

KENTUCKY LOTTERY CORPORATION

FINANCIAL STATEMENTS

MARCH 2018

MONTH 9 OF FISCAL YEAR ENDING JUNE 30, 2018

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ADVERTISING AND PROMOTION EXPENSES

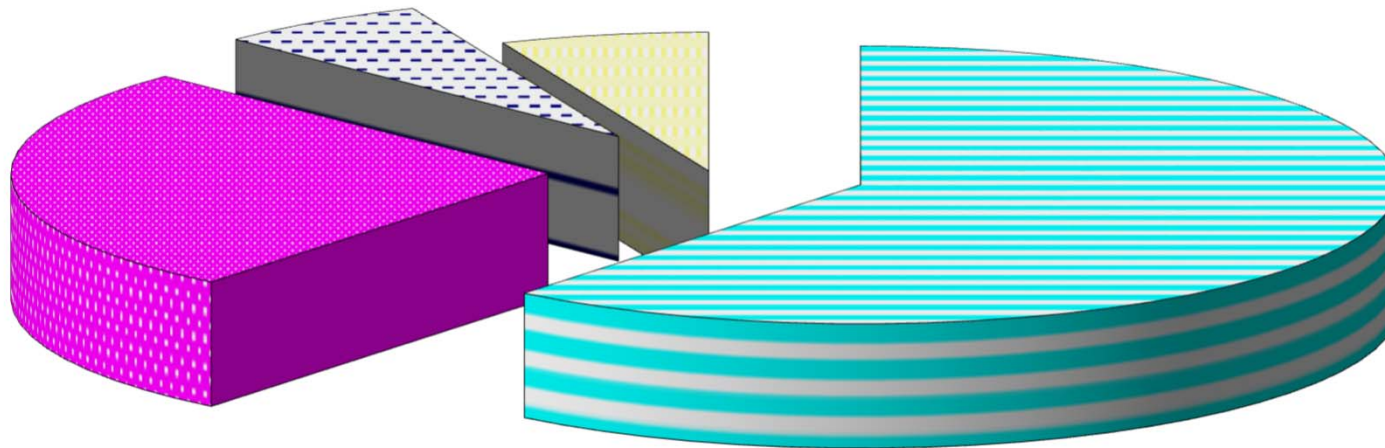
OPERATING EXPENSES

PROPERTY AND EQUIPMENT

**KENTUCKY LOTTERY CORPORATION
"WHERE THE MONEY GOES"
INCEPTION-TO-DATE SALES AS OF MARCH 31, 2018
\$19.160 BILLION**

**\$1.223
BILLION PAID FOR
MARKETING & OPERATING
EXP - 6.4%**

\$1.202 BILLION PAID TO RETAILERS - 6.3%



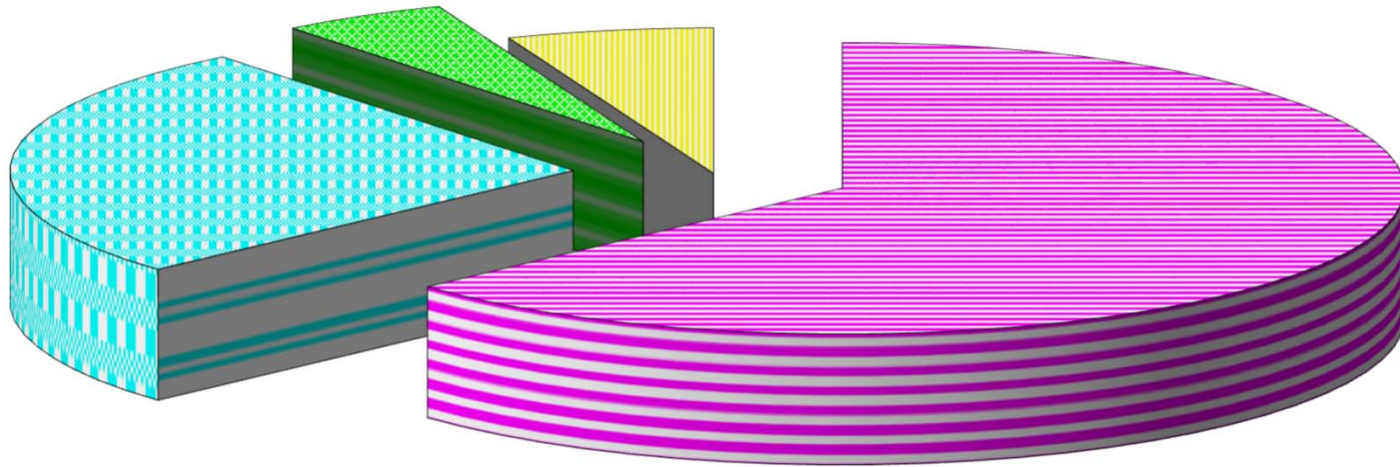
