

GAMING COMMISSION REGULATIONS

ESTABLISHING MINIMUM STANDARDS FOR THE

AUDITING OF GAMING FACILITIES

**Coyote Valley Gaming Commission
Coyote Valley Band of Pomo Indians**

Chapter 10

ACCOUNTING REGULATIONS

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10.010 Definitions. As used in the Regulations set forth in this Chapter 10, the following words shall have the following meanings:

1. "Statements on auditing standards" means the auditing standards and procedures established by the American Institute of Certified Public Accountants.
2. "Statements on standards for accounting and review services" means the standards and procedures published by the American Institute of Certified Public Accountants.
3. "Statistical drop" means the dollar amount of cash wagered by a patron that is placed in the drop box plus the dollar amount of chips or tokens purchased at a table by a patron with currency or credit instruments.
4. "Statistical win" means the dollar amount won by the licensed gaming facility through table play.
5. "Wager" means a sum of money or thing of value risked on an uncertain occurrence.

10.020 Commission audit procedures.

1. The Commission shall have the authority to:

(a) Conduct periodic audits or reviews of the books and records of all gaming facilities operated on the Reservation;

(b) Review the accounting methods and procedures used by all licensed gaming facilities;

(c) Review and observe methods and procedures used by licensees to count and handle cash, chips, tokens, negotiable instruments, and credit instruments;

(d) Examine all gaming facilities' records and procedures in extending credit, and to confirm with gaming patrons the existence of an amount of debt and any settlement thereof;

(e) Examine and review the internal control procedures for all licensed gaming facilities;

(f) Examine all accounting and bookkeeping records and ledger accounts of any licensed gaming facility or any person controlling, controlled by, or under common control of a licensed gaming facility;

(g) Examine the books and records of any licensee when conditions indicate the need for such action or upon the request of any Commissioner or the Coyote Valley Band of Pomo Indians; and

(h) Investigate each licensee's compliance with the Commission's regulations.

2. The Commission shall conduct each audit in conformity with the statement on auditing standards. The Commission shall prepare an appropriate report at the conclusion of each audit and shall submit a copy of each report to the Tribal Council for the Coyote Valley Band of Pomo Indians.

3. At the conclusion of each audit, the Commission shall review the results of the audit with the general manager or chief executive officer of every licensed gaming facility located on the Reservation. The general manager or chief executive officer may, within ten (10) days of the review, submit written reasons to the Commission why the results of the audit should not be accepted. The Commission shall consider the submission prior to its determination.

4. When the Commission finds that a licensed gaming facility or licensee is required to pay additional fees and taxes or finds that the licensed gaming facility or licensee is entitled to a refund of fees and taxes, it shall report its

findings and the legal basis upon which the findings are made, to the licensed gaming facility in sufficient detail to enable the Commission to determine if an assessment or refund is required.

10.030 Procedures for reporting and paying gaming taxes and fees. All taxes and fees imposed by the Commission under its Regulations and all reports relating thereto, must be received by the Commission not later than the due date specified by the Commission's Regulations, except that the taxes, fees, and reports shall be deemed to be timely filed, if the licensee demonstrates to the satisfaction of the Commission that they were deposited in the United States mail with first class postage prepaid, and properly addressed to the Commission within the time allowed for payment of the taxes or fees.

10.040 Accounting records.

1. Each licensed gaming facility, and each licensed financial officer employed by a licensed gaming facility for that purpose, shall, in such manner as the Commission may approve or require keep accurate, complete, legible, and permanent records of all transactions pertaining to revenue that is received, paid to, collected, used, handled, kept, or paid by any licensed gaming facility. Each licensee that keeps permanent records in a computerized or microfiche fashion shall provide the Commission, upon its request, with a detailed index to the microfiche or computer record that is indexed by casino department and date.

2. Each licensed gaming facility shall keep general accounting records on a double entry system of accounting, maintaining detailed, supporting, subsidiary records, including:

(a) Detailed records identifying records, expenses, assets, liabilities, and equity for each gaming facility located on the Reservation;

(b) Detailed records of all IOUs, markers, returned checks, old checks, or other similar credit instruments;

(c) Individual and statistical and game records to reflect statistical drop, statistical win, and the percentage of statistical win to statistical drop by table for 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, either by each shift or other accounting period approved by the Commission, and individual and statistical game records reflecting similar information for all other games;

(d) Electronic gaming devices or video lottery terminal analysis reports which, by each machine, compare actual hold percentages to theoretical hold percentages;

(e) The records required by the internal control procedures adopted or approved by the Commission; and

(f) Any other records that the Commission specifically requires be maintained.

3. Each licensed gaming facility shall create and maintain records sufficient to accurately reflect gross income and expenses relating to its gaming operations.

4. If a gaming facility or licensee fails to keep the records used by it to calculate gross gaming revenue, the Commission may compute and determine the amount of taxable revenue upon the basis of an audit conducted by an independent accountant retained by the Commission for that purpose, upon the basis of any information within the Commission's possession, or upon statistical analysis.

10.050 Record retention; noncompliance. Each licensed gaming facility and/or licensee shall provide the Commission, upon its request, with the records required to be maintained by this Chapter. Unless the Commission approves or otherwise requires in writing, each licensed gaming facility shall retain all such records within the Reservation for at least five (5) years after they are made. Failure to keep or provide such records is a violation of these Regulations.

10.060 Audited financial statements.

1. Each licensed gaming facility shall prepare or cause to be prepared financial statements, covering all financial activities of the licensee's establishment for each business year.

2. Each licensed gaming facility shall engage an independent certified public accountant approved by the Commission to review the statements of the licensed gaming facility in accordance with the statements on standards for accounting and review services.

3. Unless the Commission approves otherwise in writing, the statements required by subsection 2 above must be presented on a comparative basis. Each licensed gaming facility shall submit to the Commission two (2) copies of its audited or reviewed statements not later than one hundred twenty (120) days after the last day of the close of the licensed gaming facility's business year. The Commission may request additional information and documents from either the licensed gaming facility or the licensee's independent accountant, regarding the financial statements or the services performed by the accountant. Failure to submit the requested information or documents constitutes a violation of the Commission's Regulations.

CERTIFICATION

The foregoing Regulations comprising Chapter 10 were adopted at a regular meeting of the Coyote Valley Gaming Commission held on May ____, 1996, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Chairman of the Coyote Valley
Gaming Commission

ATTESTED:

Secretary of the Coyote Valley Gaming Commission