

MONTANA TAVERN TIMES

VGM Meter Issues - September 1, 2012

By Angela Nunn

Operations Bureau Chief, Gambling Control Division

Video gambling machines (VGMs) are the most popular form of gambling in Montana. There are currently over 16,000 permitted machines spread throughout the state. While many operators have been in the business a long time, the intent of this article is to get down to the basics of video gambling machine terminology, meter readings, record keeping requirements, etc. Since the majority of operators are on a tier II automated accounting and reporting system that will be the focus.

Definitions:

- **Electronic meter readings** (also referred to as soft meter readings) – These are the meter readings maintained by the software on the video gambling machine. They can be obtained by printing an audit ticket from the VGM. Note: Please use the *lifetime* meters on the audit ticket, *not* the period meters.
- **Mechanical meter readings** (also referred to as hard meter readings) – These are the meter readings maintained by the meter equipment located within video gambling machine. They can be obtained by physically opening the machine and looking at the meters. Note: These are *not* the same as the “Admin” meters on the audit ticket.
- **Cash** – In this context, the cash is the amount of money taken out of the machine during the same time period the meter readings are being reported.

Every machine has at least the following four meters:

- In
- Played
- Won
- Paid

When getting set up to report meter readings online, operators select whether they want to be on a 7-day or 14-day reporting interval. Depending on their selection, an audit ticket is required to be printed and electronic meter readings reported at least once every seven or 14 days. Mechanical meter readings are required to be documented at least once every two weeks. The cash is also required to be documented for the same time period the mechanical meter readings are taken.

If your machine and meters are working properly, the following formula will apply for all meter readings taken: **In + Won – Played = Paid**

If that formula does not work, the machine may have a mechanical meter that is not working and may need to be replaced, or the electronic meters may be out of balance and need zeroed.

Another important step is to make sure that the electronic and mechanical meters match. In order to do this, an operator will need a current meter reading and the previous meter reading for the machine in question. The following formula is an example of verifying that the “In” meters match:

$$\text{Current soft "In"} - \text{Previous soft "In"} + \text{Previous hard "In"} = \text{Current hard "In"}$$

Any discrepancy would indicate a problem with the mechanical meter. This formula can be applied to any of the four meters.

A requirement that is often missed or forgotten is the three-way reconciliation process. According to 23.16.1827, ARM, “The three totals, actual cash, electronic readings, and mechanical readings must be calculated and reconciled for the same time period and **must be completed at least once every two weeks.**”

The three-way reconciliation can be done easily when entering meters online using the “Meter Readings with reconciliation” link, by entering the cash collected by the machine during the same reporting period as the meter readings. By clicking the “Detailed Summary” hyperlink in the Meter Reading section of the website, a comparison of the Soft Meters, Mechanical Meters, and Cash is displayed. If doing the reconciliation manually, the formulas are as follows:

- Current electronics “In” – Previous electronics “In” = Cash
- Current mechanical “In” – Previous mechanical “In” = Cash

The above calculations should be made to ensure the electronic meters, mechanical meters, and cash correspond correctly. If they do not equal the cash collected, there may be additional record keeping requirements. According to the rule, “Any material difference must be documented and the reason for the difference substantiated.” A material difference is defined as 5% of the total money placed in the machine during that time period (Cash) or \$100 – whichever is less.

Other items of particular note regarding entering meter readings online.

- The “Quarter” field is automatically populated based on today’s date. Please be sure to select the correct quarter you are reporting meters for. This is particularly important when entering Quarter-end meters.
- In the “Report Date” field, please use the date the audit ticket was printed, *not* the date the meter readings are being submitted.

For any questions or more information, please call the Gambling Control Division at (406) 444-1971 or email gcd@mt.gov. (References: 23-5-610, MCA; 23.16.1827, ARM)