

112-104-7. Meter readings and related statistical reports. (a) Each facility manager's internal control system shall include internal controls for meter reading and the related statistical reports. The internal controls shall be submitted to and approved by the commission according to K.A.R. 112-104-1. Accounting department employees who are independent of the drop process according to K.A.R. 112-104-18 shall read and record on a gaming machine meter sheet the numbers on all meters as required under the technical standards adopted by the commission in article 110.

(b) Any facility manager may have a computer system, as approved by the commission under K.A.R. 112-107-2, to record any of the required meter readings if the meter readings are recorded in accordance with subsection (a) at least weekly. The computer shall store in machine-readable form all information required by this regulation. The stored data shall not be susceptible to change or removal by any personnel without the system identifying and establishing a record of the personnel making the change, maintaining an archive of the original record, and identifying the new record as having been changed. Access to this information shall be restricted to the following:

- (1) Accounting department personnel;
- (2) internal audit department personnel;
- (3) EGM department personnel when diagnosing EGM problems;
- (4) management staff when assessing EGM performances; and
- (5) count room supervisors when reconciling an EGM drop.

(c)(1) Bill validator meter readings shall be taken when any of the following occurs:

(A) Devices containing bill validators are moved.

(B) Denominations change.

(C) Devices containing bill validators are placed in service.

(D) Devices containing bill validators are taken out of service.

(E) The computer components of the devices containing bill validators are accessed, which could cause the device or system meters to reset.

(2) A bill validator meter reading shall be taken for each drop.

(d) After preparation of the gaming machine meter sheet, each employee involved with its preparation shall sign the gaming machine meter sheet attesting to the accuracy of the information contained on the sheet. The sheet shall then be forwarded directly to the accounting department for comparison to the gaming machine win sheet and calculation of gaming machine statistics.

(e) Upon receipt of the gaming machine meter sheet, the accounting department shall review all meter readings for reasonableness using preestablished parameters and prior meter readings. Meter readings shall not be altered except to correct meters that were incorrectly recorded. All changes shall have adequate supporting documentation. The accounting department shall notify the EGM department of potentially faulty meters and follow up to ensure that proper maintenance is performed. Documentation that supports machine service and maintenance shall be maintained.

(f) If a meter unexpectedly resets to 0000, which is also known as “zeroing out,” accounting personnel shall notify the EGM department to determine the cause of the reset. Using the information obtained from the EGM department, accounting personnel shall complete a meter reset form whenever a meter is reset. On a monthly basis, accounting personnel shall review the meter reset form to determine if there are any ongoing problems with any electronic device. If a problem is noted in three consecutive drops, the commission shall be notified. The accounting department shall ensure that appropriate and adequate meter readings are available to generate statistical reports.

(g) The EGM activity for all EGMs that were active on the gaming floor shall be reflected on statistical reports. Large or unexpected variances shall be investigated by the appropriate personnel, and the results shall be documented in accordance with internal control procedures as approved by the commission according to K.A.R. 112-104-1. The accounting department shall prepare, review, and analyze the following reports:

(1) The EGM revenue summary report, which is also called an EGMR report, shall be prepared at least once each month. This report shall be a summary of EGM activity by drop and by denomination, for the period reported on. Information included on this report shall be the dollar value of currency by denomination, drops, payouts, fills, and net EGM income. Tickets and coupons redeemed shall include total tickets and coupons redeemed by all devices and in all cages. All reconciling items, including a statewide multilink progressive contribution, unclaimed jackpots, and bills accepted into the cage from bill validator malfunctions, shall be documented on the EGMR report.

(2) The comparison of the meter drop with the actual drop report shall compare the meter drop with the actual drop by device, by denomination, and in total, which shall be prepared at least once each month. The report shall be prepared on a drop-by-drop basis. Additionally, monthly and yearly drop information by machine, by denomination, and in total shall be either included on the last report of each month or available on a separate report. Information needed to calculate the drop report shall include the actual drop from the EGMR report and current and prior drop meter readings. The incremental change in the drop meter shall reflect what the EGM machine recorded as dropped, pursuant to K.A.R. 112-104-18, in the current drop period. The variance percentages between what the meter records and what is counted in the count room shall be computed by dividing the dollar variance by the meter drop amount. When a variance both equals or exceeds 2% and equals or exceeds \$25, the variance shall be investigated and documented in accordance with internal control procedures as approved by the commission under K.A.R. 112-104-1.

(3) The comparison of meter jackpots with actual jackpots paid report shall be prepared at least monthly. This report shall compare the total attendant-paid jackpot meter and cancelled credit meters with the actual manual pay jackpots by machine, by denomination, and in total. The report shall be prepared on a drop-by-drop basis. Additionally, monthly and yearly jackpot information by machine, by denomination, and in total shall be either included on the last report of each month or available on a separate

report. The monthly totals on this report shall agree with the manual jackpot payout totals shown on the EGMR report.

(A) Information needed to calculate the report shall include the actual manual pay jackpots from the jackpot payout slips and the current and prior jackpot meter readings.

