

Governor Douglas A. Ducey

Director Daniel H. Bergin

TRIBAL CONSULTATION FISCAL YEAR 2018 ANNUAL REPORT

July 1, 2017 - June 30, 2018

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Tribal Liaison Arizona Department of Gaming

September 28, 2018

ADG OVERVIEW

The Arizona Department of Gaming (ADG) is dedicated to working with tribal governments in Arizona, which have entered into a gaming compact with the State, to fulfill its stated mission:

"To protect the public, ensure compliance with the Arizona Tribal-State Gaming Compact and regulate the gaming industry."

ADG is responsible for carrying out the State's obligations under the Arizona Tribal-State Gaming Compact (Gaming Compact), which provides for dual regulation of Class III Indian gaming by ADG on behalf of the State, and by tribal regulators on behalf of the respective Tribes. ADG's interactions with Arizona's Tribes are therefore extensive.

The Gaming Compact and ADG's enabling legislation set forth regulatory responsibilities over Class III gaming activities. In connection with these duties, ADG monitors and enforces compliance with all Gaming Compact requirements for tribal gaming operations, to include those governing the nature, extent, and conduct of gaming activities; public health, safety, and welfare; and other operational requirements.

ADG's specific work with Arizona Tribes includes:

- Conducting daily on-site inspections of casino operations, and investigating suspected Gaming Compact violations and non-compliance issues.
- Inspecting gaming devices and electronic monitoring systems to ensure they are functioning properly, performing to manufacturer specifications, and in compliance with Arizona's strict regulatory standards.
- Reviewing all new poker and table games, existing game revisions, lotteries, promotions, tournaments, and new gaming technologies.
- Conducting annual on-site financial and procedural reviews of 24 tribal casinos in Arizona, including validating amounts of gaming revenues and ensuring fairness of authorized gaming activities.
- Ensuring only suitable individuals and companies are involved in Class III gaming activities through its Vendor and Employee State Certifications.

CURRENT STATUS & REVENUE SHARING

As of May 2018, all federally recognized Tribes in Arizona have a Gaming Compact with the State of Arizona – 16 Arizona Tribes operate 24 Class III casinos (Appendix A) and six Tribes, which do not have casinos, have slot machine rights they may lease to Tribes with casinos using a transfer agreement.

Under the current Gaming Compacts, Tribes with casinos contribute 1 to 8 percent of their annual gaming revenues to the State and its cities, towns and counties. A Tribe's contribution is determined on a sliding scale based on the amount of the Tribe's gaming revenue each quarter. Through the auditing process specified by the Gaming Compact, ADG verifies accurate calculations, reporting, and payments by each Tribe to the State, cities, towns and counties.

At the close of the State's fiscal year 2018 (FY18), cumulative revenue sharing, since 2004, from Arizona Tribes to the State stood at \$1,237,390,704.04 (Appendix B). Arizona towns and cities also received \$163,773,774.91 cumulatively for the same period (Appendix C).

ADG is responsible for receiving and distributing the State's portion of all tribal gaming contributions to fund the following State programs, which benefit Arizona's residents, economy, wildlife, and environment:

- Education instructional improvement for schools;
- Trauma and emergency care;
- Wildlife conservation;
- Arizona tourism;
- ADG operating costs;
- Problem gambling prevention, treatment, and education; and
- Community services and public safety programs for local governments.

TRIBAL CONSULTATION OVERVIEW

ADG is committed to doing its part to keep communities safe and healthy, and Arizona's economy thriving. ADG has deployed the Arizona Management System (AMS) to identify process improvement opportunities; develop goals; and create and implement action plans; and, as a result, it has achieved tangible results. Gaming process improvements are benefiting the Tribes, individuals, businesses, and Arizona's community and families.

ADG reviewed, monitored, and tracked its progress using the AMS scorecard (Appendix D). Each metric on the FY18 scorecard ties to one of ADG's strategic plan goals or objectives.

FY18 Highlights

State Certifications for Casino Employees and Vendors

For the thousands of active and prospective tribal casino employees and vendors, ADG continued to issue required state certifications faster and with less regulatory burden and cost.