**\$5.094 BILLION
EARNED FOR THE
STATE OF KENTUCKY
- 26.6%**

**\$11.641 BILLION PAID
TO WINNERS - 60.7%**

**KENTUCKY LOTTERY CORPORATION
"WHERE THE MONEY GOES"
YEAR-TO-DATE SALES AS OF MARCH 31, 2018
\$768.1 MILLION**

**\$36.8 MILLION PAID FOR
MARKETING & OPERATING
EXP - 4.8%**

\$45.5 MILLION PAID TO RETAILERS - 5.9%



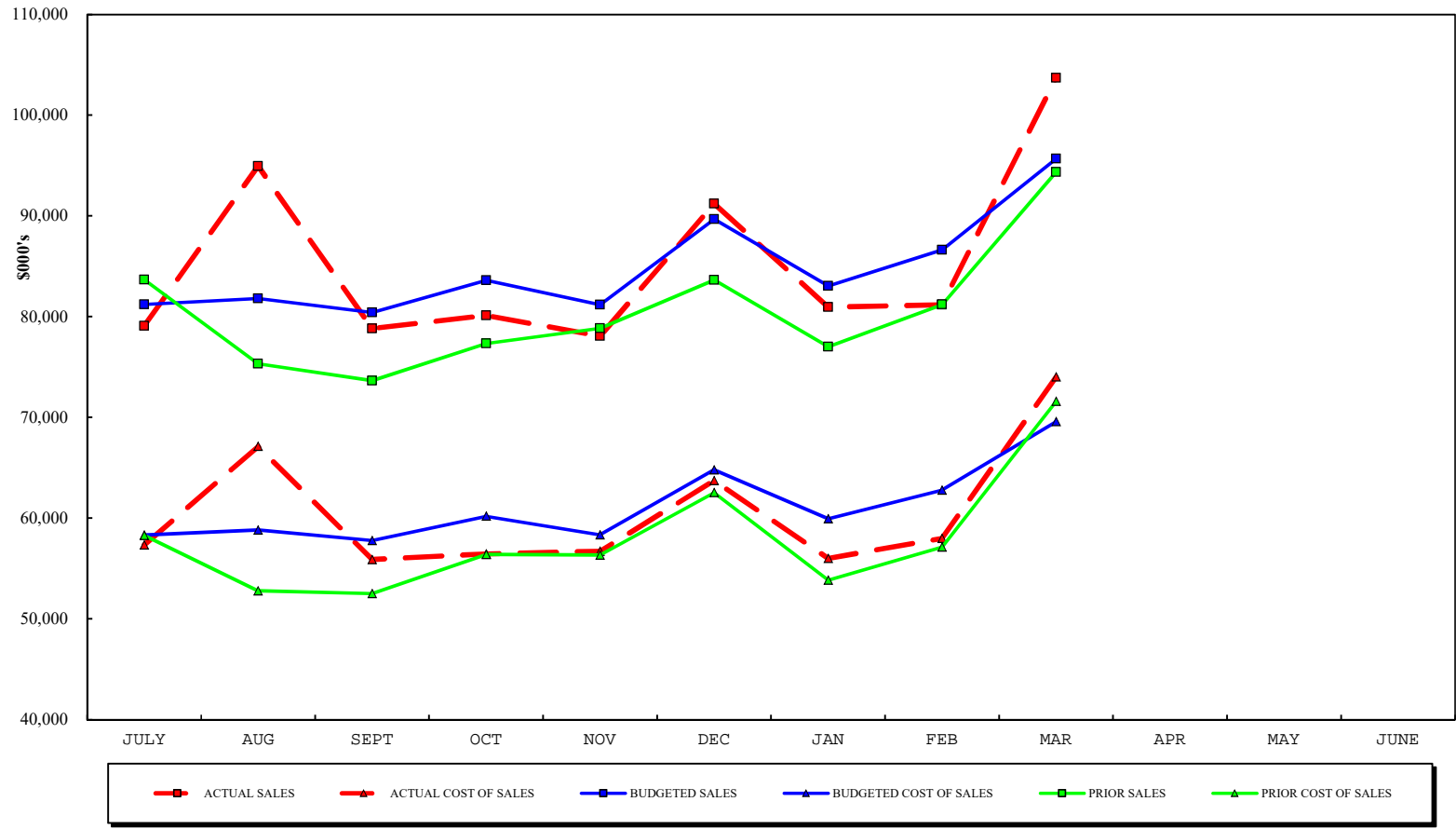
**\$200.7 MILLION
EARNED FOR THE
STATE OF
KENTUCKY - 26.1%**

**\$485.1 MILLION PAID
TO WINNERS - 63.2%**

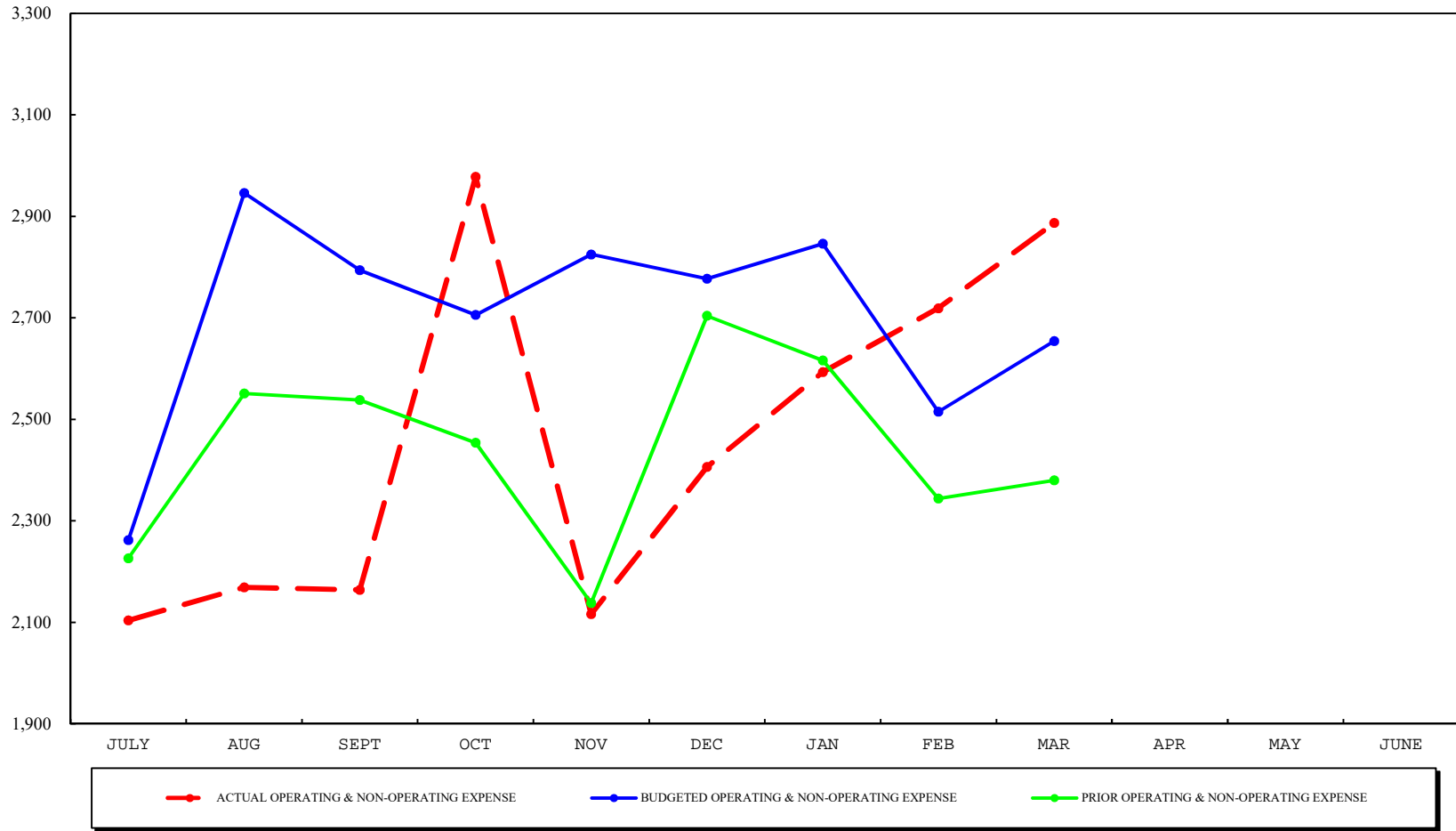
AMOUNTS ARE SHOWN AS A PERCENTAGE OF SALES.

