

## Nevada Gaming: Assets, Liabilities and Expenses, 1984-2011

### Statewide Casinos' Revenue, Liabilities, Assets, and Selected Expenses

Financial structures in Nevada's gaming industry have shifted tremendously over the past decade. These changes, which center on the assumption of unprecedented levels of debt by casino operators, are amply reflected in several key metrics for the industry, chiefly the rising level of liabilities..

### Executive Summary

Nevada gaming is in an unprecedented financial position. The total assets of Nevada casino operators have increased dramatically since 1999, but so have the total liabilities, which now eclipse total annual revenues. Until roughly 2007, annual casino revenues (including both gaming and non-gaming departments) remained well above Nevada casinos' total liabilities; since then, liabilities have well outstripped annual revenues. From 1984 to 2011, casino annual revenues grew by 363.63%. Total liabilities grew by 1,768.04%. This has impacted casinos' operations: due to rising interest payments, write-downs, and other expenses, the percentage of casino revenues consumed by general and administrative expenses has risen alarmingly since fiscal 2008; since 2009, it has represented over half of all state casino resort revenues, which means less money is available for other areas of operation.

### Definitions

- For all reporting areas, each year's data is for the fiscal year (July-June) in question.
- All data is for all Nevada casinos with gross gaming revenues of more than \$1,000,000 per year.
- Unless otherwise specified, all totals are in dollars.

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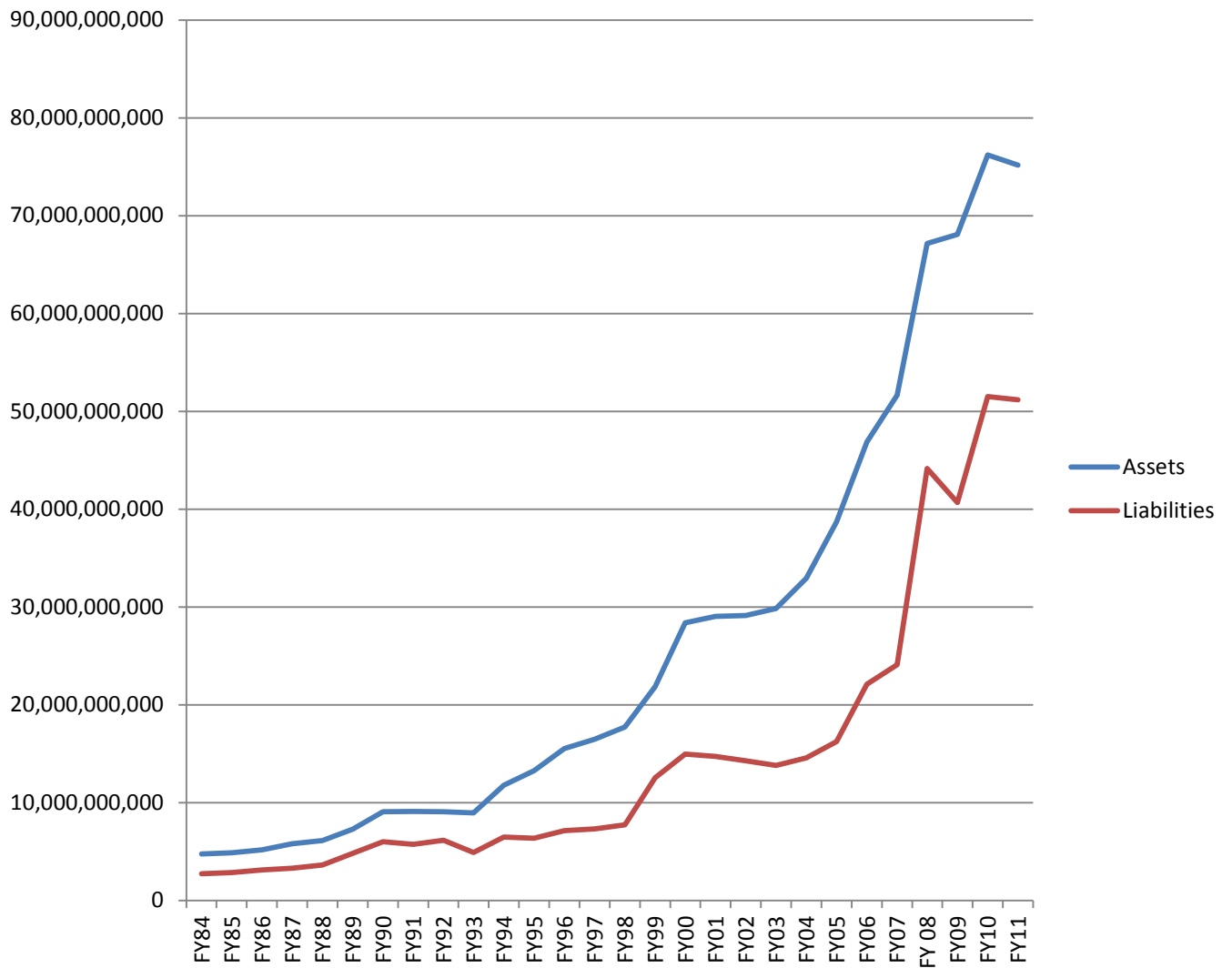
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Total Assets vs. Total Liabilities



