

AMENDED AGENDA
(Amended Items in Bold)
KANSAS RACING AND GAMING COMMISSION
10:00 am, Friday, August 13, 2010

AUDITORIUM A
Dwight D. Eisenhower State Office Building
700 SW Harrison, Suite 450
Topeka, Kansas

A. CALL TO ORDER

B. APPROVAL OF AGENDA

C. APPROVAL OF MINUTES

1. [Minutes of July 9, 2010](#)

D. CONSENT AGENDA

Items listed on the consent agenda are routine in nature. If requested by a commissioner, an item may be removed from the Consent Agenda and placed under Commission Items for further discussion and consideration.

1. Approvals and revocations for certain lottery facility games and related components
 - a. [LFG approvals/revocations](#)
2. Internal control amendment approvals
 - a. [Boot Hill Casino and Resort internal control amendment approvals](#)

E. KANSAS LOTTERY COMMISSION REPORT

F. LOTTERY GAMING FACILITY REPORTS/ITEMS

1. Boot Hill Casino and Resort
 - a. [July 2010 gaming revenue report](#)
2. Hollywood Casino at Kansas Speedway

G. COMMISSION ITEMS

1. Semi-annual activity report of inspections and investigations of bingo operations

<i>Commission Action</i>	<i>Commission review and discussion</i>
Staff Presentation:	Patrick D. Martin, Interim Executive Director
Staff Recommendation:	Acknowledge receipt of report

 - a. [Staff Memo](#)
 - b. [ABC Activity Report](#)

2. Presentation of revisions to gaming regulations

Commission Action *Commission review and discussion*

Staff Presentation: Jay Hall, KRGC Counsel

Staff Recommendation: Approval of proposed revisions to regulations

- a. [Staff memo](#)
- b. [Summary of amendments](#)
- c. [K.A.R. 112-102-8 – Disqualification criteria](#)
- d. [K.A.R. 112-103-2 – License Levels](#)
- e. [K.A.R. 112-103-4 – Application for a license](#)
- f. [K.A.R. 112-103-5 – Applicant identification](#)
- g. [K.A.R. 112-103-15 – License mobility; limitations](#)
- h. [K.A.R. 112-104-1 – Definitions; internal control system](#)
- i. [K.A.R. 112-104-8 – Retention, storage, and destruction of books, records, and documents](#)
- j. [K.A.R. 112-104-13 – Patron deposits](#)
- k. [K.A.R. 112-104-14 – Cage and main bank](#)
- l. [K.A.R. 112-104-15 – Countroom and main bank requirements](#)
- m. [K.A.R. 112-104-16 – Accounting controls for the cage and main bank](#)
- n. [K.A.R. 112-104-32 – Unclaimed winnings](#)
- o. [K.A.R. 112-105-1 – Security department](#)
- p. [K.A.R. 112-105-2 – Security plan](#)
- q. [K.A.R. 112-105-3 – Emergency operations plan](#)
- r. [K.A.R. 112-106-1 – Surveillance system](#)
- s. [K.A.R. 112-106-2 – Surveillance system plan](#)
- t. [K.A.R. 112-106-5 – Surveillance room](#)
- u. [K.A.R. 112-106-6 – Monitoring](#)
- v. [K.A.R. 112-107-3 – Submission for testing and approval](#)
- w. [K.A.R. 112-107-10 – Master list of approved gaming machines](#)
- x. [K.A.R. 112-107-21 – Progressive LFG’s](#)
- y. [K.A.R. 112-107-22 – Wide-area progressive system](#)
- z. [K.A.R. 112-108-18 – Tournament chips and tournaments](#)
- aa. [K.A.R. 112-110-3 – Central computer system security](#)
- bb. [K.A.R. 112-112-3 – Responsible gambling plan](#)
- cc. [K.A.R. 112-112-7 – Confidentiality of the self-exclusion list](#)

H. PUBLIC COMMENTS

I. STAFF REPORTS

1. Interim Executive Director
2. Director of Communications/Responsible Gambling
3. Deputy Director for Administration
 - a. [FY 2010 – Year End Budget Report](#)
 - b. [Commission calendar](#)

J. EXECUTIVE SESSIONS

The Commission conducts executive sessions in accordance with the Kansas Open Meetings Act and all discussions are limited to the specified purposes listed in K.S.A. 75-4319. The Commission utilizes executive sessions to consult with the Commission’s attorney, to discuss personnel matters, to protect the confidentiality of necessarily closed information, and to protect the integrity of gaming and finances.

1. Security issues and background reports

K. OTHER BUSINESS/FURTHER COMMISSION ACTION

1. Consideration of proposed gaming licenses and certifications
 - a. KRGC employee:
 - i. Sieve, Geraldine Level 1
 - b. Penn Hollywood Kansas employee:
 - i. Naumann, Morton Level 1
 - c. Spielo Manufacturing employee:
 - i. Tompkins, Douglas Level 2
 - d. Bally Technologies employee:
 - i. Niemic, Brianne Level 3
 - e. GTECH Corporation employees:
 - i. Beach, William Level 3
 - ii. Frawley, Liam Level 3
 - iii. Melillo, Pasquale Level 3
 - iv. Mlynek, Alan Level 3
 - v. Patchen, Jeffrey Level 3
 - f. Southwest Distributing employees:
 - i. Allen, Toby Level 3
 - ii. Charles, Raymond Level 3
 - iii. Dome, Robert Level 3
 - iv. Falcon, Patrick Level 3
 - v. Hamilton, John Level 3
 - vi. McElgunn, Francis Level 3
 - vii. Melendez, Juan Level 3

g. Boot Hill Casino and Resort employees:

- i. Baird, Jessica Level 2
- ii. Bieber, Tanya Level 2
- iii. Blankman, Joan Level 2
- iv. Cervantes, Jaime Level 2
- v. Cole, Benjamin Level 2
- vi. Divert, Myrna Level 2
- vii. Esquivel, Paula Level 2
- viii. Gleason, Dooly Level 2
- ix. Gomez, Elizabeth Level 2
- x. Hamilton, Jordan Level 2
- xi. Harris, Ryan Level 2
- xii. Heller, Sharon Level 2
- xiii. Hoang-Lam, Linda Level 2
- xiv. Lopez, Silvia Level 2
- ~~xv. Morales Jr., Pedro Level 2~~
- xvi. Rojas, Sandra Level 2
- xvii. Rueb, Michael Level 2
- xviii. Russell, David Level 2
- xix. Sanchez, Carlos Level 2
- xx. Strader, Dustin Level 2
- xxi. Stuckey, Shannan Level 2
- xxii. Weems, Jerold Level 2
- xxiii. Yahom, Prajak Level 2
- xxiv. Young, Rhiannon Level 2
- xxv. Cole, Lena Level 3
- xxvi. Diaz, Manual Level 3
- xxvii. Diaz-Maurin, Elio Level 3
- xxviii. Garcia, Maria Level 3
- xxix. Rocha, Pablo Level 3
- xxx. Sanchez, Max Level 3
- xxxi. Solis, Eric Level 3

L. ADJOURNMENT

KANSAS RACING AND GAMING COMMISSION

MINUTES – JULY 9, 2010

CALL TO ORDER:
(A.)

Chair Sader called the July 9, 2010, meeting to order at 10:00 am at 700 SW Harrison, Auditorium A, Suite 450, Topeka, Kansas. Commissioners Sader, Braun, Falstad, and Schwan were present at the meeting. Commissioner McKechnie participated by phone. Others present included Interim Executive Director Patrick Martin; Deputy Director of Security Don Brownlee; Deputy Director of Administration Don Cawby; Director of Communications/Responsible Gaming Mike Deines; Recording Secretary Linda Pendarvis and other staff.

AMENDMENTS TO
AGENDA:
(B.)

Mr. Martin suggested that the words “approval of” be added to Item D.3. on the consent agenda to clarify that staff is suggesting a routine approval.

MOTION, APPROVE
AMENDED AGENDA:
(B.)

Commissioner Schwan (Falstad) moved to approve the agenda as submitted with the correction noted. Motion passed unanimously.

MOTION, APPROVE
JUNE 3, 2010, MEETING
MINUTES:
(C.)

Commissioner Falstad (Braun) moved to approve the minutes of the June 3, 2010, commission meeting as submitted. Motion passed unanimously.

MOTION, APPROVE
CONSENT AGENDA:
(D.)

Commissioner McKechnie (Braun) moved to approve the consent agenda with the following changes:

- Delete Items 50 and 51
- Insert Items 50a and 51a

Motion passed unanimously.

KANSAS LOTTERY
COMMISSION REPORT:
(E.)

The commission heard Keith Kocher, director of gaming facilities for the Kansas Lottery, report on the current status of casinos. In part, Mr. Kocher reported that:

- Through the end of the state’s fiscal year, the total gaming revenue at Boot Hill Casino and Resort has been in excess of \$20.6 million. After expenses, the state made approximately \$4.5 million.
- Boot Hill’s June revenue was down by 10-12%, which he understands others have attributed to the harvest season. He noted that July’s revenue is off to a better start.
- Gaming facility manager applications for the Southeast Zone are due July 15. No applications or inquiries have been received to date for that zone. Mr. Kocher anticipates that another 90 day extension will be proposed to the Lottery Commission if there are no proposals for the Southeast Zone.

- Applications for the South Central gaming zone are due July 22. Mr. Kocher believes that there will be applicants in that zone.
- In the Northeast gaming zone, the Lottery and Hollywood Casino are in constant contact concerning progress on construction.

LOTTERY GAMING
FACILITY
REPORTS/ITEMS:
(F.1.)

Clint Patty, attorney for Butler National Service Corporation d.b.a. Boot Hill Casino and Resort, gave the facility report:

- He noted that the drop in revenue for the month of June was probably attributable to harvest and that July has been a very good month.
- Mr. Patty presented and summarized Boot Hill's responsible gambling report, which is required semi-annually.

LOTTERY GAMING
FACILITY
REPORTS/ITEMS:
(F.2.)

Marty Naumann, vice president of operations for Kansas Entertainment, reported on the Hollywood Casio at the Kansas Speedway.

- He distributed a summary showing the work completed in the past 30 days and the work anticipated to be completed in the next 30 days. He also noted that rain has slowed construction for the past several weeks, but that the project remains on schedule.

DISCUSSION, REVISIONS
TO GAMING
REGULATIONS:
(G.1.)

The commission heard Jay Hall, KRGC counsel, present certain revisions to gaming regulations. Mr. Hall requested approval to send amendments through the rulemaking process with the exception of K.A.R. 112-112-3 (Item i.) and K.A.R.112-112-7 (Item k.), which require more internal work before being presented to the commission.

MOTION, REVISIONS TO
GAMING REGULATIONS:
(G.1.)

Commissioner Schwan (Falstad) moved to approve the amended regulations as presented. Motion passed unanimously.

PUBLIC COMMENTS:
(H.)

Chair Sader called for public comments. There were none

STAFF REPORT, MARTIN:
(I.1.)

The commission heard a staff report from Mr. Martin:

- Mr. Martin and Mr. Brownlee attended the North American Gaming Regulators Association conference last week and found it valuable.
- Just as commission staff with parimutuel hearings, staff will begin providing a quarterly summary of regulatory violations to the commission.

STAFF REPORT, DEINES:
(I.2.)

The commission heard a staff report from Mr. Deines, including that:

- Carol Spiker reported on her attendance at the National

Conference on Problem Gambling in Portland, Oregon.

- Mr. Deines mentioned that 2% of the gross gaming revenue goes to the Problem Gambling and Addictions Fund, and that Fund is administered by SRS. Because of the state's budget situation, SRS has used that fund to cover shortages in general fund money for alcohol and substance abuse treatment. SRS is currently planning to allocate 22% of the problem gambling and addiction fund for problem gambling treatment, with 58% allocated for alcohol and drug treatment. The Responsible Gambling Alliance is concerned about that allocation and will be monitoring it closely.

STAFF REPORT, CAWBY:
(I.3.)

The commission heard a staff report from Mr. Cawby.

McKECHNIE EXITS
TELECONFERENCE:

Commissioner McKechnie exited the teleconference at 11:15 am.

MOTION, EXECUTIVE
SESSION:
(J.1.)

Commissioner Schwan (Falstad) moved that the commission adjourn into executive session to conduct confidential attorney client communications for 15 minutes, from 11:15 am until 11:30 am. Those included in the executive session were the commission and Mr. Martin. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as a part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. Motion passed unanimously.

RECONVENE:

The commission meeting reconvened at 11:32 am with all members present as previously noted.

MOTION, EXECUTIVE
SESSION:
(J.2.)

Commissioner Braun (Schwan) moved that the commission take a 5-minute break, followed by an executive session for a period of 50 minutes from 11:35 am to 12:30 pm for the purpose of considering confidential background reports. Those included in the executive session were the commission, Mr. Martin, and security staff. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as a part of the permanent record of the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. Motion passed unanimously.

FALSTAD EXITS:

Commissioner Falstad exited the meeting at 12:05 pm.

RECONVENE:

The commission meeting reconvened at 12:30 pm with all remaining members present.

MOTION, APPROVE
LICENSES:
(J.2.)

Commissioner Braun (Schwan) moved to approve the following licenses:

- A. Service Central, Inc. (Gaming Vendor)
- B. Integrated Solutions Group, Inc. (Gaming Vendor)
- C. Mr. G's Liquor, LLC (Non-Gaming Vendor)
- D. Boot Hill Casino and Resort employees:
 - i. Busalacki, Timothy Level 1
 - ii. King, Jesse Level 1
 - iii. Adams, Elaine D. Level 2
 - iv. Aguilar, Francisco Level 2
 - v. Campos-Sinfontes, Osmadia Level 2
 - vi. Giardine, Diane K. Level 2
 - vii. Perez, Amanda H. Level 2
 - viii. Alexander, Misti Level 3
 - ix. Martin, Philip Level 3 (Consultant)
 - x. Trujillo, Edward E. Level 3
 - xi. Verdecia, Victor L. Level 3
 - xii. Weaver, Danny Level 3 (Consultant)
 - xiii. Yeverino Jr., Raymundo Level 3
 - xiv. Zubia, Stacy S. Level 3
- E. Butler National Board of Directors:
 - i. Hoffman, Bradley Level 1
- F. Gaming Laboratories International employee:
 - i. Hall III, John Level 3

Motion passed unanimously.

MOTION, DENY
LICENSES:
(J.2.)

Commissioner Braun (Schwan) moved to deny the following certificates or licenses:

- i. Coleman, Travis Level 2
- ii. Addison, Anthony T. Level 3
- iii. Herring, Suzanne Level 3 (Consultant)

Motion passed unanimously.

MOTION, EXECUTIVE
SESSION:
(J.2.)

Commissioner Schwan (Braun) moved that the commission go into executive session for a period of 10 minutes from 12:35 pm to 12:45 pm for discussion of confidential security issues. Those included in the executive session were the commission, Mr. Martin, and security staff. No action is to be taken in executive session, and the subjects discussed are to be limited as previously described. A full record of this motion is to be maintained as a part of the permanent record of

the Kansas Racing and Gaming Commission. At the conclusion of the executive session, the meeting is to be continued in open session. Motion passed unanimously.

RECONVENE: The commission meeting reconvened at 12:45 pm with all members present as previously noted.

ADJOURN: Commissioner Braun (Schwan) moved to adjourn at 12:46 pm. Motion passed unanimously.

SUBMITTED BY:

William Falstad
Secretary

APPROVED BY:

Carol H. Sader
Chair

DRAFT



Kansas Racing and Gaming Commission
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Lottery Facility Game Approvals and Revocations

August 13, 2010

Recommended for Approval					
Manufacturer	File Number	ID Number	Version	Game Name	
1	ARISTOCRAT	MO-22-ARI-08-21	HARDWARE	p/n 590065	N/A
2	BALLY	MO-158-BAL-08-06	HARDWARE	206842	PSA-66-ST2RU
3	BALLY	MO-166-BAL-09-04	ASGDJB7317UI-00	N/A	Double Blazing 7's
4	BALLY	MO-166-BAL-09-06	300304A	N/A	BLACK AND WHITE 5X PAY
5	BALLY	PA-73-BAL-09-02	HARDWARE	207443	N/A
6	BALLY	PA-73-BAL-09-02	AXDU0ABZL020-03	3	N/A
7	BALLY	MO-73-BAL-10-11	GUR001209	N/A	N/A
8	BALLY	MO-73-BAL-10-18	HARDWARE	208781-10003	CASH SPIN
9	BALLY	MO-73-BAL-10-18	HARDWARE	213065	CASH SPIN
10	BALLY	MO-73-BAL-10-18	HARDWARE	214019-LH	CASH SPIN
11	BALLY	MO-73-BAL-10-36	300513B	N/A	CASH SPIN
12	BALLY	MO-22-BAL-10-07	HARDWARE	216305-LH	N/A
13	BALLY	MO-22-BAL-10-07	HARDWARE	212947-LH	N/A
14	BALLY NORTH	MO-73-BLY-10-29	20636B	B	MONEY MULTIPLIER - FANTASTIC FRUITS
15	IGT	MO-22-IGT-10-01	GI014-002GO8-0001	AVP INSTALL	TOP DOLLAR MULTIPLAY
16	IGT	MO-22-IGT-10-01	GAME014-002GO8-001	AVP GAME PKG	TOP DOLLAR MULTIPLAY
17	IGT	MO-22-IGT-10-123	GI014-000101-D003	AVP INSTALL	STINKIN' RICH
18	IGT	MO-22-IGT-10-123	GAME014-000101-D03	AVP GAME PACKAGE	STINKIN' RICH
19	IGT	MO-22-IGT-10-138	GT014-004-00K01-04	AVP INSTALL	SUPER HYPER PAYS
20	IGT	MO-22-IGT-10-138	TYPE014-004-00K01-04	AVP TYPE PKG	SUPER HYPER PAYS
21	IGT	MO-22-IGT-10-149	CPF057A2	IPC	Joker's Wild MLP
22	IGT	MO-22-IGT-10-163	HARDWARE	N/A	ASSEMBLY PCB COMPONENT
23	IGT	MO-22-IGT-10-163	HARDWARE	N/A	ASSEMBLY PCB COMPONENT
24	KONAMI GAMING INC.	MO-22-KON-10-05	GOFF104G23	GAME PROGRAM	Gold Frenzy
25	KONAMI GAMING INC.	MO-22-KON-10-05	GOFF104G23	GAME PROGRAM	Gold Frenzy
26	KONAMI GAMING INC.	MO-22-KON-10-05	GOFF104G23-CF	SOUND/GRAPHICS	Gold Frenzy
27	KONAMI GAMING INC.	MO-22-KON-10-09	UBA-10(USA)-SS ID-003	1.92-20	N/A
28	KONAMI GAMING INC.	MO-22-KON-10-10	HARDWARE	SCM6607YE	N/A



