

Kansas Racing and Gaming Commission



Richard Petersen-Klein
Executive Director

2012 Annual Report

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Executive Summary CY 2012

The Kansas Racing and Gaming Commission (KRGCC) is the agency responsible for the regulation of expanded gaming and pari-mutuel wagering in Kansas. The mission of the KRGCC is to protect the integrity of the gaming and racing industries through enforcement of Kansas laws and regulations. The KRGCC is committed to preserving the public's trust and confidence in the Kansas gaming experience. The Kansas Expanded Lottery Act (KELA) and the Kansas Parimutuel Racing Act are the enabling legislation for expanded gaming and pari-mutuel wagering respectively. Currently, the KRGCC's primary responsibilities are to ensure compliance with gaming laws and regulations, administer the responsible gambling Voluntary Exclusion Program, and assist in helping to protect the public from illegal gambling operations. The KRGCC administers two programs: 1) the Expanded Gaming Regulation Program that regulates lottery gaming facility managers that operate state-owned games and the vendors of gaming equipment and supplies utilized by the lottery gaming facility managers; and 2) the Racing Operations Program that regulates the greyhound and horse racing industries, which is currently inactive. The Tribal Gaming Regulation Program that oversees the tribal casino industry in the state is administered solely by the State Gaming Agency, which reports separately.

The Expanded Gaming Regulation Program is administered to ensure that lottery and racetrack gaming facility managers and related vendors conduct state-owned gaming with the highest level of integrity by complying with the rules and regulations promulgated by the KRGCC under KELA, as well as other applicable state and federal laws. Under KELA, the Kansas Lottery is authorized to own and operate casino-style games in four specific geographic zones, and to own and operate electronic gaming machines at pari-mutuel racetracks. The northeast gaming zone consists of Wyandotte County where the Hollywood Casino at the Kansas Speedway opened in February 2012; the south-central gaming zone consists of Sedgwick and Sumner counties where the Kansas Star Casino opened in December 2011; the southwest gaming zone consists of Ford County where the Boot Hill Casino and Resort opened in December 2009; and the southeast gaming zone consists of Crawford and Cherokee counties, which is currently available but where no potential lottery gaming facility manager has been approved.

The primary goals of the Racing Operation Program are to maintain the integrity of pari-mutuel wagering in Kansas and to protect the health, safety, and welfare of racing animals. Licensed racetrack activities in Kansas ceased operations in 2009. Since that time all pari-mutuel licenses have expired and no renewal applications have been filed. The KRGCC is governed by a Commission which consists of five members appointed by the Governor and confirmed by the Senate for four-year terms. The KRGCC meets monthly to address regulatory matters primarily related to casino-style gaming in Kansas. The members of the Commission consist of:



Jay Shadwick (Chair) from Overland Park, Kansas is an attorney with the law firm of Duggan, Shadwick, Doerr & Kurlbaum, P.C. where his practice consists primarily of real estate, banking, and business transactions. He received his B.S. in Secondary Education in 1984 at the University of Kansas and his law degree in 1987 at the University of Arkansas. Mr. Shadwick is licensed to practice law in Kansas and Missouri. Mr. Shadwick served as the Chairman of the Johnson County Republican Party from 1996 to 1998. He is a member of the board of directors of CrossFirst Holdings, LLC which owns CrossFirst Bank. He served on the Johnson County Airport Commission from 2002 to 2005, and remains active with political, community and non-profit activities and organizations. Mr. Shadwick is the founder of A More Civil Society (AMCS), an organization designed to promote civility in private and public life. The organization promotes a true civil society which depends on social and cultural change through the voluntary association of individuals and organizations instead of dependency on large government. Jay and his wife Dianne have three children, Mary, Graham and Blake. Mr. Shadwick was appointed to the Kansas Racing and Gaming Commission in March 2011 by Governor Sam Brownback (current term expires January 15, 2015).



Tim Shultz (Vice Chairman) from Topeka, Kansas is a partner in the Topeka law firm of Parker & Hay, LLP. During his career, he has practiced law in Dodge City, Manhattan and Topeka. His current practice includes business and corporate law, banking law, transactional law, insurance and professional liability defense litigation in the areas of lender liability, financial institution bonds, professional liability, UCC negotiable instruments law, employment and civil rights law, construction law, and general insurance defense and litigation. Mr. Shultz is admitted to practice in the state courts of Kansas and Nebraska, U.S. District Courts for the Districts of Kansas, Nebraska, the Eastern and Western Districts of Arkansas, the Western District of Missouri and the Tenth Circuit Court of Appeals. He has been admitted on a case-by-case basis to represent clients in numerous other states, including Illinois, Missouri, Mississippi, Texas, Colorado, Wyoming, and Minnesota, among others. Originally from Dodge City, Mr. Shultz graduated from Washburn University with a Bachelor of Arts Degree including a double major in History and Political Science and a minor in English Literature. While at Washburn, he was inducted into the Honorary History Society and was named an All-American Scholar. He received his Juris Doctor degree from Washburn University School of Law in 1993 and was admitted to the Kansas Bar the same year. After graduation, he practiced law in Dodge City, Manhattan and Topeka. He is a member of the Topeka Bar Association, Kansas Bar Association, American Bar Association, the Kansas Association of Defense Counsel and the Nebraska State Bar Association. Mr. Shultz was appointed to the Kansas Racing and Gaming Commission in March 2011 by Governor Sam Brownback (current term expired January 15, 2013).



