

KENTUCKY LOTTERY CORPORATION  
FINANCIAL STATEMENTS  
DECEMBER 2018  
MONTH 6 OF FISCAL YEAR ENDING JUNE 30, 2019

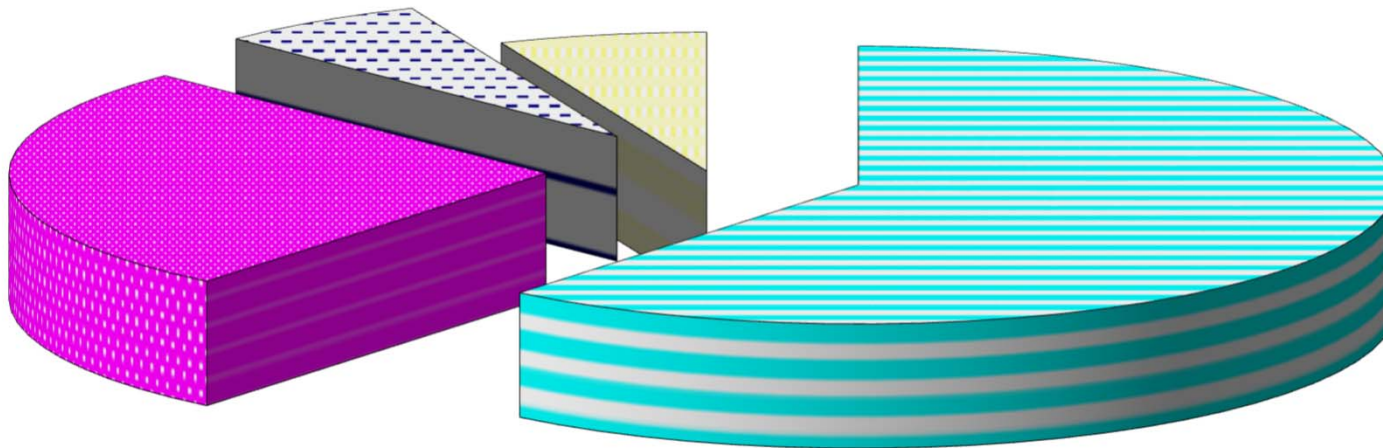
CONTENTS

CHART - "WHERE THE MONEY GOES" (INCEPTION-TO-DATE)  
CHART - "WHERE THE MONEY GOES" (YEAR-TO-DATE)  
CHART - SALES AND DIRECT COSTS BY MONTH  
CHART – OPERATING EXPENSE BY MONTH  
FINANCIAL RESULTS  
BALANCE SHEETS  
STATEMENTS OF INCOME - COMPARISON TO PRIOR YEAR, BUDGET, AND PERCENTAGE  
OF TOTAL SALES (MONTH AND YEAR-TO-DATE)  
STATEMENTS OF RETAINED EARNINGS  
STATEMENTS OF CASH FLOWS  
PROFIT MARGIN REPORT – MONTH  
PROFIT MARGIN REPORT - YEAR-TO-DATE  
ADVERTISING AND PROMOTION EXPENSES  
OPERATING EXPENSES  
PROPERTY AND EQUIPMENT

**KENTUCKY LOTTERY CORPORATION  
"WHERE THE MONEY GOES"  
INCEPTION-TO-DATE SALES AS OF DECEMBER 31, 2018  
\$19.972 BILLION**