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29	MIKOHN	SY-22-MIK-03-01	CS000200	V1.72MDLITE	N/A
30	WEM	MO-22-WEM-10-01	66B30019811_WM	3.00/2.11	N/A
31	WMS	MO-73-WMS-10-20	DC09-000-1040	1040/H13.10	GOLDEN MOAI
32	WMS	MO-22-WMS-10-92	SC14-000-1050	1050/H9.25	TRIPLE AMERICAN SPIRIT
33	WMS	MO-73-WMS-10-28	SC12-000-1060	1060/H9.25	TRIPLE CHARMS
34	WMS	MO-22-WMS-10-95	SC13-000-1060	1060/H9.25	ROCKSTAR SEVENS
35	WMS	MO-22-WMS-10-98	SE10-000-1040	1040/H13.20	THE LORD OF THE RINGS
36	WMS	MO-22-WMS-10-98	HARDWARE	75212	LORD OF THE RINGS
37	WMS	MO-22-WMS-10-98	HARDWARE	75213	LORD OF THE RINGS
38	WMS	MO-73-WMS-10-29	SSSG-000-1663	1663/H13.20	OPERATING SYSTEM SOFTWARE
39	WMS	MO-22-WMS-10-116	DC60-000-1010C0	1010/H13.12	LUCK O' LANTERN
40	WMS	MO-22-WMS-10-117	DC59-000-1010C0	1010/H13.12	THE FLYING DUCHESS



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Boot Hill Casino and Resort Internal Control Amendments

August 13, 2010

<u>Item # / (Description)</u>	<u>Regulation/IC Reference</u>	<u>Staff Recommendation</u>
BH81 (Drop Keys)	112-104-43	Approval
BH83 (Pay/Take Pai-Gow)	111-306-5(k);(l)	Approval
BH87 (Table Jackpot Slip)	112-108-40	Approval
BH90 (Emergency BV Form)	190.070 & 160.050	Approval
BH91 (Omaha Poker)	112-108-6 & 112-108-43	Approval
BH92 (Texas Hold'em)	112-108-6 & 112-108-43	Approval
BH94 (Table Credit)	112-108-34	Approval
BH96 (Tournaments)	112-108-18	Approval
BH97 (Casino Host)	112-104-2	Approval
BH98 (Poker Procedures)	112-108-6	Approval



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Lottery Gaming Facility Revenue*

July 31, 2010

	July 2010	YTD 2010	Fiscal YTD 2011
Electronic gaming machines	2,874,983.40	18,861,122.97	2,874,983.40
Table games	<u>647,766.00</u>	<u>3,335,622.00</u>	<u>647,766.00</u>
Total Lottery Gaming Facility Revenue	<u>3,522,749.40</u>	<u>22,196,744.97</u>	<u>3,522,749.40</u>
State Share 22%	775,004.87	4,883,283.89	775,004.87
Local Share 3%	105,682.48	665,902.35	105,682.48
Problem Gambling Share 2%	70,454.99	443,934.90	70,454.99
Casino Share 73%	2,571,607.06	16,203,623.83	2,571,607.06

*as reported by the Kansas Lottery's central computer system



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STAFF AGENDA MEMORANDUM

DATE OF MEETING: August 13, 2010

AGENDA ITEM: **Semi-annual Activity Report of Inspections and Investigations of Bingo Operations**

PRESENTER: Patrick D. Martin, Interim Executive Director

ISSUE SUMMARY: Kansas statute KSA 79-4715 requires the director of Alcoholic Beverage Control to submit semi-annual activity reports to the Commission concerning inspections and investigations of bingo operations in Kansas. The current report is for first six months of calendar year 2010.

COMMISSION ACTION REQUIRED/REQUESTED: No action needed.

STAFF RECOMMENDATIONS: No action needed.

**SEMI-ANNUAL REPORT OF BINGO ADMINISTRATION TO THE
KANSAS RACING & GAMING COMMISSION
January 1 through June 30, 2010**

**Prepared by Patsy Congrove
Administrator of Charitable Gaming
Kansas Department of Revenue**

K.S.A. 79-4715 – Reports to racing and gaming commission. The director of alcoholic beverage control of the department of revenue shall submit to the Kansas racing and gaming commission semiannual activity reports concerning inspections of bingo operations in this state.

- During this period of time there were 17 investigations by compliance agents.
Routine 16
Follow-up 1

- The following actions were taken as a result of these violations:

K.S.A. 79-4706 (a) On dates prescribed by the administrator, every operator shall make a return to the administrator upon forms prescribed by the administrator.

Organizations were in violation and 105 fines were issued.

K.A.R. 92-23-14 (b) Whenever a licensee intends to conduct bingo games on a date or at a time different from the previously furnished in writing to the secretary of revenue, the licensee shall submit written notice of the change to the bingo enforcement unit of the department of revenue at least seven days prior to the effective date of the change.

Organization failed to submit notice of change of play to the bingo administrator. A fine was issued.

K.S.A. 79-4703 (F) Each registration certificate, or renewal thereof, issued under the provisions of subsection (e) shall expire at midnight on June 30 following its date of issuance.

A parlor failed to renew its' license on time and a fine was issued.

- Renewals for parlors, organizations and distributors expire at midnight on June 30 following its date of issuance.
271 renewals processed for organizations
10 renewals processed for distributors
22 renewals processed for parlors

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DOCKING STATE OFFICE BUILDING, 915 SW HARRISON ST., TOPEKA, KS 66612-1588
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STAFF AGENDA MEMORANDUM

DATE OF MEETING: August 13, 2010

AGENDA ITEM: **KRGCC Gaming Regulation Amendments**

PRESENTER: Jay Hall, KRGCC Counsel

ISSUE SUMMARY: Actual implementation of the agency's gaming regulations has shown a few areas that could use refinement or improvement. Sections are listed on the attached appendix with a short explanation of the changes made in to each regulation.

The Commission's approval of proposed regulation changes is required to continue the permanent rulemaking process.

COMMISSION ACTION REQUIRED/REQUESTED: Approval to send amendments through the rulemaking process.

STAFF RECOMMENDATIONS: Staff recommends approval to send to Department of Administration.



Appendix of Amended Regulations

August 13, 2010

112-102-8 Disqualification criteria

- *Adds “interviews” to (7) for clarity*
- *Decreases notification requirement from 11 to 7 days – this change is consistent with other regulations*

112-103-2 License levels

- *Rewords (b) to make the section more clear and concise, adds a catch-all section to allow the executive director to designate others for level II licensure*
- *Requires a level II license for valets*

112-103-4 Application for a license

- *Eliminates language regarding the deduction of background costs*

112-103-5 Applicant identification

- *Reorders the list of approved identification and proof of name change methods for clarity and efficiency*

112-103-15 License mobility; limitations

- *Shifts notification responsibility from licensee to facility manager*
- *Requires licensees to request commission approval prior to moving to a new facility*

112-104-1 Definitions; internal control system

- *Adds definitions for “blind count”, “critical program storage media”, and “lottery facility game”*
- *Removes definitions for “gaming cashiers”, “general cashiers and window cashiers”, and “main bank cashiers”*
- *Modifies definitions for “Drop”, “Drop team”, “Bill validator”, “Generally accepted accounting practices and GAAP”, and “Unredeemed ticket”*
- *Increases internal control plan submission date from 90 to 180 days prior to opening to allow time for KRGC to review and allow facility to train employees on plan*
- *Modifies internal control plan submission requirements*

112-104-8 Retention, storage, and destruction of books, records, and documents

- *Adds references to “kiosk” to retention schedule*

112-104-13 Patron deposits

- *Makes clear that a driver’s license or government issued passport are the best identifiers*

112-104-14 Cage and main bank

- *Adds references to “main bank”*
- *Adds references to “gaming chips”*
- *Modifies requirements for doors and locks*

112-104-15 Countroom and main bank requirements

- *Adds references to “main bank”*
- *Modifies requirements for doors and locks*
- *Adds section detailing requirements of main bank*

112-104-16 Accounting controls for the cage and main bank

- *Adds references to “main bank”*
- *Adds accounting protocol for cashiers*

112-104-32 Unclaimed winnings

- *Makes clear that a driver’s license or government issued passport are the best identifiers*
- *Allows Kansas Lottery to apportion any unclaimed winnings*

112-105-1 Security department

- *Makes clear to facility security that KRGC agents may order detention of individuals*

112-105-2 Security plan

- *Increases security plan submission from 90 to 120 days prior to opening to allow time for KRGC to review and allow facility to train employees on plan*

112-105-3 Emergency operations plan

- *Adds words “or any other weapons”*

112-106-1 Surveillance system

- *Requires surveillance system to monitor entire property, except private offices and restrooms*
- *Adds “exterior entrances and exits of property” to areas being monitored*
- *Changes “recorder” and “single unit” to “monitor”*

112-106-2 Surveillance system plan

- *Increases surveillance plan submission from 90 to 120 days prior to opening to allow time for KRGC to review and allow facility to train employees on plan*
- *Requires director of surveillance to submit surveillance plan*

112-106-5 Surveillance room

- *Allows any KRGC agent to give approval to enter surveillance room*
- *Eliminates requirement for surveillance personnel and KRGC agents to sign surveillance log*

112-106-6 Monitoring

- *Adds “ancillary areas” to areas being monitored*

112-107-3 Submission for testing and approval

- *Adds 48 hour notification requirement by manufacturer for defective or malfunctioning Lottery Facility Game*

112-107-10 Master list of approved gaming machines

- *Allows executive director to use a computer system to meet regulation requirements*

112-107-21 Progressive LFGs

- *Allows only authorized personnel to make meter adjustments*

112-107-22 Wide-area progressive system

- *Allows log to be maintained electronically*

112-108-18 Tournament Chips and Tournaments

- *Deletes language that would exempt tournament fees paid with chips or tickets from being counted in adjusted gaming receipts*

112-110-3 Central computer system security

- *Requires connectivity by a remote, non gaming terminal be approved by the executive director and Kansas Lottery*

112-112-3 Responsible gambling plan

- *Wording change to “responsible gambling” rather than “responsible gaming”*

112-112-7 Confidentiality of the self-exclusion list

- *Wording change to “responsible gambling” rather than “responsible gaming”*

112-102-8. Disqualification criteria. (a) A certificate shall be denied or revoked by the commission if the applicant or certificate holder has been convicted of any felony, crime involving gambling, or crime of moral turpitude.

(b) A certificate may be denied, suspended, or revoked by the commission, and a certificate holder may be sanctioned by the commission under K.A.R. 112-113-1 if the certificate holder or its officers, directors, key gaming employees, or any person known to directly or indirectly own an interest of at least 0.5% in the applicant meets any of the following conditions:

- (1) Has knowingly provided false or misleading material information through its employees to the commission or commission staff;
- (2) fails to notify the commission staff about a material change in the application within ~~44~~ seven days;
- (3) has violated any provision of the act or any regulation adopted under the act;
- (4) has failed to meet any monetary or tax obligation to the federal government or to any state or local government;
- (5) is financially delinquent to any third party;
- (6) has failed to provide information or documentation requested in writing by the commission in a timely manner;

(7) does not consent to or cooperate with investigations, interviews, inspections, searches, or having photographs and fingerprints taken for investigative purposes;

(8) has failed to meet the requirements of K.A.R. 112-102-6;

(9) has any officers, directors, key gaming employees, or any person known to directly or indirectly own an interest of at least 0.5% in the applicant that has any present or prior activities, criminal records, reputation, habits, or associations meeting either of the following criteria:

(A) Pose a threat to the public interest or to the effective regulation of gaming;

or

(B) create or enhance the dangers of unfair or illegal practices in the conduct of gaming; or

(10) has violated any contract with the Kansas lottery. (Authorized by and implementing K.S.A. ~~2007~~ 2009 Supp. 74-8751 and 74-8772; effective Aug. 14, 2009; amended P-_____.)

112-103-2. License levels. (a) Each of the following persons who will be employed by or working for a facility manager in a position that includes the responsibility or authority specified in this subsection, regardless of job title, shall be considered key employees and shall be required to hold a current and valid temporary work permit or level I occupation license issued in accordance with the act and these regulations:

- (1) Any person who has authority to perform any of the following:
 - (A) Hire or fire employees of a facility manager;
 - (B) establish working policies for a facility manager;
 - (C) act as the chief financial officer or have financial management responsibility for a facility manager;
 - (D) manage all or part of a gaming facility; or
 - (E) direct, control, manage, or engage in discretionary decision making over a facility manager;
- (2) any person who has the authority to develop or administer policy or long-term plans or to make discretionary decisions about the management of a gaming facility or ancillary lottery gaming facility, including any of the following persons:
 - (A) General manager or chief executive officer;
 - (B) electronic gaming machine director;
 - (C) director of surveillance;
 - (D) director of security;
 - (E) controller;

(F) director of internal audit;

(G) manager of the management information systems section or of any information system of a similar nature;

(H) marketing department manager;

(I) administrative operations manager;

(J) hotel general manager; or

(K) restaurant or bar general manager; or

(3) any other person designated as a key employee by the executive director.

(b) Each person whose responsibilities predominantly involve the maintenance of gaming equipment or assets associated with gaming activities, or whose responsibilities predominantly involve the conducting of gaming activities or equipment and the assets associated with gaming activities or who will be required to work regularly ~~in a restricted area~~ shall obtain a temporary work permit or a level II occupation license. Each person who will be employed by or working for a facility manager in a position that includes any of the following responsibilities shall obtain a temporary work permit or a level II occupation license:

(1) Supervising the pit area;

(2) functioning as a dealer or croupier;

(3) conducting or supervising any table game;

(4) repairing and maintaining gaming equipment, including slot machines and

bill validators;

(5) functioning as a gaming cashier or change person;

(6) assisting in the operation of electronic gaming machines and bill validators, including any person who participates in the payment of jackpots and in the process of filling hoppers, or supervising those persons;

(7) identifying patrons for the purpose of offering them complimentary, authorizing the complimentary, or determining the amount of complimentary;

(8) analyzing facility manager operations data and making recommendations to key personnel of the facility manager relating to facility manager marketing, complimentary, gaming, special events and player ratings, and other similar items;

(9) entering data into the gaming-related computer systems or developing, maintaining, installing, or operating gaming-related computer software systems;

(10) collecting and recording patron checks and personal checks that are dishonored and returned by a bank;

(11) developing marketing programs to promote gaming in the gaming facility;

(12) processing coins, currency, chips, or cash equivalents of the facility manager;

(13) controlling or maintaining the electronic gaming machine inventory, including replacement parts, equipment, and tools used to maintain electronic gaming machines;

(14) having responsibilities associated with the installation, maintenance, or

operation of computer hardware for the facility manager computer system;

- (15) providing surveillance in a gaming facility;
- (16) providing security in a gaming facility; or
- (17) providing service as a valet;
- (17) (18) supervising areas, tasks, or staff within a gaming facility or ancillary property; or , including any of the following:
 - (19) any other person designated by the executive director.
 - (A) ~~The surveillance investigations and operations in a facility manager;~~
 - (B) ~~the count room;~~
 - (C) ~~the facility manager shift manager;~~
 - (D) ~~the shift manager or supervisor of the electronic gaming machine operation;~~
 - (E) ~~the repair and maintenance of the electronic gaming machines and the bill validators;~~
 - (F) ~~the surveillance department during a shift;~~
 - (G) ~~repair or maintenance of the surveillance system equipment;~~
 - (H) ~~a surveillance department trainee or a surveillance room technician;~~
 - (I) ~~the security department;~~
 - (J) ~~the cage, satellite cage, and vault;~~
 - (K) ~~the collection unit of the facility manager;~~
 - (L) ~~the internal audit department; or~~

~~(M) the management information systems department.~~

(c) Each person who will be employed by or working for a facility manager or with an ancillary lottery gaming facility operator and who is not required under the act or these regulations to obtain a level I or level II occupation license shall obtain a temporary work permit or a level III occupation license. (Authorized by and implementing K.S.A. ~~2008~~ 2009 Supp. 74-8772; effective April 17, 2009; amended P-_____.)

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112-103-4. Application for a license. Each applicant for a level I, level II, or level III occupation license shall submit a completed application on a commission-approved form to the human resources department of the facility manager with which the applicant seeks employment. The human resources staff shall ensure the form's completeness and shall submit the form to the commission's licensing staff, ~~along with an approval to deduct the amount of the applicant's background investigation fees and costs from the facility manager's background deposit provided to the commission.~~ (Authorized by and implementing K.S.A. ~~2007~~ 2009 Supp. 74-8772; effective April 17, 2009; amended P-_____.)

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112-103-5. Applicant identification. (a) Each applicant shall have the responsibility to identify that person to commission staff provide identification when submitting an application by presenting one of the following:

(1) ~~A current and valid U.S. passport or certification of naturalization; or~~
(2) ~~a current identification card issued by the immigration and naturalization service (INS) containing a photograph or fingerprints and containing identification information including name, date of birth, sex, height, color of eyes, and address.~~

(b) ~~If the documents specified in subsection (a) are not available and the applicant is a student and a citizen of another country with a federal J-1 authorization, the applicant shall present a signed J-1 authorization document and a valid and current foreign passport with the United States citizenship and immigration stamp attached to the passport.~~

(c) ~~If none of the documents specified in subsection (a) or (b) are available, the applicant shall present one of the following documents:~~

(1) ~~A current and valid state issued driver's license that has a photograph on the license;~~

(2) ~~a current and valid identification card issued to persons who serve in the U.S. military or their dependents that contains a photograph or other identifying information, or both;~~

(3) ~~a current and valid school identification card containing a photograph, an expiration date, the seal or logo of the issuing institution, and the signature of the card~~

holder;

~~(4) a current and valid identification card issued by a federal, state, or local government agency that contains a photograph and other identifying information; or~~

~~(5) a certified U.S. birth certificate.~~

~~(d) If the applicant is not a citizen of the United States and cannot provide the documents specified in subsection (a), (b), or (c), the applicant shall provide identification showing a country identification number from the applicant's country of citizenship.~~

~~(e) If the name on any identification document provided by an applicant is different from the name on the application form, the applicant shall provide the commission with a marriage certificate, a divorce decree, a copy of a court order granting a petition for a name change, or any other valid document to verify the applicant's use of a different name.~~

~~(f) If the commission staff determines that there are irregularities with any documentation or type of identification presented by an applicant, the staff may require supplemental identification.~~

(1) A current and valid state-issued driver's license that has a photograph on the license;

(2) Documentation for American citizens or persons born in the United States which includes one or more of the following:

(A) A certified United States birth certificate (federal, state, county, or department

of justice;

(B) a certified birth certificate from a United States territory (Puerto Rico, Guam, United States Virgin Islands, or United States Samoa);

(C) a current and valid United States passport or passport card;

(D) a current and valid United States military card (active duty, dependent, retired, reserve, or national guard);

(E) a certified order of adoption which is an original United States document;

(F) a certificate of naturalization with intact photo (Form N-550, N-570, or N-578) or a certificate of United States citizenship (Form N-560, N-561, or N-645);

(G) a United States military common access card with photo, date of birth, and name and branch of service; or

(H) a United States government-issued consular report of birth abroad.

(3) Documentation for persons not born in the United States or persons that are not American citizens which includes one or more of the following:

(A) A valid foreign passport with I-94 or valid "Processed for I-551" which contains a stamp with a mandated departure date greater than 60 days in the future. This would exclude border crossing cards;

(B) an I-94 with refugee status which does not require a passport;

(C) a valid I-551 resident alien or permanent resident card; or

(D) a valid photo employment authorization issued by the United States department of justice.

(4) Documentation for proof of name change which includes one or more of the following:

(A) A certified United States marriage certificate which indicates the city, county and state where issued;

(B) a certified United States divorce decree which contains an official signature;

(C) a certified United States court order of name change;

(D) a certified court order of adoption; or

(E) a marriage certificate from a foreign country. If the marriage certificate from a foreign country is not in English, the certificate must be translated.

