



**AUGUST 19, 2016
COMMISSION
REPORT**

Table of Contents

Notice Of Public Meeting.....	3
Commission Minutes June 17, 2016.....	5
Agency Reports.....	8
Director's Presentation.....	8
Products & Marketing Update.....	8
Retailer Satisfaction Survey.....	8
Out Of Stock Update.....	8
Fy16 Year-End Product & Sales Report.....	8
New Games Introduction.....	8
New Games Introduction And Games Ended.....	8
Events/Sponsorships.....	9
New Business Item #1.....	14
Vote For Commission Chair And Vice-Chair.....	14
New Business Item #2.....	15
Instant Scratch Game Profiles.....	15
New Business Item #3.....	16
Arizona Cardinals Second Chance Drawings Promotion Profile.....	16
New Business Item # 4.....	17
Instant Tab Games Profiles.....	17

NOTICE OF PUBLIC MEETING AND EXECUTIVE SESSION OF THE ARIZONA STATE LOTTERY COMMISSION

Pursuant to Arizona Revised Statute (A.R.S.) § 38-431.02, notice is hereby given to the members of the Arizona State Lottery Commission and to the general public that the Arizona State Lottery Commission will hold a meeting open to the public on August 19, 2016, at 10 a.m., in the Arizona Lottery Board Room located at 4740 East University Drive, Phoenix, Arizona. Pursuant to A.R.S. § 38-431.02(B), notice is hereby given to the Arizona State Lottery Commission and members of the public that the Arizona State Lottery Commission may vote to go into Executive Session, which will not be open to the public, for the purpose of obtaining legal advice pursuant to A.R.S. § 38-431.03(A)(3) regarding any of the agenda items, as well as for the purposes listed on the agenda under Executive Session. The Commission may also vote on any item listed on the agenda. One or more members of the Commission may participate by means of telephonic communication.

Call to Order

1. Call for Quorum
2. Call for Notice
3. Approval of Minutes for June 17, 2016, Public Meeting

Agency Reports

1. Director's Presentation
2. Products & Marketing Update
3. Retailer Satisfaction Survey
4. Out of stock update
5. 4th Quarter Product & Sales Review – No Presentation

New Business

1. Election of Commission Chair and Vice-Chair.
2. Discussion and Action on Instant Scratch Game Profiles: *Did I Win? #1083, "7" #1084, \$50 Grand #1085, Café Crossword #1088, and VIP Crossword #1089.*
3. Discussion and Action regarding new Promotion Profile: *Arizona Cardinals Second Chance Drawing*
4. Discussion and Action regarding new Instant Tab Game Profiles: *I Love My Country #069, Silver Lining #070, Treasure Hunters #071, Bold & Brave #072, Freedom Rocks #073, Red Hot Reels #074, Bonus America #075, Liberty Loot #076, Superior 7's #077, Hot Cash #078, Pot O' Gold PLUS #079, and Caribbean Cash #080.*

Call to the Public

Consideration and discussion of comments from the public. Those members of the public wishing to address the Commission need not request permission in advance and will be given approximately five minutes for their comments and requests. Action taken as a result of public comment will be limited to directing staff to study the matter or rescheduling the matter for further consideration at a later date to comply with A.R.S. § 38-431.02.

Announcements

The next Commission meeting will be held September 23, 2016, at 10:00 a.m.

Adjournment

Materials

A copy of the agenda and background material provided to Commission members, which is not exempt by law from public inspection, is available for public inspection at least 24 hours in advance of the meeting at the Lottery Office located at 4740 East University Drive, Phoenix, Arizona.

Notice

Any amendments or additions to the agenda will be made available at least 24 hours prior to the meeting.

Dated this 11th day of August, 2016

Gregory R. Edgar
Executive Director

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by calling (480) 921-4486. Requests should be made as early as possible to allow time to arrange the accommodation.

**PUBLIC MEETING OF THE ARIZONA LOTTERY
COMMISSION MINUTES JUNE 17, 2016**

PRESIDING Chair Frank Conley

COMMISSIONERS Jeff Weintraub, Andy Anderson and Kristine Burnett

LOTTERY Gregg Edgar, Executive Director; Chris Rogers, Director of Products & Marketing; Raynie Hosto, Director of Sales; Steve O’Ney, Director of IT; LaTrina Rosemond, Director of Audit & Accounting
Kimberly Siddall, Pam DiNunzio, Ivy Gilio, Shelby Alessi, Monica Godek, Michael Schiefelbein, Nikki O’Shea, Stacey Henderson, and Jacqui Ayala

GUESTS GTECH Representatives: Russ Harben and Serena Arlotta
LaneTerralever Representatives: Jody Alexander
Owen’s Harkey Representatives: David Miller, Brad Casper, Jim Grad, Scott Harkey, and Chelsea Smeland
Attorney General Representative: Deanie Reh
Scientific Games Representatives: Cory Bonogofsky and Kyle Hoffman

PUBLIC

Call to Order Pursuant to the Public Notice dated June 10, 2016, the Public Meeting of the Arizona State Lottery Commission was called to order at 10:00 a.m. by Chair Conley. A quorum was present.

Chair Conley entertained a motion to approve the minutes of the May 20, 2016, Public meeting; Commissioner Weintraub moved, Commissioner Burnett seconded. All members voting aye, motion carried.

Director’s Presentation Director Edgar spoke about some of our beneficiaries and gave an update on Department of Economic Security – Homeless Coordination Office.

Chair Conley wanted to know how we communicate to the public about our beneficiaries such as Homeless Coordination Office. Director Edgar stated that we are using the 35th Anniversary as a launching pad; putting an effort into our earned media piece and pitching stories about the impact of the Arizona Lottery by utilizing the beneficiaries and where the dollars go.

Director Edgar presented a PowerPoint overview of the Director’s Presentation. The Director’s Presentation is attached for the official minutes.

Chair Conley wanted to know what the goal was for out-of-stocks. Raynie Hosto stated

the goal is 4.4%; however, we are currently averaging 4%.

Vending Machine The new vending machine, Gemini Ultra, was presented to the Commissioners.

Commissioner Weintraub wanted to know how we pay for the machines. Director Edgar stated that it is a lease agreement we have with IGT paid as a percentage of sales from the machine.

Conversion Update Mr. Cory Bonogofsky from Scientific Games provided an update on the conversion. Some of the highlights were 1) Lottery user acceptance testing began 2) Retailer training began 3) Terminal installation started this week 4) Meet every milestone.

Marketing/Products Update Mr. Michael Schiefelbein provided an instant scratch ticket update.

Chair Conley wanted to know if we were looking at other teams to do a ticket similar to the Arizona Cardinals ticket. Director Edgar stated that we have done some things with the Phoenix Suns in the past, however, it was not as productive. Arizona Cardinals are clearly in our market and the NFL is an engine. We will look at the Arizona Cardinals ticket and see how well it does and then take a look at other properties.

Chair Conley wanted to know the pack size on the \$5 ticket. Mr. Michael Schiefelbein stated that it is a \$400 pack size.

Mr. Chris Rogers provided an update on Marketing and Advertising and shared some of the strategies for FY2017.

The Marketing/Products PowerPoint presentation is attached for the official minutes.

New Business Chair Conley motioned to table the nominations of Chair and Vice-Chair to the next Commission meeting when all board members are present. Commissioner Anderson moved; Commissioner Burnett seconded. All members voting aye, the motion carried.

Chair Conley asked if any members of the public would like to address the Commission regarding new instant scratch game profiles: *Letter to Santa* #1075, *Dear Santa* #1076, *Frosty Crossword* #1077, *Money Tree* #1078, *Holiday Riches* #1079, *\$200 Million Cash Explosion*® #1080, *Spin 3* #1082, *Frogger*® #1086, and *Arizona Cardinals* #1087. No response from the public.

In accordance with A.R.S. §5-554 (C), Chair Conley entertained a motion to approve the order and authorize the Director to issue the order regarding new instant scratch game profiles: #1075, #1076, #1077, #1078, #1079, #1080, #1082, #1086 and #1087. Commissioner Weintraub moved; Commissioner Anderson seconded. All members

voting aye, the motion carried.

Chair Conley asked if any members of the public would like to address the Commission regarding amendments to Article 5 of the Arizona Administrative Code relating to Lottery procurement. No response from the public.

In accordance with A.R.S. §5-554 (B), Chair Conley entertained a motion to authorize the director to adopt the amendments. Commissioner Burnett moved; Commissioner Weintraub seconded. All members voting aye, the motion carried.

Call to the Public Chair Conley invited members of the public to speak before the Commission. No one from the public requested to speak.

Announcements The next Commission meeting will be held August 19, 2016, at 10:00 a.m.

Adjournment Chair Conley entertained a motion to adjourn, Commissioner Burnett moved; Commissioner Weintraub seconded. All members voting aye, the motion carried. Meeting adjourned at 10:53 a.m.

Materials A copy of the agenda and background material provided to Commission members, which is not exempt by law from public inspection, is available for public inspection at least 24 hours in advance of the meeting at the Lottery Office located at 4740 East University Drive, Phoenix, Arizona.

Notice Any amendments or additions to the agenda will be made available at least 24 hours prior to the meeting.

Agency Reports
Report to Arizona Lottery Commission
August 19, 2016

Director's Presentation – (Attachment A)

Products & Marketing Update

Retailer Satisfaction Survey

Out of stock update

4th Quarter Product & Sales Review – (Attachment B)

FY16 Year-End Product & Sales Report

The first section of this report focuses on individual product performance and is provided by the Products team. In the second section, Raynie Hosto, Director of Sales, has provided information on retailer sales and rankings in several different categories. Sales for the fiscal year reached \$870,945,825, an increase of 16.13% over the prior year.

Sales breakdown by product line are:

<u>Product</u>	<u>Sales</u>	<u>Market Share</u>
Scratchers®	\$590,705,714	67.8%
Draw Games	\$274,171,129	31.5%
Charitable Pull-Tabs	\$5,786,022	0.66%
Age Restricted Pull-Tabs	\$282,960	0.03%

Chain and independent convenience stores account for 68.3% of total sales, with grocery store category accounting for 26.9% of sales.

More detail is provided in the attached report, and staff is available to answer any questions the Commission may have. These reports are detailed in Attachment B.

New Games Introduction

New Games Introduction. The following games were introduced since the last commission meeting: *Double Wild Jacks #1029, Happy Camper #1059, Bingo #1060, Funky 5's #1066, Red Hot 7s #1067, Jumbo Bucks # 1069, Stacks of Cash #1070, and Gold Rush #1071.*

More information on these games is available by visiting the [Scratchers](#) section at ArizonaLottery.com

The following games were approved to end consistent with the Instant Scratch Game Ending Policy. Players have 180 days from the game-ending date to claim prizes.

Date Ended	Price Point	Game No.	Game Name	Beginning Inventory	% Sold
07/05/16	\$1	948	Aces	1,755,900	84.3%
07/05/16	\$20	977	Crossword Deluxe	1,256,130	95.3%
07/05/16	\$10	1011	Triple Red 7's	2,264,340	98.2%
07/05/16	\$2	1015	King of Clubs	1,474,200	65.2%
07/05/16	\$2	1032	Super Crazy 8's	1,506,300	81.5%
07/05/16	\$2	1033	Double Deuces	1,510,800	70.6%
07/05/16	\$1	1038	\$5,000 Taxes Paid	2,477,700	70.7%
07/05/16	\$2	1039	\$10,000 Taxes Paid	2,518,950	60.4%
07/05/16	\$5	1040	\$50,000 Taxes Paid	1,981,800	68.5%
07/05/16	\$10	1041	\$100,000 Taxes Paid	1,662,780	58.9%
07/05/16	\$1	1043	Happy Cash	1,757,700	82.8%
07/05/16	\$5	1048	Jackpot Riches	1,258,260	85.2%
08/08/16	\$5	1049	Diamonds & Gold Doubler	1,510,020	76.9%

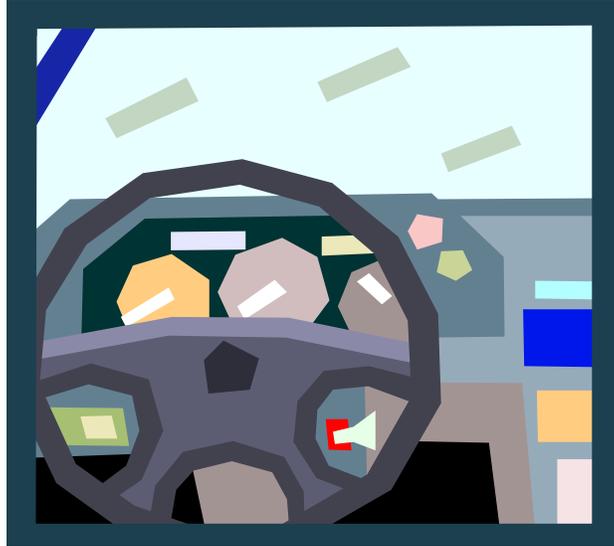
Events/Sponsorships

ORGANIZATION	EVENT / PROGRAM NAME	AMOUNT AWARDED	DATE(S)
Prevent Child Abuse Arizona	Child Abuse Prevention Conference	\$4,500.00	7/19/2016
Kaity's Way	Step Against Teen Dating Violence	(see raffle item)	7/23/2016
Williams Area Habitat for Humanity	Grand Opry Night	\$2,500.00	7/1/2016
Asian Community Entrepreneurs & Leaders	Annual Conference	\$4,500.00	7/8/2016
Local First Arizona Foundation	2016 Arizona Rural Policy Forum	\$2,500.00	8/10/2016 - 8/12/2016
Grand Canyon Music Festival	Grand Canyon Music Festival	\$3,500.00	8/25/2016 - 9/10/2016
Pawsitive Friendships	Pawsitive Programs	\$2,000.00	Ongoing

Red Rocks Music Festival	Red Rocks Music Festival	\$4,500.00	8/26/2016 - 9/4/2016
Be A Leader Foundation	Parent Program	\$1,000.00	All year
Old Concho Community Assistance Center	Housing the Homeless	\$8,000.00	Ongoing
Desert Voices Oral Learning Center	Desert Voices School Supplies	\$5,000.00	8/11/16 - 6/15/17
League of Arizona Cities and Towns	League of Arizona Cities and Towns Annual Conference	\$2,500.00	8/24/2016
Symphony Women's Association		\$5,000.00	8/30/2016
Community Food Bank of Southern Arizona	HungerWalk	\$1,000.00	9/17/2016
UMOM New Day Care Centers	Walk for Homeless Families	\$2,500.00	9/24/2016
The Phoenix Symphony	B-Sharp Music Wellness	\$4,500.00	9/26/2016
Hispanic Leadership Forum del Oeste	Baile de Exito - Dance for Success	\$1,500.00	9/10/2016
All Sports Foundation	Tim Barber Walk for POP	\$4,500.00	9/24/2016
Pinal County Juvenile Court Community Advisory Board (Friends of CASA)	Recognition Ceremony and Training	\$3,500.00	9/2016 - April 2017
Arizona Trail Association	Arizona Trail Day	\$3,000.00	9/10/2016
Florence Crittenton Services of Arizona	Heels for Healing	\$1,000.00	9/24/2016
CASA of Cochise County	Annual CASA Volunteer Recognition Banquet	\$750.00	9/22/2016
Southern Arizona Symphony Orchestra	Music acquisition and library	\$4,000.00	9/15/2016
Ronald McDonald House of Charities of Southern Arizona	Ronald McDonald House Party	\$5,000.00	9/23/2016
Friends of the Phoenix Public Library	Dinner in the Stacks	\$1,000.00	9/24/2016
Southern Arizona Children's Advocacy Center	4th Annual Golf Tournament	\$1,000	9/25/2016
Feeding Matters	2016 Feeding Matters Luncheon	\$5,000.00	9/28/2016
Arizona Interagency Farmworkers Coalition, Inc.	21st Annual AIFC Conference and Scholarship Dinner	\$6,000.00	9/26/2016

Military Assistance Mission, Inc.	9/11 Freedom Breakfast	\$5,000.00	9/9/2016
Ballet Arizona	Ballet Under the Stars	\$5,000.00	9/22/2016
Arizona Public Health Association	AzPHA Fall Conference and Spring Conference	\$5,000.00	9/30/2016
The Education Foundation	SouthCares 4th Annual Golf Tournament Benefitting the Education Foundation	\$500.00	9/10/2016
Northern Cochise Community Hospital Foundation	Boots 'N Bling Western Fling	\$4,000.00	9/10/2016
Valle del Sol	Profiles of Success	\$5,000.00	9/9/2016
Arizona Coalition to End Homelessness	23rd Annual Statewide Conference on Ending Homelessness	\$10,000.00	9/21 - 9/22
Copper Basin Family YMCA	Community Benefit Casino Night	\$1,000.00	9/17/2016
Yavapai College Foundation	Framing the Future Brunch	\$2,500.00	9/17/2016