- ADG streamlined the vendor application process by developing a single, combined tribal/state application, which eliminates the need to complete both a state application, and separate tribal applications, for each Tribe with which the vendor conducts business. ADG issued new vendor certifications within an average of 40 days for Class A/B, and within an average of 19 days for Class D. For renewal certifications, ADG issued Class A/B within an average of 16 days, and Class D within an average of 15 days. Class D renewal certifications issued 45 percent faster over last fiscal year showed the most improvement.
- ADG also instituted an electronic database workflow system for employee applications and reports, which has
 resulted in quicker, more efficient processing of new employee applications and reviews of completed reports.
 In FY18, the average number of days to issue certifications for new employee applications was 12 days 31
 percent faster than the prior fiscal year. Renewal applications also demonstrated a marked improvement of
 40 percent, taking an average of 15 days. Further, 81 percent of Tribes are using electronic applications and
 supporting ADG's ongoing effort to go paperless, with two additional Tribes making the transition in FY18.
- To increase transparency for Tribes, lessen redundancy, and further expedite the vendor certification process,
 ADG:
 - Initiated development of a secure portal to share applications with the Tribes, which will allow them to retrieve vendor applications and investigative reports electronically.
 - Entered the planning stage to offer vendors online applications to increase overall efficiency, prevent incomplete applications, and eliminate paper and postage. Incomplete applications currently account for 76 percent of all applications received.

Compliance

- ADG received, reviewed, and approved all 1,757 Tribal Gaming Office submissions for new poker and table games, existing game revisions, lotteries, promotions, tournaments, and new gaming technologies – each within the seven days specified by the Gaming Compact – which allows Tribes to offer more player incentives, which helps them stay competitive in the market.
- During 672 visits to casinos, ADG certified and inspected 9,098 gaming devices, which included proposing and implementing an efficient certification and inspection plan for gaming devices affected by a significant remodel at Harrah's Ak-Chin Casino.

Enforcement

As a law enforcement agency, ADG employs an experienced team of AZPOST-certified investigators to assist in responding to certain gambling-related complaints that may involve criminal activity. ADG agents work with tribal authorities to ensure that any criminal activity that may be taking place at gaming facilities is detected and prosecuted. ADG also works with local law enforcement to stop illicit, unregulated gambling off-reservation and prosecute involved individuals. Illegal gambling activity often attracts other types of crime to surrounding neighborhoods. Agents also assist tribal authorities with investigations and intelligence on suspected criminal activities in their jurisdictions, as requested.

ADG opened 102 reports, closed 76, and conducted 80 various operations related to off-reservation illegal gambling activity. At the close of the fiscal year, ADG had about 26 cases open for investigation.

Training

ADG developed and offers Arizona Tribes with in-depth training on 18 topics, including background investigations, casino math, surveillance, and reporting. ADG provides new and current tribal regulators and gaming facility operators with these in-depth gaming training programs through the Arizona Tribal Gaming Regulators Alliance (ATGRA), New Agent Training Academy, and in response to specific tribal training requests. New in FY18, ADG certified seven of the current training topics, gualifying them as law enforcement training credits. Law enforcement officers, both tribal and non-tribal, now are eligible to earn police officer training credits when participating in these courses.

ADG trained 780 gaming employees at 22 sessions requested by eight Tribes, and more than 120 through ATGRA's four events.

For questions or more information, please contact:

Caroline Oppleman Tribal Liaison Arizona Department of Gaming (602) 255-3814 coppleman@azgaming.gov

APPENDIX A – Regulated Casinos

Compacted Tribes with Casinos

Ak-Chin Indian Community Harrah's Ak-Chin Casino Cocopah Indian Tribe Cocopah Casino Colorado River Indian Tribes

Blue Water Casino

Fort McDowell Yavapai Nation Fort McDowell Gaming Center

Fort Mojave Indian Tribe Spirit Mountain Casino

Gila River Indian Community

Wild Horse Pass, Vee Quiva &
Lone Butte Casinos

Navajo Nation

Twin Arrows Casino

Pascua Yaqui Tribe of Arizona

Casino of the Sun & Casino Del Sol

Quechan Indian Tribe

Paradise Casino

Salt River Pima-Maricopa Indian Community Casino Arizona & Talking Stick Resort

San Carlos Apache Tribe

Apache Gold Casino & Apache Sky Casino

Tohono O'odham Nation

Desert Diamond Casinos (Tucson, Sahaurita & Why)