(b) The facility manager shall review the identification documents and ensure to the best of their ability the authenticity of the documents and ensure that the applicant is legally in the United States.

(c) The facility manager shall attest to the legal residency of applicants when submitting the application to the Kansas racing and gaming commission for licensing and backgrounding.

(d) Each applicant shall have the responsibility to identify that person to the commission enforcement agents by submitting the documents listed above upon request.

(Authorized by and implementing K.S.A. 2008 2009 Supp. 74-8772; effective April 17, 2009; amended P-_____.)

112-103-15. License mobility; limitations. (a) Any licensee may work in any other position at or below that license level. If a licensee changes positions for more than one shift in a seven-day period ~~or moves to another facility~~, ~~the licensee shall notify facility manager shall request approval from~~ the commission's licensing staff about the change.

(b) If the commission's licensing staff determines that the person's license no longer reflects that person's actual position, the person shall be required to reapply for the appropriate occupation license.

(c) If a licensee moves to another facility manager, the licensee shall request approval from the commission's licensing staff prior to commencing employment with the new facility manager by submitting an updated license application and personal disclosure. (Authorized by and implementing K.S.A. ~~2007~~ 2009 Supp. 74-8772; effective April 17, 2009; amended P-_____.)

112-104-1. Definitions; internal control system. (a) The following words and terms, when used in this article, shall have the following meanings unless the context indicates otherwise:

(1) “Accounting department” means a facility manager’s internal department that is responsible for the management of the financial and accounting activities relating to electronic gaming machines being utilized on an approved gaming floor.

(2) “Asset number” means a unique number assigned to an electronic gaming machine by a facility manager for the purpose of tracking the electronic gaming machine.

(3) “Bill validator” means an electronic device designed to interface with an electronic gaming machine for the purpose of accepting and validating any combination of United States currency, gaming tickets, coupons, or other instruments authorized by the commission for incrementing credits on an electronic gaming machine.

(4) “Bill validator canister” means a mechanical or electronic device designed to interface with an electronic gaming machine for the purpose of storing any combination of United States currency, gaming tickets, coupons, or other instruments authorized by the commission for recording credits on an electronic gaming machine.

(5) “Blind count” means the counting of currency or gaming chips without the knowledge of the inventory balance.

~~(5)~~ (6) “Cash equivalents” means instruments with a value equal to United States currency or coin, including certified checks, cashier’s checks, traveler’s checks, money orders, gaming tickets, and coupons.

~~(6)~~ (7) “Cashier’s booth” means an area from which a cashier conducts transactions associated with gaming cashiers or window cashiers.

~~(7)~~ (8) “Change person” means a person who exchanges coins, currency, and coupons with patrons.

~~(8)~~ (9) “Complimentary” means any lodging, service, or item that is provided directly or indirectly to an individual at no cost or at a reduced cost and that is not generally available to the public. This term shall include lodging provided to a person at a reduced price due to the anticipated or actual gaming activities of that person. Group rates, including convention and government rates, shall be deemed generally available to the public.

~~(9)~~ (10) “Count room” means a room secured by keys controlled by two separate facility manager departments with limited access, where the contents, including currency, gaming tickets, and coupons, of bill validator canisters are counted by the count team.

~~(10)~~ (11) “Currency counters” mean a device that counts currency and tickets.

~~(11)~~ (12) “Critical program storage media” and “CPSM” shall mean any media storage device containing data, files, or programs, as determined by the commission that are capable of affecting the integrity of gaming.

~~(12)~~ (13) “Drop” means the total amount of money, tickets, and coupons removed from ~~electronic gaming machines or kiosks~~ any lottery facility game or kiosk.

~~(12)~~ (14) “Drop team” means the group of employees of a facility manager who participate in the transportation of ~~electronic gaming bill validator canisters~~ the drop.

~~(13)~~ (15) “EGM” means electronic gaming machine.

~~(14)~~ “~~Electronic gaming machine bill validator~~” means a component made up of software and hardware that accepts and reads instruments including bills, tickets, and coupons into gaming devices, including electronic gaming machines and automated gaming ticket and coupon redemption machines.

~~(15)~~ “~~Gaming cashiers~~” means the facility manager’s employees who oversee an imprest fund and maintain custody of the gaming booth inventory comprising currency, coin, gaming tokens, forms, documents, and records normally associated with the function of the gaming booth.

(16) “Gaming day” means a period not to exceed 24 hours corresponding to the beginning and ending times of gaming activities for the purpose of accounting reports and determination by the central computer system of net ~~EGM~~ lottery facility game income.

(17) “Generally accepted accounting principles” and “GAAP” ~~mean the standards, conventions, and rules that accountants in the United States follow in recording and summarizing transactions and in the preparation of financial statements.~~

~~GAAP is derived from the following:~~

~~—— (A) Issuances from the public company accounting oversight board or from an authoritative body designated by the American institute of certified public accountants~~

~~(AICPA), including the financial accounting standards board (FASB) statements, FASB adopted accounting principles board opinions, and FASB adopted accounting research bulletins;~~

~~—— (B) other AICPA and FASB issuances, including AICPA industry guides;~~

~~—— (C) AICPA accounting standards executive committee practice bulletins and FASB emerging issues task force pronouncements;~~

~~—— (D) industry practices; and~~

~~—— (E) accounting literature in the form of books and articles.~~

~~(18) “General cashiers” and “window cashiers” mean cashiers that conduct transactions including transactions with patrons and the main bank in the form of currency, coin, tokens, negotiable instruments, forms for patron deposits, jackpots paid, and wire transfers. General cashiers shall operate with an imprest fund obtained from the main bank. standards shall have the same definitions provided under K.A.R. 74-5-2(h).~~

~~(19) (18) “Imprest” means the basis on which the operating funds of general cashiers and gaming cashiers are maintained. The opening and closing values shall be equal, and any difference shall result in a variance. The funds may be replenished as needed in exactly the value of the net of expenditures made from the funds for value received.~~

~~(20) (19) “Incompatible functions” means functions or duties that place any person or department in a position to perpetuate and conceal errors, fraudulent or otherwise.~~

(20) “LFG” means lottery facility game.

(21) “Main bank” means the central location in the gaming facility where acts that include the following are performed:

(A) Transactions for recording currency, coin, tokens, cash equivalents, and negotiable instruments;

(B) preparation of bank deposits;

(C) acceptance of currency from the count room; and

(D) reconciliation of all cage transactions.

~~(22) “Main bank cashiers” means cashiers who conduct or participate in transactions normally associated with the main bank.~~

~~(23)~~ (22) “Trolley” means a wheeled apparatus used for the secured transport of electronic gaming cash storage boxes and drop boxes.

~~(24)~~ (23) “Unclaimed winnings” means gaming winnings that are held by the facility manager as a liability to a patron until that patron is paid.

~~(25)~~ (24) “Unredeemed ticket” means a ticket issued from ~~a gaming machine~~ an LFG containing value in U.S. dollars that has not been presented for payment or accepted by a bill acceptor at a gaming machine and has not been marked as paid in the ticket file.

~~(26)~~ (25) “Weigh scale” means a scale that is used to weigh coins and tokens and that converts the weight to dollar values in the count process.

(b) Each applicant for a facility manager certificate shall submit to the commission and the Kansas lottery a written plan of the applicant's initial system of administrative and accounting procedures, including its internal controls and audit protocols, at least ~~90~~ 180 days before opening a gaming facility. This plan shall be called the internal control system and shall include the following:

~~(1) Records of direct and indirect ownership in the applicant and its affiliates, intermediaries, subsidiaries, and holding companies. These records shall be available for inspection and provided in an electronic format to the commission. The records shall include the following:~~

~~(A) If a corporation, the following:~~

~~(i) A copy of the articles of incorporation and any amendments;~~

~~(ii) a copy of the bylaws and any amendments;~~

~~(iii) a certificate of good standing from the state of its incorporation;~~

~~——(iv) a list, including names and addresses, of all current and former officers and directors;~~

~~(v) a copy of minutes of all meetings of the stockholders and directors;~~

~~(vi) a current list of all stockholders including the names of beneficial owners of shares held in other names;~~

~~(vii) the name of any business entity and a current list of all stockholders in that entity, including the names of beneficial owners of shares held in other names, in which the corporation has a direct or indirect interest;~~

- ~~(viii) a copy of the stock certificate ledger;~~
- ~~(ix) a complete record of all transfers of stock;~~
- ~~(x) a record of amounts paid to the corporation for issuance of stock and other capital contributions and the date of each payment;~~
- ~~(xi) a record of all dividends distributed by the corporation; and~~
- ~~(xii) a record for each year of the previous five years of all salaries, wages, and other remuneration, including perquisites, direct or indirect, paid during the calendar or fiscal year, by the corporation, to all officers, directors, and stockholders with an ownership interest at any time during the calendar or fiscal year equal to or greater than 0.5 % of the outstanding capital stock of any class of stock;~~
- ~~(B) if a partnership of any kind, the following:~~
 - ~~(i) A certified copy of the partnership agreement;~~
 - ~~(ii) if applicable, a certificate of limited partnership of its domicile;~~
 - ~~(iii) a list of the current and former partners, including names, addresses, the percentage of interest in net assets, profits and losses held by each, the amount and date of each capital contribution of each partner and the date the interest was acquired;~~
 - ~~(iv) a record of all withdrawals of partnership funds or assets; and~~
 - ~~(v) a record for each year of the previous five years of salaries, wages, and other remuneration, including perquisites, direct or indirect, paid to each partner during the calendar or fiscal year; and~~
- ~~(C) for other entities, documents as requested by the executive director;~~

- ~~(2)~~ ~~organization~~ Organization charts depicting segregation of functions and responsibilities;
- ~~(3)~~ ~~(2)~~ a description of the duties and responsibilities of each licensed or permitted position shown on the organization charts and the lines of authority;
- ~~(4)~~ ~~(3)~~ a detailed narrative description of the administrative and accounting procedures designed to satisfy the requirements of this article;
- ~~(5)~~ ~~(4)~~ a record retention policy in accordance with K.A.R. 112-104-8;
- ~~(6)~~ ~~(5)~~ procedures to ensure that assets are safeguarded and counted in conformance with effective count procedures;
- ~~(7)~~ ~~(6)~~ the following controls and procedures:
- (A) Administrative controls that include the procedures and records that relate to the decision making processes leading to management's authorization of transactions;
- (B) accounting controls that have as their primary objectives the safeguarding of assets and revenues and the reliability of financial records. The accounting controls shall be designed to provide reasonable assurance that all of the following conditions are met:
- (i) The transactions or financial events that occur in the operation of an ~~EGM~~ LFG are executed in accordance with management's general and specific authorization;
- (ii) the transactions or financial events that occur in the operation of an ~~EGM~~ LFG are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles, the act, and this article;

(iii) the transactions or financial events that occur in the operation of an ~~EGM~~ LFG are recorded in a manner that provides reliable records, accounts and reports, including the recording of cash and evidence of indebtedness, for use in the preparation of reports to the commission related to ~~EGMs~~ LFGs;

(iv) the transactions or financial events that occur in the operation of an ~~EGM~~ LFG are recorded to permit proper and timely reporting and calculation of net ~~EGM~~ LFG income and fees to maintain accountability for assets;

(v) access to assets is permitted only in accordance with management's general and specific authorization; and

(vi) the recorded accountability for assets is compared with existing physical assets at reasonable intervals, and appropriate action is taken with respect to any discrepancies;

(C) procedures and controls for ensuring that all functions, duties, and responsibilities are segregated and performed in accordance with legitimate financial practices by trained personnel;

(D) procedures and controls for ensuring all applicable technical standards as adopted by the commission under article 110 are followed; ~~and~~

(7) a completed internal control checklist; and

(8) any other items that the commission may require to be included in the internal controls.

(c) The internal control system shall be accompanied by the following:

(1) An attestation by the chief executive officer or other competent person with a direct reporting relationship to the chief executive officer attesting that the officer believes in good faith that the submitted internal controls conform to the requirements of the act and this article; and

(2) an attestation by the chief financial officer or other competent person with a direct reporting relationship to the chief financial officer attesting that the officer believes in good faith that the submitted internal controls are designed to provide reasonable assurance that the financial reporting conforms to generally accepted accounting principles and complies with all applicable laws and regulations, including the act and this article.

~~(d) The internal control system shall also be accompanied by a report from an independent, registered certified public accounting firm licensed to practice in Kansas. The report shall express an opinion as to whether the submitted internal control system conforms with the requirements of this article and article 107.~~

(e) ~~(d)~~ Each internal control system shall be reviewed by the commission in consultation with the Kansas lottery to determine whether the system conforms to the requirements of the act and this article and provides adequate and effective controls to ensure the integrity of the operation of EGMs LFGs at a gaming facility. If the commission determines that the system is deficient, a written notice of the deficiency shall be provided by the executive director to the applicant or facility manager. The applicant or facility manager shall be allowed to submit a revision to its submission.

Each facility manager shall be prohibited from commencing gaming operations until its internal control system is approved by the commission.

~~(f) (e)~~ If a facility manager intends to update, change, or amend its internal control system, the facility manager shall submit to the commission for approval and the Kansas lottery a written description of the change or amendment and the two original, signed certifications described in subsection (c). ~~The facility manager may implement the change or amendment on the 30th calendar day following the filing of a complete submission, unless the facility manager receives notice from the executive director under subsection (g) relating to the change or amendment.~~

~~(g) If, during the 30-day review period specified in subsection (f), the commission preliminarily determines that a procedure in a submission contains an insufficiency likely to have an adverse impact on the integrity of EGM operations or the control of net EGM income, written notice that meets the following requirements shall be given to the facility manager:~~

~~(1) Specifies the nature of the insufficiency and, when possible, an acceptable alternative procedure; and~~

~~(2) directs that the facility manager not implement any internal controls at issue until approved by the executive director.~~

~~(h) Submissions that may be determined to contain an insufficiency likely to have an adverse impact on the integrity of EGM operations or the control of net EGM income may include any of the following:~~

~~(1) Submissions that fail to provide an audit trail sufficient to permit the review of gaming operations or the reconstruction of net EGM income transactions;~~

~~(2) submissions that fail to provide for the segregation of incompatible functions so that no employee is in a position both to commit an error or to perpetrate a fraud and to conceal the error or fraud in the normal course of the employee's duties;~~

~~(3) submissions that do not include forms or other materials referenced in the submission or required by the act or this article that are essential elements of the internal controls;~~

~~(4) submissions that would implement operations or accounting procedures not authorized by the act or this article; or~~

~~(5) submissions that are dependent upon the use of equipment or related devices or software not approved by the commission, unless the submissions are required as part of an authorized test of the equipment or related device or software.~~

~~(i) Any facility manager may submit a revised change or amendment within 30 days of receipt of the written notice of insufficiency from the commission. The facility manager may implement the revised change or amendment on the 30th calendar day following the filing of the revision, unless the facility manager receives written notice under subsection (g) relating to the change or amendment.~~

~~(j) (f) A current version of the internal control system of a facility manager shall be maintained in or made available in electronic form through secure computer access to the accounting and surveillance departments of the facility manager and the commission's~~

on-site facilities. The facility manager shall also maintain a copy, in either paper or electronic form, of any superseded internal control procedures, along with the two certifications required to be submitted with these procedures, for at least seven years. Each page of the internal control system shall indicate the date on which the page was approved by the commission. (Authorized by and implementing K.S.A. ~~2007~~ 2009 Supp. 74-8772; effective Sept. 26, 2008; amended P-_____.)

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112-104-8. Retention, storage, and destruction of books, records, and documents.

(a) Each facility manager's internal control system shall include internal controls for retention, storage, and destruction of books, records, and documents.

(b) For the purposes of this regulation, "books, records, and documents" shall mean any book, record, or document pertaining to, prepared in, or generated by the operation of the gaming facility, including all forms, reports, accounting records, ledgers, subsidiary records, computer-generated data, internal audit records, correspondence, and personnel records required by this article to be generated and maintained by this article. This definition shall apply without regard to the medium through which the record is generated or maintained, including, paper, magnetic media, and encoded disk.

(c) The facility manager shall ensure that all original books, records, and documents pertaining to the operation of a gaming facility meet the following requirements:

(1) Are prepared and maintained in a complete, accurate, and legible form. Electronic data shall be stored in a format that ensures readability, regardless of whether the technology or software that created or maintained the data has become obsolete;

(2) are retained at the site of the gaming facility or at another secure location approved under subsection (e);

(3) are kept available for inspection by agents of the commission and the Kansas lottery during all hours of operation;

(4) are organized and indexed in a manner to provide accessibility upon request to agents of the commission and the Kansas lottery; and

(5) are destroyed only after expiration of the minimum retention period specified in subsection (d). However, upon the written request of a facility manager and for good cause shown, the destruction at an earlier date may be permitted by the executive director.

(d) Each facility manager shall retain the original books, records, and documents for at least seven years, with the following exceptions:

(1) Gaming tickets reported to the commission as possibly counterfeit, altered, or tampered with shall be retained for at least two years.

(2) Coupons entitling patrons to cash or ~~EGM~~ LFG credits, whether unused, voided, or redeemed, shall be retained for at least six months.

(3) Voided gaming tickets and gaming tickets redeemed at a location other than an ~~EGM~~ LFG or kiosk shall be retained for at least six months.

(4) Gaming tickets redeemed at an ~~EGM~~ LFG or kiosk shall be retained for at least 30 days.

(e) Any facility manager may request, in writing, that the executive director approve a location outside the gaming facility to store original books, records, and documents. The request shall include the following:

(1) A detailed description of the proposed off-site facility, including security and fire safety systems; and

(2) the procedures under which the commission and the Kansas lottery will be able to gain access to the original books, records, and documents retained at the off-site facility.

(f) Any facility manager may request in writing that the executive director approve an unalterable media system for the copying and storage of original books, records, and documents. The request shall include a description of the following:

(1) The processing, preservation, and maintenance methods that will be employed to ensure that the books, records, and documents are available in a format that makes them readily available for review and copying;

(2) the inspection and quality control methods that will be employed to ensure that the media, when displayed on a viewing machine or reproduced on paper, exhibit a high degree of legibility and readability;

(3) the accessibility by the commission and the Kansas lottery at the gaming facility or other location approved by the executive director and the readiness with which the books, records, or documents being stored on media can be located, read, and reproduced; and

(4) the availability of a detailed index of all stored data maintained and arranged in a manner to permit the location of any particular book, record, or document, upon request.

(g) Nothing in this regulation shall be construed as relieving a facility manager from meeting any obligation to prepare or maintain any book, record, or document

required by any other federal, state, or local governmental body, authority, or agency.

(Authorized by and implementing K.S.A. ~~2007~~ 2009 Supp. 74-8772; effective Sept. 26, 2008; amended P-_____.)

DRAFT 06-23-10

112-104-13. Patron deposits. (a) Each facility manager's internal control system shall include internal controls for the receipt and withdrawal of patron deposits. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1.

(b) At the request of a patron, a facility manager may hold cash, funds accepted by means of wire transfer in accordance with K.A.R. 112-104-11, or cash equivalents accepted in accordance with K.A.R. 112-104-12 for a patron's subsequent use for gaming purposes. For the purposes of this regulation, non-cash items shall be considered converted to cash and deposited as cash for credit to the patron in a patron deposit account maintained in the cage.