Eileen King (Secretary) from Manhattan, Kansas is currently serving her 8th term as Riley County Treasurer. She received her Bachelors' ('80, cum laude) and Masters' ('82) degrees in Accounting from Kansas State University. While attending Graduate school, she taught Accounting at K-State. Upon graduation, she was employed by The McCall Pattern Company as their International Accountant. In 1984 she ran for Riley County Treasurer and has held that position since 1985. She is a native Kansan, born and raised in Riley County. After her husband's graduation from Kansas State University, they lived in 5 different states in 8 years before returning to Manhattan in 1977. Eileen is active in the State and National County Treasurers' Associations. She has served as President of the State County Treasurer's Association in 1997, 1998 and 2007. In 2013, she served as the President of the National Association of County Collectors, Treasurers and Finance Officers. She has been a mentor to many County Treasurers and received the Outstanding Kansas County Treasurer's Award in 2000. In 2011, she was awarded the National Outstanding Treasurer Award for her service to her Community, County, State and Nation. She has achieved the highest level of certifications available at the State and National level provided by University of Tennessee, University of Missouri at St Louis and Fort Hays State. She has served on numerous committees for the County, State and National organizations. Commissioner King was appointed to the Kansas Racing and Gaming Commission in June 2012 by Governor Sam Brownback. Eileen resides in Manhattan with her husband, Doug. They have two children, Sam and Sheryl and three grandchildren, Alex, Matt and Ryan. (current term expires January 15, 2016).



Dennis McKinney from Greensburg, Kansas, is a former State Treasurer and former State Representative to the Kansas House, is a farmer and stockman in Kiowa and Comanche counties. In May 1992, Mr. McKinney was appointed to the Kansas House of Representatives, District 116, in May 1992 and was re-elected for nine terms. The 116th District covers a large portion of south central Kansas. In the House, Dennis served as minority leader from January 2003 until December 2008. In November 2008, Governor Kathleen Sebelius appointed Mr. McKinney as Kansas State Treasurer, a position which he held until January 2011. Prior to serving in the Kansas Legislature, He served as a Kiowa County Commissioner from January 1989 through May 1992. Mr. McKinney was appointed to the Kansas Racing and Gaming Commission in March 2011 by Governor Sam Brownback. Dennis resides in Greensburg with his wife Jean. Jean and Dennis have two daughters: Kelly, an accountant in Ashland, Kansas and Lindy, a college student. (current term expires January 15, 2015).



David Moses from Wichita, Kansas, has been practicing law in Kansas since 1979. He is also admitted to practice before the U.S. Court of Appeals, 10th Circuit and U.S. Tax Court. A graduate of Washburn University School of Law in 1979, David serves as an Adjunct Assistant Professor at Wichita State University and is a frequent speaker at CLE programs on ethics, education and criminal law subjects. Prior to joining Case, Moses, Zimmerman & Martin, P.A., he served as Sedgwick County Assistant District Attorney from 1979-1984 and Sedgwick County District Attorney Chief Administrative Attorney from 1984-1990. Immediately before becoming a member of the firm, he was a partner at the Wichita law firm of Curfman, Harris, Rose & Smith, L.L.P. He served on the Board of Directors of the National Association of Consumer Agency Administrators from 1987-1990. He is an active member of the Wichita Bar Association where he was a member of the Board of Governors and serves on the Ethics, Unauthorized Practices, Criminal Law and Technology Committees. He is a member of the Kansas Bar Association where he served as chair of the Continuing Legal Education Committee for 3 years, is a member of the Ethics Committee and is a member of the Criminal Law Section, as well as past president of the section. He is a member of the American Bar Association as well as the American Association for Justice. David concentrates his practice in the areas of criminal law, business and consumer law, personal injury law, litigation, insurance defense, education and school law. Mr. Moses was appointed to the Kansas Racing and Gaming Commission in November 2012 by Governor Sam Brownback. (current term expires January 15, 2016).

Historical Overview

Expanded Gaming

In 2007, the Kansas Legislature passed the Kansas Expanded Lottery Act (KELA), establishing four commercial gaming zones in Kansas. The act also authorized the Kansas Lottery to negotiate with pari-mutuel facility operators for the placement of electronic gaming machines at racetracks in the gaming zones. The KRGC is responsible for regulating the operation of lottery and racetrack gaming facilities in Kansas under KELA.

The Lottery Gaming Facility Review Board (LGFRB) was created by KELA to review the applications forwarded from the Kansas Lottery to determine the “best possible contract” in the four gaming zones. Once the LGFRB awarded a contract to an operator, the KRGC conducted a background investigation on the selected operator to determine the eligibility of that operator to engage in gaming activities based upon the high standards established by KELA.