**\$1.262  
BILLION PAID FOR  
MARKETING & OPERATING  
EXP - 6.3%**

**\$1.249 BILLION PAID TO RETAILERS - 6.2%**



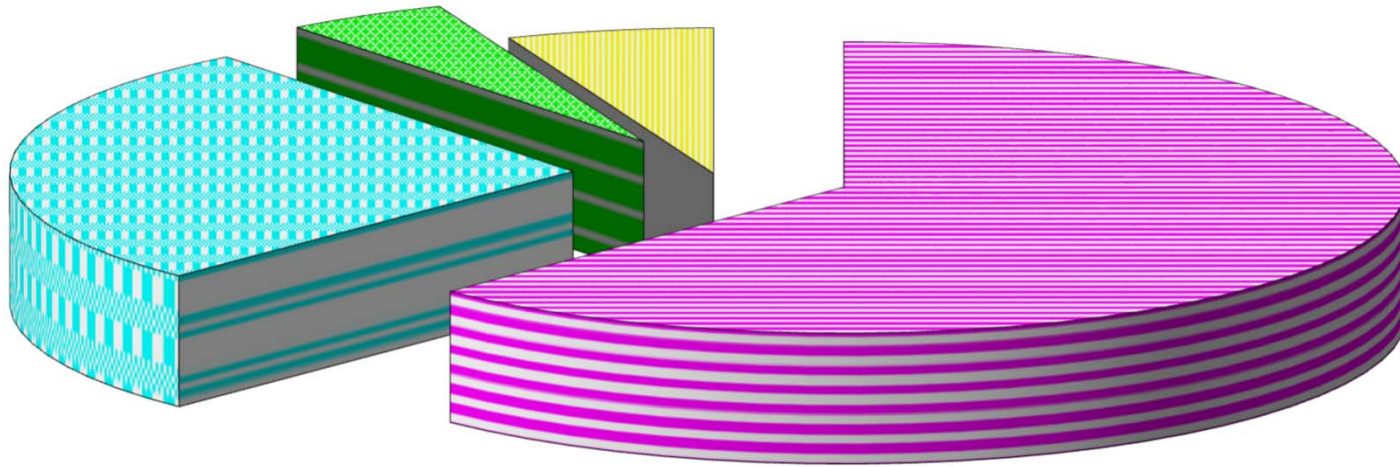
**\$5.308 BILLION  
EARNED FOR THE  
STATE OF KENTUCKY  
- 26.6%**

**\$12.153 BILLION PAID  
TO WINNERS - 60.9%**

**KENTUCKY LOTTERY CORPORATION  
"WHERE THE MONEY GOES"  
YEAR-TO-DATE SALES AS OF DECEMBER 31, 2018  
\$544.1 MILLION**

**\$25.2 MILLION PAID FOR  
MARKETING & OPERATING  
EXP - 4.7%**

**\$32.3 MILLION PAID TO RETAILERS - 5.9%**



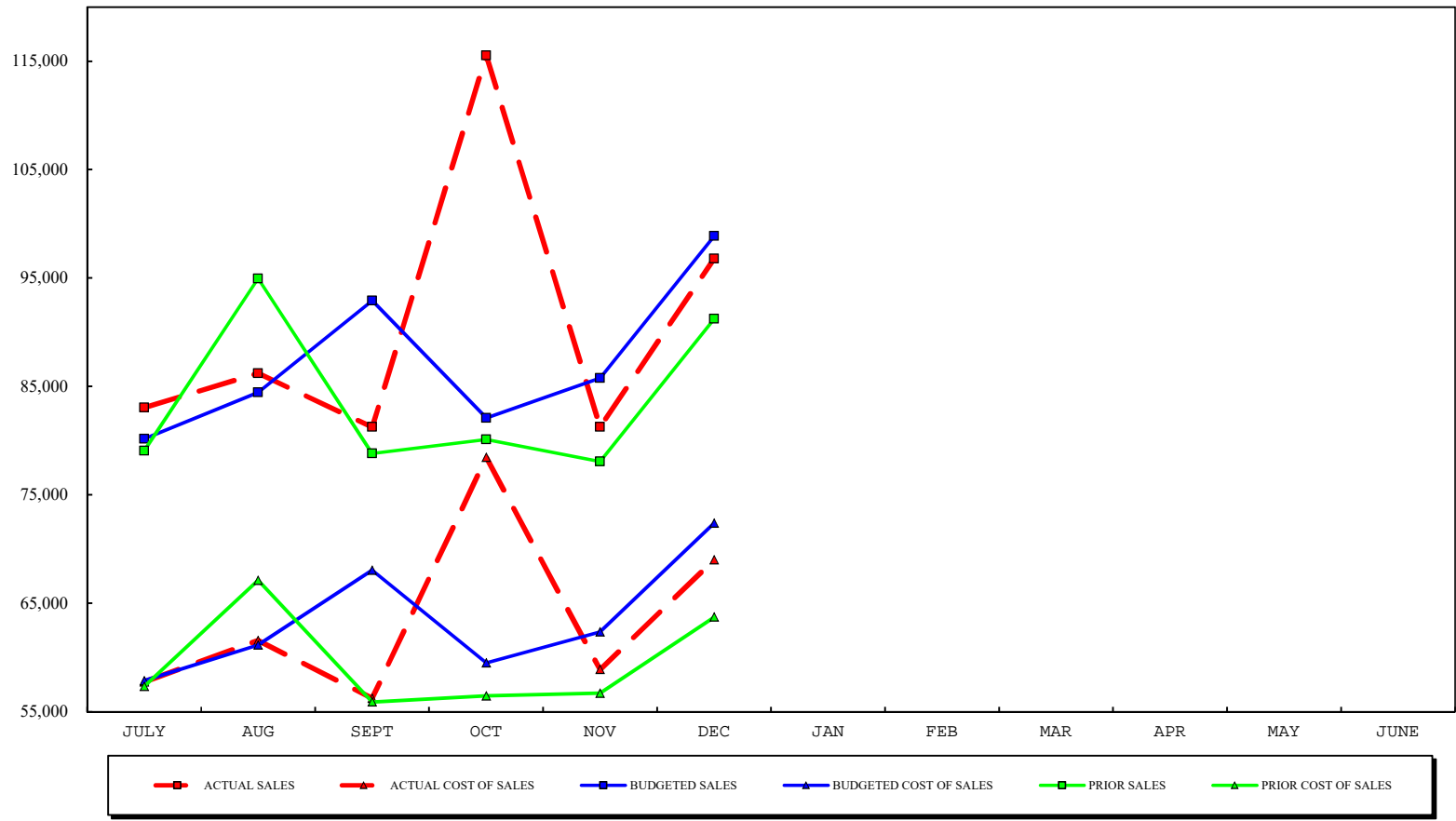
**\$147.6 MILLION  
EARNED FOR THE  
STATE OF  
KENTUCKY - 27.1%**

