

KENTUCKY LOTTERY CORPORATION
FINANCIAL STATEMENTS
NOVEMBER 2017
MONTH 5 OF FISCAL YEAR ENDING JUNE 30, 2018

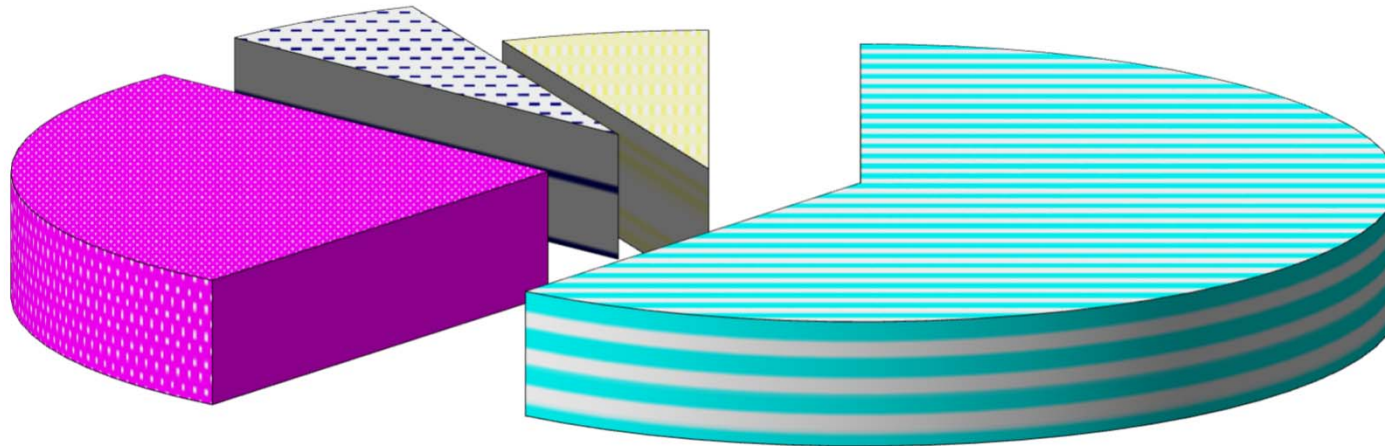
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**KENTUCKY LOTTERY CORPORATION
"WHERE THE MONEY GOES"
INCEPTION-TO-DATE SALES AS OF NOVEMBER 30, 2017
\$18.803 BILLION**