Tonto Apache Tribe

Mazatzal Casino

White Mountain Apache Tribe

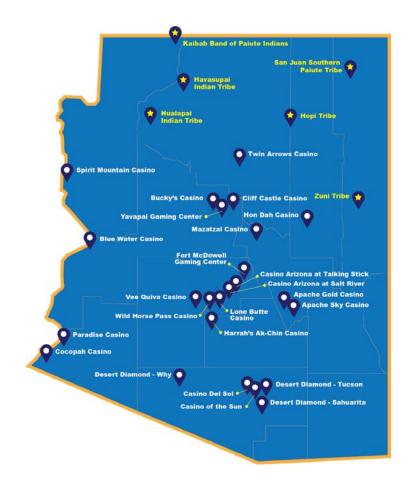
Hon Dah Casino

Yavapai-Apache Nation

Cliff Castle Casino

Yavapai-Prescott Indian Tribe

Yavapai Gaming Center & Bucky's Casino



Compacted Tribes without Casinos

Havasupai Indian Tribe Hopi Tribe Hualapai Indian Tribe Kaibab Band of Paiute Indians San Juan Southern Paiute Indian Tribe Zuni Tribe

APPENDIX B – Cumulative Revenue Sharing

Arizona Department of Gamino

TRIBAL CONTRIBUTIONS FROM GAMING REVENUE TO THE STATE, CITIES, TOWNS & COUNTIES - through the States Fiscal Year Ending June 30, 2018

Tribal contributions to the State (Arizona Benefits Fund):

Distributions from the AZ Benefits Fund:	State Fiscal Year 2004	State Fiscal Year 2005	State Fiscal Year 2006	State Fiscal Year 2007	State Fiscal Year 2008	State Fiscal Year 2009	State Fiscal Year 2010	State Fiscal Year 2011	State Fiscal Year 2012	State Fiscal Year 2013	State Fiscal Year 2014	State Fiscal Year 2015	State Fiscal Year 2016	State Fiscal Year 2017	State Fiscal Year 2018	Cumulative to AZ Benefits Fund
Problem Gambling	759,140.26	1,307,706.65	1,621,758.14	1,844,482.57	1,920,512.03	1,729,935.00	1,557,862.00	1,576,805.00	1,698,738.00	1,730,552.00	1,734,570.00	1,768,497.00	1,815,051.00	1,796,785.00	1,885,418.00	24,747,812.65
Arizona Department of Gaming	8,000,000.00	8,000,000.00	8,000,000.00	8,000,000.00	8,642,304.17	8,000,000.00	8,000,000.00	8,000,000.00	8,000,000.00	8,000,000.00	8,000,000.00	8,000,000.00	8,167,732.00	8,083,781.00	8,484,380.00	121,378,197.17
Instructional Improvement Fund	16,350,808.74	31,403,470.58	40,021,044.55	46,132,602.21	47,859,159.96	42,989,427.00	38,267,751.00	38,787,522.00	42,133,367.00	43,006,351.00	43,116,596.00	44,047,559.00	45,231,085.00	44,776,871.00	46,984,612.00	611,108,227.04
Trauma & Emergency Services Fund	8,175,404.37	15,701,735.30	20,010,522.28	23,066,301.13	23,929,579.98	21,494,714.00	19,133,875.00	19,393,761.00	21,066,684.00	21,503,176.00	21,558,298.00	22,023,780.00	22,615,543.00	22,388,436.00	23,492,306.00	305,554,116.06
AZ Wildlife Conservation Fund	2,335,829.82	4,486,210.08	5,717,292.07	6,590,371.74	6,837,022.85	6,141,347.00	5,466,822.00	5,541,074.00	6,019,052.00	6,143,764.00	6,159,514.00	6,292,509.00	6,461,584.00	6,396,696.00	6,712,087.00	87,301,175.56
State Tourism Fund	2,335,829.82	4,486,210.08	5,717,292.07	6,590,371.74	6,837,022.85	6,141,347.00	5,466,822.00	5,541,074.00	6,019,052.00	6,143,764.00	6,159,514.00	6,292,509.00	6,461,584.00	6,396,696.00	6,712,087.00	87,301,175.56
Contributions to AZ Benefits Fund	\$ 37,957,013.01 \$	65,385,332.69	\$ 81,087,909.11	\$ 92,224,129.39	\$ 96,025,601.84 \$	86,496,770.00	\$ 77,893,132.00	\$ 78,840,236.00	\$ 84,936,893.00 \$	86,527,607.00 \$	86,728,492.00 \$	88,424,854.00 \$	90,752,579.00 \$	89,839,265.00 \$	94,270,890.00	\$ 1,237,390,704.04