(c) The internal controls developed and implemented by the facility manager under subsection (a) shall include the following:

(1) A requirement that patron deposits be accepted at the cage according to the following requirements:

(A) A file for each patron shall be prepared manually or by computer before the acceptance of a cash deposit from a patron by a gaming cashier, and the file shall include the following:

- (i) The name of the patron;
- (ii) a unique identifying number obtained from a United States government-issued photo identification card or a government-issued passport;
- (iii) the date and amount of each cash deposit initially accepted from the patron;

(iv) the date and amount of each request accepted from the patron, as a draw against a cash deposit; and

(v) the date and amount of each cash deposit redemption;

(B) the gaming cashier accepting a deposit shall prepare a patron deposit form and other necessary documentation evidencing the receipt;

(C) patron deposit forms shall be serially prenumbered, each series of patron deposit forms shall be used in sequential order, and the series number of all patron deposit forms shall be accounted for by employees with no incompatible function. All original and duplicate void patron deposit forms shall be marked void and shall require the signature of the preparer;

(D) for establishments in which patron deposit forms are manually prepared, a prenumbered two-part form shall be used;

(E) for establishments in which patron deposit forms are computer-prepared, each series of patron deposit forms shall be a two-part form and shall be inserted in a printer that will simultaneously print an original and duplicate and store, in machine-readable form, all information printed on the original and duplicate. The stored data shall not be susceptible to change or removal by any personnel after preparation of a patron deposit form;

(F) on the original and duplicate of the patron deposit form, or in stored data, the gaming cashier shall record the following information:

(i) The name of the patron making the deposit;

(ii) a unique identifying number obtained from a United States government-issued photo identification card or a government-issued passport;

(iii) the total amount being deposited;

(iv) the date of deposit;

(v) the signature of the gaming cashier or, if computer-prepared, the identification code of the gaming cashier; and

(vi) nature of the amount received, including cash, cash equivalents, wire transfer, or electronic fund transfer; and

(G) after preparation of the patron deposit form, the gaming cashier shall obtain the patron's signature on the duplicate copy and shall distribute the copies in the following manner:

(i) If an original, give a copy to the patron as evidence of the amount placed on deposit with the facility manager; and

(ii) if a duplicate copy, forward the copy along with any other necessary documentation to the main bank cashier, who shall maintain the documents;

(2) a requirement that patron deposits be withdrawn by the patron at the cage or upon receipt by the facility manager of a written request for withdrawal whose validity has been established:

(A) A patron shall be allowed to use the deposit by supplying information as required by K.A.R. 112-104-10 to verify the patron's identification:

(i) The gaming cashier shall ascertain, from the cage, the amount of the patron deposit available and request the amount the patron wishes to use against this balance. The gaming cashier shall prepare a patron deposit withdrawal form, which shall include the signature of the patron; and

(ii) the gaming cashier shall verify the signature on the patron deposit withdrawal form with the signature on the patron deposit form and sign the patron deposit withdrawal form to indicate verification;

(B) the patron's deposit balance shall be reduced by an amount equal to that on the patron deposit withdrawal form issued at the cage;

(C) a patron may obtain a refund of any unused portion of the patron's funds on deposit by performing either of the following:

(i) Sending the facility manager a signed, written request for a refund together with a signed, original patron deposit form; or

(ii) appearing personally at the cage, requesting the refund, and returning ~~an~~ the original patron deposit form;

(D) once ~~an~~ the original patron deposit form is presented at a cage, a gaming cashier shall perform the following:

(i) Verify the unused balance with the main bank gaming cashier;

(ii) require the patron to sign the original of the patron deposit form; ~~and~~

(iii) prepare necessary documentation evidencing the refund, including a patron deposit withdrawal form or any other similar document that evidences the date and shift

of preparation, the amount refunded, the nature of the refund made, the patron's name, and the signature of the gaming cashier preparing the documentation; and

(iv) verify the patrons with a United States government-issued photo identification card or a government-issued passport.

(E) the gaming cashier shall forward each original patron deposit form tendered by the patron pursuant to paragraph (c)(2)(D), along with any other necessary documentation, to the main bank gaming cashier, who shall compare the patron's signature on the original patron deposit form and any attached written, signed request required by paragraph (c)(2)(A)(i) to the patron's signature on the duplicate patron deposit form and on the original patron deposit withdrawal form. The main bank gaming cashier shall sign the original patron deposit form if the signatures are in agreement, notify the gaming cashier of the results of the comparison, and maintain the original patron deposit form and the documentation supporting the signature verification; and

(F) if the patron has requested the return of the patron's original deposit, the main bank gaming cashier shall return the patron's original patron deposit form to the gaming cashier. After the main bank gaming cashier has notified the gaming cashier that the signatures contained in paragraph (c)(2)(E) are a match, the gaming cashier shall then refund the unused balance of the deposit to the patron and, if applicable, return the original patron deposit form to the patron. The gaming cashier shall maintain any necessary documentation to support the signature verification and to evidence the refund;

(3) a requirement that the patron receive a receipt for any patron deposit accepted reflecting the total amount deposited, the date of the deposit, and the signature of the cage employee accepting the patron deposit; and

(4) procedures for verifying the identity of the patron at the time of withdrawal. Signature verification shall be accomplished in accordance with the signature verification procedures under K.A.R. 112-104-10. The facility manager shall maintain adequate documentation evidencing the patron identification process and the procedure for signature verification:

(A) A log of all patron deposits received and returned shall be prepared manually or by a computer on a daily basis by main bank gaming cashiers. The log shall include the following:

(i) The balance of the patron deposits on hand in the cage at the beginning of each shift;

(ii) for patron deposits received and refunded, the date of the patron deposit or refund, the patron deposit number, the name of the patron, and the amount of the patron deposit or refund; and

(iii) the balance of the patron deposits on hand in the cage at the end of each shift; and

(B) the balance of the patron deposits on hand in the cage at the end of each shift shall be recorded as an outstanding liability and accounted for by the main bank gaming

cashier. (Authorized by and implementing K.S.A. ~~2007~~ 2009 Supp. 74-8772; effective Sept. 26, 2008; amended P-_____.)

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112-104-14. Cage and main bank. (a) Each facility manager's internal control system shall include internal controls for the cage and main bank. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1. Each gaming facility shall have, adjacent to the gaming floor, a physical structure known as a cage. The cage shall house the cashiers and serve as the central location in the gaming facility for functions normally associated with the cage and main bank, including the following:

- (1) The custody of the cage inventory comprised of cash, cash equivalents, gaming chips, and the forms, documents, and records normally associated with the functions of a cage;
- (2) the issuance, receipt, and reconciliation of imprest funds used by gaming cashiers, parimutuel tellers, and change persons in the acceptance of currency and coupons from patrons in exchange for currency;
- (3) the exchange of currency, coin, gaming chips, and coupons for supporting documentation;
- (4) the responsibility for the overall reconciliation of all documentation generated by gaming cashiers, parimutuel tellers, and change persons; and
- (5) the receipt of currency, coupons, and tickets from the count room.

(b) The cage and main bank shall provide maximum security for the materials housed, the employees located, and the activities performed in the cage and main bank.

The cage and main bank shall meet all of the following requirements, at a minimum:

(1) The cage and main bank shall be fully enclosed except for openings through which materials, including cash, records, and documents, can be passed to patrons, gaming cashiers, parimutuel tellers, and change persons.

(2) The cage and main bank shall have manually triggered silent alarm systems located at the cashiers' window, vault, and in adjacent office space. The systems shall be connected directly to the monitoring room of the surveillance department and to the security department.

(3) The cage and main bank shall have a double-door entry and exit system that does not permit a person to pass through the second door until the first door is securely locked. In addition, all of the following requirements shall apply:

(A) The first door leading from the gaming floor of the double-door entry and exit system shall be controlled by the ~~security department or the~~ surveillance department through a commission-approved ~~computerized~~ electronic access system designed and administered to provide a record of each entry authorization, including the authorizing employee's name and ~~credential~~ license number and the date and time of the authorization.

(B) The second door of the double-door entry and exit system shall be controlled by the cage and main bank through a commission-approved ~~computerized~~ electronic access system designed and administered to provide a record of each entry authorization, including the authorizing employee's name and ~~credential~~ license number and the date and time of authorization.

(C) The double-door entry and exit system shall have surveillance coverage, which shall be monitored by the surveillance department.

(D) An entrance to the cage and main bank that is not a double-door entry and exit system shall be an alarmed emergency exit door only.

(4) Each door of the double-door entry and exit system shall have two separate ~~computerized keypad locks~~ commission-approved locking mechanisms. ~~The combinations to these locks shall be different from each other.~~

~~(5) Each entry on the keypad shall be maintained in a computerized log indicating the name and credential number of the employee who entered the combination and the date and time of the entry. The log shall be maintained by the security department.~~

(c) Any gaming facility may have one or more satellite cages separate and apart from the cage, established to maximize security, efficient operations, or patron convenience. The employees in a satellite cage may perform all of the functions of the employees in the cage. Each satellite cage shall be equipped with an alarm system in compliance with paragraph (b)(2). The functions that are conducted in a satellite cage shall be subject to the accounting controls applicable to a cage specified in K.A.R. 112-104-16.

(d) Each facility manager shall maintain and make available to the commission, upon request, a detailed and current list of the name of each employee meeting either of the following conditions:

(1) Possessing the combination to the locks securing the double-door entry and exit system restricting access to the cage and main bank, any satellite cage, and the vault;
or

(2) possessing the ability to activate or deactivate alarm systems for the cage, any satellite cage, and the vault. (Authorized by and implementing K.S.A. ~~2007~~ 2009 Supp. 74-8772; effective Sept. 26, 2008; amended P-_____.)

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112-104-15. Count room and main bank requirements. (a) Each facility manager shall have a count room and main bank. The count room and main bank shall be adjacent to the cage.

(b) Each count room and main bank shall meet both of the following requirements:

(1) ~~The room~~ Both rooms shall have a metal door for each entrance and exit. Each of these doors shall be equipped with an alarm device that audibly signals the surveillance department monitoring room and the security department whenever the door is opened at times other than those times for which the facility manager has provided prior notice according to K.A.R. 112-104-20.

(2) Each entrance and exit door shall be equipped with two separate computerized keypad locks, ~~the combinations to which shall be different from each other and different from the lock securing the contents of each bill validator canister~~ commission-approved locking mechanisms. The combinations shall be maintained and controlled as follows:

(A) ~~The combinations to one~~ One of the computerized keypad locks commission-approved locking mechanisms shall be ~~maintained and~~ controlled by the security surveillance department.

(B) ~~The combinations to the other computerized keypad lock shall be maintained and controlled by the cage~~ department.

~~(C)~~ Each entry ~~on the keypad~~ shall be maintained in a ~~computerized~~ log indicating the name and license number of the employee who entered ~~the combination~~ and the date and time of the entry. ~~The log shall be maintained by the security department.~~

(c) The following shall be located within the count room:

(1) A table constructed of clear glass or similar material for the emptying, counting, and recording of the contents of bill validator canisters; and

(2) surveillance cameras capable of video monitoring the following:

(A) The entire count process; and

(B) the interior of the count room, including any storage cabinets or trolleys used to store bill validator canisters, and any commission-approved trolley storage area located adjacent to the count room.

(d) The following shall be located within the main bank:

(1) A vault and/or locking cabinets for the storage of currency and gaming chips;
and

(2) surveillance cameras capable of video monitoring the following:

(A) Interior of the vault room, including unobstructed views of counting surfaces;

(B) the exchange of currency, gaming chips, and documentation through any openings; and

(3) a secure opening through which only currency, gaming chips, and documentation can be passed to gaming cashiers, parimutuel tellers, and change persons.

(Authorized by and implementing K.S.A. ~~2007~~ 2009 Supp. 74-8772; effective Sept. 26,
2008; amended P-_____.)

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112-104-16. Accounting controls for the cage and main bank. (a) Each facility manager's internal control system shall include internal controls for cage and main bank accounting. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1. ~~The cage shall consist of a main bank, which shall provide the imprest funds to gaming cashiers, parimutuel tellers, and change persons.~~ If the facility manager elects to use a satellite cage, the same requirements shall apply.

(b) The facility manager shall provide the commission with the start and end times of each cage and main bank shift.

(c) The assets for which gaming cashiers are responsible shall be maintained on an imprest basis and protected from unauthorized access. Gaming cashiers shall lock and secure any assets that are outside of their direct physical control. At the end of each shift, gaming cashiers assigned to the outgoing shift shall record on a cashier count sheet the face value of each cage inventory item counted and the total of the opening and closing cage inventories and shall reconcile the total closing inventory with the total opening inventory. Each cashier count sheet shall be signed by the preparing cashier attesting to the accuracy of the information on the sheet.

(1) Before redeemed tickets are transferred from a cage window to the main bank, the gaming cashier shall prepare an automated system report of the total number and value of the tickets redeemed at that window and compare that report to physical tickets being transferred to ensure they match. The main bank cashier shall total the tickets received to verify the dollar amount matches the amount on the gaming cashier's

report or compare the tickets to the report to ensure all tickets are present before reimbursing the gaming cashier.

(2) Only tickets redeemed in the system shall be forwarded to accounting. In the event that the on-line validation system ceases to function through the end of the gaming day and the cage is unable to redeem in the system any tickets received in the cage that day, these unredeemed tickets shall have the bar code manually canceled by completely filling in one space of the bar code with a black permanent marker before being forwarded to accounting to prevent subsequent automated redemption.

(3) At the end of each shift, the outgoing gaming cashier shall count all assigned assets and prepare and sign a bank count sheet listing the inventory. A reconciliation shall be performed of the opening imprest amount to the closing inventory total. Any variance shall be documented on the count sheet.

~~(4)~~ (4) The incoming gaming cashier shall verify by blind count the closing inventory and sign the count sheet in the presence of the outgoing gaming cashier, attesting to accuracy of the information recorded on the sheet. If there is no incoming gaming cashier, a gaming cashier supervisor or the most senior supervisor in the department shall verify by blind count the closing inventory and sign the count sheet in the presence of the outgoing gaming cashier, attesting to accuracy of the information recorded on the sheet. At the completion of each shift, the cashier count sheets shall be forwarded to the main bank cashier.

(d) If an imprest bank has not been opened for use, a main bank cashier or supervisor shall count and verify the imprest bank and complete a count sheet at least once every seven days.

(e) At the opening of every shift, in addition to the imprest funds normally maintained by gaming cashiers, each facility manager shall have in the cage a reserve cash bankroll sufficient to pay winning patrons.

(f) The cage, ~~and~~ any satellite cage, and main bank shall be physically segregated by personnel and function as follows:

(1) Gaming cashiers shall operate with individual imprest inventories of cash, and their functions shall include the following:

(A) The receipt of cash and cash equivalents from patrons in exchange for cash according to K.A.R. 112-104-12;

(B) the receipt of personal checks for gaming and non-gaming purposes from patrons in exchange for cash, subject to any limitations on amount required by the commission according to K.A.R. 112-104-10;

(C) the receipt of cash, cash equivalents, checks issued by the facility manager, annuity jackpot checks, wire transfers, and cashless fund transfers from patrons to establish a patron deposit according to K.A.R. 112-104-13;

(D) the receipt of patron deposit forms from patrons in exchange for cash according to K.A.R. 112-104-13;

(E) the preparation of jackpot payout slips in accordance with this article and K.A.R. 112-104-21;

(F) the receipt of gaming tickets from patrons or from authorized employees who received gaming tickets as gratuities, in exchange for cash; and

(G) the issuance of cash to automated bill breaker, gaming ticket, coupon redemption, and jackpot payout machines in exchange for proper documentation.

(2) The main bank cashier functions shall include the following:

(A) The receipt of cash, cash equivalents, gaming tickets, jackpot payout slips, and personal checks received for gaming and non-gaming purposes from gaming cashiers in exchange for cash;

(B) the receipt of cash from the count rooms;

(C) the receipt of personal checks accepted for gaming and non-gaming purposes from gaming cashiers for deposit;

(D) the preparation of the overall cage reconciliation and accounting records. All increases and decreases shall be supported by documentation transactions that flow through the main bank shall be summarized on a vault accountability form and be supported by documentation;

(i) At the end of each shift, the outgoing main bank cashier shall count the inventory and record the inventory detail and the total inventory of a vault accountability form. The main bank cashier shall also record the amount of each type of accountability transaction, the opening balance, the closing balance and any variance between the

counted inventory and the closing balance. If there is more than one main bank cashier working during a shift, each cashier shall participate in the incoming count and the outgoing count for that shift; and

(ii) a blind count of the inventory shall be performed by the incoming main bank cashier. The incoming main bank cashier shall sign the completed vault accountability form attesting to the accuracy of the information in the presence of the outgoing main bank cashier. If there is no incoming main bank cashier, a cage supervisor shall conduct the blind count and verification and sign the completed vault accountability form in the presence of the outgoing main bank cashier;

(E) the preparation of the daily bank deposit for cash, cash equivalents, and personal checks;

(F) the issuance, receipt, and reconciliation of imprest funds used by gaming cashiers, parimutuel tellers, and change persons;

(G) the collection of documentation that is required by these regulations to establish the segregation of functions in the cage;

(H) the responsibility for the reserve cash bankroll; ~~and~~

(I) the receipt of unsecured currency and unsecured gaming tickets and preparation of related reports; and

(J) the issuance, receipt, and reconciliation of imprest funds used by kiosk shall be done according to the following requirements:

(i) Redemption kiosks shall be maintained on an imprest basis on the main bank accountability form and shall be counted down and reconciled within 24 hours of adding to or removing funds from the redemption kiosk. In order to reconcile the redemption kiosk, all currency, tickets, and coupons remaining in the redemption kiosk shall be removed, counted, and compared to the redemption kiosk report that lists the amount of each item that should have been in the redemption kiosk. Each redemption kiosk shall be reconciled at least once every three days regardless of activity. If redemption kiosks are used for any other type of transaction, including providing automated teller machine functions, corresponding reports shall be printed and reconciled during the kiosk reconciliation. The internal controls shall include who performs the count and reconciliation. All kiosk counts shall be performed under dedicated surveillance coverage in the count room or main bank and shall be documented. The reconciliation of the redemption kiosk shall be documented and signed by the employee performing the reconciliation;

(ii) the main bank shall have a designated area for the preparation of currency cassettes and a designated storage area for cassettes that contain cash. Both locations shall be described in the internal controls. The designated preparation area shall have overhead, dedicated surveillance coverage. The storage area of the cassettes shall have dedicated surveillance coverage to record the storage and retrieval of currency cassettes. The storage area shall be locked when cassettes are not being removed or added to the

area. Empty currency cassettes shall not be stored with the currency cassettes containing cash;

(iii) all currency cassettes used in kiosks shall be filled with currency by a main bank cashier. The amount of currency to be placed in the cassettes shall be counted by the main bank cashier and placed in the cassette. A prenumbered tamper-resistant seal that secures the cash in each cassette shall be immediately placed on the cassette. The type of seal shall be submitted to the commission director of security for approval. Any cassettes that contain currency and are not immediately placed in a kiosk shall be stored in the designated storage area;

(iv) a currency cassette log shall be maintained and updated each time currency cassettes are sealed. The log shall contain the following information: date, time, seal number, cassette number, amount of currency in the cassette, denomination of currency in the cassette, and signature of the main bank cashier who prepared the cassette;

(v) each cassette shall be labeled with the required dollar denomination for that cassette and a unique cassette number. The label shall be clearly visible to surveillance during the fill process;

(vi) any individual transporting currency cassettes outside of the cage shall be escorted by security;

(vii) only cassettes properly prepared and sealed in the main bank shall be used to place currency in the redemption kiosk. The only time a seal may be broken before the

count and reconciliation is when there is a machine malfunction. If a seal must be broken before the redemption kiosk is reconciled due to a malfunction, the cassette shall be brought to the main bank with security escort before the seal is broken. The seal shall be broken under surveillance coverage. Once the cassette is repaired the funds will be recounted and resealed by the main bank cashier;

(viii) the individual who removed the seal on the cassette in order to perform the count of the cassettes shall record the seal number of all cassettes used in the kiosk since the last reconciliation on the count and reconciliation documentation;

(ix) the individual who reconciles the redemption kiosk shall not be one of the individuals who initially prepared the currency in any of the cassettes used in the kiosk since the last reconciliation; and

(x) if cassettes need to be replaced during the gaming day before the redemption kiosk is dropped and reconciled, the individual cassettes that are replace that still contain currency shall be locked in a storage area designated in the internal controls. This storage area shall be separate from the storage area of filled cassettes.