**\$339.0 MILLION PAID  
TO WINNERS - 62.3%**

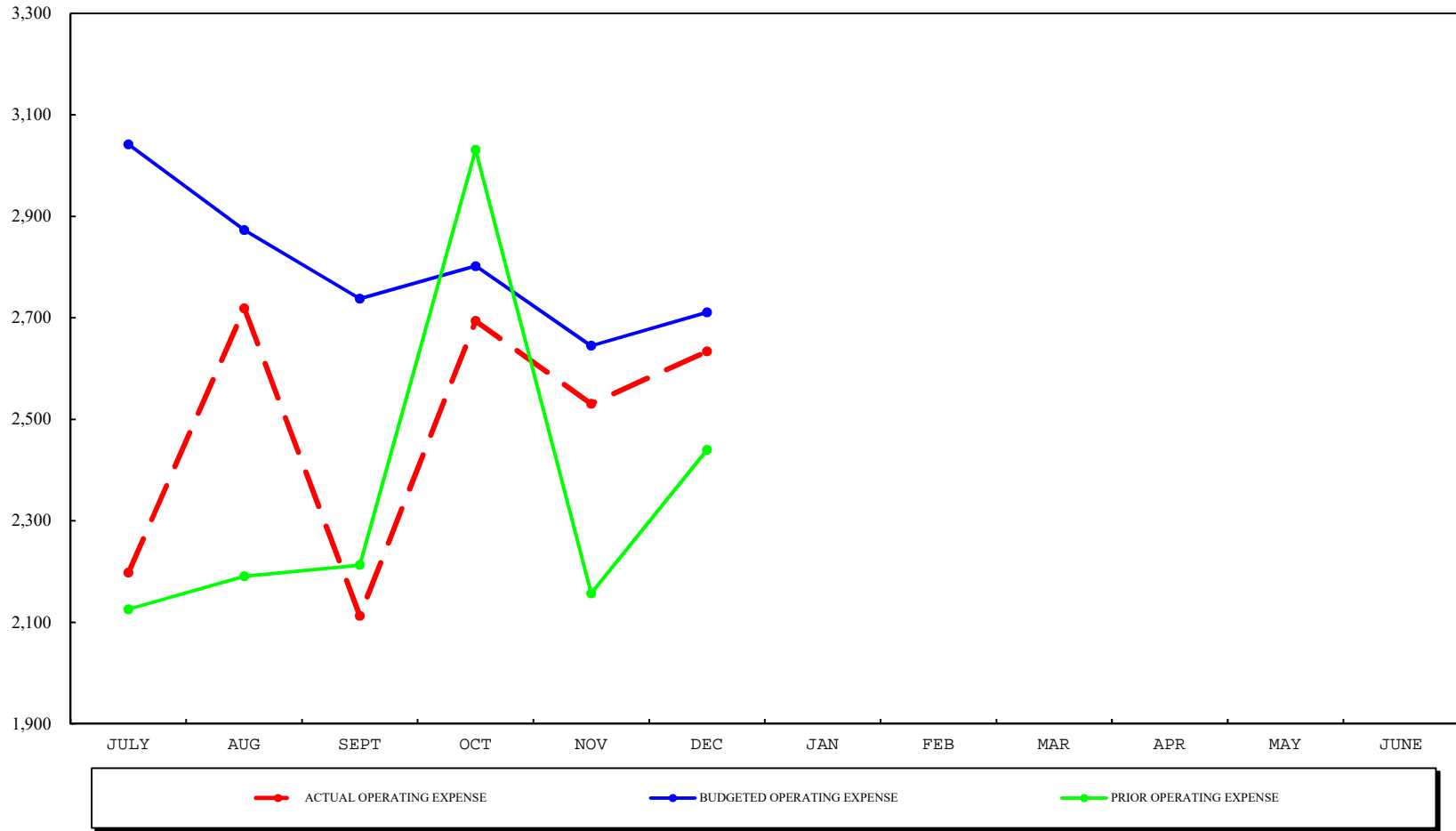
**AMOUNTS ARE SHOWN AS A PERCENTAGE OF SALES.**

**EARNINGS FOR THE STATE OF KENTUCKY ARE USED FOR THE KEES COLLEGE SCHOLARSHIP AND KTG/CAP GRANT PROGRAMS, AS WELL AS THE WORK READY SCHOLARSHIP AND THE DUAL CREDIT SCHOLARSHIP.**

**SALES AND DIRECT COSTS BY MONTH**  
AS OF DECEMBER 31, 2018



**OPERATING EXPENSE BY MONTH**  
AS OF DECEMBER 31, 2018



# **KENTUCKY LOTTERY CORPORATION**

## **FINANCIAL RESULTS**

### **DECEMBER 2018**

#### **INCOME STATEMENT**

Ticket sales for December 2018 were \$96.8 million which is \$4.8 million or 5.3% more than the same month of the prior fiscal year. Sales for the year were \$544.2 million which is \$36.5 million or 7.2% more than in the prior fiscal year. Instant ticket sales were \$5.7 million or 10.8% more than the same month of the prior fiscal year, and \$15.5 million or 5.3% more than the prior fiscal year. Draw game sales were \$1.3 million or 3.5% less than the same month of the prior year, and \$18.6 million or 8.9% more than prior fiscal year. iLottery instant play sales were \$444,000 or 49.9% more than the same month of the prior year, and \$2.4 million or 54.2% more than prior fiscal year.

Ticket sales for the month of December were \$2.4 million or 2.5% less than budget. Ticket sales for the fiscal year were \$18.0 million or 3.4% more than budget. Instant ticket sales were \$1.3 million or 2.2% less than budget for the current month, and \$3.6 million or 1.2% more than budget for the fiscal year. Draw game sales were \$1.2 million or 3.1% less than budget for the month, and \$13.9 million or 6.5% more than budget for the fiscal year. iLottery instant play sales were \$72,000 or 5.7% more than budget for the month, and \$544,000 or 8.7% more than budget for the fiscal year.

Prize expenses for December 2018 were 63.3% of total sales, compared to 62.3% in the same month last year and 65.2% budgeted. Combined prize expense for the year was 62.3%, compared to 63.2% last fiscal year and 64.7% budgeted. Instant prize expense for the month was 70.2%, draw game prize expense was 52.1%, and iLottery instant play prize expense was 70.8%. Instant prize expense for the fiscal year was 69.5%, draw game prize expense was 52.2%, and iLottery instant play prize expense was 70.8%.

Operating costs were \$2.6 million for December, compared to \$2.7 million budgeted and \$2.4 million for the same month last year. These costs included advertising and promotions of \$1.1 million, salaries & benefits of \$1.1 million, contracted and professional services of \$142,000, depreciation expense of \$105,000, and other general and administrative costs of \$162,000. Operating costs for the year were \$14.9 million, compared to \$16.8 million budgeted and \$14.2 million prior fiscal year.

Income before transfer of dividends for the current month was \$25.2 million, compared to \$25.1 million for the same month in the prior year and \$23.8 million budgeted. Income before transfer of dividends for the fiscal year was \$147.6 million, compared to \$131.1 million in the prior year and \$126.3 million budgeted.

Dividends of \$21.0 million were transferred to the Commonwealth in December for a total of \$119.5 million for the fiscal year. Additional dividends of \$355,000 were accrued in December for transfer to the KEES Reserve for a total of \$5.0 million for the fiscal year. Transfers to the KEES Reserve will be made quarterly during the fiscal year. All dividends were 22.1% of sales for the month. All dividends were 22.9% of sales for the fiscal year compared to 24.1% of sales in the prior year and 23.7% budgeted.

#### **BALANCE SHEET**

Cash balance decreased to \$34.5 million, which included \$2.9 million restricted for annuity prize payments. Total investments held to pay grand prizes increased to \$10.0 million. Accounts Receivable increased to \$35.8 million. Total assets increased to \$93.1 million.

