SECTION 11

ACCOUNTING

A. GENERAL

Accounting's Responsibilities

The accounting department is responsible for the complete analysis and reporting of all gaming revenue to the required city, county, state, and federal taxing authorities. Accounting is responsible for reviewing, analyzing, comparing, reconciling, filing, and maintaining all source documents. Additional responsibilities include preparing statistical and supporting reports and analyzing and documenting variances noted as a result of reviewing these statistical and other reports, as required by ICMP, to ensure the correct and supported reporting of AGP.

Pursuant to CLGR 47.1-106(14), all persons who perform daily accounting functions, services or duties for any retailer's or operator's business involving the handling, processing, manipulating, or generating of gaming documentation or funds must possess a gaming license. A gaming license is not required for those persons who perform solely payroll and payable services that do not have access to gaming documentation or funds, or those persons who perform independent audits.

Accounting personnel may not participate in any gaming transactions or activities (i.e., drops, counts, fills, cashiering, shift manager functions, etc.) other than reading and recording slot machine meters and table games progressive meters.

Written Accounting Plan

The licensee must develop a detailed written accounting plan which outlines its methodology, processes, and procedures regarding the preparation, review, analysis, and maintenance of the statistical and supporting reports. The objective of the plan is to provide sufficient detail for each member of the casino's gaming accounting staff to adequately perform his/her job. This plan includes at a minimum:

1. Job positions responsible for preparing the reports, reviewing the reports, investigating variances, correcting errant information, and ensuring corrective action has been taken to correct the problem.

2. List of source documents used to obtain meter information, actual information, and the process used to prepare all reports.

3. Procedures for:
   a. Preparing reports.

b. Reviewing the reports for accuracy. This includes performing the secondary level of review of the reports and any adjustments made to the reports including supporting documentation.
c. Investigating variances that exceed the allowable threshold (includes thresholds used to initiate the investigation, documentation of how the thresholds were established, if not specified in the ICMP (i.e. the determination of historical hold or expected hold used in Table Games variance investigations), method of documenting variance review and investigation, events that signal and initiate a different level of review or investigation, etc.).
d. Correcting errant information.
e. Identifying and communicating noncompliance issues to employees.

4. Time frames for each step of the processes (e.g., reports are prepared and reviewed within "number of" days of a drop, variances forwarded to the slot/pit department for investigation are due back to accounting within "number of" days, etc.).

5. Definition of the 24 hour period that constitutes the licensee's gaming day.

6. If the licensee operates table games, provide the number of shifts and length of each shift that will be utilized during the 24 hour gaming day. Also include how the shift(s) will be named on gaming documents.

7. Written procedures for the applicable gaming departments/employees affected to ensure compliance with the Gambling Payment Intercept Act and Regulations.

Adequate Explanation Criteria

The results of all reviews and investigations must be documented in writing (adequate explanation criteria) as evidence that required procedures have been performed. Adequate explanation criteria must include:

- The variance being investigated,
- Date or drop period the variance is associated with,
- Date the request for investigation was sent to the floor personnel to investigate,
- Date the results of the investigations are due back to accounting,
- The detailed procedures used and steps taken to investigate the variance,
- The date the investigation was performed and the name of the person performing the investigation,
- The results of the investigation, and
- The date and name of accounting personnel who reviewed the investigation procedures and results.

Licensees must implement a process to identify continued variances on the same gaming device from drop to drop in order to initiate a different level of investigation (e.g., an investigation by a more experienced gaming employee, performance of different tests, contact slot manufacturer,

contact the Division, etc.). The point at which a different level of investigation should be initiated is specific to each licensee (depending upon the frequency of statistical report generation) and must be incorporated into the licensee's written accounting plan, which is discussed above.

It is the licensee's responsibility to ensure machine problems and thefts are detected in a timely manner. Licensees are taxed on the dollar loss associated with theft from machines and machine malfunctions. Losses as a result of theft or machine malfunctions are not deductible in the calculation of AGP for gaming tax purposes.

Licensees must have a process in place to escalate month-end table games variance reviews for game types performing at unusual hold percentages for two or more consecutive months. The procedures employed must be included in the licensee's Written Accounting Plan.

System Overrides

Licensees must have written procedures that adequately address overrides to system-generated information on any jackpot payout/fill slip. The written procedures must be available to those individuals who are involved in the override process. A supervisory or management employee (i.e., shift manager or gaming manager) must independently authorize system overrides with the exception of rounding up to the next denomination or dollar. Independently authorizing a system override includes the supervisory or management employee visually verifying the correct amount on the slot machine and providing his/her approval in the system. **Procedures must be in place to prohibit one individual from initiating and overriding the same transaction.** The accounting department must review all overrides for reasonableness and proper authority. This review must be evidenced on the supporting documentation by the reviewer's initials and date of the review.

Secondary Level of Review

To ensure an adequate control environment and proper segregation of duties, all required statistical and supporting reports must have an independent (secondary level) review. The person who prepares the required statistical and supporting reports must be someone other than the person who performs the secondary level of review of the reports. All reports, and adjustments made to the reports, must receive a secondary level of review. The secondary level of review is an independent review performed by another person who is knowledgeable of the information being reviewed. Secondary level of review is performed to ensure the reports are properly prepared, documented, and accurate. This includes reviewing all supporting documentation for all adjustments made to the information reflected on the reports. The first and final run of the reports must reflect the preparer's initials and date of preparation. The final run of reports must reflect the initials of the person performing the secondary level of review and the date of the review.

Any corrections by the accounting department to gaming documents, forms, reports, etc., must be made with red ink. These corrections and any noncompliance items identified by accounting

are further processed in accordance with the licensee's written accounting plan. At a minimum the person making the change initials and dates each correction, or the person making the change initials and dates, the top or bottom of each page containing any corrections. In the case where reports are reprinted to reflect any corrections and/or adjustments made by accounting personnel (e.g., "final run" reports), corrected and/or adjusted information reflected on these "final run" reports must receive a secondary level of review by someone other than the individual who made the correction/adjustment as noted above. The first run and the final run of reports are considered gaming documents and must be maintained for the required time period.

Gaming Forms and Documents

The accounting department is responsible for accessing and removing gaming documentation from the locked accounting box. This box is to be located in a secure location, under surveillance, somewhere other than inside the cashier cage. In conjunction with each drop period, or more frequently, accounting personnel access and remove gaming documentation. Only accounting personnel have access to this box.

If the licensee generates any 3-part jackpot payout/fill slips, table games jackpot payout slips, and/or fill/credit slips, accounting must obtain the third (pink) copies of these slips from the locked dispensing machines. This must be done on a periodic and timely basis, frequent enough to detect unusual transactions and to prepare statistical reports, and at least once each drop period.

Gaming forms supporting taxable transactions (i.e., request for fill/credit slips, fill credit slips, request for table games payout forms, table games payout forms, jackpot payout/fill slips, slot tournament prize forms, unclaimed jackpots, etc.) that have not been properly completed in accordance with the ICMP are subject to disallowance in calculating AGP for gaming tax purposes.

All records and forms must be maintained in the State of Colorado and are subject to the document retention requirements mandated in CLGR 47.1-1607. Licensees may store these records by other means such as electronic imaging. If licensees choose this option, they are still required to maintain the original document if it contains a signature on it, unless authorized otherwise by the Division. These documents can be stored off site, such as in a storage unit, as long as the location is secure and in the State of Colorado. Licensees must be able to provide all requested documents to the Division in a timely manner. Licensees must also have adequate written backup and recovery policies and procedures to ensure the timely restoration of data (onsite and offsite) in order to resume operating after a hardware or software failure. See Electronic Imaging Systems and Slot Monitoring Systems sections.

Under no circumstances shall any gaming document, slip, statistical report, etc., be shredded or destroyed in any manner as long as it is still subject to the document retention requirements mandated in CLGR 47.1-1607. Gaming documents are all source documents, all documents supporting the monthly gaming tax return, all documents used to analyze gaming activity, and all documents showing the accounting review process.

All gaming forms must be completed in ink. Errors on gaming documents must be lined through and the correction written above. Under no circumstances will an entry be written over or modified in any other manner. At least one gaming employee involved in the gaming transaction must initial all corrections, verifying the correction. If an error is made to the grand total on the cash inventory sheet, at least two cashiers must initial the correction, verifying the correction. Error corrections on count paperwork must be approved and initialed by at least two count team members. If an error is made to the grand total amount transferred to the cashier from the count, the cashier must also approve and initial next to the correction. In other words, two count team members and the cashier must approve and initial error corrections affecting the grand total transferred to the cashier. Monetary amounts can be corrected using this procedure only on non-restricted gaming forms. Accounting must ensure gaming documents are properly completed and error corrections are properly made. Any noncompliance items identified on gaming forms and documents by accounting are processed in accordance with the licensee's written accounting plan.

A restricted gaming form (i.e., request for fill/credit, fill/credit, opener/closer table inventory form, request for table games jackpot payout slip, table games jackpot payout slip, unclaimed jackpot receipt, table games payout form, jackpot payout/fill slip, and slot tournament prize form) must be voided when an error in the monetary amount occurs. When a restricted gaming form is voided, "VOID" is clearly marked across the face of the original (white) and all copies. At least two gaming employees involved in the transaction sign and date across the face of the voided slip. The voided slip number is recorded on the replacement slip. One gaming employee involved in the transaction forwards the original and copies to accounting for retention and accountability.

At the end of each shift and at the conclusion of the count, all documents and supporting forms are immediately forwarded to accounting, either by depositing documents and forms in the locked accounting box located outside the cashier cage, or by delivering them directly to accounting personnel in such a manner as to limit access to authorized licensed individuals only.

B. TABLE GAMES

Accounting personnel perform the procedures detailed below and sign gaming forms where appropriate as evidence that accounting procedures have been performed.

1. Accounting matches all copies of fill/credit slips and:
    a. Verifies that all information matches,
    b. Accounts for the numerical sequence from shift-to-shift,
    c. Determines that no slips are missing or unaccounted for,
    d. Examines the slips for proper signatory authority; for licensees with a pit system, the original (white) credit slip will have four original signatures, the cashier, security, dealer and the pit supervisor, and the copy (yellow) will have the copy of the cashier's and security's signatures.
    e. Checks mathematical accuracy, and

f. Ensures proper completion in accordance with ICMP.

2. Accounting matches all copies of request for fill/credit slips and:
   a. Agrees the slips to the fill/credit slips,
   b. Verifies that all information matches,
   c. Accounts for the numerical sequence from shift-to-shift,
   d. Determines that no slips are missing or unaccounted for,
   e. Examines the slips for proper signatory authority,
   f. Checks mathematical accuracy, and
   g. Ensures proper completion in accordance with ICMP.

3. Accounting matches all copies of the table games jackpot payout slips and:
   a. Matches the slips with pictures from surveillance of the winning hand (if applicable),
   b. Verifies that all information matches,
   c. Accounts for the numerical sequence from shift-to-shift,
   d. Determines that no slips are missing or unaccounted for,
   e. Examines the slips for proper signatory authority,
   f. Checks mathematical accuracy, and
   g. Ensures proper completion in accordance with ICMP.

4. Accounting matches all copies of the request for table games jackpot payout slips and:
   a. Agrees the slips to the table games jackpot payout slips,
   b. Verifies that all information matches,
   c. Accounts for the numerical sequence from shift-to-shift,
   d. Determines that no slips are missing or unaccounted for,
   e. Examines the slips for proper signatory authority,
   f. Checks mathematical accuracy, and
   g. Ensures proper completion in accordance with ICMP.

5. Accounting matches all copies of the table games unclaimed jackpot receipts and:
   a. Agrees the slips to the corresponding table games jackpot payout slips,
   b. Verifies that all information matches,
   c. Accounts for the numerical sequence from shift-to-shift,
   d. Determines that no slips are missing or unaccounted for,
   e. Examines the slips for proper signatory authority,
   f. Verifies that the picture of the winning patron is attached, and
   g. Ensures proper completion in accordance with ICMP.

6. Accounting matches all copies of the openers/closers and:
   a. Agrees openers to previous shift's closers,
   b. Accounts for the numerical sequence from shift-to-shift,
   c. Checks mathematical accuracy,
   d. Ensures proper completion in accordance with ICMP, and
   e. Examines the opener/closers for proper signatory authority.

8. Soft count cards are checked for:
   a. Mathematical accuracy,
   b. Proper signatory authority (e.g., checking for independence),
   c. Proper completion in accordance with ICMP
   d. Proper treatment of table coupons, and
   e. Proper treatment of non-cashable chips.

9. Accounting traces fills/credits, openers/closers, table game jackpot payouts, and drop amounts from the soft count cards to the master games sheet.

10. Using the master games sheet, accounting recalculates the win/loss by table, and in total for each shift, calculates the hold percentage for each table by dividing net win by drop, and examines the master games sheet for proper signatory authority, mathematical accuracy, and proper completion in accordance with the ICMP. Accounting also agrees the cash drop amount, which includes non-cashable chips, on the master games sheet to the drop amount reflected on the daily cash summary then signs and notes their gaming license number on the master games sheet as evidence that proper review procedures were performed. Accounting may complete the AGP and hold percentage calculation on the master games sheet. If this information is completed by accounting, a different color of ink must be used and the accounting personnel must initial and date the form to indicate such.

11. The owner/operator or the controller/bookkeeper investigates any missing request for fill/credit, fill/credit, request for table game jackpot payout, and table games jackpot payout slips. A report is prepared to explain the cause of, and responsibility for, the loss.

12. The owner/operator, table games management or licensee's equivalent, in conjunction with the appropriate personnel, investigates any large or unusual fluctuations (as defined in the Written Accounting Plan) of the audited master games sheet including a review of the daily hold percentage for each table for each shift. The table games activity log should be reviewed at this time to determine if activity affecting hold percentage may be explained. The results of these investigations must be documented and used to support the variance investigations performed on the month end table games statistical reports.

13. Noncompliance issues are investigated, resolved, and documented on a timely basis.

14. If applicable, accounting reviews and compares the table games activity log to the table games count documentation and master games sheet.

