356	425,426	21,930	5.2%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	174,251	171,866	(2,385)	-1.4%
DRAW GAMES	99,606	98,817	(789)	-0.8%
ILOTTERY INSTANT PLAY	3,853	3,926	73	1.9%
TOTAL PRIZES	277,710	274,609	(3,101)	-1.1%
PAYMENTS TO RETAILERS	26,490	26,122	(368)	-1.4%
DRAW GAMES VENDOR EXPENSE	5,616	5,122	(494)	-9.6%
INSTANT TICKET COSTS	3,133	3,130	(3)	-0.1%
TOTAL DIRECT COSTS	312,949	308,983	(3,966)	-1.3%
GROSS PROFIT	134,407	116,443	17,964	15.4%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	4,084	5,117	1,033	20.2%
SALARIES, WAGES & BENEFITS	5,814	6,229	415	6.7%
CONTRACTED & PROFESSIONAL SERVICES	1,051	1,257	206	16.4%
DEPRECIATION	496	518	22	4.2%
OTHER GENERAL & ADMINISTRATIVE	810	979	169	17.3%
TOTAL OPERATING EXPENSES	12,255	14,100	1,845	13.1%
OPERATING INCOME	122,152	102,343	19,809	19.4%
NON-OPERATING INCOME	190	194	(4)	-2.1%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$122,342	\$102,537	\$19,805	19.3%

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

MONTH OF NOVEMBER:	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT YEAR BUDGET
SALES:			
INSTANT TICKETS	59.1%	59.9%	58.1%
DRAW GAMES	39.4%	40.2%	41.1%
ILOTTERY INSTANT PLAY	1.5%	0.8%	1.1%
TICKET SALES	100.0%	100.9%	100.3%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	0.0%	-0.9%	-0.3%
TOTAL TICKET SALES	100.0%	100.0%	100.0%
DIRECT COSTS:			
PRIZES:			
INSTANT TICKETS	42.3%	40.8%	40.6%
DRAW GAMES	20.8%	23.4%	23.1%
ILOTTERY INSTANT PLAY	1.1%	0.6%	0.9%
TOTAL PRIZES	64.2%	64.8%	64.6%
PAYMENTS TO RETAILERS	6.1%	6.0%	6.1%
DRAW GAME VENDOR EXPENSE	1.4%	1.0%	1.2%
INSTANT TICKET COSTS	0.8%	0.8%	0.8%
TOTAL DIRECT COSTS	72.5%	72.6%	72.7%
GROSS PROFIT	27.5%	27.4%	27.3%
OPERATING EXPENSES:			
ADVERTISING AND PROMOTION	1.1%	0.6%	1.1%
SALARIES, WAGES & BENEFITS	1.4%	1.6%	1.5%
CONTRACTED & PROFESSIONAL SERVICES	0.3%	0.3%	0.2%
DEPRECIATION	0.1%	0.1%	0.1%
OTHER GENERAL & ADMINISTRATIVE	0.2%	0.2%	0.2%
TOTAL OPERATING EXPENSES	3.1%	2.8%	3.1%
OPERATING INCOME	24.4%	24.6%	24.2%
NON-OPERATING INCOME	0.1%	0.0%	0.1%
INCOME BEFORE TRANSFER OF DIVIDENDS	24.5%	24.6%	24.3%

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

FIVE MONTHS YEAR TO DATE:

	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT YEAR BUDGET
SALES:			
INSTANT TICKETS	56.2%	58.8%	57.9%
DRAW GAMES	42.6%	41.5%	41.3%
ILOTTERY INSTANT PLAY	1.2%	0.9%	1.2%
TICKET SALES	100.0%	101.2%	100.4%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	0.0%	-1.2%	-0.4%
TOTAL TICKET SALES	100.0%	100.0%	100.0%
DIRECT COSTS:			
PRIZES:			
INSTANT TICKETS	39.0%	39.8%	40.4%
DRAW GAMES	22.2%	22.9%	23.2%
ILOTTERY INSTANT PLAY	0.9%	0.7%	0.9%
TOTAL PRIZES	62.1%	63.4%	64.5%
PAYMENTS TO RETAILERS	5.9%	6.1%	6.1%
DRAW GAME VENDOR EXPENSE	1.3%	1.0%	1.2%
INSTANT TICKET COSTS	0.7%	0.9%	0.8%
TOTAL DIRECT COSTS	70.0%	71.4%	72.6%
GROSS PROFIT	30.0%	28.6%	27.4%
OPERATING EXPENSES:			
ADVERTISING AND PROMOTION	0.9%	0.8%	1.2%
SALARIES, WAGES & BENEFITS	1.3%	1.5%	1.5%
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	2.7%	2.8%	3.3%
OPERATING INCOME	27.3%	25.8%	24.1%
NON-OPERATING INCOME	0.0%	0.0%	0.0%
INCOME BEFORE TRANSFER OF DIVIDENDS	27.3%	25.8%	24.1%