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 MARCH 31, 2018



OPERATING EXPENSE AND NON-OPERATING INCOME BY MONTH
AS OF MARCH 31, 2018



KENTUCKY LOTTERY CORPORATION

FINANCIAL RESULTS

MARCH 2018

INCOME STATEMENT

Ticket sales for March 2018 were \$104.1 million which is \$8.4 million or 8.7% more than the same month of the prior fiscal year. Sales for the year were \$775.0 million which is \$39.6 million or 5.4% more than in the prior fiscal year. Instant ticket sales were \$111,000 or 0.2% more than the same month of the prior fiscal year, and \$7.9 million or 1.8% more than the prior fiscal year. Draw game sales were \$6.4 million or 23.3% more than the same month of the prior year, and \$21.0 million or 8.9% more than prior fiscal year. Keno sales were \$1.3 million or 17.0% more than the same month of the prior fiscal year, and \$6.7 million or 12.2% more than prior fiscal year. iLottery instant play sales were \$573,000 or 99.7% more than the same month of the prior year, and \$4.1 million or 116.1% more than prior fiscal year.

Ticket sales for the month of March were \$7.8 million or 8.1% more than budget. Ticket sales for the fiscal year were \$4.8 million or 0.6% more than budget. Instant ticket sales were \$85,000, or 0.1% less than budget for the current month, and \$13.6 million or 3.0% less than budget for the fiscal year. Draw game sales were \$6.1 million or 21.9% more than budget for the month, and \$19.5 million or 8.1% more than budget for the fiscal year. Keno sales for the month were \$1.5 million or 21.2% more than budget, and \$1.8 million or 2.9% less than budget for the fiscal year. iLottery instant play sales were \$272,000 or 31.1% more than budget for the month, and \$848,000 or 12.7% more than budget for the fiscal year.

Prize expenses for March 2018 were 64.0% of total sales, compared to 67.5% in the same month last year and 64.8% budgeted. Combined prize expense for the year was 63.2%, compared to 63.8% last fiscal year and 64.2% budgeted. Instant prize expense for the month was 70.0%, draw game prize expense was 52.6%, Keno prize expense was 65.8%, and iLottery instant play prize expense was 72.7%. Instant prize expense for the fiscal year was 69.1%, draw game prize expense was 52.1%, Keno prize expense was 65.1%, and iLottery instant play prize expense was 79.2%.

Operating costs were \$2.9 million for March, compared to \$2.7 million budgeted and \$2.4 million for the same month last year. These costs included advertising and promotions of \$1.3 million, salaries & benefits of \$1.2 million, contracted and professional services of \$194,000, depreciation expense of \$99,000, and other general and administrative costs of \$133,000. Operating costs for the year were \$22.5 million, compared to \$24.6 million budgeted and \$22.3 million prior fiscal year.

Income before transfer of dividends for the current month was \$26.8 million, compared to \$20.4 million for the same month in the prior year and \$23.4 million budgeted. Income before transfer of dividends for the fiscal year was \$200.7 million, compared to \$181.6 million in the prior year and \$188.4 million budgeted.

Dividends of \$20.0 million were transferred to the Commonwealth in March for a total of \$176.0 million for the fiscal year. Additional dividends of \$638,000 were accrued in March for transfer to the KEES reserve for a total of \$7.3 million for the fiscal year. Transfer of the KEES funds will be made quarterly during the fiscal year. All dividends were 19.9% of sales for the month. All dividends were 23.9% of sales for the fiscal year compared to 24.9% of sales in the prior year and 23.9% budgeted.

BALANCE SHEET

Cash balance increased to \$37.4 million, which included \$2.8 million restricted for annuity prize payments. Total investments held to pay grand prizes increased to \$11.4 million. Accounts Receivable decreased to \$28.2 million. Total assets increased to \$88.4 million.

KENTUCKY LOTTERY CORPORATION
BALANCE SHEETS
MARCH 31, 2018
(\$000's)

| | <u>CURRENT MONTH END</u> | <u>PRIOR MONTH END</u> | <u>PRIOR FISCAL YEAR END</u> |
|--|------------------------------|----------------------------|----------------------------------|
| ASSETS: | | | |
| CURRENT ASSETS: | | | |
| CASH - UNRESTRICTED | \$34,616 | \$23,267 | \$20,149 |
| CASH - RESTRICTED | 2,806 | 2,806 | 2,600 |
| INVESTMENTS, CURRENT PORTION | 1,859 | 1,859 | 1,859 |
| ACCOUNTS RECEIVABLE, NET | 28,232 | 31,296 | 24,692 |
| OTHER | 978 | 835 | 1,067 |
| TOTAL CURRENT ASSETS | <u>68,491</u> | <u>60,063</u> | <u>50,367</u> |
| INVESTMENTS, LESS CURRENT PORTION | 9,517 | 9,452 | 10,111 |
| PROPERTY AND EQUIPMENT, NET | 5,213 | 5,171 | 5,314 |
| DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION | 5,219 | 5,088 | 4,848 |
| TOTAL ASSETS | <u>\$88,440</u> | <u>\$79,774</u> | <u>\$70,640</u> |
| | | | |
| LIABILITIES AND EQUITY: | | | |
| CURRENT LIABILITIES: | | | |
| ACCOUNTS PAYABLE AND ACCRUED EXPENSES | \$10,537 | \$8,902 | \$10,054 |
| ESTIMATED PRIZE LIABILITY, CURRENT PORTION | 30,416 | 29,677 | 29,981 |
| TOTAL CURRENT LIABILITIES | <u>40,953</u> | <u>38,579</u> | <u>40,035</u> |
| ESTIMATED PRIZE LIABILITY - LESS CURRENT PORTION | 12,574 | 12,446 | 13,061 |
| UNFUNDED GRAND PRIZE LIABILITY | 386 | 386 | 405 |
| TOTAL LIABILITIES | <u>53,913</u> | <u>51,411</u> | <u>53,501</u> |
| CONTRIBUTED CAPITAL | 100 | 100 | 100 |
| RETAINED EARNINGS | 34,427 | 28,263 | 17,039 |
| TOTAL EQUITY | <u>34,527</u> | <u>28,363</u> | <u>17,139</u> |
| TOTAL LIABILITIES AND EQUITY | <u>\$88,440</u> | <u>\$79,774</u> | <u>\$70,640</u> |