Tribal contributions to cities, towns and counties of the tribes' choosing:

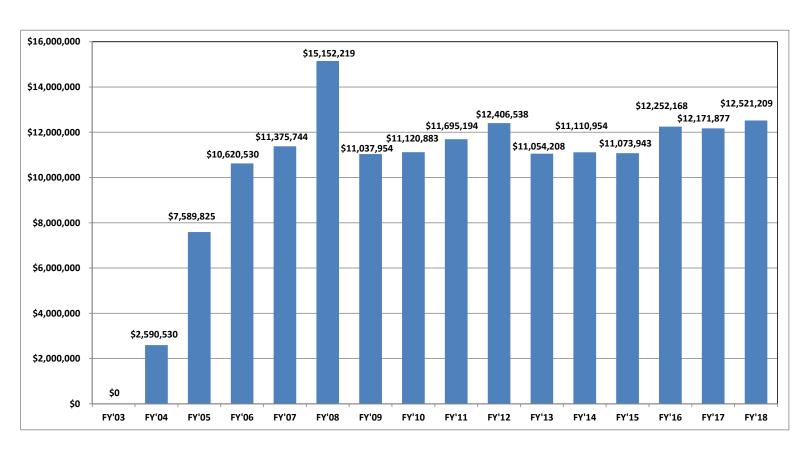
																Cumulative to	
	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	Cities, Towns	
	Year 2004	Year 2005	Year 2006	Year 2007	Year 2008	Year 2009	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	& Counties	
Tribal contributions to Cities,																	
Towns and Counties:	\$ 2,590,530.00	\$ 7,589,824.82	2 \$ 10,620,530.01	\$ 11,375,743.78	\$ 15,152,219.30 \$	11,037,954.00	\$ 11,120,883.00	\$ 11,695,194.00	\$ 12,406,538.00	\$ 11,054,208.00 \$	\$ 11,110,954.00 \$	11,073,942.00 \$	12,252,168.00 \$	12,171,877.00 \$	12,521,209.00 \$	163,773,774.91	

TOTAL TRIBAL CONTRIBUTIONS TO THE STATE, CITIES, TOWNS & COUNTIES SINCE THE ARIZONA TRIBAL-STATE GAMING COMPACT WAS SIGNED:

	FINAL	FINAL	FINAL	FINAL	FINAL	FINAL	FINAL									TOTAL TRIBAL
	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	State Fiscal	CONTRIBUTIONS
	Year 2004	Year 2005	Year 2006	Year 2007	Year 2008	Year 2009	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	CUMULATIVE
TOTAL TRIBAL CONTRIBUTIONS	\$ 40,547,543.01 \$	72,975,157.51	\$ 91,708,439.12	\$ 103,599,873.17	\$ 111,177,821.14 \$	97,534,724.00	\$ 89,014,015.00	\$ 90,535,430.00	\$ 97,343,431.00 \$	97,581,815.00 \$	97,839,446.00 \$	99,498,796.00 \$	103,004,747.00 \$	102,011,142.00 \$	106,792,099.00 \$	1,401,164,478.95

Appendix C

Arizona Department of Gaming 12% Distributions to Cities, Towns and Counties (Reported and Confirmed) State's FY 2003 through 2018



		Change from	prior year:		
FY'05	193.0%	FY'10	0.8%	FY'15	-0.3%
FY'06	39.9%	FY'11	5.2%	FY'16	10.69
FY'07	7.1%	FY'12	6.1%	FY'17	-0.79
FY'08	33.2%	FY'13	-10.9%	FY'18	2.99
FY'09	-27.2%	FY'14	0.5%		