**\$1.205
BILLION PAID FOR
MARKETING & OPERATING
EXP - 6.4%**

\$1.181 BILLION PAID TO RETAILERS - 6.3%



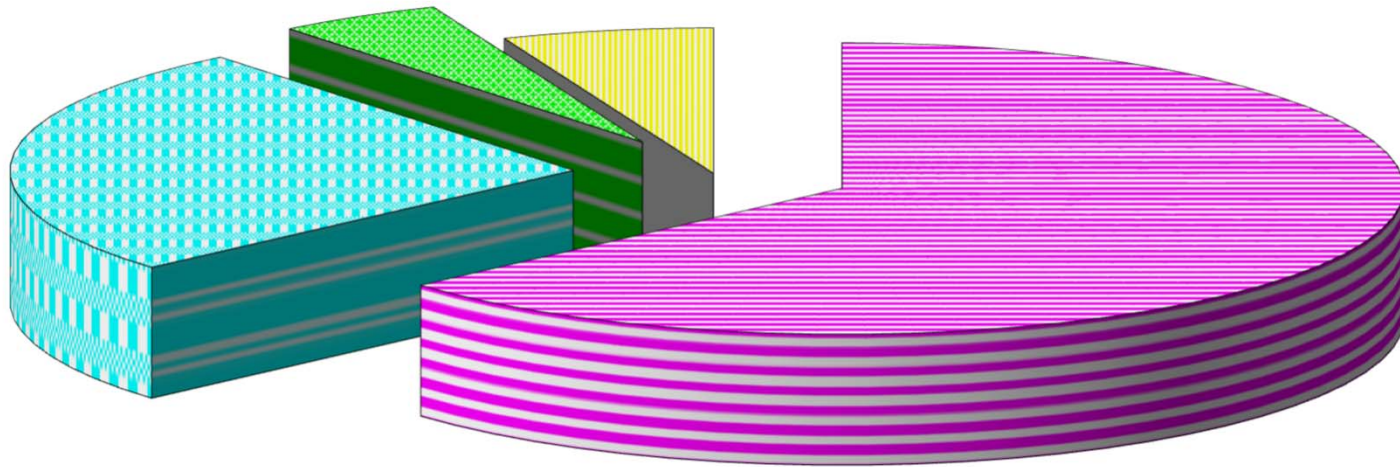
**\$5.000 BILLION
EARNED FOR THE
STATE OF KENTUCKY
- 26.6%**

**\$11.417 BILLION PAID
TO WINNERS - 60.7%**

**KENTUCKY LOTTERY CORPORATION
"WHERE THE MONEY GOES"
YEAR-TO-DATE SALES AS OF NOVEMBER 30, 2017
\$411.0 MILLION**

**\$19.4 MILLION PAID FOR
MARKETING & OPERATING
EXP - 4.7%**

\$24.9 MILLION PAID TO RETAILERS - 6.1%



**\$106.0 MILLION
EARNED FOR THE
STATE OF
KENTUCKY - 25.8%**

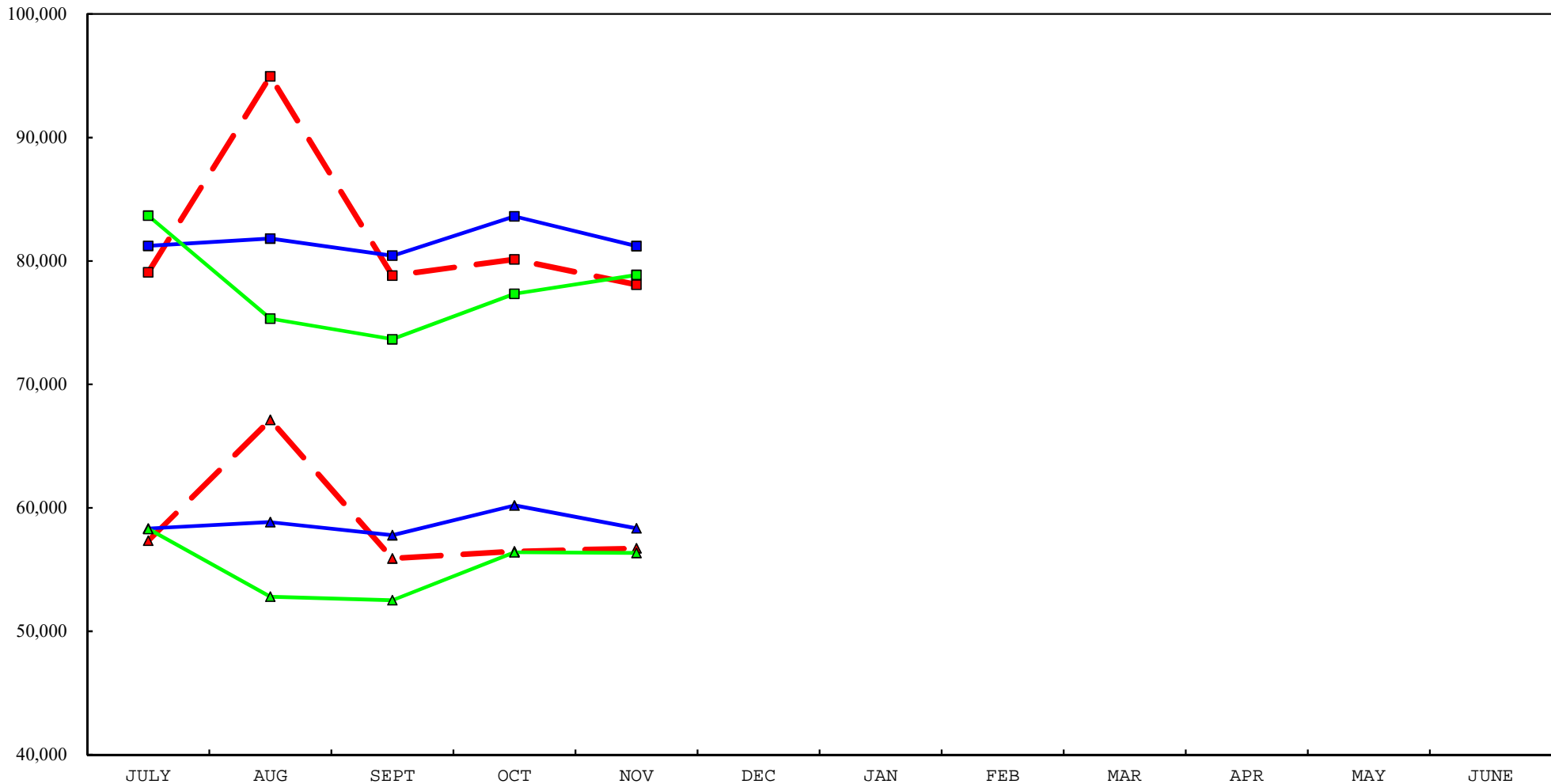
**\$260.7 MILLION PAID
TO WINNERS - 63.4%**

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.