Between December 2007 and December 2010, the LGFRB held 39 days of public meetings and evaluated 13 facility management contract proposals for the four gaming zones established by KELA.

The LGFRB selected Butler National Service Corporation (BNSC), a wholly-owned subsidiary of Butler National Corporation, as the operator for the southwest gaming zone where BHCMC, LLC, a joint venture between BNSC and BHC Investment Company, L.C., operate the Boot Hill Casino and Resort in Dodge City, Kansas; Peninsula Gaming, LLC as the operator for the south-central gaming zone where Kansas Star Casino, LLC, a wholly owned entity of Peninsula Gaming, LLC, operates the Kansas Star Casino in Mulvane, Kansas; and Kansas Entertainment, LLC, a joint venture between the International Speedway Corporation and Penn National Gaming, Inc., as the operator in the northeast gaming zone where it operates the Hollywood Casino at the Kansas Speedway in Kansas City, Kansas. The application for a facility in the southeast gaming zone was withdrawn. The LGFRB was disbanded in 2011. If an application by a lottery gaming facility operator for the southeast gaming zone is submitted the LGFRB will be reconstituted.

Casino Regulation

KELA requires that the KRGC regulate state-owned and operated casino-style games at lottery and racetrack gaming facilities.

Boot Hill Casino and Resort in Dodge City, Kansas

In December 2009, the Boot Hill Casino & Resort began operations in Dodge City, Kansas. Boot Hill completed expansion activities in August 2012 and currently has 800 electronic gaming machines, 18 table games and 5 poker tables. The United Wireless Arena, a 6,000 seat arena and 10,000 sq. ft. convention center funded through local funds, opened in February 2011. The arena, although not owned or operated by Boot Hill, is located adjacent to the facility. A hotel that is also adjacent to the Boot Hill Casino facility is part of the lottery gaming enterprise and opened to the public March 15, 2012.

Kansas Star Casino in Mulvane, Kansas

The Kansas Star Casino in Mulvane began operations December 20, 2011 with limited hours in the arena casino while construction of the main casino facility continues. The arena casino began 24/7 operations in January 2012. In December 2012, Kansas Star opened its permanent facility and currently offers 1,825 electronic gaming machines, 45 table games and a poker room along with five restaurants. Kansas Star also opened a connecting hotel with 150 deluxe rooms in October of 2012. The final phase is expected to be completed in 2015 and include an additional 150 hotel rooms. The equestrian center is expected to open also in 2015 following conversion from the arena casino and the construction of other facilities.

Hollywood Casino at the Kansas Speedway, Kansas City, Kansas

The Hollywood Casino at the Kansas Speedway in Kansas City opened in February 2012. The facility currently offers 2,000 electronic gaming machines, 52 table games and a poker room along with five restaurants.

Pari-Mutuel Racing

In 1986, Kansas voters approved an amendment to the Kansas Constitution authorizing the Kansas Legislature to license, regulate, and tax pari-mutuel wagering. In 1987, the Kansas Legislature enacted the Kansas Parimutuel Racing Act. The provisions of this act apply to horse and greyhound racing. Racing conducted under the pari-mutuel system of wagering began in 1988 and continued until 2009, when the last county fair racing meet occurred at Anthony Downs. Since 2009 no legalized pari-mutuel wagering has occurred in Kansas.

In September 2008, the KRGC issued a notice of violation to each of the racetrack operators and non-profit organizations that they had failed to conduct the required number of live horse and/or greyhound races to maintain their respective licenses. Each of these notices required the licensee to cure the violation by a date certain in order to maintain their license or the license would be subject to revocation. In December 2008, the KRGC issued an Administrative Order extending the deadline 30 days after the Kansas legislative session adjournment sine die. The deadline was extended twice more in 2009 to expire 30 days following the final adjournment of the 2010 Kansas legislative session. Each extension by the KRGC was an effort to provide additional time for legislative changes making horse and dog racing more attractive to participants and encourage the continuation of pari-mutuel wagering. Legislative changes that were attempted failed to pass. In June 2010, the last of the extended deadlines to cure the failure to conduct the agreed upon number live horse and/or greyhound races expired and the licenses of all three racetracks and all three non-profit organizations were revoked.

KRGC Key Programs and Operational Divisions

The day-to-day operations of the agency are administered by an executive director and staff. Governor Brownback appointed Richard Petersen-Klein Executive Director of the Kansas Racing and Gaming Commission in April 2011.

Mr. Petersen-Klein is a certified public accountant and attorney with more than 30 years of financial and accounting experience, including 20 years in commercial banking. As a commercial banker he developed a working knowledge of the gaming industry in Arizona, Nevada and New Jersey. His experience included the management of the banking relationship of a casino operator that owned and operated four casinos in Nevada and New Jersey.

Mr. Petersen-Klein holds a bachelor's degree in Finance from Michigan State University. He earned a Masters of Business Administration degree from Arizona State University in 1986. He received his Juris Doctorate with honors in 2004 from Washburn University School of Law. Prior to being appointed to the KRGC he worked as an attorney with Fisher, Patterson, Saylor & Smith, LLP in the Topeka area.

