



August 24, 2018  
COMMISSION  
REPORT

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**AMENDED 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 24, 2018, at 10:00 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 28, 2018 Public Meeting

**Agency Reports**

1. Retailer of the Year
2. Director's Presentation
3. Review of Half Percentage Commission
4. Walmart Presentation
5. Marketing Presentation
6. 4<sup>th</sup> Quarter Product & Sales Review – No Presentation

**New Business**

1. Discussion and Action on amended instant scratch game profile *\$500,000 Holiday Countdown* #1184 and new instant scratch game profiles: *Triple Red 7's* #1192, *Late Night Crossword* #1195, *I Love Ben* #1196, *Towering 10s* #1198, *Blackjack* #1199, and *Winning Lineup* #1203.
2. Discussion and Action on new promotion profile *Holiday Cash Surprise 2<sup>nd</sup> Chance Promotion* #91 and amended promotion profile *Bingo and Crossword 2<sup>nd</sup> Chance Promotion* #88.
3. Discussion and Action on Debit Card Fees

## **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 21, 2018 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 17<sup>th</sup> day of August, 2018

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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 28, 2018

**PRESIDING** Chair Jeff Weintraub via teleconference

**COMMISSIONERS** Vice Chair Chad Wilson and Debra Roth via teleconference

**LOTTERY** Biju Kamaleswaran Deputy Director of Operations, Chris Rogers Deputy Director Marketing and Products

Kimberly Siddall, Luanne Mansanares, Ivy Gilio, Robin Peters, Karla Henriksen, Mary Cimaglio and Stacey Henderson

**GUESTS** IGT Representatives: Russ Harben  
Scientific Games Representatives: Topper Wilson and Julio Dieppa  
Attorney General Representatives: Vineet Shaw via teleconference

**PUBLIC**

**Call to Order** - Pursuant to the Public Notice dated June 21, 2018, the Public Meeting of the Arizona State Lottery Commission was called to order at 10:02 a.m. by Chair Jeff Weintraub. A quorum was present.

Chair Weintraub entertained a motion to approve the minutes of the May 18, 2018 public meeting; Commissioner Roth moved; Vice Chair Wilson seconded. All members voting aye, the motion carried.

**New Business** – Chair Weintraub asked if any members of the public wanted to address the Commission regarding instant scratch game profiles: *Reindeer Series* #1178, *Holiday Cash Drop* #1179, *Christmas Crossword* #1180, *Holiday 7* #1181, *Money Tree* #1182, *White Ice 7s* #1183, *\$100,000 Holiday Countdown* #1184, *Green Line Slingo® Trio* #1185, *\$100,000 Crossword* #1187, *Fruit Explosion* #1188, *Magic Number Bingo* #1189 and *\$250,000 Crossword* # 1191. No response from the public.

In accordance with A.R.S. §5-554 (C), Chair Weintraub entertained a motion to approve the order and authorize the Director to issue the order regarding the new instant scratch game profiles: #1178, #1179, #1180, #1181, #1182, #1183, #1184, #1185, #1187, #1188, #1189 and #1191. Commissioner Roth moved; Vice Chair Wilson seconded. All members voting aye, the motion carried.

Chair Weintraub asked if any members of the public wanted to address the Commission regarding new promotion profile Fantasy 5 Million Dollar Giveaway 2<sup>nd</sup> Chance Promotion Profile #89. No response from the public.

In accordance with A.R.S. §5-554 (C), Chair Weintraub entertained a motion to approve the order and authorize the Director to issue the order regarding second chance promotion profile Fantasy 5 Million Dollar Giveaway 2<sup>nd</sup> Chance Promotion Profile #89. Commissioner Roth moved; Vice Chair Wilson seconded. All members voting aye, the motion carried.

Chair Weintraub asked if any members of the public wanted to address the Commission regarding new promotion profile Alice Cooper 2<sup>nd</sup> Chance Promotion Profile #90. No response from the public

In accordance with A.R.S. §5-554 (C), Chair Weintraub entertained a motion to approve the order and authorize the Director to issue the order regarding second chance promotion profile Alice Cooper 2<sup>nd</sup> Chance Promotion Profile #90. Commissioner Roth moved; Vice Chair Wilson seconded. All members voting aye, the motion carried.

Chair Weintraub asked if any members of the public wanted to address the Commission regarding Amended Fast Play Game Profile: *\$20 on the Spot #108*. No response from the public

In accordance with A.R.S. §5-554 (C), Chair Weintraub entertained a motion to approve the order and authorize the Director to issue the order regarding Amended Fast Play game profile #108. Commissioner Roth moved; Vice Chair Wilson seconded. All members voting aye, the motion carried.

Chair Weintraub asked if any members of the public wanted to address the Commission regarding Fast Play Game Profiles: *Crazy 8s #110 and Cherry Twist Progressive #111*. No response from the public

In accordance with A.R.S. §5-554 (C), Chair Weintraub entertained a motion to approve the order and authorize the Director to issue the order regarding Fast Play game profiles #110 and #111. Commissioner Roth moved; Vice Chair Wilson seconded. All members voting aye, the motion carried.

**Call to the Public** Chair Weintraub invited members of the public to speak before the Commission. There were no responses from the public. No response

**Announcements** The next Commission meeting will be held August 24, 2018, at 10:00 a.m.

**Adjournment** Chair Weintraub entertained a motion to adjourn: Vice Chair Wilson moved; Commissioner Roth seconded. All members voting aye, the motion carried. Meeting adjourned at 10:09 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 24, 2018

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**Retailer of the Year**

**Director's Presentation**

**Review of Half Percentage Commission**

**Walmart Presentation**

**Marketing Presentation**

**4<sup>th</sup> Quarter Product & Sales Review – No Presentation**

**New Games Introduction**

The following games were introduced since the last commission meeting: *Cashtag #1159, Arizona Gold #1174, Jumbo Bucks #1175, Lucha Libre Loot #1176, Alice Cooper #1186, and Fruit Explosion #1188.*

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.

<b>Date Ended</b>	<b>Price Point</b>	<b>Game No.</b>	<b>Game Name</b>	<b>Beginning Inventory</b>	<b>% Sold through 6/13/18</b>
07/07/18	\$2	1110	Red Ball Tripler	1,713,450	83.9%
07/18/18	\$10	1148	Triple Red 7's	1,814,400	95.7%
07/27/18	\$5	1132	I Love Crossword	5,021,340	99.0%
07/28/18	\$20	1147	50X Cash	1,259,280	88.4%
08/04/18	\$3	1163	Twisted	1,759,700	76.5%

# **ATTACHMENT A**

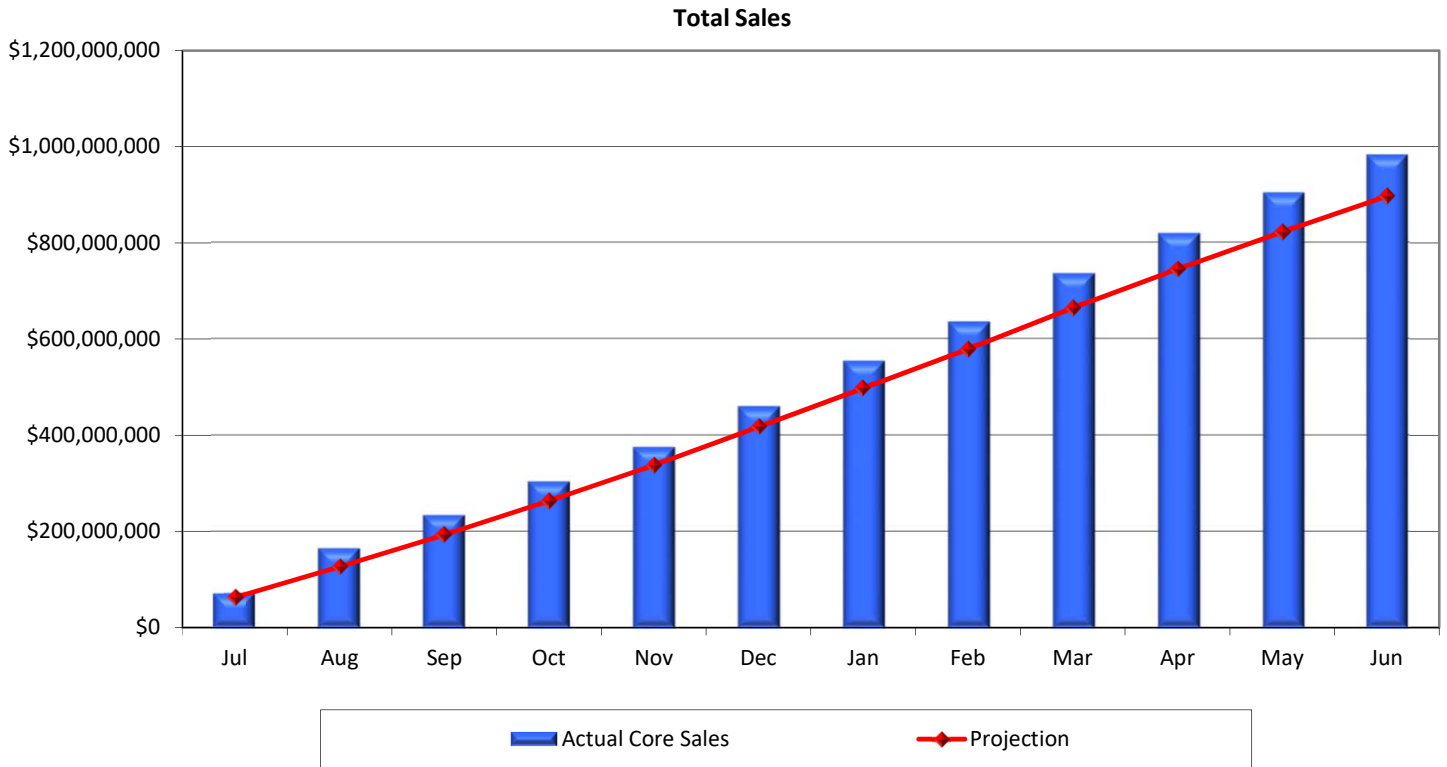




**Arizona Lottery  
Dashboard  
June 2018**

**Fiscal Year 2018**

**Arizona Lottery  
FY 2018 Sales versus Projections**



Projection:	822,546,000
Actual Core:	981,377,844
Total Actual:	981,377,844
Difference:	158,831,844
% Difference:	19.3%

\* Total sales are currently 19.3% ahead of projections.

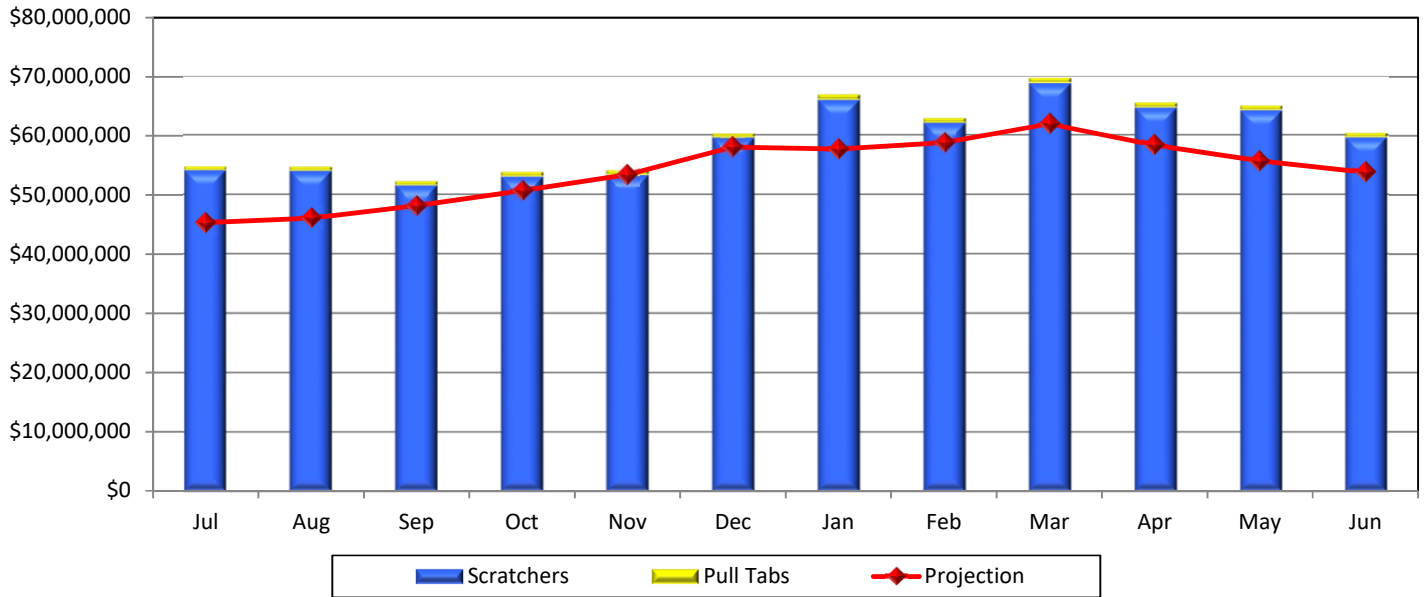
\* The Instant product line (Scratchers & Pull-tabs) at \$719,600,142 are currently 20.9% ahead of projections.

\* Total draw game sales of \$261,777,702 are currently 5.6% ahead of projections.

\* The Multi-State draw games are currently 6.8% ahead of projections; in-state games are 3.0% above projections.

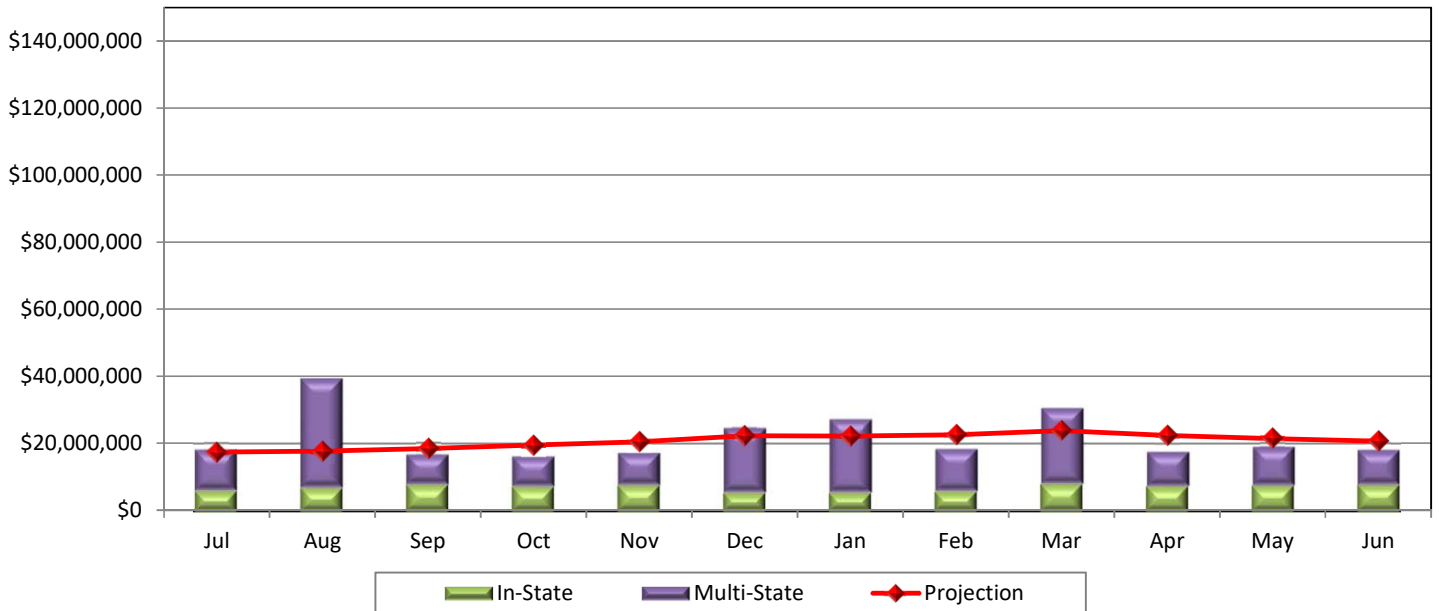
**Arizona Lottery  
FY 2018 Sales versus Projections**

**Instant Sales**



Projection: 595,130,000  
 Actual: 719,600,142  
 Difference: 124,470,142  
 % Difference: 20.9%