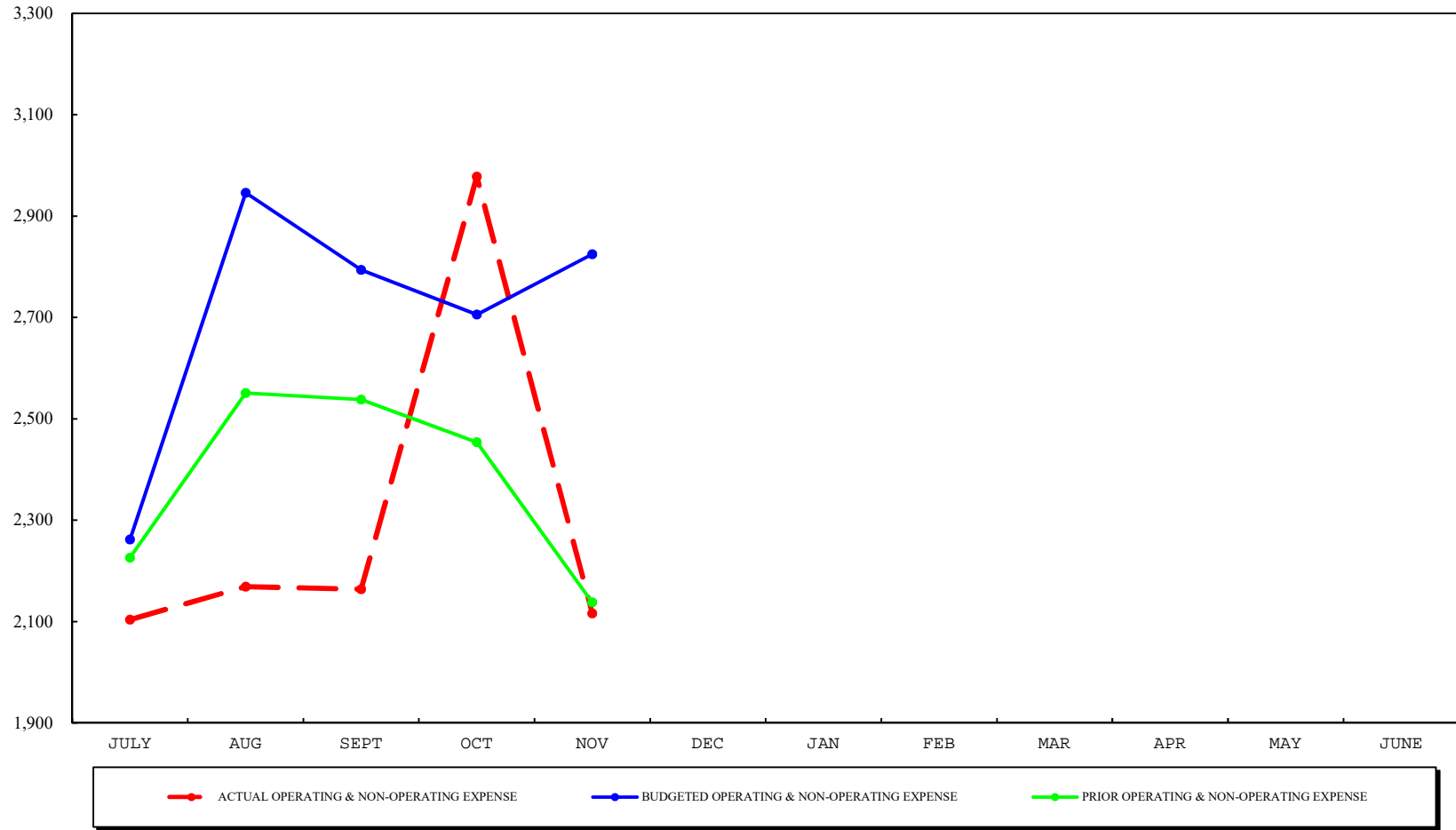
SALES AND DIRECT COSTS BY MONTH

AS OF NOVEMBER 30, 2017



OPERATING EXPENSE AND NON-OPERATING INCOME BY MONTH

AS OF NOVEMBER 30, 2017



KENTUCKY LOTTERY CORPORATION

FINANCIAL RESULTS

NOVEMBER 2017

INCOME STATEMENT

Ticket sales for November 2017 were \$78.8 million which is \$1.1 million or 1.4% less than the same month of the prior fiscal year. Sales for the year were \$415.8 million which is \$21.6 million or 5.5% more than in the prior fiscal year. Instant ticket sales were \$158,000 or 0.3% less than the same month of the prior fiscal year, and \$9.0 million or 3.9% more than the prior fiscal year. Draw game sales were \$2.0 million or 7.3% less than the same month of the prior year, and \$6.7 million or 5.1% more than prior fiscal year. Keno sales were \$658,000 or 11.1% more than the same month of the prior fiscal year, and \$3.9 million or 13.6% more than prior fiscal year. iLottery instant play sales were \$319,000 or 92.7% more than the same month of the prior year, and \$2.0 million or 132.3% more than prior fiscal year.

Ticket sales for the month of November were \$3.1 million or 3.8% less than budget. Ticket sales for the fiscal year were \$3.1 million or 0.8% more than budget. Instant ticket sales were \$1.1 million, or 2.2% less than budget for the current month, and \$1.4 million or 0.6% less than budget for the fiscal year. Draw game sales were \$1.5 million or 5.9% less than budget for the month, and \$6.9 million or 5.3% more than budget for the fiscal year. Keno sales for the month were \$441,000 or 6.3% less than budget, and \$2.3 million or 6.7% less than budget for the fiscal year. iLottery instant play sales were \$31,000 or 4.5% less than budget for the month, and \$21,000 or 0.6% less than budget for the fiscal year.

Prize expenses for November 2017 were 64.8% of total sales, compared to 63.3% in the same month last year and 64.0% budgeted. Combined prize expense for the year was 63.4%, compared to 63.0% last fiscal year and 64.0% budgeted. Instant prize expense for the month was 69.2%, draw game prize expense was 56.4%, Keno prize expense was 64.5%, and iLottery instant play prize expense was 70.9%. Instant prize expense for the fiscal year was 69.1%, draw game prize expense was 53.0%, Keno prize expense was 64.9%, and iLottery instant play prize expense was 79.7%.

Operating costs were \$2.2 million for November, compared to \$2.9 million budgeted and \$2.3 million for the same month last year. These costs included advertising and promotions of \$490,000, salaries & benefits of \$1.2 million, contracted and professional services of \$204,000, depreciation expense of \$100,000, and other general and administrative costs of \$139,000. Operating costs for the year were \$11.7 million, compared to \$13.7 million budgeted and \$12.1 million prior fiscal year.

Income before transfer of dividends for the current month was \$19.2 million, compared to \$20.3 million for the same month in the prior year and \$20.0 million budgeted. Income before transfer of dividends for the fiscal year was \$106.0 million, compared to \$100.6 million in the prior year and \$101.2 million budgeted.

Dividends of \$21.0 million were transferred to the Commonwealth in November for a total of \$96.0 million for the fiscal year. Additional dividends of \$796,000 were accrued in November for transfer to the KEES reserve for a total of \$3.8 million for the fiscal year. Transfer of the KEES funds will be made quarterly during the fiscal year. All dividends were 27.9% of sales for the month. All dividends were 24.3% of sales for the fiscal year compared to 25.5% of sales in the prior year and 24.4% budgeted.

BALANCE SHEET

Cash balance decreased to \$24.8 million, which included \$3.1 million restricted for annuity prize payments. Total investments held to pay grand prizes decreased to \$11.1 million. Accounts Receivable increased to \$27.4 million. Total assets decreased to \$73.6 million.

KENTUCKY LOTTERY CORPORATION
BALANCE SHEETS
NOVEMBER 30, 2017
(\$000's)

	<u>CURRENT MONTH END</u>	<u>PRIOR MONTH END</u>	<u>PRIOR FISCAL YEAR END</u>
ASSETS:			
CURRENT ASSETS:			
CASH - UNRESTRICTED	\$21,708	\$23,485	\$20,149
CASH - RESTRICTED	3,112	2,288	2,600
INVESTMENTS, CURRENT PORTION	1,859	1,859	1,859
ACCOUNTS RECEIVABLE, NET	27,387	26,834	24,692
OTHER	748	867	1,067
TOTAL CURRENT ASSETS	<u>54,814</u>	<u>55,333</u>	<u>50,367</u>
INVESTMENTS, LESS CURRENT PORTION	9,290	10,007	10,111
PROPERTY AND EQUIPMENT, NET	5,003	5,032	5,314
DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	4,527	4,633	4,848
TOTAL ASSETS	<u>\$73,634</u>	<u>\$75,005</u>	<u>\$70,640</u>
LIABILITIES AND EQUITY:			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$7,578	\$6,483	\$10,054
ESTIMATED PRIZE LIABILITY, CURRENT PORTION	29,888	29,720	29,981
TOTAL CURRENT LIABILITIES	<u>37,466</u>	<u>36,203</u>	<u>40,035</u>
ESTIMATED PRIZE LIABILITY - LESS CURRENT PORTION	12,519	12,598	13,061
UNFUNDED GRAND PRIZE LIABILITY	386	386	405
TOTAL LIABILITIES	<u>50,371</u>	<u>49,187</u>	<u>53,501</u>
CONTRIBUTED CAPITAL	100	100	100
RETAINED EARNINGS	23,163	25,718	17,039
TOTAL EQUITY	<u>23,263</u>	<u>25,818</u>	<u>17,139</u>
TOTAL LIABILITIES AND EQUITY	<u>\$73,634</u>	<u>\$75,005</u>	<u>\$70,640</u>