ATTACHMENT A

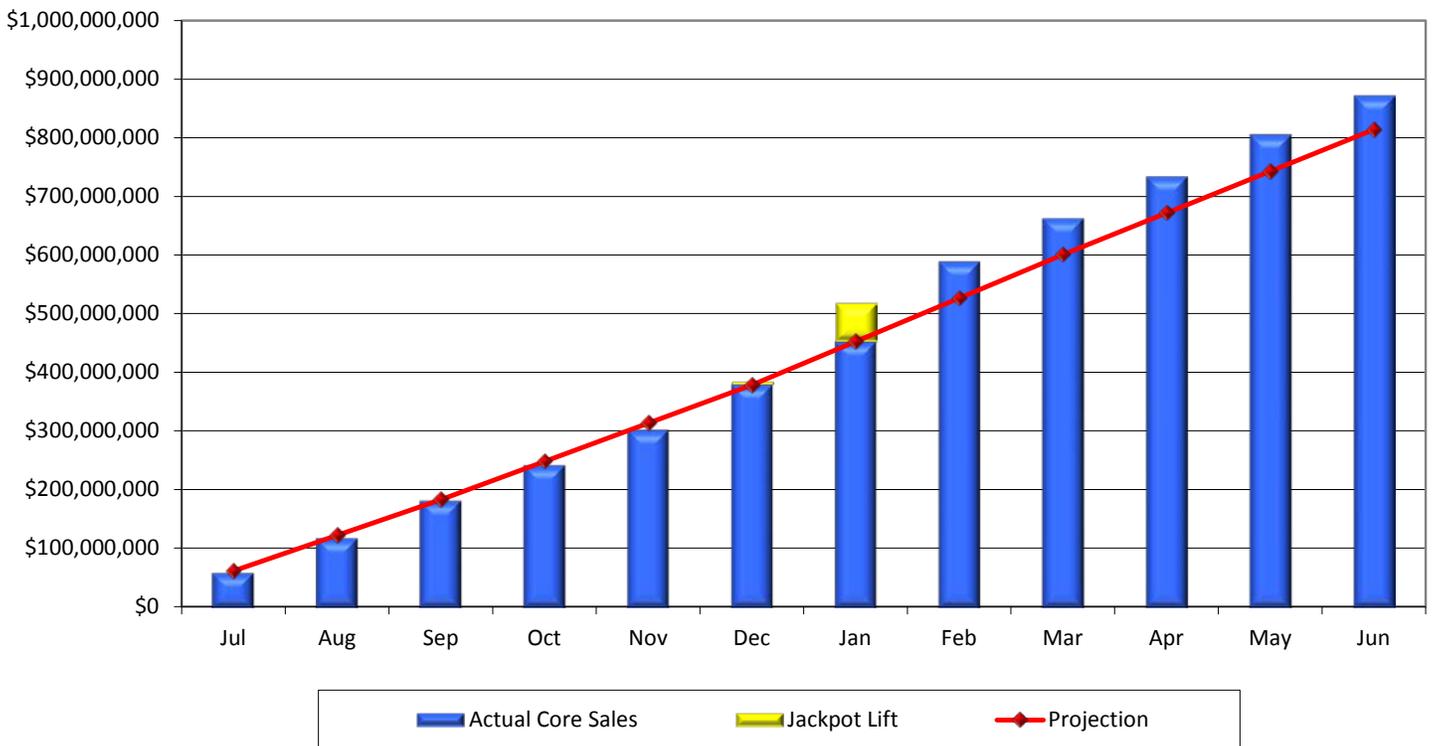


**Arizona Lottery
Dashboard
June 2016**

Fiscal Year 2016

**Arizona Lottery
FY 2016 Sales versus Projections**

Total Sales



Projection:	814,000,000
Actual Core:	800,945,825
Jackpot Lift:	70,000,000
Total Actual:	870,945,825
Difference:	56,945,825
% Difference:	7.0%

* Total sales ended the year 8.3% above projections.

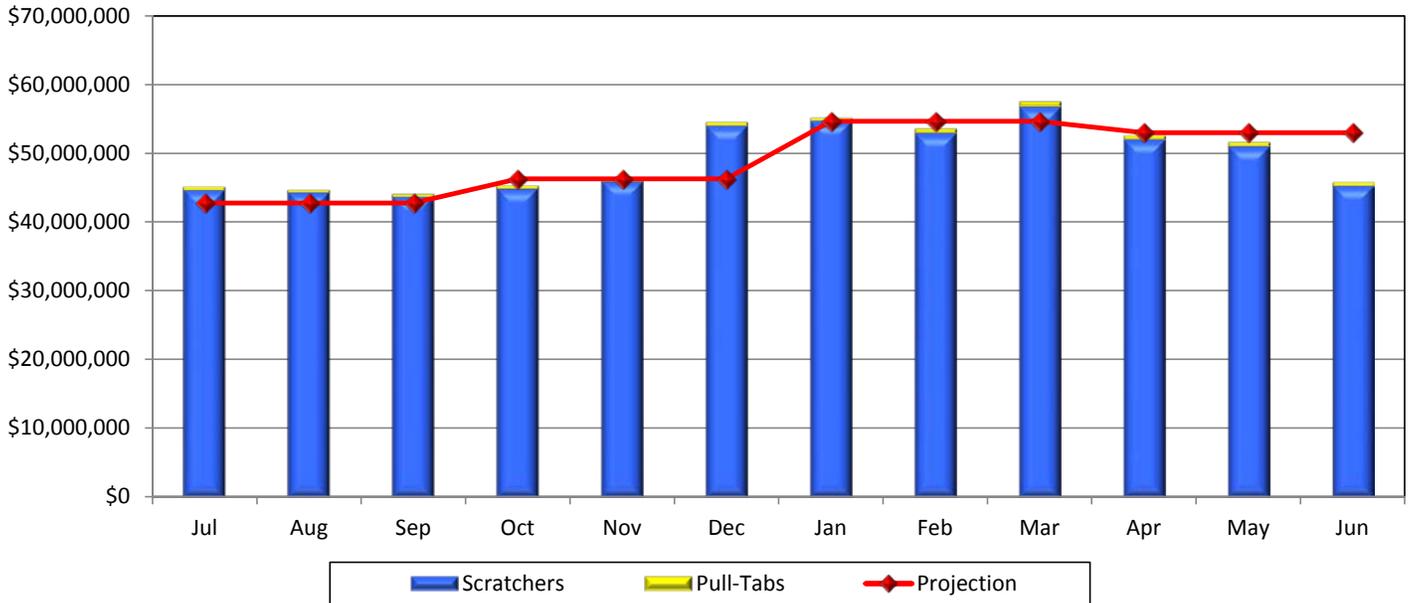
* The Instant product line (Scratchers & Pull-tabs) at \$596,774,696, finished 1.2% above projections.

* Total draw game sales of \$274,171,129, finished 22.3% above projections.

* The Multi-State draw games are currently 27.2% above projections; in-state games are 9.8% above projections.

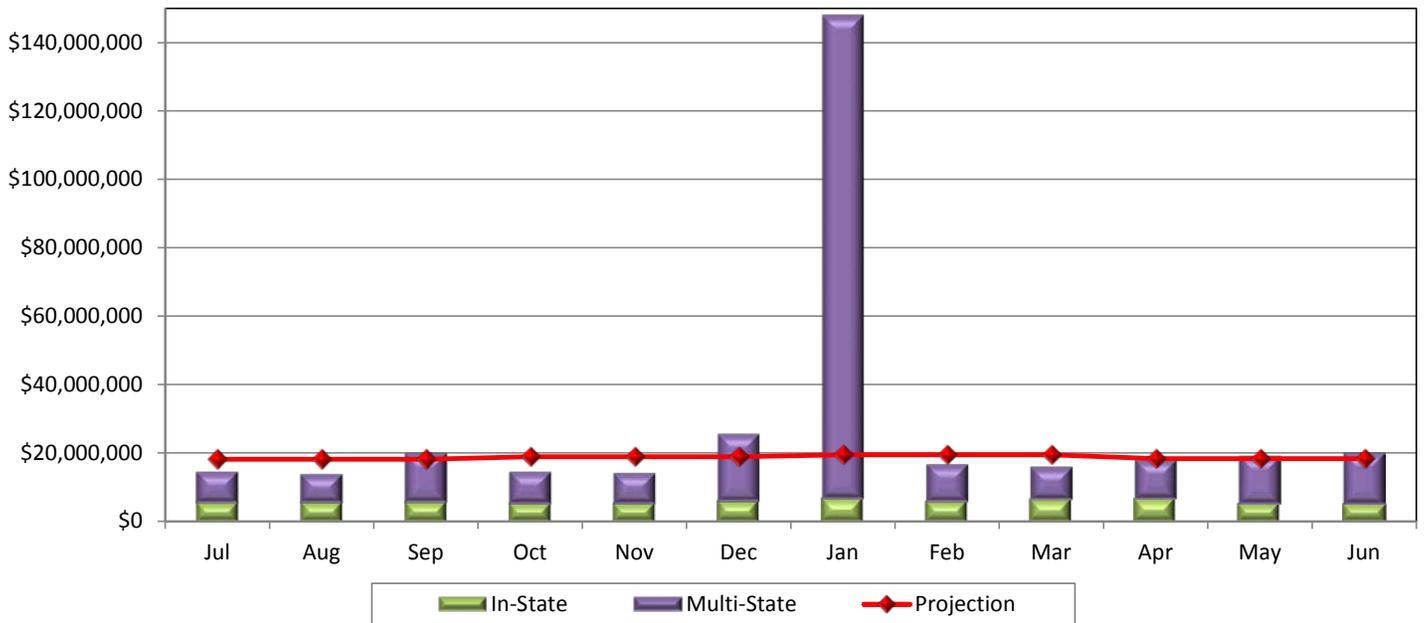
**Arizona Lottery
FY 2016 Sales versus Projections**

Instant Sales



Projection: 589,900,000
 Actual: 596,774,696
 Difference: 6,874,696
 % Difference: 1.2%

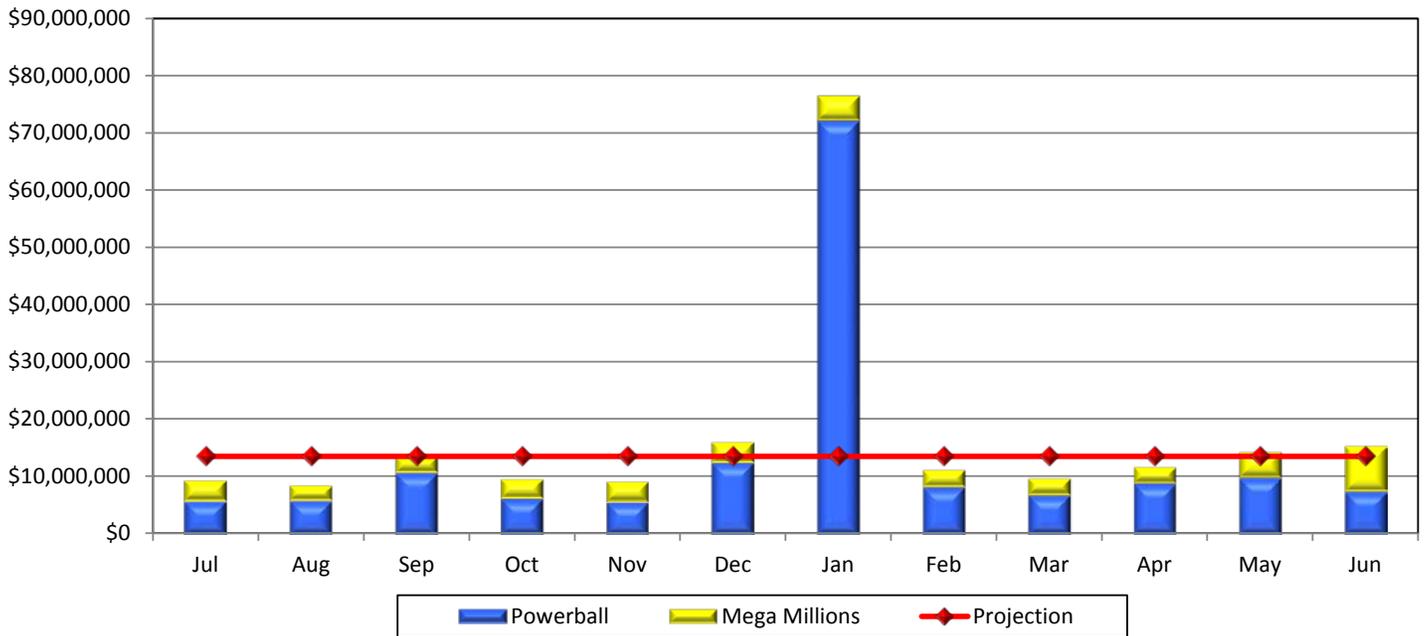
Total Draw Games



Projection: 224,100,000
 Actual: 274,171,129
 Difference: 50,071,129
 % Difference: 22.3%

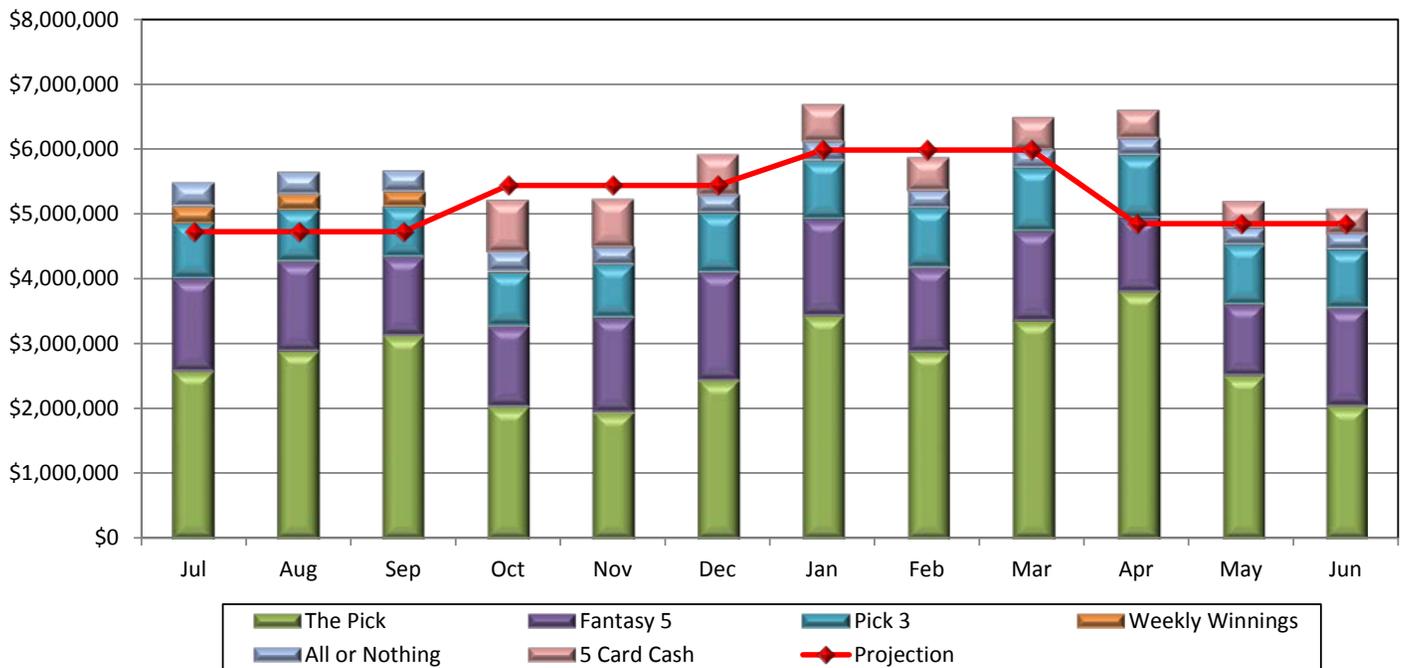
**Arizona Lottery
FY 2016 Sales versus Projections**

Multi-State Games



Projection: 161,100,000
 Actual: 204,988,390
 Difference: 43,888,390
 % Difference: 27.2%

