



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

ACCOUNTING REGULATIONS

Document No. DGR – 18

Effective: December 17, 2013

I. OVERVIEW.

Section 1. Responsibilities. The Accounting Department shall be responsible for the complete analysis and reporting of all gaming revenue. This includes 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 must be documented as evidence that required procedures 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 VGC from drop to drop which may trigger a different level of review (e.g., a review by a more experienced gaming associate, performance of different tests, contact VGC 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. The Gaming Enterprise shall ensure that VGC 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 VGC 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 must 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 must 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; and
- 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 associate who prepares the reports must be someone other than the associate 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 or adjustments made by Accounting associates



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

ACCOUNTING REGULATIONS

Document No. DGR – 18

Effective: December 17, 2013

(e.g., “final run” reports), corrected and 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. Conflicts of Standards. When establishing a SICS, the Gaming Enterprise should review and consider incorporating, other external standards such as GAAP, GAAS, and standards promulgated by GASB and FASB. In the event of a conflict between the MICS and the incorporated external standards, the external standards prevail.

Section 2. Accurate Records. Each Gaming Enterprise shall prepare accurate, complete, legible and permanent records of all transactions pertaining to revenue and gaming activities.

Section 3. General Accounting Records. Controls must be established and procedures implemented to safeguard assets and ensure each Gaming Enterprise:

- A. Prepares accurate, complete, legible and permanent records of all transactions pertaining to gaming revenue and activities for operational activity; and
- B. Prepares general accounting records on a double entry system of accounting, maintaining detailed, supporting, subsidiary records, and performs the following activities:
 - 1. Record gaming activity transactions in an accounting system to identify and track all revenues, expenses, assets, liabilities and equity;
 - 2. Record journal entries prepared by the Gaming Enterprise and by any independent accountants used;
 - 3. Prepare income statements and balance sheets;
 - 4. Prepare appropriate subsidiary ledgers to support the balance sheet;
 - 5. Prepare, review and maintain accurate financial statements;
 - 6. Prepare transactions in accordance with the appropriate authorization, as provided by management;
 - 7. Record transactions to facilitate proper recording of gaming revenue and fees, and to maintain accountability of assets;
 - 8. Compare recorded accountability for assets to actual assets at periodic intervals, and take appropriate action with respect to any variances;
 - 9. Segregate functions, duties and responsibilities; and
 - 10. Maintain and preserve all financial records and relevant supporting documentation.

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.
- B. For VGCs, 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 Enterprise’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:



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

ACCOUNTING REGULATIONS

Document No. DGR – 18

Effective: December 17, 2013

-
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 patrons 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 patrons 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 pull tabs, the actual cost to the Gaming Enterprise of any personal property (other than costs of travel, lodging, services, food and beverages) awarded as a payout to patrons may be deducted if the Gaming Enterprise maintains detailed documents supporting the deduction.
- F. Each Gaming Enterprise shall establish internal control systems sufficient to ensure that currency (other than tips or gratuities) received from a patron 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 patron shall be made if the method of funding for the periodic payments assures such payments to the winning patron. The Gaming Enterprise must obtain approval of all payment plans from the GRA Board.
- H. Cash-out tickets issued at a VGC will be deducted from gross revenue as jackpot payouts in the month the tickets are issued by the VGC. Tickets deducted from gross revenue that are not redeemed within a period, not to exceed 180 days of issuance, will 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 Enterprise shall not deduct from gross revenues the unpaid balance of a credit instrument extended for purposes other than gaming.
- J. A Gaming Enterprise 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 below requirements. Such records confirming compliance must be made available to the GRA Board or the NIGC upon request.
1. The Gaming Enterprise can document that the credit extended was for gaming purposes;
 2. The Gaming Enterprise has procedures and relevant criteria to evaluate a patron's credit reputation or financial resources and to determine that there is a reasonable basis for extending credit in the amount placed at the patron's disposal;
 3. In the case of personal checks, the Gaming Enterprise has procedures to examine documentation, which would normally be acceptable as a type of identification when cashing checks, and has recorded the patron'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;