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO PRIOR YEAR
MARCH 31, 2018
(\$000'S)

| MONTH OF MARCH: | VARIANCE | | | |
|--|---------------------------|-------------------------|---------------------------------------|---------|
| | CURRENT YEAR ACTUAL | PRIOR YEAR ACTUAL | CURRENT BETTER/ (WORSE) THAN PRIOR | |
| SALES: | | | | |
| INSTANT TICKETS | \$60,279 | \$60,168 | \$111 | 0.2% |
| DRAW GAMES | 33,986 | 27,568 | \$6,418 | 23.3% |
| KENO | 8,697 | 7,432 | 1,265 | 17.0% |
| ILOTTERY INSTANT PLAY | 1,148 | 575 | 573 | 99.7% |
| TICKET SALES | 104,110 | 95,743 | 8,367 | 8.7% |
| LESS: INSTANT TICKETS PROVIDED AS PRIZES | (399) | (1,381) | 982 | -71.1% |
| TOTAL TICKET SALES | 103,711 | 94,362 | 9,349 | 9.9% |
| DIRECT COSTS: | | | | |
| PRIZES: | | | | |
| INSTANT TICKETS | 41,944 | 41,806 | (138) | -0.3% |
| DRAW GAMES | 17,865 | 16,594 | (1,271) | -7.7% |
| KENO | 5,725 | 4,838 | (887) | -18.3% |
| ILOTTERY INSTANT PLAY | 835 | 416 | (419) | -100.7% |
| TOTAL PRIZES | 66,369 | 63,654 | (2,715) | -4.3% |
| PAYMENTS TO RETAILERS | 5,801 | 5,963 | 162 | 2.7% |
| DRAW GAMES VENDOR EXPENSE | 1,116 | 914 | (202) | -22.1% |
| INSTANT TICKET COSTS | 736 | 1,076 | 340 | 31.6% |
| TOTAL DIRECT COSTS | 74,022 | 71,607 | (2,415) | -3.4% |
| GROSS PROFIT | 29,689 | 22,755 | 6,934 | 30.5% |
| OPERATING EXPENSES: | | | | |
| ADVERTISING AND PROMOTION | 1,300 | 729 | (571) | -78.3% |
| SALARIES, WAGES & BENEFITS | 1,212 | 1,281 | 69 | 5.4% |
| CONTRACTED & PROFESSIONAL SERVICES | 194 | 176 | (18) | -10.2% |
| DEPRECIATION | 99 | 108 | 9 | 8.3% |
| OTHER GENERAL & ADMINISTRATIVE | 133 | 106 | (27) | -25.5% |
| TOTAL OPERATING EXPENSES | 2,938 | 2,400 | (538) | -22.4% |
| OPERATING INCOME | 26,751 | 20,355 | 6,396 | 31.4% |
| NON-OPERATING INCOME | 51 | 20 | 31 | 155.0% |
| INCOME BEFORE TRANSFER OF DIVIDENDS | \$26,802 | \$20,375 | \$6,427 | 31.5% |

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO PRIOR YEAR
YEAR-TO-DATE THROUGH MARCH 31, 2018
(\$000'S)

| NINE MONTHS YEAR TO DATE: | VARIANCE | | | |
|--|---------------------------|-------------------------|---------------------------------------|---------|
| | CURRENT YEAR ACTUAL | PRIOR YEAR ACTUAL | CURRENT BETTER/ (WORSE) THAN PRIOR | |
| SALES: | | | | |
| INSTANT TICKETS | \$447,511 | \$439,612 | \$7,899 | 1.8% |
| DRAW GAMES | 258,496 | 237,470 | \$21,026 | 8.9% |
| KENO | 61,464 | 54,805 | 6,659 | 12.2% |
| ILOTTERY INSTANT PLAY | 7,537 | 3,487 | 4,050 | 116.1% |
| TICKET SALES | 775,008 | 735,374 | 39,634 | 5.4% |
| LESS: INSTANT TICKETS PROVIDED AS PRIZES | (6,863) | (10,271) | 3,408 | -33.2% |
| TOTAL TICKET SALES | 768,145 | 725,103 | 43,042 | 5.9% |
| DIRECT COSTS: | | | | |
| PRIZES: | | | | |
| INSTANT TICKETS | 304,396 | 295,303 | (9,093) | -3.1% |
| DRAW GAMES | 134,800 | 129,042 | (5,758) | -4.5% |
| KENO | 39,986 | 35,597 | (4,389) | -12.3% |
| ILOTTERY INSTANT PLAY | 5,970 | 2,532 | (3,438) | -135.8% |
| TOTAL PRIZES | 485,152 | 462,474 | (22,678) | -4.9% |
| PAYMENTS TO RETAILERS | 45,552 | 45,224 | (328) | -0.7% |
| DRAW GAMES VENDOR EXPENSE | 8,247 | 7,448 | (799) | -10.7% |
| INSTANT TICKET COSTS | 6,384 | 6,362 | (22) | -0.3% |
| TOTAL DIRECT COSTS | 545,335 | 521,508 | (23,827) | -4.6% |
| GROSS PROFIT | 222,810 | 203,595 | 19,215 | 9.4% |
| OPERATING EXPENSES: | | | | |
| ADVERTISING AND PROMOTION | 7,355 | 7,396 | 41 | 0.6% |
| SALARIES, WAGES & BENEFITS | 11,144 | 10,951 | (193) | -1.8% |
| CONTRACTED & PROFESSIONAL SERVICES | 1,777 | 1,583 | (194) | -12.3% |
| DEPRECIATION | 892 | 989 | 97 | 9.8% |
| OTHER GENERAL & ADMINISTRATIVE | 1,316 | 1,332 | 16 | 1.2% |
| TOTAL OPERATING EXPENSES | 22,484 | 22,251 | (233) | -1.0% |
| OPERATING INCOME | 200,326 | 181,344 | 18,982 | 10.5% |
| NON-OPERATING INCOME | 348 | 300 | 48 | 16.0% |
| INCOME BEFORE TRANSFER OF DIVIDENDS | \$200,674 | \$181,644 | \$19,030 | 10.5% |

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - COMPARISON TO BUDGET
MARCH 31, 2018
(\$000'S)

| MONTH OF MARCH: | VARIANCE | | | |
|--|----------|----------|---------------------------------------|--------|
| | ACTUAL | BUDGET | ACTUAL BETTER/ (WORSE) THAN BUDGET | |
| SALES: | | | | |
| INSTANT TICKETS | \$60,279 | \$60,364 | (\$85) | -0.1% |
| DRAW GAMES | 33,986 | 27,878 | 6,108 | 21.9% |
| KENO | 8,697 | 7,174 | 1,523 | 21.2% |
| ILOTTERY INSTANT PLAY | 1,148 | 876 | 272 | 31.1% |
| TICKET SALES | 104,110 | 96,292 | 7,818 | 8.1% |
| LESS: INSTANT TICKETS PROVIDED AS PRIZES | (399) | (603) | 204 | -33.8% |
| TOTAL TICKET SALES | 103,711 | 95,689 | 8,022 | 8.4% |
| DIRECT COSTS: | | | | |
| PRIZES: | | | | |
| INSTANT TICKETS | 41,944 | 41,502 | (442) | -1.1% |
| DRAW GAMES | 17,865 | 15,178 | (2,687) | -17.7% |
| KENO | 5,725 | 4,678 | (1,047) | -22.4% |
| ILOTTERY INSTANT PLAY | 835 | 657 | (178) | -27.1% |
| TOTAL PRIZES | 66,369 | 62,015 | (4,354) | -7.0% |
| PAYMENTS TO RETAILERS | 5,801 | 5,739 | (62) | -1.1% |
| DRAW GAMES VENDOR EXPENSE | 1,116 | 1,012 | (104) | -10.3% |
| INSTANT TICKET COSTS | 736 | 821 | 85 | 10.4% |
| TOTAL DIRECT COSTS | 74,022 | 69,587 | (4,435) | -6.4% |
| GROSS PROFIT | 29,689 | 26,102 | 3,587 | 13.7% |
| OPERATING EXPENSES: | | | | |
| ADVERTISING AND PROMOTION | 1,300 | 827 | (473) | -57.2% |
| SALARIES, WAGES & BENEFITS | 1,212 | 1,334 | 122 | 9.1% |
| CONTRACTED & PROFESSIONAL SERVICES | 194 | 268 | 74 | 27.6% |
| DEPRECIATION | 99 | 114 | 15 | 13.2% |
| OTHER GENERAL & ADMINISTRATIVE | 133 | 136 | 3 | 2.2% |
| TOTAL OPERATING EXPENSES | 2,938 | 2,679 | (259) | -9.7% |
| OPERATING INCOME | 26,751 | 23,423 | 3,328 | 14.2% |
| NON-OPERATING INCOME | 51 | 25 | 26 | 104.0% |
| INCOME BEFORE TRANSFER OF DIVIDENDS | \$26,802 | \$23,448 | \$3,354 | 14.3% |