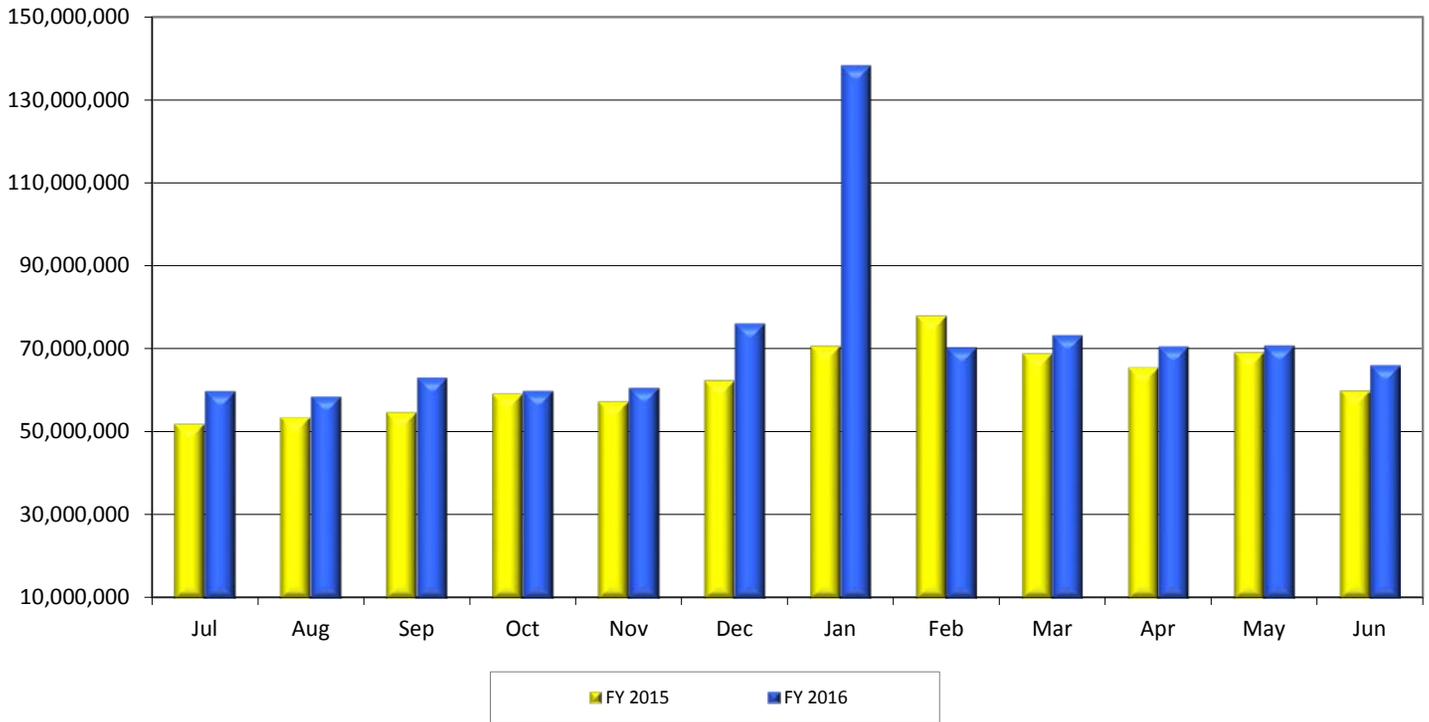
In-State Games



Projection: 63,000,000
 Actual: 69,182,739
 Difference: 6,182,739
 % Difference: 9.8%

**Arizona Lottery
FY 2016 versus FY 2015**

Total Sales

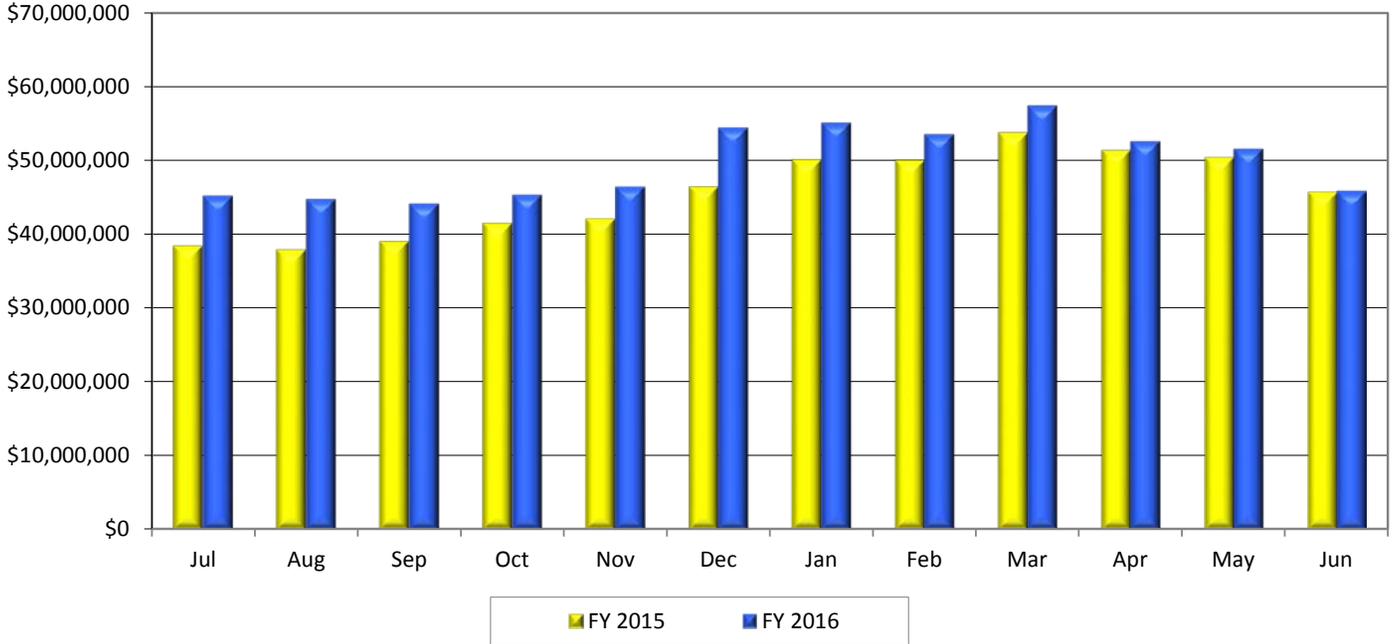


FY 2016	870,945,825
FY 2015	749,974,340
% Change	16.1%

- * Total sales ended the year 16.1% above last year.
- * The Instant product line (Scratchers & Pull-tabs) finished 9.1% above last year.
- * Total draw game sales ended 35.2% above last year.
- * Sales of the multi-state games, Powerball and Mega Millions finished 45.9% above last year.
- * Sales of the in-state games finished 11.0% above last year.

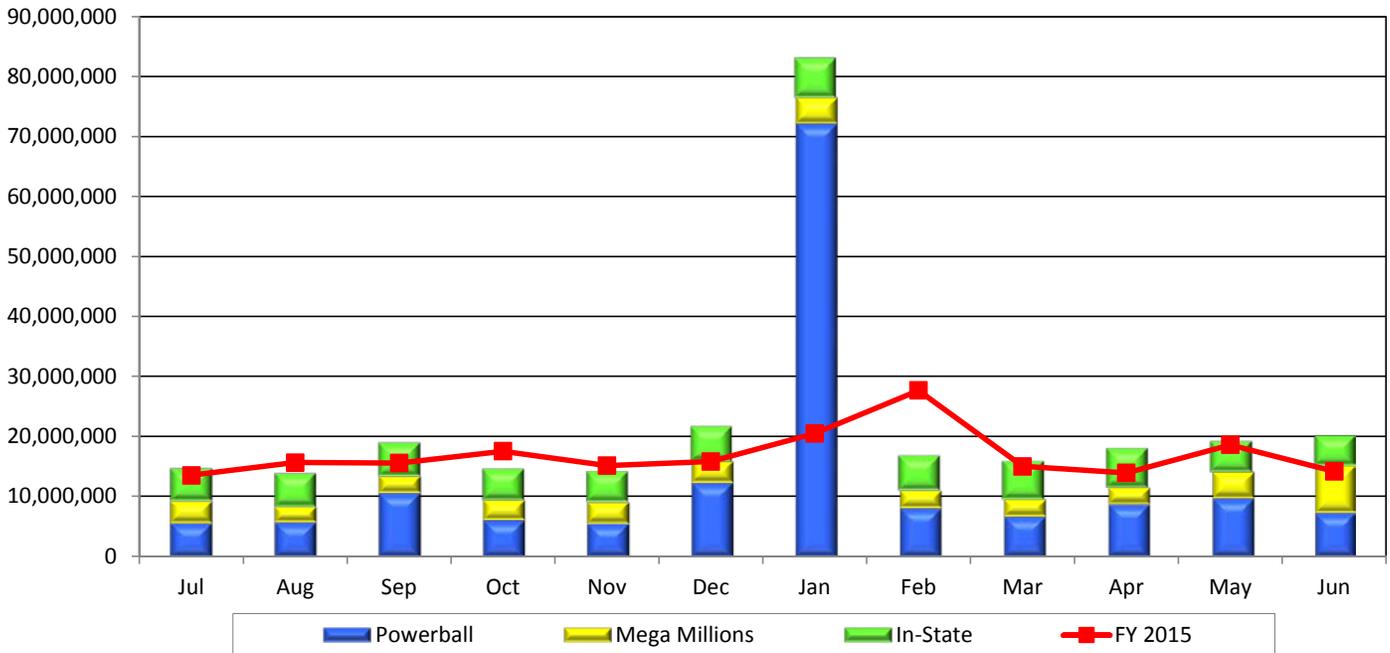
**Arizona Lottery
FY 2016 versus FY 2015**

Total Instant Games



FY 2016	596,774,696
FY 2015	547,170,903
% Change	9.1%

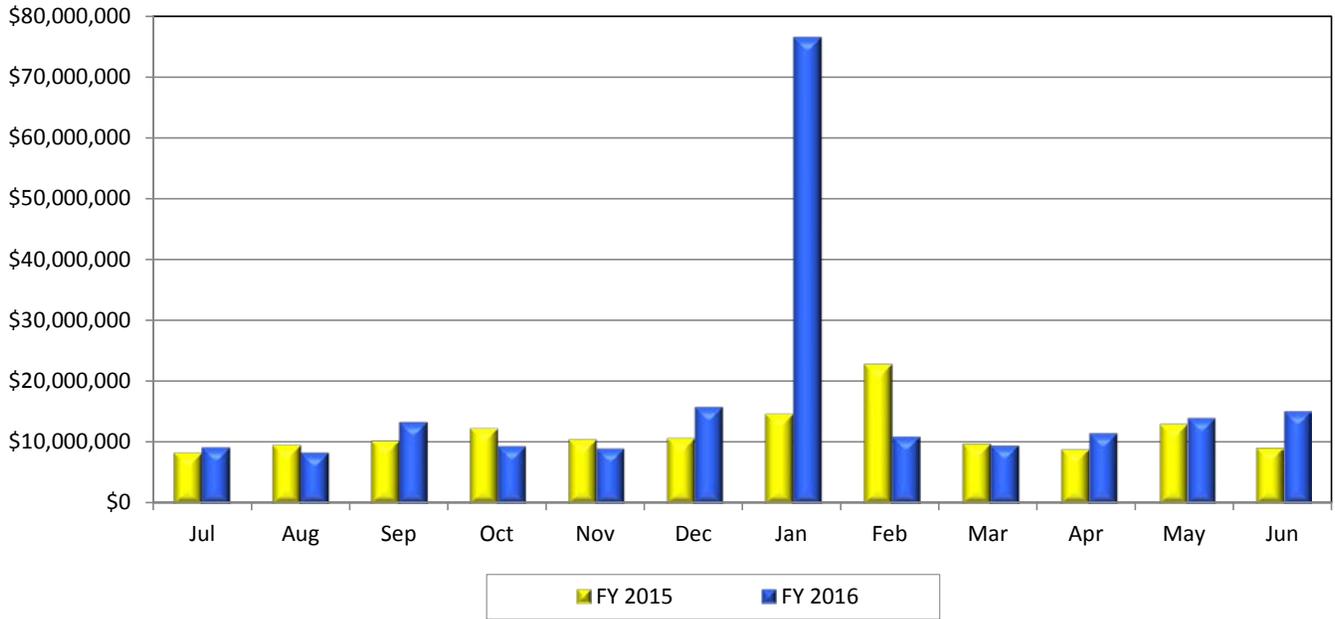
Total Draw Games



FY 2016	274,171,129
FY 2015	202,803,437
% Change	35.2%

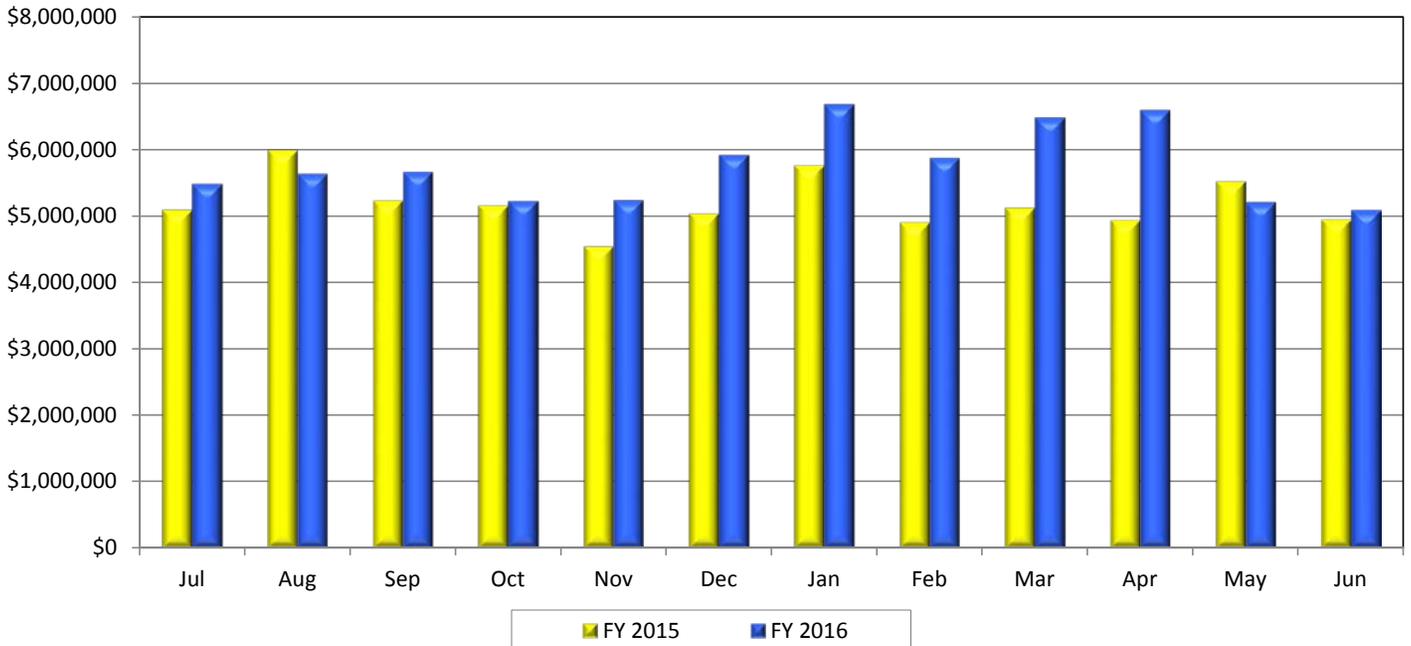
**Arizona Lottery
FY 2016 versus FY 2015**