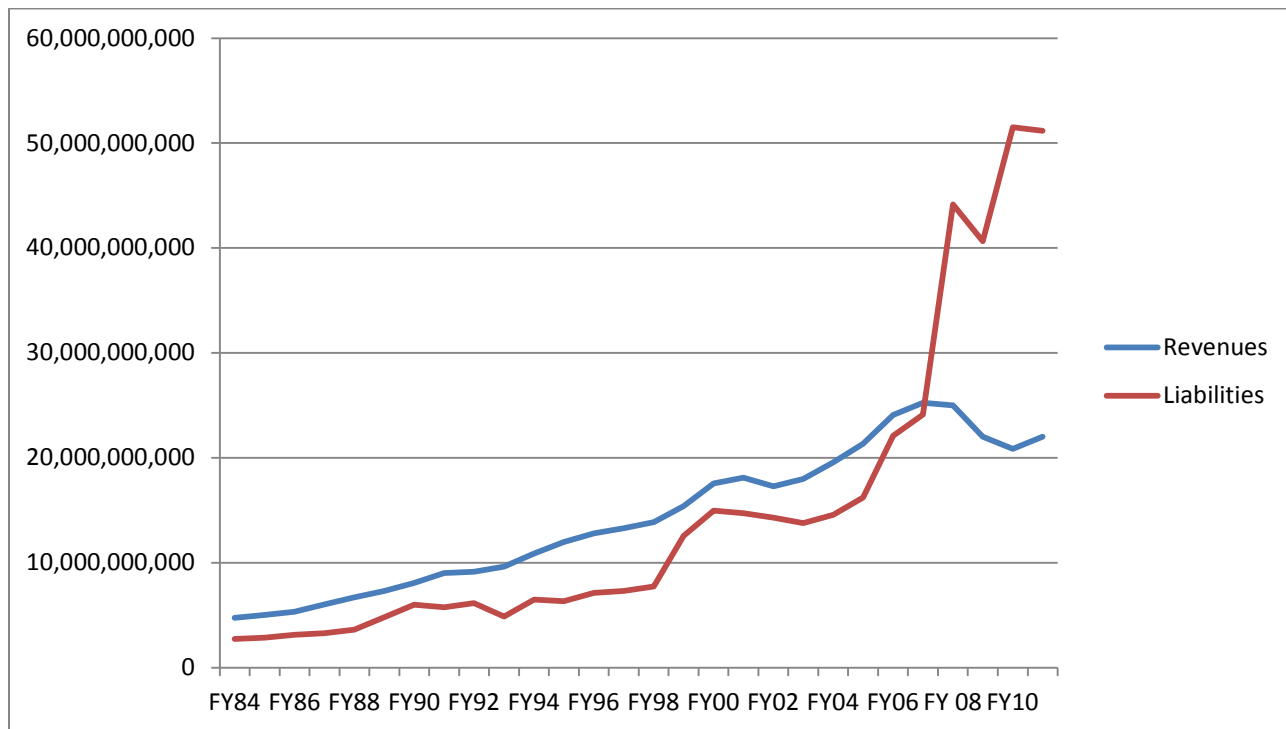
As can be seen in this chart, the total assets of Nevada casino operators have increased dramatically since 1999, but so have the total liabilities.