	Progress Indicator				1						<u> </u>					
	(Which direction shows															
Performance Metric Title	improvement)	JOP		YTD	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June
Breakthrough Metrics	-1															
GMA0018 # of Race Horse Fatalities (Turf Only)	↓ Good	16-17 Meet 44	Target Actual	33 45	NA NA	NA NA	2	4	6	3	4 5	5 9	5 8	5 8	2	NA NA
GIVIAU018 # 01 Race Horse Facalities (Turi Only)	↓ G000	16-17 Meet	Actual	45	NA	INA	Z	3	6	3	5	9	8	8	1	NA NA
GMA0046 # of Race Horse Fatalities (All Racing Permitees)	↓ Good	44	Actual	50			2	3	6	3	5	11	10	8	2	NA
Operational / Sustainment Metrics																
GMA0040 Compact Compliance Review (CCR) Potential Issues List		FY17 Mo AVG	Target	30	30	30	30	30	30	30	30	30	30	30	30	30
Delivery Lead Time	↓ Good	24.3	Actual	31	N/A	30	27	28	26	20	24	NA	31	34	29	31
GMA0041 Initial Contact for New Game Reguest Lead Time	↓ Good	FY17 Mo AVG 6.04	Target Actual	7 4	7 6	7	7	7 NA	7 NA	7 5.5	7 6.25	7 NA	7	7 NA	7	7
GWAOO41 Milital Contact for New Game Request Lead Time	₩ 0000	FY17 QTR AVG	Actual	-	U	U	,	IVA	IVA	3.3	0.23	IVA	_	IVA	,	-
GMA0042 Class 3 Gaming Tribal Contributions	Reporting Only	\$22,459,816	Actual	\$93,945,701	\$26,206,808	NA	NA	\$26,343,236	NA	NA	\$15,495,657	NA	NA	\$25,900,000	NA	NA
		FY16 to FY17														
GMA0044 % Change in Tribal Contributions from Previous Year	Reporting Only	-1.00% FY16 to FY17	Actual	5.08%	4.8%	NA	NA	4.8%	NA	NA	6.4%	NA	NA	4.3%	NA	NA
GMA0045 % Change in Class 3 Net Win from Previous Year	Reporting Only	1.64%	Actual	3.8%	5.0%	3.3%	4.9%	3.1%	4.5%	3.0%	3.0%	3.2%	3.0%	6.5%	2.5%	3.2%
GMA0006 Compact Compliance - Total # of noncompliant issues	Reporting Only	FY2017	Actual	3.070	3.070	3.370	4.570	3.170	4.570	3.070	3.070	3.270	3.070	0.570	2.370	3.270
identified by Department	Reporting Only	166	Actual	189	15	28	12	14	23	14	11	8	16	17	11	20
		3/30/2015	Target	45	45	45	45	45	45	45	45	45	45	45	45	45
GMA0007 Vendor Certification - New AB Lead Time	↓ Good	244 6/30/2016	Actual Target	40 25	24 25	39 25	NA 25	85 25	NA 25	43 25	NA 25	NA 25	NA 25	NA 25	40 25	NA 25
GMA0008 Vendor Certification - New D Lead Time	↓ Good	40	Actual	19	12	5	16	15	7	19	29	15	17.11	14	18	19
	,	6/30/2016	Target	45	45	45	45	45	45	45	45	45	45	45	45	45
GMA0009 Vendor Certification - Renewal AB Lead Time	↓ Good	244	Actual	16	NA	42	17	37	56	40	62.08	58	48	63	NA	16
CMA0010 Vandar Carriffaction Bournal Disad Time	l Cand	6/30/2016	Target	25	25	25	25	25	25	25	25	25	25	25	25	25
GMA0010 Vendor Certification - Renewal D Lead Time	↓ Good	40 6/30/2016	Actual Target	15 12	20 12	14 12	14 12	21 12	18 12	17 12	14 12	14.45 12	15.67 12	12.93 12	13 12	15 12
GMA0011 Vendor Certification - Temporary Certifications Lead Time	↓ Good	14	Actual	3.8	7	8	9	9	7	7	14	7.2	17.11	9.67	9.86	3.8
, ,	•	11/30/2017	Target	20	30	30	30	30	25	25	25	25	25	20	20	20
GMA0012 Employee Certification - New Lead Time	↓ Good	14	Actual	12	17	16	16	16	14	13	13	11	11.8	10.4	9.6	12
CMA0013 Employee Contification Benevial Load Time	l Cood	11/30/2017	Target	22	30	30	30	30	25	25	25	25	25	22	22	22 15.5