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF INCOME - COMPARISON TO BUDGET
 YEAR-TO-DATE THROUGH MARCH 31, 2018
 (\$000'S)

| NINE MONTHS YEAR TO DATE: | VARIANCE | | | |
|--|-----------|-----------|---------------------------------------|--------|
| | ACTUAL | BUDGET | ACTUAL BETTER/ (WORSE) THAN BUDGET | |
| SALES: | | | | |
| INSTANT TICKETS | \$447,511 | \$461,155 | (\$13,644) | -3.0% |
| DRAW GAMES | 258,496 | 239,037 | 19,459 | 8.1% |
| KENO | 61,464 | 63,294 | (1,830) | -2.9% |
| ILOTTERY INSTANT PLAY | 7,537 | 6,689 | 848 | 12.7% |
| TICKET SALES | 775,008 | 770,175 | 4,833 | 0.6% |
| LESS: INSTANT TICKETS PROVIDED AS PRIZES | (6,863) | (6,827) | (36) | 0.5% |
| TOTAL TICKET SALES | 768,145 | 763,348 | 4,797 | 0.6% |
| DIRECT COSTS: | | | | |
| PRIZES: | | | | |
| INSTANT TICKETS | 304,396 | 314,157 | 9,761 | 3.1% |
| DRAW GAMES | 134,800 | 129,743 | (5,057) | -3.9% |
| KENO | 39,986 | 41,271 | 1,285 | 3.1% |
| ILOTTERY INSTANT PLAY | 5,970 | 5,017 | (953) | -19.0% |
| TOTAL PRIZES | 485,152 | 490,188 | 5,036 | 1.0% |
| PAYMENTS TO RETAILERS | 45,552 | 45,780 | 228 | 0.5% |
| DRAW GAMES VENDOR EXPENSE | 8,247 | 8,089 | (158) | -2.0% |
| INSTANT TICKET COSTS | 6,384 | 6,556 | 172 | 2.6% |
| TOTAL DIRECT COSTS | 545,335 | 550,613 | 5,278 | 1.0% |
| GROSS PROFIT | 222,810 | 212,735 | 10,075 | 4.7% |
| OPERATING EXPENSES: | | | | |
| ADVERTISING AND PROMOTION | 7,355 | 8,051 | 696 | 8.6% |
| SALARIES, WAGES & BENEFITS | 11,144 | 11,527 | 383 | 3.3% |
| CONTRACTED & PROFESSIONAL SERVICES | 1,777 | 2,482 | 705 | 28.4% |
| DEPRECIATION | 892 | 976 | 84 | 8.6% |
| OTHER GENERAL & ADMINISTRATIVE | 1,316 | 1,514 | 198 | 13.1% |
| TOTAL OPERATING EXPENSES | 22,484 | 24,550 | 2,066 | 8.4% |
| OPERATING INCOME | 200,326 | 188,185 | 12,141 | 6.5% |
| NON-OPERATING INCOME | 348 | 225 | 123 | 54.7% |
| INCOME BEFORE TRANSFER OF DIVIDENDS | \$200,674 | \$188,410 | \$12,264 | 6.5% |

KENTUCKY LOTTERY CORPORATION
STATEMENTS OF INCOME - PERCENTAGE OF TOTAL SALES
MARCH 31, 2018
(\$000'S)

MONTH OF MARCH:

| | CURRENT YEAR ACTUAL | PRIOR YEAR ACTUAL | CURRENT YEAR BUDGET |
|--|---------------------------|-------------------------|---------------------------|
| SALES: | | | |
| INSTANT TICKETS | 58.1% | 63.8% | 63.1% |
| DRAW GAMES | 32.8% | 29.2% | 29.1% |
| KENO | 8.4% | 7.9% | 7.5% |
| ILOTTERY INSTANT PLAY | 1.1% | 0.6% | 0.9% |
| TICKET SALES | 100.4% | 101.5% | 100.6% |
| LESS: INSTANT TICKETS PROVIDED AS PRIZES | -0.4% | -1.5% | -0.6% |
| TOTAL TICKET SALES | 100.0% | 100.0% | 100.0% |
| DIRECT COSTS: | | | |
| PRIZES: | | | |
| INSTANT TICKETS | 40.4% | 44.3% | 43.4% |
| DRAW GAMES | 17.3% | 17.7% | 15.8% |
| KENO | 5.5% | 5.1% | 4.9% |
| ILOTTERY INSTANT PLAY | 0.8% | 0.4% | 0.7% |
| TOTAL PRIZES | 64.0% | 67.5% | 64.8% |
| PAYMENTS TO RETAILERS | 5.6% | 6.3% | 6.0% |
| DRAW GAME VENDOR EXPENSE | 1.1% | 1.0% | 1.1% |
| INSTANT TICKET COSTS | 0.7% | 1.1% | 0.8% |
| TOTAL DIRECT COSTS | 71.4% | 75.9% | 72.7% |
| GROSS PROFIT | 28.6% | 24.1% | 27.3% |
| OPERATING EXPENSES: | | | |
| ADVERTISING AND PROMOTION | 1.2% | 0.8% | 0.9% |
| SALARIES, WAGES & BENEFITS | 1.2% | 1.4% | 1.4% |
| CONTRACTED & PROFESSIONAL SERVICES | 0.2% | 0.1% | 0.3% |
| DEPRECIATION | 0.1% | 0.1% | 0.1% |
| OTHER GENERAL & ADMINISTRATIVE | 0.1% | 0.1% | 0.1% |
| TOTAL OPERATING EXPENSES | 2.8% | 2.5% | 2.8% |
| OPERATING INCOME | 25.8% | 21.6% | 24.5% |
| NON-OPERATING INCOME | 0.0% | 0.0% | 0.0% |
| INCOME BEFORE TRANSFER OF DIVIDENDS | 25.8% | 21.6% | 24.5% |