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO PRIOR YEAR
NOVEMBER 30, 2017
(\$000'S)

MONTH OF NOVEMBER:			VARIANCE	
	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT BETTER/ (WORSE) THAN PRIOR	
SALES:				
INSTANT TICKETS	\$46,770	\$46,928	(\$158)	-0.3%
DRAW GAMES	24,816	26,778	(\$1,962)	-7.3%
KENO	6,579	5,921	658	11.1%
ILOTTERY INSTANT PLAY	663	344	319	92.7%
TICKET SALES	78,828	79,971	(1,143)	-1.4%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(749)	(1,107)	358	-32.3%
TOTAL TICKET SALES	78,079	78,864	(785)	-1.0%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	31,860	31,481	(379)	-1.2%
DRAW GAMES	14,005	14,392	387	2.7%
KENO	4,246	3,827	(419)	-10.9%
ILOTTERY INSTANT PLAY	470	242	(228)	-94.2%
TOTAL PRIZES	50,581	49,942	(639)	-1.3%
PAYMENTS TO RETAILERS	4,709	4,927	218	4.4%
DRAW GAMES VENDOR EXPENSE	830	824	(6)	-0.7%
INSTANT TICKET COSTS	602	649	47	7.2%
TOTAL DIRECT COSTS	56,722	56,342	(380)	-0.7%
GROSS PROFIT	21,357	22,522	(1,165)	-5.2%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	490	685	195	28.5%
SALARIES, WAGES & BENEFITS	1,224	1,173	(51)	-4.3%
CONTRACTED & PROFESSIONAL SERVICES	204	159	(45)	-28.3%
DEPRECIATION	100	111	11	9.9%
OTHER GENERAL & ADMINISTRATIVE	139	124	(15)	-12.1%
TOTAL OPERATING EXPENSES	2,157	2,252	95	4.2%
OPERATING INCOME	19,200	20,270	(1,070)	-5.3%
NON-OPERATING INCOME	41	114	(73)	-64.0%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$19,241	\$20,384	(\$1,143)	-5.6%

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF INCOME - COMPARISON TO PRIOR YEAR
 YEAR-TO-DATE THROUGH NOVEMBER 30, 2017
 (\$000'S)

FIVE MONTHS YEAR TO DATE:	VARIANCE			
	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT BETTER/ (WORSE) THAN PRIOR	
SALES:				
INSTANT TICKETS	\$241,646	\$232,665	\$8,981	3.9%
DRAW GAMES	138,220	131,514	\$6,706	5.1%
KENO	32,421	28,539	3,882	13.6%
ILOTTERY INSTANT PLAY	3,505	1,509	1,996	132.3%
TICKET SALES	415,792	394,227	21,565	5.5%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(4,723)	(5,363)	640	-11.9%
TOTAL TICKET SALES	411,069	388,864	22,205	5.7%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	163,610	155,490	(8,120)	-5.2%
DRAW GAMES	73,276	69,822	(3,454)	-4.9%
KENO	21,035	18,481	(2,554)	-13.8%
ILOTTERY INSTANT PLAY	2,792	1,108	(1,684)	-152.0%
TOTAL PRIZES	260,713	244,901	(15,812)	-6.5%
PAYMENTS TO RETAILERS	24,937	24,199	(738)	-3.0%
DRAW GAMES VENDOR EXPENSE	4,376	4,013	(363)	-9.0%
INSTANT TICKET COSTS	3,540	3,241	(299)	-9.2%
TOTAL DIRECT COSTS	293,566	276,354	(17,212)	-6.2%
GROSS PROFIT	117,503	112,510	4,993	4.4%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	3,242	3,937	695	17.7%
SALARIES, WAGES & BENEFITS	6,158	5,986	(172)	-2.9%
CONTRACTED & PROFESSIONAL SERVICES	1,026	844	(182)	-21.6%
DEPRECIATION	502	561	59	10.5%
OTHER GENERAL & ADMINISTRATIVE	790	797	7	0.9%
TOTAL OPERATING EXPENSES	11,718	12,125	407	3.4%
OPERATING INCOME	105,785	100,385	5,400	5.4%
NON-OPERATING INCOME	187	218	(31)	-14.2%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$105,972	\$100,603	\$5,369	5.3%

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO BUDGET
NOVEMBER 30, 2017
(\$000'S)

