



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

**Accounting Regulations**

Document No. DGR - 18

Effective: November 22, 2005

**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.

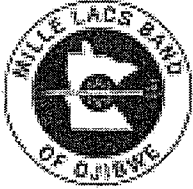
- A. The Accounting Department shall be responsible for implementation of a process to identify continued variances on the same gaming device from drop to drop which may trigger a different level of review (e.g., a review by a more experienced gaming employee, performance of different tests, contact 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.** Within ninety (90) days of Band Assembly's approval of these Detailed Gaming Regulations, each Gaming Enterprise shall develop a detailed written accounting plan which outlines the

Enterprise's methodology, process, and procedures regarding the preparation, review, analysis, and maintenance of the statistical reports and forward to the GRA Board for approval. 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



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where reports are reprinted to reflect any corrections and/or adjustments made by accounting associates (e.g., "final 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 on a double entry system of accounting, maintaining 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 to reflect statistical drop, statistical win, and the percentage of statistical win to statistical drop 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;

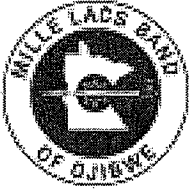
- D. The records required by the Detailed Gaming Regulations;
- E. Journal entries prepared by the Gaming Enterprise and by its independent accountants; and
- F. Any other records specifically required to be maintained.

**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 of fees and taxes, 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 by competent, qualified associates.

**Section 4. Gross 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.
- B. For gaming machines gross revenue equals drop less fills, jackpot payouts, tickets and personal property awarded to patrons as gambling winnings. Additionally, the initial hopper load is not a fill and does not affect gross revenue.



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- C. For each counter game, gross revenue equals:
- (1) The money accepted by the Gaming Enterprise on events or games that occur during the month or will occur in subsequent months, less money paid out during the month to patrons on winning wagers; or
  - (2) The money accepted by the Gaming Enterprise on events or games that occur during the month plus money, 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 money paid out during the month to patrons as winning wagers.
- 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. A Gaming Enterprise shall not include either skill win or loss in gross revenue computations.
- E. Each Gaming Enterprise, associate and Tribe who receives currency (other than tips or gratuities) from a patron in the gaming area shall promptly place the currency in a locked box in the table, in the case of 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 other approved repository.
- F. Periodic payment of winnings awarded to a patron shall be made if the method of funding for the periodic payments assures such payments to the winning patron. The Gaming Enterprise is required to obtain the approval of all payment plans from the GRA Board.
- G. For payouts by wide-area progressive

gaming machine systems, a Gaming Enterprise may deduct from winnings only its pro rata share of a wide-area gaming machine system payout.

- 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.

**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;
  - (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 keno, bingo, pull-tabs, card



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- 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, pull-tab and keno 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 definition 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 principals.
- 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.

**Section 4. Record Retention.** Within ninety (90) days of Band Assembly approval of these Detailed Gaming Regulations, each Gaming Enterprise shall submit for GRA Board approval, policies and procedures for the retention of all accounting records generated by the Gaming Enterprises.

**History.** Approved by Band Assembly on November 22, 2005.

Removed part I, section 2; Removed from all applicable sections 25 CFR § 542; Changes to all applicable sections employee(s) and personnel to associate(s); Change to part II, section 2(D) tribal MICS changed to Detailed Gaming Regulations; Changes to part II, section 4(B) Additionally, the initial hopper load is not a fill and does not affect gross revenue added; Changes to part II, section



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4(D) sections 4(D) and 4(D)(1) combined; Changed part II, section 4(D)(2) to part II, section 4(E); Changed part II, section 4(D)(3) to part II, section 4(F) and The Gaming Enterprise is required to obtain the approval of all payment plans from the GRA Board added; Deleted part II, section 4(D)(4); Addition of part II, section 4(G) For payouts by wide-area progressive gaming machine systems, a Gaming Enterprise may deduct from winnings only its pro rata share of a wide-area gaming machine system payout added; Addition of part II, section 4(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 added; Changes to part II, section 4(E) Section 5; and Maintenance and preservation of books, records and documents added, 4(E) changed to 5(A), 4(E)(1) was added to 5(A), 4(E)(1)(a - j) changed to 5(A)(1 - 10), 4(E)(2) changed to 5(B), and 4(E)(3) changed to 5(C) approved by the Gaming Regulatory Authority on May 8, 2008. Effective date May 8, 2008.