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF INCOME - PERCENTAGE OF TOTAL SALES
 YEAR-TO-DATE THROUGH MARCH 31, 2018
 (\$000'S)

NINE MONTHS YEAR TO DATE:

| | CURRENT YEAR ACTUAL | PRIOR YEAR ACTUAL | CURRENT YEAR BUDGET |
|--|---------------------------|-------------------------|---------------------------|
| SALES: | | | |
| INSTANT TICKETS | 58.3% | 60.6% | 60.4% |
| DRAW GAMES | 33.7% | 32.7% | 31.3% |
| KENO | 8.0% | 7.6% | 8.3% |
| ILOTTERY INSTANT PLAY | 1.0% | 0.5% | 0.9% |
| TICKET SALES | 101.0% | 101.4% | 100.9% |
| LESS: INSTANT TICKETS PROVIDED AS PRIZES | -1.0% | -1.4% | -0.9% |
| TOTAL TICKET SALES | 100.0% | 100.0% | 100.0% |
| DIRECT COSTS: | | | |
| PRIZES: | | | |
| INSTANT TICKETS | 39.6% | 40.7% | 41.2% |
| DRAW GAMES | 17.6% | 17.9% | 16.9% |
| KENO | 5.2% | 4.9% | 5.4% |
| ILOTTERY INSTANT PLAY | 0.8% | 0.3% | 0.7% |
| TOTAL PRIZES | 63.2% | 63.8% | 64.2% |
| PAYMENTS TO RETAILERS | 5.9% | 6.2% | 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% | 72.1% |
| GROSS PROFIT | 29.0% | 28.1% | 27.9% |
| OPERATING EXPENSES: | | | |
| ADVERTISING AND PROMOTION | 1.0% | 1.0% | 1.1% |
| SALARIES, WAGES & BENEFITS | 1.5% | 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 | 3.0% | 3.0% | 3.3% |
| OPERATING INCOME | 26.0% | 25.1% | 24.6% |
| NON-OPERATING INCOME | 0.1% | 0.0% | 0.1% |
| INCOME BEFORE TRANSFER OF DIVIDENDS | 26.1% | 25.1% | 24.7% |

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF RETAINED EARNINGS
 MARCH 31, 2018
 (\$000'S)

| | <u>CURRENT YEAR</u> | | <u>PRIOR YEAR</u> | |
|---|---------------------|------------------|-------------------|------------------|
| | MONTH | YEAR-TO- DATE | MONTH | YEAR-TO- DATE |
| RETAINED EARNINGS- BEGINNING OF PERIOD | \$28,263 | \$17,039 | \$18,998 | \$17,904 |
| INCOME BEFORE TRANSFER | 26,802 | 200,674 | 20,375 | 181,644 |
| DIVIDENDS - GENERAL FUND & EDUCATION | (20,000) | (176,000) | (19,500) | (172,500) |
| DIVIDENDS - KEES RESERVE | (638) | (7,286) | (779) | (7,954) |
| RETAINED EARNINGS- END OF PERIOD | <u>\$34,427</u> | <u>\$34,427</u> | <u>\$19,094</u> | <u>\$19,094</u> |

KENTUCKY LOTTERY CORPORATION
 STATEMENTS OF CASH FLOWS
 YEAR-TO-DATE THROUGH MARCH 31, 2018
 (\$000'S)

| | MONTH | YEAR-TO-DATE |
|---|-----------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| OPERATING INCOME | \$26,751 | \$200,326 |
| ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES: | | |
| DEPRECIATION | 99 | 892 |
| PROVISION FOR LOSSES ON ACCOUNTS RECEIVABLE | 20 | 66 |
| INCREASE (DECREASE) IN CASH DUE TO CHANGES IN: | | |
| ACCOUNTS RECEIVABLE | 3,044 | (3,606) |
| OTHER ASSETS | (143) | 89 |
| ACCOUNTS PAYABLE AND ACCRUED EXPENSES | 1,635 | 483 |
| ESTIMATED PRIZE LIABILITY | 867 | (71) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 32,273 | 198,179 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| PROCEEDS FROM MATURITIES OR SALE OF INVESTMENTS | 0 | 1,404 |
| PURCHASE OF INVESTMENTS | 0 | 0 |
| CHANGE IN INVESTMENTS | (65) | (810) |
| DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION | (131) | (371) |
| INTEREST INCOME | 24 | 172 |
| SECURITY LENDING FEES | 0 | 9 |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | (172) | 404 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| DIVIDENDS TRANSFERRED/PAYABLE | (20,638) | (183,286) |
| RETAILER APPLICATION AND OTHER NON-OPERATING FEES | 55 | 167 |
| NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES | (20,583) | (183,119) |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES: | | |
| PURCHASES OF PROPERTY AND EQUIPMENT | (141) | (791) |
| 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 | (169) | (791) |
| NET INCREASE (DECREASE) IN CASH | 11,349 | 14,673 |
| CASH, BEGINNING OF PERIOD | 26,073 | 22,749 |
| CASH, END OF PERIOD | \$37,422 | \$37,422 |