KENTUCKY LOTTERY CORPORATION  
BALANCE SHEETS  
DECEMBER 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	\$31,538	\$31,909	\$17,682
CASH - RESTRICTED	2,912	2,912	2,600
INVESTMENTS, CURRENT PORTION	1,594	1,594	1,859
ACCOUNTS RECEIVABLE, NET	35,835	28,502	31,628
OTHER	662	740	1,060
TOTAL CURRENT ASSETS	<u>72,541</u>	<u>65,657</u>	<u>54,829</u>
INVESTMENTS, LESS CURRENT PORTION	8,374	8,329	8,903
PROPERTY AND EQUIPMENT, NET	6,070	5,435	5,441
DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	6,163	6,069	5,182
TOTAL ASSETS	<u>\$93,148</u>	<u>\$85,490</u>	<u>\$74,355</u>
LIABILITIES AND EQUITY:			
CURRENT LIABILITIES:			
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$9,599	\$7,613	\$13,248
ESTIMATED PRIZE LIABILITY, CURRENT PORTION	30,477	29,016	30,986
TOTAL CURRENT LIABILITIES	<u>40,076</u>	<u>36,629</u>	<u>44,234</u>
ESTIMATED PRIZE LIABILITY - LESS CURRENT PORTION	11,722	11,402	11,866
UNFUNDED GRAND PRIZE LIABILITY	1,109	1,109	1,116
TOTAL LIABILITIES	<u>52,907</u>	<u>49,140</u>	<u>57,216</u>
CONTRIBUTED CAPITAL	100	100	100
RETAINED EARNINGS	40,141	36,250	17,039
TOTAL EQUITY	<u>40,241</u>	<u>36,350</u>	<u>17,139</u>
TOTAL LIABILITIES AND EQUITY	<u>\$93,148</u>	<u>\$85,490</u>	<u>\$74,355</u>

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

MONTH OF DECEMBER:	VARIANCE			
	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT BETTER/ (WORSE) THAN PRIOR	
<b>SALES:</b>				
INSTANT TICKETS	\$58,884	\$53,160	\$5,724	10.8%
DRAW GAMES	36,574	37,896	(\$1,322)	-3.5%
ILOTTERY INSTANT PLAY	1,334	890	444	49.9%
TICKET SALES	96,792	91,946	4,846	5.3%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(5)	(711)	706	-99.3%
TOTAL TICKET SALES	96,787	91,235	5,552	6.1%
<b>DIRECT COSTS:</b>				
<b>PRIZES:</b>				
INSTANT TICKETS	41,313	36,025	(5,288)	-14.7%
DRAW GAMES	19,046	20,123	1,077	5.4%
ILOTTERY INSTANT PLAY	944	662	(282)	-42.6%
TOTAL PRIZES	61,303	56,810	(4,493)	-7.9%
PAYMENTS TO RETAILERS	5,762	5,192	(570)	-11.0%
DRAW GAMES VENDOR EXPENSE	1,172	964	(208)	-21.6%
INSTANT TICKET COSTS	791	765	(26)	-3.4%
TOTAL DIRECT COSTS	69,028	63,731	(5,297)	-8.3%
GROSS PROFIT	27,759	27,504	255	0.9%
<b>OPERATING EXPENSES:</b>				
ADVERTISING AND PROMOTION	1,094	918	(176)	-19.2%
SALARIES, WAGES & BENEFITS	1,131	1,167	36	3.1%
CONTRACTED & PROFESSIONAL SERVICES	142	142	0	0.0%
DEPRECIATION	105	93	(12)	-12.9%
OTHER GENERAL & ADMINISTRATIVE	162	120	(42)	-35.0%
TOTAL OPERATING EXPENSES	2,634	2,440	(194)	-8.0%
OPERATING INCOME	25,125	25,064	61	0.2%
NON-OPERATING INCOME	121	34	87	255.9%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$25,246	\$25,098	\$148	0.6%



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

SIX MONTHS YEAR TO DATE:	VARIANCE			
	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT BETTER/ (WORSE) THAN PRIOR	
<b>SALES:</b>				
INSTANT TICKETS	\$310,341	\$294,806	\$15,535	5.3%
DRAW GAMES	227,132	208,537	\$18,595	8.9%
ILOTTERY INSTANT PLAY	6,776	4,395	2,381	54.2%
TICKET SALES	544,249	507,738	36,511	7.2%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(106)	(5,434)	5,328	-98.0%
TOTAL TICKET SALES	544,143	502,304	41,839	8.3%
<b>DIRECT COSTS:</b>				
<b>PRIZES:</b>				
INSTANT TICKETS	215,564	199,635	(15,929)	-8.0%
DRAW GAMES	118,652	114,434	(4,218)	-3.7%
ILOTTERY INSTANT PLAY	4,797	3,454	(1,343)	-38.9%
TOTAL PRIZES	339,013	317,523	(21,490)	-6.8%
PAYMENTS TO RETAILERS	32,252	30,129	(2,123)	-7.0%
DRAW GAMES VENDOR EXPENSE	6,788	5,340	(1,448)	-27.1%
INSTANT TICKET COSTS	3,924	4,305	381	8.9%
TOTAL DIRECT COSTS	381,977	357,297	(24,680)	-6.9%
GROSS PROFIT	162,166	145,007	17,159	11.8%
<b>OPERATING EXPENSES:</b>				
ADVERTISING AND PROMOTION	5,178	4,160	(1,018)	-24.5%
SALARIES, WAGES & BENEFITS	6,945	7,325	380	5.2%
CONTRACTED & PROFESSIONAL SERVICES	1,193	1,168	(25)	-2.1%
DEPRECIATION	601	595	(6)	-1.0%
OTHER GENERAL & ADMINISTRATIVE	972	910	(62)	-6.8%
TOTAL OPERATING EXPENSES	14,889	14,158	(731)	-5.2%
OPERATING INCOME	147,277	130,849	16,428	12.6%
NON-OPERATING INCOME	311	221	90	40.7%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$147,588	\$131,070	\$16,518	12.6%