<u>Table Games Tournaments</u>

Accounting reviews the table games tournament entry fee & buy-in logs and:

1. Checks mathematical accuracy,

2. Ensures proper completion in accordance with ICMP,
3. Records the total amount collected for the tournament, by shift and/or day, on the table games tournament summary form and calculates the grand total collected,
4. Documents the total amount awarded in prizes on the summary form,
5. Verifies the total amount awarded as prizes is equal to or greater than buy-ins collected, and
6. Completes the Table Games Tournament Summary form.

AGP for all table games tournaments with the exception of Blackjack tournaments is equal to all entry fees. If an entry fee is required for any one player in a tournament, all players must have an equal entry fee. The entry fee must be included in the calculation of AGP regardless of how it is accepted. It can be in the form of cash, points redeemed for cash, comped (free entry provided by the casino), or non-cash item and any combination thereof.

AGP for Blackjack tournaments is calculated as the total amount collected as entry fees, including the dollar value of complimentary (comped) and non-cash entry fees and buy-ins, *minus* the total amount awarded in prizes.

If prizes awarded are merchandise, the cost of the merchandise, not the market value, must be equal to or greater than the buy-ins collected for the tournament.

AGP from a tournament is included in the total amount of the drop for the applicable game type on the gaming tax return for the month in which the entry fees were collected or, for Blackjack, for the month in which the tournament ended.

If the actual cost of all prizes awarded exceeds the amount received in tournament buy-ins, the licensee may not declare a loss against AGP. Proper documentation must be maintained to support the cost of the merchandise, such as invoices. Merchandise given to patrons for entering the tournament is not considered a prize.

Improperly completed table games tournament forms may result in a disallowance of the associated awards in calculating AGP for gaming tax purposes. All disallowed awards will be considered additional entry fees in calculating AGP for gaming tax purposes.

Multi-Licensee Tournaments

In addition to the above procedures for tournaments, the following applies. The licensees participating in a multi-licensee tournament must designate one licensee to be responsible for maintaining all tournament documentation and to ensure proper escrow of prizes and proper awarding of all prizes.

No entry fee may be collected and therefore, no taxable AGP may result from multi-licensee tournaments.

The total amount of buy-ins collected must be equal to or less than the total amount awarded in prizes. If prizes awarded are merchandise, the value of the prize is the cost of the merchandise, not the market value.

At the beginning of each day, the accounting staff will deliver a copy of the log for all shifts of the previous day to the licensee designated to be responsible for the tournament.

At the conclusion of the multi-licensee tournament, all participating licensees will forward all original tournament documentation to the licensee designated to be responsible for the tournament.

Poker Jackpot Awards (Player Banked Games Only)

Accounting reviews the original (white) and copy (yellow) of the table games payout form and poker jackpot count card(s) and:

1. Checks mathematical accuracy,
2. Ensures proper completion in accordance with ICMP,
3. Accounts for the numerical sequence of the table games payout forms, and
4. Determines that no slips are missing or unaccounted for.

On a monthly basis, accounting must agree the jackpot liability, as recorded on the copy (yellow) of the poker jackpot count card, to the amount shown on the poker jackpot log. The total of the jackpot amounts awarded per the table games payout form(s) for each patron must agree to the jackpot liability as recorded on the poker jackpot log. Accounting investigates and documents the reason for any differences. If a difference cannot be resolved, accounting must contact the Division for resolution.

A poker jackpot log must be maintained. Someone independent of the poker room must record the amount of the jackpot award liability on a daily basis. This log is forwarded to accounting once a month and whenever a jackpot is awarded. Accounting must ensure all decreases are reasonable and properly explained. The explanation must include a reference to the table games payout form numbers documenting the jackpot award payout.

Accounting must file a form 1099-M with the IRS at the end of the calendar year for any patron receiving aggregate jackpot award distributions of $600 or more. Other reporting/withholding requirements may apply to monies paid out as a jackpot award. For additional information on reporting/withholding requirements, please contact the IRS.

Table Games Progressive Procedures

Table Games Progressive Forms

For table games with progressive jackpots, a table games progressive jackpot form must be maintained. This form is used to document the progressive meter for the beginning and end of each gaming day, the (progressive drop) coin-in hard meters by table for the beginning and end of each gaming day, the displayed jackpot amount at the time the end of day meters are read and

all progressive jackpots paid. At the end of each gaming day, the pit manager or designee ensures all required information is recorded on the form and that it is forwarded to accounting.

Accounting completes the progressive liability reasonableness test and reviews the form for reasonableness and proper completion.

Each progressive must have a Progressive Tracking Log. This form must be completed for every progressive. It is used to document information about, and changes to progressive banks. This form must be immediately available to the Division upon request.

Table Games Progressive Reports
At the end of each gaming day, the pit manager or designee generates the following computer reports: A report showing activity on the game, a report showing (progressive drop) coin-in, and a report of jackpot payouts on the game. The reports are forwarded to accounting by placing them in the locked accounting box.

Accounting reviews the game activity report for unusual activity. Any unusual activity must be investigated and the results documented in writing. Accounting reconciles the (progressive drop) coin-in summary to the total of all tables' change in (progressive drop) coin-in hard meters from the table games progressive jackpot form. Variances of $10 or more must be investigated and the results documented in writing. Accounting reconciles the jackpot payout summary to the actual progressive jackpots paid on the table games progressive jackpot form and table games jackpot payout slips. All variances must be investigated and the results documented in writing.

100% of optional progressive wagers are considered for the calculation of AGP and all progressive payouts are deductible for AGP as long as the required documents have been properly completed.

Progressive Testing
On a daily basis, accounting personnel must perform the functions detailed below.

1. Review the incrementation rate and reasonableness of the table games progressive liability, and
2. Ensure that the progressive liability has been logged on a daily basis and that all decreases are supported by a progressive jackpot payout.

The above is verified by using meter readings to calculate incremental (progressive drop) coin-in multiplied by the incrementation rate to arrive at the increase in, and reasonableness of, the table games progressive jackpot amount.

The table games progressive liability is tested by the following calculation:

+ Ending total (progressive drop) coin-in hard meter
_ Beginning total (progressive drop) coin-in hard meter
x Incrementation rate
_ Total payouts (if payouts include a seed amount, the total payouts must be reduced by the seed)

+ Beginning progressive liability
= Expected current progressive liability

If a variance of $10 or more exists between the estimated progressive liability and the actual progressive liability, licensees must investigate the variance. The investigation must be documented. If the variance is greater than $25, the Division must be notified.

The licensee must attempt to identify the patron(s) that was underpaid and pay the patron(s) the additional monies due. This can be accomplished by checking gaming forms including table games jackpot payout slips and player tracking records. If the patron(s) cannot be contacted or the underreported amount corresponds to the current liability, the current progressive liability is increased by the corresponding underreported amount.

Table Games Reports

Blackjack, Poker, Craps and Roulette Master Games Summary Reports
On a timely and periodic basis, accounting personnel must complete the Master Games Summary Reports, which provide support for the monthly gaming tax return. It summarizes the total column of the master games sheet, by day, for a one-month period. For blackjack, house banked poker, craps and roulette, it includes closing inventories, drops, credits, fills, hand paid jackpots, opening inventories, and net win. For player banked poker, it includes the poker rake and poker jackpot rake. An example of these reports is included at the end of this section. Blackjack, poker, craps and roulette information may be combined on one report as long as the information for blackjack, player-banked poker, house-banked poker, craps and roulette is shown separately.

Blackjack, House Banked Poker, Craps and Roulette Statistical Reports
The accounting department is responsible for preparing, reviewing, and analyzing the statistical reports for overall reasonableness of hold percentages. Blackjack, house banked poker, craps and roulette information may be combined on one report as long as the information for blackjack, house-banked poker, craps and roulette is presented separately. This report provides a statistical analysis of blackjack, house banked poker, craps and roulette hold percentages by table, by shift, and total by game type on a current month basis. The hold percentage is calculated by dividing AGP by the drop. The information is obtained from the Master Games Summary Report.

The current month total by game type hold percentage is compared to an expected hold, generally the licensee's historical hold percentage (as defined in the Written Accounting Plan) by game type.If an historical hold is not available, for example a new table is added to the floor, an expected hold percentage should be determined. This could be the industry standard or expected hold provided by the game distributor. Documentation for the determination of a licensee's expected hold, i.e. what time period was used for a historical hold or how an industry standard was determined for new games, including the impact of side bets or bonusing, if applicable, must be detailed in the Written Accounting Plan.

Fluctuations, by game type, of equal to or greater than -5% or +5% from the expected hold percentage must be reviewed, investigated and documented in accordance with the adequate explanation criteria described earlier in this section under "General."

A notation must be made on the report by the respective table indicating the type of game played (e.g., single deck, multi-deck, multi-action, Let It Ride, etc.).

An example of these reports is included at the end of this section. The licensee may arrange the data in any format as long as the required information is being prepared, reviewed, and analyzed.

C. SLOT MACHINES

Hopper Adjustments

The initial hopper load is not deductible for gaming tax purposes. The difference between the initial hopper load and the total amount that is in the hopper at the time the hopper is counted must be included as either an addition to, or subtraction from, revenues when calculating AGP. This amount is reported on the monthly gaming tax return for the month in which the hopper count was conducted, and is reflected in the hopper adjustment column for the corresponding denomination.

For example, if a machine was initially placed on the floor and an initial fill of $100 was placed in the hopper on April 28, and the machine was removed from the floor and the hopper counted on October 13 in the amount of $150, the licensee would have taxable income of $50 ($150 - $100). The $50 adjustment would be added to AGP for gaming tax purposes. Alternatively, if there was only $75 counted in the hopper on October 13, the licensee would reduce taxable income by $25 ($75 - $100 = -$25). The $25 adjustment would be subtracted from AGP for gaming tax purposes. In this example, the hopper adjustment would be reported on the October gaming tax return.

Proper support and documentation of all hopper adjustments must be maintained.

Hopper adjustments must be made when any of the following occurs:
1. The denomination is changed for a machine,
2. The machine's ticket functionality is activated,
3. A machine is moved from one establishment to another establishment,
4. A change in ownership occurs (i.e., when a new license is issued),
5. When a business closes, or
6. When the machine is removed from the floor.

If a hopper count is performed for other purposes than described above, the same amount counted in the hopper must be returned to the hopper.

The cashier must sign the hopper summary report for all hopper contents receipted into the cashier cage. A jet coin sorter or other count/weigh device may be used on the gaming floor to

facilitate the hopper count. Any count/weigh device used to count the hopper contents must be tested and the test must be documented on the hopper summary report.

All hopper adjustments are recorded in the hopper adjustment column of the monthly gaming tax return for the month in which the hopper contents were counted. If a hopper drop and count is performed at the same time a regular drop and count is conducted, the licensee must not commingle hopper and drop bucket funds. Funds, as well as corresponding accountability, must remain separate.

When performing a hopper count, the drop and count team requirements are the same as for any slot machine drop and count. Refer to corresponding slot machine drop and count procedures in the Table Games and Slot Drop and Count Section.

Gambling Payment Intercept (GPI)

Please refer to ICMP Section 1 General, H for GPI procedures.

Slot Procedures

Accounting personnel perform the procedures detailed below and sign gaming forms where appropriate as evidence that accounting procedures have been performed.

1. Accounting reviews, matches, and verifies all copies of the jackpot payout/fill slips used since the previous drop. Accounting also verifies the sequence of the slip numbers from shift-to-shift, determines that no slips are missing or unaccounted for, and examines the slips for proper signatory authority, mathematical accuracy, and proper completion in accordance with ICMP. . Additionally, if a payout request form is completed, which allows patrons to continue playing credits not associated with the jackpot prior to payment, the form should be reviewed to ensure proper completion and that required criteria is met (e.g., payout was less than $5,000, payout was not an override, etc.).

2. Licensees with approved slot monitoring systems can perform the following alternative procedures in lieu of matching all copies of the jackpot payout/fill slips: Accounting sums the dollar value of all white copies of the jackpot payout/fill slips, the yellow copies of the jackpot payout/fill slips and compares the totals to the system generated report for the same time period. At a minimum, this is performed in conjunction with reconciling each drop period. If there is a difference between the dollar amounts, all slips must be matched and verified. Accounting must review all of the slips to ensure proper signatory authority, and proper completion in accordance with ICMP.

3. The owner/operator or the controller/bookkeeper is responsible for ensuring any missing jackpot payout/fill slips are investigated and explained. A report is then produced explaining the cause of, and the responsibility for, the loss.

4. Accounting reviews, matches, and verifies the original (white), and copy (pink) of all unclaimed jackpot receipts, matches the unclaimed jackpot receipts to the corresponding jackpot payout/fill slips, verifies the sequence of the receipts' numbers to determine that no receipts are missing or unaccounted for, and examines the receipts for proper signatory authority, and proper completion in accordance with ICMP.

5. Noncompliance issues are investigated, resolved, and documented on a timely basis. Payout slips should be reviewed to ensure that if a verifier is not used that required criteria is met when completing the slip (e.g., payout was less than $1,200, payout was not an override, no verifier was warranted, etc.). If noncompliance issues are noted as a result of reviewing payout slips that do not involve a verifier, accounting should notify surveillance immediately for additional review.

6. The slot summary report, weigh/wrap variance report, and bill validator summary report are reviewed to verify that:
   a. The count/weigh machine(s) (e.g., weigh scale, currency counter, etc.) has been properly tested by count team members,
   b. All team members have signed the reports and examine them for proper signatory authority (rotation of team and independence),
   c. The reports are completed properly in accordance with the ICMP,
   d. The reports are mathematically correct,
   e. The cashier signed the reports as evidence of receipt of the drop proceeds into the cage, and
   f. The total count on the slot summary report agrees to the weigh/wrap variance report, and the total count on the slot summary report and the bill validator summary agree to the count recorded on the daily cash summary.
   g. Accounting signs and notes their gaming license number on the reports to document his/her review procedures and investigates any differences, variances, and noncompliance issues resulting from his/her review process. All investigations and results of the investigations must be documented.
   h. The weigh/wrap variance report is also reviewed for large and/or unusual variances, proper completion, mathematical accuracy, and signatory authority. Variances of 1% or more by denomination, or in total, are investigated and documented on this form.