(g)(1) Whenever a gaming cashier, parimutuel teller, or change person exchanges funds with the main bank cashier, the cashier shall prepare a two-part even exchange form. The form shall include the following, at a minimum:

(A) The date of preparation;

(B) the window location;

(C) a designation of which items are being sent to or received from the main bank;

(D) the type of items exchanged;

(E) the total of the items being exchanged;

(F) the signature of the cashier preparing the form requesting the exchange; and

(G) the signature of the cashier completing the exchange.

(2) If the exchange is not physically between a gaming cashier, parimutuel teller, or change person and the main bank, the exchange shall be transported by a representative of the security department, who shall sign the form upon receipt of the items to be transported.

(h) ~~All variances shall be recorded on a cashier variance log. If the variance exceeds \$500, the variance shall be reported to the commission within 24 hours and investigated by the facility manager. The findings of the investigation shall be forwarded to the commission.~~ Overages and shortages per employee shall be documented on a cage/bank variance slip, which shall be signed by the responsible cashier and their supervisor. All variance in excess of \$20 shall be investigated and the result of the investigation shall be documented. If there is a variance of \$500 or more, the commission agent on duty shall be informed within 24 hours. Repeated shortages by an employee totaling \$500 or more over any seven day period shall be reported to the commission agent on duty within 24 hours.

(i) All cashier's ~~cage~~ paperwork shall include the date, shift of preparation, and location for which the paperwork was prepared.

(j) At the end of each gaming day, the cashiers' original ~~count sheets~~ bank count sheet, vault accountability form, and related documentation shall be forwarded to the accounting department for verification of agreement of the opening and closing inventories, agreement of amounts on the sheets with other forms, records, and documents required by this article, and recording transactions.

(k) Each facility manager shall establish a training program for gaming cashiers and main bank cashiers to include written standard operating procedures. No cashier shall be allowed to individually perform gaming cashier duties until they have completed 40 hours of training. No cashier shall be allowed to individually perform main bank cashier duties until they have completed 80 hours of training.

(l) Gaming facility employees shall clear that individual's hands in view of all persons in the immediate area and surveillance immediately after the handling of any currency or gaming chips within the cage, main bank, or count room.

(m) Employees shall not be permitted to carry a pocketbook or other personal container into any cashiering area unless such container is transparent. All trash shall be placed in a transparent container or bag and inspected by security when removed from the cashiering area. (Authorized by and implementing K.S.A. ~~2007~~ 2009 Supp. 74-8772; effective Sept. 26, 2008; amended P-_____.)

112-104-32. Unclaimed winnings. (a) Each facility manager's internal control system shall include internal controls for unclaimed winnings. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1.

(b) All winnings, whether property or cash, that are due and payable to a known patron and remain unclaimed shall be held in safekeeping for the benefit of the known patron.

(c)(1) If winnings have not been provided to a known patron, the facility manager shall prepare a winner receipt form. The form shall be a two-part, serially prenumbered form and shall contain the following:

(A) The name and address of the patron;

(B) a unique identifying number obtained from a United States government-issued photo identification card or a government-issued passport;

(C) the date and time the winning occurred; and

(D) the EGM LFG upon which the win occurred, including the following:

(i) The EGM LFG asset number;

(ii) the location; and

(iii) the winning combination.

(2) The two-part receipt form shall be distributed as follows:

(A) The preparer of the original shall send the original to the gaming cashier responsible for maintaining safekeeping balances.

(B) The duplicate shall be presented to the winning patron, who shall be required to present the duplicate receipt before being paid the winning amount due.

(d) Each facility manager shall be required to use its best efforts to deliver the winnings to the patron. The facility manager shall maintain documentation of all efforts to provide the patron with the unclaimed winnings. Documentation shall consist of letters of correspondence or notation of telephone calls or other means of communication used in the attempt to provide the winnings to the patron.

(e) Each winning patron shall collect that patron's winnings by presenting to a gaming cashier the duplicate copy of the winner receipt form signed in the presence of the gaming cashier. The gaming cashier shall obtain the original winner receipt form from safekeeping and compare the signature on the original to the signature on the duplicate receipt form. The gaming cashier shall sign the original winner receipt form, attesting that the signatures on the original and duplicate receipt forms agree, and then distribute the winnings to the patron.

(f) The gaming cashier shall retain the original receipt form as evidence of the disbursement from the gaming cashier's funds. The duplicate receipt form shall be placed in a box for distribution to accounting by security or someone who did not participate in the transaction.

(g) Undistributed winnings of any known patron held in safekeeping for 12 months or longer shall revert to the Kansas state treasurer's office in accordance with

unclaimed property laws after reasonable efforts to distribute the winnings to the known patron, as determined from review of the documentation maintained.

(h)(1) If the identity of any patron who wins more than \$1,200 is not known, the facility manager shall be required to make a good faith effort to learn the identity of the patron. If the identity of the patron is determined, the facility manager shall comply with subsections (b) through (g).

(2) If a patron's identity cannot be determined after 180 days from the time the patron's winnings were payable, the winnings shall ~~revert to~~ be apportioned by the Kansas lottery. (Authorized by and implementing K.S.A. ~~2007~~ 2009 Supp. 74-8772; effective Sept. 26, 2008; amended P-_____.)

112-105-1. Security department. (a) Each facility manager shall have a security department that is responsible for the security of the gaming facility. The facility manager, through its security department, shall do the following:

- (1) Protect the people in the gaming facility;
- (2) safeguard the assets within the gaming facility;
- (3) protect the patrons, employees, and property from illegal activity;
- (4) assist with the enforcement of all applicable laws and regulations;
- (5) prevent persons who are under 21 years old from gambling or entering gaming areas;
- (6) detain any individual at the request of a Kansas racing and gaming commission enforcement agent, or if there is reason to believe that the individual is in violation of the law or gaming regulations;
- (7) record any unusual occurrences, including suspected illegal activity;
- (8) identify and remove any person who is required to be excluded pursuant to article 111 or 112;
- (9) report security violations or suspected illegal activity to the commission security staff within 24 hours;
- (10) report to the commission's security staff, within 24 hours, any facts that the facility manager has reasonable grounds to believe indicate a violation of law, violation of the facility manager's minimum internal control standards, or violation of

regulations committed by any facility manager, including the performance of activities different from those permitted under that person's license or certificate;

(11) notify commission security staff, within 24 hours, of all inquiries made by law enforcement officials and any inquiries made concerning the conduct of a person with a license or certificate; and

(12) establish and maintain procedures for handling the following:

- (A) Identification badges;
- (B) incident reports;
- (C) asset protection and movement on the property;
- (D) power or camera failure;
- (E) enforcement of the minimum gambling age;
- (F) firearms prohibition;
- (G) alcoholic beverage control;
- (H) disorderly or disruptive patrons;
- (I) trespassing;
- (J) eviction;
- (K) detention; and
- (L) lost or found property.

(b) No firearms shall be permitted within a gaming facility except for the following:

- (1) Kansas racing and gaming commission enforcement agents;

- (2) law enforcement officers who are on duty and within their jurisdiction; or
- (3) trained and certified guards employed by an armored car service while on duty and working for a licensed non-gaming supplier company. (Authorized by and implementing K.S.A. ~~2007~~ 2009 Supp. 74-8772; effective Sept. 26, 2008; amended P-_____.)

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112-105-2. Security plan. (a) Each applicant for a facility manager certification shall submit a security plan to the commission ~~with its initial application~~ or at least ~~90~~ 120 days before its proposed opening a ~~racetrack gaming facility~~. The plan shall be consistent with the applicant's contractual obligations with the Kansas lottery.

(b) A facility manager shall not commence gaming operations until its security plan has been approved by the commission.

(c) To be approved, the security plan shall include the following:

(1) An organizational chart showing all positions in the security department;

(2) a description of the duties and responsibilities of each position shown on the organizational chart;

(3) the administrative and operational policies and procedures used in the security department;

(4) a description of the training required for security personnel;

(5) a description of the location of each permanent security station;

(6) the location of each security detention area;

(7) provisions for security staffing; and

(8) the emergency operations plan required by K.A.R. 112-105-3.

(d) All amendments to the security plan shall be submitted to the commission for approval at least 30 days before the date of desired implementation. (Authorized by

and implementing K.S.A. ~~2007~~ 2009 Supp. 74-8772; effective Sept. 26, 2008; amended P-
_____.)

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112-105-3. Emergency operations plan. (a) The director of security in the security department shall maintain an emergency operations plan, including evacuation procedures, to deal with the following:

- (1) The discovery or threat of an explosive device on the property;
- (2) a fire or fire alarm;
- (3) a terrorist threat directed at the property;
- (4) severe storms;
- (5) the threat or use of unauthorized firearms or any other weapons; and
- (6) any other event for which the applicant determines that prior planning is reasonable.

(b) When the applicant establishes the emergency operations plan, the safety of patrons and personnel shall be the first priority.

(c) The director of security shall ensure that the commission's security staff at the facility are notified of any emergency situation at that time.

(d) All amendments to the emergency operations plan shall be submitted to the commission for approval at least 30 days before the desired date of implementation.

(Authorized by and implementing K.S.A. ~~2007~~ 2009 Supp. 74-8772; effective Sept. 26, 2008; amended P-_____.)

112-106-1. Surveillance system. (a) A facility manager or applicant for a facility manager certification shall have a surveillance system before beginning gaming operations. The surveillance system shall include a digital video system capable of the following:

- (1) Instant replay;
- (2) recording by any camera in the system; and
- (3) allowing simultaneous and uninterrupted recording and playback.

(b) The surveillance system shall include a communication system capable of monitoring the gaming facility, including the security department.

(c) The surveillance system shall be connected to all facility alarm systems.

(d) The surveillance system shall be capable of monitoring the entire property, except private offices and restrooms.

~~(d)~~ (e) The surveillance system shall include the following features:

(1) Redundant system drives;

(2) a backup power supply capable of operating all surveillance equipment during a power outage. The backup power supply shall be tested on a monthly basis;

(3) backup storage components that will automatically continue or resume recording in the event of failure of any single component of the system, so that the failure of any single component will not result in the loss of any data from the system; and

(4) automatic restart if a power failure occurs.

~~(e)~~ (f) The digital video system shall meet the following requirements:

- (1) Function as a closed network;
 - (2) have its access limited to the personnel identified in the surveillance system plan;
 - (3) be equipped to ensure that any transmissions are encrypted, have a firewall at both ends, and are password-protected;
 - (4) be equipped with a failure notification system that provides an audible and visual notification of any failure in the surveillance system or the digital video recording storage system;
 - (5) record all images and audit records on a hard drive;
 - (6) be locked by the manufacturer to do the following:
 - (A) Disable the erase and reformat functions; and
 - (B) prevent access to the system data files; and
 - (7) be equipped with data encryption or watermarking so that surveillance personnel will be capable of demonstrating in a court of law that the video was not altered or manipulated in any way.
- (f) (g) The surveillance system shall include cameras dedicated to monitoring the following with sufficient clarity to identify any person:
- (1) The entrances and exits of the gaming facility;
 - (2) the count rooms;
 - (3) the vaults;
 - (4) the surveillance room;

- (5) the security rooms; ~~and~~
- (6) all cage areas; and
- (7) all exterior entrances and exits of the property.

~~(g)~~ (h) The surveillance system required by this regulation shall be equipped with light-sensitive cameras with lenses of sufficient magnification to allow the operator to read information on an electronic gaming machine reel strip and credit meter and be capable of clandestine monitoring in detail and from various vantage points, including the following:

- (1) The conduct and operation of electronic gaming machines, lottery facility games, and parimutuel wagering;
- (2) the conduct and operation of the cashier's cage, satellite cashier's cages, mutuel lines, count rooms, and vault;
- (3) the collection and count of the electronic gaming bill validator canisters; and
- (4) the movement of cash and any other gaming facility assets.

~~(h)~~ (i) All cameras shall be equipped with lenses of sufficient magnification capabilities to allow the operator to clearly distinguish the value of the following:

- (1) Chips;
- (2) dice;
- (3) tokens;
- (4) playing cards;
- (5) positions on the roulette wheel; and

(6) cash and cash equivalents.

(4) (j) The surveillance system shall provide a view of the pit areas and gaming tables capable of clearly identifying the following:

- (1) The dealers;
- (2) the patrons;
- (3) the hands of all participants in a game;
- (4) facial views of all participants in a game;
- (5) all pit personnel;
- (6) the activities of all pit personnel;
- (7) the chip trays;
- (8) the token holders;
- (9) the cash receptacles;
- (10) the tip boxes;
- (11) the dice;
- (12) the shuffle machines;
- (13) the card shoes, which are also called dealing boxes;
- (14) the playing surface of all gaming tables with sufficient clarity to determine

the following:

- (A) All wagers;
- (B) card values; and
- (C) game results; and

(15) roulette tables, which shall be viewed by the surveillance system with color cameras.

(j) (k) The surveillance of the electronic gaming devices shall be capable of providing the following:

- (1) A view of all patrons;
- (2) a facial view of all patrons with sufficient clarity to allow identification of each patron;
- (3) a view of the electronic gaming device with sufficient clarity to observe the result of the game;
- (4) an overall view of the areas around the electronic gaming device;
- (5) a view of each bill validator with sufficient clarity to determine bill value and the amount of credit obtained; and
- (6) a view of the progressive games, including the incrementation of the progressive jackpot.

(k) (l) All surveillance system display screens shall meet all of the following requirements:

- (1) Be equipped with a date and time generator synchronized to a central clock that meets the following requirements:
 - (A) Is displayed on any of the surveillance system display screens; and
 - (B) is recorded on all video pictures or digital images;
- (2) be capable of recording what is viewed by any camera in the system; and

(3) be of a sufficient number to allow the following:

(A) Simultaneous recording and coverage as required by this article;

(B) off-line playback;

(C) duplication capabilities;

(D) single-channel ~~recorders~~ monitors in the following areas:

(i) Entry and exit ~~turnstiles~~;

(ii) the main bank and cages;

(iii) table games; and

(iv) count rooms; and

(E) no more than four channels per ~~single unit~~ monitor in all other areas where surveillance is required.

~~(l)~~ (m) The surveillance system shall be connected to at least one video printer. Each video printer shall be capable of generating clear color copies of the images depicted on the surveillance system display screen or video recording.

~~(m)~~ (n) The surveillance system shall allow audio recording in any room where the contents of bill validator canisters are counted.

~~(n)~~ (o) All wiring within the surveillance system shall be tamper-resistant.

~~(o)~~ (p) The surveillance system shall be linked to the commission's security office with equipment capable of monitoring or directing the view of any system camera.

~~(p)~~ (q) The commission's director of security shall be notified at least 48 hours in advance of the relocation of any camera on the surveillance system's floor plan.

(Authorized by and implementing K.S.A. ~~2007~~ 2009 Supp. 74-8772; effective Sept. 26,
2008; amended P-_____.)

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112-106-2. Surveillance system plan. (a) Each applicant for a facility manager certification shall submit a surveillance system plan to the commission ~~with its initial application or~~ at least ~~90~~ 120 days before its proposed opening a ~~racetrack gaming~~ facility.

(b) A facility manager shall not commence gaming activities until its surveillance system plan is approved by the commission.

(c) To be approved, the surveillance system plan shall include the following:

- (1) A schematic showing the placement of all surveillance equipment;
- (2) a detailed description of the surveillance system and its equipment;
- (3) the policies and procedures for the surveillance department;
- (4) the plans for staffing as required in K.A.R. 112-106-4;
- (5) the monitoring activities for both the gaming area and adjacent areas;
- (6) the monitoring activities for a detention room; and
- (7) a list of the facility manager's personnel that may have access to the surveillance system.

(d) All proposed changes to the surveillance system plan shall be submitted by the ~~facility manager~~ director of surveillance to the commission for approval at least 30 days before the ~~facility manager~~ director of surveillance desires to implement the changes. (Authorized by and implementing K.S.A. ~~2007~~ 2009 Supp. 74-8772; effective Sept. 26, 2008; amended P-_____.)

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112-106-5. Surveillance room. (a) Each facility manager shall have a secure surveillance room with reasonable space, as determined by the executive director, to accommodate the required equipment and operator stations.

(b) Each surveillance room shall be located out of the view of the gaming area. The entrances to the surveillance room shall be locked at all times and shall not be accessible to members of the public or non-surveillance employees of the gaming facility.

(c) Commission agents shall have unrestricted access to the surveillance room and all information received or stored by the surveillance system.

(d) Access to the surveillance room shall be limited to surveillance employees of the gaming facility and commission security employees, except that persons with a legitimate need to enter the surveillance room may do so upon receiving approval from ~~the commission's security director~~ a Kansas racing and gaming commission enforcement agent.

(1) Each person, other than surveillance personnel and Kansas racing and gaming commission enforcement agents, entering the surveillance room shall sign a surveillance room entry log.

(2) The surveillance room entry log shall meet the following requirements:

- (A) Be maintained in the surveillance room by surveillance room personnel;
- (B) be maintained in a book with bound numbered pages that cannot readily be removed;

(C) be signed by each person entering the surveillance room, with each entry containing the following:

(i) The date and time of entering the surveillance room;

(ii) the entering person's name and that person's affiliation or department within the gaming facility;

(iii) the reason for entering the surveillance room; and

(iv) the date and time of exiting the surveillance room; and

(D) be retained for at least one year after the date of the last entry. The destruction of the surveillance room entry log shall be approved by the commission's director of security.

(3) The surveillance room entry log shall be made available for inspection by the commission security employees upon demand.

(e) The surveillance room shall be subject to periodic inspection by commission employees to ensure that all of the following conditions are met:

(1) All equipment is working properly.

(2) No camera views are blocked or distorted by improper lighting or obstructions.

(3) All required surveillance capabilities are in place.

(4) All required logs are current and accurate.

(5) There is sufficient staff to protect the integrity of gaming at the facility.

(6) The surveillance room employees are not performing tasks beyond the surveillance operation. (Authorized by and implementing K.S.A. ~~2007~~ 2009 Supp. 74-8772; effective Sept. 26, 2008; amended P-_____.)