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

MONTH OF DECEMBER:	VARIANCE			
	ACTUAL	BUDGET	ACTUAL BETTER/ (WORSE) THAN BUDGET	
<b>SALES:</b>				
INSTANT TICKETS	58,884	\$60,225	(\$1,341)	-2.2%
DRAW GAMES	36,574	37,750	(1,176)	-3.1%
ILOTTERY INSTANT PLAY	1,334	1,262	72	5.7%
TICKET SALES	96,792	99,237	(2,445)	-2.5%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(5)	(362)	357	-98.6%
TOTAL TICKET SALES	96,787	98,875	(2,088)	-2.1%
<b>DIRECT COSTS:</b>				
<b>PRIZES:</b>				
INSTANT TICKETS	41,313	42,117	804	1.9%
DRAW GAMES	19,046	21,352	2,306	10.8%
ILOTTERY INSTANT PLAY	944	997	53	5.3%
TOTAL PRIZES	61,303	64,466	3,163	4.9%
PAYMENTS TO RETAILERS	5,762	5,991	229	3.8%
DRAW GAMES VENDOR EXPENSE	1,172	1,151	(21)	-1.8%
INSTANT TICKET COSTS	791	784	(7)	-0.9%
TOTAL DIRECT COSTS	69,028	72,392	3,364	4.6%
GROSS PROFIT	27,759	26,483	1,276	4.8%
<b>OPERATING EXPENSES:</b>				
ADVERTISING AND PROMOTION	1,094	940	(154)	-16.4%
SALARIES, WAGES & BENEFITS	1,131	1,207	76	6.3%
CONTRACTED & PROFESSIONAL SERVICES	142	271	129	47.6%
DEPRECIATION	105	106	1	0.9%
OTHER GENERAL & ADMINISTRATIVE	162	187	25	13.4%
TOTAL OPERATING EXPENSES	2,634	2,711	77	2.8%
OPERATING INCOME	25,125	23,772	1,353	5.7%
NON-OPERATING INCOME	121	39	82	210.3%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$25,246	\$23,811	\$1,435	6.0%

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

SIX MONTHS YEAR TO DATE:	VARIANCE			
	ACTUAL	BUDGET	ACTUAL BETTER/ (WORSE) THAN BUDGET	
<b>SALES:</b>				
INSTANT TICKETS	310,341	\$306,740	\$3,601	1.2%
DRAW GAMES	227,132	213,245	13,887	6.5%
ILOTTERY INSTANT PLAY	6,776	6,232	544	8.7%
TICKET SALES	544,249	526,217	18,032	3.4%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	(106)	(1,916)	1,810	-94.5%
TOTAL TICKET SALES	544,143	524,301	19,842	3.8%
<b>DIRECT COSTS:</b>				
<b>PRIZES:</b>				
INSTANT TICKETS	215,564	213,983	(1,581)	-0.7%
DRAW GAMES	118,652	120,169	1,517	1.3%
ILOTTERY INSTANT PLAY	4,797	4,923	126	2.6%
TOTAL PRIZES	339,013	339,075	62	0.0%
PAYMENTS TO RETAILERS	32,252	32,113	(139)	-0.4%
DRAW GAMES VENDOR EXPENSE	6,788	6,273	(515)	-8.2%
INSTANT TICKET COSTS	3,924	3,914	(10)	-0.3%
TOTAL DIRECT COSTS	381,977	381,375	(602)	-0.2%
GROSS PROFIT	162,166	142,926	19,240	13.5%
<b>OPERATING EXPENSES:</b>				
ADVERTISING AND PROMOTION	5,178	6,057	879	14.5%
SALARIES, WAGES & BENEFITS	6,945	7,436	491	6.6%
CONTRACTED & PROFESSIONAL SERVICES	1,193	1,528	335	21.9%
DEPRECIATION	601	624	23	3.7%
OTHER GENERAL & ADMINISTRATIVE	972	1,166	194	16.6%
TOTAL OPERATING EXPENSES	14,889	16,811	1,922	11.4%
OPERATING INCOME	147,277	126,115	21,162	16.8%
NON-OPERATING INCOME	311	233	78	33.5%
INCOME BEFORE TRANSFER OF DIVIDENDS	\$147,588	\$126,348	\$21,240	16.8%

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

MONTH OF DECEMBER:	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT YEAR BUDGET
<b>SALES:</b>			
INSTANT TICKETS	60.8%	58.3%	60.9%
DRAW GAMES	37.9%	41.5%	38.2%
ILOTTERY INSTANT PLAY	1.4%	1.0%	1.3%
TICKET SALES	100.1%	100.8%	100.4%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	-0.1%	-0.8%	-0.4%
TOTAL TICKET SALES	100.0%	100.0%	100.0%
<b>DIRECT COSTS:</b>			
<b>PRIZES:</b>			
INSTANT TICKETS	42.7%	39.5%	42.6%
DRAW GAMES	19.6%	22.1%	21.6%
ILOTTERY INSTANT PLAY	1.0%	0.7%	1.0%
TOTAL PRIZES	63.3%	62.3%	65.2%
PAYMENTS TO RETAILERS	6.0%	5.7%	6.1%
DRAW GAME VENDOR EXPENSE	1.2%	1.1%	1.1%
INSTANT TICKET COSTS	0.8%	0.8%	0.8%
TOTAL DIRECT COSTS	71.3%	69.9%	73.2%
GROSS PROFIT	28.7%	30.1%	26.8%
<b>OPERATING EXPENSES:</b>			
ADVERTISING AND PROMOTION	1.1%	1.0%	1.0%
SALARIES, WAGES & BENEFITS	1.2%	1.2%	1.2%
CONTRACTED & PROFESSIONAL SERVICES	0.1%	0.2%	0.3%
DEPRECIATION	0.1%	0.1%	0.1%
OTHER GENERAL & ADMINISTRATIVE	0.2%	0.1%	0.2%
TOTAL OPERATING EXPENSES	2.7%	2.6%	2.8%
OPERATING INCOME	26.0%	27.5%	24.0%
NON-OPERATING INCOME	0.1%	0.0%	0.1%
INCOME BEFORE TRANSFER OF DIVIDENDS	26.1%	27.5%	24.1%