<u>Payouts of less than $1 on tokenized machines</u>

Licensees may use a tokenized credit payout slip (or a manual jackpot payout slip) for payouts of 99-cents or less on tokenized machines.

Licensees that utilize an automated slot monitoring system to generate jackpot payout slips may continue to use the system-generated slip and process the payout in accordance with the payout procedures in the Slot section. The exception is that licensees do not need a verifier involved to verify the payout, verify the meters, or to sign the slip.

In order to deduct these payouts, accounting must monitor and track the payouts throughout the month, reconciling to the jackpot meters. If the licensee utilizes an approved automated slot monitoring system, accounting must update the system for the payouts for each individual machine. Accounting will investigate and document all variances exceeding established thresholds, on a monthly basis at a minimum. Only tokenized payout slips that are paid, reconciled to the jackpot report and entered into the automated system (if applicable) are deductible for gaming tax purposes.

Credits of 99 cents ($0.99) or less on tokenized machines that have been abandoned may be keyed off of the machine. The slot personnel must log these amounts on the slot access card in order to track these keyed off amounts.

Alternatively, in lieu of monitoring and tracking these payouts, licensees may treat these payouts as promotional expenses and, as such, may not deduct them from AGP. It's important to understand that, even if the payouts are treated as promotional expenses, the Jackpot Comparison reports remain subject to the current investigation criteria required by the ICMP.

Slot Tournament Procedures

Once the slot tournament forms are received by accounting, the accuracy of the forms is verified. The total amount collected, by shift and day, for the tournament is recorded on a slot tournament summary form (see example at the end of this section), and the grand total collected is calculated. The slot tournament summary form is filled out only by the accounting department.

> The total amount awarded in prizes is documented on the summary sheet. AGP is calculated using the following formula:
>
> The total amount collected as entry fees including the dollar value of complimentary (comped) and non-cash entry fee *minus* the total amount awarded in prizes *equals* AGP.

If prizes awarded are merchandise, the amount deductible is the actual cost of the merchandise, not the market value. Proper documentation must be maintained to support the cost of the merchandise, such as invoices. Merchandise given to patrons for entering the tournament is not considered a prize; therefore, the cost of the merchandise is not included in the calculation of AGP for the slot tournament.

Adjusted gross proceeds from slot tournaments are included on the monthly gaming tax return for the month in which the tournament ended. For example, if the total amount collected from entry fees for the slot tournament is $1,500 and the total amount awarded in prizes is $1,000, the total AGP for the slot tournament is $500.

If the actual cost of all prizes awarded exceeds the amount received in tournament entry fees, the licensee may not declare a loss against AGP. For example, if the total amount collected from

entry fees for the slot tournament is $1,500 and the total cost of prizes is $2,000, the total AGP for the slot tournament would be $0.

Quarterly Progressive Testing Procedures

If the licensee has progressive machines, accounting personnel must perform the functions detailed below on a quarterly basis. These functions may be completed any time during the calendar quarter. Slot personnel may perform the following functions, with accounting personnel observing and documenting the results using either the quarterly slot progressive testing meter reasonableness test form or the quarterly slot progressive testing physical coin-in test form. If a problem is discovered while performing either test, both tests must be performed to determine what the advertised progressive liability should be. Both forms must be completed to document these tests. If after performing both tests, the variance between the actual and expected liability exceeds $50, the licensee must attempt to identify the patron(s) that was underpaid and pay the patron(s) the additional monies due. This can be accomplished by checking jackpot/fill slips and player tracking records. If the patron(s) cannot be contacted or the underreported amount corresponds to the current liability, the current progressive liability is increased by the corresponding underreported amount. Additionally, the event is documented on the controller access log. For slot machine banks linked to an external bonus progressive controller where any levels are set to award a machine paid progressive bonus, a meter reasonableness test cannot be performed. A physical coin in test must be performed on the top level progressive to verify accurate incrementation. The Division of Gaming must be notified immediately if any problem arises due to incrementation testing.

On a quarterly basis:

1. All progressive machines must be tested to ensure they are properly linked to the progressive controllers. To ensure that all progressive machines have been tested, verify that the number of progressive machines reported on the progressive jackpot log agrees to the number of machines tested quarterly.

2. Review the incrementation rate and reasonableness of the advertised progressive liability by either using a physical coin-in test, or by using meter readings to calculate incremental coin-in multiplied by the incrementation rate to arrive at the increase in, and reasonableness of, the advertised progressive jackpot amount (coin-in reasonableness test).

For multi-game progressives, the coin-in meter for each game contributing to the progressive must be recorded during the quarterly progressive testing. The meter readings are recorded on the quarterly progressive testing forms. The coin-in meter value for each game is needed in the incrementation calculation.

Testing is not required for 1) wide-area progressives, 2) progressive systems which cause participating slot machines to become disabled when communication is lost with the progressive controller and 3) slot machines which have progressive functionality internally configured and/or

embedded software within the slot machine's program storage media. Licensees must have procedures in place to accurately substantiate and restore any progressive amount that is lost as a result of system failure or inadvertent event.

Physical Coin-In Test

The physical coin-in test is documented on the quarterly slot progressive testing physical coin-in test form and is performed by inserting coins (or bills if the machine does not accept coins). One or more credits may be played to determine the progressive's starting point. Once close to the starting point one credit at a time is played until the advertised progressive liability increments. This is referred to as basing the progressive which is the next starting point for the progressive incrementation. At that point, one or more credits are played on the progressive bank until the liability increments again. The objective of this testing is to ensure the incrementation rate is correct for the progressive. If all machines are linked properly, this incrementation will occur on the *"nth"* credit corresponding to the appropriate incrementation rate. All machines on the bank must receive a test credit. It is further recommended that only one credit be played at a time, in each machine, to avoid winning the progressive jackpot while testing the bank. Refer to the conversion chart in the forms section for incrementation rates by denomination. For example, eight video poker machines are all part of a progressive liability bank. The advertised progressive liability is $1,053.19, and the bank increments $0.01 for every ten coins played. The individual testing the bank plays credits one at a time in any of the eight machines until the liability increments to $1,053.20 (the starting point). At that time each of the eight machines is played with one credit, with two of the machines receiving another credit of play. At that time, if all machines are functioning properly and connected to the progressive controller, the liability will increment to $1,053.21. Using these same facts, if there were twenty machines, twenty credits would be played to ensure that all machines are tested, and the progressive liability would increment to $1,053.22.

If a problem is found as a result of testing each machine with one or more credits, then <u>each</u> machine on the bank must be individually tested with the required number of credits corresponding to the incrementation rate to ensure that each machine is properly linked, and also to discover which machine(s) is not properly linked. <u>All</u> machines must be tested, as there could be one or more machines that are not linked. At that time, the problem is documented and the coin-in meter reasonableness test is performed to determine if the progressive liability amount is correct.

Coin-In Meter Reasonableness Test

Alternatively, the advertised progressive liability can be tested by applying the incrementation rate to the change in coin-in from the last time the progressive was tested. This test is documented on the quarterly slot progressive testing coin-in meter reasonableness test form. Using the above, the total change in coin-in for all of the eight machines connected to this bank was $360,000, the progressive incrementation rate was .000312 (refer to the conversion chart in the forms section for incrementation rates by denomination), the previous quarter's liability was $1082.12, a jackpot of $1,143 was hit, and the reset amount of the bank is $1,000. The date of the meter reading must correspond to the date of the liability being tested.

Applying the incrementation rate to the change in coin-in would give the amount of $112.32 ($360,000 x .000312) in contribution toward the advertised progressive liability. If using the progressive incrementation rate percentage, the change in coin-in amount must also be multiplied by the denomination (for denominations less than or equal to $1) or divided by the denomination (for denominations greater than $1). By using the following formula, it is possible to test the reasonableness of the current advertised liability as well as any jackpot payouts between the last test date, and the current test date.

Previous advertised liability	$	1,082.12
Contribution toward liability from coin-in	+	112.32
Less jackpot payouts (net of reset amount[s])	-	143.00
Equals expected value of current advertised liability	$	1,051.44
Actual current advertised progressive liability	$	1,053.19
$ Variance	$	1.75
% Variance ($1.75/$1051.44)		.17%

The minimal amount of the variance between expected and actual advertised liability indicates that the progressive liability is incrementing properly.

Hidden jackpots may affect the calculation of the incrementation of the advertised progressive liability amount when using the formula above to calculate the reasonableness of the liability. Contact the Division for more information regarding this calculation. For progressives with hidden jackpots, the Division recommends that the reset amount (which will include contributions toward the hidden jackpot) be documented on the jackpot payout slip at the time the previous jackpot is won.

Progressive Jackpot Log

Explanations for all decreases in the hand pay jackpot amounts on the Progressive Jackpot Log must be documented. At the end of each month, the completed log is forwarded to accounting from the slot department. The documentation of the decreases may be completed in accounting. The decreases must be completed on the log at least monthly and prior to the casino's tax filing. The explanation must include a reference to the jackpot payout slip number and the dollar amount associated with the progressive jackpot awarded. Licensees are not required to track statewide multi-link progressives because this information is available from the multi-link vendor on the reports received by the Division.

Licensees who have successfully tested their slot monitoring system and submitted the Acknowledgment Letter, or who have received written approval from the Division for the use of their slot monitoring system, may utilize system jackpot reports to explain decreases in liability. If a system jackpot report is used to explain decreases in the liability amounts, the report must be analyzed in conjunction with the manual log and crossed referenced between the report and log.

The accounting department is responsible for reviewing the log to ensure its accuracy and completion. This must be evidenced by the reviewer's initials and date of the review.

Commemorative Coin Machines

Licensees may have commemorative coin machines in their casino. The commemorative coins used in these machines may have two different values. Licensees purchase the commemorative coins at one value and redeem the coins from patrons at another value. For example, a commemorative coin may be purchased (i.e., cost to the licensee) for $10 and redeemed by a patron for $12 (redemption value). Throughout the gaming year, the commemorative coins must be recorded by the licensee at their redemption value. For example, if a commemorative coin machine is filled with 100 coins that have a redemption value of $12, the fill amount recorded on the Jackpot Payout/Fill Slip, and the amount deducted for gaming tax purposes, is $1,200.

An adjustment must be made on the last tax return of the gaming year to adjust for the difference between the redemption value and purchase cost of the commemorative coins. This adjustment will be based on the total amount of commemorative coins purchased during the gaming year, net of the cost of any coins sold back to the manufacturer (if applicable). The following example illustrates this:

Type of coin purchased:

		Coin X
Number of coins purchased during current gaming year		1000
Number of coins resold to manufacturer (at cost) during current gaming year	-	100
Net number of coins purchased	=	900
Difference between the redemption value and purchase cost per coin ($12 - $10 = $2)	x	$ 2
Amount of adjustment to be included as taxable AGP on last tax return of the gaming year	=	$1,800

The adjustment of $1,800 would be shown as an adjustment increasing AGP on the monthly gaming tax return.

Slot Machine Meters

On drop days, before gaming commences on the slot machine being dropped, slot machine meter readings are captured in order to prepare the required reports. For licensees who have successfully tested their slot monitoring system and submitted the Acknowledgment Letter, or who have received written approval from the Division for the use of their slot monitoring system, the meters are captured by the system. For licensees who do not have a slot monitoring system, or have not successfully tested their system and submitted the Acknowledgment Letter, an independent licensed employee records the slot machine meter readings. The drop team must not have access to the meter readings. The person reading and recording the meters may not participate on the drop or count team. An individual participating in some form of slot activity such as participating in a jackpot payout or fill would not be considered independent. However,

the meters may be read by a security person as long as they have only acted as a verifier during the drop period, and do not participate as a drop (e.g., observer) or count team member that same day. Licensees must record meter readings for:

Meter	**Meter Importance**
❑ Coin In	Used to calculate the actual hold percentage; various statistical analyses; indicator of volume of play; required for the gaming tax return.
❑ Coin Out	Used to determine reasonableness of fill amounts*.
❑ Coin Drop	Used to verify the actual coin drop*.
❑ Bill In	Used to verify the actual bills dropped.
❑ Attendant Paid Jackpots	Used to verify the actual jackpot awards that are paid out by an attendant and not paid out by the slot machine. This does not include additional payouts or promotional awards paid by an attendant.
❑ Attendant Paid Progressive Payout	Used to verify the actual progressive payout awards that are paid out by an attendant and not paid out by the slot machine. This does not include additional payouts and promotional awards paid by the attendant.
❑ Attendant Paid Cancelled Credits	Used to verify the actual payouts resulting from accumulated credits that are paid out by an attendant and not paid out by the slot machine.
❑ Machine Paid Progressive Payout	Used to verify the actual progressive payout awards that are paid out by the slot machine*.
❑ Voucher Out	Used to accumulate the value of all tickets issued by a TITO-enabled device.
❑ Voucher In	Used to accumulate the value of all tickets and slot coupons inserted and redeemed in a TITO-enabled device.
❑ Machine Paid External Bonus	Used to verify the actual payouts resulting from an external bonusing system paid out by the slot machine*.
❑ Attendant Paid External Bonus	

Used to verify the actual payouts resulting from an external bonusing system that are paid out by an attendant and not paid out by the slot machine.

- Cashable Electronic Promotion In
  Used to accumulate the value of cashable electronic promotional credits transferred to an Electronic Promotional Credit (EPC) enabled device from an electronic promotional credit system.

- Non-Cashable Electronic Promotion In
  Used to accumulate the value of non-cashable electronic promotional credits transferred to an EPC enabled device from an electronic promotional credit system.

- Non-Cashable Electronic Promotion Out
  Used to accumulate the value of non-cashable electronic promotional credits transferred from an EPC enabled device to an electronic promotional credit system.

*These meters are not recorded if the slot machine hopper has been removed or disabled.

