



Mille Lacs Band of Ojibwe Indians
Gaming Regulatory Authority
Detailed Gaming Regulations

ACCOUNTING REGULATIONS

Document No. DGR – 18

Effective: October 07, 2011

I. OVERVIEW

Section 1. Responsibilities. The Accounting Department shall be responsible for the complete analysis and reporting of all gaming revenue. This shall include reviewing, analyzing, comparing, reconciling, filing, and maintaining all source documents, as well as preparing statistical reports, analyzing and documenting variances in statistical reports. The results of all reviews and investigations shall be documented in writing (computer acceptable) as evidence that required procedures (adequate explanation criteria) have been performed. Adequate explanation criteria must include the procedures used to investigate the variance and the results of the investigation.

- A. The Accounting Department shall be responsible for implementation of a process to identify continued variances on the same gaming device from drop to drop which may trigger a different level of review (e.g., a review by a more experienced gaming employee, performance of different tests, contact slot manufacturer, etc.). The point at which a different level of review is initiated is specific to each Gaming Enterprise and must be incorporated into the Gaming Enterprise's written accounting plan. It is the Gaming Enterprise's responsibility to ensure that machine problems and thefts are detected in a timely manner.
- B. Accounting Department associates shall not participate in any gaming transactions or activities (i.e., drops, counts, fills, cashiering, shift manager functions, etc.) other than reading and recording slot machine and poker progressive meters.

Section 2. Written Accounting Plan. Each Gaming Enterprise shall develop a detailed written accounting plan which outlines the Enterprise's methodology, process, and procedures regarding the preparation, review, analysis, maintenance of the statistical reports, and record retention. The Written Accounting Plan shall be forwarded to the GRA Board annually. The objective of the plan is to provide sufficient detail for each member of the Accounting Department to adequately perform his/her job. This plan shall include at a minimum:

- A. Job positions responsible for preparing the reports, reviewing the reports, investigating variances, correcting errant information, and ensuring corrective action has been taken to correct the problem.
- B. List of source documents used to obtain meter information, actual information, and the process to prepare all reports.
- C. Procedures and timelines for:
 - 1. Preparing reports;
 - 2. Reviewing the reports for accuracy;
 - 3. Investigating variances that exceed the allowable threshold (includes thresholds used to initiate the investigation; method of documenting variance review and investigation, events that signal and initiate a different level of review or investigation, etc.);
 - 4. Correcting errant information; and
 - 5. Identifying and communicating noncompliance issues to associates.

Section 3. Segregation of Duties. To ensure an adequate control environment and proper segregation of duties, the person who prepares the reports must be someone other than the person who performs the final review of the reports. The final review of the reports includes reviewing corrections made to the reports and reviewing variance investigation results. Any corrections by the Accounting Department to gaming documents, forms, reports, etc., must be made in accordance with the Gaming Enterprise's written accounting plan. In the case where reports are reprinted to reflect any corrections and/or adjustments made by accounting associates (e.g., "final



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run” reports), corrected and/or adjusted information reflected on these “final run” reports must be reviewed by someone other than the individual who made the correction/adjustment. The reviewer shall note his/her review with initials and date of review. The first run and the final run of reports are considered gaming documents and must be maintained.

II. ACCOUNTING STANDARDS

Section 1. Accurate Records. Each Gaming Enterprise shall prepare accurate, complete, legible, and permanent records of all transactions pertaining to revenue and gaming activities.

Section 2. General Accounting Records. Each Gaming Enterprise shall prepare general accounting records according to Generally Accepted Accounting Principles using a double entry system of accounting, and shall maintain detailed, supporting subsidiary records, including, but not limited to:

- A. Detailed records identifying revenues, expenses, assets, liabilities, and equity for each Gaming Enterprise;
- B. Individual and statistical game records to reflect statistical drop, statistical win, and the percentage of statistical win to statistical drop by each table game, and for each type of table game, by shift, by day, cumulative month-to-date, and cumulative year-to-date, and individual and statistical game records reflecting similar information for all other games;
- C. Gaming machine analysis reports for each machine that compares actual hold percentages to theoretical hold percentages;
- D. Bingo analysis reports which compare actual hold percentages to expected hold percentages;
- E. Pulltabs analysis reports which compare actual hold percentages to theoretical hold percentages;
- F. Other records required by the Detailed Gaming Regulations;
- G. Journal entries prepared by the Gaming Enterprise and by its independent accountants; and
- H. Any other records specifically required to be maintained.