KENTUCKY LOTTERY CORPORATION
 PROFIT MARGIN REPORT
 MONTH ENDING MARCH 31, 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 | 59,880 | 7,153 | 971 | 3,920 | 13,888 | 6,407 | 592 | 8,349 | 666 | 0 | 0 | 101,826 |
| ILOTTERY | <u>0</u> | <u>142</u> | <u>50</u> | <u>0</u> | <u>0</u> | <u>156</u> | <u>0</u> | <u>348</u> | <u>41</u> | <u>1,148</u> | <u>0</u> | <u>1,885</u> |
| TOTAL SALES | <u>59,880</u> | <u>7,295</u> | <u>1,021</u> | <u>3,920</u> | <u>13,888</u> | <u>6,563</u> | <u>592</u> | <u>8,697</u> | <u>707</u> | <u>1,148</u> | <u>0</u> | <u>103,711</u> |
| DIRECT COSTS: | | | | | | | | | | | | |
| PRIZES WON: | | | | | | | | | | | | |
| PRIZES AT RETAIL | 42,329 | 3,585 | 372 | 1,639 | 8,314 | 3,203 | 340 | 5,517 | 436 | 0 | 0 | 65,735 |
| ILOTTERY | <u>0</u> | <u>71</u> | <u>17</u> | <u>0</u> | <u>0</u> | <u>79</u> | <u>0</u> | <u>244</u> | <u>26</u> | <u>835</u> | <u>0</u> | <u>1,272</u> |
| TOTAL PRIZES WON | <u>42,329</u> | <u>3,656</u> | <u>389</u> | <u>1,639</u> | <u>8,314</u> | <u>3,282</u> | <u>340</u> | <u>5,761</u> | <u>462</u> | <u>835</u> | <u>0</u> | <u>67,007</u> |
| UNCLAIMED PRIZE CREDIT | (385) | (67) | (5) | (24) | (68) | (31) | (6) | (36) | (16) | 0 | 0 | (638) |
| PAYMENTS TO RETAILERS | 3,479 | 367 | 53 | 212 | 775 | 335 | 40 | 484 | 35 | 1 | 20 | 5,801 |
| ONLINE VENDOR EXPENSE | 267 | 122 | 19 | 61 | 214 | 112 | 12 | 163 | 12 | 56 | 78 | 1,116 |
| TICKET COSTS | <u>736</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>736</u> |
| TOTAL DIRECT COSTS | <u>46,426</u> | <u>4,078</u> | <u>456</u> | <u>1,888</u> | <u>9,235</u> | <u>3,698</u> | <u>386</u> | <u>6,372</u> | <u>493</u> | <u>892</u> | <u>98</u> | <u>74,022</u> |
| GROSS PROFIT | <u>13,454</u> | <u>3,217</u> | <u>565</u> | <u>2,032</u> | <u>4,653</u> | <u>2,865</u> | <u>206</u> | <u>2,325</u> | <u>214</u> | <u>256</u> | <u>(98)</u> | <u>29,689</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 | 70.7% | 50.1% | 38.1% | 41.8% | 59.9% | 50.0% | 57.4% | 66.2% | 65.3% | 72.7% | 0.0% | 64.6% |
| UNCLAIMED PRIZE CREDIT | -0.7% | -0.9% | -0.5% | -0.6% | -0.5% | -0.5% | -1.0% | -0.4% | -2.3% | 0.0% | 0.0% | -0.6% |
| PAYMENTS TO RETAILERS | 5.8% | 5.0% | 5.2% | 5.4% | 5.6% | 5.1% | 6.8% | 5.6% | 5.0% | 0.1% | 0.0% | 5.6% |
| ONLINE VENDOR EXPENSE | 0.4% | 1.7% | 1.9% | 1.6% | 1.5% | 1.7% | 2.0% | 1.9% | 1.7% | 4.9% | 0.0% | 1.1% |
| 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>77.4%</u> | <u>55.9%</u> | <u>44.7%</u> | <u>48.2%</u> | <u>66.5%</u> | <u>56.3%</u> | <u>65.2%</u> | <u>73.3%</u> | <u>69.7%</u> | <u>77.7%</u> | <u>0.0%</u> | <u>71.4%</u> |
| GROSS PROFIT | <u>22.6%</u> | <u>44.1%</u> | <u>55.3%</u> | <u>51.8%</u> | <u>33.5%</u> | <u>43.7%</u> | <u>34.8%</u> | <u>26.7%</u> | <u>30.3%</u> | <u>22.3%</u> | <u>0.0%</u> | <u>28.6%</u> |

KENTUCKY LOTTERY CORPORATION
 PROFIT MARGIN REPORT
 YEAR TO DATE AS OF MARCH 31, 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 | 440,648 | 62,469 | 8,233 | 32,479 | 111,870 | 30,767 | 4,589 | 61,116 | 5,605 | 0 | 0 | 757,776 |
| ILOTTERY | <u>0</u> | <u>1,107</u> | <u>403</u> | <u>0</u> | <u>0</u> | <u>664</u> | <u>0</u> | <u>348</u> | <u>310</u> | <u>7,537</u> | <u>0</u> | <u>10,369</u> |
| TOTAL SALES | <u>440,648</u> | <u>63,576</u> | <u>8,636</u> | <u>32,479</u> | <u>111,870</u> | <u>31,431</u> | <u>4,589</u> | <u>61,464</u> | <u>5,915</u> | <u>7,537</u> | <u>0</u> | <u>768,145</u> |
| DIRECT COSTS: | | | | | | | | | | | | |
| PRIZES WON: | | | | | | | | | | | | |
| PRIZES AT RETAIL | 308,259 | 31,427 | 4,272 | 13,262 | 66,372 | 15,359 | 2,629 | 40,071 | 3,367 | 0 | 0 | 485,018 |
| ILOTTERY | <u>0</u> | <u>557</u> | <u>131</u> | <u>0</u> | <u>0</u> | <u>332</u> | <u>0</u> | <u>244</u> | <u>186</u> | <u>5,970</u> | <u>0</u> | <u>7,420</u> |
| TOTAL PRIZES WON | <u>308,259</u> | <u>31,984</u> | <u>4,403</u> | <u>13,262</u> | <u>66,372</u> | <u>15,691</u> | <u>2,629</u> | <u>40,315</u> | <u>3,553</u> | <u>5,970</u> | <u>0</u> | <u>492,438</u> |
| UNCLAIMED PRIZE CREDIT | (3,863) | (1,245) | (96) | (361) | (711) | (388) | (53) | (329) | (240) | 0 | 0 | (7,286) |
| PAYMENTS TO RETAILERS | 27,873 | 3,194 | 464 | 1,754 | 6,247 | 1,590 | 327 | 3,536 | 450 | 2 | 115 | 45,552 |
| ONLINE VENDOR EXPENSE | 1,967 | 1,056 | 162 | 501 | 1,722 | 530 | 88 | 1,098 | 107 | 371 | 645 | 8,247 |
| TICKET COSTS | <u>6,384</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>6,384</u> |
| TOTAL DIRECT COSTS | <u>340,620</u> | <u>34,989</u> | <u>4,933</u> | <u>15,156</u> | <u>73,630</u> | <u>17,423</u> | <u>2,991</u> | <u>44,620</u> | <u>3,870</u> | <u>6,343</u> | <u>760</u> | <u>545,335</u> |
| GROSS PROFIT | <u>100,028</u> | <u>28,587</u> | <u>3,703</u> | <u>17,323</u> | <u>38,240</u> | <u>14,008</u> | <u>1,598</u> | <u>16,844</u> | <u>2,045</u> | <u>1,194</u> | <u>(760)</u> | <u>222,810</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% | 50.3% | 51.0% | 40.8% | 59.3% | 49.9% | 57.3% | 65.6% | 60.1% | 79.2% | 0.0% | 64.1% |
| UNCLAIMED PRIZE CREDIT | -0.9% | -2.0% | -1.1% | -1.1% | -0.6% | -1.2% | -1.2% | -0.5% | -4.1% | 0.0% | 0.0% | -0.9% |
| PAYMENTS TO RETAILERS | 6.3% | 5.0% | 5.4% | 5.4% | 5.6% | 5.1% | 7.1% | 5.8% | 7.6% | 0.0% | 0.0% | 5.9% |
| ONLINE VENDOR EXPENSE | 0.4% | 1.7% | 1.9% | 1.5% | 1.5% | 1.7% | 1.9% | 1.8% | 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>57.2%</u> | <u>46.6%</u> | <u>65.8%</u> | <u>55.5%</u> | <u>65.1%</u> | <u>72.7%</u> | <u>65.4%</u> | <u>84.1%</u> | <u>0.0%</u> | <u>71.0%</u> |
| GROSS PROFIT | <u>22.8%</u> | <u>45.0%</u> | <u>42.8%</u> | <u>53.4%</u> | <u>34.2%</u> | <u>44.5%</u> | <u>34.9%</u> | <u>27.3%</u> | <u>34.6%</u> | <u>15.9%</u> | <u>0.0%</u> | <u>29.0%</u> |