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF RETAINED EARNINGS
 NOVEMBER 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	\$38,184	\$17,039	\$25,718	\$17,039
INCOME BEFORE TRANSFER	19,913	122,342	19,241	105,972
DIVIDENDS - GENERAL FUND & EDUCATION	(21,500)	(98,500)	(21,000)	(96,000)
DIVIDENDS - KEES RESERVE	(347)	(4,631)	(796)	(3,848)
RETAINED EARNINGS- END OF PERIOD	<u>\$36,250</u>	<u>\$36,250</u>	<u>\$23,163</u>	<u>\$23,163</u>

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

	MONTH	YEAR-TO-DATE
CASH FLOWS FROM OPERATING ACTIVITIES:		
OPERATING INCOME	\$19,849	\$122,152
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
DEPRECIATION	103	496
PROVISION FOR LOSSES ON ACCOUNTS RECEIVABLE	5	51
INCREASE (DECREASE) IN CASH DUE TO CHANGES IN:		
ACCOUNTS RECEIVABLE	17,268	3,075
OTHER ASSETS	123	320
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	(1,341)	(5,635)
ESTIMATED PRIZE LIABILITY	(2,206)	(2,441)
NET CASH PROVIDED BY OPERATING ACTIVITIES	33,801	118,018
CASH FLOWS FROM INVESTING ACTIVITIES:		
PROCEEDS FROM MATURITIES OR SALE OF INVESTMENTS	774	1,089
PURCHASE OF INVESTMENTS	0	0
CHANGE IN INVESTMENTS	(32)	(250)
DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	(98)	(887)
INTEREST INCOME	32	114
SECURITY LENDING FEES	0	2
NET CASH PROVIDED BY INVESTING ACTIVITIES	676	68
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
DIVIDENDS TRANSFERRED/PAYABLE	(21,847)	(103,131)
RETAILER APPLICATION AND OTHER NON-OPERATING FEES	32	74
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(21,815)	(103,057)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
PURCHASES OF PROPERTY AND EQUIPMENT	(67)	(490)
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	(67)	(490)
NET INCREASE (DECREASE) IN CASH	12,595	14,539
CASH, BEGINNING OF PERIOD	22,226	20,282
CASH, END OF PERIOD	\$34,821	\$34,821