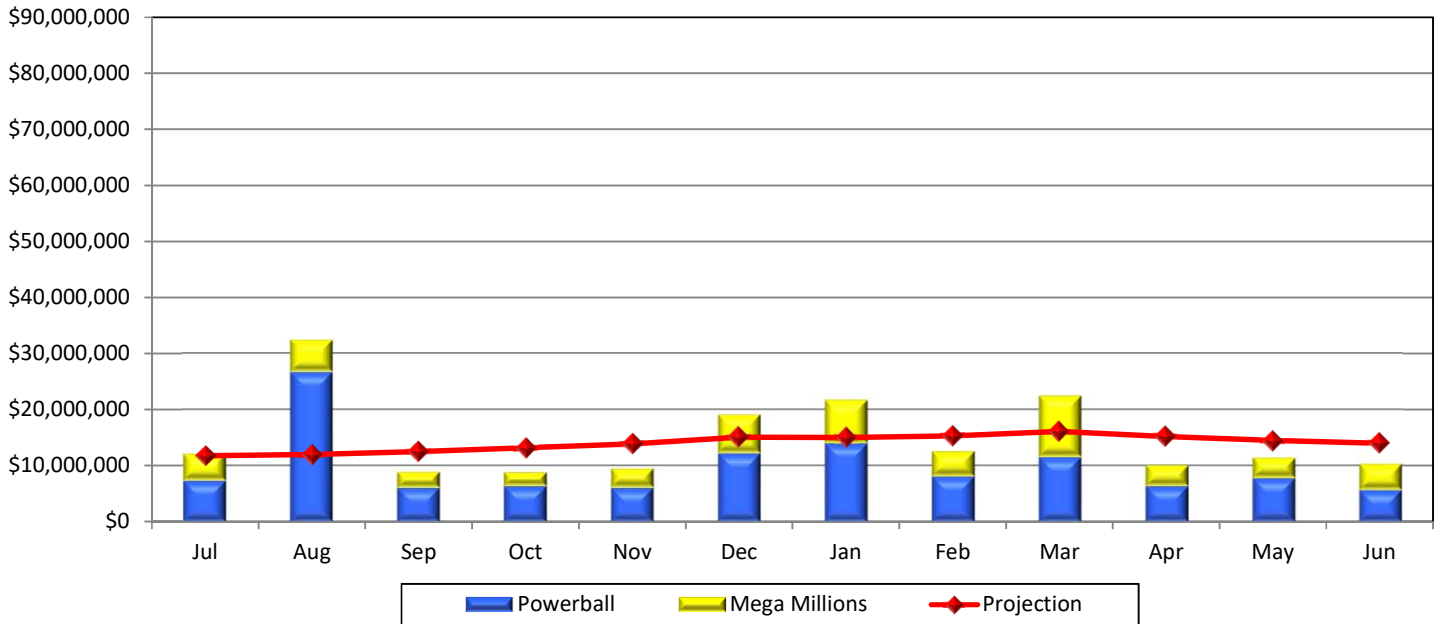
**Total Draw Games**



Projection: 248,000,000  
 Actual: 261,777,702  
 Difference: 13,777,702  
 % Difference: 5.6%

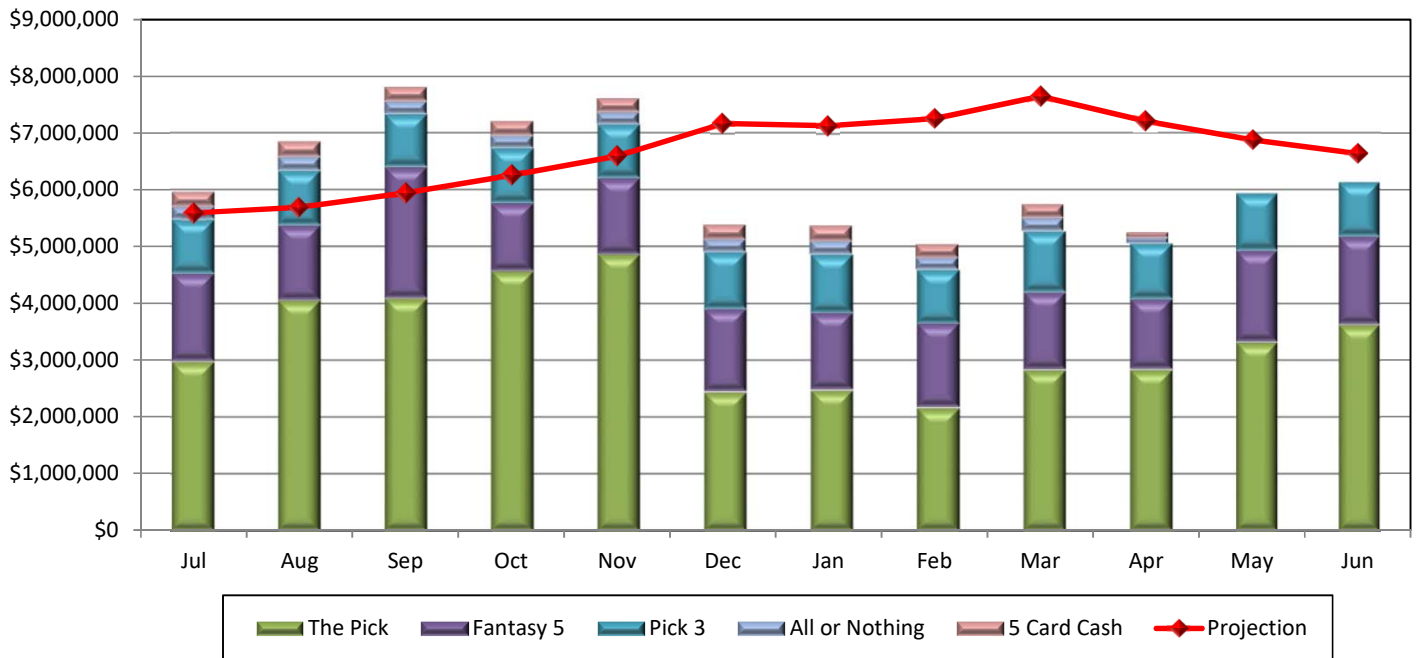
**Arizona Lottery  
FY 2018 Sales versus Projections**

**Multi-State Games**



Projection: 168,000,000  
 Actual: 179,410,632  
 Difference: 11,410,632  
 % Difference: 6.8%

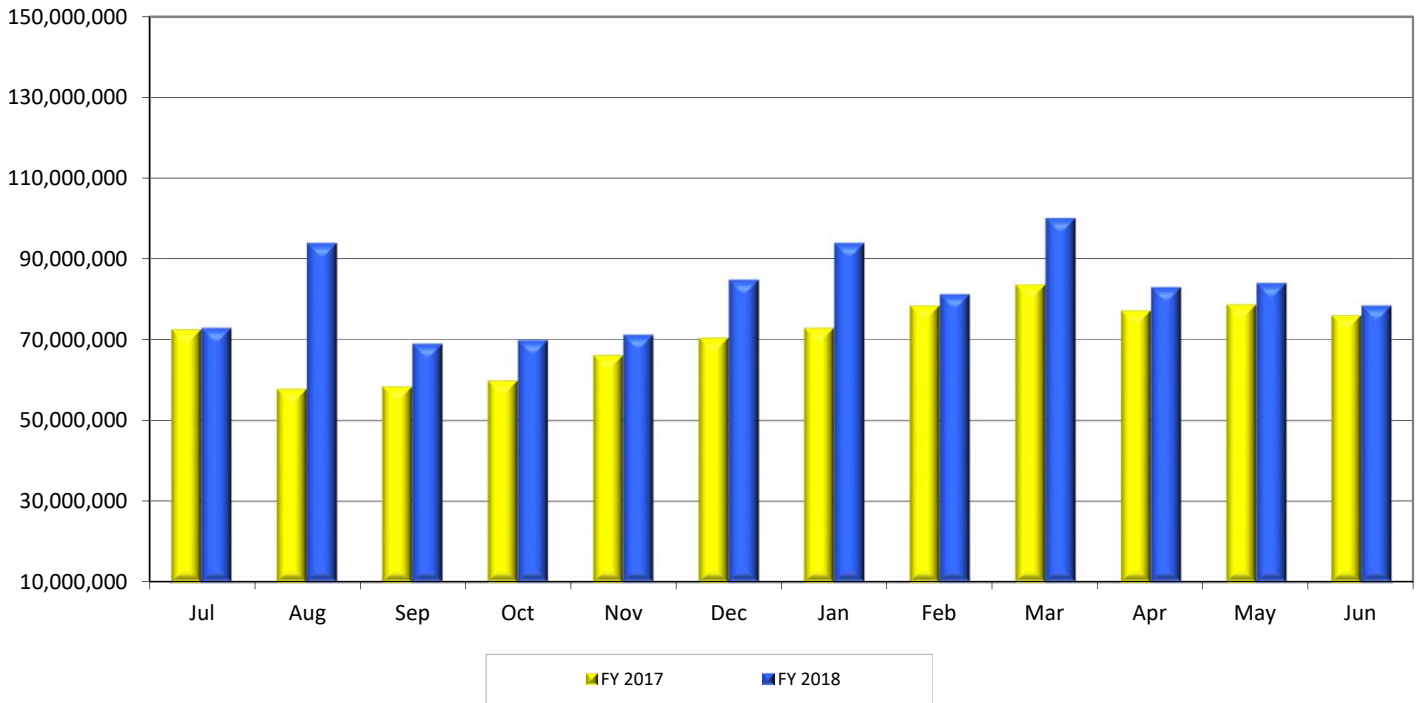
**In-State Games**



Projection: 80,000,000  
 Actual: 82,367,070  
 Difference: 2,367,070  
 % Difference: 3.0%

**Arizona Lottery  
FY 2018 versus FY 2017**

**Total Sales**

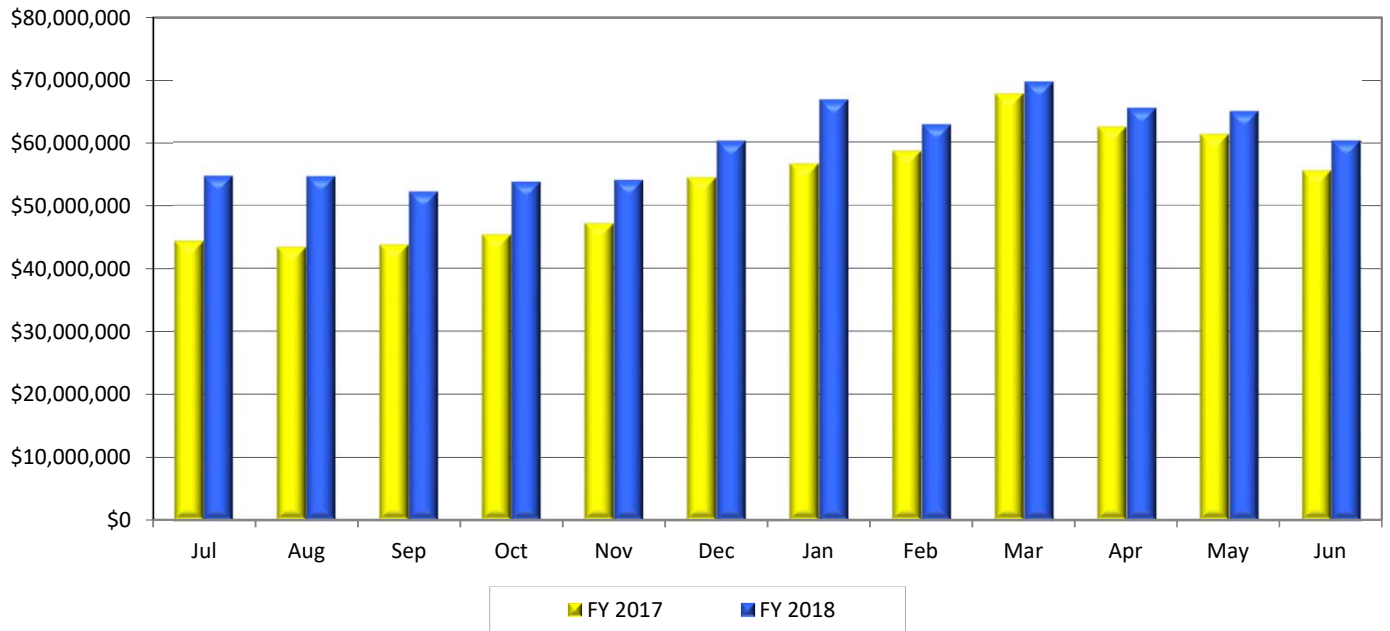


FY 2018	981,377,844
FY 2017	852,004,622
% Change	15.2%

- \* Total sales are currently 15.2% ahead of last year.
- \* The Instant product line (Scratchers & Pull-tabs) are currently 12.3% ahead of last year.
- \* Total draw game sales are currently 23.8% ahead of last year.
- \* Sales of the multi-state games (Powerball and Mega Millions) are currently 24.7% ahead of last year.
- \* Sales of the in-state games are currently 21.8% ahead of last year.

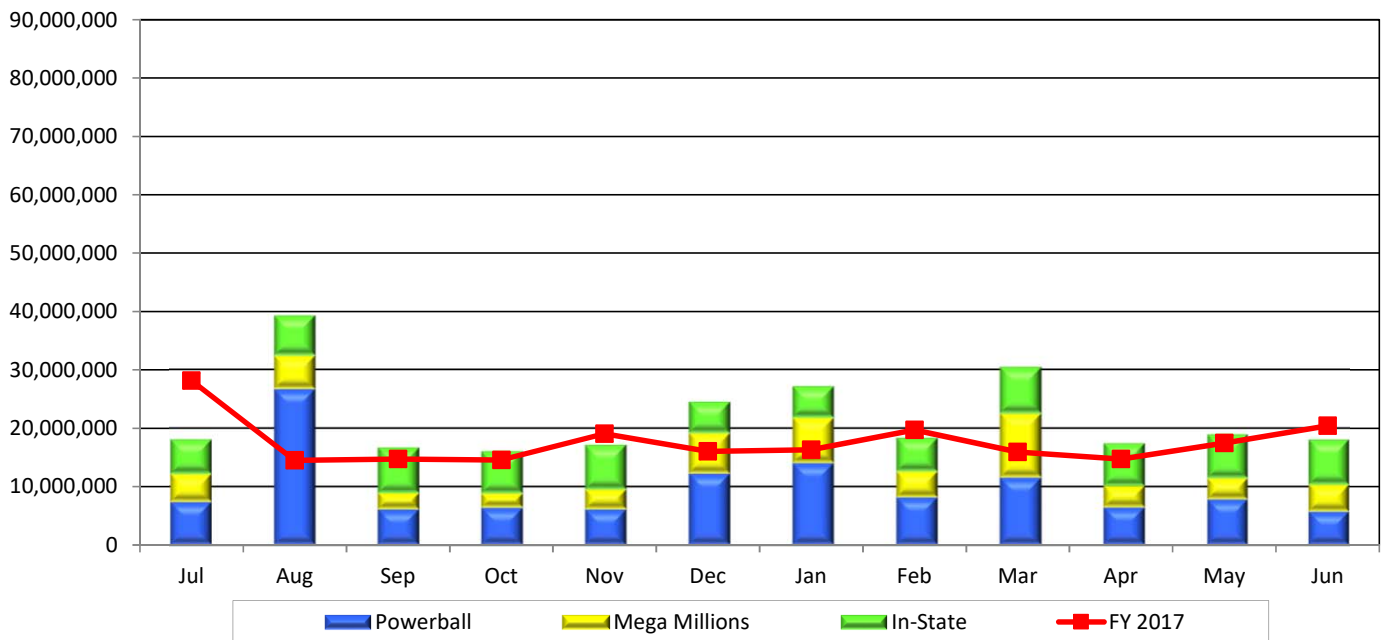
**Arizona Lottery  
FY 2018 versus FY 2017**

