

APPENDIX I

Computation and Auditing of Tribal Contributions

Arizona Tribal-State Gaming Compact

I. ACCESS TO RECORDS.

- A.** Pursuant to Section 12 of the Compact, the State Gaming Agency shall have access to all documents, records and reports necessary to confirm the correct amount of tribal contributions.
- B.** Pursuant to Section 12 of the Compact, the State Gaming Agency shall have access to all documents, records and reports necessary to confirm the correct amount of distributions made directly to cities, towns, or counties, or deposits made directly to the Commerce and Economic Development Commission Local Communities Fund;
- C.** Pursuant to Section 3 of the Compact, the State Gaming Agency shall have access to all documents, records, and reports relating to any Transfer Agreements entered into by the Tribe.

II. DEFINITIONS.

- A.** "Blackjack Drop" means the total amount of cash, chips, tokens, and coins removed from drop boxes.
- B.** "Breakage" means the difference between actual bet amounts paid out by a racetrack to bettors and amounts won due to bet payments being rounded up or down.
- C.** "Free Play Instrumentalities" means any coupon, chip, electronic credit, or other instrument which entitles a player to a chance to win a sum of money or representative of value without placing anything of value at risk.
- D.** "Gaming Device Drop" means the total of coins and tokens removed from the slot drop bucket, plus the amount of paper currency removed from the bill acceptor, plus the amount deducted from player wagering cards or accounts, plus the value of cashless wagering tickets redeemed by the Gaming Device.
- E.** "Match Play Instrumentalities" means any coupon, chip, or other means that a player plays in conjunction with a Wager and entitles a player to receive a payout on winning wagers in a greater amount than the player would be entitled to in accordance with the rules of the game by only making the Wager.
- F.** "Other Table Game" means a single table at which the Tribe conducts the table game of House Banked Poker, Baccarat, Roulette, Craps, Big Six, Pai Gow Tiles, or Sic Bo.
- G.** "Other Table Game Drop" means the total amount of cash, chips, tickets, tokens, and coins removed from drop boxes.
- H.** "Short Pay" means a payoff from a gaming device that is less than the listed amount.
- I.** "Wager" for purposes of this Appendix means a sum of money or representative of value that is placed at risk and may be lost or a sum of money or

representative of value won on any occurrence or event for which the outcome is uncertain.

III. TRIBAL CONTRIBUTIONS COMPUTATION.

A. General Provisions.

- (1) In calculating tribal contributions, which are based on Class III Net Win, no deduction shall be taken for:
 - (a) The value of any complimentary items given to players such as money, food, beverages, accommodations, travel, or other similar expenses;
 - (b) Any awards or prizes, whether in the form of money, merchandise, services, or otherwise, as a result of the redemption of points or similar awards that a player receives as a result of playing any approved Class III game including, but not limited to, redemption of players club points or awards or as a result of player rated activities;
 - (c) Uncollectible debt, or bad debt expense, related to the extension of credit; or
 - (d) Any amounts reimbursed by a third party wide area progressive jackpot system provider.

B. Card Games.

- (1) For each Blackjack Game, Class III Net Win is equal to the closing table bankroll plus Blackjack Drop, plus credit slips from chips, tokens and coins returned to the cage, less fills of chips, tokens, and coins from the cage, less opening table bankroll.
- (2) The following shall not be included in the calculation of Class III Net Win for Blackjack Games:
 - (a) Entry fees or other compensation received by the Gaming Facility Operator for tournaments;
 - (b) Prizes paid to winning players as a result of tournaments; or
 - (c) Free Play Instrumentalities and Match Play Instrumentalities.
- (3) For each Promotional Award Poker game, Class III Net Win is equal to the amount of compensation charged players for the opportunity to play and Wager on any Promotional Award Poker game, less any awards paid from a Jackpot Promotional Fund funded by the Gaming Facility Operator, rather than from contributions (Jackpot Promotional Rake) made by players. Class III Net Win includes rake, time collection, or any other fee the player is required to pay the Gaming Facility Operator for the opportunity to play and Wager against other players.
- (4) The following shall not be included in the calculation of Class III Net Win for Promotional Award Poker:

- (a) Contributions (Jackpot Promotional Rake) made by players to Jackpot promotional awards;
- (b) Any awards paid from a Jackpot Promotional Fund funded by contributions made by players;
- (c) Entry fees or other compensation received by the Gaming Facility Operator for Promotional Award Poker tournaments and prizes paid to winning players as a result of Promotional Award Poker tournaments; or
- (d) Free Play Instrumentalities and Match Play Instrumentalities.

C. Class III Gaming Devices.

- (1) For each Class III Gaming Device, Class III Net Win equals the Gaming Device Drop less hand paid jackpot payouts, less hopper fills, less amounts credited to player's wagering cards or accounts as a result of winning Wagers, less Gaming Device short pays, less amounts credited to cashless wagering tickets as a result of a winning Wager.
- (2) The Gaming Facility Operator may deduct from Class III Net Win that portion of the Gaming Facility Operator's payments to a third party wide area progressive jackpot system provider that is contributed only to the progressive jackpot amount.
 - (a) If the Gaming Facility Operator participates in an intra-State link, contributions to the progressive jackpot amount shall be deducted on a monthly basis.
 - (b) If the Gaming Facility Operator participates in an inter-State link, contributions to the progressive jackpot amount shall be deducted for the month in which a wide area progressive jackpot was awarded.
- (3) The Gaming Facility Operator may deduct from Class III Net Win the actual cost of personal property awarded to a player as a result of a Wager placed in connection with the play of a Gaming Device resulting in a winning Wager, provided the Gaming Facility Operator maintains adequate and detailed documents to support the cost of the personal property awarded as a jackpot.
- (4) If a Gaming Facility Operator provides periodic payments to satisfy a payout resulting from a Wager, the initial installment payment when paid and the actual cost of a third party payment plan funded by the Gaming Facility Operator may be deducted from winnings when paid or purchased. For any funding method which merely guarantees the Gaming Facility Operator's performance and under which the Gaming Facility Operator makes payments directly to the player out of cash flow (e.g. irrevocable letters of credit, surety bonds, or other similar methods), the Gaming Facility Operator shall only deduct such payments when paid to the player.
- (5) The following shall not be included in the calculation of Class III Net Win for Gaming Devices:

- (a) Initial Gaming Device hopper load fills;
- (b) Any lease payments or other fees paid by the Gaming Facility Operator for the use of Gaming Devices;
- (c) Entry fees or other compensation received by the Gaming Facility Operator for Gaming Device tournaments;
- (d) Prizes paid to winning players as a result of Gaming Device tournaments; or
- (e) Free Play Instrumentalities and Match Play Instrumentalities.

D. Dealer Controlled Electronic Table Games.

- (1) For each DCETG, Class III Net Win equals the game drop less hand paid jackpot payouts, less amounts credited to player's wagering cards or accounts as a result of winning wagers, less game short pays, less amounts credited to cashless wagering tickets as a result of a winning wager.
- (2) The following shall not be included in the calculation of Class III Net Win for DCETGs:
 - (a) Any lease payments or other fees paid by the Gaming Facility Operator for the use of DCETG;
 - (b) Entry fees or other compensation received by the Gaming Facility Operator for DCETG tournaments;
 - (c) Prizes paid to winning players as a result of DCETG tournaments;
 - (d) Tips credited to the dealer;
 - (e) Commissions or Vigorish collected by the house (if applicable); or
 - (f) Free Play Instrumentalities and Match Play Instrumentalities.
- (3) The Gaming Facility Operator may deduct from Class III Net Win the actual cost of personal property awarded to a player as a result of a Wager placed in connection with the play of a DCETG resulting in a winning Wager, provided the Gaming Facility Operator maintains adequate and detailed documents to support the cost of the personal property awarded as a jackpot.
- (4) If a Gaming Facility Operator provides periodic payments to satisfy a payout resulting from a Wager, the initial installment payment when paid and the actual cost of a third party payment plan funded by the Gaming Facility Operator may be deducted from winnings when paid or purchased. For any funding method which merely guarantees the Gaming Facility Operator's performance and under which the Gaming Facility Operator makes payments directly to the player out of cash flow (e.g. irrevocable letters of credit, surety bonds, or other similar methods), the Gaming Facility Operator shall only deduct such payments when paid to the player.