(B) Variance percentages between meter and actual jackpots shall be computed by dividing the dollar variance by the meter jackpot amount. If a variance both equals or exceeds 1% and equals or exceeds \$10, the variance shall be investigated and documented in accordance with internal control procedures as approved by the commission under K.A.R. 112-104-1.

(C) Payouts that are not a result of a wager shall be considered promotional and shall be included in the calculation of net EGM income. These types of payments shall be shown as a reconciling item on the EGMR report. These payouts shall include the following:

- (i) Amount of overpayment of jackpots due to incorrectly calculating the jackpot;
- (ii) payments due to incorrect machine setup;
- (iii) payments due to failing to perform slot machine maintenance; and
- (iv) any payment resulting from a patron dispute that is not supported by documentation verifying accuracy of the transaction and is not approved by the executive director.

(4) The comparison of the theoretical hold with the actual hold report shall be prepared at least monthly. This report shall compare the theoretical hold with the actual hold by machine, by denomination, and in total, on a month-to-date and year-to-date basis. A theoretical hold shall be defined as the intended hold percentage or win of a machine as computed by reference to its payout schedule or reel strip settings, or both. The actual hold percentage shall be calculated by dividing net EGM income by the dollar value of currency in. The theoretical hold percentage shall be obtained from the par sheet, which is a manufacturer's specification sheet located and maintained in each EGM machine. Each facility manager with any EGM games whose outcome is determined in whole or in part by skill shall use the higher range of the manufacturer's expected field return subtracted from 100 as the theoretical hold for these types of games. Each facility manager with multigame and multidenominational EGMs shall use the weighted theoretical hold percentage from the EGM each month. The machines' weighted theoretical hold shall be compared to the actual hold percentage. The dollar value of currency in for the current month shall be calculated by subtracting the prior month's end meter readings from the current month's end meter readings and multiplying the difference by the denomination of the machine. Large or unexpected variances between the theoretical and the actual hold shall be investigated and documented in accordance with internal control procedures as approved by the commission under K.A.R. 112-104-1.

(5) The comparison of ticket-in meter to tickets redeemed by device report shall be prepared at least monthly. This report shall compare the change in the ticket-in meter

to the actual tickets redeemed by machine. This report shall be prepared on a drop-by-drop, month-to-date, and year-to-date basis and shall show totals by machine, denomination, and grand totals. Variance percentages between the ticket-in meter and actual tickets redeemed shall be computed by dividing the dollar variance by the total ticket-in meter amount. When a variance both equals or exceeds 1% and equals or exceeds \$10, the variance shall be investigated and documented in accordance with internal control procedures as approved by the commission under K.A.R. 112-104-1.

(6) The comparison of ticket-out meter to tickets issued by device report shall be prepared at least monthly. This report shall compare the change in the ticket-out meter to the actual tickets issued, as reported by the ticket verification system, by each device. This report shall be prepared on a drop-by-drop, month-to-date, and year-to-date basis and shall show totals by machine, denomination, and grand totals. This report shall be used in the reconciliation of outstanding tickets in order to determine ticket liability.

(7) A comparison of coupon-in meter to coupons redeemed by device report shall be prepared at least monthly. This report shall compare the change in the coupon-in meter to the actual coupons redeemed by machine. This report shall be prepared on a drop-by-drop, month-to-date, and year-to-date basis and shall show totals by machine, denomination, and grand totals. Variance percentages between the coupon-in meter and actual coupons redeemed shall be computed by dividing the dollar variance by the total coupon in meter amount. When a variance both equals or exceeds 1% and equals or

exceeds \$10, the variance shall be investigated and documented in accordance with internal control procedures as approved by the commission under K.A.R. 112-104-1.

(h) No person shall alter meter information on any statistical report, unless the meter was read or recorded incorrectly or a data entry error occurred. All changes shall be supported with adequate documentation.

(i) If a variance exceeds any of the variances listed in subsection (g), then the facility manager shall prepare and file an incident report documenting the variance with the commission. The facility manager shall report the actual cause of the variance, unless the cause cannot be definitively determined after an investigation, in which case the probable cause of the variance shall be reported. The incident report shall be filed at least within one week from discovery. The incident report shall include the following:

- (1) The date of the meter reading;
- (2) the date the report was filed;
- (3) the asset number of the device involved;
- (4) the amount of the variance by currency, gaming tickets, or coupons;
- (5) an explanation for the cause of the variance, with documentation to support the explanation;
- (6) the manufacturer and model number of the device to which the bill validator is attached or in which the bill validator is embedded;
- (7) the manufacturer of the bill validator involved;

(8) the total number of reported variances, by manufacturer and model number of the device;

(9) the total number of reported variances, by manufacturer of the bill validator;

(10) the total number of reported variances compared to the total number of bill validator canisters counted; and

(11) the signature and license number of the preparer. (Authorized by and implementing K.S.A. 2007 Supp. 74-8772; effective Sept. 26, 2008.)