**Total Instant Games**



FY 2018	719,600,142
FY 2017	640,533,359
% Change	12.3%

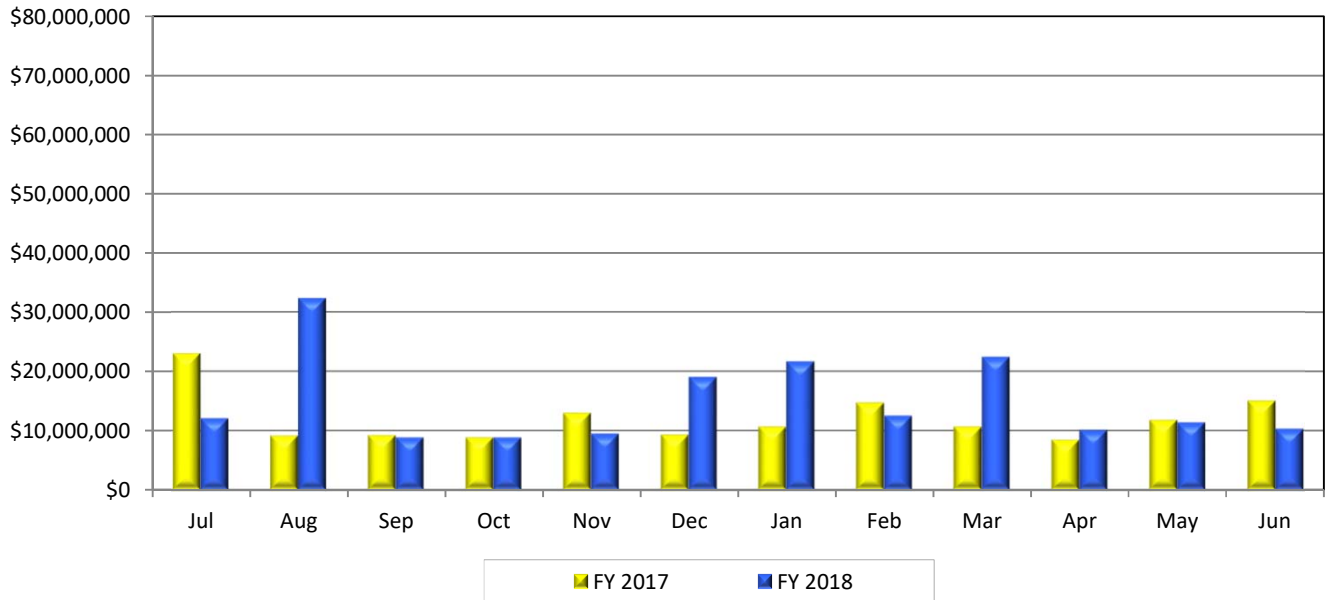
**Total Draw Games**



FY 2018	261,777,702
FY 2017	211,471,263
% Change	23.8%

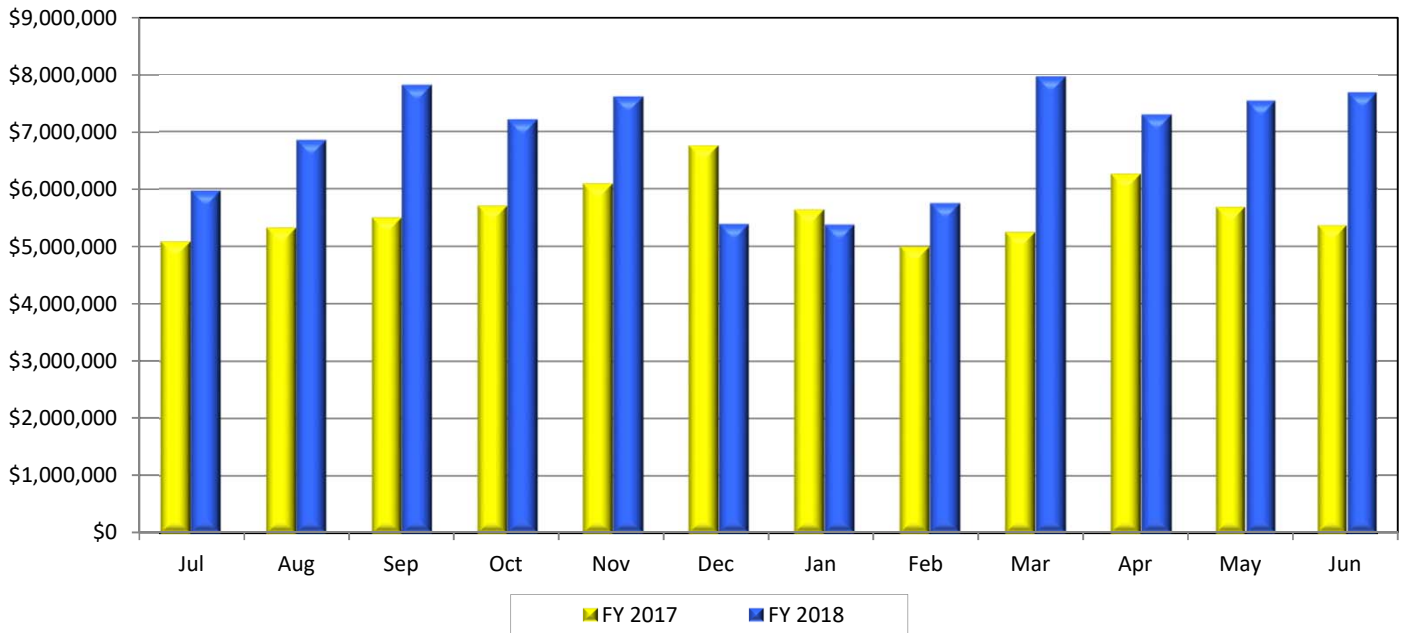
**Arizona Lottery  
FY 2018 versus FY 2017**

**Multi-State Jackpot Games**



FY 2018	179,410,632
FY 2017	143,823,864
% Change	24.7%

**Total In-State Games**



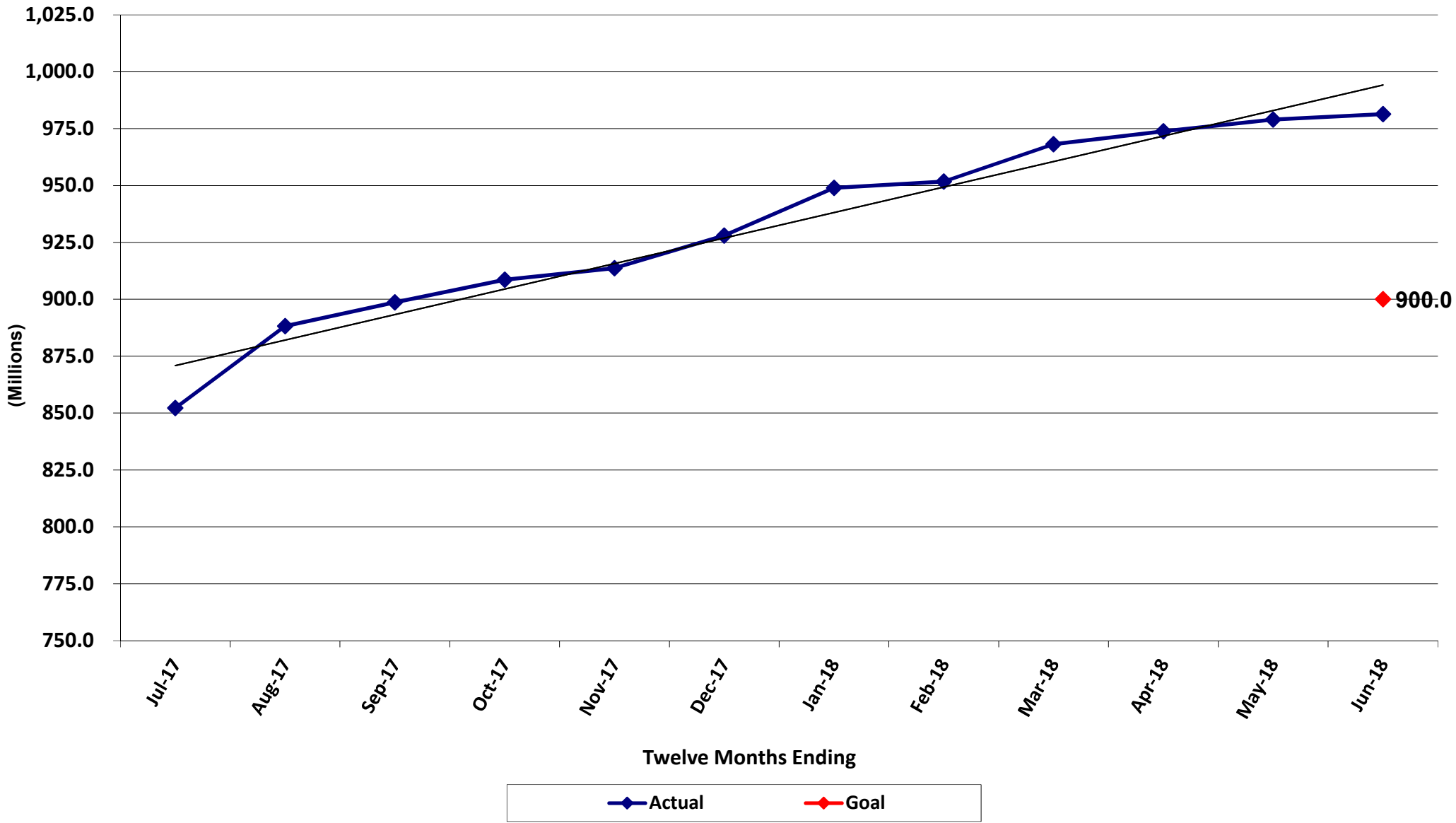
FY 2018	82,367,070
FY 2017	67,647,399
% Change	21.8%

**Arizona Lottery**  
**Sales by Product - FY 2018**

Month	Scratchers	Instant Tabs		Total Instants	Powerball	Mega Millions	The Pick / EXTRA	Fantasy 5 / EXTRA	Pick 3	All Or Nothing	5 Card Cash	Fast Play	Total Draw Games	Total Sales
		Instant Tabs - Charitable	- Age Restricted											
July	54,102,309	503,820	114,480	54,720,609	7,373,038	4,742,504	2,979,004	1,548,405	948,219	225,010	260,752		18,076,932	72,797,541
August	54,009,113	559,572	84,240	54,652,925	26,634,663	5,699,453	4,056,539	1,320,770	954,599	243,364	270,110		39,179,498	93,832,423
September	51,598,544	486,792	123,120	52,208,456	6,127,599	2,769,531	4,089,551	2,304,103	935,189	226,506	249,902		16,702,381	68,910,837
October	53,063,247	592,044	123,120	53,778,411	6,410,746	2,439,254	4,567,945	1,197,706	961,392	223,524	251,818		16,052,385	69,830,796
November	53,304,622	618,210	127,440	54,050,272	6,107,524	3,396,703	4,862,679	1,343,292	940,307	212,962	244,116		17,107,583	71,157,855
December	59,609,493	517,980	112,320	60,239,793	12,203,532	6,885,933	2,440,299	1,459,199	998,738	226,622	258,338		24,472,661	84,712,454
January	65,912,015	703,428	167,400	66,782,843	14,026,604	7,685,409	2,476,865	1,355,593	1,027,832	239,778	270,000		27,082,081	93,864,924
February	62,069,128	622,440	145,800	62,837,368	8,140,383	4,438,688	2,166,848	1,479,400	944,909	213,130	236,380	703,154	18,322,892	81,160,260
March	68,746,417	700,440	169,560	69,616,417	11,536,207	10,916,497	2,832,650	1,365,033	1,069,871	235,172	240,602	2,212,276	30,408,308	100,024,725
April	64,635,808	627,342	183,600	65,446,750	6,427,856	3,691,971	2,834,273	1,244,178	974,948	98,332	100,572	2,036,703	17,408,833	82,855,583
May	64,216,577	599,808	122,040	64,938,425	7,813,702	3,605,568	3,313,243	1,613,378	1,005,107			1,599,267	18,950,265	83,888,690
June	59,619,663	562,410	145,800	60,327,873	5,708,013	4,629,254	3,623,208	1,555,200	949,632			1,548,576	18,013,883	78,341,756
<b>YTD Sales</b>	<b>710,886,936</b>	<b>7,094,286</b>	<b>1,618,920</b>	<b>719,600,142</b>	<b>118,509,867</b>	<b>60,900,765</b>	<b>40,243,104</b>	<b>17,786,257</b>	<b>11,710,743</b>	<b>2,144,400</b>	<b>2,382,590</b>	<b>8,099,976</b>	<b>261,777,702</b>	<b>981,377,844</b>
YTD Rtlr Commissions	46,207,651	1,418,857	105,230	47,731,738	7,703,141	3,958,550	2,615,802	1,156,107	761,198	139,386	154,868	526,498	17,015,551	64,747,288
% of Sales	72.4%	0.72%	0.16%	73.3%	12.1%	6.2%	4.1%	1.8%	1.2%	0.2%	0.2%	0.8%	26.7%	100.0%
Avg Mo Sales	59,240,578	591,191	134,910	59,966,679	9,875,822	5,075,064	3,353,592	1,482,188	975,895	178,700	198,549	674,998	21,814,809	81,781,487



### Annual Sales Trailing 12 Month Periods

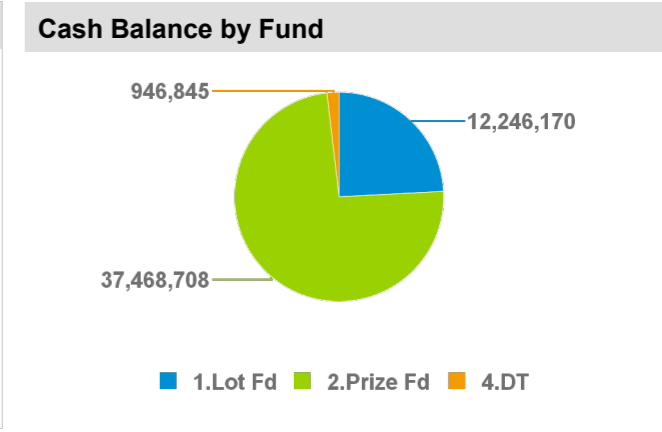
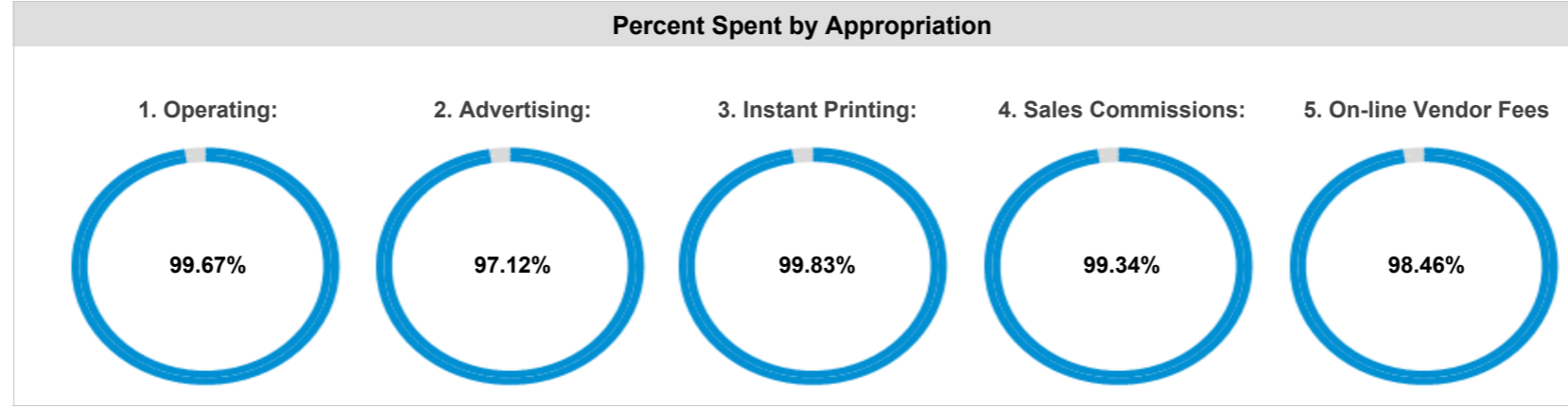
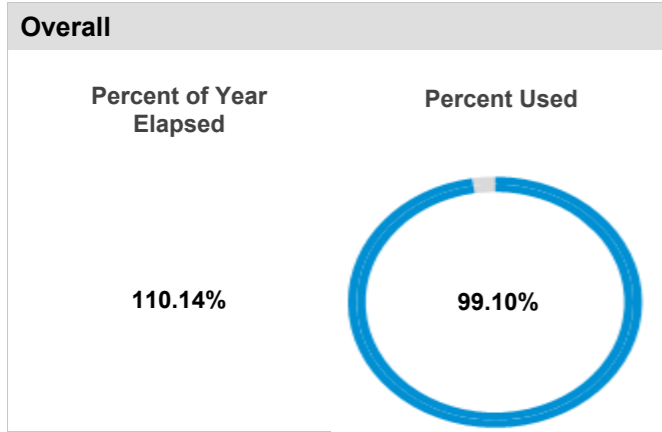