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

ACCOUNTING REGULATIONS

Document No. DGR – 18

Effective: December 17, 2013

4. In the case of third-party checks for which cash, chips or tokens have been issued to the patron, or which were accepted in payment of another credit instrument, the Gaming Enterprise has 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 Enterprise has procedures to ensure that the credit extended is appropriately documented, not least of which would be the patron's identification and signature attesting to the authenticity of the individual credit transactions. The authorizing signature must be obtained at the time credit is extended.
 7. The Gaming Enterprise 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 patron, logs of personal or telephone conversations, proof of presentation of the credit instrument to the patron's bank for collection, settlement agreements, or other documents which demonstrate that the Gaming Enterprise 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 patron 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.
 4. Deductibility of free play and promotional items:

(i) Video Games of Chance	
(A) Free pulls on a promotional VGC	No effect on drop and no deduction of payouts
(B) Free pulls on a VGC	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) VGC negotiable wagering credits (If tracked electronically when wagered)	No effect on drop and all payouts deductible



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

ACCOUNTING REGULATIONS

Document No. DGR – 18

Effective: December 17, 2013

(F) VGC 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 Enterprise 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 patron 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
(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 included in revenue



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

ACCOUNTING REGULATIONS

Document No. DGR – 18

Effective: December 17, 2013

rake is taken	
(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 patron 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 Enterprise did not have an address for the patron at the time of accepting the instrument;
 - (c) The Gaming Enterprise does not maintain evidence that it made a reasonable effort to collect the debt;
 - (d) The Gaming Enterprise 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 Enterprise has not made a written report of the forgery to the appropriate law enforcement agency; or
 - (f) The Gaming Enterprise 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 Enterprise 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 must 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 must be retained by a Gaming Enterprise for at least five (5) years:



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

ACCOUNTING REGULATIONS

Document No. DGR – 18

Effective: December 17, 2013

1. Casino cage documents;
 2. Documentation supporting the calculation of table game win;
 3. Documentation supporting the calculation of VGC 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. VGC 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; and
 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 must 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 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 must cover the areas of gaming, room, food, beverage and any other ancillary activities conducted at the Gaming Enterprise. Such financial statements must 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 (3) 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 assessment performed for each Gaming Enterprise.

- A. 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.
- B. The assessment must be performed in accordance with agreed upon procedures and the most recent versions of the Statements on Standards for Attestation Engagements and Agreed-Upon Procedures Engagements (collectively "SSAEs"), issued by the American Institute of Certified Public Accountants.



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

ACCOUNTING REGULATIONS

Document No. DGR – 18

Effective: December 17, 2013

-
- C. The Band must submit two (2) copies of the agreed upon procedures report to the Commission within 120 days of the Gaming Enterprise’s fiscal year end in conjunction with the submission of the annual financial audit report required pursuant to 25 CFR § 571.
- D. Review of internal audit.
1. The CPA must determine compliance by the Gaming Enterprise with the internal audit requirements in Section 3 by:
 - (a) Completing the internal audit checklist;
 - (b) Ensuring that the internal auditor completed checklists for each gaming department of the Enterprise;
 - (c) Verifying that any areas of non-compliance have been identified;
 - (d) Ensuring that audit reports are completed and include responses from management; and
 - (e) Verifying that appropriate follow-up on audit findings has been conducted and necessary corrective measures have been taken to effectively mitigate the noted risks.
 2. If the CPA determines that the internal audit procedures performed during the fiscal year have been properly completed, the CPA may rely on the work of the internal audit for the completion of the MICS checklists as they relate to the standards covered by this part.
- E. The SSAEs are applicable to agreed upon procedures engagements required in this part. All noted instances of noncompliance with the MICS, DGRs or SICS, if they provide the same level of control as the MICS, must be documented in the report with a narrative description, the number of exceptions and sample size tested.