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112-106-6. Monitoring. (a) The surveillance department employees shall continuously record the transmissions from the cameras used to observe the following locations, persons, activities, and transactions:

(1) The entrances and exits to the following:

(A) The gaming facility;

(B) the count rooms;

(C) the vaults;

(D) the surveillance room;

(E) the security rooms; ~~and~~

(F) the cage areas; and

(G) the ancillary operations;

(2) each transaction conducted at a cashiering location, whether or not that cashiering location services patrons;

(3) the main bank, vault, and satellite cages;

(4) the collection of cash storage boxes from electronic gaming machines;

(5) the count procedures conducted in the count room;

(6) any armored car collection or delivery;

(7) automated bill breaker, gaming voucher redemption, coupon redemption, and jackpot payout machines whenever the machines are opened for replenishment or other servicing; and

(8) any other areas specified in writing by the commission.

(b) The surveillance department employees shall maintain a surveillance log of all surveillance activities in the surveillance room. The log shall be maintained in a book with bound, numbered pages that cannot be readily removed or in an electronic format with an audit function that prevents modification of information after the information has been entered into the system. The log shall contain the following, at a minimum:

- (1) The date and time of each entry;
- (2) the identity of the employee making the entry;
- (3) a summary of the activity recorded;
- (4) the location of the activity;
- (5) the location of the recorded information; and
- (6) the surveillance department's disposition of the activity.

(c) The surveillance department employees shall record by camera and log the following events when they are known to occur on the property:

- (1) Any activity by players and employees, alone or in concert, that could constitute cheating or stealing;
- (2) any activity that could otherwise be criminal;
- (3) any procedural violation by an employee;
- (4) the detention of persons;
- (5) the treatment of disorderly individuals;
- (6) emergency activities capable of being observed by the surveillance system;
- (7) the presence of persons on the involuntary exclusion list;

- (8) the presence of persons on the self-exclusion list;
- (9) arrests and evictions;
- (10) the treatment of ill or injured patrons;
- (11) the on-site maintenance and repair of any gaming or money handling equipment; and
- (12) any jackpot winning of \$1,200 or more.

(d) Surveillance department employees shall record by camera the movement of the following on the gaming facility floor:

- (1) Cash;
- (2) cash equivalents;
- (3) tokens;
- (4) cards;
- (5) chips; or
- (6) dice.

(e) The surveillance department employees shall continuously monitor and record by camera the following:

- (1) Soft count procedures;
- (2) hard count procedures;
- (3) currency collection;
- (4) drop bucket collection; and

(5) the removal of the daily bank deposit from the gaming facility by armored car officers. (Authorized by and implementing K.S.A. ~~2007~~ 2009 Supp. 74-8772; effective Sept. 26, 2008; amended P-_____.)

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112-107-3. Submission for testing and approval. (a) Each ~~EGM~~ LFG prototype and the associated equipment subject to testing and approval under this regulation shall be evaluated by the commission for the following:

(1) Overall operational integrity and compliance with the act, this article, and the technical standards adopted by the commission under article 110;

(2) compatibility and compliance with the central computer system; and

(3) compatibility with any protocol specifications approved by the Kansas lottery, including the ability to communicate with the central computer system for the purpose of transmitting auditing program information, real-time information retrieval, and activation and disabling of ~~EGMs~~ LFGs.

(b) ~~EGMs~~ LFGs and associated equipment that shall be submitted for testing and commission approval include the following:

(1) Bill validators and printers;

(2) electronic gaming monitoring systems, to the extent that the systems interface with ~~EGMs~~ LFGs and related systems;

(3) ~~EGM~~ LFG management systems that interface with ~~EGMs~~ LFGs and related systems;

(4) player tracking systems that interface with ~~EGMs~~ LFGs and related systems;

(5) progressive systems, including wide-area progressive systems;

(6) gaming ticket systems;

(7) external bonusing systems;

- (8) cashless funds transfer systems;
- (9) machines performing gaming ticket, coupon, or jackpot payout transactions;
- (10) coupon systems, to the extent the systems interface with ~~EGMs~~ LFGs and related systems; and
- (11) other ~~EGM~~ LFG-related systems as determined by the executive director.
- (c) A product submission checklist to be completed by an applicant for or holder of a gaming supplier certificate may be prescribed by the executive director.
- (d) The chief engineer of the applicant for or holder of a gaming supplier certificate or the engineer in charge of the division of the gaming supplier responsible for producing the product submitted may be required by the executive director to attest that the ~~EGMs~~ LFGs and associated equipment were properly and completely tested by the gaming supplier before submission to the commission.
- (e) An abbreviated testing and approval process may be utilized by the commission in accordance with the act.
- (f) If a facility manager develops software or a system that is functionally equivalent to any of the electronic gaming systems specified in subsection (b), that software or system shall be subject to the testing and approval process of this article to the same extent as if the software or system were developed by a gaming supplier certificate holder. Each reference in this article to the responsibilities of a gaming supplier certificate holder shall apply to a facility manager developing software or systems subject to testing and approval under this article.

(g) When an applicant or gaming supplier certificate holder seeks to utilize the abbreviated testing and approval process for an ~~EGM~~ LFG prototype, associated device or software, or any modification to an ~~EGM~~ LFG prototype, associated device or software, the applicant or supplier shall submit the following to the independent testing laboratory:

(1) A prototype of the equipment, device, or software accompanied by a written request for abbreviated testing and approval that identifies the jurisdiction within the United States upon which the applicant or supplier proposes that the commission rely. The applicant or supplier shall transport the equipment, device, or software at its own expense and deliver it to the offices of the independent testing laboratory;

(2) a certification executed by the chief engineer or engineer in charge of the applicant or supplier verifying that all of the following conditions are met:

(A) The prototype or modification is identical in all mechanical, electrical, and other respects to one that has been tested and approved by the testing facility operated by the jurisdiction or private testing facility on behalf of the jurisdiction;

(B) the applicant or supplier is currently certified and in good standing in the named jurisdiction, and the prototype has obtained all regulatory approvals necessary to sale or distribution in the named jurisdiction;

(C) in the engineer's opinion, the testing standards of the named jurisdiction are comprehensive and thorough and provide adequate safeguards that are similar to those required by this article; and

(D) in the engineer's opinion, the equipment, device, or software meets the requirements of the act, this article, and the technical standards adopted by the commission under article 110, including requirements related to the central computer system;

(3) an executed copy of a product submission applicable to the submitted equipment, device, or software unless a substantially similar checklist was filed with the named jurisdiction and is included in the submission package required by paragraph (g)(4);

(4) copies of the submission package and any amendments filed with the named jurisdiction, copies of any correspondence, review letters, or approvals issued by the testing facility operated by the named jurisdiction or a private testing facility on behalf of the named jurisdiction and, if applicable, a copy of the final regulatory approval issued by the named jurisdiction;

(5) a disclosure that details any conditions or limitations placed by the named jurisdiction on the operation or placement of the equipment, device, or software at the time of approval or following approval;

(6) a complete and accurate description of the manner in which the equipment, device, or software was tested for compatibility and compliance with the central computer system and protocol specifications approved by the Kansas lottery, including the ability to communicate with the central computer system for the purpose of

transmitting auditing program information, real-time information retrieval, and activation and disabling of ~~EGMs~~ LFGs;

(7) any hardware, software, and other equipment, including applicable technical support and maintenance, required by the independent testing laboratory to conduct the abbreviated testing and approval process required by the act, this article, and the technical standards adopted by the commission under article 110. The testing equipment and services required by this subsection shall be provided at no cost to the commission; and

(8) any additional documentation requested by the commission that is necessary to evaluate the ~~EGM~~ LFG, associated equipment, or any modification.

(h) When an applicant or a gaming supplier seeks commission approval of an ~~EGM~~ LFG, equipment, device, or software, or any modification to which the abbreviated testing process in subsection (f) is not applicable, the applicant or supplier shall submit the following to the independent testing laboratory:

(1) A prototype of the equipment, device, or software accompanied by a written request for testing and approval. The gaming supplier shall transport the equipment, device, or software at its own expense and deliver the equipment, device, or software to the offices of the commission's independent testing laboratory in accordance with instructions provided;

(2) any certifications required under this regulation;

(3) an executed copy of a current product submission checklist;

(4) a complete and accurate description of the equipment, device, or software, accompanied by related diagrams, schematics, and specifications, together with documentation with regard to the manner in which the product was tested before its submission to the commission;

(5) any hardware, software, and other equipment, including applicable technical support and maintenance, required by the independent testing laboratory to conduct the testing and approval process required by the act, this article, and the technical standards adopted by the commission under article 110. All testing equipment and services required by this subsection shall be provided at no cost to the commission;

(6) for an EGM LFG prototype, the following additional information, which shall be provided to the commission:

(A) A copy of all operating software needed to run the EGM LFG, including data and graphics information, on electronically readable and unalterable media;

(B) a copy of all source code for programs that cannot be reasonably demonstrated to have any use other than in an EGM LFG, on electronically readable and unalterable media;

(C) a copy of all graphical images displayed on the EGM LFG, including reel strips, rules, instructions, and pay tables;

(D) an explanation of the theoretical return to the player, listing all mathematical assumptions, all steps in the formula from the first principles through the final results of

all calculations including bonus payouts, and, when a game requires or permits player skill in the theoretical derivations of the payout return, the source of strategy;

(E) hardware block diagrams of the major subsystems;

(F) a complete set of schematics for all subsystems;

(G) a diagram of the wiring harness connection;

(H) a technical or operator manual;

(I) a description of the security methodologies incorporated into the design of the EGM LFG including, when applicable, encryption methodology for all alterable media, auto-authentication of software, and recovery capability of the EGM LFG for power interruption;

(J) a cross reference of product meters to the required meters specified in article 110;

(K) a description of tower light functions indicating the corresponding condition;

(L) a description of each error condition and the corresponding action required to resolve the error;

(M) a description of the use and function of available electronic switch settings or configurable options;

(N) a description of the pseudo random number generator or generators used to determine the results of a wager, including a detailed explanation of operational methodology, and a description of the manner by which the pseudo random number generator and random number selection processes are impervious to outside influences,

interference from electromagnetic, electrostatic, and radio frequencies, and influence from ancillary equipment by means of data communications. Test results in support of representations shall be submitted;

(O) specialized hardware, software, or testing equipment, including technical support and maintenance, needed to complete the evaluation, which may include an emulator for a specified microprocessor, personal computers, extender cables for the central processing unit, target reel strips, and door defeats. The testing equipment and services required by this subsection shall be provided at no cost to the commission;

(P) a compiler, or reasonable access to a compiler, for the purpose of building applicable code modules;

(Q) program storage media including erasable programmable read-only memory (EPROM), electronically erasable programmable read-only memory (EEPROM), and any type of alterable media for EGM LFG software;

(R) technical specifications for any microprocessor or microcontroller;

(S) a complete and accurate description of the manner in which the EGM LFG was tested for compatibility and compliance with the central computer system and protocol specifications approved by the Kansas lottery, including the ability to communicate with the central computer system for the purpose of transmitting auditing program information, real-time information retrieval, and activation and disabling of EGMs LFGs; and

(T) any additional documentation requested by the commission relating to the EGM LFG;

(7) if an EGM LFG prototype is modified, including a change in theme, the following additional information, which shall be provided to the commission:

(A) A complete and accurate description of the proposed modification to the EGM LFG prototype, accompanied by applicable diagrams, schematics, and specifications;

(B) when a change in theme is involved, a copy of the graphical images displayed on the EGM LFG, including reel strips, rules, instructions, and pay tables;

(C) when a change in the computation of the theoretical payout percentage is involved, a mathematical explanation of the theoretical return to the player, listing all assumptions, all steps in the formula from the first principles through the final results of all calculations including bonus payouts, and, when a game requires or permits player skill in the theoretical derivations of the payout return, the source of strategy;

(D) a complete and accurate description of the manner in which the EGM LFG was tested for compatibility and compliance with the central computer system and protocol specifications approved by the Kansas lottery, including the ability to communicate with the central computer system for the purpose of transmitting auditing program information, real-time information retrieval and activation, and the disabling of EGMs LFGs; and

(E) any additional documentation requested by the commission relating to the modification of the ~~EGM~~ LFG;

(8) for an electronic gaming monitoring system, casino management system, player tracking system, wide-area progressive system, gaming ticket system, external bonusing system, cashless funds transfer system, automated gaming ticket, coupon redemption or jackpot payout machine, coupon system, or any other equipment or system required to be tested and approved under subsection (b), the following:

(A) A technical manual;

(B) a description of security methodologies incorporated into the design of the system, which shall include the following, when applicable:

(i) Password protection;

(ii) encryption methodology and its application;

(iii) automatic authentication; and

(iv) network redundancy, backup, and recovery procedures;

(C) a complete schematic or network diagram of the system's major components accompanied by a description of each component's functionality and a software object report;

(D) a description of the data flow, in narrative and in schematic form, including specifics with regard to data cabling and, when appropriate, communications methodology for multisite applications;

(E) a list of computer operating systems and third-party software incorporated into the system, together with a description of their interoperability;

(F) system software and hardware installation procedures;

(G) a list of available system reports;

(H) when applicable, features for each system, which may include patron and employee card functions, promotions, reconciliation procedures, and patron services;

(I) a description of the interoperability testing, including test results for each submitted system's connection to ~~EGMs~~ LFGs, to ticket, coupon redemption, and jackpot payout machines, and to computerized systems for counting money, tickets, and coupons.

This list shall identify the tested products by gaming supplier, model, and software identification and version number;

(J) a narrative describing the method used to authenticate software;

(K) all source codes;

(L) a complete and accurate description, accompanied by applicable diagrams, schematics, and specifications, of the creation of a ticket and the redemption options available;

(M) a complete and technically accurate description, accompanied by applicable diagrams, schematics, and specifications, of the creation of a coupon and the redemption options available;

(N) any specialized hardware, software, or other equipment, including applicable technical support and maintenance required by the independent testing laboratory to

conduct the testing and approval process required by the act, this article, and the technical standards adopted by the commission under article 110. The testing equipment and services required by this subsection shall be provided at no cost to the commission; and

(O) any additional documentation requested by the executive director related to the equipment or system being tested; and

(9) for a modification to any of the systems identified in paragraph (h)(8), the following additional information:

(A) A complete and accurate description of the proposed modification to the system, accompanied by applicable diagrams, schematics, and specifications;

(B) a narrative disclosing the purpose for the modification; and

(C) any additional documentation requested by the executive director relating to the modification.

(i) A trial period may be required by the commission to assess the functionality of the prototype or modification in a live gaming environment. The conduct of the trial period shall be subject to compliance by the gaming supplier and the facility manager with any conditions that may be required by the commission. These conditions may include development and implementation of product-specific accounting and internal controls, periodic data reporting to the commission, and compliance with the technical standards adopted under article 110 on trial periods or the prototype or modification adopted by the commission. Termination of the trial period may be ordered by the executive director if the executive director determines that the gaming supplier or the

facility manager conducting the trial period has not complied with the conditions required by the commission or that the product is not performing as expected.

(j) At the conclusion of the testing of a prototype or modification, the independent testing laboratory shall report the results of its testing to the commission. Upon receipt of the independent testing laboratory's report, any one of the following shall be done by the commission:

- (1) Approve;
- (2) approve with conditions;
- (3) reject the submitted prototype or modification; or
- (4) require additional testing or a trial period under subsection (i).

(k) A facility manager shall not install an EGM LFG or associated equipment, or any modification, required to be tested and approved under subsection (b) unless the equipment, device, or software has been approved by the commission and issued a certificate authorizing its use at the gaming facility. The certificate shall be prominently displayed on the approved device. A facility manager shall not modify, alter, or tamper with an approved EGM LFG, the associated equipment, or a commission-issued certificate. Before the removal of the EGM LFG or associated equipment from the gaming facility, the certificate shall be removed by a commission agent. An EGM LFG or the associated equipment installed in a gaming facility in contravention of this requirement shall be subject to seizure by any Kansas law enforcement officer.

(l) The installation of a modification to an ~~EGM~~ LFG prototype or the associated equipment prototype may be authorized by the executive director on an emergency basis to prevent cheating or malfunction, upon the written request of a gaming supplier. The request shall specify the name and employer of any persons to be involved in the installation of the modification and the manner in which the installation is to be effected. Within 15 days of receipt of any authorization to install an emergency modification, the gaming supplier shall submit the modification for full testing and approval in accordance with this article.

(m) Each facility manager shall, no later than four hours after detection, notify the commission's security staff of any known or suspected defect or malfunction in any ~~EGM~~ LFG or associated equipment installed in the gaming facility. The facility manager shall comply with any instructions from the commission staff for use of the ~~EGM~~ LFG or associated equipment.

(n) Each facility manager shall file a master list of approved gaming machines as required by K.A.R. 112-107-10.

(o) Each gaming supplier shall, no later than 48 hours after detection, notify the commission of any known or suspected defect or malfunction in any LFG or associated equipment approved for use in a lottery gaming facility. (Authorized by K.S.A. 2007 2009 Supp. 74-8772; implementing K.S.A. 2007 2009 Supp. 74-8749, 74-8750, and 74-8772; effective April 24, 2009; amended P-_____.)

112-107-10. Master list of approved gaming machines. (a) At least 20 days before commencing gaming, each facility manager shall file with the commission, in writing, a complete list of the ~~EGMs~~ LFGs and gaming equipment possessed by the facility manager on its gaming floor, in restricted areas off the gaming floor but within the gaming facility as approved by the commission under K.A.R. 112-104-26, and in storage locations in this state off the premises of the gaming facility as approved by the commission under K.A.R. 112-107-6. The list shall be titled as a master list of approved gaming machines.

(b) The master list of approved gaming machines shall contain the following information that, for those ~~EGMs~~ LFGs and the gaming equipment located on the gaming floor, shall be presented for each ~~EGM~~ LFG and gaming equipment in consecutive order by the ~~EGM~~ LFG or gaming equipment location number:

- (1) The date the list was prepared;
- (2) a description of each ~~EGM~~ LFG and all gaming equipment, using the following:
 - (A) Asset number and model and manufacturer's serial number;
 - (B) computer program number and version;
 - (C) denomination, if configured for multiple denominations, and a list of the denominations;
 - (D) manufacturer and machine type, noting cabinet type;

(E) if an EGM LFG, specification of whether the EGM LFG is a progressive or a wide-area progressive EGM LFG;

(F) an indication as to whether the EGM LFG or gaming equipment is configured to communicate with a cashless funds transfer system;

(G) an indication as to whether the EGM LFG or gaming equipment is configured to communicate with a gaming ticket system;

(H) designation of which specific surveillance video system cameras will be able to view that specific machine; and

(I) commission certificate number;

(3) for those EGMs LFGs or gaming equipment located off the gaming floor, an indication as to whether the EGM LFG or gaming equipment is in a restricted area off the gaming floor but within the gaming facility under K.A.R. 112-104-26 or is in a commission-approved storage location in this state off the premises of the gaming facility under K.A.R. 112-107-6; and

(4) any additional relevant information requested by the commission.