Responsible Gambling Program

The Responsible Gambling Program is one of the key programs administered by the KRGC. The primary purpose of the Responsible Gambling Program is to monitor compliance with the responsible gambling plans for each of the lottery gaming facility managers. The responsible gambling plan for each facility manager is intended to ensure that the employees of the facility managers are properly trained and actually able to recognize the danger signs related to problem gambling behavior and take the appropriate action to help individuals obtain treatment. Boot Hill Casino and Resort, the Kansas Star Casino, and the Hollywood Casino all have responsible gambling plans that are approved by the KRGC. KRGC personnel monitor the responsible gambling training programs for casino employees to determine the effectiveness of that training. In addition, KRGC personnel review signage, brochures, advertisements and other promotional materials related to the dissemination of material to educate casino patrons about problem gambling and the treatment services available, and reviews all promotional material to ensure that the integrity of gaming in Kansas is maintained at the highest level.

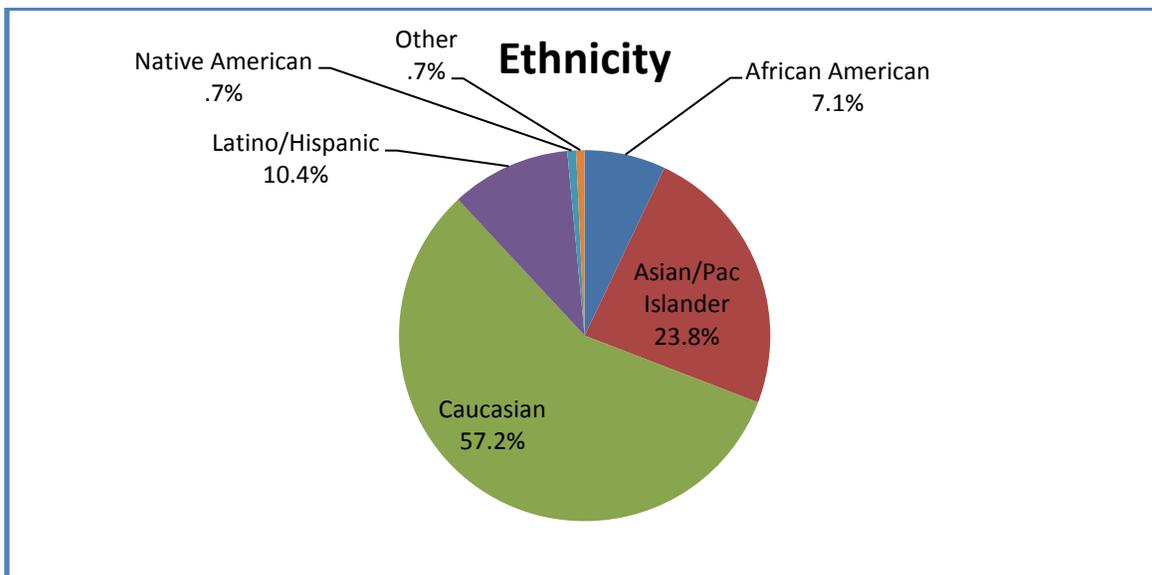
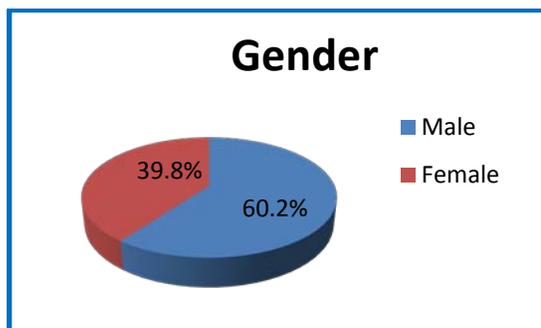
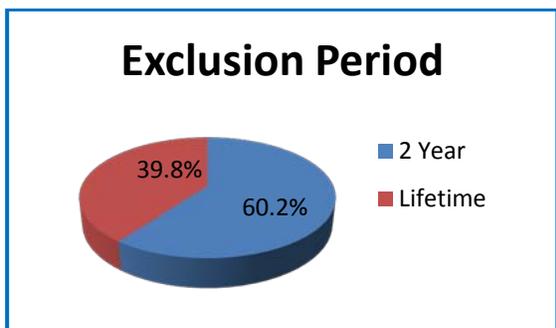
The KRGC administers the Voluntary Exclusion Program for problem gamblers. The Voluntary Exclusion Program provides individuals that believe they may need or want to abstain from gambling a method to assist them by voluntarily agreeing to refrain from entering the KRGC regulated casinos. A person may voluntarily exclude for a period of two years or a lifetime. Those who exclude for a period of two years must apply to come off the list at the end of that period of time and they must complete a problem gambling assessment from a certified problem gambling counselor. Only then will the KRGC make a decision on whether a person can be removed from the Voluntary Exclusion Program. Persons who voluntarily exclude for a lifetime are agreeing to never enter a KRGC regulated casino. It must be stressed that it is the responsibility of the self excluded person to seek treatment and refrain from visiting KRGC regulated casinos.

