



**CASINO
CONTROL
COMMISSION
1991
ANNUAL
REPORT**

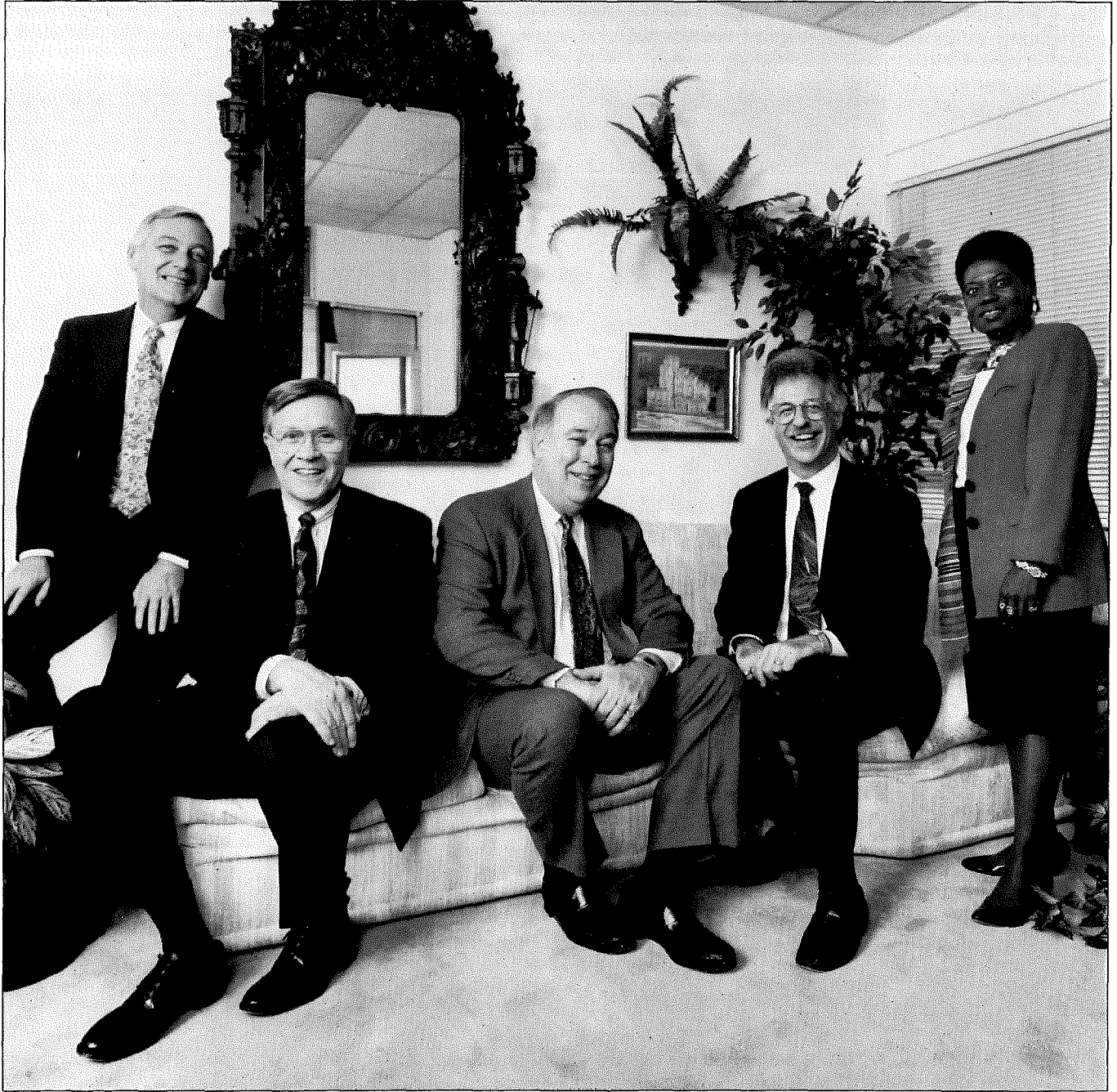
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**Governor
Jim Florio**