Multi-State Jackpot Games



FY 2016	204,988,390
FY 2015	140,456,302
% Change	45.9%

Total In-State Games

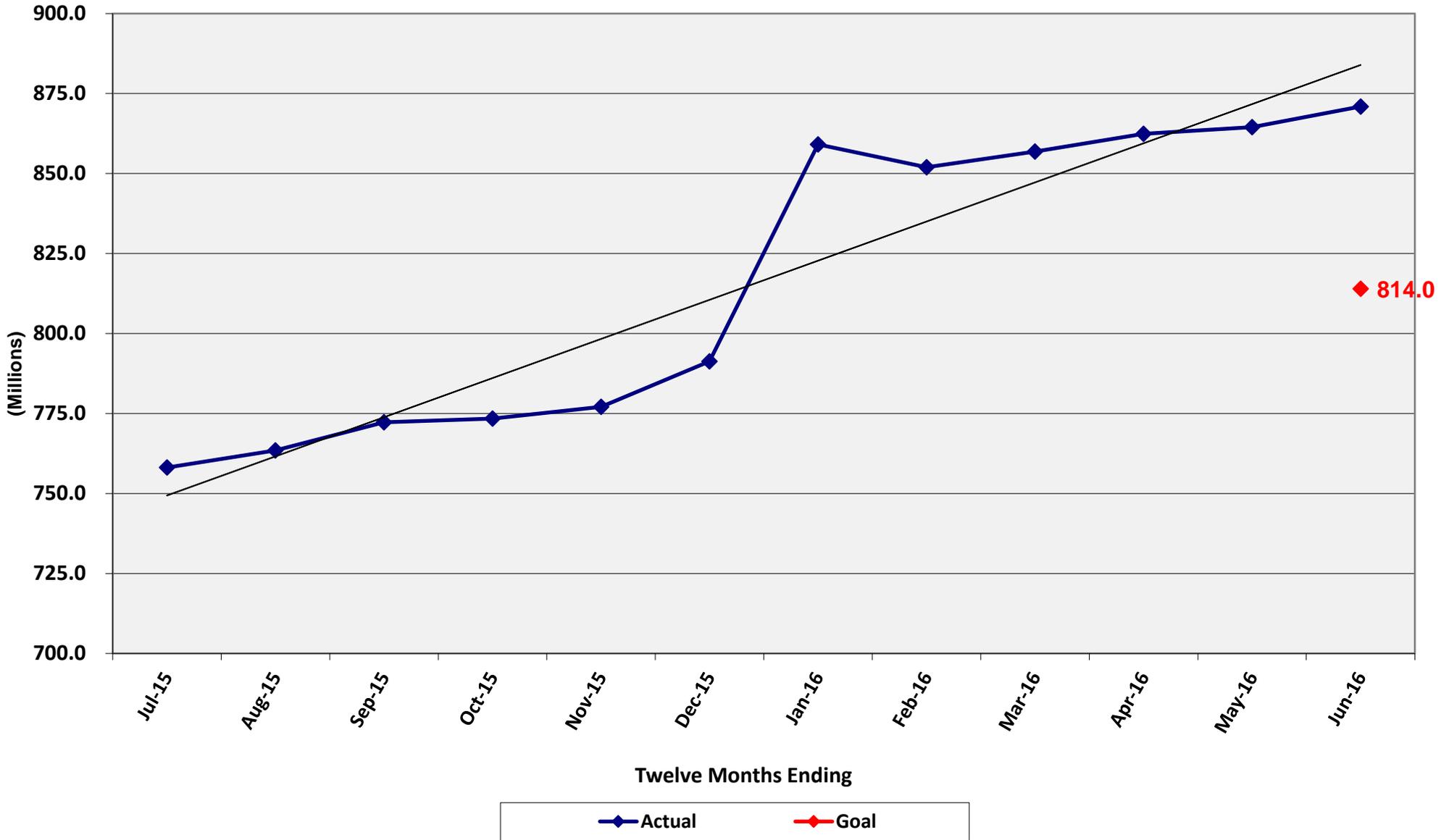


FY 2016	69,182,739
FY 2015	62,347,135
% Change	11.0%

Arizona Lottery
Sales by Product - FY 2016

Month	Scratchers	Instant Tabs - Charitable	Instant Tabs - Age Restricted	Total Instants	Powerball	Mega Millions	The Pick / EXTRA	Fantasy 5 / EXTRA	Pick 3	All Or Nothing	Weekly Winnings	5 Card Cash	Total Draw Games	Total Sales
July	44,762,330	450,366		45,212,696	5,763,799	3,627,153	2,582,698	1,425,781	852,825	363,932	262,250		14,878,438	60,091,134
August	44,414,146	379,050		44,793,196	5,902,069	2,548,809	2,893,009	1,378,843	796,506	340,102	237,118		14,096,456	58,889,652
September	43,796,339	385,836		44,182,175	10,744,756	2,810,199	3,129,067	1,212,089	777,945	324,994	225,022		19,224,072	63,406,247
October	44,978,294	416,928		45,395,222	6,243,435	3,330,685	2,040,103	1,241,266	824,639	304,364	20,098	804,064	14,808,654	60,203,876
November	45,957,929	513,420		46,471,349	5,623,792	3,574,033	1,952,954	1,456,703	817,537	274,874		743,752	14,443,645	60,914,994
December	54,036,756	440,220		54,476,976	12,514,149	3,553,725	2,439,498	1,664,069	913,539	281,512		631,664	21,998,156	76,475,132
January	54,693,763	439,398		55,133,161	72,229,844	4,329,119	3,432,991	1,488,743	897,617	297,262		569,502	83,245,078	138,378,239
February	52,931,953	630,840	6,480	53,569,273	8,262,537	2,925,452	2,876,887	1,299,425	914,863	275,110		514,218	17,068,492	70,637,765
March	56,772,406	610,836	39,960	57,423,202	6,831,780	2,859,437	3,358,373	1,372,822	975,248	282,746		498,094	16,178,500	73,601,702
April	51,982,504	551,124	71,280	52,604,908	8,883,335	2,801,501	3,797,792	1,140,201	964,429	259,914		443,828	18,291,000	70,895,908
May	51,039,251	482,718	85,320	51,607,289	9,887,680	4,384,085	2,516,629	1,095,720	918,412	264,400		418,148	19,485,074	71,092,363
June	45,340,043	485,286	79,920	45,905,249	7,442,379	7,914,637	2,047,825	1,503,557	902,754	257,500		384,912	20,453,564	66,358,813
YTD Sales	590,705,714	5,786,022	282,960	596,774,696	160,329,555	44,658,835	33,067,826	16,279,219	10,556,314	3,526,710	744,488	5,008,182	274,171,129	870,945,825
YTD Rtlr Commissions	38,395,871	1,157,204	18,392	39,571,468	10,421,421	2,902,824	2,149,409	1,058,149	686,160	229,236	48,392	325,532	17,821,123	57,392,592
% of Sales	67.8%	0.66%	0.03%	68.5%	18.4%	5.1%	3.8%	1.9%	1.2%	0.4%	0.1%	0.6%	31.5%	100.0%
Avg Mo Sales	49,225,476	482,169	56,592	49,764,237	13,360,796	3,721,570	2,755,652	1,356,602	879,693	293,893	186,122	556,465	22,554,327	72,578,819

Annual Sales Trailing 12 Month Periods



**Arizona Lottery
Transfers To Other State Funds**

Month	Heritage Game & Fish	Healthy Arizona	State General Fund	Mass Transit LTAF II*	Homeless Shelters	State General Fund II	Arizona Commerce Authority	Univ Capital Debt Service	Dept of Gaming	Internet Crimes & Victims' Rights	Tribal College Dual Enrollment	C.A.S.A.	Total Transfers
July			3,750,175								41,150		3,791,325
August			3,750,175								81,722		3,831,897
September	3,094,200	6,356,000	16,681,650	4,528,600							37,128	739,776	31,437,354
**Approp Transfer									300,000				300,000
October			3,750,175										3,750,175
November			3,750,175										3,750,175
December	3,417,600	7,003,100	18,363,150	4,982,100								682,966	34,448,916
January			3,750,175										3,750,175
February			3,750,175										3,750,175
March	3,488,200	7,117,200	26,604,150	1,991,300	1,000,000	14,574,325				911,000		849,466	56,535,641
April													0
May													0
June			689,200			915,675	3,500,000	38,667,985		89,000		665,803	44,527,663
****Adj June			20,453					(20,453)					0
YTD Transfers	10,000,000	20,476,300	84,859,653	11,502,000	1,000,000	15,490,000	3,500,000	38,647,533	300,000	1,000,000	160,000	2,938,012	189,873,497
FY15 Transfers	10,000,000	20,199,500	87,900,725	11,444,400	1,000,000	15,490,000	3,500,000	22,273,207	300,000	1,000,000	0	2,914,197	176,022,029

*Clean Air Act
 **Pursuant to Proposition 202 (Compulsive Gambling Treatment)
 ***Pursuant to HB2001, FY14 for BREAZ
 ****Adjustment to reflect distribution cap.

Arizona Lottery
Transfers To Other State Funds
By Product - FY 2016

8/11/2016

	Scratchers	Powerball	Mega Millions	The Pick / EXTRA	Fantasy 5 / EXTRA	Pick 3	All Or Nothing	Weekly Winnings	5 Card Cash	Instant Tabs Charitable	Instant Tabs Age Restricted	Unclaimed Age Restricted	Unclaimed Prizes Tribal	Unclaimed Prizes C.A.S.A.	Total Transfers
July	2,714,775	468,200	229,700	129,100	85,300	48,700	31,000	17,700		25,700			41,150		3,791,325
August	2,714,775	468,200	229,700	129,100	85,300	48,700	31,000	17,700		25,700			81,722		3,831,897
Gaming Department	217,100	37,500	18,400	10,300	6,800	3,900	2,500	1,400		2,100					300,000
September	19,835,450	5,002,800	1,922,100	2,022,300	894,000	545,900	210,900	156,700		70,300			37,128	739,776	31,437,354
October	2,714,775	468,200	229,700	129,100	85,300	48,700	31,000		17,700	25,700					3,750,175
November	2,714,775	468,200	229,700	129,100	85,300	48,700	31,000		17,700	25,700					3,750,175
December	22,115,550	5,525,200	2,312,500	1,446,700	985,600	580,100	166,300		548,000	86,000				682,966	34,448,916
January	2,714,775	468,200	229,700	129,100	85,300	48,700	31,000		17,700	25,700					3,750,175
February	2,714,775	468,200	229,700	129,100	85,300	48,700	31,000		17,700	25,700					3,750,175
March	25,806,250	22,204,700	2,221,000	2,304,000	932,200	641,500	164,800		383,900	116,825	11,000	900,000		849,466	56,535,641
April															0
May															0
June	28,188,860	6,946,700	4,001,600	2,216,200	991,100	738,300	207,300		330,700	152,100	55,700	33,300		665,803	44,527,663
Final Profit Distribution ¹															0
YTD Transfers	112,451,860	42,526,100	11,853,800	8,774,100	4,321,500	2,801,900	937,800	193,500	1,333,400	581,525	66,700	933,300	160,000	2,938,012	189,873,497
Transfer % of Total Sales	12.9%	4.9%	1.4%	1.0%	0.5%	0.3%	0.1%	0.02%	0.2%	0.1%	0.008%	0.1%	0.02%	0.3%	21.8%
YTD Sales	590,705,714	160,329,555	44,658,835	33,067,826	16,279,219	10,556,314	3,526,710	744,488	5,008,182	5,786,022	282,960				870,945,825
% of Sales by Product	67.82%	18.41%	5.13%	3.80%	1.87%	1.21%	0.40%	0.09%	0.58%	0.66%	0.03%				100.00%
% of Transfer by Product	19.04%	26.52%	26.54%	26.53%	26.55%	26.54%	26.59%	25.99%	26.62%	10.05%	23.57%				21.46%

¹ The final profit calculation is expected to be completed by the end of August.

Note: The transfers formerly attributed to Weekly Winnings were moved to 5 Card Cash as Weekly Winnings ended in September 2015.

FY16 Year-to-Date Budget Status YEAR-END



Date: 6/30/2016
Elapsed: 100%

	<u>Budget</u>	<u>Expenditures thru June</u>	<u>Percent Expended</u>	<u>Balance</u>	<u>Comments</u>
Personal Services	4,467,400	3,765,800	84%	701,600	
ERE	2,077,300	1,584,400	76%	492,900	
Professional & Outside	386,800	423,700	110%	(36,900)	contracted IT/audit services
Travel In-State	271,600	241,300	89%	30,300	
Travel Out-of-State	16,800	19,500	116%	(2,700)	
Other Operating / Equip.	1,169,500	886,400	76%	283,100	
Operating Subtotal:	\$ 8,389,400	\$ 6,921,100	82%	\$ 1,468,300	
Advertising	15,500,000	9,743,600	63%	5,756,400	
% of sales { Instant Tickets	21,483,900	13,317,600	62%	8,166,300	
{ On-Line Vendor Fees	10,144,300	9,343,300	92%	801,000	
{ Charitable Commissions	1,157,200	1,157,200	100%	-	
{ Retailer Commissions	57,965,700	57,025,600	98%	940,100	
Total Budget:	\$ 114,640,500	\$ 97,508,400	85%	\$ 17,132,100	

NOTE: Expenses do not include administrative adjustments to be paid against the FY16 budget for invoices received after the end of the fiscal year.

Notes on Sales-Related Line Items:

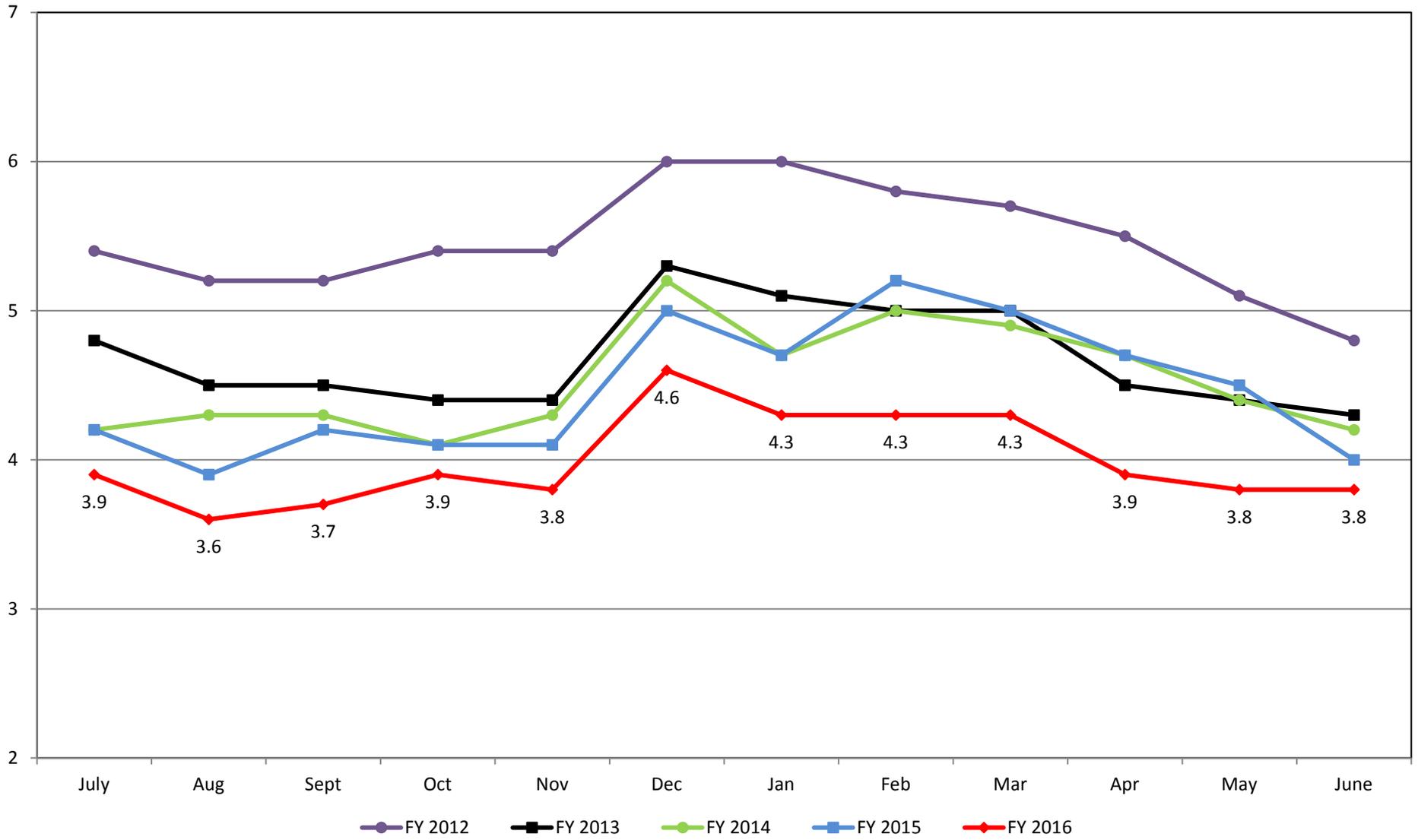
Instant Tickets: Appropriated based on 3.6% of sales. The budget corresponds to actual instant ticket sales of \$596.8 million for FY16.

On-Line Vendor Fees: Appropriation based on percentage of on-line sales as determined by contract. The budget corresponds to on-line ticket sales of \$274.2 million for FY16.