MONTH OF NOVEMBER:	VARIANCE			
	ACTUAL	BUDGET	ACTUAL BETTER/ (WORSE) THAN BUDGET	
SALES:				
INSTANT TICKETS	\$46,770	\$47,841	(\$1,071)	-2.2%
DRAW GAMES	24,816	26,363	(1,547)	-5.9%
KENO	6,579	7,020	(441)	-6.3%
ILOTTERY INSTANT PLAY	663	694	(31)	-4.5%
TICKET SALES	78,828	81,918	(3,090)	-3.8%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(749)	(718)	(31)	4.3%
TOTAL TICKET SALES	78,079	81,200	(3,121)	-3.8%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	31,860	32,550	690	2.1%
DRAW GAMES	14,005	14,293	288	2.0%
KENO	4,246	4,577	331	7.2%
ILOTTERY INSTANT PLAY	470	520	50	9.6%
TOTAL PRIZES	50,581	51,940	1,359	2.6%
PAYMENTS TO RETAILERS	4,709	4,863	154	3.2%
DRAW GAMES VENDOR EXPENSE	830	856	26	3.0%
INSTANT TICKET COSTS	602	689	87	12.6%
TOTAL DIRECT COSTS	56,722	58,348	1,626	2.8%
GROSS PROFIT	21,357	22,852	(1,495)	-6.5%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	490	1,043	553	53.0%
SALARIES, WAGES & BENEFITS	1,224	1,274	50	3.9%
CONTRACTED & PROFESSIONAL SERVICES	204	276	72	26.1%
DEPRECIATION	100	111	11	9.9%
OTHER GENERAL & ADMINISTRATIVE	139	146	7	4.8%
TOTAL OPERATING EXPENSES	2,157	2,850	693	24.3%
OPERATING INCOME	19,200	20,002	(802)	-4.0%
NON-OPERATING INCOME	41	25	16	64.0%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$19,241	\$20,027	(\$786)	-3.9%

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO BUDGET
YEAR-TO-DATE THROUGH NOVEMBER 30, 2017
(\$000'S)

FIVE MONTHS YEAR TO DATE:	VARIANCE			
	ACTUAL	BUDGET	ACTUAL BETTER/ (WORSE) THAN BUDGET	
SALES:				
INSTANT TICKETS	\$241,646	\$243,067	(\$1,421)	-0.6%
DRAW GAMES	138,220	131,296	6,924	5.3%
KENO	32,421	34,754	(2,333)	-6.7%
ILOTTERY INSTANT PLAY	3,505	3,526	(21)	-0.6%
TICKET SALES	415,792	412,643	3,149	0.8%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(4,723)	(4,372)	(351)	8.0%
TOTAL TICKET SALES	411,069	408,271	2,798	0.7%
DIRECT COSTS:				
PRIZES:				
INSTANT TICKETS	163,610	164,686	1,076	0.7%
DRAW GAMES	73,276	71,216	(2,060)	-2.9%
KENO	21,035	22,660	1,625	7.2%
ILOTTERY INSTANT PLAY	2,792	2,644	(148)	-5.6%
TOTAL PRIZES	260,713	261,206	493	0.2%
PAYMENTS TO RETAILERS	24,937	24,506	(431)	-1.8%
DRAW GAMES VENDOR EXPENSE	4,376	4,288	(88)	-2.1%
INSTANT TICKET COSTS	3,540	3,494	(46)	-1.3%
TOTAL DIRECT COSTS	293,566	293,494	(72)	0.0%
GROSS PROFIT	117,503	114,777	2,726	2.4%
OPERATING EXPENSES:				
ADVERTISING AND PROMOTION	3,242	4,625	1,383	29.9%
SALARIES, WAGES & BENEFITS	6,158	6,290	132	2.1%
CONTRACTED & PROFESSIONAL SERVICES	1,026	1,310	284	21.7%
DEPRECIATION	502	526	24	4.6%
OTHER GENERAL & ADMINISTRATIVE	790	907	117	12.9%
TOTAL OPERATING EXPENSES	11,718	13,658	1,940	14.2%
OPERATING INCOME	105,785	101,119	4,666	4.6%
NON-OPERATING INCOME	187	125	62	49.6%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$105,972	\$101,244	\$4,728	4.7%

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - PERCENTAGE OF TOTAL SALES
NOVEMBER 30, 2017
(\$000'S)

MONTH OF NOVEMBER:

	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT YEAR BUDGET
SALES:			
INSTANT TICKETS	59.9%	59.5%	58.9%
DRAW GAMES	31.8%	34.0%	32.5%
KENO	8.4%	7.5%	8.6%
ILOTTERY INSTANT PLAY	0.8%	0.4%	0.9%
TICKET SALES	100.9%	101.4%	100.9%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	-0.9%	-1.4%	-0.9%
TOTAL TICKET SALES	100.0%	100.0%	100.0%
DIRECT COSTS:			
PRIZES:			
INSTANT TICKETS	40.8%	39.9%	40.1%
DRAW GAMES	18.0%	18.2%	17.7%
KENO	5.4%	4.9%	5.6%
ILOTTERY INSTANT PLAY	0.6%	0.3%	0.6%
TOTAL PRIZES	64.8%	63.3%	64.0%
PAYMENTS TO RETAILERS	6.0%	6.3%	6.0%
DRAW GAME VENDOR EXPENSE	1.0%	1.0%	1.1%
INSTANT TICKET COSTS	0.8%	0.8%	0.8%
TOTAL DIRECT COSTS	72.6%	71.4%	71.9%
GROSS PROFIT	27.4%	28.6%	28.1%
OPERATING EXPENSES:			
ADVERTISING AND PROMOTION	0.6%	0.9%	1.2%
SALARIES, WAGES & BENEFITS	1.6%	1.5%	1.6%
CONTRACTED & PROFESSIONAL SERVICES	0.3%	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%	2.9%	3.4%
OPERATING INCOME	24.6%	25.7%	24.7%
NON-OPERATING INCOME	0.0%	0.1%	0.0%
INCOME BEFORE TRANSFER OF DIVIDENDS	24.6%	25.8%	24.7%

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF INCOME - PERCENTAGE OF TOTAL SALES
 YEAR-TO-DATE THROUGH NOVEMBER 30, 2017
 (\$000'S)

FIVE MONTHS YEAR TO DATE:

	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT YEAR BUDGET
SALES:			
INSTANT TICKETS	58.8%	59.8%	59.5%
DRAW GAMES	33.6%	33.8%	32.2%
KENO	7.9%	7.3%	8.5%
ILOTTERY INSTANT PLAY	0.9%	0.4%	0.9%
TICKET SALES	101.2%	101.3%	101.1%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	-1.2%	-1.3%	-1.1%
TOTAL TICKET SALES	100.0%	100.0%	100.0%
DIRECT COSTS:			
PRIZES:			
INSTANT TICKETS	39.8%	40.0%	40.3%
DRAW GAMES	17.8%	18.0%	17.5%
KENO	5.1%	4.8%	5.6%
ILOTTERY INSTANT PLAY	0.7%	0.2%	0.6%
TOTAL PRIZES	63.4%	63.0%	64.0%
PAYMENTS TO RETAILERS	6.1%	6.2%	6.0%
DRAW GAME VENDOR EXPENSE	1.0%	1.0%	1.0%
INSTANT TICKET COSTS	0.9%	0.9%	0.9%
TOTAL DIRECT COSTS	71.4%	71.1%	71.9%
GROSS PROFIT	28.6%	28.9%	28.1%
OPERATING EXPENSES:			
ADVERTISING AND PROMOTION	0.8%	1.0%	1.2%
SALARIES, WAGES & BENEFITS	1.5%	1.5%	1.5%
CONTRACTED & PROFESSIONAL SERVICES	0.3%	0.3%	0.3%
DEPRECIATION	0.1%	0.1%	0.1%
OTHER GENERAL & ADMINISTRATIVE	0.2%	0.2%	0.2%
TOTAL OPERATING EXPENSES	2.9%	3.1%	3.3%
OPERATING INCOME	25.7%	25.8%	24.8%
NON-OPERATING INCOME	0.1%	0.1%	0.0%
INCOME BEFORE TRANSFER OF DIVIDENDS	25.8%	25.9%	24.8%

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF RETAINED EARNINGS
 NOVEMBER 30, 2017
 (\$000'S)

	<u>CURRENT YEAR</u>		<u>PRIOR YEAR</u>	
	MONTH	YEAR-TO- DATE	MONTH	YEAR-TO- DATE
RETAINED EARNINGS- BEGINNING OF PERIOD	\$25,718	\$17,039	\$20,201	\$17,904
INCOME BEFORE TRANSFER	19,241	105,972	20,384	100,603
DIVIDENDS - GENERAL FUND & EDUCATION	(21,000)	(96,000)	(20,500)	(94,500)
DIVIDENDS - KEES RESERVE	(796)	(3,848)	(666)	(4,588)
RETAINED EARNINGS- END OF PERIOD	<u>\$23,163</u>	<u>\$23,163</u>	<u>\$19,419</u>	<u>\$19,419</u>

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF CASH FLOWS
 YEAR-TO-DATE THROUGH NOVEMBER 30, 2017
 (\$000'S)

	MONTH	YEAR-TO-DATE
CASH FLOWS FROM OPERATING ACTIVITIES:		
OPERATING INCOME	\$19,200	\$105,785
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
DEPRECIATION	100	502
PROVISION FOR LOSSES ON ACCOUNTS RECEIVABLE	20	36
INCREASE (DECREASE) IN CASH DUE TO CHANGES IN:		
ACCOUNTS RECEIVABLE	(573)	(2,731)
OTHER ASSETS	119	319
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	1,095	(2,476)
ESTIMATED PRIZE LIABILITY	89	(654)
NET CASH PROVIDED BY OPERATING ACTIVITIES	20,050	100,781
CASH FLOWS FROM INVESTING ACTIVITIES:		
PROCEEDS FROM MATURITIES OR SALE OF INVESTMENTS	774	1,089
PURCHASE OF INVESTMENTS	0	0
CHANGE IN INVESTMENTS	(57)	(268)
DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	106	321
INTEREST INCOME	22	85
SECURITY LENDING FEES	1	6
NET CASH PROVIDED BY INVESTING ACTIVITIES	846	1,233
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
DIVIDENDS TRANSFERRED/PAYABLE	(21,796)	(99,848)
RETAILER APPLICATION AND OTHER NON-OPERATING FEES	46	96
NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES	(21,750)	(99,752)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
PURCHASES OF PROPERTY AND EQUIPMENT	(71)	(191)
PROCEEDS FROM DISPOSAL OF PROPERTY AND EQUIPMENT	(28)	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	(99)	(191)
NET INCREASE (DECREASE) IN CASH	(953)	2,071
CASH, BEGINNING OF PERIOD	25,773	22,749
CASH, END OF PERIOD	\$24,820	\$24,820

KENTUCKY LOTTERY CORPORATION
 PROFIT MARGIN REPORT
 MONTH ENDING NOVEMBER 30, 2017
 (\$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	46,021	4,385	895	3,543	12,409	2,281	492	6,579	615	0	0	77,220
ILOTTERY	<u>0</u>	<u>76</u>	<u>39</u>	<u>0</u>	<u>0</u>	<u>50</u>	<u>0</u>	<u>0</u>	<u>31</u>	<u>663</u>	<u>0</u>	<u>859</u>
TOTAL SALES	<u>46,021</u>	<u>4,461</u>	<u>934</u>	<u>3,543</u>	<u>12,409</u>	<u>2,331</u>	<u>492</u>	<u>6,579</u>	<u>646</u>	<u>663</u>	<u>0</u>	<u>78,079</u>
DIRECT COSTS:												
PRIZES WON:												
PRIZES AT RETAIL	32,247	2,393	517	1,277	8,407	1,084	278	4,286	327	0	0	50,816
ILOTTERY	<u>0</u>	<u>42</u>	<u>12</u>	<u>0</u>	<u>0</u>	<u>21</u>	<u>0</u>	<u>0</u>	<u>16</u>	<u>470</u>	<u>0</u>	<u>561</u>
TOTAL PRIZES WON	<u>32,247</u>	<u>2,435</u>	<u>529</u>	<u>1,277</u>	<u>8,407</u>	<u>1,105</u>	<u>278</u>	<u>4,286</u>	<u>343</u>	<u>470</u>	<u>0</u>	<u>51,377</u>
UNCLAIMED PRIZE CREDIT	(387)	(171)	(10)	(39)	(90)	(37)	(6)	(40)	(16)	0	0	(796)
PAYMENTS TO RETAILERS	2,965	224	51	189	703	116	34	381	33	0	13	4,709
ONLINE VENDOR EXPENSE	206	74	17	54	191	39	10	116	11	38	74	830
TICKET COSTS	<u>602</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>602</u>
TOTAL DIRECT COSTS	<u>35,633</u>	<u>2,562</u>	<u>587</u>	<u>1,481</u>	<u>9,211</u>	<u>1,223</u>	<u>316</u>	<u>4,743</u>	<u>371</u>	<u>508</u>	<u>87</u>	<u>56,722</u>
GROSS PROFIT	<u>10,388</u>	<u>1,899</u>	<u>347</u>	<u>2,062</u>	<u>3,198</u>	<u>1,108</u>	<u>176</u>	<u>1,836</u>	<u>275</u>	<u>155</u>	<u>(87)</u>	<u>21,357</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	70.1%	54.6%	56.6%	36.0%	67.7%	47.4%	56.5%	65.1%	53.1%	70.9%	0.0%	65.8%
UNCLAIMED PRIZE CREDIT	-0.9%	-3.8%	-1.1%	-1.1%	-0.7%	-1.6%	-1.2%	-0.6%	-2.5%	0.0%	0.0%	-1.0%
PAYMENTS TO RETAILERS	6.4%	5.0%	5.5%	5.3%	5.7%	5.0%	6.9%	5.8%	5.1%	0.0%	0.0%	6.0%
ONLINE VENDOR EXPENSE	0.4%	1.7%	1.8%	1.5%	1.5%	1.7%	2.0%	1.8%	1.7%	5.7%	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>0.8%</u>
TOTAL DIRECT COSTS	<u>77.3%</u>	<u>57.5%</u>	<u>62.8%</u>	<u>41.7%</u>	<u>74.2%</u>	<u>52.5%</u>	<u>64.2%</u>	<u>72.1%</u>	<u>57.4%</u>	<u>76.6%</u>	<u>0.0%</u>	<u>72.6%</u>
GROSS PROFIT	<u>22.7%</u>	<u>42.5%</u>	<u>37.2%</u>	<u>58.3%</u>	<u>25.8%</u>	<u>47.5%</u>	<u>35.8%</u>	<u>27.9%</u>	<u>42.6%</u>	<u>23.4%</u>	<u>0.0%</u>	<u>27.4%</u>