**Arizona Lottery  
Transfers To Other State Funds  
By Beneficiary - FY 2018**

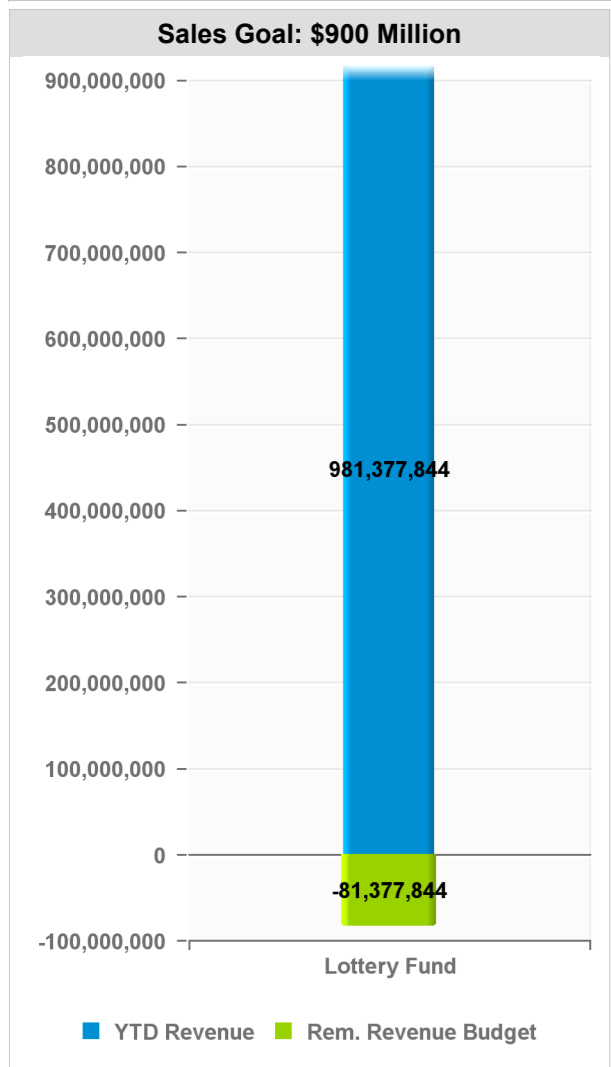
Month	Heritage Game & Fish	Healthy Arizona	State General Fund	Mass Transit LTAF II *	Homeless Shelters	State General Fund II	Arizona Commerce Authority	Univ Capital Debt Service	Dept of Gaming**	Internet Crimes & Victims' Rights***	Internet Crimes & Victims' Rights***	Tribal College Dual Enrollment	C.A.S.A.	Total Transfers
July			3,750,625									36,161		3,786,786
August			3,750,075									54,624		3,804,699
September	3,801,700	7,865,700	24,529,350	8,017,400							225,000	159,216	669,982	45,268,348
**Approp Transfer									300,000					300,000
October			3,750,075											3,750,075
November			3,750,075											3,750,075
December	3,768,800	7,796,800	24,250,850	3,511,600							225,000		954,028	40,507,078
January			3,750,075											3,750,075
February			3,750,075											3,750,075
March	2,429,500	5,349,700	5,369,200		1,000,000	15,490,000	3,500,000	25,065,500			225,000		582,657	59,011,557
April			3,750,075											3,750,075
May			3,750,075					14,544,681		100,000	225,000			18,619,756
June													1,115,668	1,115,668
<b>YTD Transfers</b>	<b>10,000,000</b>	<b>21,012,200</b>	<b>84,150,550</b>	<b>11,529,000</b>	<b>1,000,000</b>	<b>15,490,000</b>	<b>3,500,000</b>	<b>39,610,181</b>	<b>300,000</b>	<b>100,000</b>	<b>900,000</b>	<b>250,000</b>	<b>3,322,336</b>	<b>191,164,267</b>
<b>YTD FY17 Transfers</b>	<b>10,000,000</b>	<b>20,701,600</b>	<b>84,150,000</b>	<b>11,523,600</b>	<b>1,000,000</b>	<b>15,490,000</b>	<b>3,500,000</b>	<b>-</b>	<b>300,000</b>	<b>-</b>	<b>203,700</b>	<b>250,000</b>	<b>3,027,359</b>	<b>150,146,259</b>
<b>FY17 Transfers</b>	<b>10,000,000</b>	<b>20,701,600</b>	<b>90,436,112</b>	<b>11,529,000</b>	<b>1,000,000</b>	<b>15,490,000</b>	<b>3,500,000</b>	<b>39,926,998</b>	<b>300,000</b>	<b>100,000</b>	<b>900,000</b>	<b>250,000</b>	<b>3,965,599</b>	<b>198,099,309</b>

cap based on prior year  
 \*\*Pursuant to Proposition 202 (Compulsive Gambling Treatment)  
 \*\*\*Pursuant to HB2517 (Victims' Rights & Internet Crimes Against Children)

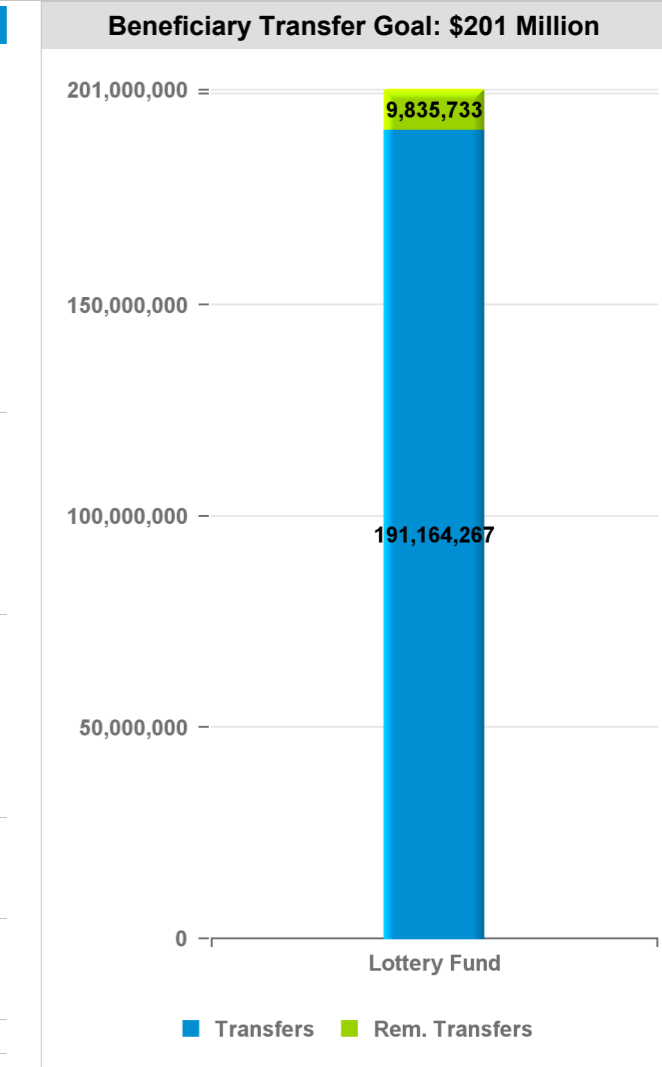
## Arizona Lottery Financial Dashboard



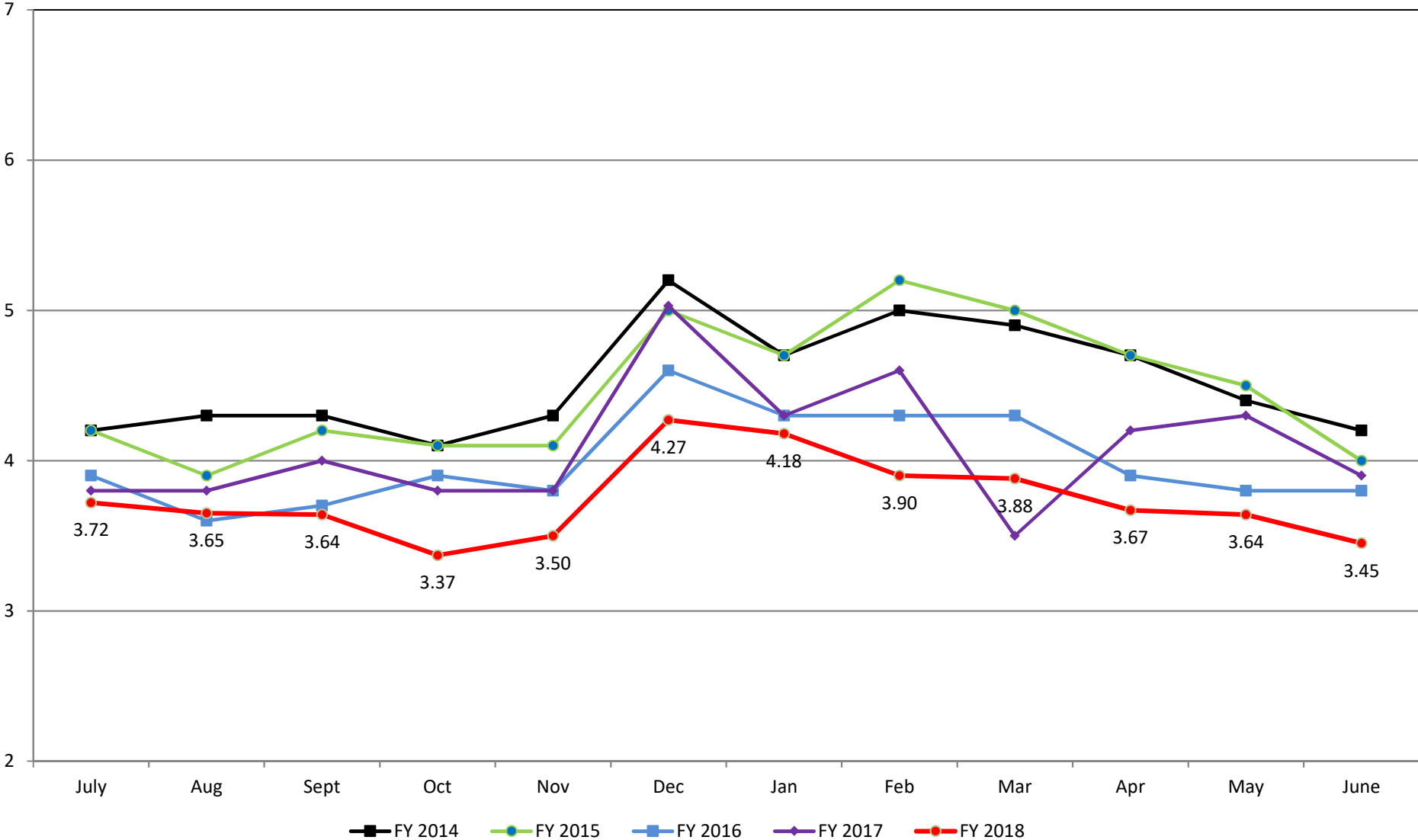
**Budget by Appropriation Type and Object Class**



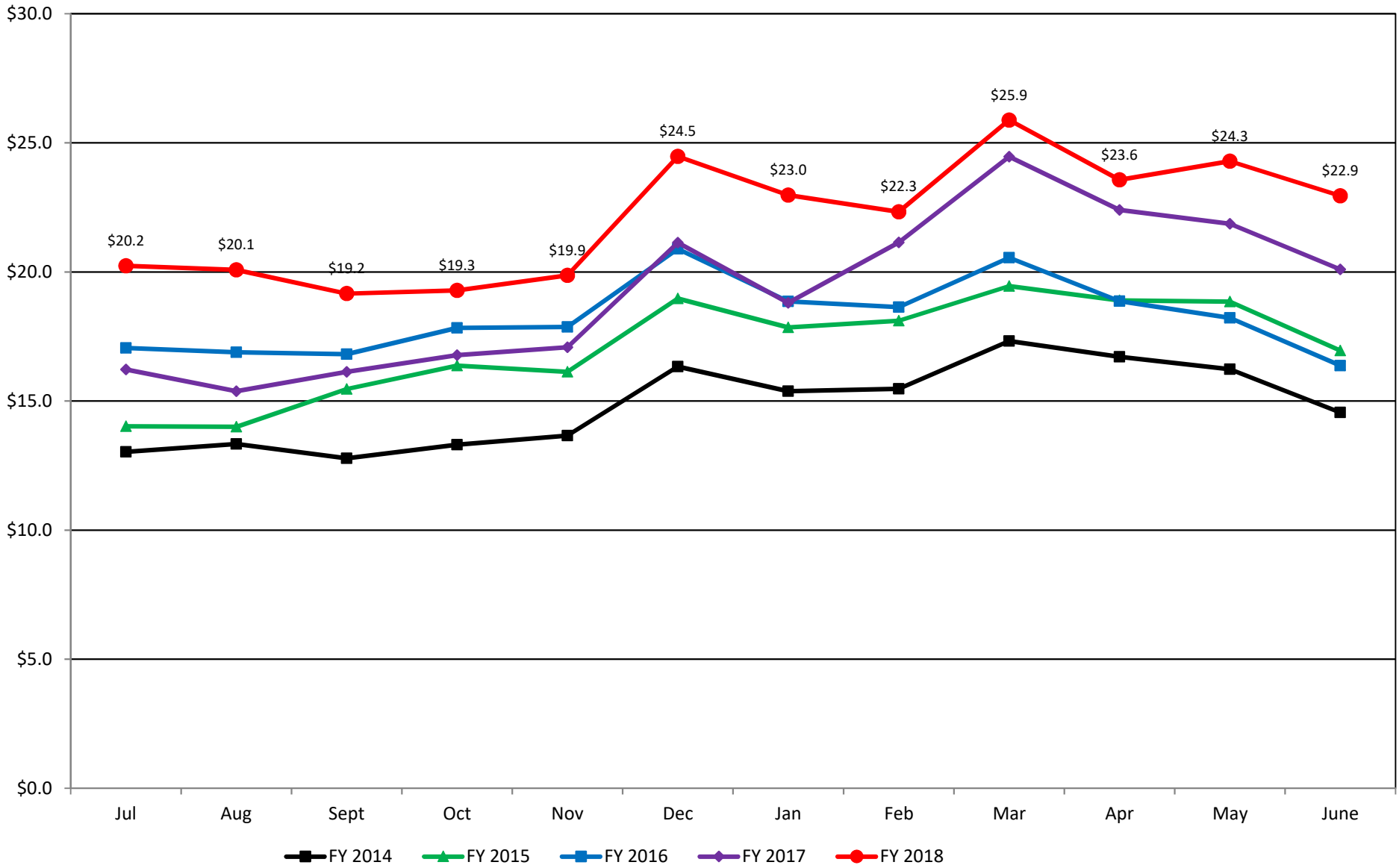
Appropriation	Object Class	Budget	Expenditures	Encumbered	Remaining	% Used
<b>1. Operating:</b>	6000 - Personal Services	4,363,300	4,266,881	-	96,419	97.79%
	6100 - Employee Related Expenditures	1,891,800	1,807,386	-	84,414	95.54%
	6200 - Professional And Outside Services	561,800	404,520	253,899	-96,619	117.20%
	6500 - Travel - In-State	271,600	201,470	14,611	55,518	79.56%
	6600 - Travel - Out-Of-State	36,800	54,649	-	-17,849	148.50%
	7000 - Other Operating Expenditures	1,123,200	1,034,378	145,047	-56,225	105.01%
	8100 - Capital Outlay	-	3,348	-	-3,348	100.00%
	8400 - Capital Equipment	-	24,176	0	-24,176	100.00%
	8500 - Non-Capital Equipment	70,000	31,818	31,234	6,949	90.07%
	9100 - Transfers Out	140,000	157,231	0	-17,231	112.31%
	- NOT ENTERED	-	-	-	-	100.00%
<b>Total:</b>		<b>8,458,500</b>	<b>7,985,856</b>	<b>444,790</b>	<b>27,853</b>	<b>99.67%</b>
<b>2. Advertising:</b>	6200 - Professional And Outside Services	-	-	-	-	100.00%
	7000 - Other Operating Expenditures	15,450,000	13,779,537	1,274,511	395,952	97.44%
	8400 - Capital Equipment	-	-	-	-	100.00%
	8500 - Non-Capital Equipment	50,000	-	-	50,000	-
	- NOT ENTERED	-	-	-	-	100.00%
<b>Total:</b>		<b>15,500,000</b>	<b>13,779,537</b>	<b>1,274,511</b>	<b>445,952</b>	<b>97.12%</b>
<b>3. Instant Printing:</b>	6200 - Professional And Outside Services	-	-	-	-	100.00%
	6600 - Travel - Out-Of-State	-	-	-	-	100.00%
	7000 - Other Operating Expenditures	18,498,700	15,135,528	6,926,304	-3,563,131	119.26%
	8400 - Capital Equipment	3,600,000	-	-	3,600,000	-
- NOT ENTERED	-	-	-	-	100.00%	
<b>Total:</b>		<b>22,098,700</b>	<b>15,135,528</b>	<b>6,926,304</b>	<b>36,869</b>	<b>99.83%</b>
<b>4. Sales Commissions:</b>	7000 - Other Operating Expenditures	70,573,500	60,671,354	9,436,946	465,200	99.34%
	- NOT ENTERED	-	-	-	-	100.00%
<b>Total:</b>		<b>70,573,500</b>	<b>60,671,354</b>	<b>9,436,946</b>	<b>465,200</b>	<b>99.34%</b>
<b>5. On-line Vendor Fees:</b>	6200 - Professional And Outside Services	11,179,000	9,533,262	1,473,930	171,808	98.46%
	- NOT ENTERED	-	-	-	-	100.00%
<b>Total:</b>		<b>11,179,000</b>	<b>9,533,262</b>	<b>1,473,930</b>	<b>171,808</b>	<b>98.46%</b>
<b>Grand Total:</b>		<b>127,809,700</b>	<b>107,105,537</b>	<b>19,556,480</b>	<b>1,147,683</b>	<b>99.10%</b>



Ticket Vending Machine - Monthly Out-of-Stock Averages



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



**Draw Games - Advertised Jackpot Comparisons  
June FY2018 vs FY2017**

Powerball	FY2018 Jackpot			FY2017 Jackpot		
	Wed	Sat	Wkly Sales	Wed	Sat	Wkly Sales
06/02/18	\$60.0	\$74.0	\$1.25	\$302.0	\$337.0	\$3.42
06/09/18	\$87.0	\$105.0	\$1.32	\$375.0	\$435.0	\$6.08
06/16/18	\$121.0	\$137.0	\$1.43	\$40.0	\$52.0	\$1.21
06/23/18	\$151.0	\$40.0	\$1.28	\$64.0	\$79.0	\$1.23
06/30/18	\$50.0	\$60.0	\$1.14	\$92.0	\$106.0	\$1.0
Total Monthly Sales	\$5,708,013			\$11,438,306		

Mega Millions	FY2018 Jackpot			FY2017 Jackpot		
	Tue	Fri	Wkly Sales	Tue	Fri	Wkly Sales
06/02/18	\$84.0	\$97.0	\$0.85	\$65.0	\$74.0	\$0.65
06/09/18	\$110.0	\$127.0	\$0.94	\$80.0	\$90.0	\$0.80
06/16/18	\$144.0	\$161.0	\$1.0	\$101.0	\$113.0	\$0.82
06/23/18	\$175.0	\$192.0	\$1.07	\$123.0	\$134.0	\$0.85
06/30/18	\$212.0	\$232.0	\$1.30	\$145.0	\$158.0	\$0.81
Total Monthly Sales	\$4,629,254			\$3,627,313		