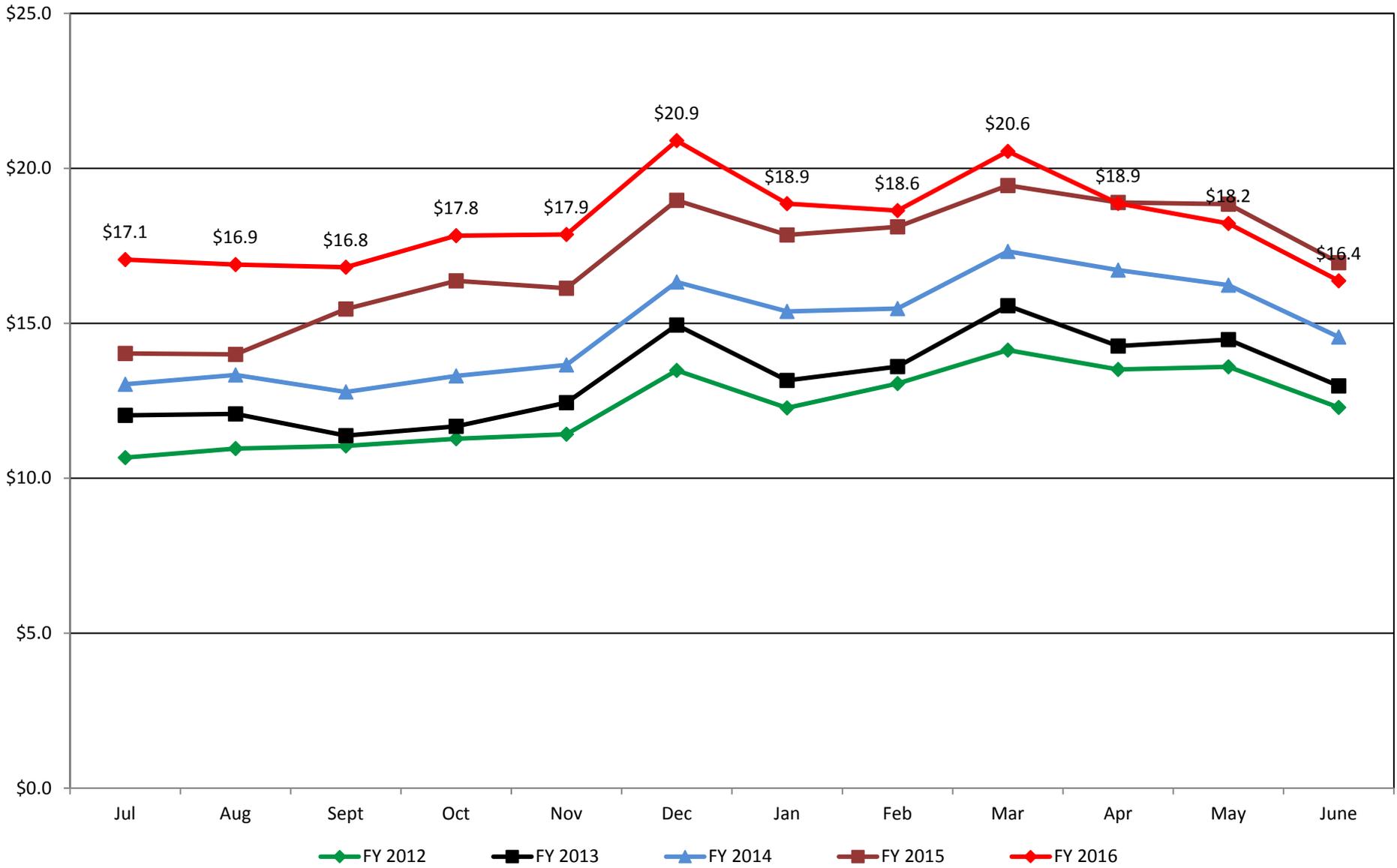
Charitable Commissions: The compensation rate is 20% of instant tab ticket sales. The budget corresponds to actual charitable game sales of \$5.8 million for FY16.

Retailer Commissions: The compensation rate is 6.5% base plus up to an additional .5% based on performance criteria. The budget corresponds to total sales (less charitable instant tab sales) of \$865.2 million at the JLBC estimated compensation rate of 6.7%; the actual compensation rate was about 6.7%.

**Arizona Lottery
Ticket Vending Machine - Monthly Out-of-Stock Averages**



**Arizona Lottery
Vending Machine Sales - Instant Tickets**



**Draw Games - Advertised Jackpot Comparisons
June FY2016 vs FY2015**

Powerball	FY2016 Jackpot			FY2015 Jackpot		
	Wed	Sat	Wkly Sales	Wed	Sat	Wkly Sales
06/04/16	\$100.0	\$110.0	\$1.48	\$188.0	\$40.0	\$1.72
06/11/16	\$123.0	\$141.0	\$1.57	\$50.0	\$60.0	\$1.27
06/18/16	\$153.0	\$169.0	\$1.70	\$70.0	\$80.0	\$1.33
06/25/16	\$184.0	\$203.0	\$1.82	\$40.0	\$50.0	\$1.21
06/30/16	\$222.0		\$1.26	\$60.0		\$0.38
Total Monthly Sales	\$7,442,379			\$5,782,660		

Mega Millions	FY2016 Jackpot			FY2015 Jackpot		
	Tue	Fri	Wkly Sales	Tue	Fri	Wkly Sales
06/04/16	\$235.0	\$251.0	\$1.24	\$253.0	\$15.0	\$1.25
06/11/16	\$260.0	\$280.0	\$1.42	\$20.0	\$26.0	\$0.63
06/18/16	\$293.0	\$310.0	\$1.81	\$35.0	\$44.0	\$0.64
06/25/16	\$333.0	\$363.0	\$2.23	\$52.0	\$64.0	\$0.69
06/30/16	\$390.0		\$1.69	\$74.0	\$84.0	\$0.32
Total Monthly Sales	\$7,914,637			\$3,410,793		

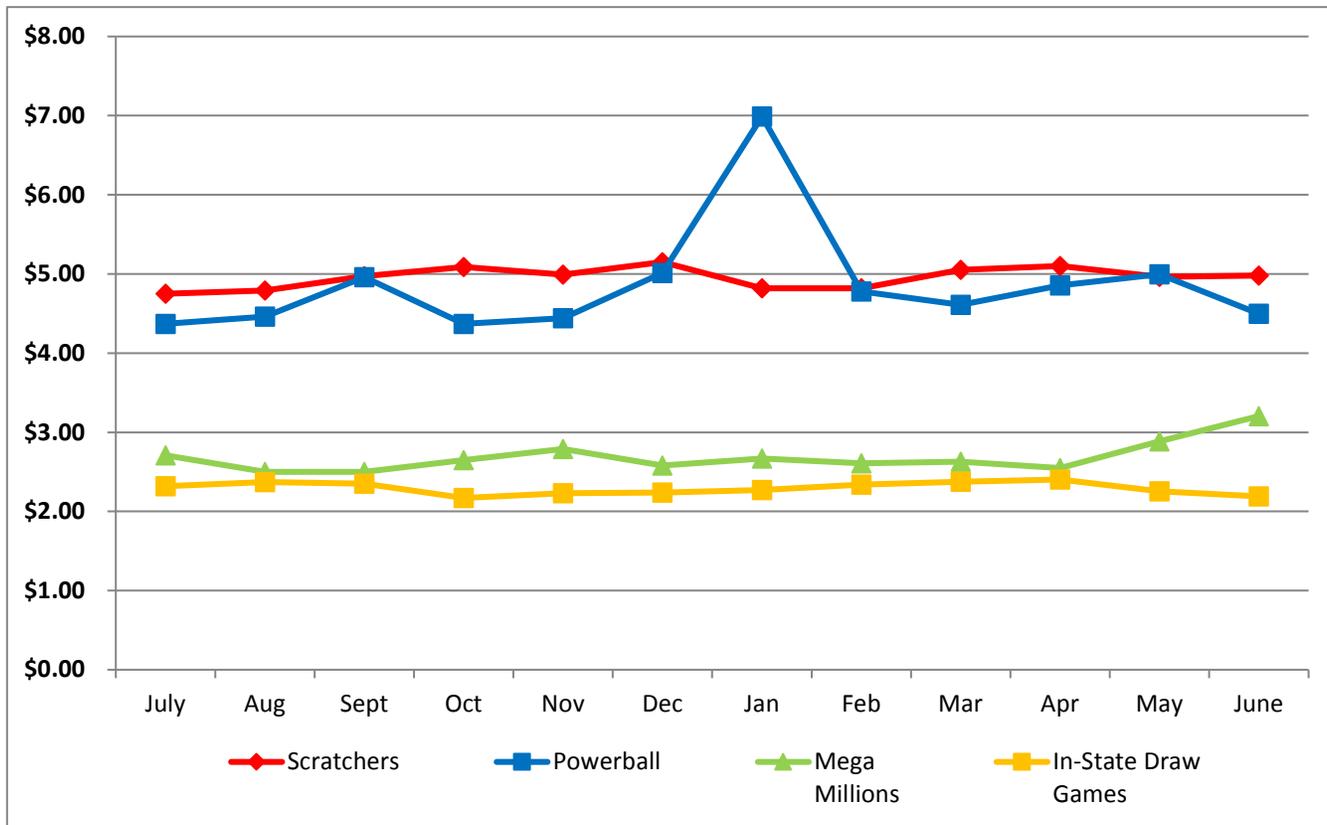
The Pick	FY2016 Jackpot			FY2015 Jackpot		
	Wed	Sat	Wkly Sales	Wed	Sat	Wkly Sales
06/04/16	\$1.0	\$1.0	\$0.46	\$1.9	\$2.0	\$0.54
06/11/16	\$1.0	\$1.1	\$0.46	\$2.1	\$2.2	\$0.53
06/18/16	\$1.1	\$1.2	\$0.48	\$2.3	\$2.4	\$0.53
06/25/16	\$1.3	\$1.3	\$0.47	\$2.5	\$2.7	\$0.53
06/30/16	\$1.4		\$0.30	\$2.8		\$0.15
Total Monthly Sales	\$2,047,825			\$2,250,002		

Jackpot and weekly sales amounts are in millions

High jackpot for the period

Arizona Lottery
Average Wager Transactions - By Game

	Scratchers	Powerball	Mega Millions	In-State Draw Games
July	\$4.75	\$4.37	\$2.71	\$2.32
Aug	\$4.79	\$4.46	\$2.50	\$2.37
Sept	\$4.97	\$4.96	\$2.50	\$2.35
Oct	\$5.09	\$4.37	\$2.65	\$2.17
Nov	\$4.99	\$4.44	\$2.79	\$2.23
Dec	\$5.15	\$5.01	\$2.58	\$2.24
Jan	\$4.82	\$6.99	\$2.67	\$2.27
Feb	\$4.82	\$4.78	\$2.61	\$2.34
Mar	\$5.05	\$4.61	\$2.63	\$2.38
Apr	\$5.10	\$4.85	\$2.55	\$2.40
May	\$4.96	\$5.00	\$2.88	\$2.25
June	\$4.98	\$4.50	\$3.20	\$2.19
Average	\$4.96	\$4.86	\$2.69	\$2.29



ATTACHMENT B

Arizona Lottery
FY2016 Year-End – Product Review

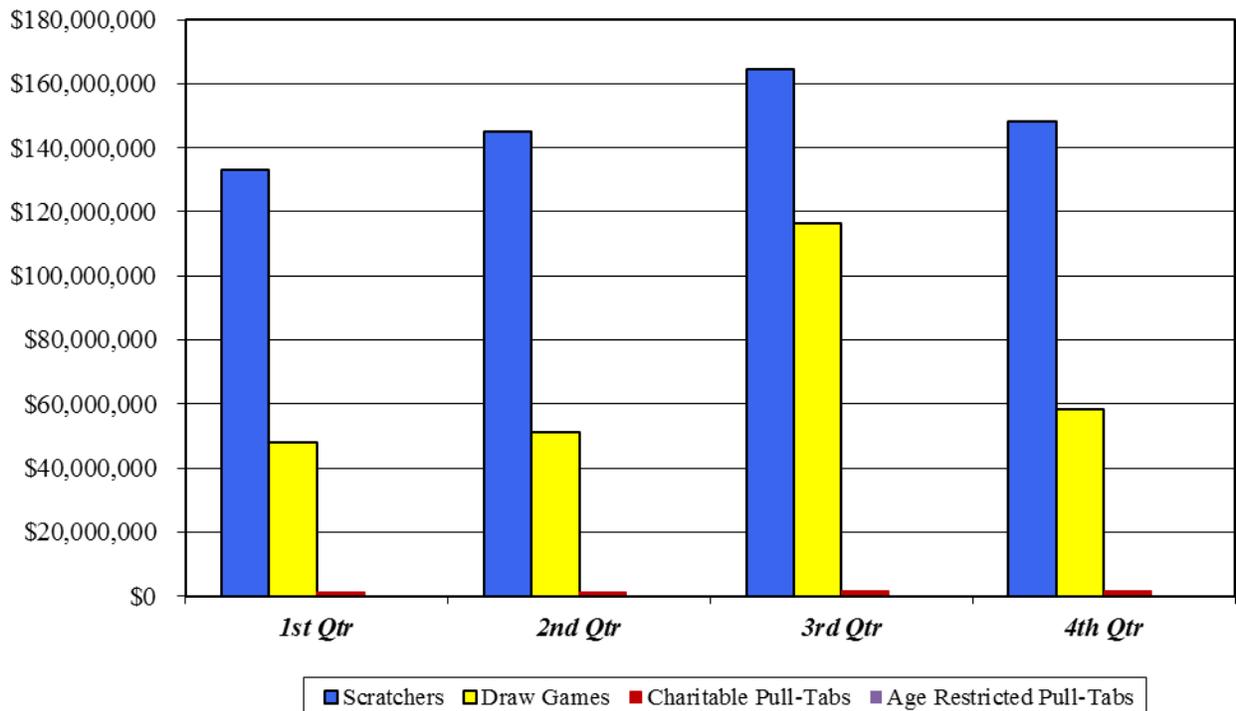
As part of a quarterly review process, we will report to the agency on the performance of the individual lottery products including both draw and instant games. The information contained in this report includes the following:

- General overview of the fiscal year
- A top line review of sales performance of each product
- A summary review by price point for the instant games
- A top down look at the top performing games by revenue and tickets
- A review of new game introductions and game endings

General Overview

Sales for FY16 reached a new high of 870,945,825, an increase of 16.13% over the previous fiscal year. The breakdown by product is as follows:

	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>	<u>Total</u>	<u>Mkt Share</u>
<i>Scratchers^{®1}</i>	\$132,972,815	\$144,972,979	\$164,398,122	\$148,361,798	\$590,705,714	67.8%
<i>Draw Games</i>	\$48,198,966	\$51,250,455	\$116,492,070	\$58,229,638	\$274,171,129	31.5%
<i>Charitable Pull-Tabs</i>	\$1,215,252	\$1,370,568	\$1,681,074	\$1,519,128	\$5,786,022	.66%
<i>Age Restricted Pull-Tabs</i>			\$46,440	\$236,520	\$282,960	.03%
Total	\$182,387,033	\$197,594,002	\$282,617,706	\$208,347,084	\$870,945,825	



¹ Scratchers[®] is a registered service mark of the California Lottery.

As indicated in the chart above, the Scratchers contribution to total sales exceeded the draw games in each quarter of the year and represented 67.8% of total sales. The market share for draw game increased to 31.5% as a result of the record breaking jackpot on Powerball. Pull-tabs increased this fiscal year with the addition of age-restricted locations, representing 0.69% of total sales. Sales detail by game is provided in Attachments A and B.

Charitable Pull-Tabs

The charitable games program, first introduced in January 2011, continues to be strong with 125 organizations currently licensed and selling tickets. Sales for this year reached a high of \$5.78 million, a 12.6% increase over the previous year. This translates into more than \$1.1 million in commissions earned by these organizations to support their programs.

Age Restricted Pull-Tabs

The age restricted games program began licensing retailers in February 2016. Currently there are 28 retailers licensed and selling tickets. Sales for the first 5 months of this program reached \$282,960.

Scratchers Games

Sales for Scratchers remained strong the entire fiscal year, resulting in an almost 9% increase for the year. March sales of more than \$56.7 million set a new record for a single sales month.

Based on validations, players have also benefitted from the higher sales, earning more than \$411.5 million in prizes. The prizes paid calculated against the sales revenues equate to an average payout of 69.7%.

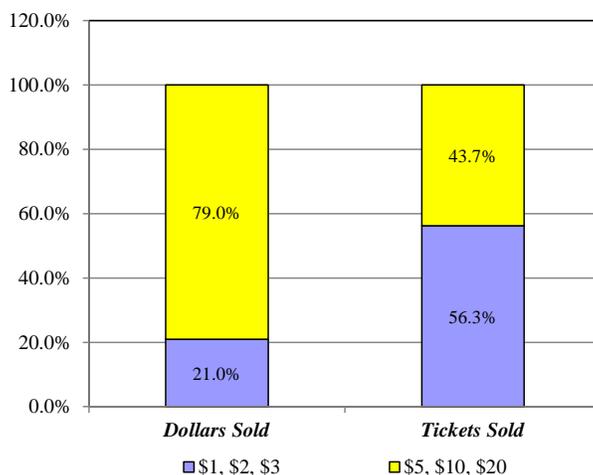
A total of 59 new games were introduced this fiscal year. Combined with the games carried forward, a total of 126 games contributed to the sales revenues.