KENTUCKY LOTTERY CORPORATION
 PROFIT MARGIN REPORT
 MONTH ENDING NOVEMBER 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	48,066	4,412	890	3,699	11,742	3,284	589	6,158	588	0	0	79,428
ILOTTERY	<u>0</u>	<u>109</u>	<u>51</u>	<u>0</u>	<u>0</u>	<u>94</u>	<u>0</u>	<u>322</u>	<u>37</u>	<u>1,234</u>	<u>0</u>	<u>1,847</u>
TOTAL SALES	<u>48,066</u>	<u>4,521</u>	<u>941</u>	<u>3,699</u>	<u>11,742</u>	<u>3,378</u>	<u>589</u>	<u>6,480</u>	<u>625</u>	<u>1,234</u>	<u>0</u>	<u>81,275</u>
DIRECT COSTS:												
PRIZES WON:												
PRIZES AT RETAIL	34,453	2,054	339	1,653	6,365	1,681	356	3,904	326	0	0	51,131
ILOTTERY	<u>0</u>	<u>51</u>	<u>241</u>	<u>0</u>	<u>0</u>	<u>48</u>	<u>0</u>	<u>210</u>	<u>(11)</u>	<u>878</u>	<u>0</u>	<u>1,417</u>
TOTAL PRIZES WON	<u>34,453</u>	<u>2,105</u>	<u>580</u>	<u>1,653</u>	<u>6,365</u>	<u>1,729</u>	<u>356</u>	<u>4,114</u>	<u>315</u>	<u>878</u>	<u>0</u>	<u>52,548</u>
UNCLAIMED PRIZE CREDIT	(61)	(88)	(9)	(48)	(72)	(25)	(5)	(32)	(7)	0	0	(347)
PAYMENTS TO RETAILERS	3,175	227	49	200	650	177	41	367	32	1	17	4,936
ONLINE VENDOR EXPENSE	214	77	18	57	181	61	11	134	12	51	296	1,112
TICKET COSTS	<u>646</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>646</u>
TOTAL DIRECT COSTS	<u>38,427</u>	<u>2,321</u>	<u>638</u>	<u>1,862</u>	<u>7,124</u>	<u>1,942</u>	<u>403</u>	<u>4,583</u>	<u>352</u>	<u>930</u>	<u>313</u>	<u>58,895</u>
GROSS PROFIT	<u>9,639</u>	<u>2,200</u>	<u>303</u>	<u>1,837</u>	<u>4,618</u>	<u>1,436</u>	<u>186</u>	<u>1,897</u>	<u>273</u>	<u>304</u>	<u>(313)</u>	<u>22,380</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	71.7%	46.6%	61.6%	44.7%	54.2%	51.2%	60.4%	63.5%	50.4%	71.2%	0.0%	64.7%
UNCLAIMED PRIZE CREDIT	-0.1%	-1.9%	-1.0%	-1.3%	-0.6%	-0.7%	-0.8%	-0.5%	-1.1%	0.0%	0.0%	-0.5%
PAYMENTS TO RETAILERS	6.6%	5.0%	5.2%	5.4%	5.5%	5.2%	7.0%	5.7%	5.1%	0.1%	0.0%	6.1%
ONLINE VENDOR EXPENSE	0.4%	1.7%	1.9%	1.5%	1.5%	1.8%	1.9%	2.1%	1.9%	4.1%	0.0%	1.4%
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>0.8%</u>
TOTAL DIRECT COSTS	<u>79.9%</u>	<u>51.4%</u>	<u>67.7%</u>	<u>50.3%</u>	<u>60.6%</u>	<u>57.5%</u>	<u>68.5%</u>	<u>70.8%</u>	<u>56.3%</u>	<u>75.4%</u>	<u>0.0%</u>	<u>72.5%</u>
GROSS PROFIT	<u>20.1%</u>	<u>48.6%</u>	<u>32.3%</u>	<u>49.7%</u>	<u>39.4%</u>	<u>42.5%</u>	<u>31.5%</u>	<u>29.2%</u>	<u>43.7%</u>	<u>24.6%</u>	<u>0.0%</u>	<u>27.5%</u>