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

SIX MONTHS YEAR TO DATE:

	CURRENT YEAR ACTUAL	PRIOR YEAR ACTUAL	CURRENT YEAR BUDGET
<b>SALES:</b>			
INSTANT TICKETS	57.0%	58.7%	58.5%
DRAW GAMES	41.8%	41.5%	40.7%
ILOTTERY INSTANT PLAY	1.2%	0.9%	1.2%
TICKET SALES	100.0%	101.1%	100.4%
LESS: INSTANT TICKETS PROVIDED AS PRIZES	0.0%	-1.1%	-0.4%
TOTAL TICKET SALES	100.0%	100.0%	100.0%
<b>DIRECT COSTS:</b>			
<b>PRIZES:</b>			
INSTANT TICKETS	39.6%	39.7%	40.8%
DRAW GAMES	21.8%	22.8%	23.0%
ILOTTERY INSTANT PLAY	0.9%	0.7%	0.9%
TOTAL PRIZES	62.3%	63.2%	64.7%
PAYMENTS TO RETAILERS	5.9%	6.0%	6.1%
DRAW GAME VENDOR EXPENSE	1.3%	1.0%	1.2%
INSTANT TICKET COSTS	0.7%	0.9%	0.7%
TOTAL DIRECT COSTS	70.2%	71.1%	72.7%
GROSS PROFIT	29.8%	28.9%	27.3%
<b>OPERATING EXPENSES:</b>			
ADVERTISING AND PROMOTION	1.0%	0.8%	1.2%
SALARIES, WAGES & BENEFITS	1.3%	1.5%	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%	3.2%
OPERATING INCOME	27.0%	26.0%	24.1%
NON-OPERATING INCOME	0.1%	0.1%	0.0%
INCOME BEFORE TRANSFER OF DIVIDENDS	27.1%	26.1%	24.1%

KENTUCKY LOTTERY CORPORATION  
 STATEMENTS OF RETAINED EARNINGS  
 DECEMBER 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	\$36,250	\$17,039	\$23,163	\$17,039
INCOME BEFORE TRANSFER	25,246	147,588	25,098	131,070
DIVIDENDS - GENERAL FUND & EDUCATION	(21,000)	(119,500)	(20,500)	(116,500)
DIVIDENDS - KEES RESERVE	(355)	(4,986)	(597)	(4,445)
RETAINED EARNINGS- END OF PERIOD	<u>\$40,141</u>	<u>\$40,141</u>	<u>\$27,164</u>	<u>\$27,164</u>

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

	MONTH	YEAR-TO-DATE
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
OPERATING INCOME	\$25,125	\$147,277
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
DEPRECIATION	105	601
PROVISION FOR LOSSES ON ACCOUNTS RECEIVABLE	24	75
INCREASE (DECREASE) IN CASH DUE TO CHANGES IN:		
ACCOUNTS RECEIVABLE	(7,357)	(4,282)
OTHER ASSETS	78	398
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	1,986	(3,649)
ESTIMATED PRIZE LIABILITY	1,781	(660)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>21,742</b>	<b>139,760</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
PROCEEDS FROM MATURITIES OR SALE OF INVESTMENTS	0	1,089
PURCHASE OF INVESTMENTS	0	0
CHANGE IN INVESTMENTS	(45)	(295)
DEPOSITS WITH MULTI-STATE LOTTERY ASSOCIATION	(94)	(981)
INTEREST INCOME	34	148
SECURITY LENDING FEES	1	3
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>(104)</b>	<b>(36)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
DIVIDENDS TRANSFERRED/PAYABLE	(21,355)	(124,486)
RETAILER APPLICATION AND OTHER NON-OPERATING FEES	0	74
<b>NET CASH USED IN NONCAPITAL FINANCING ACTIVITIES</b>	<b>(21,355)</b>	<b>(124,412)</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>		
PURCHASES OF PROPERTY AND EQUIPMENT	(740)	(1,230)
PROCEEDS FROM DISPOSAL OF PROPERTY AND EQUIPMENT	86	86
PROCEEDS FROM ISSUANCE OF LONG-TERM DEBT	0	0
REPAYMENTS OF LONG-TERM DEBT	0	0
INTEREST EXPENSE	0	0
<b>NET CASH USED IN CAPITAL FINANCING ACTIVITIES</b>	<b>(654)</b>	<b>(1,144)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(371)</b>	<b>14,168</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>34,821</b>	<b>20,282</b>
<b>CASH, END OF PERIOD</b>	<b>\$34,450</b>	<b>\$34,450</b>