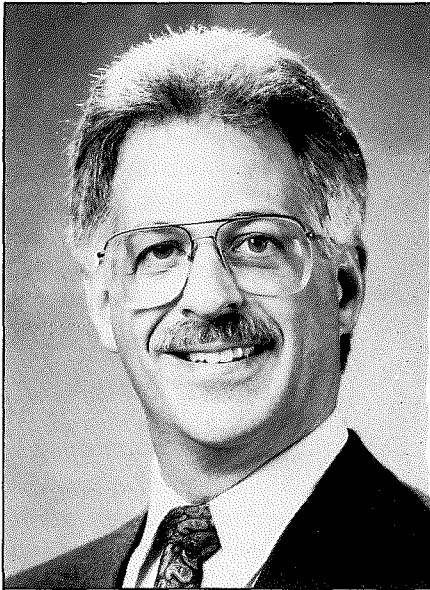
**The 1991 Annual Report of
the New Jersey
Casino Control Commission
is submitted to the Governor
and to the members
of the New Jersey Legislature**



Casino Control Commission 1991

from left: Frank J. "Pat" Dodd, James Hurley, Charles Irwin, Steven P. Perskie, Jeannine F. LaRue

CHAIRMAN'S REPORT



Steven P. Perskie

In last year's report my remarks concluded with these thoughts:

"To paraphrase Mark Twain, reports of Atlantic City's death are greatly exaggerated. Notwithstanding the growth of gaming in Nevada and other parts of the nation and the hemisphere, Atlantic City's future is far from bleak. The commission is prepared to provide the leadership that will enable the promises of 1976 to be fulfilled."

I am pleased to report that Atlantic City did not waste 1991. During this year, critically important progress was made in laying the foundations for the redevelopment of Atlantic City and the growth of the gaming industry. And, as promised, the Casino Control Commission played a leadership role in these efforts, working closely with city and state officials and with local business and community leaders.

The commission's strategy at the beginning of the year was to develop a careful step-by-step approach in several important areas, building one success upon another and never losing our focus. In that fashion we planned to achieve some very positive benefits simply by demonstrating that close cooperation between agencies of government, and between government and the casino industry, is the key ingredient that makes possible the attainment of our goals for Atlantic City and for the industry.

For the commission itself, 1991 was truly a watershed year. Although faced with the same unprecedented pressures facing government units throughout the state, and indeed this entire section of the country, the commission was able to complete a substantial downsizing and consolidation without any compromise in our ability to fulfill our primary mission:

the close supervision of the personnel and practices of the casino industry, and the assurance that public confidence in the honesty and integrity of casino operations is never threatened.

The commission also initiated, and is continuing, a comprehensive re-examination of all of our regulatory requirements, in an effort to streamline and focus our functions and eliminate unnecessary involvement in the nongaming operations of our licensees. Together with the statutory changes enacted by the legislature in the spring, these new directions have effected the most complete revision of casino supervision since the industry came to Atlantic City in 1978.

In this annual report we will describe in some detail the successes that were achieved in 1991. We will not lose sight, however, of the work that still needs to be done. 1991 was simply the beginning of a long struggle, one without easy answers or quick fixes. We will continue to seek the help of other agencies of government, in Atlantic City and in Trenton, and of course the business and community leadership in Atlantic City, in an ongoing effort to redeem the commitments made to rebuild Atlantic City. Based on the successes of 1991, we look forward to 1992 with great anticipation and optimism.

The late David Samoff once remarked, "What the human mind can conceive and believe, it can achieve." At the Casino Control Commission we believe, and intend to prove, that Mr. Samoff was right.

ADMINISTRATIVE INITIATIVES

Efficient and economical management is the single most important focus in public, as well as private, sector agencies today. The Casino Control Commission is no exception, and 1991 saw a major new emphasis on the management of the commission.

Unnecessary layers of supervision that slowed response time and added to the cost of regulation were stripped away and a leaner, more effective organization was instituted. Five operating divisions were consolidated into four, with each having a clear and separate focus, but also a new realization of the proper interaction between their functions and structures.

At year's end the commission staff numbered 412 persons, down from 503 a year ago. The cuts were real, and facilitated a reduction of more than \$3 million in the commission's budget.