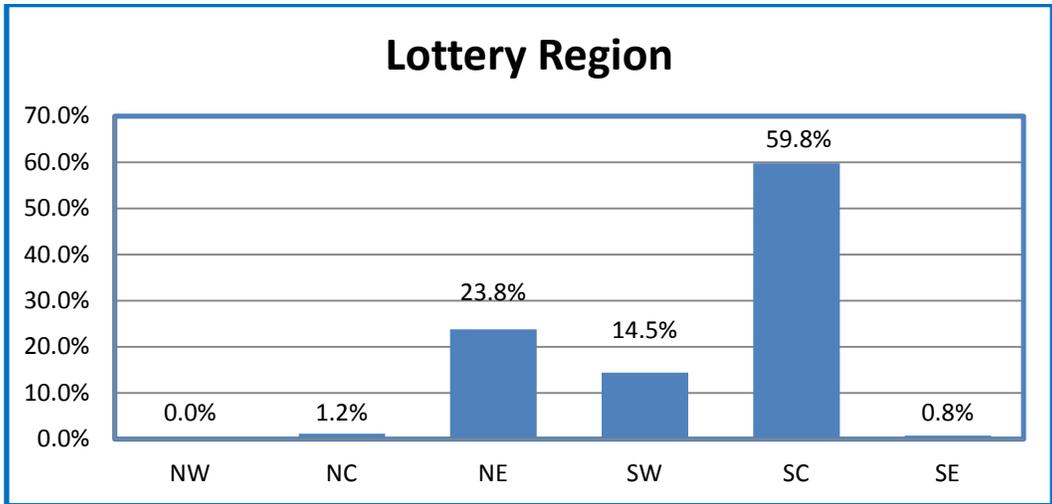
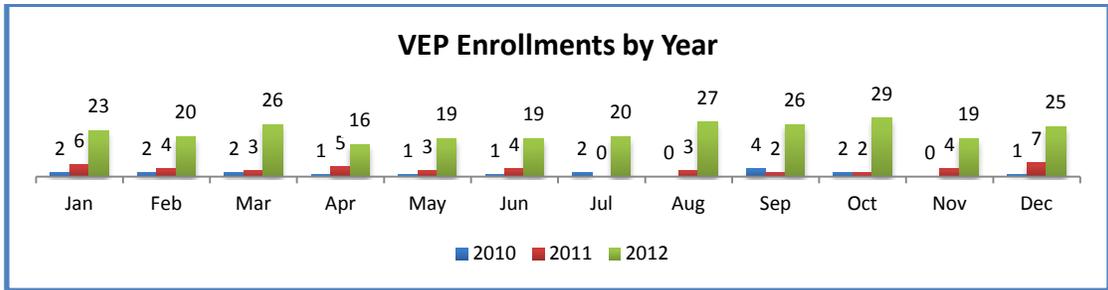
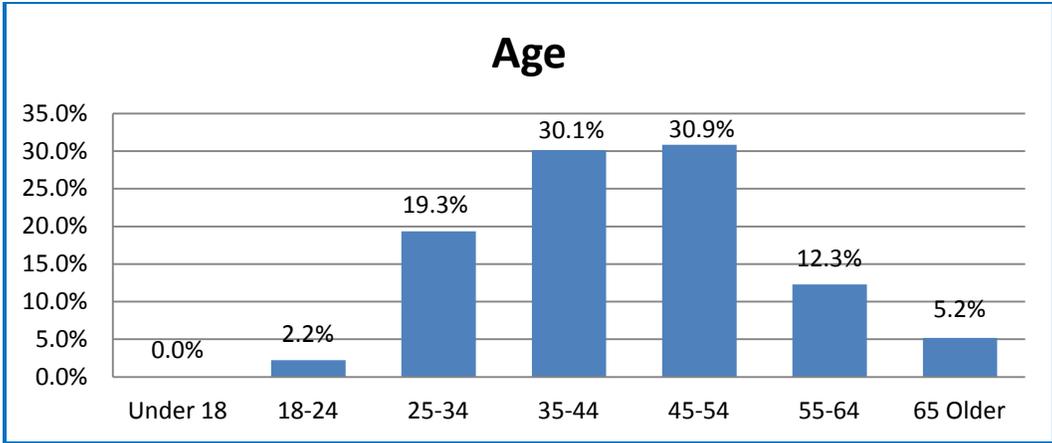
The KRGC participates in the Kansas Responsible Gambling Alliance. In addition to the KRGC, the Alliance is currently comprised of the Kansas Department of Aging and Disability Services, Kansas Coalition on Problem Gambling and Kansas Department of Corrections, a representative from each of the active gaming zones (i.e. Ford, Sumner and Wyandotte counties), and a representative from each of the lottery gaming facility managers. The Alliance was formed in 2008 to provide helpful information and support for Kansans with gambling problems. The Alliance maintains the Kansas problem gambling

website, www.ksgamblinghelp.com, to provide resources for individuals with gambling problems and to raise awareness about problem gambling. In addition to the website, the Kansas Problem Gambling Helpline (800-522-4700) information is included in all promotional materials.