KENTUCKY LOTTERY CORPORATION  
 PROFIT MARGIN REPORT  
 MONTH ENDING DECEMBER 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>
<b>SALES:</b>												
SALES AT RETAIL	58,879	5,173	923	3,910	12,924	4,577	602	7,152	603	0	0	94,743
ILOTTERY	<u>0</u>	<u>120</u>	<u>52</u>	<u>0</u>	<u>0</u>	<u>121</u>	<u>0</u>	<u>378</u>	<u>39</u>	<u>1,334</u>	<u>0</u>	<u>2,044</u>
TOTAL SALES	<u>58,879</u>	<u>5,293</u>	<u>975</u>	<u>3,910</u>	<u>12,924</u>	<u>4,698</u>	<u>602</u>	<u>7,530</u>	<u>642</u>	<u>1,334</u>	<u>0</u>	<u>96,787</u>
<b>DIRECT COSTS:</b>												
<b>PRIZES WON:</b>												
PRIZES AT RETAIL	41,398	2,618	332	1,415	6,938	2,012	359	4,668	562	0	0	60,302
ILOTTERY	<u>0</u>	<u>61</u>	<u>18</u>	<u>0</u>	<u>0</u>	<u>54</u>	<u>0</u>	<u>245</u>	<u>35</u>	<u>944</u>	<u>0</u>	<u>1,357</u>
TOTAL PRIZES WON	<u>41,398</u>	<u>2,679</u>	<u>350</u>	<u>1,415</u>	<u>6,938</u>	<u>2,066</u>	<u>359</u>	<u>4,913</u>	<u>597</u>	<u>944</u>	<u>0</u>	<u>61,659</u>
UNCLAIMED PRIZE CREDIT	(85)	(61)	(11)	(36)	(72)	(38)	(7)	(31)	(15)	0	0	(356)
PAYMENTS TO RETAILERS	3,766	277	50	209	714	233	43	423	32	0	15	5,762
ONLINE VENDOR EXPENSE	255	90	18	60	199	80	12	134	11	64	249	1,172
TICKET COSTS	<u>791</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>791</u>
TOTAL DIRECT COSTS	<u>46,125</u>	<u>2,985</u>	<u>407</u>	<u>1,648</u>	<u>7,779</u>	<u>2,341</u>	<u>407</u>	<u>5,439</u>	<u>625</u>	<u>1,008</u>	<u>264</u>	<u>69,028</u>
GROSS PROFIT	<u>12,754</u>	<u>2,308</u>	<u>568</u>	<u>2,262</u>	<u>5,145</u>	<u>2,357</u>	<u>195</u>	<u>2,091</u>	<u>17</u>	<u>326</u>	<u>(264)</u>	<u>27,759</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%
<b>DIRECT COSTS:</b>												
TOTAL PRIZES WON	70.3%	50.6%	35.9%	36.2%	53.7%	44.0%	59.6%	65.2%	93.0%	70.8%	0.0%	63.7%
UNCLAIMED PRIZE CREDIT	-0.1%	-1.2%	-1.1%	-0.9%	-0.6%	-0.8%	-1.2%	-0.4%	-2.3%	0.0%	0.0%	-0.4%
PAYMENTS TO RETAILERS	6.4%	5.2%	5.1%	5.3%	5.5%	5.0%	7.1%	5.6%	5.0%	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%	4.8%	0.0%	1.2%
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>78.3%</u>	<u>56.3%</u>	<u>41.7%</u>	<u>42.1%</u>	<u>60.1%</u>	<u>49.9%</u>	<u>67.5%</u>	<u>72.2%</u>	<u>97.4%</u>	<u>75.6%</u>	<u>0.0%</u>	<u>71.3%</u>
GROSS PROFIT	<u>21.7%</u>	<u>43.7%</u>	<u>58.3%</u>	<u>57.9%</u>	<u>39.9%</u>	<u>50.1%</u>	<u>32.5%</u>	<u>27.8%</u>	<u>2.6%</u>	<u>24.4%</u>	<u>0.0%</u>	<u>28.7%</u>



KENTUCKY LOTTERY CORPORATION  
 PROFIT MARGIN REPORT  
 YEAR TO DATE AS OF DECEMBER 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>LEL</u>	<u>ILOTTERY INSTANT PLAY</u>	<u>NON-GAME SPECIFIC</u>	<u>TOTAL</u>
SALES:												
SALES AT RETAIL	310,235	35,906	5,434	22,080	72,883	41,004	3,566	38,324	3,570	0	0	533,002
ILOTTERY	<u>0</u>	<u>835</u>	<u>291</u>	<u>0</u>	<u>0</u>	<u>1,083</u>	<u>0</u>	<u>1,933</u>	<u>223</u>	<u>6,776</u>	<u>0</u>	<u>11,141</u>
TOTAL SALES	<u>310,235</u>	<u>36,741</u>	<u>5,725</u>	<u>22,080</u>	<u>72,883</u>	<u>42,087</u>	<u>3,566</u>	<u>40,257</u>	<u>3,793</u>	<u>6,776</u>	<u>0</u>	<u>544,143</u>
DIRECT COSTS:												
PRIZES WON:												
PRIZES AT RETAIL	218,528	17,707	2,193	8,897	39,599	20,277	2,423	24,910	2,010	0	0	336,544
ILOTTERY	<u>0</u>	<u>412</u>	<u>321</u>	<u>0</u>	<u>0</u>	<u>536</u>	<u>0</u>	<u>1,265</u>	<u>125</u>	<u>4,797</u>	<u>0</u>	<u>7,456</u>
TOTAL PRIZES WON	<u>218,528</u>	<u>18,119</u>	<u>2,514</u>	<u>8,897</u>	<u>39,599</u>	<u>20,813</u>	<u>2,423</u>	<u>26,175</u>	<u>2,135</u>	<u>4,797</u>	<u>0</u>	<u>344,000</u>
UNCLAIMED PRIZE CREDIT	(2,964)	(602)	(62)	(272)	(455)	(308)	(37)	(210)	(77)	0	0	(4,987)
PAYMENTS TO RETAILERS	19,914	1,870	299	1,191	4,035	2,122	253	2,275	196	2	95	32,252
ONLINE VENDOR EXPENSE	1,359	624	108	340	1,122	723	70	786	70	322	1,264	6,788
TICKET COSTS	<u>3,924</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>3,924</u>
TOTAL DIRECT COSTS	<u>240,761</u>	<u>20,011</u>	<u>2,859</u>	<u>10,156</u>	<u>44,301</u>	<u>23,350</u>	<u>2,709</u>	<u>29,026</u>	<u>2,324</u>	<u>5,121</u>	<u>1,359</u>	<u>381,977</u>
GROSS PROFIT	<u>69,474</u>	<u>16,730</u>	<u>2,866</u>	<u>11,924</u>	<u>28,582</u>	<u>18,737</u>	<u>857</u>	<u>11,231</u>	<u>1,469</u>	<u>1,655</u>	<u>(1,359)</u>	<u>162,166</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>LEL</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%	49.3%	43.9%	40.3%	54.3%	49.5%	67.9%	65.0%	56.3%	70.8%	0.0%	63.2%
UNCLAIMED PRIZE CREDIT	-0.9%	-1.6%	-1.1%	-1.2%	-0.6%	-0.7%	-1.0%	-0.5%	-2.0%	0.0%	0.0%	-0.9%
PAYMENTS TO RETAILERS	6.4%	5.1%	5.2%	5.4%	5.5%	5.0%	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%	1.8%	4.8%	0.0%	1.3%
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>0.7%</u>
TOTAL DIRECT COSTS	<u>77.6%</u>	<u>54.5%</u>	<u>49.9%</u>	<u>46.0%</u>	<u>60.7%</u>	<u>55.5%</u>	<u>76.0%</u>	<u>72.2%</u>	<u>61.3%</u>	<u>75.6%</u>	<u>0.0%</u>	<u>70.2%</u>
GROSS PROFIT	<u>22.4%</u>	<u>45.5%</u>	<u>50.1%</u>	<u>54.0%</u>	<u>39.3%</u>	<u>44.5%</u>	<u>24.0%</u>	<u>27.8%</u>	<u>38.7%</u>	<u>24.4%</u>	<u>0.0%</u>	<u>29.8%</u>