Upon receipt of the meter reading summary, or after completing it, the accounting department reviews all meter readings for reasonableness using pre-established parameters and prior meter readings. Prior to final preparation of statistical reports, meter readings which appear unreasonable are reviewed with the slot department personnel so that meters can be repaired or clerical errors in the recording of meter readings can be corrected. Meter readings may not be altered except to correct meters that were incorrectly recorded. All changes must have adequate supporting documentation. Accounting is responsible for notifying the slot department of potentially faulty meters, and following up to ensure that proper maintenance is performed. Documentation must be maintained which supports machine service and maintenance.

It is the licensee's responsibility to capture meter readings so that the accurate statistical reports can be generated. If meters zero out (i.e., reset or clear), accounting personnel must contact the slot department to determine the cause of the meter reset. CLGR 47.1-1223 requires that licensees must maintain adequate records when electronic (soft) meter(s) are cleared. Using the information provided by the slot department, accounting personnel or the slot department must complete the meter reset form whenever meters are reset or cleared. On a monthly basis, accounting personnel must review the meter reset form to determine if there are any on-going problems with one or more slot machines, or similar or consistent problems with certain types of machines. For example, did machine #1010 reset 3 or more times during the month of May? If a machine's meters were reset or cleared 3 or more times a month, accounting and slot personnel must determine the cause of these resets (e.g., Are the slot technicians performing a RAM clear each time they go into a certain machine? Is this action necessary?). Accounting must document these reasons for future review by the Division. The Division's Field Operations section must be notified if a machine's meters reset 3 or more times in a month regardless of the reason. It is

accounting's responsibility to ensure that appropriate and adequate meter readings are available to generate statistical reports.

All applicable soft or system meter information must be captured for each drop. For example, Voucher In and Voucher Out do not need to be recorded for a non ticketing machine. Meters are recorded for each machine on the gaming floor, including machines out of service. If meters cannot be recorded for machines out of service at the time of the drop, meters must be recorded prior to placing the machine in service.

Slot Machine Statistical Reports

The Division of Gaming has developed 25 reports which accounting must prepare, review, and analyze. The Division has established data element and design format standards for each of these reports. Manufacturers of slot monitoring systems are required to provide these reports to casinos with the design format (with the exception of the required EPCS reports) and data standards established by the Division. A licensee that uses a slot monitoring system for which these standard reports are approved and available, are required to use the manufacturer reports generated by the system. A licensee that installs or upgrades to a slot monitoring system for which these standard reports are approved and available, are required to use the manufacturer reports generated by the system upon completion of the system testing requirements. A licensee that does not use a slot monitoring system for which these standard reports are approved and available, or that does not use a slot monitoring system, must be able to produce the reports with the data elements present, but not necessarily in the design format established by the Division.

The ten statistical reports which accounting must prepare, review, and analyze include:

1. Drop Comparison Report (Drop Report),
2. Bill Drop Report By Denomination (Bill Report)
3. Jackpot Comparison Report (Jackpot Report)
4. Theoretical Hold Report, MTD (MTD Hold Report)
5. Theoretical Hold Report, YTD (YTD Hold Report)
6. Ticket In Comparison Report (Ticket In Report)
7. Ticket Out Comparison Report (Ticket Out Report)
8. Cashable Electronic Promotion In Comparison Report (CEP-In Report)
9. Non-Cashable Electronic Promotion In Comparison Report (NCEP-In Report)
10. Non-Cashable Electronic Promotion Out Comparison Report (NCEP-Out Report)

The nine ticketing and four EPCS supporting reports which accounting must prepare, review, and analyze include:

1. Detail Report (not subject to secondary level of review)
2. Tickets Issued Report
3. Tickets from Slot Device Counted by Count Team
4. Tickets Redeemed by Device Report
5. Tickets Redeemed by Cashier Report Produced by Cashier
6. Tickets Unredeemed Report

7. Tickets Redeemed by Issuing Machine Report
8. Tickets From Kiosk Counted by the Count Team Report
9. Tickets Redeemed by Kiosk Report
10. EPCS Player Activity Report
11. EPCS Machine Activity Report
12. EPCS Detail Report
13. EPCS Credits Issued and Expired Report

The one slot summary report which accounting must prepare, review, and analyze is: the Monthly Slot Revenue Summary (MSRS).

The one reconciliation report which accounting must prepare, review, and analyze is the Tax Template.

A fills reasonableness analysis, which is an optional report, may be prepared by the licensee to identify excessive fills.

A timely review of these reports is crucial to maintaining a secure internal control environment. Licensees are responsible for monitoring the performance of all gaming devices so that problems can be identified and resolved on a timely basis. Unusual, large, and/or unexpected variances must be investigated by the appropriate personnel, and the results documented in accordance with the adequate explanation criteria described earlier in this section under "General."

Machine activity for any and all machines that were active on the gaming floor for any part of the month or year must be reflected on all statistical reports.

It is not acceptable to arbitrarily alter meter or actual information on any statistical report. Meter or actual information on any statistical report can only be changed if meters were read or recorded incorrectly or if a data entry error occurred. All changes must be supported with adequate documentation.

Statistical Reports

Several slot monitoring system reports are generated from system data based upon the time designated by the casino as its end of gaming day. In certain situations, the information presented on these reports will not agree to the reports created by drop and count activities.

Drop Comparison Report (Drop Report)
Refer to the forms section for an example of the Drop Report that meets the required report standard. The example provides the required format as well as detailed explanations of the information required to be included in each column on the report.

This report compares the metered drop (Coin Drop and Bill In) to the actual drop (coin and bill) by machine, by denomination, and in grand total. The report is prepared on a drop-by-drop basis and must include MTD and YTD drop information. The MTD totals on this report must agree to

the amounts shown on the MSRS. If one report is prepared using weigh amounts, and the other is prepared using wrap amounts, the difference (i.e., weigh/wrap variance) must be documented so the Drop Report accurately supports the amounts shown on the MSRS.

Actual coin and bill drop information must be combined for the purposes of preparing the Drop Report. Licensees must be able to distinguish whether variances are from coin or currency. Information needed to calculate the Drop Report includes the difference between current and prior drop meter readings, actual drop from the Slot Summary Report and Bill Validator Summary Report. The incremental change in the drop meters reflects what the slot machine recorded as dropped in the current drop period.

Variances between metered and actual drop are calculated by subtracting metered drop from actual drop. Variance percentages between metered and actual drop must be calculated by dividing the dollar variance by the metered drop amount. Variances must be identified on a drop-by-drop basis and investigated by machine for the current period using a percent threshold of (2%) and a dollar threshold of ($25). When a variance equals or exceeds 2% and equals or exceeds $25, the variance must be investigated and the results of the investigation documented in accordance with the adequate explanation criteria described earlier in this section under "General". All bill variances of $25 or more must be identified, investigated and the results of the investigation documented. In investigating bill variances, licensees may also need to look at the daily cash summary for bills receipted into the cashier cage as a result of bill validator malfunctions.

An analysis of the variances reflected on this report may help identify machine malfunctions, or theft.

Bill Drop Report By Denomination (Bill Report)
Refer to the forms section for an example of the Bill Report that meets the required report standard. The example provides the required format as well as detailed explanations of the information required to be included in each column on the report.

This is a required report that compares metered Bill In to actual bills by bill denomination and in total, for each machine, and by denomination total. The report is prepared on a drop-by-drop basis. This report is used to identify bill variances and can also be used as a tool to isolate coin variances. All currency variances of $25 or more must be identified, investigated and the results of the investigation documented. This report may be maintained electronically and is subject to the same requirements specified in the Supporting Reports section regarding format, retention and availability to the Division. The first and last pages must be printed and must reflect the title of the report, the dates (period) of the report, the first and last page numbers of the report, and subtotals by denomination. It may be necessary to print more pages to ensure the required information is captured. For example, for any page that indicates a variance of $25 or more, that page with the slot machine information must be printed and the investigation of the variance documented as indicated above. If the slot machine information spans more than one page, all pages related to that machine must be printed. Required original initials must be reflected on the printed pages.

Jackpot Comparison Report (Jackpot Report)
Refer to the forms section for an example of the Jackpot Report that meets the required report standard. The example provides the required format as well as detailed explanations of the information required to be included in each column on the report.

This report compares the total hand paid metered amounts to the actual hand pays for each machine, e.g., the report compares the total of metered Attendant Paid Jackpots, metered Attendant Paid Progressive Payout, metered Attendant Paid Cancelled Credits, and metered Attendant Paid External Bonus (jackpot meters) with the actual manually paid jackpots sorted by machine, by denomination, and in grand total. Depending on the slot monitoring system utilized, this report may reflect the end of gaming day meter incrementation. Additionally, the actual jackpot information used for this report may not coincide with the meter cutoff time reflected on this report. If the meter and actual are different time periods, the casino must ensure that the variance washes from drop period to drop period. The MTD totals on this report should agree to the actual jackpot payout totals shown on the MSRS. The report is prepared on a drop-by-drop basis and must include MTD and YTD jackpot information. The MTD totals on this report should agree to the actual jackpot payout totals shown on the MSRS. Reconciling items, such as statewide multi-link progressive contributions may exist and must be documented so the Jackpot Report accurately supports the amounts shown on the MSRS. If external bonus functionality is implemented, both the metered and actual amounts must be included in the calculation in this report.

All applicable hand paid meters must be captured. The licensee must calculate the incremental change for all applicable hand paid meters. The incremental changes must be added together and the resulting sum is the hand paid metered amount used on the Jackpot Report.

Information needed to calculate the Jackpot Report includes the difference between current and prior hand paid meter readings and the actual manually paid jackpots from the jackpot payout slips. The incremental change in the hand paid meters reflects what the slot machine recorded as hand paid jackpots in the current drop period. Some hand paid amounts may not affect hand paid meters, such as additional payouts. In reviewing the cause for variances, these factors should be taken into consideration.

Variances between metered and actual jackpots are calculated by subtracting metered jackpots from actual jackpots. Variance percentages between metered and actual jackpots are calculated by dividing the dollar variance by the metered hand paid amount. Variances must be identified on a drop-by-drop basis and investigated by machine for the current period using a percent threshold of (1%) and a dollar threshold of ($10). When a variance equals or exceeds 1% <u>and</u> equals or exceeds $10, the variance must be investigated and the results of the investigation documented in accordance with the adequate explanation criteria described earlier in this section under “General”. An analysis of the variances reflected on this report may help identify machine malfunctions, or if jackpots are being falsified.

Payouts that are not a result of a wager cannot be included in the calculation of AGP; therefore, are not allowable deductions on the gaming tax return. Examples of payouts that are not allowable deductions on the gaming tax return include the following: amount of overpayment of jackpots, payments due to incorrect machine set up, (i.e., reel strips incorrectly installed showing a jackpot yet the machine meter does not support the jackpot), failing to perform slot machine maintenance, payments as a result of a patron dispute that is not supported by the Division's resolution, etc. These types of payouts are considered promotional and may not be included as deductions on the gaming tax return. These types of payments must be shown as a reconciling item on the MSRS and the Tax Template.

EPCS Statistical Reports

Cashable Electronic Promotion In or Non-Cashable Electronic Promotional In or Non-Cashable Electronic Promotion Out Comparison Reports (CEP-In, NCEP-In or NCEP-Out Reports)

The impact on AGP due to EPCS is downloaded cashable electronic promotional credits plus downloaded non-cashable electronic promotional credits (E-Drop) minus uploaded non-cashable electronic promotional credits. No deduction from AGP is allowed if the EPCS does not permit the upload of non-cashable credits.

The following is an explanation of the information that must be contained on the statistical reports. The statistical reports must compare the CEP-In, NCEP-In and NCEP-Out meter deltas of the gaming device with the system's electronic promotional credit activity by machine, by denomination and in grand total.

The information required on the CEP-In, NCEP-In and NCEP-Out statistical reports may be combined on one report as long as the information for CEP-In, NCEP-In and NCEP-Out are shown separately.

The EPCS must be able to pull machine meters for CEP-In, NCEP-In and NCEP-Out and compare those meters to the system's electronic promotional credit activity. The statistical reports are to be prepared on a drop-by-drop basis and must include MTD and YTD electronic promotional information. The MTD totals on this report must agree to the amounts shown on the MSRS.

Information needed to prepare the EPCS Meter Comparison Reports includes the deltas between current and prior CEP-In, NCEP-In and/or NCEP-Out meter readings compared to the electronic promotional credit activity from the system. The incremental change in the meters reflects what the slot machine recorded as electronic promotional credit in and/or out in the current drop period. The report compares the change in the system CEP-In, NCEP-In and/or NCEP-Out to the corresponding cashable or non-cashable activity column indicating a variance between the meter incrementation and the system's electronic promotional activity, as reported by the system, by gaming device. The report must also have a column that shows the amount of any variance and a column that shows the variance percent.

Variances between CEP-In, NCEP-In and/or NCEP-Out meter deltas and the electronic promotional credit activity are calculated by subtracting the metered amount from the electronic promotional credit system activity amount. This variance is expressed in a dollar amount. The variance amount is divided by the metered amount to determine the variance percentage. Variances must be identified on a drop-by-drop basis and investigated by machine for the current period using a percent threshold of +/- 1% and a dollar threshold of +/- $10. When a variance equals or exceeds 1% and equals or exceeds $10, the variance must be investigated and the results of the investigation documented in accordance with the adequate explanation criteria described earlier in this section under "General".

Theoretical Hold Report (Hold Report)
Refer to the forms section for an example of the MTD and YTD Hold Reports that meet the required report standards. The example provides the required format as well as detailed explanations of the information required to be included in each column on the report.

This report compares the theoretical hold with the actual hold by machine, by denomination, and in grand total. The report is used to determine if a machine is performing as intended. The individual MTD and YTD Hold Reports must be prepared monthly. The YTD report is prepared on a rolling twelve month period. For each machine, this report reflects the number of days the machine was on the floor, metered coin in, actual drop (coin and bill), actual ticket drop (includes slot coupons), actual hand pays (includes jackpots, cancelled credits, progressive payouts, unclaimed jackpots, external bonuses and additional payouts), actual fills, actual tickets issued and AGP. Depending on the slot monitoring system utilized, some of the information may reflect end of gaming day information. Generally, the end of gaming day information will be for handpays, fills, tickets issued and coin in.