Simultaneously, the commission created a management team structure to administer the affairs of the agency. A group of senior staff members was assigned the responsibility for recommending and executing commission initiatives in vital management areas, including preparing the annual budget; realigning the salary structure; initiating personnel policies and procedures, and developing other management prerogatives including staff training, revised employee evaluation systems, and creating a better work environment.

The management team concept has placed greater responsibility on commission personnel chosen for their leadership abilities. Our senior managers now work closely with the members of the commission in defining and carrying out agency initiatives.

The commission also undertook a major commitment in 1991 to upgrade our data processing system in several areas.

The first steps were taken to link all the commission units together electronically, including the inspection units housed in each casino. In addition, we began the planning necessary to be tied into the Division of Gaming Enforcement computer system, in order to speed the processing of license applications, complaints or revocations, as well as other information. An upgraded computer system will also enable the commission to collect, review and analyze financial information more efficiently, which will facilitate an improved supervision and relicensure of the casino licensees.

A major change during the second half of 1991 was the establishment of an in-house hearing process to speed the disposition of licensing and registration complaints filed by the Division of Gaming Enforcement. Having commissioners sitting as hearing officers has eliminated the need for cases to be sent to the Office of Administrative Law, not only speeding the process but effecting a substantial cost saving.

Midway through the year the commission completed the relocation of its personnel to Atlantic City. All the staff members formerly assigned to the Lawrenceville office are now working in Atlantic City, again resulting in an improvement in performance and savings in time and money.

In an effort to keep the disruption in the staff's personal lives to a minimum, the commission assisted with relocation expenses and established motor pools and van pools. The move

has the added benefit of bringing more people into Atlantic City on a daily basis with the expectation that local businesses will derive some benefit.

The relocation of the staff into one location, with significantly greater computer capability and under the

management of a strong and experienced management group, were major achievements for 1991. More significantly, the commission is in a position to become a much more effective agency in 1992.

Casino Control Commission Volume of Contracts Issued in FY 1991

	Contracts Issued	Percent of Total	Dollar Volume of Contracts	Percent of Total
Total Contracts Issued by the CCC FY 1991	1047	100.0%	\$1,174,966.64	100.0%
Contracts Issued to Non-SBE, WBE & MBE	220	21.0%	275,918.83	23.4%
Contracts Issued to SBEs	485	46.3%	265,879.29	22.6%
Contracts Issued to *SBEs Pending Application Approval	212	20.2%	532,538.88	45.3%
Contracts Issued to WBEs	43	4.1%	17,120.45	1.5%
Contracts Issued to MBEs	87	8.3%	83,509.19	7.1%
Total Set Aside Activity	827	79.0%	899,047.81	76.5%

*Application for SBE, MBE or WBE status pending approval by the NJ Department of Commerce and Economic Development

POLICY INITIATIVES

The gaming industry worldwide has undergone tremendous change since New Jersey voters approved casinos 15 years ago. The old Hollywood cliché of “gambling joints filled with bar girls and high rollers” has given way in many jurisdictions to casinos that serve as convention centers or family resorts.

Atlantic City casinos are still struggling to meet these new challenges. Past complaints that state regulations imposed a “sameness” on gaming establishments here have some validity. We have now begun to move toward giving casino owners more opportunities to develop their properties with different identities and different marketing strategies. Underlying any changes in this direction was always an insistence that nothing would be permitted to weaken or lessen our commitment to maintain the standards of integrity and supervision that have been the bedrock values upon which the industry was invited to come here, and which have permitted its growth.

The comprehensive legislative changes which were approved in midyear included several significant opportunities for the casinos to revitalize their operations.

The most visible, of course, was approval to allow the gaming floor to remain open for 24 hours on weekends and holidays. The change brought a new excitement with it and stimulated the industry at peak business times.

Two other elements of the legislative changes enabled the casinos to strengthen their financial positions. Approval to introduce two new games—Red Dog which started July 4 and Sic Bo which started in December—plus the change to permit more slot machines has strengthened the bottom line in all the casinos. After being relatively flat during the first half of the year, gross revenues climbed after July sufficient to show a 1.6 percent increase for the year.

Equally significant, although it has not commanded the same public attention, is the change that eliminates the commission’s responsibility for regulating the hotel facilities. The end of the “tape measure” rule will permit each house to decide for itself the number of restaurants, showrooms, health facilities and even parking spaces it wants to maintain.