Assets Vs. Liabilities: Selected Detail

	Current Assets	Fixed Assets	Total Assets	Current Liabilities	Long-Term Debt	Total Liabilities
FY84	712,349,030	3,235,132,064	<b>4,752,459,843</b>	773,362,442	1,636,358,129	<b>2,740,146,043</b>
FY85	821,752,709	3,377,981,300	<b>4,871,693,157</b>	921,237,441	1,492,910,869	<b>2,860,243,858</b>
FY86	804,765,385	3,804,324,474	<b>5,161,496,611</b>	750,474,125	1,815,427,533	<b>3,129,323,742</b>
FY87	963,996,719	4,178,985,844	<b>5,803,453,493</b>	821,931,827	1,975,510,877	<b>3,296,993,658</b>
FY88	1,126,396,466	4,543,073,163	<b>6,137,800,288</b>	932,341,609	2,244,549,891	<b>3,633,464,563</b>
FY89	1,424,252,146	5,246,642,916	<b>7,290,841,684</b>	1,388,995,604	2,917,059,001	<b>4,815,453,889</b>
FY90	1,531,642,895	6,927,451,395	<b>9,081,396,562</b>	1,693,801,086	3,666,805,057	<b>5,998,000,912</b>
FY91	1,517,719,142	7,132,944,939	<b>9,090,648,073</b>	1,778,584,888	3,200,708,339	<b>5,748,703,777</b>
FY92	1,467,654,130	6,954,061,459	<b>9,074,399,309</b>	1,631,111,600	3,606,143,801	<b>6,154,311,911</b>
FY93	1,655,589,174	6,813,800,852	<b>8,966,629,957</b>	1,716,047,918	2,505,046,790	<b>4,894,009,399</b>
FY94	2,032,686,321	8,967,405,741	<b>11,792,244,170</b>	2,077,162,110	3,713,114,919	<b>6,494,655,825</b>
FY95	1,972,957,785	9,850,267,713	<b>13,260,958,659</b>	2,087,644,964	3,229,279,677	<b>6,355,063,164</b>
FY96	2,546,009,864	11,570,661,834	<b>15,531,871,615</b>	2,553,029,663	3,826,334,355	<b>7,137,527,462</b>
FY97	2,662,314,052	12,461,815,069	<b>16,484,545,247</b>	2,728,304,077	3,818,611,954	<b>7,307,743,350</b>
FY98	2,404,416,823	13,913,005,089	<b>17,726,478,660</b>	2,889,347,005	3,911,358,504	<b>7,733,267,615</b>
FY99	2,648,254,415	17,289,789,573	<b>21,877,261,809</b>	3,565,297,933	7,766,702,254	<b>12,554,233,446</b>
FY00	3,960,460,169	22,181,328,304	<b>28,391,769,057</b>	2,938,514,338	10,426,982,161	<b>14,969,827,153</b>
FY01	3,879,782,496	22,742,409,382	<b>29,030,881,849</b>	3,049,670,794	10,257,097,014	<b>14,725,959,270</b>
FY02	4,306,603,950	22,305,070,386	<b>29,121,833,323</b>	2,199,427,518	10,468,112,861	<b>14,289,494,689</b>
FY03	5,164,661,520	22,529,311,629	<b>29,840,027,844</b>	3,282,379,193	9,457,731,576	<b>13,791,229,248</b>
FY04	5,858,589,292	23,533,171,155	<b>32,931,257,259</b>	3,270,609,465	9,500,802,461	<b>14,578,884,375</b>
FY05	6,188,272,138	27,015,191,851	<b>38,723,922,615</b>	3,249,460,095	11,689,478,338	<b>16,236,460,075</b>
FY06	4,166,898,002	34,695,441,410	<b>46,852,345,328</b>	7,203,327,483	14,038,984,422	<b>22,120,546,357</b>
FY07	6,067,670,104	36,208,611,857	<b>51,649,483,435</b>	6,878,742,077	17,075,978,487	<b>24,115,697,094</b>
FY08	9,122,051,471	42,211,055,838	<b>67,174,392,544</b>	11,465,622,652	28,369,612,338	<b>44,155,706,178</b>
FY09	12,736,725,278	43,852,012,237	<b>68,086,248,630</b>	7,070,677,278	27,709,457,292	<b>40,663,344,674</b>
FY10	18,090,663,773	48,532,422,911	<b>76,218,009,094</b>	13,837,708,124	23,943,880,411	<b>51,518,982,771</b>
FY11	17,785,177,829	47,705,345,176	<b>75,156,678,597</b>	13,917,666,909	24,476,978,831	<b>51,186,896,606</b>

Total assets and liabilities are broken down into their current, fixed, and long-term components here.