Price Point	\$1	\$2	\$3	\$5	\$10	\$20
# New Games	12	13	4	17	10	3
Carried Forward	13	16	5	18	12	3

During this same period 59 games were ended. Fourteen of the games were ended because the last top prize had been redeemed. The remaining games were ended as part of the standard quarterly game ending process, either because the games were out of inventory or the intended sales period had expired.

Sales by price point

The total number of tickets at the \$1, \$2 and \$3 price points continues to represent the largest volume of tickets sold with 56.3% but represent only 21.0% of the revenues. During this same period the \$5, \$10 and \$20 games accounted for 43.7% of the tickets sold and 79.0% of the revenues. The higher price point games continue to grow, with the largest increase at the \$20 price point once again; from 22.2% of the market at the end of last year to 29.6% this year. The chart below shows the breakdown of tickets and dollars for FY16. The charts on Attachment C show a comparable breakdown across all price points for the most recent five years.



Although the payout percentage increases as the ticket price increases our efforts continue to optimize the overall prize payout on the Scratchers product line without impacting the sales performance of the games. Pricing strategy can be challenging and complex, but our actions need to be deliberate and based on careful analysis of the facts. For Fiscal Year 2017, we plan to study this issue further to maximize beneficiary transfers.

Top 10 games

The Crossword and Bingo style games continue to be strong in the market with more than \$164.6 million in sales, representing 28% of total instant sales. In terms of both dollars and tickets sold, five of the top ten games are Crossword or Bingo style games. The top performer of the year with more than \$125.5 million in sales was the \$20 spotlight game, *\$185 Million Cash Explosion* (#950). This game represented 21.2% of the total instant sales. The game has been in market since September 2014 and to date has sold more than \$208 million.

The table below identifies the top 10 games in terms of sales revenue generated and total tickets sold through the third quarter.

Top 10 games in sales revenue		
Game		Sales Revenue
\$20 950	\$185 Million Cash Explosion	\$125,502,080
\$20 977	Crossword Deluxe	\$23,969,540
\$5 978	Crossword Party	\$23,935,035
\$2 981	Crossword	\$22,499,814
\$10 1011	Triple Red 7's	\$22,315,730
\$10 1022	Silver & Gold Crossword	\$20,714,620
\$10 1018	Double Cash Doubler	\$15,939,780
\$2 980	Bingo	\$15,327,200
\$10 982	Jumbo Bucks	\$15,097,160
\$20 1042	Big Money Game Book	\$13,041,760

Top 10 games in tickets sold		
Game		Tickets Sold
\$2 981	Crossword	11,249,907
\$2 980	Bingo	7,663,600
\$20 950	\$185 Million Cash Explosion	6,275,104
\$5 978	Crossword Party	4,787,007
\$2 979	Red Hot 7's	4,359,140
\$2 1061	Crossword	2,837,556
\$3 983	Lucky Line Crossword	2,252,432
\$10 1011	Triple Red 7's	2,231,573
\$10 1022	Silver & Gold Crossword	2,071,462
\$5 963	Red Line Bingo	1,979,227

Holiday Games

Five holiday games were introduced in early October. Holiday game sales are generally strong, and this fiscal year was no exception with more than \$21.7 million in sales.

January Series of Games

For several years, we have been introducing a “family” of games in January as replacements for the out-going holiday games. The games all have a similar look and theme and are offered at multiple price points. Last year’s games, the Taxes Paid series, generated more than \$22 million in sales.

Second Chance Drawing Promotion

Games offering second chance opportunities for players to win cash or merchandise prizes have become very popular. In fiscal year 2016, in celebration of the Lottery's 35th anniversary, a series of second chance drawings were planned: four regular drawings and one Grand Prize drawing. Prize money from ten designated games was consolidated for the promotion, giving players the chance to win from \$500 to \$150,000. Two of the regular drawings were held in fiscal year 2016; the two remaining regular drawings and the final Grand Prize drawing will be held during the last half of calendar year 2016.

Player's Rewards

The Player Rewards promotion began in late March, and represents the first step in creating a Player Loyalty Club. Players have the opportunity to enter non-winning tickets from the \$1, \$2 and \$3 games to earn entries into a monthly drawing to win a cash prize or prize points to spend on merchandise in the online prize store. The promotion includes a mobile app allowing players to scan their tickets into the drawings. The promotion continues in fiscal year 2017. At the end of the promotion a Grand Prize of \$30,000 will be awarded.

Draw Games

Total sales of draw games for the year reached \$274,171,129, an increase of 35.19% over the previous year.

Powerball – Sales for the year totaled \$160,329,555, an increase of 71.22% over the prior year. The increase is a direct result of the record breaking jackpot during the month of January. A \$1.5 billion jackpot that began in early November 2015 was ultimately won on January 13, 2016. During the jackpot run, five lucky Arizona players won \$1 million each, and one player won \$2 million.

Mega Millions – Sales for the year totaled \$44,658,835, a decrease of 2.8% from the prior year. The highest jackpot, \$390 million, was not reached until the end of the fiscal year.

Combined sales for the multi-state games were 45.94% over the previous year.

Draw Games – In-State Games

The Pick™ – Sales for the year totaled \$33,067,826, an increase of 28.1% over the previous year. The largest jackpot of the fiscal year began to build in mid-October and grew to \$8.4 million before it was won in the beginning of May.

Fantasy 5™ – Sales for the year totaled \$16,279,219, a decrease of 4.5% from the previous year. The highest jackpot this past year was \$413,000 which was won in December.

Pick 3™ – Sales for the year totaled \$10,556,314, an increase of 8.4% over the previous year. Sales for this game remain consistent with a slight increase year over year. Currently the game is averaging approximately \$880,000 per month.

5 Card Cash™ – Sales for the year totaled \$5,008,182. Because sales for this game began in October 2015, there is no sales comparison available to the previous fiscal year.

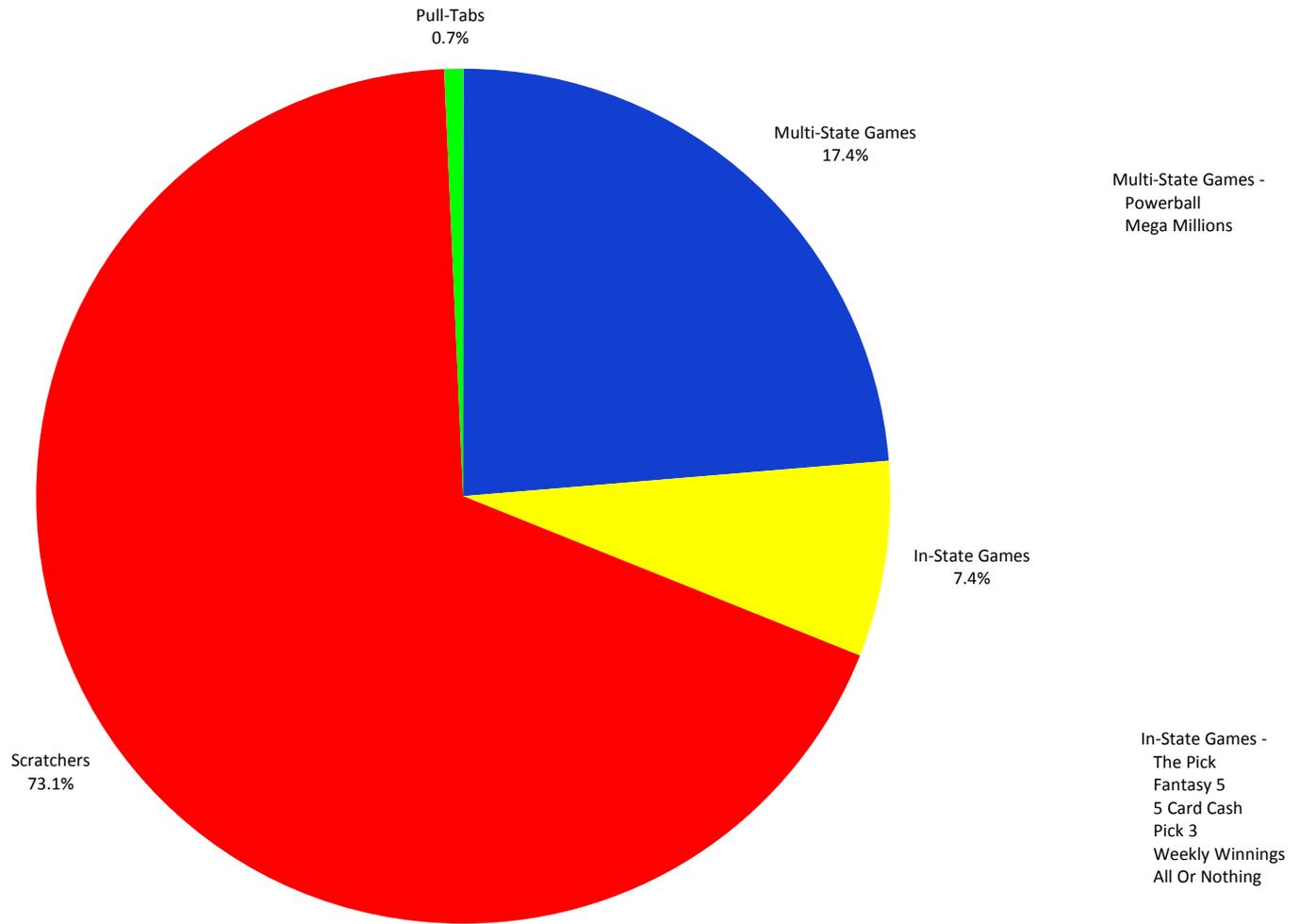
All Or Nothing™ – Sales for the year totaled \$3,526,710, a decrease of 43.1% from the previous year.

Combined sales for the in-state games are 10.96% above the previous year.

ARIZONA LOTTERY
QUARTERLY SALES BY PRODUCT
 Fiscal Year 2016 - July 2015 through June 2016

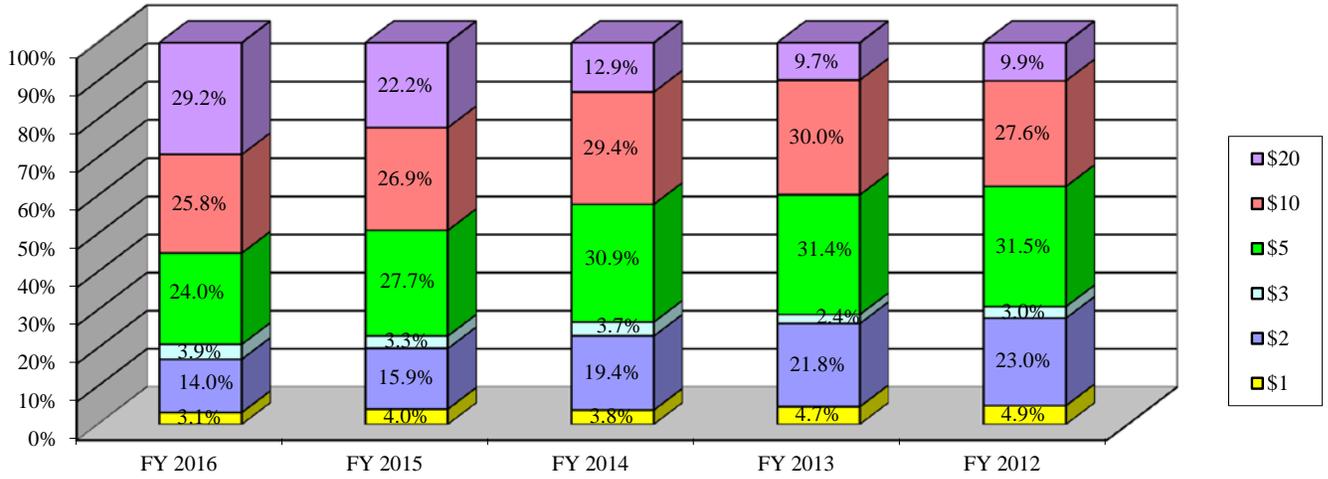
Month	Powerball	Mega Millions	The Pick	Fantasy 5	Pick 3	5 Card Cash	Weekly Winnings	All Or Nothing	Total On-Line	Scratchers	Charitable Pull-Tabs	Age Restricted Pull-Tabs	Total	Market Share
July 2015	\$5,763,799	\$3,627,153	\$2,582,698	\$1,425,781	\$852,825		\$262,250	\$363,932	\$14,878,438	\$44,762,330	\$450,366		\$60,091,134	6.9%
August	\$5,902,069	\$2,548,809	\$2,893,009	\$1,378,843	\$796,506		\$237,118	\$340,102	\$14,096,456	\$44,414,146	\$379,050		\$58,889,652	6.8%
September	\$10,744,756	\$2,810,199	\$3,129,067	\$1,212,089	\$777,945		\$225,022	\$324,994	\$19,224,072	\$43,796,339	\$385,836		\$63,406,247	7.3%
1st Quarter	\$22,410,624	\$8,986,161	\$8,604,774	\$4,016,713	\$2,427,276		\$724,390	\$1,029,028	\$48,198,966	\$132,972,815	\$1,215,252		\$182,387,033	20.9%
October	\$6,243,435	\$3,330,685	\$2,040,103	\$1,241,266	\$824,639	\$804,064	\$20,098	\$304,364	\$14,808,654	\$44,978,294	\$416,928		\$60,203,876	6.9%
November	\$5,623,792	\$3,574,033	\$1,952,954	\$1,456,703	\$817,537	\$743,752		\$274,874	\$14,443,645	\$45,957,929	\$513,420		\$60,914,994	7.0%
December	\$12,514,149	\$3,553,725	\$2,439,498	\$1,664,069	\$913,539	\$631,664		\$281,512	\$21,998,156	\$54,036,756	\$440,220		\$76,475,132	8.8%
2nd Quarter	\$24,381,376	\$10,458,443	\$6,432,555	\$4,362,038	\$2,555,715	\$2,179,480	\$20,098	\$860,750	\$51,250,455	\$144,972,979	\$1,370,568		\$197,594,002	22.7%
January	\$72,229,844	\$4,329,119	\$3,432,991	\$1,488,743	\$897,617	\$569,502		\$297,262	\$83,245,078	\$54,693,763	\$439,398		\$138,378,239	15.9%
February	\$8,262,537	\$2,925,452	\$2,876,887	\$1,299,425	\$914,863	\$514,218		\$275,110	\$17,068,492	\$52,931,953	\$630,840	\$6,480	\$70,637,765	8.1%
March	\$6,831,780	\$2,859,437	\$3,358,373	\$1,372,822	\$975,248	\$498,094		\$282,746	\$16,178,500	\$56,772,406	\$610,836	\$39,960	\$73,601,702	8.5%
3rd Quarter	\$87,324,161	\$10,114,008	\$9,668,251	\$4,160,990	\$2,787,728	\$1,581,814		\$855,118	\$116,492,070	\$164,398,122	\$1,681,074	\$46,440	\$282,617,706	32.4%
April	\$8,883,335	\$2,801,501	\$3,797,792	\$1,140,201	\$964,429	\$443,828		\$259,914	\$18,291,000	\$51,982,504	\$551,124	\$71,280	\$70,895,908	8.1%
May	\$9,887,680	\$4,384,085	\$2,516,629	\$1,095,720	\$918,412	\$418,148		\$264,400	\$19,485,074	\$51,039,251	\$482,718	\$85,320	\$71,092,363	8.2%
June	\$7,442,379	\$7,914,637	\$2,047,825	\$1,503,557	\$902,754	\$384,912		\$257,500	\$20,453,564	\$45,340,043	\$485,286	\$79,920	\$66,358,813	7.6%
4th Quarter	\$26,213,394	\$15,100,223	\$8,362,246	\$3,739,478	\$2,785,595	\$1,246,888		\$781,814	\$58,229,638	\$148,361,798	\$1,519,128	\$236,520	\$208,347,084	23.9%
2016	\$160,329,555	\$44,658,835	\$33,067,826	\$16,279,219	\$10,556,314	\$5,008,182	\$744,488	\$3,526,710	\$274,171,129	\$590,705,714	\$5,786,022	\$282,960	\$870,945,825	
2015	\$93,638,449	\$45,946,133	\$25,811,030	\$17,051,734	\$9,734,915		\$3,551,208	\$6,198,248	\$202,803,437	\$542,030,289	\$5,140,614		\$749,974,340	
% of Change	71.2%	-2.8%	28.1%	-4.5%	8.4%		-79.0%	-43.1%	35.2%	9.0%	12.6%		16.1%	
Mkt Share	18.4%	5.1%	3.8%	1.9%	1.2%	0.6%	0.1%	0.4%	31.5%	67.8%	0.66%	0.03%		