In keeping with that same practical attitude to permit management greater latitude in the operation of the casinos, the commission undertook a comprehensive review of our gaming regulations.

Some of the changes have enabled the commission to respond to industry requests in a shorter time span, while others are designed to permit the operators a greater degree of freedom in developing different types of client bases. Other changes have simply been designed to streamline the commission’s internal operations.

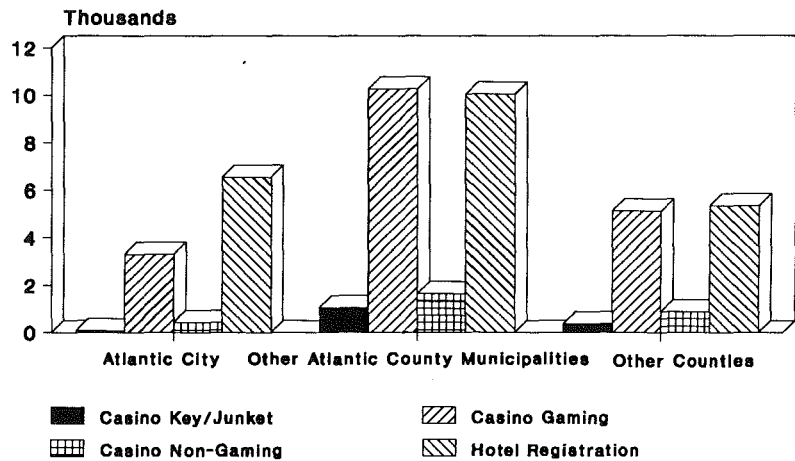
A major undertaking within the commission has been the re-shaping of our affirmative action unit, to provide a greater emphasis on bringing more of the benefits of casino gambling to a broader segment of our business and residential community.

Today the Affirmative Action/Equal Employment Opportunity unit is part of the Compliance Division. That unit began to build a relationship with the gaming industry and the business community that offers the promise of significant accomplishment in this area.

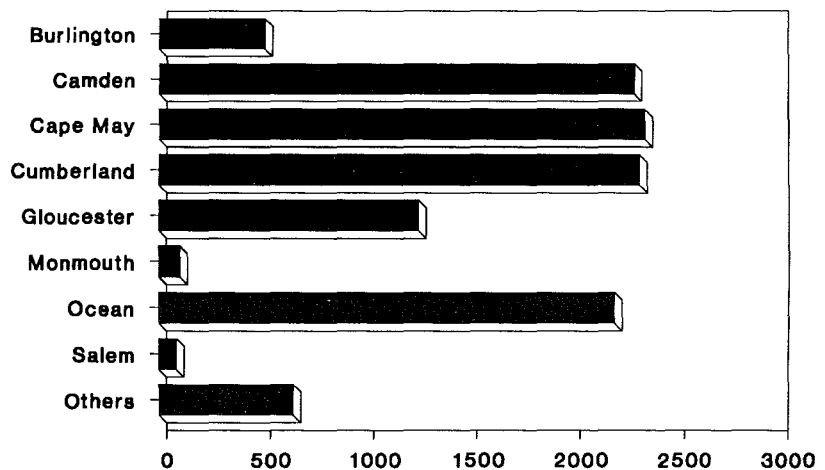
The AA/EEO unit will now be deeply involved with the certification of minority- and women-owned businesses, relieving some of the burden from the Department of Commerce but, more importantly, speeding the process for these firms to solicit contracts for goods and services from the gaming industry.

Also growing out of this tripartite union is a program to provide bonding for some of the smaller companies which are frequently smothered by high insurance costs, making it economically impossible for them to compete for contracts.

Residence of Casino/Hotel Employees 1991



Casino/Hotel Employees Residing Outside Atlantic County - 1991



FOCUS ON FINANCIAL EVALUATION

The year began amid a swirl of rumors about the economic health of the industry, but ended on a more promising note despite national trends that made the recovery more difficult.

The commission was concerned in December 1990 about the financial stability of more than one casino/hotel complex. The question of whether some of the gaming establishments could meet minimum standards was especially troubling in the absence of any definitive criteria in this area.