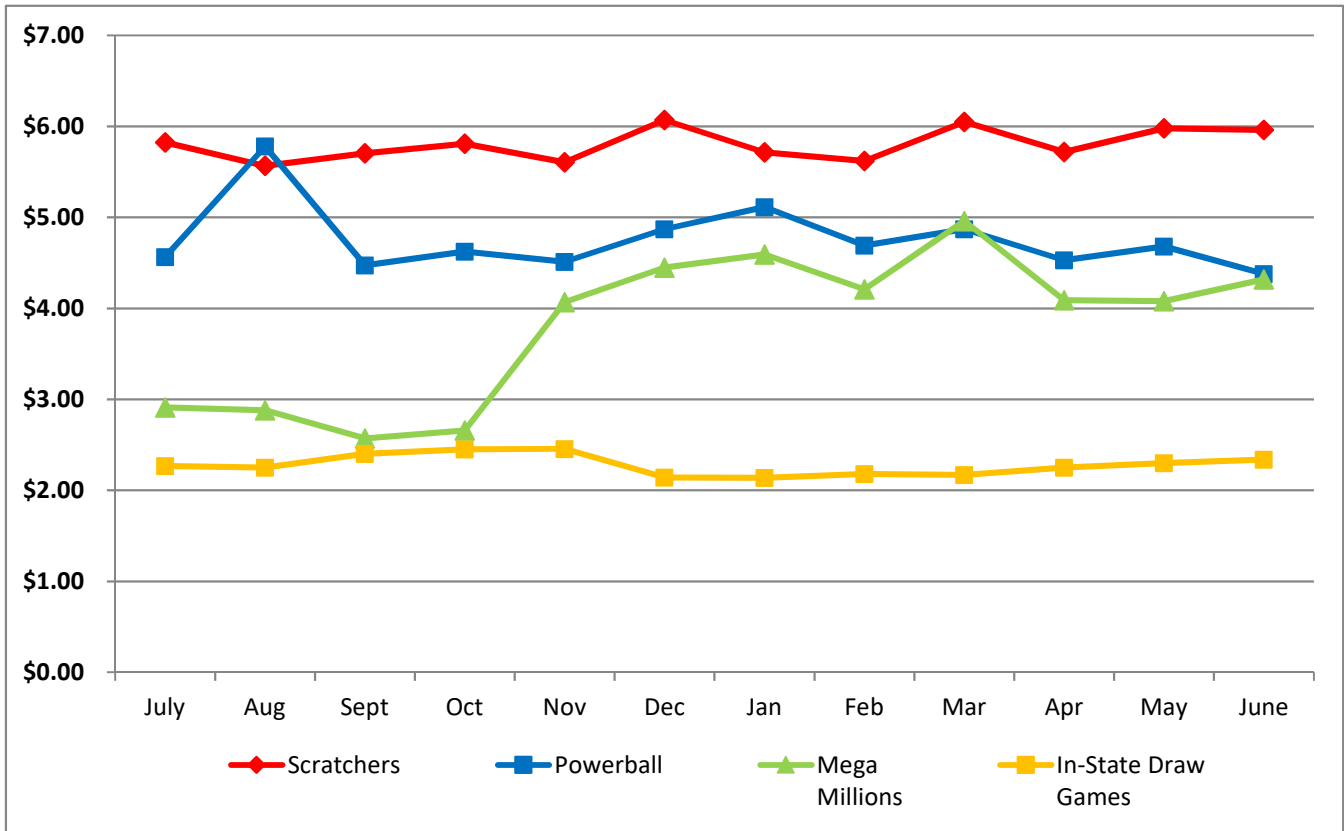
The Pick	FY2018 Jackpot			FY2017 Jackpot		
	Wed	Sat	Wkly Sales	Wed	Sat	Wkly Sales
06/02/18	\$5.4	\$5.6	\$0.78	\$3.0	\$3.0	\$0.59
06/09/18	\$5.8	\$5.9	\$0.80	\$3.0	\$3.1	\$0.69
06/16/18	\$6.1	\$6.2	\$0.83	\$3.3	\$3.5	\$0.59
06/23/18	\$6.4	\$6.6	\$0.83	\$3.6	\$3.6	\$0.60
06/30/18	\$6.8	\$6.9	\$0.86	\$3.7	\$4.0	\$0.47
Total Monthly Sales	\$3,623,208			\$2,658,741		

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	\$5.82	\$4.56	\$2.91	\$2.27
Aug	\$5.57	\$5.78	\$2.88	\$2.25
Sept	\$5.70	\$4.47	\$2.57	\$2.40
Oct	\$5.81	\$4.62	\$2.66	\$2.45
Nov	\$5.61	\$4.51	\$4.07	\$2.46
Dec	\$6.07	\$4.87	\$4.45	\$2.14
Jan	\$5.72	\$5.12	\$4.59	\$2.14
Feb	\$5.62	\$4.69	\$4.21	\$2.18
Mar	\$6.05	\$4.87	\$4.96	\$2.17
Apr	\$5.72	\$4.53	\$4.09	\$2.25
May	\$5.98	\$4.68	\$4.08	\$2.30
June	\$5.96	\$4.38	\$4.32	\$2.34
Average				



# **ATTACHMENT B**



## **FY18 Year-End Product and 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, Deputy Director of Customer Service & Sales, has provided information on retailer sales and rankings in several different categories. Staff is available to answer any questions the Commission may have.

**Arizona Lottery**  
**FY2018 Year-End – Product Review**

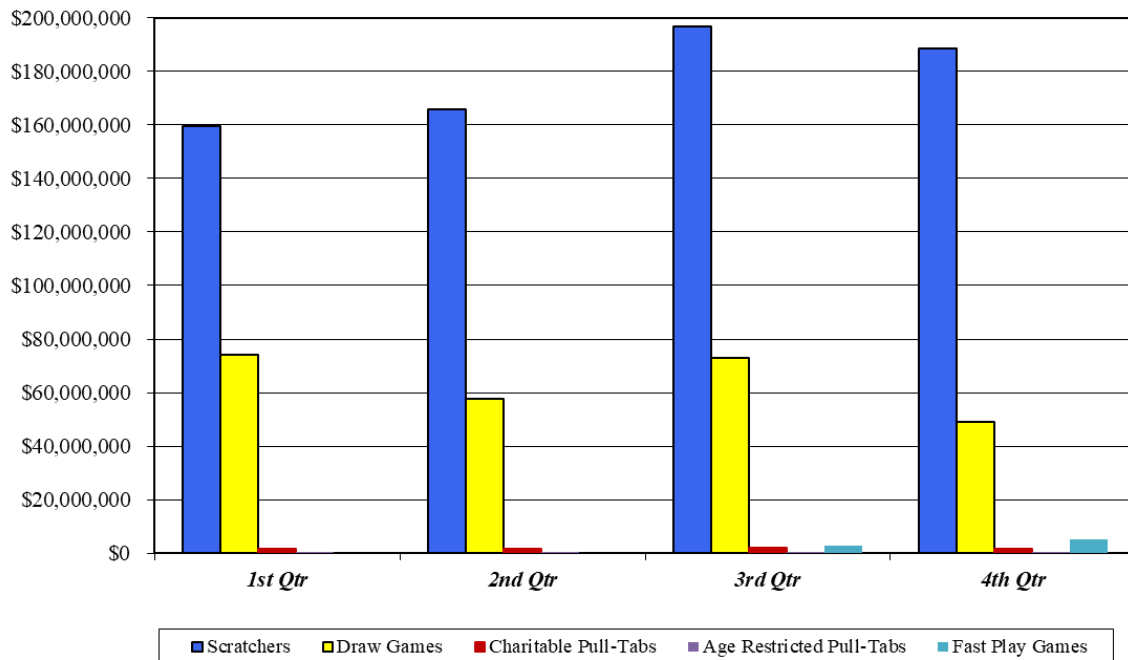
As part of a quarterly review process, we report to the agency on the performance of the individual Lottery products including draw, instant and Fast Play games. The information contained in this report includes the following:

- 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 instant games by revenue and tickets
- A review of new game introductions and game endings

**General Overview**

Sales for FY18 reached \$981,377,844, an increase of 15.2% over the previous fiscal year. The breakdown by product is as follows:

	<u>1<sup>st</sup> Quarter</u>	<u>2<sup>nd</sup> Quarter</u>	<u>3<sup>rd</sup> Quarter</u>	<u>4<sup>th</sup> Quarter</u>	<u>Total</u>	<u>Mkt Share</u>
<i>Scratchers<sup>®1</sup></i>	\$159,709,966	\$165,977,362	\$196,727,560	\$188,472,048	\$710,886,936	72.44%
<i>Draw Games</i>	\$73,958,811	\$57,632,629	\$72,897,851	\$49,188,435	\$253,677,726	25.85%
<i>Fast Play Games</i>	N/A	N/A	\$2,915,430	\$5,184,546	\$8,099,976	0.83%
<i>Charitable Pull-Tabs</i>	\$1,550,184	\$1,728,234	\$2,026,308	\$1,789,560	\$7,094,286	0.72%
<i>Age Restricted Pull-Tabs</i>	\$321,840	\$362,880	\$482,760	\$451,440	\$1,618,920	0.16%
<b>Total</b>	\$235,540,801	\$225,701,105	\$275,049,909	\$245,086,029	\$981,377,844	



As indicated in the chart above, the Scratchers contribution to total sales exceeded the draw games in each quarter of the year and represented 72.44% of total sales. The market share for draw games is at 25.85%, an increase over last

<sup>1</sup> Scratchers<sup>®</sup> is a registered service mark of the California Lottery.

fiscal year. Pull-tabs currently represent 0.88% of total sales. Sales detail by game is provided in Attachments A and B.

**Charitable Pull-Tabs**

The charitable games program continues to be strong with 145 organizations currently licensed and selling tickets. Sales for this fiscal year reached a high of \$7.09 million, a 9.4% increase over the previous year.

**Age-Restricted Pull-Tabs**

The age-restricted games program began licensing retailers in February 2016. Currently there are 53 retailers licensed and selling tickets. Sales for this fiscal year totaled \$1,618,920, a 27.7% increase over the previous year.

**Scratchers Games**

Sales for Scratchers this fiscal year reached an all-time high of \$710.8 million, an increase of 12.3% over last fiscal year. March sales of more than \$68 million set a new record for a single sales month.

Based on validations, players have earned more than \$505.9 million in prizes. The prizes paid calculated against the sales revenues equate to an average payout of 71.2%.

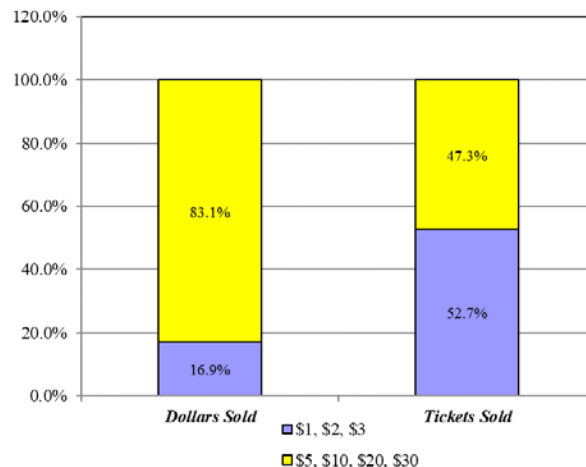
A total of 55 new games were introduced this fiscal year. Combined with the games carried forward, a total of 112 games contributed to the sales revenues for the year.

Price Point	\$1	\$2	\$3	\$5	\$10	\$20	\$30	TOTAL
# New Games	8	10	5	15	12	4	1	55
Carried Forward	9	13	5	15	12	2	1	57

During this same period 58 games were ended. Seventeen 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 52.7% representing 16.9% of the revenues. The \$5, \$10, \$20 and \$30 games accounted for 47.3% of the tickets sold and 83.1% of the revenues. With the introduction of the second \$30 game, the higher price point games continue to increase in market share. The chart below shows the breakdown of tickets and dollars for FY18. The charts on Attachment C show a comparable breakdown across all price points for the most recent five years.



**Top 10 games**

The Crossword and Bingo style games continue to be strong in the market with more than \$190.7 million in sales, representing 26.8% of total Scratchers sales. In terms of dollars sold, five of the top ten games are Crossword or Bingo style games; they also represent six of the top ten games in terms of tickets sold. The top performer of the year with more than \$111.2 million in sales was the \$20 spotlight game, *\$200 Million Cash Explosion* (#1080). This game represented 15.6% of the total Scratchers sales.

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

Top 10 games in sales revenue			Top 10 games in tickets sold		
	Game	Sales Revenue		Game	Tickets Sold
\$20	1080 \$200 Million Cash Explosion	\$111,252,960	\$2	1111 Crossword	13,740,322
\$30	1134 Royal Millions	\$52,143,510	\$20	1080 \$200 Million Cash Explosion	5,562,648
\$30	1098 Ultimate Millions	\$49,125,840	\$5	1132 I Love Crossword	4,828,798
\$2	1111 Crossword	\$27,480,644	\$2	1060 Bingo	4,632,059
\$5	1132 I Love Crossword	\$24,143,990	\$2	1119 Red Hot 7's	4,221,512
\$20	1113 \$250,000 Crossword	\$23,609,120	\$1	1142 Decade of Dollars	3,317,847
\$20	1147 50X Cash	\$20,233,460	\$5	1112 Round Robin Bingo	2,971,558
\$10	1141 Spicy Hot Crossword	\$19,197,460	\$2	1140 Bingo	2,961,132
\$10	1109 \$100 Grand Crossword	\$16,509,500	\$3	1144 Crossword Connect	2,618,870
\$10	1117 Money Clip	\$16,391,080	\$1	1137 Match 3 Tripler	2,405,734

**Draw Games**

Total sales of draw games for the year reached \$253,677,726, an increase of 20.0% over the previous year.

**Draw Games – Multi-State**

**Powerball** – Sales for the year totaled \$118,509,867, an increase of 15.7% over the previous year. The highest jackpot reached during FY18 was \$700 million in August.

**Mega Millions** – Sales for the year totaled \$60,900,765, an increase of 47.2% over the previous year. The highest jackpot reached during FY18 was \$521 million in March.

Combined sales for multi-state draw games were 24.7% over the previous year.

**Draw Games – In-State**

**The Pick™** – Sales for the year totaled \$40,243,104, an increase of 27.8% over the previous year. The highest jackpot reached during FY18 was \$11.9 million in November.

**Fantasy 5™** – Sales for the year totaled \$17,786,257, a decrease of 3.5% from the previous year. The highest jackpot reached during FY18 was \$487,000 in September.

**Pick 3™** – Sales for the year totaled \$11,710,743, an increase of 5.3% over the previous year. Sales for this game remain consistent with a slight increase year over year.

**5 Card Cash™** – Sales for the year totaled \$2,382,590. This game ended on April 15, 2018.

**All Or Nothing™** – Sales for the year totaled \$2,144,400. This game ended on April 15, 2018.

Combined sales for in-state draw games were 9.8% over the previous year.

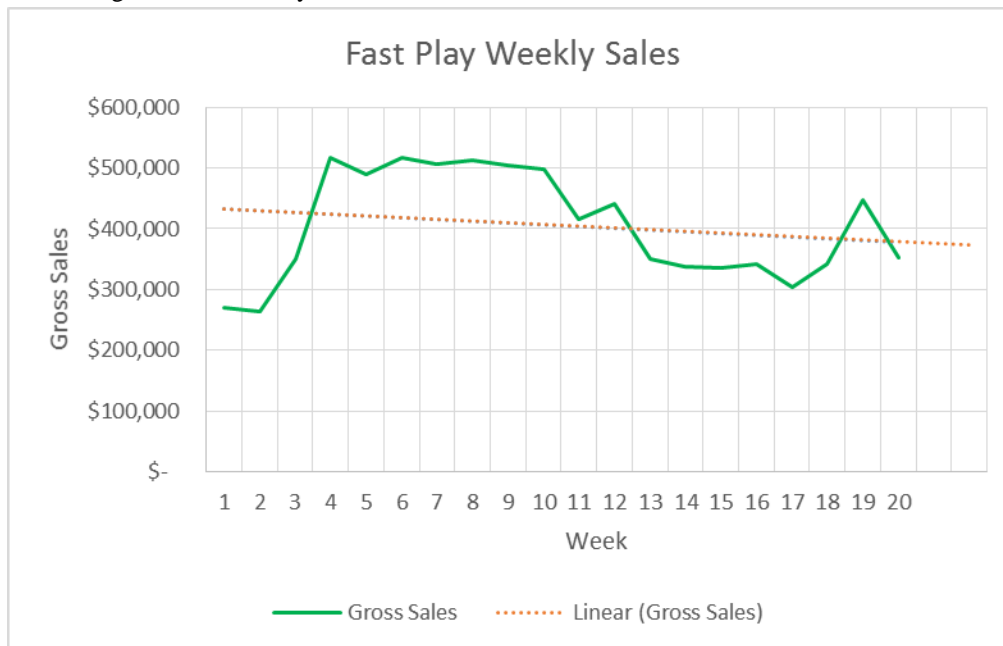
**Fast Play Games**

On February 11, 2018, the Arizona Lottery introduced Fast Play, a new category of games that gives players a chance to win a cash prize instantly, independent of any drawing. These instant-style games can be played through Arizona Lottery terminals or vending machines. The Fast Play portfolio was launched with four games of varying play styles and price points; two of which offer progressive jackpots.