Voluntary Exclusion Program

The following graphs depict the data collection for CY 2012.





Legal Division

The KRGC Legal Division includes a general counsel, legal assistant, and one staff attorney. Legal Division responsibilities can generally be divided into three areas: administrative, civil and criminal. Administratively, KRGC attorneys create and amend regulations as needed, prepare agency action notices related to licensing decisions and regulatory violations, represent the agency at administrative hearings, research legal and agency issues, fulfill requests for information under the Kansas Open Records Act, and provide legal advice to commissioners and staff. KRGC's attorneys also represent the agency in civil litigation and contract negotiations. Although there is presently no licensed horse or greyhound racing in Kansas, the legal staff continues to address racing-related issues and inquiries, including oversight of the Kansas-bred program that has continued at the request of the racehorse-breeding community.

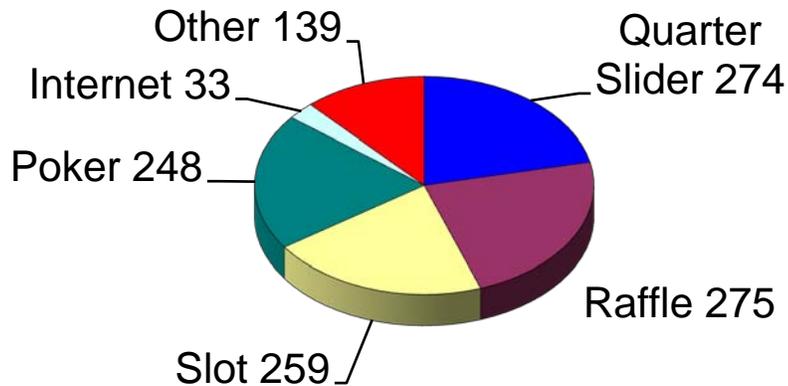
KRGC employs a staff of 41 law enforcement agents and investigators located both in Topeka, Kansas, and at the three casinos in Dodge City, Mulvane and Kansas City. KRGC's attorneys advise the agents on licensing matters as well as on criminal issues and activities that arise at casinos, including theft, criminal trespass, disorderly conduct, underage gambling and drinking, and unlawful wagering.

The Legal Division also administers the Illegal Gambling Program. Beginning in 2007 with the passage of KELA, the KRGC became the primary coordinator for state-level illegal gambling complaints. Since that time, the KRGC has received 1,228 documented illegal gambling complaints and inquiries from the public, as well as many more inquiries from law enforcement agencies, government attorneys, defense attorneys, and media outlets throughout the state wanting more information on gambling crimes. Complaints from the public concern illegal slot machines and other gambling devices at bars, restaurants and fraternal organizations, illegal poker games and tournaments, raffles and other illegal lotteries, with the exception of bingo (administration of which was delegated to the Department of Revenue in 1975, prior to creation of the Kansas Racing and Gaming Commission.) Illegal gambling inquiries primarily involve calls from citizens wanting to know if raffles and other fundraising activities are legal and from commercial enterprises wanting to conduct raffles and poker tournaments for profit.

KRGC does not have authority to prosecute illegal gambling crimes. Thus, KRGC attorneys deal with illegal gambling devices through civil seizure and forfeiture proceedings and by coordinating its efforts with local law enforcement and city, county and district attorneys throughout the State who want to prosecute gambling crimes. Attorneys also strive to educate the public and law enforcement about illegal gambling.

Illegal Gambling Complaints

(Received July 2007 - December 2012)



"Other" types of illegal gambling include lottery variations such as "quartermania" and "dime-o" events conducted primarily by for-profit businesses. The above chart does not reflect calls and activity related to the following:

- Constituents who receive answers from our Illegal Gambling Frequently Asked Questions web page, located here: www.krgc.ks.gov/illegalfaq.s.
- Calls made directly to KRGC agents by other law enforcement officers around the state.
- Time spent by agents and legal counsel to assist in active local investigations and prosecutions.
- Educational meetings between legal counsel and county and district attorneys to discuss legal aspects of illegal gambling and the services that KRGC can provide.
- Time spent pursuing seizures and forfeitures of illegal gambling devices.

Security and Licensing Division

Most of the Security and Licensing Division's personnel are vested with the power and authority of law enforcement officers in the execution of the duties performed for the KRGC under the provisions of KELA and the Parimutuel Racing Act. Currently, the division's goals are:

- to ensure the integrity of gaming in Kansas;
- to ensure gaming sites are a safe entertainment venue for patrons and employees;
- to be proactive and responsive to gaming laws and regulations; and
- to protect the interests of the public and the State as they relate to gaming.

Security and Licensing personnel work toward these goals by monitoring activities at the lottery gaming facilities, and investigating violations of the law and KRGC regulations. They serve as on-site regulatory staff for the KRGC acting as support to lottery gaming facility managers' security personnel and as a liaison between lottery gaming facility personnel and local law enforcement authorities.

The Security and Licensing Division conducts background investigations of lottery gaming facility management companies and their employees, lottery gaming facility suppliers and vendors and certain of their employees, as well as KRGC employees. Background investigations are conducted to protect the public interest by ensuring that only businesses and individuals exhibiting honesty and good character are eligible to engage in gaming operations in Kansas.