ARIZONA LOTTERY
QUARTERLY SALES BY PRODUCT
Fiscal Year 2016 - July 2015 through June 2016



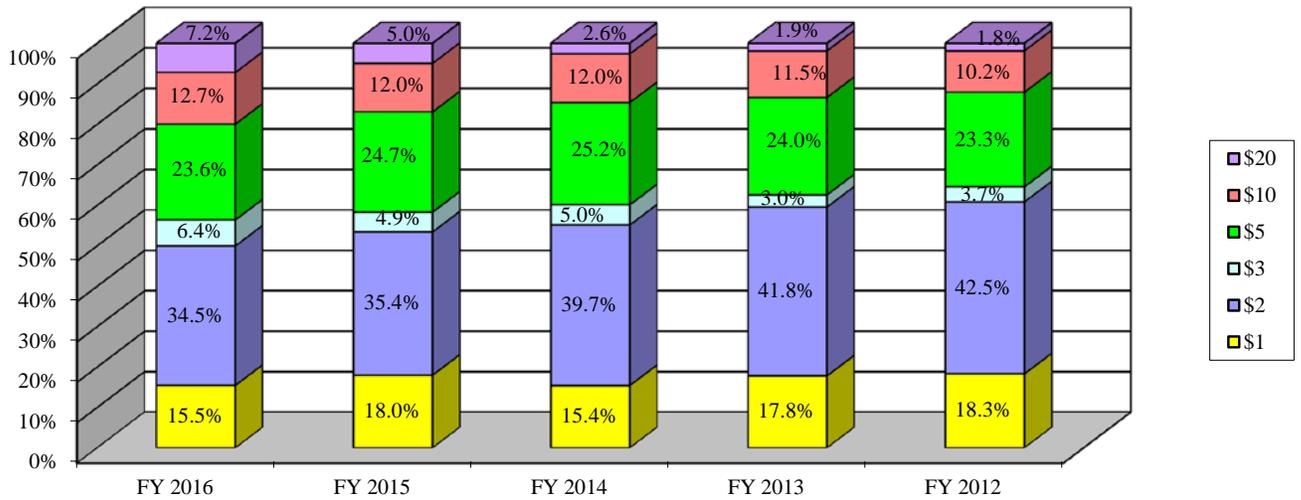
Arizona Lottery 5-Year Review by Price Point

Based on Dollars Sold



	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
\$1	\$18,183,806	\$21,852,857	\$20,900,842	\$19,945,234	\$20,254,733
\$2	\$82,257,128	\$86,110,390	\$92,970,362	\$92,194,924	\$94,078,462
\$3	\$23,323,455	\$17,793,777	\$15,624,093	\$13,626,693	\$12,347,787
\$5	\$141,578,675	\$150,203,925	\$153,051,335	\$137,111,780	\$129,118,785
\$10	\$150,398,690	\$145,784,060	\$140,218,320	\$122,702,850	\$113,263,350
\$20	\$174,963,960	\$120,285,280	\$61,130,860	\$51,018,120	\$40,713,620
Total	\$590,705,714	\$542,030,289	\$483,895,812	\$436,599,601	\$409,776,737

Based on Tickets Sold



	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
\$1	18,183,806	21,852,857	20,900,842	19,945,234	20,254,733
\$2	41,128,564	43,055,195	46,485,181	46,097,462	47,039,231
\$3	7,774,485	5,931,259	5,208,031	4,542,231	4,115,929
\$5	28,315,735	30,040,785	30,610,267	27,422,356	25,823,757
\$10	15,039,869	14,578,406	14,021,832	12,270,285	11,326,335
\$20	8,748,198	6,014,264	3,056,543	2,550,906	2,035,681
Total	119,190,657	121,472,766	120,282,696	112,828,474	110,595,666

Arizona Lottery
FY2016 Year-End – Retailer Sales Review

LXP/ITVM Sales (Chart E)

Vending machine total sales for FY16 were \$235,498,210, which is a 7.6% increase over FY 2015 and accounted for 27.2% of total sales. Scratchers sales through the vending machines showed a 6.7% increase over FY15 with sales of \$218,845,498. Due to the record-breaking \$1.6 billion Powerball jackpot in January, the draw game category posted a 31% increase with sales of \$16,632,712.

While vending machine sales increased, the out-of-stock average for FY 2016 established a new record low of 4.0% compared to 4.5% in FY15. The consistent focus on out-of-stocks resulted in a decrease in the percentage every quarter in FY 2016.

Corporate Account Review (Chart F)

- Major retail chains represent 55.2% of all lottery accounts. Convenience stores represent 41.4% of total accounts, while chain food stores represent 13.7%.
- Major retail chains comprise 75.4% of the total market share at the Lottery with convenience stores and food stores accounting for 49.9% and 25.5% respectively.
- Fry's food stores continue to lead with the highest per store average of \$826,921 a 13.9% increase over FY15. QuikTrip, Albertsons and Safeway follow with per store average sales of \$719,669, \$559,315 and \$554,202 respectively, continuing the trend from the previous fiscal year.

Business Classification Review (Charts G and H)

Collectively, chain and independent convenience stores account for 72.8% of total Lottery accounts and 68.3% of the market share in sales. Chain and independent grocery stores account for 15.8% of total Lottery accounts and 26.9% total sales. These figures remain consistent with the previous fiscal year.

County Review (Charts I and J)

- The overall estimated per capita weekly sales for FY16 was \$2.60. This represents an increase from FY15 when the per capita was \$2.24.
- Maricopa and Pima counties held a market share of 76.1% of total sales. The remaining counties represent 23.9% of sales.
- Mohave County posted the highest weekly per capita sales in FY 2016 at \$4.44, followed closely by Greenlee at \$4.43 and La Paz at \$4.25.

Arizona Lottery							
Lottery Express / ITVM Review							
FY 2016							
	# of Units (Qtly Avg)	Per Unit Game Capacity	Instant Sales	Draw Sales	Total Sales	Per Unit Average	Average Out-of-Stock Percentage
<i>Lottery Express</i>	737	24	\$ 47,581,286	\$ 3,269,024	\$ 50,850,310	\$ 68,996	
<i>ITVM</i>	98	24	\$ 3,175,185		\$ 3,175,185	\$ 32,400	
1st Quarter Total	835		\$ 50,756,471	\$ 3,269,024	\$ 54,025,495		3.8%
% of Lottery Sales			38.2%	6.8%	29.8%		
<i>Lottery Express</i>	738	24	\$ 53,080,630	\$ 3,762,115	\$ 56,842,745	\$ 77,022.69	
<i>ITVM</i>	98	24	\$ 3,504,771		\$ 3,504,771	\$ 35,762.97	
2nd Quarter Total	836		\$ 56,585,401	\$ 3,762,115	\$ 60,347,516		4.1%
% of Lottery Sales			39.0%	7.3%	30.8%		
<i>Lottery Express</i>	741	24	\$ 54,379,534	\$ 5,561,767	\$ 59,941,301	\$ 80,892.44	
<i>ITVM</i>	96	24	\$ 3,665,021		\$ 3,665,021	\$ 38,177.30	
3rd Quarter Total	837		\$ 58,044,555	\$ 5,561,767	\$ 63,606,322		4.3%
% of Lottery Sales			35.3%	4.8%	22.6%		
<i>Lottery Express</i>	746	24	\$ 50,219,540	\$ 4,059,806	\$ 54,279,346	\$ 72,760.52	
<i>ITVM</i>	97	24	\$ 3,239,531		\$ 3,239,531	\$ 33,397	
4th Quarter Total	843		\$ 53,459,071	\$ 4,059,806	\$ 57,518,877		3.8%
% of Lottery Sales			36.0%	7.0%	27.8%		
Total Lottery Express			\$ 205,260,990	\$ 16,652,712	\$ 221,913,702		
Total ITVM			\$ 13,584,508	\$ -	\$ 13,584,508		
Total Fiscal Year			\$ 218,845,498	\$ 16,652,712	\$ 235,498,210		
% of Total Sales			37.0%	6.1%	27.2%		

Chart E

ARIZONA LOTTERY
CORPORATE ACCOUNT REVIEW
Fiscal Year 2016
July 2015 through June 2016

			<i>Total Draw Games</i>			<i>Scratchers</i>			<i>All Products Combined</i>			<i>Commission</i>
	<i># of</i>	<i>% of</i>	<i>Market</i>	<i>Per Store</i>		<i>Market</i>	<i>Per Store</i>		<i>Market</i>	<i>Per Store</i>	<i>Earned</i>	
	<i>Accts</i>	<i>Accts</i>	<i>Sales</i>	<i>Share</i>	<i>Average</i>	<i>Sales</i>	<i>Share</i>	<i>Average</i>	<i>Sales</i>	<i>Share</i>	<i>Average</i>	<i>To Date</i>
<i>4 Sons</i>	21	0.7%	\$3,209,244	1.2%	\$152,821	\$5,295,215	0.9%	\$252,153.10	\$8,504,459	1.0%	\$404,974	\$552,790
<i>7-Eleven</i>	64	2.1%	\$4,680,158	1.7%	\$73,127	\$14,476,188	2.5%	\$226,190	\$19,156,346	2.2%	\$299,318	\$1,245,162
<i>Carioca</i>	34	1.1%	\$2,324,726	0.8%	\$68,374	\$4,749,692	0.8%	\$139,697	\$7,074,418	0.8%	\$208,071	\$459,837
<i>Circle K</i>	588	19.6%	\$63,594,781	23.2%	\$108,154	\$154,606,478	26.2%	\$262,936	\$218,201,259	25.2%	\$371,091	\$14,183,082
<i>Cobblestone</i>	8	0.3%	\$915,398	0.3%	\$114,425	\$1,408,537	0.2%	\$176,067	\$2,323,935	0.3%	\$290,492	\$151,056
<i>CST Brands</i>	59	2.0%	\$7,376,904	2.7%	\$125,032.27	\$16,200,457	2.7%	\$274,584	\$23,577,361	2.7%	\$399,616	\$1,532,528
<i>Express Stop</i>	16	0.5%	\$562,654	0.2%	\$35,166	\$871,580	0.1%	\$54,474	\$1,434,234	0.2%	\$89,640	\$93,225
<i>Giant</i>	90	3.0%	\$6,249,582	2.3%	\$69,440	\$15,646,818	2.6%	\$173,854	\$21,896,400	2.5%	\$243,293	\$1,423,266
<i>Jackson's Food Stores</i>	13	0.4%	\$1,749,157	0.6%	\$134,551	\$2,494,455	0.4%	\$191,881	\$4,243,612	0.5%	\$326,432	\$275,835
<i>Loves</i>	12	0.4%	\$680,587	0.2%	\$56,716	\$1,438,833	0.2%	\$119,902.75	\$2,119,420	0.2%	\$176,618	\$137,762
<i>Maverik</i>	19	0.6%	\$2,267,337	0.8%	\$119,334	\$3,491,881	0.6%	\$183,783	\$5,759,218	0.7%	\$303,117	\$374,349
<i>Pilot Travel Centers</i>	12	0.4%	\$758,330	0.3%	\$63,194	\$1,803,954	0.3%	\$150,330	\$2,562,284	0.3%	\$213,524	\$166,548
<i>Quik Mart</i>	26	0.9%	\$2,002,021	0.7%	\$77,001	\$5,036,470	0.9%	\$193,710	\$7,038,491	0.8%	\$270,711	\$457,502
<i>QuikTrip</i>	111	3.7%	\$24,873,117	9.1%	\$224,082.14	\$55,010,156	9.3%	\$495,587	\$79,883,273	9.2%	\$719,669	\$5,192,413
<i>Shay's</i>	19	0.6%	\$1,581,687	0.6%	\$83,247	\$3,702,205	0.6%	\$194,853	\$5,283,892	0.6%	\$278,100	\$343,453
<i>Superpumper</i>	11	0.4%	\$1,757,390	0.6%	\$159,763	\$3,387,827	0.6%	\$307,984	\$5,145,217	0.6%	\$467,747	\$334,439
<i>Terribles</i>	8	0.3%	\$535,064	0.2%	\$66,883.00	\$1,134,694	0.2%	\$141,837	\$1,669,758	0.2%	\$208,720	\$108,534
<i>Woody's</i>	17	0.6%	\$721,512	0.3%	\$42,442	\$1,755,938	0.3%	\$103,290	\$2,477,450	0.3%	\$145,732	\$161,034
<i>Safeway Gas</i>	30	1.0%	\$1,552,955	0.6%	\$51,765.17	\$2,972,016	0.5%	\$99,067.20	\$4,524,971	0.5%	\$150,832.37	\$294,123
<i>Fry's Gas</i>	85	2.8%	\$2,674,400	1.0%	\$31,464	\$5,408,102	0.9%	\$63,625	\$8,082,502	0.9%	\$95,088	\$525,363
<i>Convenience Total</i>	1243	41.4%	\$130,067,004	47.4%	\$104,639.58	\$300,891,496	50.9%	\$242,068.78	\$430,958,500	49.8%	\$346,708.37	\$28,012,303
<i>Albertson's</i>	37	1.2%	\$7,649,994	2.8%	\$206,756.59	\$13,044,673	2.2%	\$352,559	\$20,694,667	2.4%	\$559,315	\$1,345,153
<i>Bashas'</i>	51	1.7%	\$8,559,474	3.1%	\$167,833	\$14,010,324	2.4%	\$274,712	\$22,569,798	2.6%	\$442,545	\$1,467,037
<i>Bashas' Food City</i>	45	1.5%	\$974,191	0.4%	\$21,649	\$6,664,798	1.1%	\$148,106.62	\$7,638,989	0.9%	\$169,755	\$496,534
<i>Fry's</i>	121	4.0%	\$37,283,513	13.6%	\$308,128	\$62,773,950	10.6%	\$518,793	\$100,057,463	11.6%	\$826,921	\$6,503,735
<i>Haggen</i>	10	0.3%	\$202,454	0.1%	\$20,245	\$335,504	0.1%	\$33,550	\$537,958	0.1%	\$53,796	\$34,967
<i>Los Altos Ranch Market</i>	7	0.2%	\$178,613	0.1%	\$25,516	\$1,414,200	0.2%	\$202,029	\$1,592,813	0.2%	\$227,545	\$103,533
<i>Safeway</i>	112	3.7%	\$24,297,221	8.9%	\$216,939	\$37,773,416	6.4%	\$337,263	\$62,070,637	7.2%	\$554,202	\$4,034,591
<i>Walmart</i>	28	0.9%	\$1,276,436	0.5%	\$45,587	\$4,496,037	0.8%	\$160,573	\$5,772,473	0.7%	\$206,160	\$375,211
<i>Food Store Total</i>	411	13.7%	\$80,421,896	29.3%	\$195,673.71	\$140,512,902	23.8%	\$341,880.54	\$220,934,798	25.5%	\$537,554.25	\$14,360,762
<i>Major Chains</i>	1654	55.2%	\$210,488,900	76.8%	\$127,260.52	\$441,404,398	74.7%	\$266,870.86	\$651,893,298	75.4%	\$394,131.38	\$42,373,064
<i>All Stores</i>	2999		\$274,171,129		\$91,420.85	\$590,705,714		\$196,967.56	\$864,876,843		\$288,388.41	\$56,216,995

ARIZONA LOTTERY
BUSINESS CODE REVIEW
Fiscal Year 2016
July 2015 through June 2016