Since the February 11 launch, nearly three million (2,837,124) Fast Play tickets have been sold, generating more than \$8 million (\$8,099,976) in total gross sales through June 30, 2018. See the snapshot below for a per-game breakdown of Fast Play’s first five months in market.

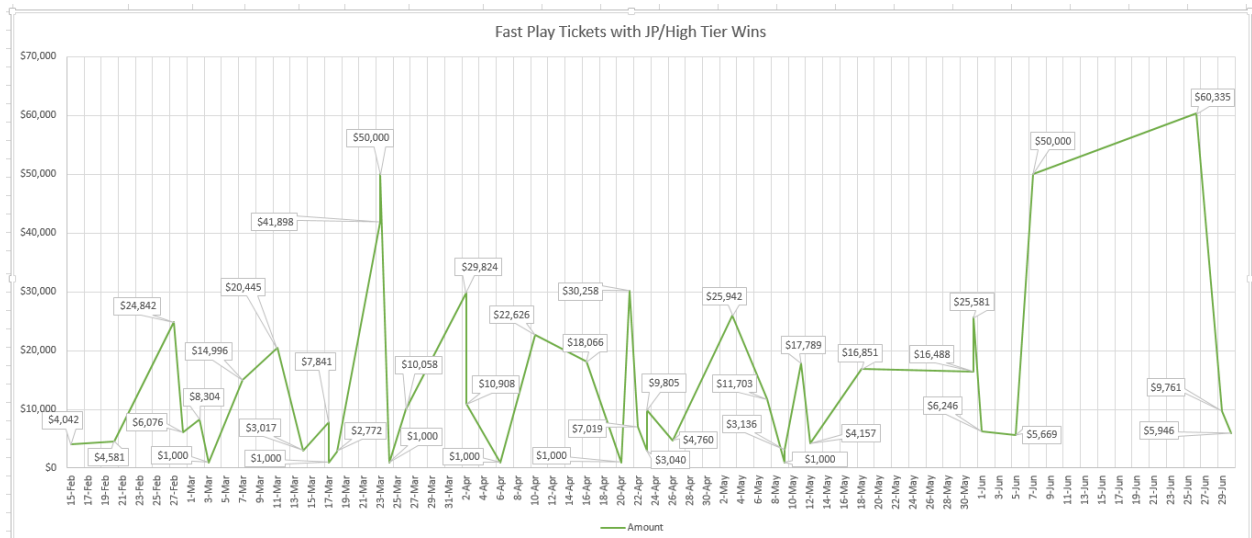
Game	Price	Name	Tickets Sold	Gross Sales
100	\$1.00	PIGGY BANK BUCKS	909,876	\$909,876.00
101	\$2.00	JACKPOT PARTY PROGRESSIVE	815,380	\$1,630,760.00
102	\$5.00	CRAZY 8S	429,657	\$2,148,285.00
103	\$5.00	Cherry Twist PROGRESSIVE	682,211	\$3,411,055.00
<b>Grand Total</b>			<b>2,837,124</b>	<b>\$8,099,976.00</b>

The graph below illustrates Fast Play weekly gross sales over the course of its first five months. We saw a significant lift in sales as Cherry Twist Progressive’s jackpot grew to more than \$60,000 in the fourth week of June. In fact, sales for this game increased by 20% within one week.



From February 11 to June 30, 2018, 54 Fast Play progressive jackpots and top prizes have been won, totaling \$701,195 in prizes. The Cherry Twist Progressive game has issued the highest jackpot to date, reaching \$60,335 on June 26, 2018. Based on validations, in its first six months, players have earned more than \$5 million in Fast Play prizes, supporting one of the game’s benefits of offering more frequent wins.

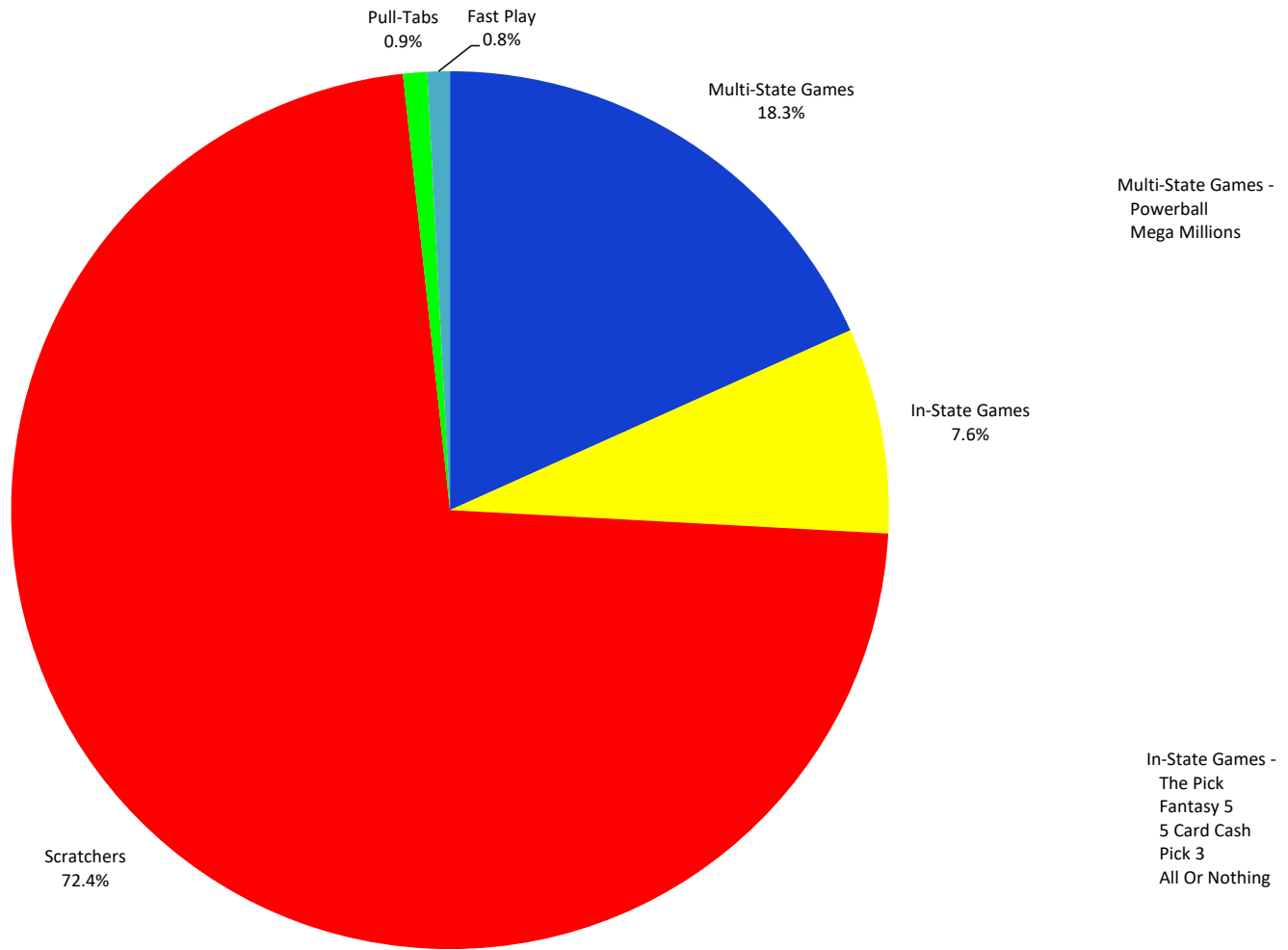
The illustration below charts Fast Play tickets issuing jackpots and/or high tier wins between February 11 and June 30, 2018.



**ARIZONA LOTTERY**  
**QUARTERLY SALES BY PRODUCT**  
**Fiscal Year 2018 - July 2017 through June 2018**

Month	Powerball	Mega Millions	The Pick	Fantasy 5	Pick 3	All Or Nothing	5 Card Cash	Total Draw Games	Fast Play	Scratchers	Charitable Pull-Tabs	Age Restricted Pull-Tabs	Total Instant Games	Total	Market Share
July	\$7,373,038	\$4,742,504	\$2,979,004	\$1,548,405	\$948,219	\$225,010	\$260,752	\$18,076,932		\$54,102,309	\$503,820	\$114,480	\$54,720,609	\$72,797,541	7.4%
August	\$26,634,663	\$5,699,453	\$4,056,539	\$1,320,770	\$954,599	\$243,364	\$270,110	\$39,179,498		\$54,009,113	\$559,572	\$84,240	\$54,652,925	\$93,832,423	9.6%
September	\$6,127,599	\$2,769,531	\$4,089,551	\$2,304,103	\$935,189	\$226,506	\$249,902	\$16,702,381		\$51,598,544	\$486,792	\$123,120	\$52,208,456	\$68,910,837	7.0%
<b>1st Quarter</b>	<b>\$40,135,300</b>	<b>\$13,211,488</b>	<b>\$11,125,094</b>	<b>\$5,173,278</b>	<b>\$2,838,007</b>	<b>\$694,880</b>	<b>\$780,764</b>	<b>\$73,958,811</b>		<b>\$159,709,966</b>	<b>\$1,550,184</b>	<b>\$321,840</b>	<b>\$161,581,990</b>	<b>\$235,540,801</b>	<b>24.0%</b>
October	\$6,410,746	\$2,439,254	\$4,567,945	\$1,197,706	\$961,392	\$223,524	\$251,818	\$16,052,385		\$53,063,247	\$592,044	\$123,120	\$53,778,411	\$69,830,796	7.1%
November	\$6,107,524	\$3,396,703	\$4,862,679	\$1,343,292	\$940,307	\$212,962	\$244,116	\$17,107,583		\$53,304,622	\$618,210	\$127,440	\$54,050,272	\$71,157,855	7.3%
December	\$12,203,532	\$6,885,933	\$2,440,299	\$1,459,199	\$998,738	\$226,622	\$258,338	\$24,472,661		\$59,609,493	\$517,980	\$112,320	\$60,239,793	\$84,712,454	8.6%
<b>2nd Quarter</b>	<b>\$24,721,802</b>	<b>\$12,721,890</b>	<b>\$11,870,923</b>	<b>\$4,000,197</b>	<b>\$2,900,437</b>	<b>\$663,108</b>	<b>\$754,272</b>	<b>\$57,632,629</b>		<b>\$165,977,362</b>	<b>\$1,728,234</b>	<b>\$362,880</b>	<b>\$168,068,476</b>	<b>\$225,701,105</b>	<b>23.0%</b>
January	\$14,026,604	\$7,685,409	\$2,476,865	\$1,355,593	\$1,027,832	\$239,778	\$270,000	\$27,082,081		\$65,912,015	\$703,428	\$167,400	\$66,782,843	\$93,864,924	9.6%
February	\$8,140,383	\$4,438,688	\$2,166,848	\$1,479,400	\$944,909	\$213,130	\$236,380	\$17,619,738	\$703,154	\$62,069,128	\$622,440	\$145,800	\$62,837,368	\$81,160,260	8.3%
March	\$11,536,207	\$10,916,497	\$2,832,650	\$1,365,033	\$1,069,871	\$235,172	\$240,602	\$28,196,032	\$2,212,276	\$68,746,417	\$700,440	\$169,560	\$69,616,417	\$100,024,725	10.2%
<b>3rd Quarter</b>	<b>\$33,703,194</b>	<b>\$23,040,594</b>	<b>\$7,476,363</b>	<b>\$4,200,026</b>	<b>\$3,042,612</b>	<b>\$688,080</b>	<b>\$746,982</b>	<b>\$72,897,851</b>	<b>\$2,915,430</b>	<b>\$196,727,560</b>	<b>\$2,026,308</b>	<b>\$482,760</b>	<b>\$199,236,628</b>	<b>\$275,049,909</b>	<b>28.0%</b>
April	\$6,427,856	\$3,691,971	\$2,834,273	\$1,244,178	\$974,948	\$98,332	\$100,572	\$15,372,130	\$2,036,703	\$64,635,808	\$627,342	\$183,600	\$65,446,750	\$80,818,880	8.2%
May	\$7,813,702	\$3,605,568	\$3,313,243	\$1,613,378	\$1,005,107			\$17,350,998	\$1,599,267	\$64,216,577	\$599,808	\$122,040	\$64,938,425	\$82,289,423	8.4%
June	\$5,708,013	\$4,629,254	\$3,623,208	\$1,555,200	\$949,632			\$16,465,307	\$1,548,576	\$59,619,663	\$562,410	\$145,800	\$60,327,873	\$76,793,180	7.8%
<b>4th Quarter</b>	<b>\$19,949,571</b>	<b>\$11,926,793</b>	<b>\$9,770,724</b>	<b>\$4,412,756</b>	<b>\$2,929,687</b>	<b>\$98,332</b>	<b>\$100,572</b>	<b>\$49,188,435</b>	<b>\$5,184,546</b>	<b>\$188,472,048</b>	<b>\$1,789,560</b>	<b>\$451,440</b>	<b>\$190,713,048</b>	<b>\$245,086,029</b>	<b>25.0%</b>
<b>2018</b>	<b>\$118,509,867</b>	<b>\$60,900,765</b>	<b>\$40,243,104</b>	<b>\$17,786,257</b>	<b>\$11,710,743</b>	<b>\$2,144,400</b>	<b>\$2,382,590</b>	<b>\$253,677,726</b>	<b>\$8,099,976</b>	<b>\$710,886,936</b>	<b>\$7,094,286</b>	<b>\$1,618,920</b>	<b>\$719,600,142</b>	<b>\$981,377,844</b>	
<i>Mkt Share</i>	12.1%	6.2%	4.1%	1.8%	1.2%	0.2%	0.2%	25.85%	0.83%	72.44%	0.72%	0.16%	73.33%		
<b>2017</b>	<b>\$102,449,615</b>	<b>\$41,374,249</b>	<b>\$31,496,190</b>	<b>\$18,436,608</b>	<b>\$11,124,467</b>	<b>\$2,872,714</b>	<b>\$3,717,420</b>	<b>\$211,471,263</b>		<b>\$632,781,377</b>	<b>\$6,484,632</b>	<b>\$1,267,350</b>	<b>\$640,533,359</b>	<b>\$852,004,622</b>	
<i>% of Change</i>	15.7%	47.2%	27.8%	-3.5%	5.3%	-25.4%	-35.9%	20.0%		12.3%	9.4%	27.7%	12.3%	15.2%	

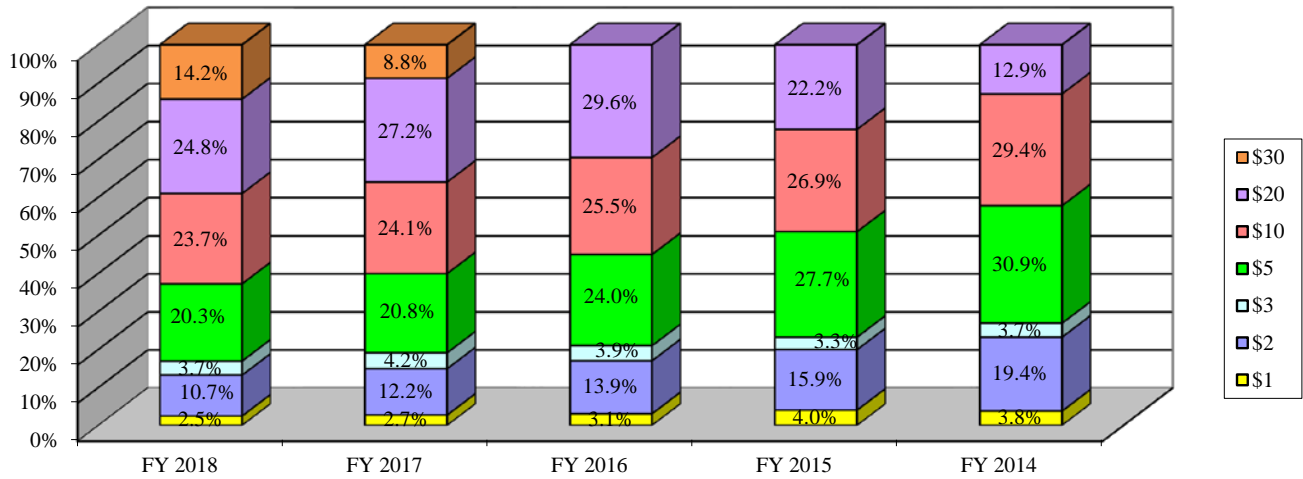
**ARIZONA LOTTERY**  
**QUARTERLY SALES BY PRODUCT**  
*Fiscal Year 2018 - July 2017 through June 2018*