Revenues vs. Liabilities, 1984-2011



Until roughly 2007, annual casino revenues (including both gaming and non-gaming departments) remained well above Nevada casinos’ total liabilities. Since then, however, liabilities have well outstripped annual revenues.

Since 1984, casino annual revenues have grown by 363.63%. Total liabilities have grown by 1,768.04%.

See following page for data.

## Revenues vs. Liabilities, 1984-2011

	Revenues	Liabilities
FY84	4,747,859,121	2,740,146,043
FY85	5,044,909,140	2,860,243,858
FY86	5,336,247,521	3,129,323,742
FY87	6,043,236,170	3,296,993,658
FY88	6,713,408,549	3,633,464,563
FY89	7,305,791,011	4,815,453,889
FY90	8,078,237,695	5,998,000,912
FY91	9,017,189,281	5,748,703,777
FY92	9,153,639,943	6,154,311,911
FY93	9,621,159,445	4,894,009,399
FY94	10,896,831,724	6,494,655,825
FY95	11,995,427,043	6,355,063,164
FY96	12,803,935,103	7,137,527,462
FY97	13,285,436,601	7,307,743,350
FY98	13,877,205,552	7,733,267,615
FY99	15,392,398,656	12,554,233,446
FY00	17,557,300,288	14,969,827,153
FY01	18,103,412,133	14,725,959,270
FY02	17,301,845,037	14,289,494,689
FY03	17,978,152,097	13,791,229,248
FY04	19,586,102,450	14,578,884,375
FY05	21,356,201,433	16,236,460,075
FY06	24,081,107,436	22,120,546,357
FY07	25,257,027,359	24,115,697,094
FY 08	25,004,824,049	44,155,706,178
FY09	22,011,364,912	40,663,344,674
FY10	20,853,560,968	51,518,982,771
FY11	22,012,064,316	51,186,896,606

## Revenue and Net Income (Loss) Before Federal Income Taxes

	Total	NI before FIT
FY84	4,747,859,121	332,734,863
FY85	5,044,909,140	434,233,222
FY86	5,336,247,521	435,207,302
FY87	6,043,236,170	648,293,774
FY88	6,713,408,549	689,218,304
FY89	7,305,791,011	664,451,575
FY90	8,078,237,695	648,190,720
FY91	9,017,189,281	545,907,955
FY92	9,153,639,943	848,606,217
FY93	9,621,159,445	1,146,090,269
FY94	10,896,831,724	1,209,906,411
FY95	11,995,427,043	1,276,794,091
FY96	12,803,935,103	1,355,497,949
FY97	13,285,436,601	1,101,742,970
FY98	13,877,205,552	1,134,328,500
FY99	15,392,398,656	876,587,138
FY00	17,557,300,288	496,841,799
FY01	18,103,412,133	554,428,461
FY02	17,301,845,037	(33,541,881)
FY03	17,978,152,097	845,391,717
FY04	19,586,102,450	1,325,046,548
FY05	21,356,201,433	1,803,736,903
FY06	24,081,107,436	2,110,643,824
FY07	25,257,027,359	2,297,481,525
FY08	25,004,824,049	721,181,848
FY09	22,011,364,912	(6,778,293,613)
FY10	20,853,560,968	(3,432,514,103)
FY11	22,012,064,316	(3,996,656,422)

Until the 2001-2 recession, Nevada casinos had a long streak of posting positive net income before federal income tax. After a single year of posting a loss, however, Nevada's casinos bounced back and improved their profitability, increasing net income by more than a billion dollars a year from 2004 to 2007. The following year, however, that trend reversed, and since fiscal 2009 Nevada's casinos have posted net losses.