KENTUCKY LOTTERY CORPORATION  
ADVERTISING AND PROMOTION EXPENSES

MONTH ENDING DECEMBER 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	296	0	0	5	6	0	0	25	0	0	7	339
RADIO	274	0	0	0	0	0	0	45	0	0	0	319
PRINT	0	0	0	0	0	0	0	0	0	0	(3)	(3)
BILLBOARD	4	25	0	0	0	25	0	0	0	0	0	54
ONLINE	70	9	0	0	0	9	0	0	0	50	2	140
OTHER (TRANSIT, ETC.)	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDIA	644	34	0	5	6	34	0	70	0	50	6	849
PRODUCTION	48	0	0	0	0	2	0	52	0	0	12	114
COUPONS & PROMOTIONS	0	0	0	0	0	0	0	0	0	1	82	83
SPECIAL EVENT/GAME SHOW	0	0	0	0	0	0	0	0	0	0	0	0
PREMIUMS	0	0	0	0	0	0	0	0	0	0	1	1
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	5	5
TOTAL	<u>692</u>	<u>34</u>	<u>0</u>	<u>5</u>	<u>6</u>	<u>36</u>	<u>0</u>	<u>122</u>	<u>0</u>	<u>51</u>	<u>148</u>	<u>1,094</u>

YEAR-TO-DATE AS OF DECEMBER 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	1,188	0	0	52	52	0	54	25	0	0	59	1,430
RADIO	884	2	0	0	0	2	0	45	0	0	21	954
PRINT	2	0	0	0	0	0	0	0	0	0	15	17
BILLBOARD	160	156	0	0	0	156	3	0	0	0	3	478
ONLINE	527	(12)	0	2	3	(12)	0	(9)	0	288	47	834
OTHER (TRANSIT, ETC.)	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL MEDIA	2,761	146	0	54	55	146	57	61	0	288	145	3,713
PRODUCTION	149	10	0	0	(3)	12	0	100	0	0	423	691
COUPONS & PROMOTIONS	2	0	0	0	0	0	0	0	0	3	286	291
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	112	120
AGENCY FEES	2	0	0	0	0	0	0	0	0	0	256	258
OTHER (SIGNAGE, ETC.)	0	0	0	0	0	0	0	0	0	1	54	55
TOTAL	<u>2,914</u>	<u>156</u>	<u>0</u>	<u>54</u>	<u>52</u>	<u>158</u>	<u>57</u>	<u>169</u>	<u>0</u>	<u>292</u>	<u>1,326</u>	<u>5,178</u>

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

	<u>MONTH</u>	<u>YEAR-TO-DATE</u>
ADVERTISING & PROMOTION	\$1,094	\$5,178
<u>SALARIES, WAGES &amp; BENEFITS:</u>		
SALARIES AND WAGES	893	5,494
BENEFITS AND TAXES	238	1,451
	1,131	6,945
<u>CONTRACTED &amp; PROFESSIONAL SERVICES:</u>		
ON-LINE DRAWING EXPENSES	0	8
CONSULTANT SERVICES	60	380
SECURITY SERVICES	7	72
REPAIRS AND MAINTENANCE	3	61
CUSTODIAL SERVICES	4	28
PUBLIC INFORMATION SERVICES	4	24
DIRECTOR EXPENSES	2	17
COMPUTER SOFTWARE COST/MAINT.	(17)	254
COMPUTER HARDWARE COST/MAINT.	16	57
LEGAL SERVICES	5	36
AUDIT EXPENSES	25	139
OTHER	33	117
	142	1,193
<u>DEPRECIATION:</u>		
DEPRECIATION EXPENSE	105	601
<u>OTHER GENERAL &amp; ADMINISTRATIVE:</u>		
COMMUNICATIONS/TELEPHONE SERVICES	10	48
OFFICE SUPPLIES & SERVICES	11	80
TRAVEL AND RELATED EXPENSES	49	285
RENT, UTILITIES AND INSURANCE	62	417
A/R COLLECTIONS ALLOWANCE	19	75
OTHER	11	67
	162	972
TOTAL OPERATING EXPENSES	\$2,634	\$14,889
 <u>NON-OPERATING INCOME:</u>		
INTEREST EXPENSE	0	0
INTEREST INCOME	34	148
OTHER INCOME/(LOSS)	87	163
	121	311
TOTAL NON-OPERATING INCOME	\$121	\$311

KENTUCKY LOTTERY CORPORATION  
PROPERTY AND EQUIPMENT  
DECEMBER 31, 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	8,178	8,159	8,079
LAND	423	423	423
TRANSPORTATION	1,314	1,560	1,264
FURNITURE, FIXTURES & EQUIPMENT	1,148	1,138	1,138
DATA PROCESSING EQUIPMENT & SOFTWARE	5,692	4,999	4,379
INCOMPLETE FIXED ASSETS	0	0	572
TELEPHONE & COMMUNICATIONS EQUIPMENT	24	6	6
DRAWING EQUIPMENT	<u>626</u>	<u>626</u>	<u>560</u>
PROPERTY AND EQUIPMENT, GROSS	17,450	16,956	16,466
ACCUMULATED DEPRECIATION	<u>(11,380)</u>	<u>(11,521)</u>	<u>(11,025)</u>
PROPERTY AND EQUIPMENT, NET	<u>\$6,070</u>	<u>\$5,435</u>	<u>\$5,441</u>