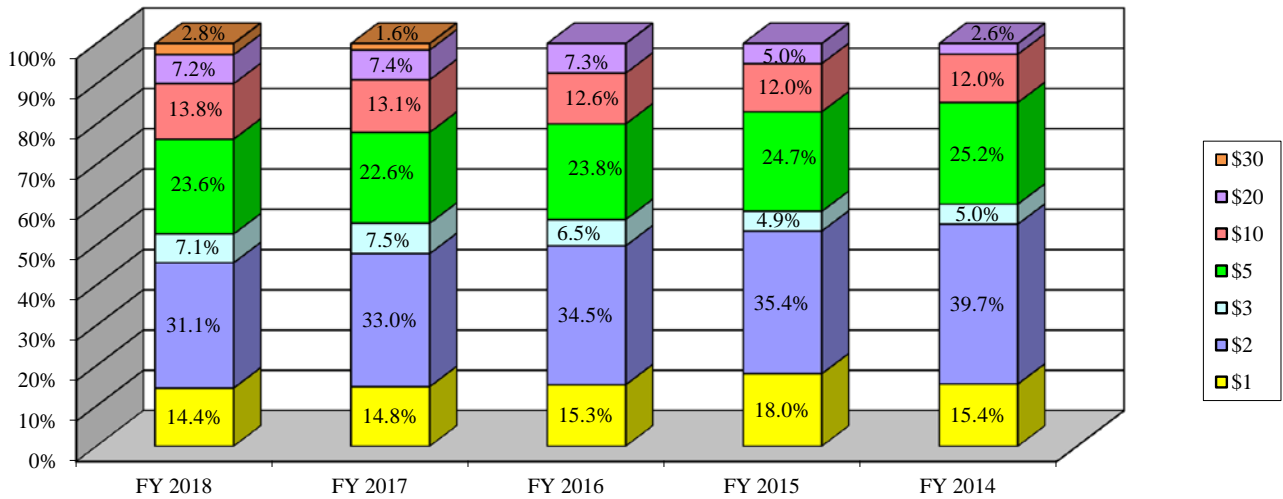
## Arizona Lottery 5-Year Review by Price Point

Based on Dollars Sold



	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
\$1	\$17,675,313	\$17,230,930	\$18,183,806	\$21,852,857	\$20,900,842
\$2	\$76,286,420	\$77,080,640	\$82,257,128	\$86,110,390	\$92,970,362
\$3	\$26,204,778	\$26,348,367	\$23,323,455	\$17,793,777	\$15,624,093
\$5	\$144,423,905	\$131,823,090	\$141,578,675	\$150,203,925	\$153,051,335
\$10	\$168,662,410	\$152,231,750	\$150,398,690	\$145,784,060	\$140,218,320
\$20	\$176,364,760	\$172,393,320	\$174,963,960	\$120,285,280	\$61,130,860
\$30	\$101,269,350	\$55,673,280			
<b>Total</b>	<b>\$710,886,936</b>	<b>\$632,781,377</b>	<b>\$590,705,714</b>	<b>\$542,030,289</b>	<b>\$483,895,812</b>

Based on Tickets Sold



	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
\$1	17,675,313	17,230,930	18,183,806	21,852,857	20,900,842
\$2	38,143,210	38,540,320	41,128,564	43,055,195	46,485,181
\$3	8,734,926	8,782,789	7,774,485	5,931,259	5,208,031
\$5	28,884,781	26,364,618	28,315,735	30,040,785	30,610,267
\$10	16,866,241	15,223,175	15,039,869	14,578,406	14,021,832
\$20	8,818,238	8,619,666	8,748,198	6,014,264	3,056,543
\$30	3,375,645	1,855,776			
<b>Total</b>	<b>122,498,354</b>	<b>116,617,274</b>	<b>119,190,657</b>	<b>121,472,766</b>	<b>120,282,696</b>

## **Arizona Lottery FY 2018 – Retailer Sales Review**

### **Vending Machine Sales (Chart E)**

In FY18, the total number of vending machines in market increased to 951 compared to 858 in FY17. Deploying 93 additional vending machines, in stores with high growth potential, helped contribute to a 20.4% increase in vending machine sales compared to FY17. Draw game sales in vending machines increased 265.5% from FY17 to FY18 due to multiple factors. In FY17, replacing all vending machines allowed players to purchase both Scratchers and draw games and helped contribute to this increase. In addition, draw games purchases were unavailable for nearly two quarters in FY17 due to the system conversion. Total vending machine sales in FY18 were \$285,326,676 and represented 29.3% of total sales.

While vending machine sales increased in FY18, the out-of-stock percentage dropped to a new year-end low of 3.74% compared to 4.1% in FY17.

### **Corporate Account Review (Chart F)**

There were a few small changes in the corporate account categories for FY18.

- Major retail chains represent 56.6% of all lottery accounts and remains consistent with 56.4% in FY17. The Convenience stores category was responsible for the increase and represented 45.5% of total accounts, up from 42.7%, while chain food stores sustained at 13.6%.
- Major retail chains comprise 76.1% of the total market share at the Lottery with convenience stores and food stores accounting for 50.4% and 25.6% respectively.
- Fry's Food Stores remained the front-runner for FY18 with the highest per store average in total sales of \$933,369. QuikTrip, Safeway, and Albertsons follow with per store average sales of \$794,127, \$632,219 and \$575,050 respectively. The convenience chain Good 2 Go produced the largest per store average increase of 32.8%, followed closely by Fry's Fuel Center at 31.3% compared to FY17.

### **Business Classification Review (Charts G and H)**

Chain and independent convenience stores account for 72.5% of total Lottery accounts and 68.2% of the market share in sales. Chain and independent grocery stores account for 15.4% of total Lottery accounts and 26.8% total sales. These figures remain consistent with the previous fiscal year.

### **County Review Charts I and J)**

- FY18 ended with a small increase in the estimated per capita weekly sales of \$2.74 compared to the same period in FY17 when the per capita sales were \$2.54.
- Maricopa and Pima counties held a market share of 76.1% of total sales, which is a slight decrease over FY17 at 76.4%. The remaining counties represent 23.9% of sales.
- La Paz County posted the highest weekly per capita sales of \$4.70, followed by Mohave at \$4.56 and Greenlee at \$4.32.

<b>Arizona Lottery Gemini</b>							
<b>FY 2018</b>							
	<b># of Units (Qtly Avg)</b>	<b>Per Unit Game Capacity</b>	<b>Instant Sales</b>	<b>Draw Sales</b>	<b>Total Sales</b>	<b>Per Unit Average</b>	<b>Average Out-of-Stock Percentage</b>
<b>1st Quarter Total % of Lottery Sales</b>	867		\$ 59,471,496	\$ 4,725,942	\$ 64,197,438	\$ 74,045.49	3.67%
			37.2%	6.4%	27.5%		
<b>2nd Quarter Total % of Lottery Sales</b>	872	24	\$ 63,620,699	\$ 3,992,829	\$ 67,613,528	\$ 77,538.45	3.71%
			38.3%	6.9%	30.2%		
<b>3rd Quarter Total % of Lottery Sales</b>	889	24	\$ 71,182,458	\$ 5,715,771	\$ 76,898,229	\$ 86,499.70	3.99%
			36.2%	7.5%	28.2%		
<b>4th Quarter Total % of Lottery Sales</b>	951	24	\$ 70,801,653	\$ 5,815,828	\$ 76,617,481	\$ 80,565.17	3.59%
			37.6%	10.7%	31.5%		
<b>Total Gemini % of Total Sales</b>	951		\$ 265,076,306	\$ 20,250,370	\$ 285,326,676		3.74%
			37.3%	7.7%	29.3%		

Chart E

**ARIZONA LOTTERY**  
**CORPORATE ACCOUNT REVIEW**  
*Fiscal Year 2018*  
*July 2017 through June 2018*

	<i>Total Draw Games</i>						<i>Scratchers</i>			<i>All Products Combined</i>			<i>Commission Earned To Date</i>
	<i># of Accts</i>	<i>% of Accts</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>		
<i>4 Sons</i>	9290/9814	21	0.7%	\$2,960,475	1.1%	\$140,975	\$6,183,839	0.9%	\$294,468.52	\$9,144,314	0.9%	\$435,444	\$594,380
<i>7-Eleven</i>	8706	63	2.2%	\$4,190,573	1.6%	\$66,517	\$16,150,495	2.3%	\$256,357	\$20,341,068	2.1%	\$322,874	\$1,322,169
<i>Carioca</i>	8821	36	1.2%	\$2,244,359	0.9%	\$62,343	\$5,612,373	0.8%	\$155,899	\$7,856,732	0.8%	\$218,243	\$510,688
<i>Circle K</i>	8037	624	21.4%	\$56,595,862	21.6%	\$90,698	\$183,441,753	25.8%	\$293,977	\$240,037,615	24.7%	\$384,676	\$15,602,445
<i>Cobblestone</i>		12	0.4%	\$995,323	0.4%	\$82,944	\$1,824,379	0.3%	\$152,032	\$2,819,702	0.3%	\$234,975	\$183,281
<i>CST Brands</i>	9662	63	2.2%	\$5,418,955	2.1%	\$86,015	\$14,821,056	2.1%	\$235,255	\$20,240,011	2.1%	\$321,270	\$1,315,601
<i>Quik-Way Retail</i>	8028	24	0.8%	\$2,454,034	0.9%	\$102,251	\$7,339,103	1.0%	\$305,796	\$9,793,137	1.0%	\$408,047	\$636,554
<i>Giant</i>	8243	87	3.0%	\$5,772,284	2.2%	\$66,348	\$18,140,776	2.6%	\$208,515	\$23,913,060	2.5%	\$274,863	\$1,554,349
<i>Jackson's Food Stores</i>	8021	12	0.4%	\$1,824,854	0.7%	\$152,071	\$3,017,054	0.4%	\$251,421	\$4,841,908	0.5%	\$403,492	\$314,724
<i>Loves</i>	9800	12	0.4%	\$780,406	0.3%	\$65,034	\$1,880,843	0.3%	\$156,736.92	\$2,661,249	0.3%	\$221,771	\$172,981
<i>Maverik</i>	9905	21	0.7%	\$2,422,985	0.9%	\$115,380	\$5,408,341	0.8%	\$257,540	\$7,831,326	0.8%	\$372,920	\$509,036
<i>Pilot Travel Centers</i>	9926	12	0.4%	\$770,649	0.3%	\$64,221	\$2,220,623	0.3%	\$185,052	\$2,991,272	0.3%	\$249,273	\$194,433
<i>Quik Mart</i>	8375	25	0.9%	\$1,946,258	0.7%	\$77,850	\$5,812,194	0.8%	\$232,488	\$7,758,452	0.8%	\$310,338	\$504,299
<i>QuikTrip</i>	9849	113	3.9%	\$22,485,805	8.6%	\$198,989	\$67,250,544	9.5%	\$595,138	\$89,736,349	9.2%	\$794,127	\$5,832,863
<i>Shay's</i>	8938	20	0.7%	\$1,487,231	0.6%	\$74,362	\$4,545,207	0.6%	\$227,260	\$6,032,438	0.6%	\$301,622	\$392,108
<i>Superpumper</i>	8025	13	0.4%	\$1,904,343	0.7%	\$146,488	\$4,234,932	0.6%	\$325,764	\$6,139,275	0.6%	\$472,252	\$399,053
<i>Terribles</i>	8004	8	0.3%	\$431,462	0.2%	\$53,933	\$1,279,194	0.2%	\$159,899	\$1,710,656	0.2%	\$213,832	\$111,193
<i>Woody's</i>	8607	16	0.5%	\$620,154	0.2%	\$38,760	\$1,775,978	0.2%	\$110,999	\$2,396,132	0.2%	\$149,758	\$155,749
<i>Good 2 Go</i>	8024	17	0.6%	\$898,460	0.3%	\$52,851	\$2,456,208	0.3%	\$144,483	\$3,354,668	0.3%	\$197,333	\$218,053
<i>Safeway Gas</i>	8128	32	1.1%	\$1,888,933	0.7%	\$59,029	\$4,479,913	0.6%	\$139,997	\$6,368,846	0.7%	\$199,026	\$413,975
<i>Fry's Gas</i>	8052	94	3.2%	\$3,617,070	1.4%	\$38,479	\$11,083,860	0.6%	\$47,659	\$14,700,930	1.5%	\$156,393	\$955,560
<b><i>Convenience Total</i></b>		<b>1325</b>	<b>45.5%</b>	<b>\$121,710,475</b>	<b>46.5%</b>	<b>\$91,857</b>	<b>\$368,958,665</b>	<b>51.9%</b>	<b>\$278,459</b>	<b>\$490,669,140</b>	<b>50.4%</b>	<b>\$370,316</b>	<b>\$31,893,494</b>
<i>Albertson's</i>	8027	34	1.2%	\$6,693,884	2.6%	\$196,878.94	\$12,857,817	1.8%	\$378,171	\$19,551,701	2.0%	\$575,050	\$1,270,861
<i>Bashas'</i>	8011	48	1.6%	\$8,188,817	3.1%	\$170,600	\$16,025,065	2.3%	\$333,856	\$24,213,882	2.5%	\$504,456	\$1,573,902
<i>Bashas' Food City</i>		46	1.6%	\$1,120,754	0.4%	\$24,364	\$8,247,461	1.2%	\$179,292.63	\$9,368,215	1.0%	\$203,657	\$608,934
<i>Fry's</i>	8052	124	4.3%	\$38,898,062	14.9%	\$313,694	\$76,839,731	10.8%	\$619,675	\$115,737,793	11.9%	\$933,369	\$7,522,957
<i>Los Altos Ranch Market</i>	8026	7	0.2%	\$222,950	0.1%	\$31,850	\$2,024,027	0.3%	\$289,147	\$2,246,977	0.2%	\$320,997	\$146,054
<i>Safeway</i>	8128	108	3.7%	\$24,502,045	9.4%	\$226,871	\$43,777,567	6.2%	\$405,348	\$68,279,612	7.0%	\$632,219	\$4,438,175
<i>Walmart</i>	8022	30	1.0%	\$2,244,460	0.9%	\$74,815	\$7,421,892	1.0%	\$247,396	\$9,666,352	1.0%	\$322,212	\$628,313
<b><i>Food Store Total</i></b>		<b>397</b>	<b>13.6%</b>	<b>\$81,870,972</b>	<b>31.3%</b>	<b>\$206,224</b>	<b>\$167,193,560</b>	<b>23.5%</b>	<b>\$421,142</b>	<b>\$249,064,532</b>	<b>25.6%</b>	<b>\$627,367</b>	<b>\$16,189,195</b>
<b><i>Major Chains</i></b>		<b>1722</b>	<b>59.1%</b>	<b>\$203,581,447</b>	<b>77.8%</b>	<b>\$118,224</b>	<b>\$536,152,225</b>	<b>75.4%</b>	<b>\$311,354</b>	<b>\$739,733,672</b>	<b>76.1%</b>	<b>\$429,578</b>	<b>\$48,082,689</b>
<b><i>All Stores</i></b>		<b>2912</b>		<b>\$261,777,702</b>		<b>\$89,896</b>	<b>\$710,886,836</b>		<b>\$244,123</b>	<b>\$972,664,538</b>		<b>\$334,019</b>	<b>\$63,223,195</b>

Do not print below:

**ARIZONA LOTTERY**  
**BUSINESS CODE REVIEW**  
*Fiscal Year 2018*  
*July 2017 through June 2018*

<i>Business Classification</i>	<i>Business Code</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	01	3	0.1%	\$120,991	0.0%	\$40,330	\$151,114	0.0%	\$50,371	\$272,105	0.0%	\$90,702	\$17,687
Smoke/Gift Shops - Newstands	02	88	2.9%	\$1,684,348	0.6%	\$19,140	\$6,687,012	0.9%	\$75,989	\$8,371,360	0.9%	\$95,129	\$544,138
Chain Supermarkets	03	412	13.5%	\$82,830,502	31.6%	\$201,045	\$169,157,558	23.8%	\$410,577	\$251,988,060	25.9%	\$611,622	\$16,379,224
Independent Supermarkets	04	57	1.9%	\$2,097,164	0.8%	\$36,792	\$6,685,773	0.9%	\$117,294	\$8,782,937	0.9%	\$154,087	\$570,891
Chain Convenience Stores	05	1171	38.4%	\$114,205,738	43.6%	\$97,528	\$348,572,166	49.0%	\$297,671	\$462,777,904	47.6%	\$395,199	\$30,080,564
Independent Convenience	06	887	29.1%	\$42,333,484	16.2%	\$47,727	\$131,066,433	18.4%	\$147,764	\$173,399,917	17.8%	\$195,490	\$11,270,995
Liquor Stores	07	99	3.2%	\$1,752,610	0.7%	\$17,703	\$10,175,934	1.4%	\$102,787	\$11,928,544	1.2%	\$120,490	\$775,355
Drug Stores	08	3	0.1%	\$23,735	0.0%	\$7,912	\$66,785	0.0%	\$22,262	\$90,520	0.0%	\$30,173	\$5,884
Auto/Gas Stations	09	154	5.0%	\$7,016,966	2.7%	\$45,565	\$19,969,234	2.8%	\$129,670	\$26,986,200	2.8%	\$175,235	\$1,754,103
Truck Service Centers	10	43	1.4%	\$2,664,050	1.0%	\$61,955	\$6,654,064	0.9%	\$154,746	\$9,318,114	1.0%	\$216,700	\$605,677
Bars/Restaurants	11	47	1.5%	\$2,696,765	1.0%	\$57,378	\$4,380,081	0.6%	\$93,193	\$7,076,846	0.7%	\$150,571	\$459,995
Spec Non-Grocery	12	68	2.2%	\$2,952,769	1.1%	\$43,423	\$4,259,841	0.6%	\$62,645	\$7,212,610	0.7%	\$106,068	\$468,820
Check Cashing Centers	13	0	0.0%	\$0	0.0%	#DIV/0!	\$0	0.0%	#DIV/0!	\$0	0.0%	#DIV/0!	\$0
Bowling Centers	14	4	0.1%	\$59,524	0.0%	\$14,881	\$293,247	0.0%	\$73,312	\$352,771	0.0%	\$88,193	\$22,930
Mass Merchandise	16	8	0.3%	\$47,340	0.0%	\$5,918	\$225,024	0.0%	\$28,128	\$272,364	0.0%	\$34,046	\$17,704
In-House & Promotional	99	6	0.2%	\$1,291,716	0.5%	\$215,286	\$2,542,670	0.4%	\$423,778	\$3,834,386	0.4%	\$639,064	\$249,235
<b>Total</b>		<b>3050</b>	<b>100%</b>	<b>\$261,777,702</b>	<b>100%</b>	<b>\$85,829</b>	<b>\$710,886,936</b>	<b>100%</b>	<b>\$233,078</b>	<b>\$972,664,638</b>	<b>100%</b>	<b>\$318,906</b>	<b>\$63,223,201</b>