General & Administrative Expenses: Selected Detail

	Dep-Build	D &A-Other	Total D&A	Interest	Other	Total G&A Expenses
FY84	85,557,204	149,092,924	234,650,128	204,117,033	205,499,025	1,659,628,218
FY85	101,906,703	157,402,499	259,309,202	198,300,974	215,132,814	1,708,224,738
FY86	104,362,383	183,707,613	288,069,996	229,263,792	247,524,688	1,850,420,175
FY87	122,967,130	199,941,414	322,908,544	225,968,188	327,404,375	2,051,933,727
FY88	147,136,058	214,425,202	361,561,260	266,544,673	357,890,182	2,264,858,813
FY89	140,681,105	258,157,736	398,838,841	341,724,743	378,027,316	2,448,736,107
FY90	166,805,010	298,816,260	465,621,270	438,020,841	407,693,740	2,706,480,355
FY91	214,819,904	345,339,930	560,159,834	480,897,679	492,869,724	3,054,258,163
FY92	218,164,102	347,101,291	565,265,393	420,537,702	470,015,620	2,977,410,799
FY93	194,065,456	355,193,384	549,258,840	293,134,673	485,654,001	2,932,798,403
FY94	241,057,636	406,890,806	647,948,442	317,560,633	619,051,103	3,321,729,020
FY95	272,806,550	460,247,746	733,054,296	364,115,024	621,630,412	3,620,315,345
FY96	316,916,544	491,857,167	808,773,711	341,719,318	686,353,801	3,890,152,021
FY97	361,122,565	564,867,775	925,990,340	340,495,258	848,838,253	4,267,791,374
FY98	373,112,273	620,168,588	993,280,861	355,016,030	736,926,026	4,280,638,095
FY99	435,511,772	677,043,497	1,112,555,269	726,490,641	920,715,360	5,182,092,784
FY00	482,413,119	843,806,913	1,326,220,032	1,103,493,878	1,261,548,953	6,567,298,320
FY01	504,764,608	893,418,297	1,398,182,905	1,417,991,135	1,030,103,785	6,827,152,666
FY02	527,190,284	887,155,559	1,414,345,843	1,188,124,549	1,398,962,375	7,001,423,019
FY03	551,753,332	833,826,925	1,385,580,257	1,107,657,101	1,068,074,897	6,646,523,901
FY04	622,664,024	782,375,192	1,405,039,216	1,157,878,424	1,320,170,396	7,062,701,442
FY05	612,501,624	898,563,892	1,511,065,516	1,187,086,239	1,380,964,187	7,583,636,578
FY06	679,639,191	1,052,624,356	1,732,263,547	1,604,545,938	1,608,511,426	8,469,265,843
FY07	735,999,155	1,067,034,977	1,803,034,132	1,678,149,046	1,568,764,555	8,658,521,898
FY08	833,308,813	1,281,351,593	2,114,660,406	2,115,571,482	1,996,565,129	10,061,731,907
FY09	841,353,106	1,497,071,913	2,338,425,019	2,727,968,923	6,808,210,384	15,453,284,434
FY10	1,030,096,535	1,458,839,750	2,488,936,285	2,676,024,160	2,773,112,695	11,467,783,408
FY11	1,021,807,307	1,544,949,840	2,566,757,147	3,007,197,013	3,396,732,518	12,587,135,512

Although declining revenue is partly to blame for the recent string of net loss fiscal years, much of the loss can be traced to increases in general and administrative expenses. Interest, for example, consumes more than a third more revenues than it did a decade ago. A sizeable portion of the expense is in standard depreciation and amortization, but a significant portion is in “Other” expenses, which includes write-downs of assets whose value has fallen.