E. Keno.

- (1) For each Keno game, Class III Net Win is equal to the amount wagered by players, or write, less the amount paid to players on winning Wagers.
- (2) The Gaming Facility Operator may deduct from Class III Net Win that portion of the Gaming Facility Operator's payments to a third party wide area progressive keno system provider that is contributed only to the progressive jackpot amount.
 - (a) If the Gaming Facility Operator participates in an intra or inter State link, contributions to the progressive jackpot amount shall be deducted for the month in which a wide area progressive jackpot was awarded.
- (3) If a Gaming Facility Operator provides periodic payments to satisfy a payout resulting from a Wager, the initial installment payment and the actual cost of a third party payment plan funded by the Gaming Facility Operator may be deducted from winnings when paid or purchased. For any funding method which merely guarantees the Gaming Facility Operator's performance and under which the Gaming Facility Operator makes payments directly to the player out of cash flow (e.g. irrevocable letters of credits, surety bonds, or other similar methods), the Gaming Facility Operator shall only deduct such payments when paid to the player.
- (4) The following shall not be included in the calculation of Class III Net Win for Keno:
 - (a) Entry fees or other compensation received by the Gaming Facility Operator for Keno tournaments;
 - (b) Prizes paid to winning players as a result of Keno tournaments;
 - or
 - (c) Free Play Instrumentalities and Match Play Instrumentalities.

F. Off-Track Pari-Mutuel Wagering.

- (1) For Off-Track Pari-Mutuel Wagering, Class III Net Win is equal to gross commissions retained by, or paid to, the Gaming Facility Operator plus any breakage allocated to the Gaming Facility Operator by the host track.
- (2) The following shall not be included in the calculation of Class III Net Win for Off-Track Pari-Mutuel Wagering: Free Play Instrumentalities and Match Play Instrumentalities.

G. Other Table Games.

- (1) For each Other Table Game, Class III Net Win is equal to the closing table bankroll plus Other Table Game Drop, plus credit slips from chips,

tokens and coins returned to the cage, less fills of chips, tokens, and coins from the cage, less opening table bankroll.

- (2) The following shall not be included in the calculation of Class III Net Win for Other Table Games:
 - (a) Entry fees or other compensation received by the Gaming Facility Operator for tournaments;
 - (b) Prizes paid to winning players as a result of tournaments; or
 - (c) Free Play Instrumentalities and Match Play Instrumentalities.

H. **Reporting and Calculation of Contribution Amounts.**

- (1) The Tribe shall submit to the State Gaming Agency a monthly report, in a format provided by the State Gaming Agency, indicating the Class III Net Win by Gaming Activity. The report shall be verified by an authorized representative of the Gaming Facility Operator and shall be sent to the State Gaming Agency no later than the 25th day of each month for the preceding month.
- (2) Pursuant to Section 12 of the Compact, at the time each quarterly contribution is made, the Tribe shall submit to the State Gaming Agency a report verified by an authorized representative of the Gaming Facility Operator in a format provided by the State Gaming Agency, indicating the basis for tribal contributions by Gaming Activity for the quarter.
- (3) Contributions made pursuant to Section 12 of the Compact are separate and apart from fees paid to the State Gaming Agency pursuant to Section 5 of the Compact.