Summary Recap

Chain/Indpt Supermarkets	469	15.4%	\$84,927,666	32.4%	\$181,082	\$175,843,331	24.7%	\$374,932	\$260,770,997	26.8%	\$556,015	\$16,950,115
Total Convenience Stores*	2,212	72.5%	\$163,556,188	62.5%	\$73,940	\$499,607,833	70.3%	\$225,862	\$663,164,021	68.2%	\$299,803	\$43,105,661
Other Classifications	369	12.1%	\$13,293,848	5.1%	\$36,027	\$35,435,772	5.0%	\$96,032	\$48,729,620	5.0%	\$132,059	\$3,167,425
<b>Total All Classifications</b>	<b>3,050</b>	<b>100%</b>	<b>\$261,777,702</b>	<b>100%</b>	<b>\$85,829</b>	<b>\$710,886,936</b>	<b>100%</b>	<b>\$233,078</b>	<b>\$972,664,638</b>	<b>100%</b>	<b>\$318,906</b>	<b>\$63,223,201</b>

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

**ARIZONA LOTTERY**  
**BUSINESS CODE REVIEW**  
**Fiscal Year 2018**  
**July 2017 through June 2018**

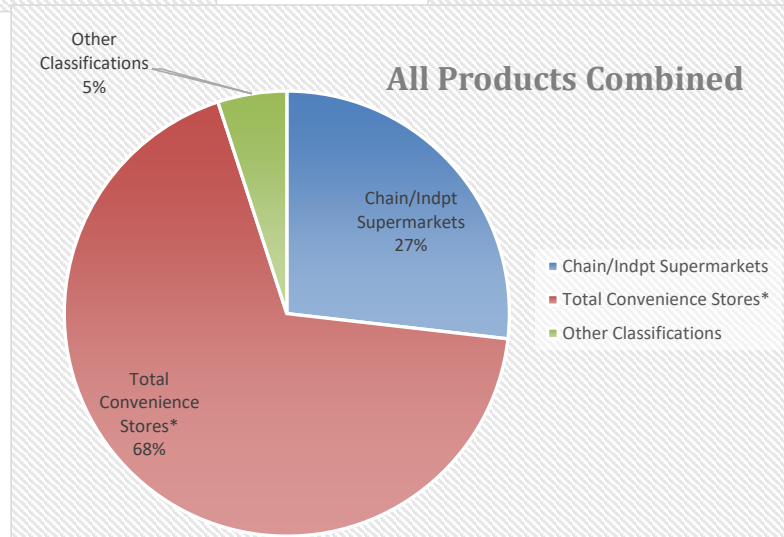
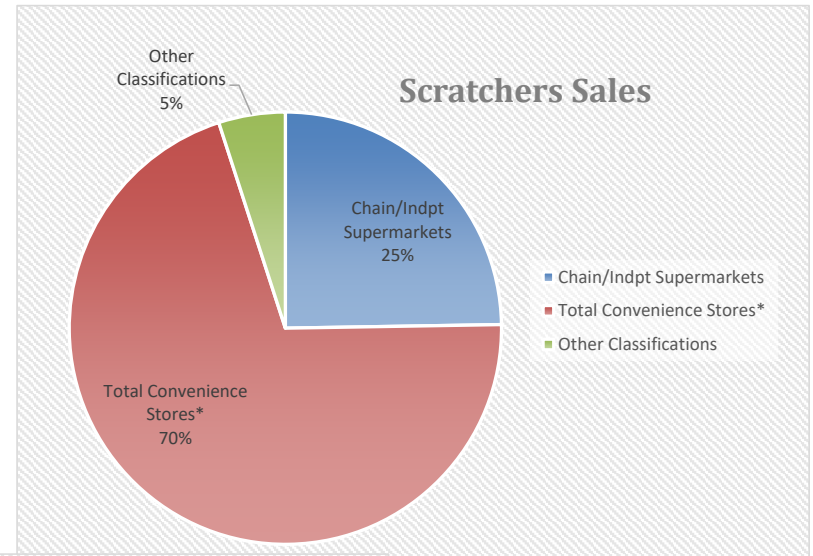
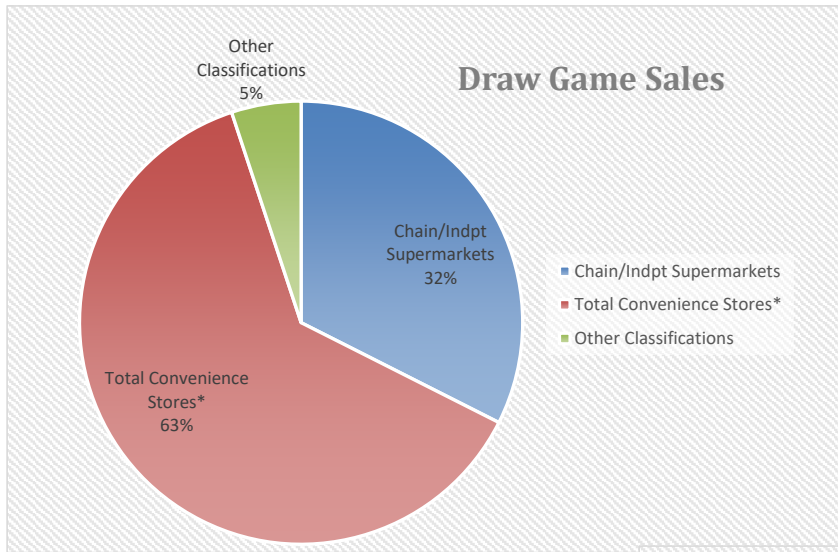


Chart H

**ARIZONA LOTTERY**  
**COUNTY SALES REVIEW**  
**Fiscal Year 2018**  
**July 2017 through June 2018**

County	Code	# of Accts	% of Accts	Total Draw Games			Scratchers			All Products Combined			x Estimate Population	Estimated Per Capita Wkly Sales
				Sales	Market Share	Per Store Average	Sales	Market Share	Per Store Average	Sales	Market Share	Per Store Average		
Apache	1	12	0.4%	\$426,373	0.2%	\$35,531	\$1,292,320	0.2%	\$107,693	\$1,718,693	0.2%	\$143,224	72,131	\$0.46
Cochise	2	77	2.5%	\$4,980,684	1.9%	\$64,684	\$17,947,509	2.5%	\$233,085	\$22,928,193	2.4%	\$297,769	128,343	\$3.44
Coconino	3	101	3.3%	\$5,122,138	2.0%	\$50,714	\$13,610,518	1.9%	\$134,758	\$18,732,656	1.9%	\$185,472	142,560	\$2.53
Gila	4	41	1.3%	\$2,088,761	0.8%	\$50,945	\$7,051,882	1.0%	\$171,997	\$9,140,643	0.9%	\$222,943	54,333	\$3.24
Graham	5	19	0.6%	\$786,867	0.3%	\$41,414	\$4,844,017	0.7%	\$254,948	\$5,630,884	0.6%	\$296,362	38,303	\$2.83
Greenlee	6	7	0.2%	\$306,657	0.1%	\$43,808	\$2,036,193	0.3%	\$290,885	\$2,342,850	0.2%	\$334,693	10,433	\$4.32
La Paz	15	33	1.1%	\$1,443,941	0.6%	\$43,756	\$3,751,973	0.5%	\$113,696	\$5,195,914	0.5%	\$157,452	21,247	\$4.70
Maricopa	7	1735	56.9%	\$162,392,730	62.0%	\$93,598	\$457,109,527	64.3%	\$263,463.70	\$619,502,257	63.7%	\$357,062	4,137,076	\$2.88
Mohave	8	148	4.9%	\$20,741,388	7.9%	\$140,145	\$28,008,117	3.9%	\$189,244	\$48,749,505	5.0%	\$329,389	205,764	\$4.56
Navajo	9	53	1.7%	\$2,733,093	1.0%	\$51,568	\$8,752,430	1.2%	\$165,140	\$11,485,523	1.2%	\$216,708	110,413	\$2.00
Pima	10	428	14.0%	\$32,625,458	12.5%	\$76,228	\$88,325,014	12.4%	\$206,367	\$120,950,472	12.4%	\$282,595	1,013,103	\$2.30
Pinal	11	146	4.8%	\$11,911,332	4.6%	\$81,584	\$36,202,635	5.1%	\$247,963	\$48,113,967	4.9%	\$329,548	413,312	\$2.24
Santa Cruz	12	21	0.7%	\$2,012,756	0.8%	\$95,846	\$3,665,408	0.5%	\$174,543	\$5,678,164	0.6%	\$270,389	50,581	\$2.16
Yavapai	13	121	4.0%	\$9,184,444	3.5%	\$75,904	\$23,288,499	3.3%	\$192,467	\$32,472,943	3.3%	\$268,371	220,189	\$2.84
Yuma	14	108	3.5%	\$5,021,080	1.9%	\$46,491	\$15,000,894	2.1%	\$138,897	\$20,021,974	2.1%	\$185,389	217,730	\$1.77
<b>Total</b>		<b>3050</b>	<b>100%</b>	<b>\$261,777,702</b>	<b>100%</b>	<b>\$85,829</b>	<b>\$710,886,936</b>	<b>100%</b>	<b>\$233,078</b>	<b>\$972,664,638</b>	<b>100%</b>	<b>\$318,906</b>	<b>6,835,518</b>	<b>\$2.74</b>

Summary Recap

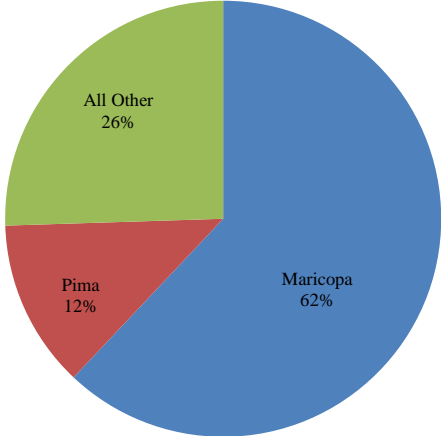
Maricopa and Pima Counties	2163	70.9%	\$195,018,188	74.5%	\$90,161	\$545,434,541	76.7%	\$252,166	\$740,452,729	76.1%	\$342,327	\$5,150,179	\$2.76
All Other Counties	887	29.1%	\$66,759,514	25.5%	\$75,264	\$165,452,395	23.3%	\$186,530	\$232,211,909	23.9%	\$261,795	\$1,685,339	\$2.65



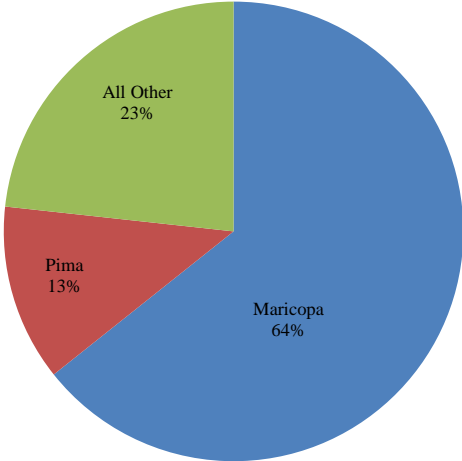
**ARIZONA LOTTERY  
COUNTY SALES REVIEW**

*Fiscal Year 2018  
July 2017 through June 2018*

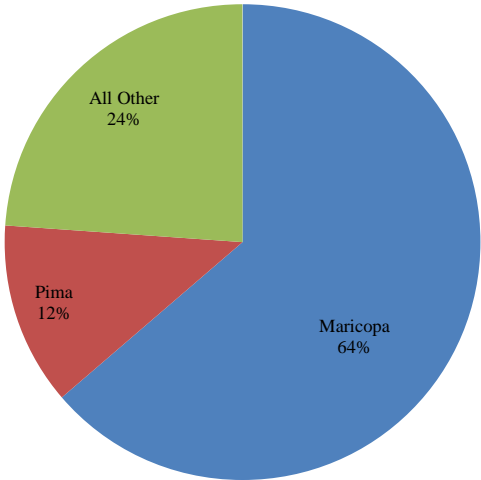
**Draw Game Sales**



**Scratchers Sales**



**All Products Combined**



**New Business Item #1**  
Amended and New Instant Scratch Game Profiles  
Report to Arizona Lottery Commission  
August 24, 2018

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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.

**AMENDED GAME PROFILE**

Attached for the Lottery Commission's action is amended instant scratch game profile *\$500,000 Holiday Countdown #1184*.

**\$500,000 Holiday Countdown #1184.** Game was changed from a \$10 to a \$20 ticket. This impacted the game name, prize symbols, and prize structure.

**NEW GAME PROFILES**

Attached for the Lottery Commission's action are new instant scratch game profiles: *Triple Red 7's #1192*, *Late Night Crossword #1195*, *I Love Ben #1196*, *Towering 10s #1198*, *Blackjack #1199*, and *Winning Lineup #1203*.

**Triple Red 7's #1192.** This \$10 game has a top prize of \$100,000 and will be printed at a quantity of approximately 2.1 million tickets.

**Late Night Crossword #1195.** This \$5 game has a top prize of \$50,000 and will be printed at a quantity of approximately 1.8 million tickets.

**I Love Ben #1196.** This \$1 game has a top prize of \$100 and will be printed at a quantity of approximately 2.6 million tickets.

**Towering 10s #1198.** This \$10 game has a top prize of \$100,000 and will be printed at a quantity of approximately 1.6 million tickets.

**Blackjack #1199.** This \$1 game has a top prize of \$2,100 and will be printed at a quantity of approximately 2.6 million tickets.

**Winning Lineup #1203.** This \$3 game has a top prize of \$20,000 and will be printed at a quantity of approximately 2.4 million tickets.

Attachments (Commissioners only)

**New Business Item #2**  
New and Amended Promotion Profiles  
Report to Arizona Lottery Commission  
August 24, 2018

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This report has been provided to the Lottery Commission regarding Promotion Profiles for Arizona Lottery promotions. Attached for the Lottery Commission's action is new Promotion Profile *Holiday Cash Surprise 2<sup>nd</sup> Chance Promotion #91* and amended Promotion Profile *Bingo and Crossword 2<sup>nd</sup> Chance Promotion #88*. The Commission is requested to approve these Promotion Profiles.

***Holiday Cash Surprise 2<sup>nd</sup> Chance Promotion Profile #91***

Starting in October 2018, players may enter non-winning tickets from any designated holiday instant scratch game for a chance to win a cash prizes from \$500 to \$20,000.

***Bingo and Crossword 2<sup>nd</sup> Chance Amended Promotion Profile #88***

The following revisions were made: 1) Debt set-off language was revised in keeping with established lottery procedures pertaining to cash prizes; 2) Entry information was added for a \$25 game; 3) Selection criteria was updated regarding the selection of winners and the use of alternates.

Attachments (Commissioners only)

**New Business Item #3**  
Discount Players' Debit Card Fees  
Report to Arizona Lottery Commission  
August 24, 2018

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This report has been provided to the Lottery Commission regarding Discount Players' Debit Card Fees for Arizona Lottery self-service vending machines. Attached for the Lottery Commission's action is Discount players' debit card fees. The Commission is requested to approve this order to fully implement debit card payments on the vending machines and discount the debit card fees for those transactions.

**Discount players' debit card fees**

Lottery Players, especially Millennials, are much less likely to carry cash these days. By only accepting cash in our self-service vending machines, the Arizona Lottery is limiting potential sales growth. Our goal is to make it easier for players to transact with the Lottery. Beginning this September, the Arizona Lottery will have the ability to allow debit card payments on new self-service vending machines coming to market.

With this debit card service, comes associated service fees. These fees are difficult for retailers to absorb since they cut current commission of 6.5%. Charging players will be inconsistent with their experience with other products. The Arizona Lottery plans to absorb debit card fees by treating them as a discount to the players. Doing this will offset/reduce revenues generated from self-service vending machines. However, by accepting debit cards we anticipate a 5% lift in sales offsetting any discounts offered.

Pursuant to Arizona Revised Statute (ARS) §5-554(C), Director Edgar requests approval to issue an order to fully implement debit card payments on the vending machines and discount the debit card fees for those transactions.