Long-term Debt & Interest vs. Revenues

	Long-term debt	Interest	Revenues
FY84	1,636,358,129	204,117,033	4,747,859,121
FY85	1,492,910,869	198,300,974	5,044,909,140
FY86	1,815,427,533	229,263,792	5,336,247,521
FY87	1,975,510,877	225,968,188	6,043,236,170
FY88	2,244,549,891	266,544,673	6,713,408,549
FY89	2,917,059,001	341,724,743	7,305,791,011
FY90	3,666,805,057	438,020,841	8,078,237,695
FY91	3,200,708,339	480,897,679	9,017,189,281
FY92	3,606,143,801	420,537,702	9,153,639,943
FY93	2,505,046,790	293,134,673	9,621,159,445
FY94	3,713,114,919	317,560,633	10,896,831,724
FY95	3,229,279,677	364,115,024	11,995,427,043
FY96	3,826,334,355	341,719,318	12,803,935,103
FY97	3,818,611,954	340,495,258	13,285,436,601
FY98	3,911,358,504	355,016,030	13,877,205,552
FY99	7,766,702,254	726,490,641	15,392,398,656
FY00	10,426,982,161	1,103,493,878	17,557,300,288
FY01	10,257,097,014	1,417,991,135	18,103,412,133
FY02	10,468,112,861	1,188,124,549	17,301,845,037
FY03	9,457,731,576	1,107,657,101	17,978,152,097
FY04	9,500,802,461	1,157,878,424	19,586,102,450
FY05	11,689,478,338	1,187,086,239	21,356,201,433
FY06	14,038,984,422	1,604,545,938	24,081,107,436
FY07	17,075,978,487	1,678,149,046	25,257,027,359
FY08	28,369,612,338	2,115,571,482	25,004,824,049
FY09	27,709,457,292	2,727,968,923	22,011,364,912
FY10	23,943,880,411	2,676,024,160	20,853,560,968
FY11	24,476,978,831	3,007,197,013	22,012,064,316

While revenues have increased in the past (at the rate of 363.62% since 1984), Long-term debt has risen at a much greater rate (1,395.82%), which has led to a corresponding rise in interest payments.

Long-term Debt & Interest as Percentages of Revenue

	Long-term debt	Interest
FY84	34.47%	4.30%
FY85	29.59%	3.93%
FY86	34.02%	4.30%
FY87	32.69%	3.74%
FY88	33.43%	3.97%
FY89	39.93%	4.68%
FY90	45.39%	5.42%
FY91	35.50%	5.33%
FY92	39.40%	4.59%
FY93	26.04%	3.05%
FY94	34.08%	2.91%
FY95	26.92%	3.04%
FY96	29.88%	2.67%
FY97	28.74%	2.56%
FY98	28.19%	2.56%
FY99	50.46%	4.72%
FY00	59.39%	6.29%
FY01	56.66%	7.83%
FY02	60.50%	6.87%
FY03	52.61%	6.16%
FY04	48.51%	5.91%
FY05	54.74%	5.56%
FY06	58.30%	6.66%
FY07	67.61%	6.64%
FY08	113.46%	8.46%
FY09	125.89%	12.39%
FY10	114.82%	12.83%
FY11	111.20%	13.66%

As casinos' long-term debt has grown, the percentage of casino revenues dedicated to interest payments has risen as well.