A theoretical hold is defined as the intended hold percentage or win of a machine as calculated by reference to its payout schedule and/or reel strip settings. The actual hold percentage is calculated by dividing AGP by the dollar value of coin-in. The theoretical hold percentage is obtained from the manufacturer's par sheet. If the par sheet lists the theoretical payback percentage rather than the theoretical hold percentage, the theoretical hold percentage is calculated as 100 minus the theoretical payback percentage.

Licensees with slot machine games whose outcome is determined in whole or in part by skill must use the higher range of the manufacturer's expected field return subtracted from 100 as the theoretical hold for these types of games.

Licensees with multi-game and multi-denominational slot machines do not need to record the weighted theoretical hold percentage from the slot machine each month in conjunction with the last drop of the month. However, this information may be beneficial when documenting variance investigations.

Licensees with random bonusing games may combine the game's theoretical hold and the random bonusing progressive contribution to use as the theoretical hold for comparison

purposes. For a random bonusing progressive, the game's theoretical hold will be adjusted based on the progressive's configuration sheet when the progressive contribution is an integral part of the game's anticipated performance. The overall payback percentage is the base payback percentage plus the total random bonusing progressive contribution percentage of the progressive selection. The combination of the base game's payback and the random bonusing progressive's contribution to the payback must reflect the anticipated performance of the game. The associated theoretical hold percentage will be used on the Hold Report to determine the variance between the game's actual and theoretical hold. The difference between the actual hold and theoretical hold will be used to identify variances that must be investigated and explained. A copy of the game's par sheet showing the game's payback percentage or theoretical hold and a copy of the progressive configuration setup, clearly indicating which progressive configuration package is being utilized must be maintained in the game. This information is used to establish the theoretical hold percentage, perform variance investigations, and to document variances between theoretical and actual hold. The base game payback percentage (reflected on the par sheet) may not be less than 80% or more than 100% and the combined payback percentage may not be less than 80% or more than 100%. It is the licensee's responsibility to adhere to the minimum / maximum payback percentages for slot machines as defined in CLGR 47.1-1242

The dollar value of coin in for the current month is calculated by subtracting the prior month-end meter reading from the current month-end meter reading. If the meter represents units versus dollars, this amount is multiplied by the denomination of the machine to arrive at the dollar value of the meter incrementation.

Both unusual and/or large month-to-date and unusual and/or large year-to-date variances between the theoretical and the actual hold must be identified, investigated and the results of the investigation documented in accordance with the adequate explanation criteria described earlier in this section under "General".

The actual hold percentage might vary from the theoretical hold percentage due to the random nature of slot machine payouts. However, over the lifecycle of the game, the actual hold should approach the theoretical hold. An analysis of this report will help ascertain the performance of a slot machine, whether meters are functioning properly, whether the slot machine is functioning properly, and assist with determining the reasonableness of fills. Unusual and/or large variances, where there have been no large payouts, and meters appear to be functioning properly, could indicate theft.

A method to potentially detect theft from hoppers is to ascertain the reasonableness of fills. See the slot meter discussion in this section regarding the coin-out meter, as well as the discussion of the fills reasonableness analysis.

Variances between theoretical hold percentages and actual hold percentages could also be attributed to theft from the drop bucket or bill validator boxes, which would be detected in the analysis of the Drop Report and/or the Bill Report.

Variances could also be caused by theft in conjunction with hand pay events, which would be detected in the analysis of the Jackpot Report

Investigations performed of hold percentage variances should include reviewing the Drop, Jackpot, EPCS and Ticket Reports to determine if variances appear on those reports which could provide support of the variance being investigated.

Licensees may elect to award patrons with additional payouts. These might be in the form of double jackpots or merchandise. If the licensee is awarding additional payouts, actual hold on the theoretical hold report includes the additional payouts; therefore, the actual hold percent must be recalculated to remove the value of the additional payout if the variance percent exceeds the established threshold.

Machines with a theoretical payback greater than 100% are illegal in Colorado. Therefore, it is the licensee's responsibility to monitor both theoretical and actual hold percentages affected by additional payouts. See additional payout procedures in the Slot Section for a complete discussion of procedures that must be implemented if the licensee elects to award additional payouts.

The dollar amount of all tickets redeemed by a TITO device is reported as ticket drop, and all tickets issued by a TITO device during the month must be used when calculating AGP on the hold report and calculating the actual hold.

The calculation of AGP for the Hold Report is as follows:

+ Actual Drop (coin, bill)
+ Actual Tickets and slot coupons redeemed by TITO device
+ E-Drop
- Fills
- Actual Hand Pays (includes jackpots, cancelled credits, progressive payouts, unclaimed jackpots, external bonuses and additional payouts)
- Actual Tickets Issued by TITO device
- Actual non-cashable credits uploaded by gaming device
= AGP

NOTE: AGP on the Hold Report will not tie to the AGP on the MSRS. The Hold Report reflects all tickets issued to accurately track the performance of the machine. The MSRS reflects only issued tickets that have been redeemed for proper reporting of gaming revenues and taxes. For licensees that have chosen to enable EPCS functionality, the slot monitoring system must ensure that the electronic promotional credit activity is included on the Hold report. If the Hold report cannot include the required EPCS information, the licensee may provide a supplemental report with the required data elements to accurately calculate the hold. The licensee's written accounting plan must state the name of the report, how the licensee will supplement the report to include the calculation of AGP, and its procedures for analyzing the report.

Ticket In Comparison Report (Ticket In Report)
Refer to the forms section for an example of the Ticket In Report that meets the required report standard. The example provides the required format as well as detailed explanations of the information required to be included in each column on the report.

This report compares the change in the voucher in meter to the dollar amount of actual tickets and slot coupons redeemed by each TITO device. This report is prepared on a drop-by-drop basis and includes MTD and YTD information**.** This comparison is by device, denomination, and grand total. The actual dollar amounts on this report should agree by device and in total to the Tickets from Slot Device Counted by the Count Team but, due to timing differences, may not agree to the Tickets Redeemed by Device Report on a drop-by-drop basis. The actual dollar amounts on this report for each drop period and MTD should agree to the ticket drop amount reported on the MSRS.

Variances between metered and actual tickets redeemed by device are calculated by subtracting the metered amount from the actual amount. This variance is expressed as a dollar amount. The dollar variance is divided by the voucher in metered amount to determine the variance percentage. Variances must be investigated on a drop-by-drop basis by machine for the current period using a percent threshold of 1% and a dollar threshold of $10. When a variance equals or exceeds 1% <u>and</u> equals or exceeds $10, the variance must be investigated and the results of the investigation documented in accordance with the adequate explanation criteria described earlier in this section under “General”.

Ticket Out Comparison Report (Ticket Out Report)
Refer to the forms section for an example of the Ticket Out Report that meets the required report standard. The example provides the required format as well as detailed explanations of the information required to be included in each column on the report.

This report compares the change in the voucher out meter to the dollar amount of the tickets issued (Tickets Issued Report), as reported by the system, by each TITO device, denomination and grand total. Depending on the slot monitoring system utilized, the meter and actual amounts may be based upon the end of gaming day. The report is prepared on a drop-by-drop basis and includes MTD and YTD information. This report is used in the reconciliation of outstanding tickets in order to determine ticket liability. Variances identified on this report may be a result of a system error or indicate a system communication problem.

Variances between metered and actual tickets issued by device are calculated by subtracting the metered amount from the tickets issued amount. This variance is expressed in a dollar amount. The dollar variance is divided by the voucher out metered amount to determine the variance percentage. Variances must be investigated on a drop-by-drop basis by machine for the current period using a percent threshold of 1% <u>and</u> a dollar threshold of $10. When a variance equals or exceeds 1% <u>and</u> equals or exceeds $10, the variance must be investigated and the results of the investigation documented in accordance with the adequate explanation criteria described earlier in this section under “General”.

Supporting Reports

There are several supporting reports used to support the accuracy of the required statistical reports. Refer to the forms section for an example of the required report standards for each supporting report. The example provides the required format as well as detailed explanations of the information required to be included in each column on the report with the exception of EPCS reports.

Any of these reports that are affected by slot coupons must either have a separate column that segregates the slot coupons from the tickets or two separate reports. One of the reports is for tickets and the other report is for slot coupons.

The supporting reports may be maintained electronically with the following conditions. The first and last pages of each report must be printed and reflect the title of the report, the dates (period) of the report, the first and last page numbers of the report, and grand totals as applicable. It may be necessary to print more pages to ensure the required information is captured. Required original initials must be reflected on the printed pages. For example, the printed pages of the count team's reports must reflect the date of the count, the grand total of the tickets counted the signatures and legible gaming license numbers of the count team. These pages are maintained in accordance with the ICMP.

The supporting reports may be captured and maintained on electronic media such as a memory stick, compact disc, floppy disc, hard drive, optical drive, etc. Reports must be saved in a standard format (non proprietary) such as .doc, .xls, PDF, .jpg, .tif, etc. Reports are not to be recreated to meet this requirement. For instance, if a modification to the report is made subsequent to the original report, the modified report must also be maintained. It is the licensee's responsibility to save these reports pursuant to Rule 47.1-1607.

It is not a requirement to save any reports electronically. The reports can be printed and filed with the appropriate paperwork. All reports whether printed or saved electronically must be made available to the Division pursuant to Rule 47.1-1602.

***Detail Report*:** This report provides a complete listing of each ticket generated by a TITO device and each ticket and slot coupon redeemed for the entire gaming day. At a minimum, this report must include the device number, date, time, validation number, date, time and the status (issued or redeemed) of the ticket or coupon. This report is to be saved on a daily basis. This is not a standardized report; therefore, there is not an example of the report in the forms section.

***Tickets Issued Report*:** This report reflects the dollar amount of each ticket issued by a TITO device and is prepared for each drop period. Licensees reconcile the values on this report to the voucher out meter incrementation. The dollar amounts reflected on this report should agree by machine, denomination and in total to the amounts reflected in the actual column on the Ticket Out Report. Additionally, this report provides the numerical sequence of all issued tickets. Any missing or duplicate sequence numbers must be investigated.

Tickets from Slot Device Counted by Count Team: This report reflects the tickets and slot coupons counted by the count team. It is used to provide both a piece count and dollar amount of the tickets and slot coupons by TITO device. This report is prepared by the count team for each count performed. Depending on the slot monitoring system utilized, the amounts on this report may not agree to the Tickets Redeemed by Device Report due to timing differences. The amounts on the Tickets from Slot Device Counted by Count Team Report should agree by machine, by denomination and in total to the amounts reflected in the actual column on the Ticket In Report.

Tickets Redeemed by Device Report: This report reflects the dollar amount of each ticket and slot coupon redeemed at a TITO device. This report is prepared for each drop period. Depending on the slot monitoring system utilized, the information may be represented on a gaming day basis and therefore may not agree to the Tickets from Slot Device Counted by the Count Team Report.

***Tickets Redeemed by Cashier Report Produced by Cashier*:** This report reflects the dollar amount of each ticket and slot coupon redeemed by a cashier during a specific shift. At the end of each cashier's shift, this report must be printed. The cashier is responsible for all tickets and slot coupons he/she redeemed during his/her shift. The cashier will calculate a total dollar value of the tickets and slot coupons and tie the total to this report. The total count is used to reconcile to the cash drawer. This report is forwarded to accounting along with the cage paperwork, tickets and slot coupons for that shift.

The accounting department reviews and matches the tickets and slot coupons redeemed at the cage to the cashier reports for each shift. The accounting department compares the totals on this report to the totals documented on the daily cash summary. The total dollar value of tickets and slot coupons recorded on the daily cash summaries must be compared to the Tickets Redeemed by Cashier Report Produced by Cashier that details that cashier's ticket and slot coupon transactions.

Any variances between the total of the day's tickets and slot coupons and the reports must be reviewed, investigated, and the results of the investigation documented in accordance with adequate explanation criteria described earlier in this section under "General".

Tickets Unredeemed Report: This report provides a listing of the issuing TITO device number, date, time, validation number and dollar amount of each active (i.e., unredeemed) ticket. It must be prepared, at a minimum, for each drop period. This report fluctuates daily as some tickets are not redeemed right away and may be redeemed on another day. Some tickets remain unredeemed until they expire. Unredeemed tickets may not be deducted for gaming tax purposes until they are actually paid to a patron. Redeemed tickets are deducted from gross revenue in the month they are redeemed.

Tickets Redeemed by Issuing Machine Report: This report reflects the dollar amount of each ticket redeemed, listed by issuing TITO device, which is prepared for each drop period. Depending on the slot monitoring system utilized, this report may be generated on a gaming day

basis. The dollar amounts reflected on this report should agree by denomination and in total to the amounts reflected in the Tickets Redeemed By Issued column on the MSRS. The licensee must ensure that this column does not include slot coupons.

Tickets from Kiosk Counted by the Count Team Report: This report reflects the tickets and slot coupons redeemed in a kiosk and counted by the count team and is used to provide both a piece count and dollar amount of the tickets and slot coupons from a ticket redemption kiosk. It is prepared by the count team in conjunction with each kiosk count. Due to timing differences, the amounts on this report may not agree to the amounts on the Tickets Redeemed by Kiosk Report

Tickets Redeemed by Kiosk Report: This report reflects the dollar amount of each ticket and slot coupon redeemed at a ticket redemption kiosk. This report is prepared in conjunction with each kiosk drop/count. Due to timing differences, this report may not agree to the amounts on the Tickets from Kiosk Counted by the Count Team report and the report generated from the ticket redemption kiosk. These tickets should appear on the Tickets Redeemed by Issuing Machine Report.

EPCS Supporting Reports

***EPCS Player Activity Report*:** This report must provide a summary of all players' activity of CEP-In, NCEP-In or NCEP-Out by gaming device, by denomination and grand total. This report must tie to the EPCS activity as shown on the CEP-In, NCEP-In or NCEP-Out statistical reports. This report must tie to the EPCS electronic promotional activity as shown on the CEP-In, NCEP-In or NCEP-Out statistical reports. It must be prepared, at a minimum, for each drop period.