Section 3. Fiscal Affairs. Each Gaming Enterprise shall establish administrative and accounting procedures for the purpose of determining effective control over a Gaming Enterprise’s fiscal affairs. The procedures shall be designed to reasonably ensure that:

- A. Assets are safeguarded;
- B. Financial records are accurate and reliable;
- C. Transactions are performed only in accordance with management’s general and specific authorization;
- D. Transactions are recorded adequately to permit proper reporting of gaming revenue and fees, and to maintain accountability of assets;
- E. Recorded accountability of assets is compared with actual assets at reasonable intervals and appropriate action is taken with respect to any discrepancies; and
- F. Functions, duties, and responsibilities are appropriately segregated in accordance with sound practices.

Section 4. Gross Gaming Revenue Computations.

- A. For table games, gross revenue equals the closing table bankroll plus credit slips for cash, chips, or tokens returned to the cage, plus drop, less opening table bankroll and fills to the table.



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- B. For gaming machines, gross revenue equals drop, less fills, jackpot payouts and personal property awarded to patrons as gambling winnings. Additionally, the initial hopper load is not a fill and does not affect gross revenue. The difference between the initial hopper load and the total amount that is in the hopper at the end of the gaming operation's fiscal year should be adjusted accordingly as an addition to or subtraction from the drop for the year.
 - C. For each counter game, gross revenue equals:
 - 1. The cash accepted by the Gaming Enterprise on events or games that occur during the month or will occur in subsequent months, less cash paid out during the month to guests on winning wagers; or
 - 2. The cash accepted by the Gaming Enterprise on events or games that occur during the month plus cash, not previously included in gross revenue, that was accepted by the Gaming Enterprise in previous months on events or games occurring in the month, less cash paid out during the month to guests as winning wagers (“modified accrual basis”).
 - D. For each card game and any other game in which the Gaming Enterprise is not a party to a wager, gross revenue equals all money received by the operation as compensation for conducting the game.
 - E. In computing gross revenue for bingo and pulltabs, the actual cost to the gaming operation of any personal property (other than costs of travel, lodging, services, food, and beverages) awarded as a payout to guests may be deducted if the gaming operation maintains detailed documents supporting the deduction.
 - F. Each gaming operation shall establish internal control systems sufficient to ensure that currency (other than tips or gratuities) received from a guest in the gaming area is promptly placed in a locked box in the table, or, in the case of a cashier, in the appropriate place in the cashier's cage, or on those games which do not have a locked drop box, or on card game tables, in an appropriate place on the table, in the cash register or in another approved repository.
 - G. Periodic payment of winnings awarded to a guest shall be made if the method of funding for the periodic payments assures such payments to the winning guest. The Gaming Enterprise is required to obtain the approval of all payment plans from the GRA Board.
 - H. Cash-out tickets issued at a gaming machine or gaming device shall be deducted from gross revenue as jackpot payouts in the month the tickets are issued by the gaming machine or gaming device. Tickets deducted from gross revenue that are not redeemed within a period, not to exceed 180 days of issuance, shall be included in gross revenue. An unredeemed ticket previously included in gross revenue may be deducted from gross revenue in the month redeemed.
 - I. A gaming operation may not deduct from gross revenues the unpaid balance of a credit instrument extended for purposes other than gaming
 - J. A gaming operation may deduct from gross revenue the unpaid balance of a credit instrument if the gaming operation documents, or otherwise keeps detailed records of, compliance with the following requirements. Such records confirming compliance shall be made available to the GRA Board or the Commission upon request:
 - 1. The gaming operation can document that the credit extended was for gaming purposes;