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

Changes to grammar and formatting where applicable. Change “shall” to “must” where applicable. Change “employee”, “person” and “personnel” with “associate” where applicable. Change “gaming machine” to “Video Games of Chance” or “VGC” where applicable. Change “money” to “cash” where applicable. Part I Section 1: removed “in writing (computer acceptable)” after documented; removed “(adequate explanation criteria)” after procedures. Part I Section 1(A): replaced “Enterprise’s responsibility” with “Enterprise shall” after Gaming. Part I Section 2: removed “Within ninety (90) days of Band Assembly’s approval of these Detailed Gaming Regulations,” replaced “and forward” with “, and record retention”. The Written Accounting Plan shall be forwarded” after reports; replaced “for approval” with “annually” after Board; Part II: Section 1. Conflicts of Standards added: Section 1. Conflicts of Standards. When establishing SICS, the Gaming Enterprise should review and consider incorporating, other external standards such as GAAP, GAAS, and standards promulgated by GASB and FASB. In the event of a conflict between the MICS and the incorporated external standards, the external standards prevail. Part II Section 3: replaced “Each Gaming Enterprise shall prepare” with “Controls must be established and procedures implemented to safeguard assets and ensure each Gaming Enterprise:” Part II Section 3: add (A) A. Prepares accurate, complete, legible, and permanent records of all transactions pertaining to gaming revenue and activities for operational activity. Part II Section 3(B): add “Prepares” before general; removed “according to Generally Accepted Accounting Principles” after records; replaced “including, but not limited to” with “and performs the following activities:” Part II Section 2, and 3 of original document: replaced with: Section 3. General Accounting Records. Controls must be established and procedures implemented to safeguard assets and ensure each Gaming Enterprise: A. Prepares accurate, complete, legible, and permanent records of all transactions pertaining to gaming revenue and activities for operational activity. B. Prepares general accounting records on a double entry system of accounting, maintaining detailed, supporting, subsidiary records, and performs the following activities: 1. Record gaming activity transactions in an accounting system to identify and track all revenues, expenses, assets, liabilities, and equity; 2. Record journal entries prepared by the Gaming Enterprise and by any independent accountants used; 3. Prepare income statements and balance sheets; 4. Prepare appropriate subsidiary ledgers to support the balance sheet; 5. Prepare, review, and maintain accurate



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

ACCOUNTING REGULATIONS

Document No. DGR – 18

Effective: December 17, 2013

financial statements; 6. Prepare transactions in accordance with the appropriate authorization, as provided by management; 7. Record transactions to facilitate proper recording of gaming revenue and fees, and to maintain accountability of assets; 8. Compare recorded accountability for assets to actual assets at periodic intervals, and take appropriate action with respect to any variances; 9. Segregate functions, duties, and responsibilities; and 10. Maintain and preserve all financial records and relevant supporting documentation. Part II Section 4: Change “Gross revenue computations” to “Gaming Revenue Computations” Part II Section 4(B): removed “, tickets” after payouts; added “The difference between the initial hopper load and the total amount that is in the hopper at the end of the Gaming Enterprise’s fiscal year should be adjusted accordingly as an addition to or subtraction from the drop for the year.” after revenue. Part II Section 4(C)(2): added “(“modified accrual basis”)” after wagers. Part II Section 4(D): removed “A Gaming Enterprise shall not include either skill win or loss in gross revenue computations.” Part II Section 4(E): added “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 patrons may be deducted if the gaming operation maintains detailed documents supporting the deduction.” Part II Section 4(F): replaced “, associate and Tribe who receives” with “shall established internal control systems sufficient to ensure that currency (other than tips or gratuities) received” after Enterprise; replaced “other” with “in another” before approved; Part II Section G (original): deleted “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.” Part II Section 4: added (I), (J), and (K) H. A Gaming Enterprise may not deduct from gross revenues the unpaid balance of a credit instrument extended for purposes other than gaming. I. A Gaming Enterprise 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 Enterprise can document that the credit extended was for gaming purposes; 2. The Gaming Enterprise has established procedures and relevant criteria to evaluate a patron’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 patron’s disposal; 3. In the case of personal checks, the Gaming Enterprise has established procedures to examine documentation, which would normally be acceptable as a type of identification when cashing checks, and has recorded the patron’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 patron, or which were accepted in payment of another credit instrument, the Gaming Enterprise 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 Enterprise has established procedures to ensure that the credit extended is appropriately documented, not least of which would be the patron’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 Enterprise 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 patron, logs of personal or telephone conversations, proof of presentation of the credit instrument to the patron’s bank for collection, settlement agreements, or other documents which demonstrate that the Gaming Enterprise 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. J. 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 patron 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 non-cash 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. 4. Deductibility of free play and promotional items: (i) Video Games of Chance (A) Free pulls on a promotional VGC No effect on drop and no deduction of payouts (B) Free pulls on a VGC 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) VGC negotiable wagering credits (If tracked electronically when wagered) No effect on drop and all payouts deductible (F) VGC 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