Alternatively, the grand total from the EPCS Machine Activity Report is verified to the EPCS Player Activity Report. These reports are then verified to the CEP-In, NCEP-In, and/or NCEP-Out statistical reports. All variances including those as a result of timing differences between any of the reports are investigated and documentation is maintained as evidence of the review. Audit personnel can utilize other system generated reports to aid in the variance explanations.

***EPCS Machine Activity Report*:** This report must provide a summary of the gaming device activity of the CEP-In, NCEP-In or NCEP-Out by gaming device, by denomination and grand total. This must tie to the EPCS activity as shown on the CEP-In, NCEP-In or NCEP-Out statistical reports. This report must tie to the EPCS electronic promotional activity as shown on the CEP-In, NCEP-In or NCEP-Out statistical reports. It must be prepared, at a minimum, for each drop period.

EPCS Detail Report: This report details all cashable and non-cashable electronic promotional credit activity from the EPCS.

EPCS Credits Issued and Expired Report*:* This report is a listing of all cashable and non-cashable promotional credits that were earned and downloaded to the game, or earned and not downloaded to the game and have since expired. This report must be prepared, at a minimum, for each drop period.

Summary Report

Monthly Slot Revenue Summary Report (MSRS)

Refer to the forms section for an example of the MSRS that meets the required report standard. The example provides the required format as well as detailed explanations of the information required to be included in each column on the report. For licenses that have chosen to enable EPCS data and the MSRS does not include the required EPCS information, the licensee must provide a supplemental report with the required data elements to accurately calculate the MSRS. The licensee's written accounting plan must state how the licensee will supplement the report to include EPCS data.

Once a month, accounting personnel complete a MSRS, which is the support for the slot activity reported on the monthly gaming tax return. This report is a summary of slot activity by drop, by denomination, for a one month period. Information included on this report is the dollar value of metered coin-in, actual drop, E-Drop, actual tickets drop (includes slot coupons), actual jackpots, fills, all tickets redeemed, non-cashable electronic promotional credits activity out, hopper adjustments, and AGP. The monthly totals should equal the totals reported on the tax return. Any variances between the MSRS and the tax return must be adequately documented and explained. Tickets redeemed include the total dollar value of all tickets redeemed no matter where redeemed. Reconciling items, such as statewide multi-link progressive contributions and unclaimed jackpots may exist and must be documented so this report properly supports the amounts shown on the tax return. Other reconciling items include bills accepted into the cage from bill validator malfunctions and are included on the reconciliation and carried forward as part of the drop on the tax return.

Reconciliation Report

Tax Template

The Tax Template is a tool used to reconcile a licensee's statistical reports, monthly gaming tax return, general ledger, and to identify any variances among them. The Tax Template must be completed by the licensee each month prior to submission of the monthly gaming tax return. Any resulting variances must be explained and documented in accordance with the adequate explanation criteria described earlier in this section under "General". The current Tax Template spreadsheet is available on the Division's website. The licensee must use the most recent Tax Template for the reconciliation.

The licensee must ensure the statistical reports trace to all corresponding reports and the tax return. All variances must be adequately documented and explained. Any necessary adjustments are made to the report and reviewed prior to the filing of the gaming tax return. All adjustments made to the reports must be documented and supported by an adequate audit trail.

Optional Reports

Fill Reasonableness Analysis (Optional)

Licensees may perform a fills reasonableness analysis on a drop-by-drop basis. Excessive fills are individually determined by the licensee on a machine-by-machine basis using the following factors: volume of play, location of machine, performance history of the machine, day and seasonality factors, and any other factors affecting the amount of play a machine receives.

On a drop-by-drop basis, the licensee reviews actual fills of all machines to identify machines that appear to have excessive fills. After identifying the machines that appear to have excessive fills, the licensee performs a fills reasonableness analysis using the following formula to determine estimated fills:

> Change in Coin-in meter *minus* change in Coin-out meter *minus* change in Machine Paid Progressive Payout meter *minus* change in Machine Paid External Bonus Payout meter *minus* change in total drop (Coin Drop, Bill In, Voucher In (note: Voucher In includes slot coupons) meters *equals* estimated fills. Estimated fills are compared to actual fills and should be within ± one fill amount. When Coin-out increments for Attendant Paid Cancelled Credits, the cancelled credit amount must be added to the calculation to arrive at the estimated fills.

The estimated fills from this calculation should be within one standard fill amount (± one standard fill), hopper probe level, or hopper inventory count to actual fills for the period.

Possible reasons for variances include but are not limited to theft from hoppers, meter malfunctions, jackpots incorrectly coded as fills, or fills incorrectly coded as jackpots, machine malfunctions, and diverter problems.

Licensees should contact the Division's Audit Section regarding questions about the fills reasonableness analysis.

D. CASHIER

Cashier Procedures

Accounting personnel perform the procedures outlined below and sign gaming forms where appropriate as evidence that the procedures have been performed.

Clerically test beginning and end of shift cash inventory sheets, and trace totals to the daily cash summary.

Review the supporting documentation for all cash receipts and cash disbursements. Verify that all transactions are properly supported and authorized.

Promotional coupons and slot coupons, accepted by a cashier, in a kiosk or via a pouch pay are not deductible in the calculation of AGP.

Recalculate the net cash increase or decrease on the daily cash summary and post to the general ledger.

Trace amounts on the daily cash summary to the master games sheet, slot summary report, bill validator summary, and weigh/wrap variance report. Investigate and document any discrepancies.

On a periodic basis, frequent enough to detect unusual transactions on a timely basis, but at least once each drop period, accounting must have procedures in place whereby the copies of the jackpot payout/fill slips, table games jackpot payout slips, and the fill/credit slips are obtained and reconciled. The reconciliation should provide assurance that the totals match. Totals from the slips must also be reconciled to the daily cash summary and/or the drop paperwork as applicable. If discrepancies are discovered, accounting must investigate and document any discrepancies.

All sequentially numbered gaming forms are accounted for by accounting personnel. The owner/operator or the controller/bookkeeper investigates any missing slips. Such investigation is documented in a report, which is submitted to the manager/owner or owner's designee for action as appropriate.

Noncompliance issues are investigated, documented, and resolved on a timely basis.

Accounting reviews all forms for mathematical accuracy and proper completion in accordance with the ICMP.

All completed gaming documents are forwarded to accounting. Accounting must review these documents for reasonableness, mathematical accuracy, proper signatory authority, and proper completion in accordance with ICMP.

On at least a quarterly basis, accounting personnel must randomly verify the amount of coin contained within coin bags. This function may take place any time during the calendar quarter. This unannounced test must be performed for a minimum sample of two bags of coin or tokens for each denomination for each location that bags are stored (i.e., cashier cage, coin room, vault, etc.). The date of the quarterly verification is randomly selected by accounting personnel and must occur on different dates and days each quarter so as to preclude any predictability of when the verification will occur. The test must be documented on the bagged coin/token verification form (see example at the end of this section). If the difference exceeds $10, the licensee must investigate and document the reason for the variance. If the difference exceeds $50, the Division must be contacted for evaluation of the test results and determination of further action needed.

E. KEY CONTROL

Accounting is responsible for reviewing the completed key logs for restricted key boxes. The key logs are forwarded to accounting once a page is completed but at least monthly. Upon receipt of the logs accounting personnel review the key logs to ensure the logs are properly

completed. This includes determining that only authorized individuals accessed restricted keys, that the length of key check out is appropriate for the function being performed, and that all keys were properly and timely returned. All noncompliance items are addressed based on procedures outlined in the written accounting plan. Accounting review must be evidenced by the reviewer's initials and date of review.

If the licensee utilizes an automated key tracking system (AKTS), the reports provided by the system will substitute for the key logs in a manual process. Accounting personnel perform a review of reports generated by the AKTS that document key transactions. This review is performed on a timely basis (as defined in the written accounting plan) to ensure all restricted keys are returned within a reasonable amount of time pursuant to the completion of the task that created the need for the key(s) removal, any unusual key removals are investigated and key returns have occurred. Investigations must be performed for any missing restricted keys. The investigation results must be documented. All improper transactions or unusual occurrences are investigated with the results documented. The Division is notified of unusual key activity including missing restricted keys, restricted keys taken off property, and system failure that requires the AKTS to be manually accessed, etc. This review is evidenced by the reviewer's initials and date of review.

Accounting personnel perform a review of reports generated by the AKTS that document transactions performed by system administrators. This review is performed on a timely basis (as defined in the written accounting plan) to determine whether the transactions completed by the system administrators provide adequate control over access to restricted gaming keys. This review is to determine whether the system administrator's transactions were proper, reasonable, and authorized. Documentation forwarded to accounting, which identifies the system administrator (name, license number) accessing the keys, security observing the access, the date and time of access and the reason for access is compared to the system report which details the administrator's access. The review is evidenced by the reviewer's initials and date of review.

Any time persons are added to or removed from the system, accounting personnel compare the key authorization logs or signature cards to the system information to ensure that key access within the system is appropriate.

Any time inappropriate access is discovered or suspected, the surveillance coverage of the AKTS and any related areas must be reviewed. This surveillance coverage must be maintained until such time there is a resolution to the investigation.

F. FORMS CONTROL

Accounting is responsible for completing and maintaining the forms control log. This log is completed each time forms are received by the licensee from the printer and when forms are distributed to the various departments. A separate forms control log must be maintained for each type of sequentially numbered form issued by accounting. The accounting person issuing the forms and the person receiving the forms must sign the forms control log. Only one sequence of

each type of form may be issued and used, for each locked dispensing machine, at one time. See example of the forms control log at the end of this section.

As needed, accounting personnel replenish forms in the locked dispensing machines. During the week, casino personnel (e.g., cage employees, top signers) must notify accounting, before the accounting department closes, if they are running low on a particular form. To prevent the licensee from running out of a form when the accounting office is closed (e.g., holidays, weekends, etc.), accounting may issue one series of forms to the gaming manager prior to the accounting office closing. These forms must be locked in the surveillance room, or other secure area. If the accounting department is closed, the gaming manager may replenish forms in the locked dispensing machines using the extra series of forms. However, during accounting's regular business hours, forms must be checked out by accounting using the forms control log. Accounting is responsible for reconciling the numerical sequence of all forms. Accounting must ensure it knows, at all times, what series of forms have been issued to the gaming manager to be locked in the surveillance room or other secure area. Refer to the corresponding Forms Control Log procedures that follow in this section. Alternatively, for emergency purposes only, the general manager or designee, escorted by security, may access the accounting office to obtain forms.

If the accounting department is not physically located in the same building as the casino, one set of the forms can be maintained in the casino under lock and key with access to the forms limited to the gaming manager or security. Logs are maintained for these forms indicating receipt from the accounting office, issuance to the respective gaming department, dates, form numbers and signatures of the individuals receiving and issuing the forms.

G. TICKET IN/TICKET OUT PROCEDURES

Please see Ticket In/Ticket Out section for accounting TITO procedures.

H. KIOSK PROCEDURES

Accounting personnel perform the procedures detailed below and sign gaming forms where appropriate as evidence that the accounting procedures have been performed:

1. Match both copies of the kiosk disbursement form and examine the slips for proper signatory authority.

2. Trace information contained on the kiosk disbursement form to the kiosk fill report.

At the completion of the kiosk stacker drop/count, accounting personnel must perform the following procedures:

1. Print a ticket report from the ticketing module of the slot monitoring system that reflects the dollar value of each ticket or coupon redeemed by each kiosk.

2. Trace the total dollar amount of tickets or coupons obtained from the count to the reports from the ticketing module of the slot monitoring system. Any discrepancies must be investigated and the results of the investigation documented.

3. Trace the total dollar amount of tickets or coupons and currency from the count paperwork to the kiosk report (forwarded to accounting at the time of the kiosk drop) that details the stacker contents. Any discrepancies must be investigated and the results of the investigation documented.

4. The total dollar amount of tickets or coupons on the reports from the ticketing module of the slot monitoring system should trace to the ticket amount on the kiosk report. Any discrepancies must be investigated and the results of the investigation documented.

Accounting must perform the following procedures each time the kiosk cassettes and hoppers are counted. At a minimum, cassettes and hoppers are counted and reimpressed once each month.

A reconciliation must be prepared and documented at the completion of the cassette and hopper count. Kiosk reports are used to reconcile the beginning imprest amount minus coins and bills disbursed to equal the funds remaining in the cassettes and hoppers. The dollar amount of the cassettes and hoppers recorded on the count paperwork must equal the funds remaining in the cassettes and hoppers as recorded on the reconciliation. The reconciliation must be signed and dated by the person performing the reconciliation. A secondary level review must be performed of the reconciliation. Any discrepancies must be investigated and the results of the investigation documented. **Adequate explanation criteria must include the procedures used to investigate the variance and the results of the investigation.**

I. WIRELESS PROCEDURES

Accounting personnel perform the procedures detailed below for each validation device, sign and date gaming forms where appropriate as evidence that required accounting procedures have been performed.

Accounting reviews, matches, and verifies the tickets and slot coupons redeemed from each validation device to the device's corresponding report that lists every ticket and slot coupon redeemed by that device.

The tickets and slot coupons validated, redeemed and paid through the use of the validation device are processed and handled the same as tickets or slot coupons that are redeemed from the cashier cage. The tickets redeemed by cashier report produced for each validation device is reviewed. The total dollar value of tickets recorded on the daily cash summaries is compared to the tickets redeemed by cashier report produced by cashier that details the ticket or slot coupon transactions.

All variances between the total of the day's tickets or slot coupons and the report(s) are investigated and documented in accordance with the adequate explanation criteria.

The written accounting plan must include the reconciliation of all tickets redeemed through the use of a handheld device, and the inclusion of these tickets on the applicable supporting and statistical reports.

J. MINIMUM BANKROLL REQUIREMENTS

The minimum bankroll analysis worksheet is an analysis of a licensee's cash position. It is used for compliance purposes to determine if a licensee has sufficient funds to meet gaming requirements and meet governmental obligations. An example of this worksheet and the instructions are located on the Division's website.