BACKGROUND INVESTIGATIONS	CY 2011	CY 2012	LICENSES	CY 2011	CY 2012
Backgrounds Completed	889	1864	Gaming Licenses Issued		
Backgrounds in Process			Corporations	23	10
Corporations	38	121	Corporate Employees	220	295
Corporate Employees	332	344	Boot Hill Employee Licenses Issued		
Boot Hill Casino	47	50	Commission Approved	391	173
Hollywood Casino	874	353	Denied	20	6
Kansas Star Casino	540	518	Temporary	245	229
			Hollywood Casino Employee Licenses Issued		
			Commission Approved	53	677
			Denied	0	21
			Temporary	727	646
			Kansas Star Casino Employee Licenses Issued		
			Commission Approved	75	709
			Denied	5	25
			Temporary	504	762

Information Technology and Electronic Security Division

The Information Technology and Electronic Security (ITES) Division provides IT support for all KRGC locations, electronic certification of electronic gaming machines (EGMs) and information system security audits.

In 2012, the division continued the improvement of the KRGC's gaming regulatory system at the Kansas Star Casino and the Hollywood Casino in addition to providing on-going maintenance of the system at the Boot Hill Casino. The system is a comprehensive regulatory system that allows:

- processing of gaming licenses and ID card issuance;
- electronic fingerprint processing;
- electronic document storage and management; and
- electronic incident reporting and security logs.

In addition, the division is responsible for maintaining the IRIS system, which is the inventory tracking system for EGMs and EGM software located at the three lottery gaming facilities. This system was also upgraded and data entered for Hollywood. This system is used by the KRGC to provide accurate, real-time tracking of all EGMs, EGM components and any associated issues.

ELECTRONIC SECURITY	CY 2011	CY 2012
EGM Disputes Investigated	0	2
Machine Software Inspections	523	35
EGM Certifications	1,315	8,384
EGM Hardware/Software Components Tested & Approved	2,606	2,206
Table Games Tested and Approved	5	9

Administration, Finance and Audit Division

The Administration, Finance and Audit Division manages the KRGC's audit program for the lottery gaming facility managers and provides general administrative and finance support for the KRGC. The audit program ensures that lottery gaming facility managers develop and implement KRGC approved internal control plans for the protection of state-owned assets and the public. The audit staff reviews all internal control amendments and recommends for Commission approval amendments that are consistent with required levels of protection while allowing for improved operations or accommodating changing conditions. In addition, audit staff performs quarterly reviews of internal audit operations of, and monthly reviews of financial and other reports submitted to the KRGC by lottery gaming facility managers.

AUDIT	CY 2011	CY 2012
Internal Control Plans Approved	1	1
Internal Control Plan Amendments Reviewed	98	173
Internal Control Plan Amendments Approved	88	164
Investigations of Audit Variances	24	15
Internal Control Violations Investigated	11	1
Casino Internal Control Audit Reports Reviewed	36	94
Casino Audits, On-Site	4	7
Casino Financial and Statistical Reports Reviewed	24	286
Revenue Analysis Reports	13	34

The division maintains the KRGC's accounting, purchasing, and budgeting functions. In 2011, the KRGC repaid the principal and interest of the \$5.0 million Pooled Money Investment Board (PMIB) loan provided to the KRGC in fiscal years 2007 and 2008. The loan was used by the KRGC to fund start-up and overhead expenditures related to lottery and racetrack gaming facilities until the number of lottery and/or racetrack gaming facilities was determined and the lottery and/or racetrack gaming facility manager for each gaming zone was selected. Following the selection of a lottery gaming facility manager for each of the southwest, south-central and northeast gaming zones the KRGC billed the selected lottery gaming facility managers for the principle and interest costs of the loan. The final payment from the lottery gaming facility managers was received, and the last loan payment was made to the PMIB in December 2011

A summary of actual expenditures for the past two calendar years (CY) can be found on the following page.

Revenue and Expenditure

REVENUES	CY 2011	CY 2012
RACING		
Pari-mutuel Tax	\$ -	\$ -
Admissions Tax	-	-
Unclaimed Winning Tickets	-	-
Breakage	-	-
License Fees & Fines	-	-
Operating Reimbursements	-	-
Transfers	36,300	-
Miscellaneous	<u>1,172</u>	<u>718</u>
Subtotal – Revenues	37,472	718
GAMING		
Review Board Charges	(127,395)	\$ -
Background Reimbursements	434,302	459,163
Operations and Start-up Reimbursements	10,734,988	5,019,491
EGM Examination Deposits/Refunds	-	-
Miscellaneous	710	-
Transfers	<u>-</u>	<u>-</u>
Subtotal – Revenues	11,042,605	5,478,654
TOTAL REVENUES	\$ 11,080,077	5,479,372