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2. The gaming operation has established procedures and relevant criteria to evaluate a guest's credit reputation or financial resources and to then determine that there is a reasonable basis for extending credit in the amount or sum placed at the guest's disposal;
 3. In the case of personal checks, the gaming operation has established procedures to examine documentation, which would normally be acceptable as a type of identification when cashing checks, and has recorded the guest's bank check guarantee card number or credit card number, or has satisfied paragraph (J)(2) of this section, as management may deem appropriate for the check-cashing authorization granted;
 4. In the case of third-party checks for which cash, chips, or tokens have been issued to the guest, or which were accepted in payment of another credit instrument, the gaming operation has established procedures to examine documentation, normally accepted as a means of identification when cashing checks, and has, for the check's maker or drawer, satisfied paragraph (J)(2) of this section, as management may deem appropriate for the check-cashing authorization granted;
 5. In the case of guaranteed drafts, procedures should be established to ensure compliance with the issuance and acceptance procedures prescribed by the issuer;
 6. The gaming operation has established procedures to ensure that the credit extended is appropriately documented, not least of which would be the guest's identification and signature attesting to the authenticity of the individual credit transactions. The authorizing signature shall be obtained at the time credit is extended.
 7. The gaming operation has established procedures to effectively document its attempt to collect the full amount of the debt. Such documentation includes, but is not limited to, letters sent to the guest, logs of personal or telephone conversations, proof of presentation of the credit instrument to the guest's bank for collection, settlement agreements, or other documents which demonstrate that the gaming operation has made a good faith attempt to collect the full amount of the debt. Such records documenting collection efforts shall be made available to the GRA Board or the Commission upon request.
- K. Allowable and non-allowable deductions from gross revenue.
1. Any prizes, premiums, drawings benefits or tickets that are redeemable for money or merchandise or other promotional allowance, except money or tokens paid at face value or the cost of personal property awarded directly to a guest as the result of a specific wager, must not be deducted.
 2. Cash paid to fund periodic payments may be deducted.
 3. A Gaming Enterprise may deduct its pro-rata share of a payout from a game played in a wide area linked system. The amount of the deduction must be determined based upon the written agreement among the Gaming Enterprise participating in the wide area linked system and the operator of the system. All cash prizes and the value of noncash prizes awarded during a contest or tournament conducted in conjunction with a wide area linked system are also deductible on a pro-rata basis to the extent of the compensation received for the right to participate in that contest or tournament.



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4. Deductibility of free play and promotional items:

(i) Gaming Machines	
(A) Free pulls on a promotional gaming machine	No effect on drop and no deduction of payouts
(B) Free pulls on a gaming machine	No effect on drop and all payouts deductible
(C) Free play wagering (negotiable, including free coin/tokens) if distinguishable and accounted for separately in the drop	No effect on drop and all payouts deductible
(D) Free play wagering (non-negotiable)	No effect on drop for free play and all payouts deductible
(E) Gaming machine negotiable wagering credits (If tracked electronically when wagered)	No effect on drop and all payouts deductible
(F) Gaming machine negotiable wagering credits (If not tracked electronically when wagered)	Add cash value to drop and all payouts deductible
(G) Non-cash prizes awarded for winning wagers	Cost to gaming operation deductible
(H) Premium points awarded in accordance with a payout schedule as the result of a winning wager	Cash or cost of prizes for redeemed points deductible (Appropriate tracking and documentation required)
(I) Premium points not awarded in accordance with a payout schedule or as the result of a winning wager	Cash or cost of prizes for redeemed points not deductible
(J) Promotional activity reimbursed by an external party	Total amount wagered included in drop and all payouts deductible
(K) Gold or silver coins paid out (legal tender)	Purchase cost to gaming operation deductible
(L) Gold or silver tokens paid out (not legal tender)	Face value deductible
(M) Tournaments/contests/drawings	Include total amount received in drop and payouts deductible (limited to amount received)
(N) Bonus payouts	Bonus payouts resulting from a winning wager deductible
(O) Mystery jackpots (Only if selected by random number generator)	All mystery jackpot payouts reflected on the payout schedule deductible
(P) Appeasement payouts (payments made on non-winning wagers in response to guest complaints)	Not deductible
(ii) Table Games	
(A) Match play (e.g., wager five dollars and receive a ten dollar bet)	Include cash received in drop and all payouts deductible
(B) Discount wagering (negotiable)	Discounted dollar amount (if distinguishable) included in drop and all payouts deductible
(C) Discount wagering (non-negotiable)	Discounted dollar amount included in drop and all payouts deductible
(D) Free play wagering (negotiable)	If distinguishable, no effect on drop, all payouts deductible
(E) Free play wagering (non-negotiable)	No effect on drop and all payouts deductible
(F) Promotional activity reimbursed by an external party	Total amount wagered included in drop and all payouts deductible
(G) Tournaments/contests/drawings	Include total amount received in drop and payouts deductible (limited to amount received)
(H) Tournaments which include purchase and redemption of negotiable chips.	Include total amount wagered in drop, payouts deductible, tournament prizes not deductible