A minimum bankroll analysis worksheet must be prepared by each licensed entity on a basis as frequent as necessary to determine whether a cash deficiency exists. Each licensed entity is required to submit this worksheet to the Division's Audit section: 1) prior to opening, 2) upon request by the Division, 3) upon adding or removing devices which materially affect the licensee's cash requirements, 4) when the licensee's cash position materially changes, and 5) when there is a cash deficiency. If at any time the licensee's available cash or cash equivalents are less than the amount required, the licensee must immediately notify the Division of this deficiency. Upon review of the bankroll analysis by the Division, the Director may require an adjustment to the cash requirement. The calculated cash requirement does not necessarily mean that the licensee must maintain this entire balance on premises. In other words, the cash requirement may be maintained either on premises, or in a bank account, or both. However, the licensee must be able to draw upon the funds immediately.

The total chip and token liability (float) is included on this worksheet. The liability is calculated by taking the total of all chips, excluding non-cashable chips, and tokens manufactured as indicated on invoices, minus all chips and tokens available in the casino or destroyed.

K. MONTHLY GAMING TAX RETURN

Each licensee must file a monthly gaming tax return electronically. The gaming tax returns are due the 15th day of the month immediately following the calendar month for which taxes are due. For example, the tax return for the month of October is due November 15. If the 15th falls on a weekend or holiday, the tax return is due the next business day. If a tax return is not filed timely, a penalty equal to 15% of the tax or $10, whichever is greater, will be assessed in accordance with section 12-47.1-604, CRS.

Effective May 2008 Payment of gaming tax is made using Electronic Funds Transfer (EFT). An EFT form must be completed and submitted to the Division at least 21 days prior to the first payment due date to establish the account. Pursuant to section 12-47.1-604 CRS, if the gaming tax is not paid using EFT by the 15th of the month, interest will be assessed at a rate of 2% per month for the period of time during which the payment is late, or $5, whichever is greater.

Any adjustments to previous months' AGP must be reported as an adjustment on the gaming tax return, providing this falls within the same gaming tax year. If the adjustment reflects previously unreported revenue, the licensee must also pay interest on the adjustment. If the adjustment is for a period prior to the current tax year, the licensee must contact the Division's Audit section for proper reporting requirements. Contact the Division for calculating the amount of any interest due and for reporting procedures for any adjustment falling in another gaming tax year.

The number of devices (slot machines or table games) reported on the tax return is based on the average number of active devices on the floor during the month. To arrive at the number of devices at the end of the month, take the number of devices per day, add up the total number of devices per day for the month and divide that total by the number of days in the month. For example:

The number of nickel machines on floor by day during the month of July is:

Day	# of Devices	Day	# of Devices	Day	# of Devices
July 1	10	July 12	12	July 23	15
July 2	11	July 13	12	July 24	15
July 3	12	July 14	13	July 25	15
July 4	12	July 15	13	July 26	15
July 5	12	July 16	13	July 27	15
July 6	13	July 17	14	July 28	15
July 7	13	July 18	14	July 29	15
July 8	13	July 19	14	July 30	15
July 9	13	July 20	15	July 31	10
July 10	12	July 21	15	Total	413
July 11	12	July 22	15		

The number of devices per day is totaled for the month, in this example 413, and divided by the number of days in the month, in this example 31 days, for an average number of devices, in this example 13.32. The total number of devices reported on the tax return for this example is 13. The same procedure is followed for all devices the casino has on the floor.

Licensees may report slot drop on the tax return using either weigh or wrap amounts, but must be consistent with whichever basis is used. Weigh/wrap variances are not reported on the tax return.

If a drop is not scheduled for the last day of the month, the revenue (drop) and expenses (jackpot and fills) from the drop closest to the end of the month is used for filing that month's return. The revenue and expenses generated for the remainder of the month is reported on the next monthly gaming tax return.

Unclaimed Jackpots

Unclaimed jackpots and unredeemed tickets may not be deducted for gaming tax purposes **until** they are actually paid to the patron.

The licensee must have procedures in place to:
1. Track unclaimed jackpot receipts and related jackpot slips upon issuance
2. Track which slips are still outstanding
3. Track which slips are paid

The casino must have a policy in place for paying patrons if the paperwork has been dropped to accounting. In some cases, the patron may not have retained his/her copy of the unclaimed jackpot receipt. Upon establishing proper identification of the patron and verifying whether the taxable jackpot winner is listed in the GPI registry as detailed in ICMP Section 1 General, H, the award is paid and a note is made on the licensee's copy of the unclaimed jackpot receipt that the patron's copy is not available.

In order for AGP from charitable events to be taxed at the charity tax rate (3%), the licensee must file the appropriate notice with the Division 14 days prior to the day of the event. Otherwise, the AGP collected for that event will be taxed at the normal tax rate. An example of the notification form may be obtained from the Division upon request. See sections 12-47.1-901 through 12-47.1-903, C.R.S., for further information regarding the sponsorship of charitable events.

Prior to opening, the licensee must obtain tax filing instructions from the Division. The Division will establish an account for the licensee in the tax filing system and will set up the licensee's system administrator. Licensees may contact the Division's Tax Examiner at (303) 205-1304 between the hours of 9:00 a.m. and 4:00 p.m., Monday through Friday, with questions regarding the tax return or the filing process. Also see the help feature in the tax filing system.

L. STANDARD FINANCIAL STATEMENTS

Each year licensees are required to file standard financial statements with the Division. Standard financial statements for the calendar year (January – December) are due to the Division by March 15. Any questions regarding how the statements are to be completed are directed to the Division's Audit section. All schedules must be completed. If there is a schedule that does not apply to the licensee, then all amounts must be entered as zero. All information is kept confidential; the financial information is compiled on a city, state-wide, and tax tier group basis and presented in the annual Gaming Fact Book and Abstract.

Un-audited financial statements must also be submitted to the Division in the event any of the following occur:
1. A license termination,
2. Change in the business entity, or
3. A change in control or ownership.

If any of the above events occur, the licensee or former licensee must, not later than 75 days after the event, submit to the Division a financial statement covering the period from the last statement

to the date of termination or change. Contact the Division's Audit section prior to submitting the financial statements

M. AUDITED FINANCIAL STATEMENTS

Pursuant to CLGR 47.1-1620, licensees with annual AGP during their business year of $10 million or more must submit **two** copies of the audited financial statements for that business year to the Division not later than 120 days after the last day of the licensee's business year.

Within 10 days of the licensee initially engaging an independent accounting firm or a new firm to perform the audit the licensee must notify the Division's Tax Examiner in writing of the name of the firm**.** Prior to the firm's review, the licensee must notify the Division's Tax Examiner of the names of the individuals performing the review, which requires access to restricted areas, what restricted areas they will access, and the date of access.

N. INTERNAL COMPLIANCE OFFICER

Each licensee must designate, in writing, to the Division's Audit section, an employee that will serve as its internal compliance officer (ICO)[1]. The ICO can be an employee of the licensee or a contracted licensed person. The licensee must include a description of the designee's primary job responsibilities, line/staff authority, the position the ICO reports to, related gaming experience, gaming license number, and email address. The ICO(s) must possess a key license unless a property-level ICO reports to a key-licensed corporate position responsible for compliance or the ICO's responsibility is limited to the completion of the semi-annual ICO checklist. Prior to opening and within 30 days of any change in the designated ICO, all licensees must submit a letter to the Division's Audit section designating their ICO(s), the ICO(s) e-mail address and other required information.

The following guidelines should be considered in appointing an ICO:

Objectivity The objectivity of the ICO is determined by the organizational level to which the ICO reports the results of their work and the organizational level to which they report administratively. The ability of the ICO to act independently of the individuals responsible for the functions being audited or reviewed is crucial.

Competence The competence of the ICO is determined by their relative work experience in the area they are reviewing, and training and supervision received. To effectively evaluate systems of internal control, operating processes, and other management requests, the ICO must be

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[1] **Group A Difference ⇑** **This doesn't apply to Group A Licensees. Group A Licensees are exempt from the requirement to have a designated ICO.**

familiar with the internal control objectives and operating procedures for the specific area of operations they are reviewing.

It may be necessary for licensees to designate more than one ICO in order to meet both the objectivity and competence requirements for all sections. The appointment of this ICO(s) is subject to review by the Division's Audit section.

At a minimum, the ICO must complete one full set of the ICMP Compliance Checklist for Internal Compliance Officers every six months. Copies of the checklist may be obtained at the Division's website at www.colorado.gov/revenue/gaming. The ICO must ensure they are using the most recent version of the ICO checklist.

The ICO must prepare a report summarizing each noncompliance issue noted during the completion of the ICO checklists. This report must include the ICO's recommended corrective action plan for each noncompliant item. The report is submitted to the casino's management for review and response. The General Manager who is responsible for the implementation of the corrective action must sign the Statement of Compliance Checklist. The review completed for the period of January – June is due to the Division by July 31, and the review for July – December is due to the Division by January 31. A report must be submitted even if no violation occurred.

Instructions for completing the ICMP Compliance Checklists for Internal Compliance Officers and submitting the ICO report are located on the Division's website. The following items must be submitted to the Division by the required due date of the period under review. Examples of the format of the required submittals may be obtained at the Division's website.

1. The "**ICO Summary of Test Results**" lists:
   - The total number of items inspected,
   - Number of noncompliance items by ICMP section.
2. The "**ICO Sample Selection Documentation**" lists:
   - The observations performed,
   - Documentation tested.
3. The "**ICO Statement of Compliance**" indicates:
   - A statement of adequate system of internal controls.

     *****Please do not submit the actual checklists unless requested by the Division.
4. The "**ICO Report**" lists:
   - The noncompliance issues identified by the ICO,
   - The ICO's recommendations for corrective action for each noncompliance item noted, and
   - The Management's responses to each noncompliance issue identified.

The items listed above are submitted via email to the Division at: dor_coloradocasinos@state.co.us Please use a subject line of (ICO Report for "Casino Name").

If the submittal does not include the required signature please send or deliver a signed copy of the ICO Statement of Compliance Checklist to the local Division office audit section.

O. STATEWIDE MULTI-LINK SYSTEMS

General

The following provides an explanation of accounting procedures for statewide multi-link progressive systems. The revenue cycle of a machine connected to a statewide multi-link system is no different from that of any other slot machine. Funds are dropped and counted, and taxed using the same procedures used for other machines. Primary jackpots and secondary jackpots (if applicable) are treated differently for purposes of calculating AGP.

Jackpot Deductions on Tax Returns

If the statewide multi-link system offers a secondary jackpot that is reimbursed by the system vendor, the following applies. When licensees pay out secondary jackpots, 100% of the amount paid to the patron is not deducted to arrive at taxable AGP on the gaming tax return. The pro-rated portion of the secondary jackpot is the amount allowed as a deduction on the gaming tax return to arrive at taxable AGP. The statewide multi-link vendor will send a report to each licensee with its individual pro-rated portion of that jackpot detailed on the report. A copy of the report should be maintained with the licensee's copy of the tax return to adequately document any deduction. It is the licensee's responsibility to obtain these reports in the event the vendor does not automatically send them to the licensee. The licensee's pro-rated portion of statewide secondary jackpots paid during the month is reported in the "Statewide Contributions" box for the multi-denomination slot denomination on the monthly gaming tax return.

All primary jackpots won by patrons will be paid directly by the statewide multi-link vendor. Similar to secondary jackpots, each licensee will receive a report detailing its pro-rated portion of the jackpot that is allowable as a deduction on the tax return to arrive at taxable AGP. The licensee's pro-rated portion of statewide primary jackpots paid during the month is reported in the "Statewide Contributions" box for the multi-denomination slot denomination on the monthly gaming tax return.

The licensee typically pays a certain percentage of coin-in to the statewide multi-link vendor on a periodic basis. The payment to the vendor is not a deduction in calculating taxable AGP; only the pro-rated portion of the jackpot (as discussed above) is allowed as a deduction in the month in which the jackpot is won.

When a patron wins a secondary jackpot, which initiates a hand pay, the payout procedures are the same as they are for any other jackpot. However, the licensee will mark the box on the Jackpot Payout slip titled "Secondary Jackpot – Statewide Multi-link". Statewide secondary jackpots paid by a licensee are reported in the "Statewide Secondaries" box for the multi-denomination slot denomination on the monthly gaming tax return.

P. CHIP AND TOKEN PROCEDURES

Chip and Token Accountability

General Accountability

To account for chips and tokens, licensees shall perform the following:

1. For all new casinos, an initial inventory of all chips and tokens must be conducted. There must be two independent counts (inventories) conducted by at least two licensed casino employees. Independent means that the person conducting the first inventory is different from the person conducting the second inventory. Both inventories must be documented. The documentation shall include:
   a. The date the chips and tokens were received,
   b. The date the inventory was conducted,
   c. An itemization by denomination (one for chips; another for tokens),
   d. Printed names and signatures of the individuals who conducted the inventory, as well as his/her corresponding license numbers, and
   e. A copy of the related invoice.

Any deviation between the invoice accompanying the chips and tokens and the actual chips and tokens received, as well as any defects found (i.e., anything that differs from the approved artwork), must be reported to the Audit section of the Division's local office. The Division will then determine the appropriate course of action. In situations of discrepancies or defects, no circulation of chips and tokens into the current inventory shall be completed until approval by the Division has been obtained. Upon resolution, a final reconciliation of the manufacturer's invoice to the actual inventory must be performed and documented, with supporting documentation for all reconciling items.

2. Subsequent to opening, additional chips and tokens received from a manufacturer or distributor must be inventoried by at least two licensed employees of the casino, one of whom shall be from the accounting department. The inventory documentation shall comply with the requirements specified in paragraph #1.

3. Chips and tokens that are not in active use may be stored in a casino vault, a cashier cage, or other comparable secure area. In addition to the quarterly inventory requirements specified below, an inventory must be conducted any time chips and tokens are removed from, or returned to, the storage area. The inventory shall be conducted after the removal/return, and must reconcile to the previous inventory. Supporting documentation must be attached for all reconciling items. The inventory documentation shall indicate the location of the chips and tokens in the licensee's possession, and comply with the requirements specified above in paragraph 1 (b) – 1(d).