KENTUCKY LOTTERY CORPORATION
ADVERTISING AND PROMOTION EXPENSES

MONTH ENDING MARCH 31, 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 | 395 | (14) | 0 | 0 | (1) | (14) | 0 | 206 | 0 | 0 | 0 | 572 |
| RADIO | 154 | 1 | 0 | 0 | 0 | 1 | 0 | 54 | 0 | 0 | 41 | 251 |
| PRINT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| BILLBOARD | 6 | 30 | 0 | 0 | 0 | 29 | 0 | 0 | 0 | 0 | 0 | 65 |
| ONLINE | 99 | 36 | 0 | 0 | 0 | 36 | 0 | 2 | (2) | 51 | 1 | 223 |
| OTHER (TRANSIT, ETC.) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (2) | (2) |
| TOTAL MEDIA | 654 | 53 | 0 | 0 | (1) | 52 | 0 | 262 | (2) | 51 | 41 | 1,110 |
| PRODUCTION | 26 | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 0 | 0 | 18 | 52 |
| COUPONS & PROMOTIONS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 23 | 23 |
| 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 | 12 | 12 |
| 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 | 61 | (2) | 59 |
| TOTAL | 680 | 53 | 0 | 0 | (1) | 52 | 0 | 270 | (2) | 112 | 136 | 1,300 |

YEAR-TO-DATE AS OF MARCH 31, 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 | 1,587 | 41 | 0 | 1 | 1 | 41 | 0 | 300 | 0 | 0 | 285 | 2,256 |
| RADIO | 492 | 1 | 0 | 0 | 0 | 1 | 0 | 209 | 0 | 0 | 63 | 766 |
| PRINT | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24 | 24 |
| BILLBOARD | 129 | 291 | 0 | 0 | 0 | 276 | 0 | 0 | 0 | 0 | 2 | 698 |
| ONLINE | 503 | 70 | 10 | 0 | 0 | 71 | 5 | 147 | 0 | 448 | 65 | 1,319 |
| OTHER (TRANSIT, ETC.) | 0 | 16 | 0 | 3 | 3 | 16 | 0 | 0 | 0 | 0 | 0 | 47 |
| TOTAL MEDIA | 2,720 | 419 | 10 | 4 | 4 | 405 | 5 | 656 | 0 | 448 | 439 | 5,110 |
| PRODUCTION | 349 | 31 | 0 | 0 | 0 | 43 | 4 | 94 | 0 | 24 | 390 | 935 |
| COUPONS & PROMOTIONS | 0 | 6 | 0 | 0 | 0 | 6 | 0 | 0 | 0 | 0 | 473 | 485 |
| 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 | 101 | 101 |
| AGENCY FEES | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 344 | 344 |
| OTHER (SIGNAGE, ETC.) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 71 | 218 | 289 |
| TOTAL | 3,069 | 456 | 10 | 4 | 4 | 454 | 9 | 750 | 0 | 543 | 2,056 | 7,355 |

KENTUCKY LOTTERY CORPORATION
 OPERATING EXPENSES
 MARCH 31, 2018
 (\$000'S)

| | <u>MONTH</u> | <u>YEAR-TO-DATE</u> |
|--|--------------|---------------------|
| ADVERTISING & PROMOTION | \$1,300 | \$7,355 |
| <u>SALARIES, WAGES & BENEFITS:</u> | | |
| SALARIES AND WAGES | 943 | 8,563 |
| BENEFITS AND TAXES | 269 | 2,581 |
| | 1,212 | 11,144 |
| <u>CONTRACTED & PROFESSIONAL SERVICES:</u> | | |
| ON-LINE DRAWING EXPENSES | 0 | 27 |
| CONSULTANT SERVICES | 51 | 381 |
| SECURITY SERVICES | 7 | 126 |
| REPAIRS AND MAINTENANCE | 7 | 94 |
| CUSTODIAL SERVICES | 9 | 49 |
| PUBLIC INFORMATION SERVICES | 3 | 39 |
| DIRECTOR EXPENSES | 3 | 32 |
| COMPUTER SOFTWARE COST/MAINT. | 52 | 556 |
| COMPUTER HARDWARE COST/MAINT. | 0 | 49 |
| LEGAL SERVICES | (1) | 33 |
| AUDIT EXPENSES | 20 | 190 |
| OTHER | 43 | 201 |
| | 194 | 1,777 |
| <u>DEPRECIATION:</u> | | |
| DEPRECIATION EXPENSE | 99 | 892 |
| <u>OTHER GENERAL & ADMINISTRATIVE:</u> | | |
| COMMUNICATIONS/TELEPHONE SERVICES | (1) | 107 |
| OFFICE SUPPLIES & SERVICES | 10 | 93 |
| TRAVEL AND RELATED EXPENSES | 32 | 322 |
| RENT, UTILITIES AND INSURANCE | 70 | 712 |
| A/R COLLECTIONS ALLOWANCE | 20 | 66 |
| OTHER | 2 | 16 |
| | 133 | 1,316 |
| | | |
| TOTAL OPERATING EXPENSES | \$2,938 | \$22,484 |
| <u>NON-OPERATING INCOME:</u> | | |
| INTEREST EXPENSE | 0 | 0 |
| INTEREST INCOME | 24 | 172 |
| OTHER INCOME/(LOSS) | 27 | 176 |
| | \$51 | \$348 |
| TOTAL NON-OPERATING INCOME | \$51 | \$348 |

KENTUCKY LOTTERY CORPORATION
PROPERTY AND EQUIPMENT
MARCH 31, 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 | 8,065 | 8,047 | 7,925 |
| LAND | 423 | 423 | 423 |
| TRANSPORTATION | 1,264 | 1,264 | 1,254 |
| FURNITURE, FIXTURES & EQUIPMENT | 1,238 | 1,982 | 1,982 |
| DATA PROCESSING EQUIPMENT & SOFTWARE | 4,041 | 4,145 | 16,845 |
| INCOMPLETE FIXED ASSETS | 286 | 210 | 0 |
| TELEPHONE & COMMUNICATIONS EQUIPMENT | 379 | 379 | 379 |
| DRAWING EQUIPMENT | <u>576</u> | <u>560</u> | <u>560</u> |
| PROPERTY AND EQUIPMENT, GROSS | 16,317 | 17,055 | 29,413 |
| ACCUMULATED DEPRECIATION | <u>(11,104)</u> | <u>(11,884)</u> | <u>(24,099)</u> |
| PROPERTY AND EQUIPMENT, NET | <u>\$5,213</u> | <u>\$5,171</u> | <u>\$5,314</u> |