During 1991 the commission moved to correct this shortcoming by hiring Christiansen/Charterhouse, a joint venture company, as consultants to design a set of standards that all existing casinos and every future applicant will be required to meet in order to do business in this jurisdiction.

After soliciting public comment the commission expects to adopt standards as part of our regulations. Furthermore, the commission will seek to develop a set of computer-driven models which can be applied in any future evaluation to help judge financial stability issues.

These actions by the commission will, for the first time, allow an applicant or a licensee to know with certitude what is required for licensure or relicensure.

The commission also took steps during the year to eliminate any uncertainty about casino financ-

ing by revising some regulations governing passive institutional investors.

The new regulations allow passive investors to own up to 10 percent of the stock in a casino without having to undergo licensure, provided that the holder of the stock has no interest in control of the operation of the casino. The changes also permit a passive investor to own up to 20 percent of the bonded indebtedness of any casino.

The changes were part of the amendments to the Casino Control Act passed in midyear, and resulted from a 1990 investigative hearing by the commission. That hearing indicated that many institutional investors with no interest in taking over a company were unwilling to invest in the casino industry because of the intrusive nature of the licensing requirements.

Prior to the 1990 hearing, at least two investment houses sold stock in an effort to get below the previous 5 percent threshold. Casino industry representatives testified to the difficulty of obtaining public financing when institutional investors feel stymied by the system.

The new financial stability criteria and the changes in the passive institutional investors requirements are designed to broaden the appeal for investors in Atlantic City without sacrificing any commitment to preserve our standards

of integrity.

While the commission was moving toward putting its financial requirements into a more workable form, it was also struggling with the financial viability of the Trump properties and with the financial restructuring of the two Bally casinos.

The Trump casinos were the subject of several lengthy hearings during the year. By late in the year all three casinos were meeting the commission's criteria for relicensure.

Two of the properties—Trump's Castle and Trump Plaza—now have two year licenses while the Trump Taj Mahal will be subject to another licensing hearing in the spring of 1992.

The two Bally casinos were part of a massive financial restructuring undertaken by the parent corporation after changes in the corporate structure. Both properties were in satisfactory condition, according to commission standards.

The remainder of the industry struggled, as first the war in the Middle East and later the economic recession cut into the casino revenue picture. For the early months of the year the industry lagged behind 1990 gross revenue figures, but in the latter half of the year revenues picked up smartly, thanks in large part to the extension of gaming hours on weekends and holidays.

At the end of the year the industry posted gross revenues of \$2.99 billion. Bottom line figures, while not as strong as some hoped, still exceeded 1990 levels.

And prospects for 1992 are excellent that the market will rebound and exceed 1991 numbers, already the highest in New Jersey's casino history.

**TOTAL INDUSTRY EMPLOYEES BY EEO CATEGORY
FOR THE YEAR ENDING DECEMBER 31, 1991**

(INCLUDES FULL TIME EMPLOYEES ONLY)

EEO CATEGORY	Total Employees	Females		Minorities	
OFFICIALS & MANAGERS	8,088	3,154	39%	1,828	23%
PROFESSIONALS	6,510	2,836	44%	2,251	35%
TECHNICIANS	827	197	24%	192	23%
SALESWORKERS	467	353	76%	163	35%
OFFICE & CLERICALS	6,601	4,836	73%	3,048	46%
CRAFTPERSONS	1,388	156	11%	290	21%
OPERATIVES	996	187	19%	354	36%
LABORERS	1,591	531	33%	1,135	71%
SERVICE WORKERS	15,005	6,469	43%	7,893	53%
TOTAL	41,473	18,719	45%	17,154	41%

COMMUNITY DEVELOPMENT

The future of Atlantic City rests not with the Casino Control Commission, and not only with the casino industry, but rather with a far broader range of interests. The promises of 1976 will be fulfilled only when the local community as well as the industry, in concert with the state and local governments, work closely to reach some common goals.

Happily, 1991 saw the many diverse interests in Atlantic City coalesce into coordinated action with a set of priorities that hold much promise for the years ahead.

The linchpin of the program was passage of the legislation that created the South Jersey Transportation Authority to operate the Atlantic City International Airport and the Atlantic City Expressway.