Quarterly Reconciliation

Licensees must have written accounting procedures in place that enable them to perform and document an accurate inventory and reconciliation of all their chips and tokens, as well as the corresponding liability for all outstanding chips and tokens. Additionally, an estimated hopper

amount for all machines with tokens must be included in the inventory calculation. The estimate can be calculated by using the most current hopper count or a reasonable percentage of the hopper fill amount. Whichever method is used, it must be consistently applied each time. The inventory of chips and tokens shall be conducted at the end of each quarter, and the reconciliation shall be completed no later than the end of the month immediately following the quarter. Each such inventory shall be completed by two licensed employees performing independent counts, and reconciled to the previous inventory, by Accounting, with accurate and complete documentation supporting the changes in inventory.

Following is the formula for calculating the chip and token float to report on the minimum bankroll:

	Total of all chips and tokens placed into service at opening
Plus:	Chips & tokens purchased since opening through the last day of the prior quarter
Less:	Chips & tokens destroyed since opening through the last day of the prior quarter
	Equals: Total of chips & tokens at beginning of current quarter
Plus:	Chips & tokens purchased during the current quarter
Less:	Chips & tokens destroyed during the current quarter
	Equals: Balance of chips and tokens
Less:	Chips& token inventory on hand at end of current quarter
	Equals: Chip & Token float at end of current quarter*

*This float amount carries over to the minimum bankroll analysis worksheet. Note: Non-cashable chips are not included in the calculation of chip & token float.

Minimum Bankroll Requirements

The liability of outstanding chips and tokens, as calculated during the quarterly inventory, shall be included on the minimum bankroll analysis worksheet. The December 31 inventory balance and liability for outstanding chips and tokens shall be reported as an asset and a liability, respectively, on the licensee's standard financial statements.

Foreign Chips and Tokens

Foreign chips and tokens are defined as any chips and tokens issued by another gaming establishment. Foreign chips and tokens can include those from existing operating casinos and from closed casinos. The Division is concerned when foreign chips and tokens from closed Colorado casinos or from any casinos outside Colorado show up in a licensee's inventory. Therefore, if a licensee finds $20 or more of foreign chips or tokens from closed Colorado casinos or any casino outside of Colorado in a drop period it must immediately contact the Enforcement section of the local Division of Gaming office. The Division will determine if an investigation is warranted. If a licensee finds fewer than $20 of foreign chips or tokens from

closed Colorado casinos or any casino outside of Colorado, the licensee will retain the chips and tokens and arrange for destruction. Prior to destroying the chips and tokens, a destruction plan must be submitted to, and approved, by the Division. See Chip and Token Destruction procedures below.

Chip and Token Destruction

Licensees who maintain an operating licensed establishment, but wish to destroy all or part of its existing chip/token inventory (which may also include mutilated and foreign chips and tokens), must prepare a written plan for the destruction of those chips and tokens. This plan is submitted to the Division for approval at least 10 days prior to the anticipated destruction. These licensed establishments shall continue to honor all of their outstanding chips and tokens presented for redemption as long as the establishment remains open.

The objective of a destruction plan is to ensure chips and tokens are disposed of in a manner that complies with Rule 13 of the Colorado Limited Gaming Regulations. Destruction plans must include:

1. Scheduled date and location of destruction, which must be approved by the Division. Destruction must occur within the state of Colorado.
2. Name(s) and license numbers of person(s) that will perform the destruction.
3. Number of and dollar value of chips and/or tokens, by denomination, to be destroyed. This number must be reconciled to the previous, most recent quarterly inventory with accurate and complete documentation supporting any changes in inventory. The licensee maintains the reconciliation and is not required to submit this to the Division.
4. A detailed explanation of the method of destruction.
5. For foreign chips and tokens, the number of and dollar value of chips and/or tokens by denomination and casino name. Foreign chips and tokens from casinos outside of Colorado can be listed as one line item and noted as such.

The Division will provide written approval of all destruction plans prior to the licensee destroying any chips or tokens.

Pre-Destruction Inventory

Prior to removal from the licensed premises, a pre-destruction inventory of the chips and/or tokens shall be conducted by at least two licensed individuals. This inventory shall be reconciled to the inventory shown in the approved destruction plan. Any discrepancies between the amount shown in the destruction plan and the amount counted during the pre-destruction inventory must be explained and supported.

In addition to the pre-destruction inventory, a weigh shall be obtained of the total chips to be destroyed, and a weigh of the total tokens to be destroyed. This weigh shall be performed by the destruction company and must be recorded on the inventory forms. A copy of all inventory documentation, including weigh scale tape, if applicable, and any other supporting information,

shall be maintained by the casino. This documentation is provided to the Division within five business days following the inventory.

Time of Destruction
There are two options for performing the destruction: (1) two licensed individuals, one of whom is independent of the destruction company, are present for the destruction of all chips and tokens; or, (2) the licensed employee of the destruction company or the licensed employee of the casino participating in the destruction may perform the destruction with video coverage of the entire process.

Either a weigh scale tape is produced and signed by both individuals (option 1), or the video coverage shall include a pre-destruction weigh display (e.g., LED display or weigh scale tape image), the entire destruction process, and the post-destruction weigh (option 2). A copy of the video recording must be maintained by the casino for 30 days.

Post-Destruction Verification
Upon completion of destruction, the destruction company will obtain and document a weigh of the total chips destroyed, and a weigh of the total tokens destroyed. Any discrepancies of 1% or greater between the pre-destruction weigh and the post-destruction weigh must be explained. This information, accompanied by all weigh scale tapes (if available), must be provided to the Division of Gaming within five business days following the destruction.

The documentation for all inventories and weighs shall include the date of the event and the printed names, related signatures, and license numbers of all individuals involved.

FORMS

Following is a description of forms discussed in this section. In some cases, sample forms are provided. It is the licensee's responsibility to ensure that all forms meet ICMP requirements. See General section for further clarification.

Bagged Coin/Token Verification Form

This form is used by the accounting department to document the quarterly random verification of all bagged coin, whether in the cashier cage, coin room, vault, etc.

Forms Control Log

A log which documents receipt and disbursement of restricted gaming forms.

Progressive Incrementation Rate Chart

This form is used to calculate the progressive incrementation rate for the coin-in meter reasonableness test.

Quarterly Slot Progressive Testing Form/Meter Reasonableness Test

This form is used to document quarterly testing of progressive banks using the meter reasonableness method of testing. Accounting is responsible for the quarterly testing and documenting of progressive banks.

Quarterly Slot Progressive Testing Form/Physical Coin-In Test

This form is used to document quarterly testing of progressive banks using the physical coin-in method of testing. Accounting is responsible for the quarterly testing and documenting of progressive banks.

Meter Reset Form

A log documents when a game meter is cleared, the reason it was cleared, and who cleared it.

Slot Tournament Summary Form

This form is used to record and document the total amount of entry fees, the total cost of prizes awarded or paid, and the resulting AGP for gaming tax purposes.

Table Games Tournament Summary Form

This form is used to record and document the total amount of entry fees, the total cost of prizes awarded or paid, and the AGP for gaming tax purposes.

Table Games Tournament Summary Form (Multi-Licensee)

This form is used to record and document the total amount of entry fees and buy-ins collected, the total cost of prizes awarded or paid, by shift, by day, by licensee, and in total. Buy-ins

collected must be equal to or less than the prizes awarded to participants.

Blackjack Master Games Summary Report

A summary of the master games sheet by day, for a one-month period, which supports the monthly gaming tax return. Blackjack, poker, craps and roulette information may be combined on one report as long as the information for blackjack, player banked poker, house banked poker, craps and roulette is shown separately.

Blackjack Statistical Report

A report which provides a statistical analysis of blackjack hold percentages by table, by shift and/or day, on a current month basis, expected hold percentages by table game type and a variance between the actual hold and the expected hold percentage.. Blackjack, poker, craps and roulette information may be combined on one report as long as the information for blackjack, house banked poker, craps and roulette is shown separately.

Craps Master Games Summary Report

A summary of the master games sheet by day, for a one-month period, which supports the monthly gaming tax return. Blackjack, craps, poker and roulette information may be combined on one report as long as the information for blackjack, craps, player banked poker, house banked poker and craps is shown separately.

Craps Statistical Report

A report which provides a statistical analysis of craps hold percentages by table, by shift and/or day, on a current month basis, expected hold percentages by table game type and a variance between the actual hold and the expected hold percentage. Blackjack, craps, poker and roulette information may be combined on one report as long as the information for blackjack, craps, house banked poker and roulette is shown separately.

House Banked Poker Statistical Report

A report which provides a statistical analysis of house banked poker game hold percentages by table, by shift and/or day, on a current month basis, expected hold percentages by table game type and a variance between the actual hold and the expected hold percentage. Blackjack, craps, poker and roulette information may be combined on one report as long as the information for blackjack, craps, house banked poker and roulette is shown separately.

Poker Master Games Summary Report

A summary of the master games sheet by day, for a one-month period, which supports the monthly gaming tax return. Blackjack, craps, poker and roulette information may be combined on one report as long as the information for blackjack, craps, player banked poker, house banked poker and roulette is shown separately.

Roulette Master Games Summary Report

A summary of the master games sheet by day, for a one-month period, which supports the monthly gaming tax return. Blackjack, craps, poker and roulette information may be combined on one report as long as the information for blackjack, craps, player banked poker, house banked poker and roulette is shown separately.

Roulette Statistical Report

A report which provides a statistical analysis of roulette hold percentages by table, by shift and/or day, on a current month basis, expected hold percentages by table game type and a variance between the actual hold and expected hold percentage. Blackjack, craps, poker and roulette information may be combined on one report as long as the information for blackjack, craps, house banked poker and roulette is shown separately.

Bill Drop Report by Denomination

This report compares metered bill in to actual bills by bill denomination and in total, for each machine, and by denomination total. The report is prepared on a drop-by-drop basis.

Drop Comparison Report (Drop Report)

A report which compares the metered drop with actual drop, by machine, by denomination, and in total. The report is prepared on a drop-by-drop, MTD and YTD basis.

Jackpot Comparison Report (Jackpot Report)

A report which compares total hand pay event meters with actual hand pay events including attendant paid jackpots, attendant paid accumulated credits, attendant paid progressive payouts and attendant paid external bonus payouts by machine, by machine denomination, and in total. The report is prepared on a drop-by-drop, MTD, and YTD basis.

Monthly Slot Revenue Summary (MSRS)

A summary of slot activity by drop, by machine denomination, for a one-month period, which supports the monthly gaming tax return.

Theoretical Hold Report (Hold Report)

A report which compares the theoretical hold with the actual hold by machine, by machine denomination, and in total. Two reports are required to be prepared. One report is prepared on a MTD basis and one report is prepared on a YTD basis.

Ticket In Comparison Report (Ticket In Report)

This report compares the total voucher in metered amount to the actual tickets redeemed by machine. This report must be prepared on a drop-by-drop, MTD, and YTD basis, and shows totals by machine, machine denomination, and grand totals.

Ticket Out Comparison Report (Ticket Out Report)

This report compares the total voucher out metered amount to the actual tickets issued (as reported by the TITO system) by the device. This report must be prepared on a drop-by-drop, MTD, and YTD basis, and shows totals by machine, by machine denomination, and grand totals.

Tickets from Kiosk Counted by the Count Team Report

This report reflects the tickets and slot coupons from a ticket redemption kiosk counted by the count team, and is used to provide both a piece count and dollar amount of the tickets and slot coupons from a ticket redemption kiosk. It is prepared by the count team in conjunction with each kiosk count.

Tickets From Slot Device Counted by Count Team

This report is the result of the tickets and slot coupons counted by the count team. This report is used to provide both a piece count and dollar amount of the tickets and slot coupons by TITO device. This report is prepared by the count team for each count conducted.

Tickets Issued Report

This report reflects the dollar amount of each ticket issued, by TITO device and is prepared for each drop period.

Tickets Redeemed by Cashier Report Produced by Cashier

This report reflects the dollar amount of each ticket and slot coupon redeemed by a cashier during a specific shift. At the end of each cashier's shift, this report must be printed by the cashier.

Tickets Redeemed by Device Report

This report reflects the dollar amount of each ticket and slot coupon redeemed at a TITO device and is prepared for each drop period.

Tickets Redeemed by Issuing Machine Report

This report reflects the dollar amount of each ticket redeemed, listed by issuing TITO device and is prepared for each drop period

Tickets Redeemed by Kiosk Report

This report reflects the dollar amount of each ticket and slot coupon redeemed at a ticket redemption kiosk. This report is prepared in conjunction with each kiosk drop.

Tickets Unredeemed Report

This report provides a listing of the issuing TITO device number, date, time, validation number and dollar amount of each active (i.e., unredeemed) ticket. It must be prepared, at a minimum, for each drop period.

The following reports are for EPCS and a sample of the reports are not provided.

Cashable Electronic Promotional In Comparison Report (CEP-In)

A report which compares the metered cashable electronic promotional in with cashable electronic promotional in activity, by machine, by denomination, and in total. The report is prepared on a drop-by-drop, MTD and YTD basis.

Non-Cashable Electronic Promotional In Comparison Report (NCEP-In)

A report which compares the metered non-cashable electronic promotional in with non-cashable electronic promotional in activity, by machine, by denomination, and in total. The report is prepared on a drop-by-drop, MTD and YTD basis.

Non-Cashable Electronic Promotional Out Comparison Report (NCEP-Out)

A report which compares the metered non-cashable electronic promotional out with non-cashable electronic promotional out activity, by machine, by denomination, and in total. The report is prepared on a drop-by-drop, MTD and YTD basis.

EPCS Player Activity Report

This report reflects a summary of all players' activity of CEP-In, NCEP-In or NCEP-Out by gaming device, by denomination and grand total.

EPCS Machine Activity Report

This report reflects a summary of the gaming device activity of the CEP-In, NCEP-In or NCEP-Out by gaming device, by denomination and grand total.

EPCS Detail Report

This report reflects all cashable and non-cashable electronic promotional credit activity from the EPCS.

EPCS Credits Issued and Expired Report

This report is a listing of all cashable and non-cashable promotional credits that were earned and downloaded to the game, or earned and not downloaded to the game and have since expired.