



## Key Definitions:

**Cash Net Win:** Cash Net Win refers to the actual cash revenue retained by the casino from slot machine play after accounting for payouts and certain adjustments. It represents the net amount of cash the property earns from slot operations, excluding non-cash components such as promotional credits or free play. The simplest formula is cash in the door less cash out the door; however, these may be interpreted as Cash Drop – Cash Payouts.

**NOTE:** This is the “win” GAAP expects casinos to report.

**Statistical Net Win:** The net revenue generated from slot machine play, calculated using real wagering activity and payouts. It reflects the difference between what players wagered and what they won as a result of those wagers, including adjustments for jackpots. The formula is Coin In – Coin Out – Jackpot Won (Metered).

**Theoretical Net Win:** The theoretical or expected revenue a casino should earn from slot machine play based on game math and player activity, rather than actual cash transactions. It is derived from the machine’s programmed payback percentage and the total amount wagered. In other words, Coin In x Theoretical Hold Percentage.

**Hold Percentage:** The ratio of net revenue retained by the casino compared to the total amount wagered on a slot machine or across the slot floor. It measures how much of the players’ wagers the property “holds” after payouts and is a key performance indicator for slot operations. The formula for Actual Hold Percentage is (Net Win/Coin In) X 100. The Theoretical Hold Percentage should be provided on the machine’s PAR sheet.

**PAR Sheet:** Short for Probability Accounting Report Sheet, this is a technical document provided by the slot machine manufacturer that details the mathematical design and expected performance of a game. It serves as the blueprint for how the game operates and what its theoretical outcomes should be.

**Drop:** Drop refers to the total amount of physical currency, tickets, and other cash-equivalent instruments collected from slot machines during a designated accounting period. It represents the actual funds removed from the machine’s cash storage components (such as bill validators and drop boxes) and transferred to the count room for verification and recording.

**Variance:** Variance refers to discrepancies between expected and actual performance or reporting in slot machine operations.

**Journal Entry:** A Journal Entry is an official accounting record that documents a financial transaction within the casino’s general ledger. In Tribal gaming operations, journal entries are used to accurately record slot-related activities, ensuring compliance with internal controls and regulatory standards and providing the framework for financial statements that will be used to provide information to stakeholders.

**Participation/Lease Fees:** Participation Fees, also known as Lease Fees, are costs paid by the casino to a slot machine manufacturer or vendor for hosting and operating their game on the casino floor. These fees are typically associated with participation games, where the vendor shares in the machine’s revenue rather than selling the machine outright.

**Carded Play/Carded Play %:** Carded Play is portion of slot machine wagers made by players who are using their loyalty or player’s club card. The carded play percentage is the proportion of carded play compared to total wagers. It is a key metric for understanding player engagement and the effectiveness of the property’s loyalty program, as well as the insight into player slot machine preferences.



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**Utility/Utilization Rate:** Utility, often referred to as Utilization Rate, measures how frequently a slot machine is played relative to its availability. It reflects player demand and machine productivity, helping operators optimize floor layout and game mix. The basic formula to determine the Utilization Rate is  $(\text{Time Played} / \text{Time Available}) \times 100$ . In lieu of time, utilization can be determined using games played compared to the maximum games played in a day.

**Zones:** In slot floor management, zones refer to designated areas where slot machines are placed, often grouped by location, visibility, and traffic patterns. Zones are used to analyze and optimize machine performance based on player behavior and environmental factors. Zones may be a section of machines. A zone may also be a more arbitrary area. As an example, a “hot zone” is an area of the casino floor where machines consistently generate higher play activity and revenue whereas a “cold zone” is where machines experience lower play activity and revenue.

**Key Performance Indicators (KPIs):** Measurable values that indicate how effectively a casino is achieving its operational and financial objectives. On the slot floor, KPIs help monitor machine performance, player engagement, and overall profitability. Common slot floor KPIs include coin-in, net win, hold percentage, carded play percentage, average daily theoretical, and utilization.