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(iii) Card Games	
(A) Buy-in coupons (e.g., \$25 in chips for \$20 buy-in)	No effect on revenue
(B) Tournaments played with negotiable chips and rake is taken	Rake is included in revenue
(C) Tournaments played with non-negotiable chips, contests and drawings	No effect on revenue
(D) Prizes (e.g., \$100 prize for high hand of the week)	No effect on revenue
(E) Promotional progressive pot and/or pool payouts	No effect on revenue
(iv) Pull Tabs	
(A) Match play/discount wagering	Include cash received in sales and all payouts deductible
(B) Free play wagering (negotiable and non-negotiable)	No effect on sales and all payouts deductible
(C) Non-cash prizes	Include cash received in sales and purchase cost of prizes deductible
(D) Promotional activity reimbursement by external party	Include cash received in sales and all payouts deductible
(E) Appeasement payouts (payments made on non-winning pull tabs in response to guest complaints)	Not deductible

5. Credit instruments written off as uncollectible are deductible unless any of the following applies:
- (a) The instrument was not signed by the patron;
 - (b) The gaming operation did not have an address for the patron at the time of accepting the instrument;
 - (c) The gaming operation does not maintain evidence that it has made a reasonable effort to collect the debt;
 - (d) The gaming operation does not maintain evidence that it checked the credit history of the patron before extending the credit;
 - (e) The signature of the patron on the instrument was forged and the gaming operation has not made a written report of the forgery to the appropriate law enforcement agency; or
 - (f) The gaming operation is unable to produce the credit instrument within a reasonable time after a request by the Commission. (Note: However, this shall not pertain to circumstances beyond the control of the gaming operation e.g., custody of court, stolen, etc.).

Section 5. Maintenance and Preservation of Books, Records and Documents.

- A. All original books, records and documents pertaining to the conduct of wagering activities shall be retained by a Gaming Enterprise in accordance with the following schedule. A record that summarizes gaming transactions is sufficient provided that all documents containing an original signature(s) attesting to the accuracy of a gaming related transaction is independently preserved. Original books, records or documents shall not include copies of originals, except for copies that contain original comments or notations or parts of multi-part forms. The following original books, records and documents shall be retained by a Gaming Enterprise for a minimum of five (5) years:
1. Casino cage documents;



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2. Documentation supporting the calculation of table game win;
 3. Documentation supporting the calculation of gaming machine win;
 4. Documentation supporting the calculation of revenue received from the games of bingo, pull-tabs, card games, and all other gaming activities offered by the Gaming Enterprise;
 5. Table games statistical analysis reports;
 6. Gaming machine statistical analysis reports;
 7. Bingo and pull-tab statistical reports;
 8. Internal audit reports;
 9. Documentation supporting the write-off of gaming credit instruments and named credit instruments;
 10. All other books, records and documents pertaining to the conduct of wagering activities that contain original signature(s) attesting to the accuracy of the gaming related transaction.
- B. Unless otherwise specified, all other books, records, and documents shall be retained until such time as the accounting records have been audited by the Gaming Enterprise's independent Certified Public Accountants.
- C. The above standards shall apply without regards to the medium through which the book, record or document is generated or maintained (paper, computer generated, magnetic media, etc.).

III. FINANCIAL STATEMENTS AND THE ANNUAL AUDIT

Section 1. Financial Statements. Each Gaming Enterprise shall prepare financial statements covering all financial activities of the enterprise operations for each business year. Such financial statements shall cover the areas of gaming, room, food, beverage and any other ancillary activities conducted at the Gaming Enterprise. Such financial statements shall be presented in separate categories for each discernable activity.

Section 2. Reports to GRA Board. Each Gaming Enterprise shall submit the financial statements to the GRA Board not later than three months following the end of the business year covered by the statement.

- A. Each Gaming Enterprise shall prepare all financial statements utilizing a chart of accounts recognized by generally accepted accounting principles.
- B. Each Gaming Enterprise shall furnish to the GRA Board, upon written request, statistical and financial data for the purpose of compiling, evaluating, and disseminating financial information regarding the economies and trends within the gaming industry.

Section 3. Annual Audit. Pursuant to 15 MLBSA § 305(a)(14) and 15 MLBSA § 309 of the Band's Gaming Regulatory Act, the GRA Board shall be responsible for having an annual external audit performed for each Gaming Activity. The Gaming Enterprise shall be responsible for the payment of all costs and fees, or its allocable share of costs and fees, generated by any audit required by the GRA Board.

History. Approved by the Gaming Regulatory Authority Board on October 07, 2011. Effective date October 07, 2011.