(c) If an EGM LFG or gaming equipment has been placed in an authorized location on the gaming floor or is stored in a restricted area off the gaming floor but within the gaming facility as approved by the commission under K.A.R. 112-104-26, then all subsequent movements of that EGM LFG or gaming equipment within the gaming facility shall be recorded by an EGM LFG department member in a machine movement log, which shall include the following:

- (1) The asset number and model and the manufacturer's serial number of the moved ~~EGM~~ LFG or gaming equipment;
 - (2) the date and time of movement;
 - (3) the location from which the ~~EGM~~ LFG or gaming equipment was moved;
 - (4) the location to which the ~~EGM~~ LFG or gaming equipment was moved;
 - (5) the date and time of any required notice to the Kansas lottery in connection with the activation or disabling of the ~~EGM~~ LFG in the central computer system;
 - (6) the signature of the ~~EGM~~ LFG shift manager and the commission's electronic gaming inspector verifying the movement of the ~~EGM~~ LFG or gaming equipment in compliance with this regulation; and
 - (7) any other relevant information the commission may require.
- (d) Before moving an ~~EGM~~ LFG or any gaming equipment that has been placed in an authorized location on the gaming floor, the facility manager shall remove the bill validator canister drop box and transport the drop box to the count room in accordance with the procedures in K.A.R. 112-104-18.
- (e) The facility manager shall daily submit documentation summarizing the movement of ~~EGMs~~ LFGs and gaming equipment within a gaming facility to the commission, in writing or in an electronic format approved by the commission.
- (f) On the first Tuesday of each month following the initial filing of a master list of approved gaming machines, a facility manager shall file with the commission, in

writing or in an electronic format approved by the commission, an updated master list of approved gaming machines containing the information required in subsection (b).

(g) Each gaming supplier and each regulatory or law enforcement agency that possesses ~~EGMs~~ LFGs shall file with the commission, in writing or in an electronic format approved by the commission, a complete list of the ~~EGMs~~ LFGs possessed by the entity. The list shall be titled as a master list of approved gaming machines and shall be filed within three business days of the initial receipt of the ~~EGMs~~ LFGs. Each list shall contain the following information:

- (1) The date on which the list was prepared; and
- (2) a description of each ~~EGM~~ LFG by the following:
 - (A) Model and manufacturer's serial number;
 - (B) manufacturer and machine type, noting cabinet type; and
 - (C) specification of whether the ~~EGM~~ LFG is a progressive or a wide-area progressive ~~EGM~~ LFG.

(h) On the first Tuesday of each month following the initial filing of a master list of approved gaming machines, those persons specified in subsection (f) shall file with the commission, in writing or in an electronic format approved by the commission, an updated master list of approved gaming machines containing the information required in subsection (g).

(i) In lieu of the master list of approved gaming machines the executive director may designate a computer system designed to meet the requirements of this regulation.

(Authorized by K.S.A. ~~2008~~ 2009 Supp. 74-8772; implementing K.S.A. ~~2008~~ 2009 Supp. 74-8750 and 74-8772; effective April 24, 2009; amended P-_____.)

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112-107-21. Progressive ~~EGMs~~ LFGs. (a) Each progressive ~~EGM~~ LFG shall meet the requirements of article 110.

(b) Each facility manager seeking to utilize a linked ~~EGM~~ LFG shall submit the location and manner of installing any progressive meter display mechanism to the executive director for approval.

(c) An ~~EGM~~ LFG that offers a progressive jackpot shall not be placed on the gaming floor until the executive director has approved the following:

(1) The initial and reset amounts at which the progressive meter or meters will be set;

(2) the proposed system for controlling the keys and applicable logical access controls to the ~~EGMs~~ LFGs;

(3) the proposed rate of progression for each progressive jackpot;

(4) the proposed limit for the progressive jackpot, if any; and

(5) the calculated probability of winning each progressive jackpot. The probability shall not exceed 50 million to one.

(d) Progressive meters shall not be turned back to a lesser amount unless one of the following occurs:

(1) The amount indicated has been actually paid to a winning patron.

(2) The progressive jackpot amount won by the patron has been recorded in accordance with a system of internal controls approved under K.A.R. 112-104-1.

(3) The progressive jackpot has, upon executive director approval, been transferred to another progressive ~~EGM~~ LFG or wide-area progressive system in accordance with this article.

(4) The change is necessitated by an ~~EGM~~ LFG or meter malfunction. For progressive jackpots governed by subsection (a), an explanation for the malfunction shall be entered on the progressive electronic gaming summary required by this article, and the commission shall be notified of the resetting in writing.

(e) Once an amount appears on a progressive meter, the probability of hitting the combination that will award the progressive jackpot shall not be decreased unless the progressive jackpot has been won by a patron or the progressive jackpot has been transferred to another progressive ~~EGM~~ LFG or wide-area progressive system or removed in accordance with subsection (g).

(f) If an ~~EGM~~ LFG has a progressive meter with digital limitations on the meter, the facility manager shall set a limit on the progressive jackpot, which shall not exceed the display capability of the progressive meter.

(g) Any facility manager may limit, transfer, or terminate a progressive jackpot offered on a gaming floor only under any of the following:

(1) A facility manager may establish a payout limit for a progressive jackpot if the payout limit is greater than the payout amount that is displayed to the patron on the progressive jackpot meter. The facility manager shall provide notice to the commission

of the imposition or modification of a payout limit on a progressive meter concurrent with the setting of the payout limit.

(2) A facility manager may terminate a progressive jackpot concurrent with the winning of the progressive jackpot if its EGM LFG program or progressive controller was configured before the winning of the progressive jackpot to establish a fixed reset amount with no progressive increment.

(3) A facility manager may permanently remove one or more linked EGMs LFGs from a gaming floor if both of the following conditions are met:

(A) If the EGM LFG is part of a wide-area progressive system offered at multiple facilities, the facility manager retains at least one linked EGM LFG offering the same progressive jackpot on its gaming floor.

(B) If the progressive jackpot is only offered in a single gaming facility, at least two linked EGMs LFGs offering the same progressive jackpot remain on the gaming floor.

(4) Any facility manager may transfer a progressive jackpot amount on a stand-alone EGM LFG or the common progressive jackpot on an entire link of EGMs LFGs with a common progressive meter, including a wide-area progressive system, from a gaming floor. The facility manager shall give notice of its intent to transfer the progressive jackpot to the commission at least 30 days before the anticipated transfer and shall conspicuously display the facility manager's intent to transfer the progressive

jackpot on the front of each EGM LFG for at least 30 days. To be eligible for transfer, the progressive jackpot shall meet the following conditions:

(A) Be transferred in its entirety; and

(B) be transferred to one of the following:

(i) The progressive meter for an EGM LFG or wide-area progressive system with the same or greater probability of winning the progressive jackpot, the same or lower wager requirement to be eligible to win the progressive jackpot, and the same type of progressive jackpot. However, if no other EGM LFG or wide-area progressive system meets all of these qualifications, a transfer of the jackpot to the progressive meter of the most similar EGM LFG or wide-area progressive system available may be authorized by the executive director; or

(ii) the progressive meters of two separate EGMs LFGs or wide-area progressive systems if each EGM LFG or wide-area progressive system to which the jackpot is transferred individually satisfies the requirements of paragraph (g)(4)(B)(i).

(5) Any facility manager may immediately and permanently remove a progressive jackpot on a stand-alone progressive EGM LFG, the common progressive jackpot on an entire link of EGMs LFGs with a common progressive meter, or an entire wide-area progressive system from a gaming floor if notice of intent to remove the progressive jackpot meets the following requirements:

(A) Is conspicuously displayed on the front of each EGM LFG for at least 30 days; and

(B) is provided in writing to the commission at least 30 days before the removal of the progressive jackpot.

(h) The amount indicated on the progressive meter or meters and coin-in meter on each EGM LFG governed by subsection (a) shall be recorded by the facility manager's accounting department or EGM LFG department on a progressive electronic gaming summary report at least once every seven calendar days. Each report shall be signed by the preparer. If not prepared by the accounting department, the progressive electronic gaming summary report shall be forwarded to the accounting department by the end of the gaming day on which it is prepared. An employee of the accounting department shall be responsible for calculating the correct amount that should appear on a progressive meter. If an adjustment to the progressive meters is necessary, the adjustment shall be made by a member of the EGM LFG department authorized by the progressive gaming supplier to make progressive meter adjustments as follows:

(1) Supporting documentation shall be maintained to explain any addition or reduction in the registered amount on the progressive meter. The documentation shall include the date, the asset number of the EGM LFG, the amount of the adjustment, and the signatures of the accounting department member requesting the adjustment and the EGM LFG department member making the adjustment; and

(2) the adjustment shall be effectuated within 48 hours of the meter reading.

(i) Except as otherwise authorized by this regulation, each EGM LFG offering a progressive jackpot that is removed from the gaming floor shall be returned to or replaced

on the gaming floor within five gaming days. The amount on the progressive meter or meters on the returned or replacement ~~EGM LFG~~ shall not be less than the amount on the progressive meter or meters at the time of removal. If an ~~EGM LFG~~ offering a progressive jackpot is not returned or replaced, any progressive meter amount at the time of removal shall, within five days of the ~~EGM's LFG's~~ removal, be added to an ~~EGM LFG~~ offering a progressive jackpot approved by the executive director. The ~~EGM LFG~~ shall offer the same or greater probability of winning the progressive jackpot and shall require the same or lower denomination of currency to play that was in use on the ~~EGM LFG~~ that was removed. This subsection shall not apply to the temporary removal by a facility manager, for a period not to exceed 30 days, of all linked ~~EGMs LFGs~~ that are part of a particular wide-area progressive system if the progressive jackpot offered by the temporarily removed ~~EGMs LFGs~~ remains available on ~~EGMs LFGs~~ that are part of the same wide-area progressive system in another gaming facility.

(j) If an ~~EGM LFG~~ is located adjacent to an ~~EGM LFG~~ offering a progressive jackpot, the facility manager shall conspicuously display on the ~~EGM LFG~~ a notice advising patrons that the ~~EGM LFG~~ is not participating in the progressive jackpot of the adjacent ~~EGM LFG~~. (Authorized by K.S.A. ~~2007~~ 2009 Supp. 74-8772; implementing K.S.A. ~~2007~~ 2009 Supp. 74-8750 and 74-8772; effective April 24, 2009; amended P-_____.)

112-107-22. Wide-area progressive systems. (a) Two or more facility managers may operate linked progressive ~~EGMs~~ LFGs that are interconnected between two or more participating gaming facilities, with the prior written approval of the commission and the Kansas lottery as required under subsection (c). The ~~EGMs~~ LFGs participating in the link shall be collectively referred to as a wide-area progressive system.

(b) Each wide-area progressive system shall at all times be installed and operated in accordance with relevant requirements of the act, this article, and article 110.

(c) Each wide-area progressive system shall be operated and administered by participating facility managers in accordance with the terms and conditions of a written agreement executed by the participating facility managers. The agreement shall be referred to as an electronic gaming system agreement. Each electronic gaming system agreement shall be submitted in writing and approved by the commission and the Kansas lottery before implementation and shall meet the requirements of the act, this article, and article 110.

(d) Any facility manager participating in an electronic gaming system agreement may delegate, in whole or in part, the management and administration of a wide-area progressive system to a gaming supplier if the electronic gaming system agreement is executed by the gaming supplier and the terms of the agreement are approved by the commission and the Kansas lottery. The persons designated in an electronic gaming system agreement as being responsible for the management and administration of a wide-area progressive system shall be referred to as the wide-area progressive system operator.

(e) An agreement between a gaming supplier and a facility manager under which a gaming supplier sells, leases, or services a wide-area progressive system shall not constitute an electronic gaming service agreement, unless the agreement also covers the management and administration of the wide-area progressive system.

(f) Each electronic gaming system agreement providing for the management and administration of a wide-area progressive system shall identify and describe with specificity the duties, responsibilities, and authority of each participating facility manager and each electronic gaming system operator, including the following:

(1) Details with regard to the terms of compensation for the electronic gaming system operator. The agreement shall address to what extent, if any, the electronic gaming system operator is receiving compensation based, directly or indirectly, on an interest, percentage, or share of a facility manager's revenue, profits, or earnings from the management of the wide-area progressive system;

(2) responsibility for the funding and payment of all jackpots and fees associated with the management of the wide-area progressive system;

(3) control and operation of the computer monitoring room required under subsection (1);

(4) a description of the process by which significant decisions with regard to the management of the wide-area progressive system are approved and implemented by the participating facility managers and electronic gaming system operator;

(5) when applicable, terms satisfactory to the commission with regard to apportionment of responsibility for establishing and servicing any trust agreement associated with any annuity jackpot offered by the wide-area progressive system;

(6) responsibility for generating, filing, and maintaining the records and reports required under the act, this part, and article 110; and

(7) any other relevant requirements of the commission, including those required to comply with the technical standards on wide-area progressive systems adopted by the commission under article 110.

(g) An electronic gaming system agreement submitted to the commission for approval shall be accompanied by a proposed system of internal controls addressing the following:

(1) Transactions directly or indirectly relating to the payment of progressive jackpots, including the establishment, adjustment, transfer, or removal of a progressive jackpot amount and the payment of any associated fees; and

(2) the name, employer, position, and gaming license status of any person involved in the operation and control of the wide-area progressive system.

(h) The information identified in paragraph (g)(2) shall be reviewed by the executive director to determine, based on an analysis of specific duties and responsibilities, which persons shall be licensed. The electronic gaming system manager shall be advised of the executive director's findings. Each participating facility manager

and any participating gaming supplier shall comply with the commission's licensing instructions.

(i) An electronic gaming system manager shall not commence operation and administration of a wide-area progressive system pursuant to the terms of an electronic gaming system agreement until the agreement and the internal controls required under subsection (g) have been approved in writing by the commission and any licensing requirements under subsection (h) have been met.

(j) If an electronic gaming system agreement involves payment to a gaming supplier functioning as a electronic gaming system operator, of an interest, percentage, or share of a facility manager's revenue, profits, or earnings from the operation of a wide-area progressive system, the electronic gaming system agreement may be approved by the commission only if it determines that the total amounts paid to the gaming supplier under the terms of the agreement are commercially reasonable for the managerial and administrative services provided. Nothing in this regulation shall limit the commission's consideration of the electronic gaming system agreement to its revenue-sharing provisions.

(k) Each wide-area progressive system shall be controlled from a computer monitoring room. The computer monitoring room shall meet the following requirements:

(1) Be under the sole possession and control of employees of the wide-area progressive system manager designated in the electronic gaming system agreement for that system. The employees of the wide-area progressive system manager may be

required to obtain a license or permit if the executive director determines, after a review of the work being performed, that the employees require a license or permit for the protection of the integrity of gaming;

(2) have its monitoring equipment subjected to surveillance coverage either by the surveillance system of a facility manager participating in the electronic gaming system agreement or by a dedicated surveillance system maintained by the wide-area progressive system manager. The surveillance plan shall be approved by the executive director;

(3) be accessible only through a locked door. The door shall be alarmed in a manner that audibly signals the surveillance monitoring room for the surveillance system elected under paragraph (1)(2); and

(4) have a computer monitoring room entry log. The log shall meet the following requirements:

(A) Be kept in the computer monitoring room;

(B) be maintained in a book with bound, numbered pages that cannot be readily removed or an electronic log approved by the executive director; and

(C) be signed by each person entering the computer monitoring room who is not an employee of the wide-area progressive system manager employed in the computer monitoring room on that person's assigned shift. Each entry shall contain the following information:

(i) The date and time of entering and exiting the room;

(ii) the name, department, or license number of the person entering and exiting the room and of the person authorizing the entry; and

(iii) the reason for entering the computer monitoring room.

(l) In evaluating a proposed location for a computer monitoring room, the following factors may be considered by the executive director:

(1) The level of physical and system security offered by the proposed location; and

(2) the accessibility of the location to the commission's audit, law enforcement, and technical staff. (Authorized by K.S.A. ~~2007~~ 2009 Supp. 74-8772; implementing K.S.A. ~~2007~~ 2009 Supp. 74-8750 and 74-8772; effective April 24, 2009; amended P-_____.)

112-108-18. Tournament chips and tournaments. (a) “Tournament chip” shall mean a chip or chiplike object issued by a facility manager for use in tournaments at the facility manager’s gaming facility.

(b) Tournament chips shall be designed, manufactured, approved, and used in accordance with the provisions of this article applicable to chips, except as follows:

(1) Tournament chips shall be of a shape and size and have any other specifications necessary to make the chips distinguishable from other chips used at the gaming facility.

(2) Each side of each tournament chip shall conspicuously bear the inscription “No Cash Value.”

(3) Tournament chips shall not be used, and facility managers shall not permit their use, in transactions other than the tournaments for which the chips are issued.

(c) As used in this regulation, entry fees shall be defined as the total amount paid by a person or on a person’s behalf for participation in a tournament. A tournament shall mean a contest offered and sponsored by a facility manager in which patrons may be assessed an entry fee or be required to meet some other criteria to compete against one another in a gambling game or series of gambling games in which winning patrons receive a portion or all of the entry fees, if any. These entry fees may be increased with cash or noncash prizes from the facility manager. Facility managers may conduct tournaments if all of the following requirements are met:

- (1) The facility manager shall notify the executive director of the planned tournament at least 30 calendar days before the first day of the event.
- (2) The facility manager shall not conduct the tournament unless approved by the executive director.
- (3) The facility manager shall conduct the tournament in compliance with all applicable rules, regulations, and laws.
- (4) The facility manager shall maintain written, dated rules governing the event and the rules shall be immediately available to the public and the commission upon request. Tournament rules shall, at a minimum, include the following:
 - (A) The date, time, and type of tournament to be held;
 - (B) the amount of the entry fee, if any;
 - (C) the minimum and maximum number of participants;
 - (D) a description of the tournament structure, including number of rounds, time period, players per table, and criteria for determining winners;
 - (E) the prize structure, including amounts or percentages, or both, for prize levels; and
 - (F) procedures for the timely notification of entrants and the commission and the refunding of entry fees in the event of cancellation.
- (5) No false or misleading statements, written or oral, shall be made by a facility manager or its employees or agents regarding any aspect of the tournament, and all prizes

offered in the tournament shall be awarded according to the facility manager's rules governing the event.

(6) The facility manager's accounting department shall keep a complete record of the rules of the event and all amendments to the rules, including criteria for entry and winning, names of all entrants, all prizes awarded, and prize winners, for at least two years from the last date of the tournament. This record shall be made readily available to the commission upon request.

(7) Entry fees shall accumulate to adjusted gross gaming receipts. ~~Entry fees shall be considered as buy-in except when paid with chips or a ticket.~~

(8) Cash and noncash winnings paid in a tournament shall be deductible from adjusted gross gaming revenue, but any such deduction shall not exceed the total entry fees received for the tournament and noncash winnings shall be deductible only to the dollar value of the amount actually invoiced to and paid by the facility manager.

(9) Upon the completion of the tournament, documentation of entrants' names, names of prize winners and amounts won, and tax-reporting information shall be submitted to the commission.

(10) The facility manager shall designate in its internal control system an employee position acceptable to the commission that shall be responsible for ensuring adherence to the requirements in this regulation. (Authorized by and implementing K.S.A. 2008 2009 Supp. 74-8772; effective Jan. 8, 2010; amended P-_____.)

112-110-3. Central computer system security. (a) Each CCS's database shall contain EGM LFG data for at least the prior 24 months. Older data shall also be available from archives for at least seven years. The CCS's vendor shall provide archived data within 24 hours of a request for the data from the Kansas lottery or the commission.