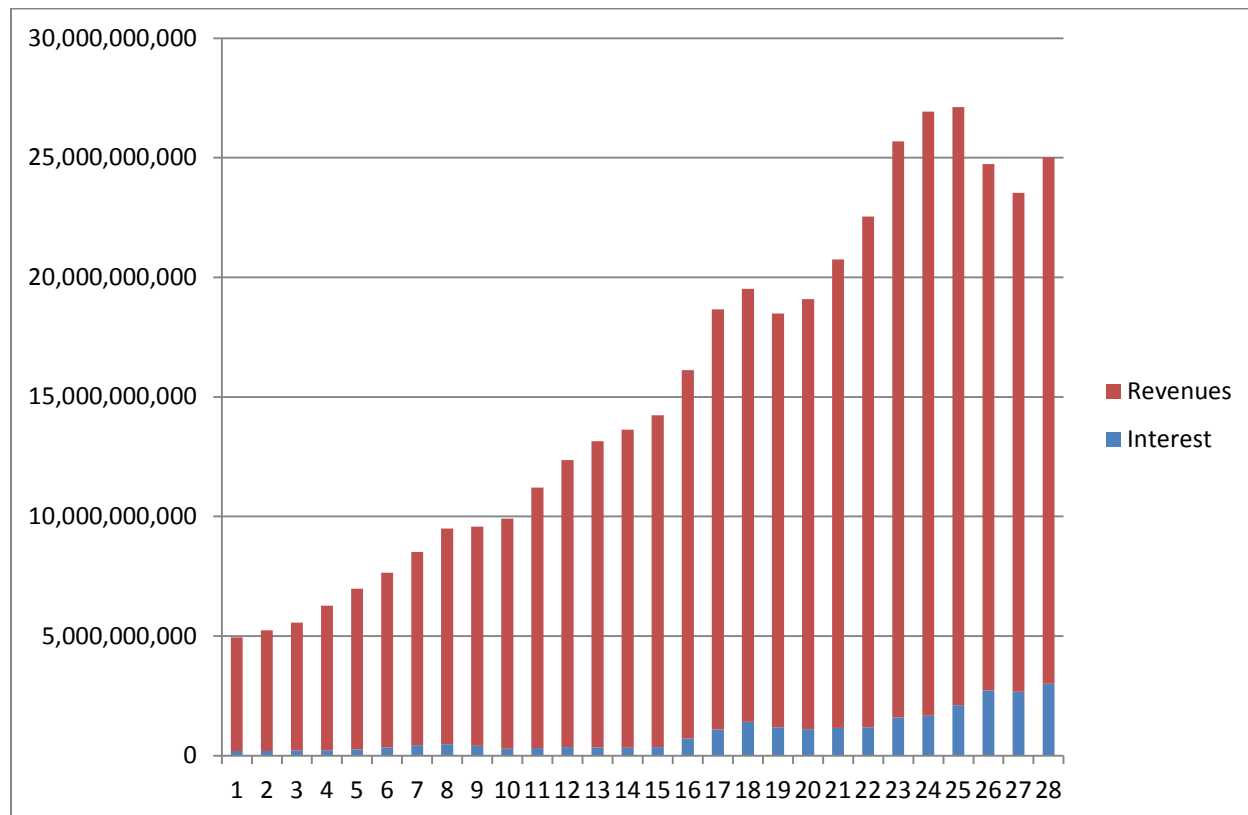
Since 2008, casinos have owed more in long-term debt than they earn, collectively, in a single year.

Total General & Administrative Expenses vs. Revenues

	Total G&A Expenses	Revenues	%
FY84	1,659,628,218	4,747,859,121	34.96%
FY85	1,708,224,738	5,044,909,140	33.86%
FY86	1,850,420,175	5,336,247,521	34.68%
FY87	2,051,933,727	6,043,236,170	33.95%
FY88	2,264,858,813	6,713,408,549	33.74%
FY89	2,448,736,107	7,305,791,011	33.52%
FY90	2,706,480,355	8,078,237,695	33.50%
FY91	3,054,258,163	9,017,189,281	33.87%
FY92	2,977,410,799	9,153,639,943	32.53%
FY93	2,932,798,403	9,621,159,445	30.48%
FY94	3,321,729,020	10,896,831,724	30.48%
FY95	3,620,315,345	11,995,427,043	30.18%
FY96	3,890,152,021	12,803,935,103	30.38%
FY97	4,267,791,374	13,285,436,601	32.12%
FY98	4,280,638,095	13,877,205,552	30.85%
FY99	5,182,092,784	15,392,398,656	33.67%
FY00	6,567,298,320	17,557,300,288	37.40%
FY01	6,827,152,666	18,103,412,133	37.71%
FY02	7,001,423,019	17,301,845,037	40.47%
FY03	6,646,523,901	17,978,152,097	36.97%
FY04	7,062,701,442	19,586,102,450	36.06%
FY05	7,583,636,578	21,356,201,433	35.51%
FY06	8,469,265,843	24,081,107,436	35.17%
FY07	8,658,521,898	25,257,027,359	34.28%
FY 08	10,061,731,907	25,004,824,049	40.24%
FY09	15,453,284,434	22,011,364,912	70.21%
FY10	11,467,783,408	20,853,560,968	54.99%
FY11	12,587,135,512	22,012,064,316	57.18%

How do rising interest payments, write-downs, and other expenses impact casino financial results? The percentage of casino revenues consumed by general and administrative expenses has risen alarmingly since fiscal 2008; since 2009, it has represented over half of all state casino resort revenues.

Interest Expense as a Share of Total Revenues



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