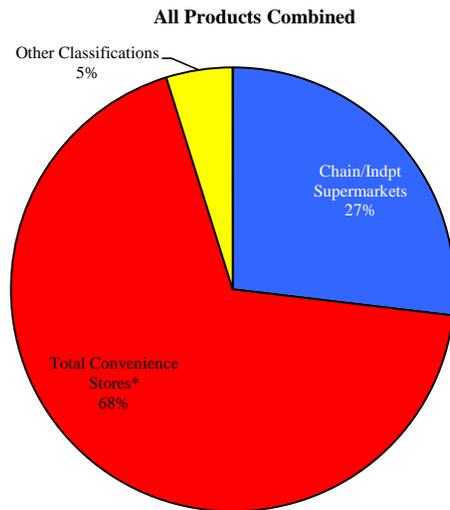
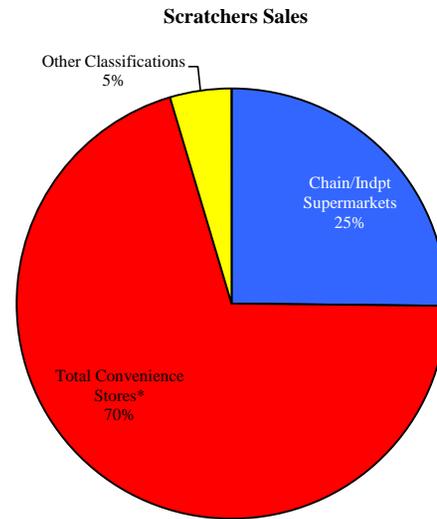
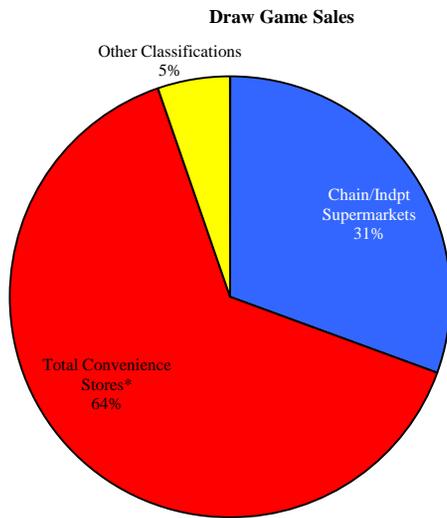
<i>Business Classification</i>		<i># of Accts</i>	<i>% of Accts</i>	<i>Total Draw Games</i>			<i>Scratchers</i>			<i>All Products Combined</i>			<i>Commission Earned To Date</i>
				<i>Sales</i>	<i>Market Share</i>	<i>Per Store Average</i>	<i>Sales</i>	<i>Market Share</i>	<i>Per Store Average</i>	<i>Sales</i>	<i>Market Share</i>	<i>Per Store Average</i>	
Shopping Malls		4	0.1%	\$144,993	0.1%	\$36,248	\$243,576	0.0%	\$60,894	\$388,569	0.0%	\$97,142	\$25,257
Smoke/Gift Shops - Newstands	41.5	83	2.8%	\$1,868,401	0.7%	\$22,511	\$5,848,591	1.0%	\$70,465	\$7,716,992	0.9%	\$92,976	\$501,604
Chain Supermarkets	201.5	403	13.4%	\$81,318,492	29.7%	\$201,783	\$140,786,657	23.8%	\$349,347	\$222,105,149	25.7%	\$551,129	\$14,436,835
Independent Supermarkets	35.5	71	2.4%	\$2,530,580	0.9%	\$35,642	\$7,828,165	1.3%	\$110,256	\$10,358,745	1.2%	\$145,898	\$673,318
Chain Convenience Stores	566	1132	37.7%	\$124,260,367	45.3%	\$109,771	\$289,166,830	49.0%	\$255,448	\$413,427,197	47.8%	\$365,218	\$26,872,768
Independent Convenience	453	906	30.2%	\$45,701,318	16.7%	\$50,443	\$114,045,680	19.3%	\$125,878	\$159,746,998	18.5%	\$176,321	\$10,383,555
Liquor Stores	47	94	3.1%	\$1,729,321	0.6%	\$18,397	\$6,953,120	1.2%	\$73,969	\$8,682,441	1.0%	\$92,366	\$564,359
Drug Stores	1.5	3	0.1%	\$130,493	0.0%	\$43,498	\$61,728	0.0%	\$20,576	\$192,221	0.0%	\$64,074	\$12,494
Auto/Gas Stations	73	146	4.9%	\$5,797,524	2.1%	\$39,709	\$11,617,372	2.0%	\$79,571	\$17,414,896	2.0%	\$119,280.11	\$1,131,968
Truck Service Centers	19.5	39	1.3%	\$2,527,054	0.9%	\$64,796	\$5,348,410	0.9%	\$137,139	\$7,875,464	0.9%	\$201,935	\$511,905
Bars/Restaurants	17	34	1.1%	\$4,579,598	1.7%	\$134,694	\$3,102,592	0.5%	\$91,253	\$7,682,190	0.9%	\$225,947	\$499,342
Spec Non-Grocery	29.5	59	2.0%	\$2,670,714	1.0%	\$45,266	\$3,610,294	0.6%	\$61,191	\$6,281,008	0.7%	\$106,458	\$408,266
Check Cashing Centers	1.5	3	0.1%	\$9,305	0.0%	\$3,102	\$25,959	0.0%	\$8,653	\$35,264	0.0%	\$11,755	\$2,292
Bowling Centers	2	4	0.1%	\$55,706	0.0%	\$13,927	\$226,092	0.0%	\$56,523	\$281,798	0.0%	\$70,450	\$18,317
Mass Merchandise	7	14	0.5%	\$165,607	0.1%	\$11,829	\$623,509	0.1%	\$44,536	\$789,116	0.1%	\$56,365	\$51,293
In-House & Promotional	1495.5	4	0.1%	\$681,656	0.2%	\$170,414	\$1,217,139	0.2%	\$304,285	\$1,898,795	0.2%	\$474,699	\$123,422
	1499.5												
Total		2999	100%	\$274,171,129	100%	\$91,420.85	\$590,705,714	100%	\$196,967.56	\$864,876,843	100%	\$288,388.41	\$56,216,995

Summary Recap

Chain/Indpt Supermarkets	474	15.8%	\$83,849,072	30.6%	\$176,897	\$148,614,822	25.2%	\$313,533.38	\$232,463,894	26.9%	\$490,430	\$15,110,153
Total Convenience Stores*	2,184	72.8%	\$175,759,209	64.1%	\$80,476	\$414,829,882	70.2%	\$189,940.42	\$590,589,091	68.3%	\$270,416	\$38,388,291
Other Classifications	341	11.4%	\$14,562,848	5.3%	\$42,706	\$27,261,010	4.6%	\$79,944.31	\$41,823,858	4.8%	\$122,651	\$2,718,551
Total All Classifications	2,999	100%	\$274,171,129	100%	\$91,421	\$590,705,714	100%	\$196,968	\$864,876,843	100%	\$288,388	\$56,216,995

*Includes chain/independent convenience stores and stores whose business is primarily gas with convenience

ARIZONA LOTTERY
BUSINESS CODE REVIEW
Fiscal Year 2016
July 2015 through June 2016



ARIZONA LOTTERY
COUNTY SALES REVIEW
Fiscal Year 2016
July 2015 through June 2016

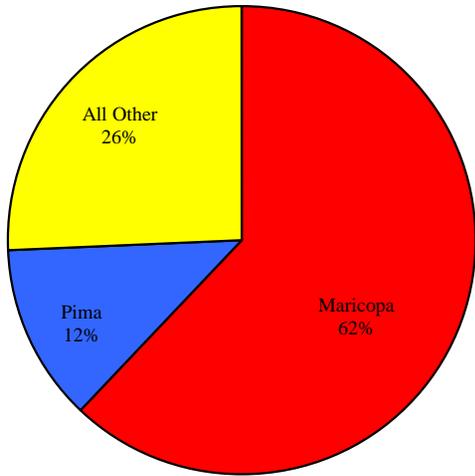
County	# of Accts	% of Accts	Total Draw Games			Scratchers			All Products Combined			Estimated
			Sales	Market Share	Per Store Average	Sales	Market Share	Per Store Average	Sales	Market Share	Per Store Average	Per Capita Wkly Sales
Apache	15	0.5%	\$453,209	0.2%	\$30,214	\$1,053,637	0.2%	\$70,242	\$1,506,846	0.2%	\$100,456	\$0.41
Cochise	73	2.4%	\$5,025,671	1.8%	\$68,845	\$15,998,648	2.7%	\$219,160	\$21,024,319	2.4%	\$288,004	\$3.08
Coconino	105	3.5%	\$4,946,203	1.8%	\$47,107	\$11,247,709	1.9%	\$107,121	\$16,193,912	1.9%	\$154,228	\$2.32
Gila	40	1.3%	\$2,099,101	0.8%	\$52,478	\$5,740,996	1.0%	\$143,525	\$7,840,097	0.9%	\$196,002	\$2.81
Graham	19	0.6%	\$808,431	0.3%	\$42,549	\$4,264,531	0.7%	\$224,449	\$5,072,962	0.6%	\$266,998	\$2.62
Greenlee	9	0.3%	\$345,804	0.1%	\$38,423	\$1,597,855	0.3%	\$177,539	\$1,943,659	0.2%	\$215,962	\$4.43
La Paz	37	1.2%	\$1,570,842	0.6%	\$42,455	\$2,955,120	0.5%	\$79,868	\$4,525,962	0.5%	\$122,323	\$4.25
Maricopa	1679	56.0%	\$170,203,823	62.1%	\$101,372	\$383,515,940	64.9%	\$228,419.26	\$553,719,763	64.0%	\$329,791	\$2.79
Mohave	148	4.9%	\$23,395,482	8.5%	\$158,078	\$22,804,146	3.9%	\$154,082	\$46,199,628	5.3%	\$312,160	\$4.44
Navajo	54	1.8%	\$2,609,024	1.0%	\$48,315	\$7,101,036	1.2%	\$131,501	\$9,710,060	1.1%	\$179,816	\$1.74
Pima	421	14.0%	\$33,581,250	12.2%	\$79,765	\$71,178,064	12.0%	\$169,069	\$104,759,314	12.1%	\$248,834	\$2.06
Pinal	146	4.9%	\$12,313,825	4.5%	\$84,341	\$29,619,239	5.0%	\$202,872	\$41,933,064	4.8%	\$287,213	\$2.15
Santa Cruz	23	0.8%	\$2,106,805	0.8%	\$91,600	\$3,290,070	0.6%	\$143,047	\$5,396,875	0.6%	\$234,647	\$2.19
Yavapai	120	4.0%	\$9,035,679	3.3%	\$75,297	\$17,614,510	3.0%	\$146,788	\$26,650,189	3.1%	\$222,085	\$2.43
Yuma	110	3.7%	\$5,675,980	2.1%	\$51,600	\$12,724,213	2.2%	\$115,675	\$18,400,193	2.1%	\$167,274	\$1.81
Total	2999	100%	\$274,171,129	100%	\$91,421	\$590,705,714	100%	\$196,968	\$864,876,843	100%	\$288,388	\$2.60

Summary Recap

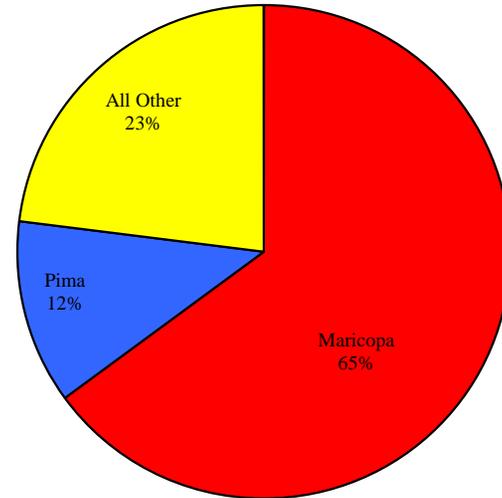
Maricopa and Pima Counties	2100	70.0%	\$203,785,073	74.3%	\$97,041	\$454,694,004	77.0%	\$216,521	\$658,479,077	76.1%	\$313,561	\$2.64
All Other Counties	899	30.0%	\$70,386,056	25.7%	\$78,294	\$136,011,710	23.0%	\$151,292	\$206,397,766	23.9%	\$229,586	\$2.49

ARIZONA LOTTERY
COUNTY SALES REVIEW
Fiscal Year 2016
July 2015 through June 2016

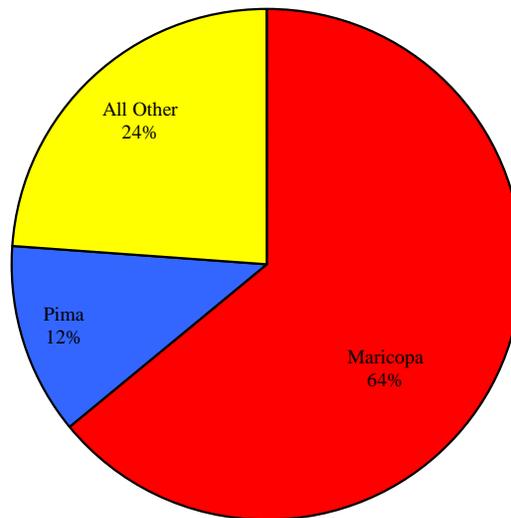
Draw Game Sales



Scratchers Sales



All Products Combined



New Business Item #1
Vote for Commission Chair and Vice-Chair
Report to Arizona Lottery Commission
June 17, 2016

Pursuant to Arizona Revised Statute §5-552(A) the commission members are required to elect a new Commission Chair. In addition, the commission members may elect a Vice-Chair. The Chair and/or Vice-Chair may serve more than one term. The term of office will be Fiscal Year 17 (July 1, 2016 through June 30, 2017).

The Commission is requested to take this action at the meeting.

New Business Item #2
Instant Scratch Game Profiles
Report to Arizona Lottery Commission
August 19, 2016

This report has been provided to the Lottery Commission regarding instant scratch game profiles planned for Arizona Lottery instant scratch games. The Commission is requested to approve these game profiles. After Commission approval, staff will commence with plans for printing, distribution, and sales of these games.

NEW GAME PROFILES

Attached for the Lottery Commission's action are new instant scratch game profiles: *Did I Win?* #1083, *"7"* #1084, *\$50 Grand* #1085, *Café Crossword* #1088, and *VIP Crossword* #1089.

Did I Win? #1083. This \$2 game has a top prize of \$10,000 and will be printed at a quantity of approximately 1.4 million tickets.

"7" #1084. This \$5 game has a top prize of \$50,000 and will be printed at a quantity of approximately 1.4 million tickets.

\$50 Grand #1085. This \$5 game has a top prize of \$50,000 and will be printed at a quantity of approximately 1.4 million tickets.

Café Crossword #1088. This \$5 game has a top prize of \$50,000 and will be printed at a quantity of approximately 4.8 million tickets.

VIP Crossword #1089. This \$10 game has a top prize of \$100,000 and will be printed at a quantity of approximately 2.1 million tickets.

Attachments (Commissioners only)

New Business Item #3
Arizona Cardinals Second Chance Drawings Promotion Profile
Report to Arizona Lottery Commission
August 19, 2016

This report has been provided to the Lottery Commission regarding the Arizona Cardinals Second Chance Drawings Promotion Profile.

In September 2016, the Arizona Lottery will introduce an Arizona Cardinals instant scratch ticket in conjunction with the Arizona Cardinals football season. This ticket will have second chance drawings in which players will have the chance to win an away-game trip for two, season tickets, Arizona Cardinals memorabilia, and tickets to Arizona Cardinals home games.

The Commission is requested to approve the attached profile.

New Business Item # 4
Instant Tab Games Profiles
Report to Arizona Lottery Commission
August 19, 2016

This report has been provided to the Lottery Commission regarding game profiles planned for Arizona Lottery Charitable Instant Tab games. The Commission is requested to approve these game profiles. After Commission approval, staff will commence with plans for printing and distribution of these games.

NEW GAME PROFILES

Attached for the Lottery Commission's action are new Instant Tab Game Profiles: *I Love My Country #069, Silver Lining #070, Treasure Hunters #071, Bold & Brave #072, Freedom Rocks #073, Red Hot Reels #074, Bonus America #075, Liberty Loot #076, Superior 7's #077, Hot Cash #078, Pot O' Gold PLUS #079, and Caribbean Cash #080.*

I Love My Country #069. This 25¢ game has a top prize of \$75 and will be printed at a quantity of approximately 502,320 tickets.

Silver Lining #070. This 25¢ game has a top prize of \$60 and will be printed at a quantity of approximately 502,320 tickets.

Treasure Hunters #071. This 25¢ game has a top prize of \$75 and will be printed at a quantity of approximately 502,320 tickets.

Bold & Brave #072. This 25¢ game has a top prize of \$50 and will be printed at a quantity of approximately 502,320 tickets.

Freedom Rocks #073. This 50¢ game has a top prize of \$150 and will be printed at a quantity of approximately 255,300 tickets.

Red Hot Reels #074. This 50¢ game has a top prize of \$150 and will be printed at a quantity of approximately 480,000 tickets.

Bonus America #075. This 50¢ game has a top prize of \$150 and will be printed at a quantity of approximately 480,000 tickets.

Liberty Loot #076. This \$1.00 game has a top prize of \$250 and will be printed at a quantity of approximately 480,000 tickets.

Superior 7's #077. This \$1.00 game has a top prize of \$250 and will be printed at a quantity of approximately 480,000 tickets.

Hot Cash #078. This \$1.00 game has a top prize of \$200 and will be printed at a quantity of approximately 255,300 tickets.

Pot O' Gold PLUS #079. This \$1.00 game has a top prize of \$250 and will be printed at a quantity of approximately 255,300 tickets.

Caribbean Cash #080. This \$2.00 game has a top prize of \$400 and will be printed at a quantity of approximately 255,300 tickets.

Attachments (Commissioners only)