The expansion of the airport is one of two essential ingredients in the future development of the city. It will enable the gaming industry here to reach beyond its current boundaries to new markets. A bigger, more modern airport will enable Atlantic City to compete against other jurisdictions which are exploring casino gambling as a revenue source and which are threatening Atlantic City.

Members of the new authority were appointed as the year came to an end and the authority will be operational in the first quarter of 1992.

Legislation to fund the development of a modern convention

center, the second vital ingredient in the rehabilitation of the city, has been signed into law by Governor Jim Florio.

Like the development of the airport, the new convention center is essential for Atlantic City to compete for convention business and tourist trade. Modern convention facilities in other parts of the United States have drained tourist trade away and left Atlantic City overly dependent upon day-trippers.

The legislation covering airport expansion and the funding for the convention hall are concrete examples of progress, but just as importantly there exists a spirit of cooperation today that has not been in evidence for many years in Atlantic City. The state and city administrations have been willing partners in taking important steps to reestablish the city as a convention city.

For example, the state Division on Travel and Tourism launched a seven figure advertising program featuring Atlantic City. Later in the year the casino industry responded by promising a similar sized program, again promoting the city.

The Casino Reinvestment Development Authority (CRDA) has also been a major player in this effort to rebuild the city. Early in the year the agency undertook a thorough review of its resources and its programs and then moved to establish criteria and standards

for projects in Atlantic City.

In Atlantic City, the CRDA continued to carry out its commitment to the inlet section of the city, completing phase II and starting phase III, the final step in its Northeast Inlet Redevelopment Plan. The CRDA also was responsible for a \$2.8 million gift to the Atlantic City Medical Center for the expansion of its facilities.

As another part of its commitment to the city, the CRDA provided a \$3 million loan to the city which, combined with a similar size loan from Caesars, enabled the city to finance its demolition program. The program is designed to add to the city's beautification by removing many vacant slum-type structures.

The CRDA also approved two major projects outside of Atlantic City when it allocated \$1 million in funds for construction of a memorial to the Vietnam war veterans and \$1.8 million to the GE redevelopment project in Camden.

In 1992 the CRDA will concentrate its efforts on economic development projects within Atlantic City. High on the list of projects is helping to fund improvements to the corridor entrance to the city and rebuilding the downtown business section. The agency is also committed to cooperating with the city underwriting the expense of the support facilities for the convention center.

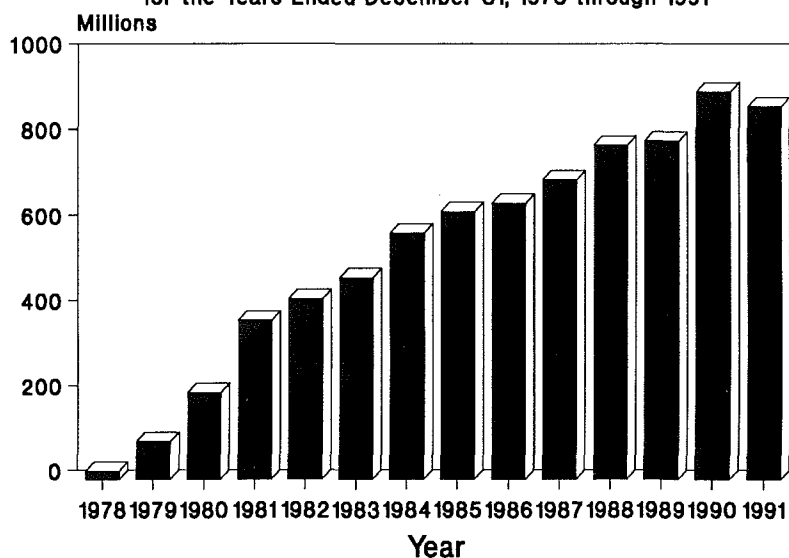
The state is also making a sub-

stantial commitment to the region's future in 1992, with \$17 million worth of improvements to Atlantic City International Airport and \$165 million for the construction of a new convention center.