KENTUCKY LOTTERY CORPORATION
 PROFIT MARGIN REPORT
 YEAR TO DATE AS OF NOVEMBER 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	251,356	30,733	4,511	18,170	59,959	36,427	2,964	31,172	2,967	0	0	438,259
ILOTTERY	<u>0</u>	<u>715</u>	<u>239</u>	<u>0</u>	<u>0</u>	<u>962</u>	<u>0</u>	<u>1,555</u>	<u>184</u>	<u>5,442</u>	<u>0</u>	<u>9,097</u>
TOTAL SALES	<u>251,356</u>	<u>31,448</u>	<u>4,750</u>	<u>18,170</u>	<u>59,959</u>	<u>37,389</u>	<u>2,964</u>	<u>32,727</u>	<u>3,151</u>	<u>5,442</u>	<u>0</u>	<u>447,356</u>
DIRECT COSTS:												
PRIZES WON:												
PRIZES AT RETAIL	177,130	15,089	1,861	7,482	32,661	18,265	2,064	20,242	1,448	0	0	276,242
ILOTTERY	<u>0</u>	<u>351</u>	<u>303</u>	<u>0</u>	<u>0</u>	<u>482</u>	<u>0</u>	<u>1,020</u>	<u>90</u>	<u>3,853</u>	<u>0</u>	<u>6,099</u>
TOTAL PRIZES WON	<u>177,130</u>	<u>15,440</u>	<u>2,164</u>	<u>7,482</u>	<u>32,661</u>	<u>18,747</u>	<u>2,064</u>	<u>21,262</u>	<u>1,538</u>	<u>3,853</u>	<u>0</u>	<u>282,341</u>
UNCLAIMED PRIZE CREDIT	(2,879)	(541)	(51)	(236)	(383)	(270)	(30)	(179)	(62)	0	0	(4,631)
PAYMENTS TO RETAILERS	16,148	1,593	249	982	3,321	1,889	210	1,852	164	2	80	26,490
ONLINE VENDOR EXPENSE	1,104	534	90	280	923	643	58	652	59	258	1,015	5,616
TICKET COSTS	<u>3,133</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>3,133</u>
TOTAL DIRECT COSTS	<u>194,636</u>	<u>17,026</u>	<u>2,452</u>	<u>8,508</u>	<u>36,522</u>	<u>21,009</u>	<u>2,302</u>	<u>23,587</u>	<u>1,699</u>	<u>4,113</u>	<u>1,095</u>	<u>312,949</u>
GROSS PROFIT	<u>56,720</u>	<u>14,422</u>	<u>2,298</u>	<u>9,662</u>	<u>23,437</u>	<u>16,380</u>	<u>662</u>	<u>9,140</u>	<u>1,452</u>	<u>1,329</u>	<u>(1,095)</u>	<u>134,407</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	70.5%	49.1%	45.6%	41.2%	54.5%	50.1%	69.6%	65.0%	48.8%	70.8%	0.0%	63.1%
UNCLAIMED PRIZE CREDIT	-1.2%	-1.7%	-1.1%	-1.3%	-0.6%	-0.7%	-1.0%	-0.5%	-2.0%	0.0%	0.0%	-1.0%
PAYMENTS TO RETAILERS	6.4%	5.1%	5.2%	5.4%	5.5%	5.1%	7.1%	5.7%	5.2%	0.0%	0.0%	5.9%
ONLINE VENDOR EXPENSE	0.4%	1.7%	1.9%	1.5%	1.5%	1.7%	2.0%	2.0%	1.9%	4.7%	0.0%	1.3%
TICKET COSTS	<u>1.2%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.7%</u>
TOTAL DIRECT COSTS	<u>77.3%</u>	<u>54.2%</u>	<u>51.6%</u>	<u>46.8%</u>	<u>60.9%</u>	<u>56.2%</u>	<u>77.7%</u>	<u>72.2%</u>	<u>53.9%</u>	<u>75.5%</u>	<u>0.0%</u>	<u>70.0%</u>
GROSS PROFIT	<u>22.7%</u>	<u>45.8%</u>	<u>48.4%</u>	<u>53.2%</u>	<u>39.1%</u>	<u>43.8%</u>	<u>22.3%</u>	<u>27.8%</u>	<u>46.1%</u>	<u>24.5%</u>	<u>0.0%</u>	<u>30.0%</u>

KENTUCKY LOTTERY CORPORATION
ADVERTISING AND PROMOTION EXPENSES

MONTH ENDING NOVEMBER 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	183	0	0	21	21	0	0	0	0	0	7	232
RADIO	74	1	0	0	0	0	0	0	0	0	0	75
PRINT	0	0	0	0	0	0	0	0	0	0	18	18
BILLBOARD	8	27	0	0	0	27	0	0	0	0	0	62
ONLINE	164	10	0	0	0	10	(1)	0	0	50	2	235
OTHER (TRANSIT, ETC.)	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDIA	429	38	0	21	21	37	(1)	0	0	50	27	622
PRODUCTION	4	4	0	0	(1)	5	0	0	0	0	20	32
COUPONS & PROMOTIONS	2	0	0	0	0	0	0	0	0	2	(11)	(7)
SPECIAL EVENT/GAME SHOW	0	0	0	0	0	0	0	0	0	0	47	47
PREMIUMS	0	0	0	0	0	0	0	8	0	0	93	101
AGENCY FEES	0	0	0	0	0	0	0	0	0	0	43	43
OTHER (SIGNAGE, ETC.)	0	0	0	0	0	0	0	0	0	1	10	11
TOTAL	435	42	0	21	20	42	(1)	8	0	53	229	849