KENTUCKY LOTTERY CORPORATION
 PROFIT MARGIN REPORT
 YEAR TO DATE AS OF NOVEMBER 30, 2017
 (\$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	236,923	34,394	4,553	17,829	61,263	13,363	2,485	32,421	3,138	0	0	406,369
ILOTTERY	<u>0</u>	<u>568</u>	<u>206</u>	<u>0</u>	<u>0</u>	<u>257</u>	<u>0</u>	<u>0</u>	<u>164</u>	<u>3,505</u>	<u>0</u>	<u>4,700</u>
TOTAL SALES	<u>236,923</u>	<u>34,962</u>	<u>4,759</u>	<u>17,829</u>	<u>61,263</u>	<u>13,620</u>	<u>2,485</u>	<u>32,421</u>	<u>3,302</u>	<u>3,505</u>	<u>0</u>	<u>411,069</u>
DIRECT COSTS:												
PRIZES WON:												
PRIZES AT RETAIL	165,790	17,663	2,735	6,684	36,972	6,640	1,424	21,224	2,048	0	0	261,180
ILOTTERY	<u>0</u>	<u>292</u>	<u>65</u>	<u>0</u>	<u>0</u>	<u>125</u>	<u>0</u>	<u>0</u>	<u>107</u>	<u>2,792</u>	<u>0</u>	<u>3,381</u>
TOTAL PRIZES WON	<u>165,790</u>	<u>17,955</u>	<u>2,800</u>	<u>6,684</u>	<u>36,972</u>	<u>6,765</u>	<u>1,424</u>	<u>21,224</u>	<u>2,155</u>	<u>2,792</u>	<u>0</u>	<u>264,561</u>
UNCLAIMED PRIZE CREDIT	(2,180)	(512)	(63)	(203)	(411)	(185)	(31)	(189)	(74)	0	0	(3,848)
PAYMENTS TO RETAILERS	15,496	1,759	261	956	3,428	685	185	1,814	314	1	38	24,937
ONLINE VENDOR EXPENSE	1,062	578	88	274	943	228	48	575	59	173	348	4,376
TICKET COSTS	<u>3,540</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>3,540</u>
TOTAL DIRECT COSTS	<u>183,708</u>	<u>19,780</u>	<u>3,086</u>	<u>7,711</u>	<u>40,932</u>	<u>7,493</u>	<u>1,626</u>	<u>23,424</u>	<u>2,454</u>	<u>2,966</u>	<u>386</u>	<u>293,566</u>
GROSS PROFIT	<u>53,215</u>	<u>15,182</u>	<u>1,673</u>	<u>10,118</u>	<u>20,331</u>	<u>6,127</u>	<u>859</u>	<u>8,997</u>	<u>848</u>	<u>539</u>	<u>(386)</u>	<u>117,503</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%	51.4%	58.8%	37.5%	60.3%	49.7%	57.3%	65.5%	65.3%	79.7%	0.0%	64.4%
UNCLAIMED PRIZE CREDIT	-0.9%	-1.5%	-1.3%	-1.1%	-0.7%	-1.4%	-1.2%	-0.6%	-2.2%	0.0%	0.0%	-1.0%
PAYMENTS TO RETAILERS	6.5%	5.0%	5.5%	5.4%	5.6%	5.0%	7.4%	5.6%	9.5%	0.0%	0.0%	6.1%
ONLINE VENDOR EXPENSE	0.4%	1.7%	1.8%	1.5%	1.5%	1.7%	1.9%	1.8%	1.8%	4.9%	0.0%	1.0%
TICKET COSTS	<u>1.5%</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>77.5%</u>	<u>56.6%</u>	<u>64.8%</u>	<u>43.3%</u>	<u>66.7%</u>	<u>55.0%</u>	<u>65.4%</u>	<u>72.3%</u>	<u>74.4%</u>	<u>84.6%</u>	<u>0.0%</u>	<u>71.4%</u>
GROSS PROFIT	<u>22.5%</u>	<u>43.4%</u>	<u>35.2%</u>	<u>56.7%</u>	<u>33.3%</u>	<u>45.0%</u>	<u>34.6%</u>	<u>27.7%</u>	<u>25.6%</u>	<u>15.4%</u>	<u>0.0%</u>	<u>28.6%</u>