(b) Each CCS shall be capable of the following:

(1) Receiving and retaining a record of events that affect security, including all door openings, stacker access, and signature failure;

(2) receiving and retaining a record of events that affect the EGM LFG state, including power on, power off, and various faults and hardware failures;

(3) receiving and retaining a record of events that affect EGM LFG integrity, including random access memory (RAM) corruption and RAM clear;

(4) receiving and retaining a record of events that affect the status of communication between all components including the EGM LFG, including loss of communication;

(5) reporting of all events specified in this article;

(6) receiving and retaining a record of any other events as specified in writing by the Kansas lottery or the commission; and

(7) automatic reporting of faults that require a manual reactivation of the EGM LFG. These faults shall include the following:

(A) Logic area cabinet access;

(B) EGM LFG RAM reset;

- (C) catastrophic software corruption;
- (D) unrecoverable hardware faults; and
- (E) a failed signature check.

(c)(1) A record of each of the events specified in subsection (b) shall be stored at the central point of the CCS on a hard drive in one or more files of an approved structure.

(2) The record of each stored event shall be marked by a date and time stamp.

(3) Each event shall be detected and recorded to the database and posted to a line printer or terminal monitor within 10 seconds of the occurrence.

(d) Each CCS shall meet the following security requirements:

(1) The ability to deny access to specific databases upon an access attempt, by employing passwords and other system security features. Levels of security and password assignment for all users shall be solely the function of the Kansas lottery;

(2) the ability to allow multiple security-access levels to control and restrict different classes of access to the system;

(3) password sign-on with two level codes comprising the personal identification code and a special password;

(4) system access accounts that are unique to the authorized personnel;

(5) the storage of passwords in an encrypted, nonreversible form;

(6) the requirement that each password be at least 10 characters in length and include at least one nonalphabetic character;

(7) password changes every 30 days;

(8) prevention of a password from being used if the password has been used as any of the previous 10 passwords;

(9) the requirement that the CCS lock a user's access upon three failed attempted log-ins and send a security alert to a line printer or terminal monitor;

(10) the requirement that connectivity to any gaming system from a remote, non-gaming terminal be approved by the ~~Kansas lottery and the commission~~ executive director and reported to the Kansas Lottery, in accordance with K.A.R. 112-107-31.

Remote connections shall employ security mechanisms including modems with dial-back, modems with on-off keylocks, message encryption, logging of sessions, and firewall protection;

(11) the ability to provide a list of all registered users on the CCS, including each user's privilege level;

(12) the requirement that approved software and procedures for virus protection and detection, if appropriate, be used;

(13) the requirement that only programs, data files, and operating system files approved by the Kansas lottery and the commission reside on hard drive or in the memory of the CCS computers;

(14) the requirement that nonroutine access alerts and alarm events be logged and archived for future retrieval;

(15) the requirement that software signatures be calculated on all devices at all facilities and the signatures be validated by devices on the CCS network. These devices

shall include gaming equipment, location controllers, and cashier stations. These devices shall exclude non-gaming devices, including dumb terminals;

- (16) audit trail functions that are designed to track system changes;
- (17) time and date stamping of audit trail entries;
- (18) capability of controlling data corruption that can be created by multiple log-ons;
- (19) the requirement that the gaming software be maintained under an approved software change control system;
- (20) the ability to send an alert to any terminal monitor and line printer for any security event that is generated at an EGM LFG or in the system. The system shall allow the system administrator to determine which events should be posted. The events shall be filtered by location;
- (21) equipment with a continuous power supply;
- (22) the capability of on-line data redundancy if a hard disk peripheral fails during operation; and
- (23) provision of a secure way through a graphic user interface for an auditor to make adjustments to the system. (Authorized by and implementing K.S.A. ~~2007~~ 2009 Supp. 74-8772; effective May 1, 2009; amended P-_____.)

112-112-3. Responsible ~~gaming~~ gambling plan. (a) Each applicant for a facility manager certificate shall submit a responsible ~~gaming~~ gambling plan to the commission with its initial application or at least 90 days before opening a racetrack gaming facility. The responsible ~~gaming~~ gambling plan shall not be inconsistent with any facility manager's contractual obligation with the Kansas lottery. A responsible ~~gaming~~ gambling plan shall be approved by the commission before the commission issues or renews a certificate. Each plan shall include the following:

(1) The goals of the plan and the procedures and deadlines for implementation of the plan;

(2) the identification of the individual at each applicant or facility manager location who will be responsible for the implementation and maintenance of the plan;

(3) procedures for maintaining the confidentiality of the information regarding the persons on the self-exclusion list, as specified in K.A.R. 112-112-7;

(4) procedures for informing patrons about self-transaction exclusion programs;

(5) procedures for compliance with the commission's self-exclusion program;

(6) procedures for creating and disseminating promotional material to educate patrons about problem gambling and to inform patrons about treatment services available.

The applicant or facility manager shall provide examples of the material to be used as part of its promotional materials, including signs, brochures, and other media, and a description of how the material will be disseminated;

(7) details of the training about responsible ~~gaming~~ gambling for the applicant's or facility manager's employees;

(8) the duties and responsibilities of the employees designated to implement or participate in the plan;

(9) procedures to prevent underage gambling;

(10) procedures to prevent patrons impaired by drugs or alcohol, or both, from gambling;

(11) an estimation of the cost of development, implementation, and administration of the plan; and

(12) any other policies and procedures to prevent problem gambling and encourage responsible gambling.

(b) Each applicant or facility manager shall submit any amendments to the responsible ~~gaming~~ gambling plan to the commission for review and approval before implementing the amendments. Each facility manager shall report to the commission semiannually on the status and success of the responsible ~~gaming~~ gambling plan.

(Authorized by K.S.A. ~~2007~~ 2009 Supp. 74-8772 and K.S.A. 74-8804; implementing K.S.A. ~~2007~~ 2009 Supp. 74-8772 and K.S.A. 74-8825; effective Sept. 26, 2008; amended P-_____.)

112-112-7. Confidentiality of the self-exclusion list. (a)(1) As part of the responsible ~~gaming~~ gambling plan required by K.A.R. 112-112-3(a), each facility manager or applicant for a facility manager certificate shall submit to the commission a plan for maintaining the confidentiality of the information regarding the persons on the self-exclusion list. The plan shall reasonably safeguard the confidentiality of the information but shall include dissemination of the information to at least the general manager, facility management, and all security and surveillance personnel. Each plan shall be submitted to the commission for approval.

(2) All information disclosed to any facility manager regarding anyone placed on the self-exclusion list shall be deemed a closed record pursuant to K.S.A. 45-221(a)(30) and amendments thereto. However, the information may be disclosed as authorized by the individual seeking placement on the list, by law, and through the provisions in this article.

(b) Any facility manager may disclose the information contained in the application to the facility manager's affiliates, employees, or agents to the extent necessary under this article.

(c) All information associated with the self-exclusion list, including the identities of individuals who have placed themselves on the list and any personal information about those individuals, shall be considered a closed record under the Kansas open records act pursuant to K.S.A. 45-221(a)(30) and amendments thereto.

(d) For administrative, disciplinary, or penalty proceedings regarding any alleged infraction by an individual on the self-exclusion list, the individual who is on the self-exclusion list shall not be named. An alternate means of identification shall be used to keep that individual's identity confidential. (Authorized by K.S.A. 2007 Supp. 74-8772 and K.S.A. 74-8804; implementing K.S.A. 2007 Supp. 74-8772 and K.S.A. 74-8825; effective Sept. 26, 2008; amended-P _____.)

DRAFT 06-29-10



FY 2010 – Year End Budget Report

August 6, 2010

Fiscal Year 2010 saw the end of on-going racing activities and the beginning operations of a new gaming facility, bringing a flurry of activity for the KRGC. FY 2010 will become a “benchmark” year for measuring the operations of the agency without racing and for predicting the activities and expenses associated with the opening of a new gaming facility.

Some of the highlights from FY 2010 are:

- At the end of FY 2010, KRGC expenditures were under the total budget by approximately \$925,000 or 18.2 percent.
- The majority of the agency’s budget savings were in the Expanded Lottery Regulation Fund (also referred to as the Gaming Fund) with total expenditures of almost \$750,000 (or 18.1 percent) below the budgeted level.
- Gaming Fund savings resulted from several actions, including not filling vacant or anticipated positions (\$253,000), holding down expenditures in the Review Board process (\$152,000), and not making earlier planned interest payments during the year (\$116,000).
- Total Gaming Fund expenditures for FY 2010 were \$3,379,075 an almost identical amount to FY 2009 expenditures of \$3,379,508.
- The agency spent \$65,000 less to support its Topeka operations in FY 2010 than it did in FY 2009, a reduction of 3.4 percent.
- The agency spent approximately \$45,000 (8.0 percent) less than anticipated for activities associated directly with the regulation of Boot Hill Casino and Resort.
- The KRGC is refunding a total of \$114,715 of unused funds to Lottery Gaming Review Board applicants for FY 2010.
- The actual savings in the Gaming Fund is understated by \$146,000 because of background investigation expenses that occurred in the fund for FY 2010 that were planned to occur in the newly created Gaming Background Investigations Fund. Because of delays in the 2010 Legislative Session, the fund was not created in time to move those expenses to the appropriate fund. For FY 2011, those expenses will occur in the new fund.

Kansas Racing and Gaming Commission
 Budgeted vs. Actual Expenditures from All Sources
 FY 2010

	FY 2010 Budget	FY 2010 Actual	<i>Difference</i>	<i>Percent Change</i>
<u>Parimutuel Funds</u>				
2296 - Horse Fair Racing Benefit Fund	13,375	13,375	-	--
2516 - Kansas Horse Breeding Development Fund	96,263	63,510	(32,753)	(34.0) %
2546 - Live Horse Racing Purse Supplement Fund	-	-	-	--
2557 - Live Greyhound Racing Purse Supplement Fund	-	-	-	--
2561 - Greyhound Promotion & Development Fund	39,434	-	(39,434)	(100.0) %
2570 - Racing Investigative Expense Fund	-	-	-	--
2601 - Kansas Greyhound Breeding Development Fund	-	-	-	--
2616 - Racing Reimbursable Expense Fund Summary	-	-	-	--
5131 - State Racing Fund	111,388	116,737	5,349	4.8 %
Subtotal	<u>260,460</u>	<u>193,622</u>	<u>(66,838)</u>	<u>(25.7) %</u>
<u>Gaming Funds</u>				
2459 - Training Fee Fund	-	-	-	--
2535 - Expanded Lottery Regulation Fund	4,126,588	3,379,075	(747,513)	(18.1) %
2682 - Gaming Background Investigations Fund	191,104	-	(191,104)	(100.0) %
2998 - Gaming Machine Examination Fund	500,000	579,446	79,446	15.9 %
2999 - Illegal Gaming Enforcement Fund*	-	-	-	--
Subtotal	<u>4,817,692</u>	<u>3,958,521</u>	<u>(859,171)</u>	<u>(17.8) %</u>
Total Expenses	<u>5,078,152</u>	<u>4,152,143</u>	<u>(926,009)</u>	<u>(18.2) %</u>

* New Fund

Kansas Racing and Gaming Commission

Fund Status Summary

FY 2010

	FY 2009 Ending Balance	FY 2010 Revenues	FY 2010 Expend	FY 2010 Ending Balance
Parimutuel Funds				
2296 - Horse Fair Racing Benefit Fund	\$ 13,376	\$ -	\$ (13,375)	\$ 1
2516 - Kansas Horse Breeding Development Fund	101,919	13,503	(63,510)	51,913
2546 - Live Horse Racing Purse Supplement Fund	-	-	-	-
2557 - Live Greyhound Racing Purse Supplement Fund	-	-	-	-
2561 - Greyhound Promotion & Development Fund	39,434	247	-	39,681
2570 - Racing Investigative Expense Fund	19,774	-	-	19,774
2601 - Kansas Greyhound Breeding Development Fund	86,922	90	-	87,012
2616 - Racing Reimbursable Expense Fund Summary	11,422	50	-	11,472
5131 - State Racing Fund	151,510	34,092	(116,737)	68,866
Subtotal	\$ 424,357	\$ 47,983	\$ (193,622)	\$ 278,718
Gaming Funds				
2459 - Training Fee Fund	\$ -	\$ -	\$ -	\$ -
2535 - Expanded Lottery Regulation Fund	1,303,694	4,380,118	(3,379,075)	2,304,737
2682 - Gaming Background Investigations Fund	-	288,758	-	288,758
2998 - Gaming Machine Examination Fund	-	731,311	(579,446)	151,865
2999 - Illegal Gaming Enforcement Fund*	-	-	-	-
Subtotal	\$ 1,303,694	\$ 5,400,187	\$ (3,958,521)	\$ 2,745,360
Total Funds	\$ 1,728,051	\$ 5,448,169	\$ (4,152,143)	\$ 3,024,078

* New Fund

Kansas Racing and Gaming Commission

Expanded Lottery Regulation Fund - Summary of Expenditures by Subprogram

FY 2010

Expanded Lottery Regulation Fund

	FY 2010 Actual	FY 2010 Budget	<i>Difference</i>	Percent <i>Change</i>
Salaries				
Topeka	\$ 1,426,740	\$ 1,857,288	\$ (430,548)	(30.2) %
LGFRB	289,098	272,530	16,568	5.7 %
Wyandotte	16,466	-	16,466	100.0 %
Ford	429,809	395,209	34,600	8.0 %
Background invest.	109,971	-	109,971	100.0 %
Total Salaries	\$ 2,272,084	\$ 2,525,027	\$ (252,943)	(11.1) %
Contractual Services				
Topeka	\$ 313,347	\$ 393,500	\$ (80,153)	(25.6) %
LGFRB	534,554	703,075	(168,521)	(31.5) %
Wyandotte	9,926	20,320	(10,394)	(104.7) %
Sumner	-	20,320	(20,320)	--
Ford	97,025	164,041	(67,017)	(69.1) %
Background Invest.	35,184	-	35,184	100.0 %
Total Contractual	\$ 990,035	\$ 1,301,256	\$ (311,221)	(31.4) %
Commodities				
Topeka	\$ 21,425	\$ 45,600	\$ (24,175)	(112.8) %
LGFRB	1,455	1,900	(445)	(30.6) %
Wyandotte	75	-	75	100.0 %
Ford	17,127	14,400	2,727	15.9 %
Background Invest.	873	-	873	100.0 %
Total Commodities	\$ 40,955	\$ 61,900	\$ (20,945)	(51.1) %
Capital Outlay				
Topeka	\$ 58,841	\$ 89,400	\$ (30,559)	(51.9) %
Ford	17,161	32,450	(15,289)	(89.1) %
Background Invest.	-	-	-	--
Total Capital Outlay	\$ 76,002	\$ 121,850	\$ (45,848)	(60.3) %
Subtotal Operating	\$ 3,379,075	\$ 4,010,033	\$ (630,958)	(18.7) %
Debt Service				
Topeka	\$ -	\$ 116,555	\$ (116,555)	--
Total Expenditures	\$ 3,379,075	\$ 4,126,588	\$ (747,512)	(22.1) %
Total By Subprogram				
Topeka	\$ 1,820,352	\$ 2,502,343	\$ (681,990)	(37.5) %
LGFRB	825,106	977,505	(152,399)	(18.5) %
Wyandotte	26,467	20,320	6,147	23.2 %
Sumner	-	20,320	(20,320)	--
Ford	561,121	606,100	(44,979)	(8.0) %
Background Invest.	146,029	-	146,029	100.0 %
Total	\$ 3,379,075	\$ 4,126,588	\$ (747,512)	(22.1) %

Kansas Racing and Gaming Commission

Expanded Lottery Regulation Fund - Comparison of Actual Expenditures

FY 2009 & FY 2010

Expanded Lottery Regulation Fund

	FY 2009 Actual	FY 2010 Actual	Difference	Percent Change
Salaries				
Topeka	\$ 1,566,167	\$ 1,426,740	\$ (139,427)	(8.9) %
LGFRB	283,759	289,098	5,339	1.9 %
Wyandotte	21,354	16,466	(4,888)	(22.9) %
Sumner	25,928	-	(25,928)	(100.0) %
Ford	26,410	429,809	403,398	1527.4 %
Background invest.	80,517	109,971	29,455	36.6 %
Total Salaries	\$ 2,004,135	\$ 2,272,084	\$ 267,949	13.4 %
Contractual Services				
Topeka	\$ 299,661	\$ 313,347	\$ 13,686	4.6 %
LGFRB	994,908	534,554	(460,354)	(46.3) %
Wyandotte	8,336	9,926	1,590	19.1 %
Sumner	11,220	-	(11,220)	(100.0) %
Ford	4,916	97,025	92,109	1873.7 %
Background Invest.	32,821	35,184	2,363	7.2 %
Total Contractual	\$ 1,351,861	\$ 990,035	\$ (361,826)	(26.8) %
Commodities				
Topeka	\$ 15,446	\$ 21,425	\$ 5,979	38.7 %
LGFRB	3,997	1,455	(2,542)	(63.6) %
Wyandotte	-	75	75	--
Ford	-	17,127	17,127	--
Background Invest.	-	873	873	--
Total Commodities	\$ 19,443	\$ 40,955	\$ 21,511	110.6 %
Capital Outlay				
Topeka	\$ 4,069	\$ 58,841	\$ 54,772	1346.2 %
Ford	-	17,161	17,161	--
Total Capital Outlay	\$ 4,069	\$ 76,002	\$ 71,933	1768.0 %
Total Expenditures	\$ 3,379,508	\$ 3,379,075	\$ (433)	(0.0) %
Total By Subprogram				
Topeka	\$ 1,885,343	\$ 1,820,352	\$ (64,990)	(3.4) %
LGFRB	1,282,664	825,106	(457,557)	(35.7) %
Wyandotte	29,690	26,467	(3,223)	(10.9) %
Sumner	37,148	-	(37,148)	(100.0) %
Ford	31,326	561,121	529,795	1691.2 %
Background Invest.	113,338	146,029	32,691	28.8 %
Total Expenditures	\$ 3,379,508	\$ 3,379,075	\$ (433)	(0.0) %

August 2010 - July 2011

Kansas Racing and Gaming Commission Planner

Aug 2010						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

AUGUST

13 Commission Meeting

SEPTEMBER

10 Commission Meeting (rescheduled from September 17)

OCTOBER

13 Commission Meeting (rescheduled from October 15)

NOVEMBER

12 Commission Meeting

DECEMBER

17 Commission Meeting

JANUARY

14 Commission Meeting (tentative)

FEBRUARY

11 Commission Meeting (tentative)

MARCH

11 Commission Meeting (tentative)

APRIL

15 Commission Meeting (tentative)

MAY

13 Commission Meeting (tentative)

JUNE

17 Commission Meeting (tentative)

JULY

15 Commission Meeting (tentative)

Feb 2011						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

Sep 2010						
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19	20	21	22	23	24	25
26	27	28	29	30		

Mar 2011						
S	M	T	W	T	F	S
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18	19	20	21	22	23	24
25	26	27	28	29	30	31

Oct 2010						
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31						

Apr 2011						
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30	31					

Nov 2010						
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20	21	22	23	24	25	26
27	28	29	30			

May 2011						
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29	30	31				

Dec 2010						
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Jun 2011						
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11	12	13	14	15	16	17
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25	26	27	28	29	30	

Jan 2011						
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23	24	25	26	27	28	29
30	31					

Jul 2011						
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16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					