YEAR-TO-DATE AS OF NOVEMBER 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	892	0	0	47	46	0	54	0	0	0	52	1,091
RADIO	610	2	0	0	0	2	0	0	0	0	21	635
PRINT	2	0	0	0	0	0	0	0	0	0	18	20
BILLBOARD	156	131	0	0	0	131	3	0	0	0	3	424
ONLINE	457	(21)	0	2	3	(21)	0	(9)	0	238	45	694
OTHER (TRANSIT, ETC.)	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDIA	2,117	112	0	49	49	112	57	(9)	0	238	139	2,864
PRODUCTION	101	10	0	0	(3)	10	0	48	0	0	411	577
COUPONS & PROMOTIONS	2	0	0	0	0	0	0	0	0	2	204	208
SPECIAL EVENT/GAME SHOW	0	0	0	0	0	0	0	0	0	0	50	50
PREMIUMS	0	0	0	0	0	0	0	8	0	0	111	119
AGENCY FEES	2	0	0	0	0	0	0	0	0	0	214	216
OTHER (SIGNAGE, ETC.)	0	0	0	0	0	0	0	0	0	1	49	50
TOTAL	2,222	122	0	49	46	122	57	47	0	241	1,178	4,084

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

	<u>MONTH</u>	<u>YEAR-TO-DATE</u>
ADVERTISING & PROMOTION	\$849	\$4,084
 <u>SALARIES, WAGES & BENEFITS:</u>		
SALARIES AND WAGES	931	4,601
BENEFITS AND TAXES	220	1,213
	1,151	5,814
 <u>CONTRACTED & PROFESSIONAL SERVICES:</u>		
ON-LINE DRAWING EXPENSES	0	8
CONSULTANT SERVICES	98	320
SECURITY SERVICES	10	65
REPAIRS AND MAINTENANCE	22	58
CUSTODIAL SERVICES	4	24
PUBLIC INFORMATION SERVICES	13	20
DIRECTOR EXPENSES	4	15
COMPUTER SOFTWARE COST/MAINT.	53	271
COMPUTER HARDWARE COST/MAINT.	18	41
LEGAL SERVICES	4	31
AUDIT EXPENSES	12	114
OTHER	13	84
	251	1,051
 <u>DEPRECIATION:</u>		
DEPRECIATION EXPENSE	103	496
 <u>OTHER GENERAL & ADMINISTRATIVE:</u>		
COMMUNICATIONS/TELEPHONE SERVICES	30	38
OFFICE SUPPLIES & SERVICES	6	69
TRAVEL AND RELATED EXPENSES	53	236
RENT, UTILITIES AND INSURANCE	68	355
A/R COLLECTIONS ALLOWANCE	0	51
OTHER	20	61
	177	810
 TOTAL OPERATING EXPENSES	 \$2,531	 \$12,255
 <u>NON-OPERATING INCOME:</u>		
INTEREST EXPENSE	0	0
INTEREST INCOME	32	114
OTHER INCOME/(LOSS)	32	76
	32	76
 TOTAL NON-OPERATING INCOME	 \$64	 \$190

KENTUCKY LOTTERY CORPORATION
PROPERTY AND EQUIPMENT
NOVEMBER 30, 2018
(\$000'S)

	<u>CURRENT MONTH END</u>	<u>PRIOR MONTH END</u>	<u>PRIOR FISCAL YEAR END</u>
LEASEHOLD IMPROVEMENTS	\$45	\$45	\$45
BUILDINGS	8,159	8,109	8,079
LAND	423	423	423
TRANSPORTATION	1,560	1,560	1,264
FURNITURE, FIXTURES & EQUIPMENT	1,138	1,138	1,138
DATA PROCESSING EQUIPMENT & SOFTWARE	4,999	4,984	4,379
INCOMPLETE FIXED ASSETS	0	0	572
TELEPHONE & COMMUNICATIONS EQUIPMENT	6	6	6
DRAWING EQUIPMENT	<u>626</u>	<u>625</u>	<u>560</u>
PROPERTY AND EQUIPMENT, GROSS	16,956	16,890	16,466
ACCUMULATED DEPRECIATION	<u>(11,521)</u>	<u>(11,419)</u>	<u>(11,025)</u>
PROPERTY AND EQUIPMENT, NET	<u>\$5,435</u>	<u>\$5,471</u>	<u>\$5,441</u>