KENTUCKY LOTTERY CORPORATION
ADVERTISING AND PROMOTION EXPENSES

MONTH ENDING NOVEMBER 30, 2017
(\$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	(118)	(8)	0	0	0	(7)	0	0	0	0	258	125
RADIO	(5)	0	0	0	0	0	0	0	0	0	42	37
PRINT	0	0	0	0	0	0	0	0	0	0	18	18
BILLBOARD	(1)	0	0	0	0	0	0	71	0	0	0	70
ONLINE	17	11	0	0	0	12	0	0	0	67	15	122
OTHER (TRANSIT, ETC.)	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDIA	(107)	3	0	0	0	5	0	71	0	67	333	372
PRODUCTION	13	9	0	0	0	15	0	0	0	0	5	42
COUPONS & PROMOTIONS	0	0	0	0	0	0	0	0	0	0	13	13
SPECIAL EVENT/GAME SHOW	0	0	0	0	0	0	0	0	0	0	17	17
PREMIUMS	0	0	0	0	0	0	0	0	0	0	0	0
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	0	3	3
TOTAL	<u>(94)</u>	<u>12</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20</u>	<u>0</u>	<u>71</u>	<u>0</u>	<u>67</u>	<u>414</u>	<u>490</u>

YEAR-TO-DATE AS OF NOVEMBER 30, 2017
(\$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	84	12	0	1	2	12	0	3	0	0	545	659
RADIO	51	0	0	0	0	0	0	58	0	0	64	173
PRINT	0	0	0	0	0	0	0	0	0	0	19	19
BILLBOARD	96	129	0	0	0	122	0	71	0	0	0	418
ONLINE	33	45	0	0	0	45	5	0	0	239	64	431
OTHER (TRANSIT, ETC.)	9	16	0	3	4	16	0	0	0	0	0	48
TOTAL MEDIA	273	202	0	4	6	195	5	132	0	239	692	1,748
PRODUCTION	255	31	0	0	0	43	4	0	0	23	282	638
COUPONS & PROMOTIONS	0	0	0	0	0	0	0	0	0	0	324	324
SPECIAL EVENT/GAME SHOW	0	0	0	0	0	0	0	0	0	0	90	90
PREMIUMS	0	0	0	0	0	0	0	0	0	0	54	54
AGENCY FEES	0	0	0	0	0	0	0	0	0	0	172	172
OTHER (SIGNAGE, ETC.)	0	0	0	0	0	0	0	0	0	7	209	216
TOTAL	<u>528</u>	<u>233</u>	<u>0</u>	<u>4</u>	<u>6</u>	<u>238</u>	<u>9</u>	<u>132</u>	<u>0</u>	<u>269</u>	<u>1,823</u>	<u>3,242</u>

KENTUCKY LOTTERY CORPORATION
 OPERATING EXPENSES
 NOVEMBER 30, 2017
 (\$000'S)

	<u>MONTH</u>	<u>YEAR-TO-DATE</u>
ADVERTISING & PROMOTION	\$490	\$3,242
<u>SALARIES, WAGES & BENEFITS:</u>		
SALARIES AND WAGES	968	4,805
BENEFITS AND TAXES	256	1,353
	1,224	6,158
<u>CONTRACTED & PROFESSIONAL SERVICES:</u>		
ON-LINE DRAWING EXPENSES	1	9
CONSULTANT SERVICES	65	201
SECURITY SERVICES	9	72
REPAIRS AND MAINTENANCE	(4)	55
CUSTODIAL SERVICES	8	29
PUBLIC INFORMATION SERVICES	3	27
DIRECTOR EXPENSES	3	19
COMPUTER SOFTWARE COST/MAINT.	76	340
COMPUTER HARDWARE COST/MAINT.	6	47
LEGAL SERVICES	0	15
AUDIT EXPENSES	20	109
OTHER	17	103
	204	1,026
<u>DEPRECIATION:</u>		
DEPRECIATION EXPENSE	100	502
<u>OTHER GENERAL & ADMINISTRATIVE:</u>		
COMMUNICATIONS/TELEPHONE SERVICES	4	57
OFFICE SUPPLIES & SERVICES	13	58
TRAVEL AND RELATED EXPENSES	20	216
RENT, UTILITIES AND INSURANCE	82	419
A/R COLLECTIONS ALLOWANCE	20	36
OTHER	0	4
	139	790
 TOTAL OPERATING EXPENSES	 \$2,157	 \$11,718
 <u>NON-OPERATING INCOME:</u>		
INTEREST EXPENSE	0	0
INTEREST INCOME	22	85
OTHER INCOME/(LOSS)	19	102
	41	187
TOTAL NON-OPERATING INCOME	\$41	\$187

KENTUCKY LOTTERY CORPORATION
PROPERTY AND EQUIPMENT
NOVEMBER 30, 2017
(\$000'S)

	<u>CURRENT MONTH END</u>	<u>PRIOR MONTH END</u>	<u>PRIOR FISCAL YEAR END</u>
LEASEHOLD IMPROVEMENTS	\$45	\$45	\$45
BUILDINGS	7,932	7,926	7,925
LAND	423	423	423
TRANSPORTATION	1,264	1,244	1,254
FURNITURE, FIXTURES & EQUIPMENT	1,980	1,980	1,982
DATA PROCESSING EQUIPMENT & SOFTWARE	13,561	13,517	16,845
INCOMPLETE FIXED ASSETS	0	0	0
TELEPHONE & COMMUNICATIONS EQUIPMENT	379	379	379
DRAWING EQUIPMENT	<u>560</u>	<u>560</u>	<u>560</u>
PROPERTY AND EQUIPMENT, GROSS	26,144	26,074	29,413
ACCUMULATED DEPRECIATION	<u>(21,141)</u>	<u>(21,042)</u>	<u>(24,099)</u>
PROPERTY AND EQUIPMENT, NET	<u>\$5,003</u>	<u>\$5,032</u>	<u>\$5,314</u>