GMA0013 Employee Certification - Renewal Lead Time	↓ Good	163 4/1/2016	Actual Target	15.5 2.0	25 2.0	16 2.0	18 2.0	2.0	2.0	2.0	18 2.0	14 2.0	14.1 2.0	12.1 2.0	2.0	2.0
GMA0016 Gaming Device Certification Report Delivery Lead Time	↓ Good	40	Actual	1.1	1.6	1.7	1.8	1.8	2.8	2.6	1.5	1.6	1.97	1.67	1.19	1.10
		FY2015	Target	\$ 1,758,075	\$ 159,825	\$ 159,825	\$ 159,825	\$ 159,825	\$ 159,825	\$ 159,825	\$ 159,825	\$ 159,825	\$ 159,825	\$ 159,825	\$ 159,825	\$ 159,825
GMA0043 Racing Expenditures	↓ Good	TBD	Actual		\$ 97,740		\$ 68,291	\$ 91,224	\$ 243,643	\$ 44,493	\$ 157,047	\$ 136,249	\$ 191,065	\$ 114,811	\$ 157,032	\$ 86,656
GMA0014 Racing License Lead Time	↓ Good	FY2017	Target	35 21.9	NA NA	NA NA	65 27	55 23	45 29	35 29	35 55.5	35 35	35 33	35 37.5	35 19	35 21.9
GINAUU14 Kacing License Lead Time	₩ 0000	75 3/30/2015	Actual Target	180	180	180	180	180	180	180	180	180	180	180	180	180
GMA0017 Racing Permit Lead Time	↓ Good	766	Actual	23	NA	NA	NA	NA	NA	NA	48	78	109	NA	23	NA
		FY2017	Target		1	1	1	1	1	1	1	1	1	1	1	1
GMA0038 # of Boxing Events	↑ Good	10	Actual	9	1	0	2	1	0	0	0	1	0	1	1	2
GMA0037 # of Boxing Matches	↑ Good	FY2017 65	Target Actual	96 68	8 7	8	8 18	8 11	0	8	8	8 7	8	8	8	12
GIVIAOUS7 # 01 BOXIIIg IVIAICHES	G000	FY2017	Target		2	2	2	2	2	2	2	2	2	2	2	2
GMA0036 # of MMA Events	↑ Good	35	Actual	18	1	2	3	1	2	0	1	1	2	1	2	2
		FY2017	Target	192	16	16	16	16	16	16	16	16	16	16	16	16
GMA0035 # of MMA Matches	↑ Good	144	Actual	180	10	18	22	8	16	0	9	11	28	14	23	21
GMA0039 % of Boxing Fighters with Serious Injuries	↓ Good	FY2017 4%	Target Actual	4% 1.5%	4% 0%	4% 0%	4% 0%	2.8%	2.8%	4% 2.8%	4% 2.8%	4% 2.3%	4% 2.3%	4% 1.9%	4% 1.8%	4% 1.5%
GW/NOOSS /N OF BOXING FIGHTERS WITH SERIOUS HIJURIES	V 0000	FY2017	Target		4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
GMA0034 % of MMA Fighters with Serious Injuries	↓ Good	4%	Actual	5.30%	0%	0%	2%	2.5%	2.0%	2.0%	2.4%	2.1%	3.15%	4.78%	4.40%	5.3%
Statewide Reporting Metrics																
		7/1/2017	Target		110	110	110	110	110	110	110	110	110	110	110	110
GMA0024 # of Agency FTE Count	↓ Good	94	Actual	99	94	96	99	100	101	101	100	99	99	99	99	99
GMA0025 Arizona Management System Implementation Score	↑ Good	6/1/2017 0	Target Actual	3.00 2.94	N/A 40.8	N/A 47.0	N/A 47.0	N/A 47.0	3.0	3.0 2.9	3.0 2.9	3.0 2.94	3.0 2.94	3.2 2.94	3.2 3.11	3.2 3.13
On 10025 Anzona management system implementation score	1 0000	9/1/2017	Target	6.3	0.9	1.8	2.7	3.6	4.5	5.4	6.3	7.2	8.1	9	9.9	10.8
GMA0026 # of Regrettable Attrition	↓ Good	12	Actual	5	1	1	2	2	2	2	3	3	4	4	6	6
		7/1/2017														
GMA0027 # of Administrative Rules Improved or Repealed	Reporting Only	0 7/1/2017	Actual	0	0	0	0	0	0	0	0	11	0	0	0	0
GMA0028 # of Breakthroughs Achieved	Reporting Only	7/1/2017 2	Actual	1	0	0	0	0	1	0	0	0	0	0	0	0
Commode in or predictinoughs nome ved	reporting Only	7/1/2017	Actual	1				0	1	U	J	J	0	, , , , , , , , , , , , , , , , , , ,	0	
GMA0029 % of Services Online	Reporting Only	9%	Actual	22%	9%	9%	9%	9%	9%	9%	9%	9%	23.5%	23.5%	23.5%	23.5%
	-															