EXPENDITURES	CY 2011	CY 2012
RACING		
Grants for Fair Meets	\$ -	\$ -
Racing Operations	-	-
Breed Supplements	-	-
Transfers/Miscellaneous	<u>11,781</u>	<u>600</u>
Subtotal – Expenditures	11,781	600
GAMING		
Central Office	\$ 2,532,887	\$ 2,580,245
PMIB Loan repayment, principle and interest	5,905,175	-
Review Board	65,003	-
Boot Hill	769,871	752,604
Wyandotte	297,705	1,112,994
Sumner	376,523	1,088,147
EGM Examinations	<u>6,229</u>	<u>0</u>
Subtotal – Expenditures	9,953,392	5,533,990
TOTAL EXPENDITURES	\$ 9,965,172	\$ 5,534,590

REVENUES AND EXPENDITURES	2011	2012
TOTAL REVENUES	\$ 11,080,077	\$ 5,479,372
TOTAL EXPENDITURES	\$ 9,965,172	\$ 5,534,590

Boot Hill Casino and Resort

4000 West Comanche Street
 Dodge City, Kansas 66111

(877) 906-0777

www.boothillcasino.com



Facility Information

Opened:

December 5, 2009

Gaming Floor:

800 Electronic Gaming Devices

18 Table Games

5 Poker Tables

Amenities:

Restaurant

Snack Bar

Hotel

Total Est. Employment:

Over 300 Full-time and part-time

Gaming Revenue

	CY 2011	CY 2012
Total Gaming Revenue	42,473,101	43,967,217
Distribution to Governments:		
State (22%)	9,344,082	9,672,788
Locals (3%)	1,274,193	1,319,017
Problem Gambling Fund (2%)	849,462	879,344

Hollywood Casino at Kansas Speedway

777 Hollywood Casino Blvd.
 Kansas City, Kansas 66111
www.hollywoodcasinokansas.com



Facility Information

Opened:
 February 3, 2012

Gaming Floor (Phase 1):
 2,000 Electronic Gaming Devices
 52 Table Games
 12 Poker Tables

Amenities (Phase 1):
 Steakhouse, Sports Bar, Buffet,
 Cafes
 Parking Garage

Total Est. Employment (Phase 1):
 Over 1,000 Full-time and part-time

Gaming Revenue

	CY 2011	CY 2012
Total Gaming Revenue	n/a	113,978,404
Distribution to Governments:		
State (22%)	n/a	25,075,249
25Locals (3%)	n/a	3,419,352
Problem Gambling Fund (2%)	n/a	2,279,568

Kansas Star Casino

I-35 @ exit 33
 Mulvane, Kansas 67110
www.kansasstarcasino.com



Facility Information

Opened:
 December 20, 2011

Gaming Floor (Phase 1b):
 1,825 Electronic Gaming Devices
 45 Table Games
 10 Poker Tables

Amenities (Phase 1b):
 Steakhouse, Sports Bar, Buffet,
 Snack Bar
 Hotel

Total Est. Employment:
 Over 880 Full-time and Part-time

Gaming Revenue

	CY 2011	CY 2012
Total Gaming Revenue	6,005,930	183,199,913
Distribution to Governments:		
State (22%)	1,321,305	40,303,981
Marginal State (2% - tier two rate)	-	63,998
Locals (3%)	188,178	5,495,997
Problem Gambling Fund (2%)	120,119	3,663,998

State Gaming Agency

The State Gaming Agency is attached to the Kansas Racing and Gaming Commission. The budget of the State Gaming Agency, the number and qualifications of employees of the State Gaming Agency and expenditures by the State Gaming Agency for expenses of dispute resolution pursuant to a tribal-state gaming compact shall be subject to approval by the Kansas Racing and Gaming Commission. All other management functions of the State Gaming Agency are administered by the executive director, independent of the Kansas Racing and Gaming Commission. The State Gaming Agency's mission is to uphold the integrity of Indian gaming operations in Kansas by enforcing the tribal-state compacts and the Tribal Gaming Oversight Act. Four tribes continue to operate casinos in Kansas pursuant to tribal-state gaming compacts, and annual assessments from those tribes finance the agency's operations. The agency performs background investigations necessary prior to licensing for casino employees, management contractors, manufacturers and distributors for each tribal casino. In addition, the agency conducts inspections and monitors activity for compliance with not only the tribal-state gaming compacts but also applicable state and federal laws.

PERFORMANCE MEASURES	FY 2012
Individual employee background investigations	503
Manufacturer / distributor background investigations	12
Criminal investigations	32
Compact compliance investigations	3
Compliance inspections conducted at gaming facilities	605
Individual EGD (electronic gaming device) inspections	625

Class III Tribal Gaming Facilities in Kansas

GAMING FACILITY	LOCATION (Closest City)	OPERATING TRIBE/NATION
Casino White Cloud	White Cloud	Iowa Tribe of Kansas and Nebraska
Prairie Band Casino & Resort	Mayetta	Prairie Band Potawatomi Nation in Kansas
Golden Eagle Casino	Horton	Kickapoo Tribe of Indians of the Kickapoo Reservation in Kansas
Sac & Fox Casino	Powhattan	Sac & Fox Nation of Missouri in Kansas and Nebraska



Kansas Racing and Gaming Commission

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