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

ACCOUNTING REGULATIONS

Document No. DGR – 18

Effective: December 17, 2013

(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 Enterprise 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 patron 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 (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 patron 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 Enterprise did not have an address for the patron at the time of accepting the instrument; (c) The Gaming Enterprise does not maintain evidence that it has made a reasonable effort to collect the debt; (d) The Gaming Enterprise 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 Enterprise has not made a written report of the forgery to the appropriate law enforcement agency; or (f) The Gaming Enterprise 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.). Part II: added Section 5. Maintenance and Preservation of Books, Records and Documents. Part II Section 5(A)(4): removed “keno” after of Part II Section 5(A)(7): removed “and keno” after pulltab Part II Section 5(C): replaced “definition” with “standards” before shall Part III Section 3: added “assessment” before performed; replaced “Activity.” with “Enterprise.” Part III Section 3: added (B), (C), (D), and (E): B. The assessment must be performed in accordance with agreed upon procedures and the most recent versions of the Statements on Standards for Attestation Engagements and Agreed-Upon Procedures Engagements (collectively “SSAEs”), issued by the American Institute of Certified Public Accountants. C. The tribe must submit two (2) copies of the agreed-upon procedures report to the Commission within 120 days of the gaming operation’s fiscal year end in conjunction with the submission of the annual financial audit report required pursuant to 25 CFR part 571. D. Review of internal audit. 1. The CPA must determine compliance by the Gaming Enterprise with the internal audit requirements in this section 3 by: (a) Completing the internal audit checklist; (b) Ensuring that the internal auditor completed checklists for each gaming department of the Enterprise; (c) Verifying that any areas of non-compliance have been identified; (d) Ensuring that audit reports are completed and include responses from management; and (e) Verifying that appropriate follow-up on audit findings has been conducted and necessary corrective measures have been taken to effectively mitigate the noted risks. 2. If the CPA determines that the internal audit procedures performed during the fiscal year have been properly completed, the CPA may rely on the work of the internal audit for the completion of the MICS checklists as they relate to the standards covered by this part. E. The SSAEs are applicable to agreed-upon procedures engagements required in this part. All noted instances of noncompliance with the MICS and/or the DGRs or SICS, if they provide the same level of control as the MICS, must be documented in the report with a narrative description, the number of exceptions and sample size tested. Part III Section 4 Record Retention. (original): removed.

Each Gaming Enterprise shall come into compliance with changes no later than October 1, 2014.
Each Gaming Enterprise may petition the GRA Board for an extension of up to six (6) months.
Approval of an extension is discretionary.



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

ACCOUNTING REGULATIONS

Document No. DGR – 18

Effective: December 17, 2013