While the threat of casino gaming in other jurisdictions, particularly in the eastern United States, has been a motivating factor in the recent efforts to rejuvenate the city, the close cooperation between the city and several offices of state government has been the major force in beginning, at long last, the fulfillment of the promise of 1976 to "rebuild Atlantic City."

The New Jersey Casino Industry Salaries and Wages

for the Years Ended December 31, 1978 through 1991



CASINO REVENUE FUND

The Casino Revenue Fund, created to finance programs for senior citizens and disabled persons, was enriched by \$231.4 million during fiscal 1991.

Expenditures of \$307.6 million outstripped the total income of \$245.8 million (\$231.4 million in taxes plus \$14.4 million in interest), forcing the state to dip into Casino Revenue Fund reserves.

The fund began the fiscal year with \$197.7 million in reserve. The \$231.4 million in casino taxes during fiscal 1991 was only a slender increase over the \$227 million collected in fiscal 1990. By the end of fiscal 1991 the state had collected \$1.95 billion in tax revenues from the casinos since the first casino opened in 1978, and by the end of the calendar year the total exceeded \$2 billion.

The 12 operating casinos are taxed eight percent of their "win" or gross revenues. The "win" is the amount which the casino retains after all bets have been paid but before any operating expenses or other expenses have been deducted. "Win" or gross revenue therefore does not equate to "profit" or "income."

The tax is deposited in an interest-bearing account with the Department of the Treasury, which administers the Casino Revenue Fund.

The fund is augmented by fines that the commission levies against casino licensees, but this year, for

the first time, part of the fines will be allocated to the Department of Health's Council on Compulsive Gambling for treatment of compulsive gamblers.

During fiscal 1991 the state collected \$590,750 in fines and penalties, and in the first half of fiscal 1992 the state collected \$1,216,000.

Originally, fines were deposited into the Casino Control Fund which is used to underwrite the operating expenses of the commission and the Division of Gaming Enforcement. That was changed in October, 1990 by commission action and, in June 1991, by legislation.

Included among the programs funded by the casino revenue tax are utility payments, pharmaceutical assistance, transportation aid, real estate property tax reimbursements, boarding home assistance, senior citizen housing, home delivered meals, community health services, epidemiology and disease control and other social supervision programs for the benefit of New Jersey's senior citizens and disabled.

The largest expenditure during fiscal 1991 was \$89.2 million for pharmaceutical assistance, with \$63 million spent for utility payments. To be eligible for these programs, recipients must be at least 65 years old or disabled and must not have annual incomes that exceed \$19,250 if married or \$15,700 if single.

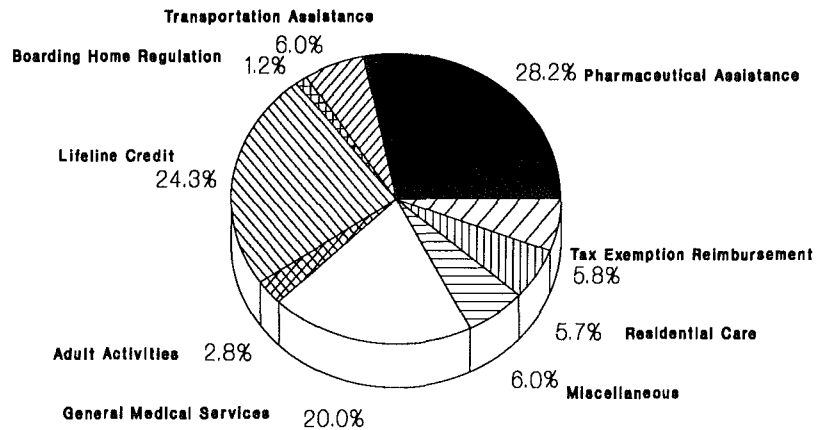
In addition, the Casino Revenue Fund paid \$71 million for general medical services for the elderly and handicapped, an increase from the 1990 total of \$52 million. The fund also paid \$19.2 million for residential care for seniors.

Two other major items were \$18.8 million for transportation assistance and \$17.1 million to reimburse municipalities for real estate property tax relief for the elderly and disabled. To qualify for tax rebates, property owners must be at least 65 years old and have a maximum income of less than \$10,000.

The cost of administering the Casino Revenue Fund is underwritten by the fund itself.

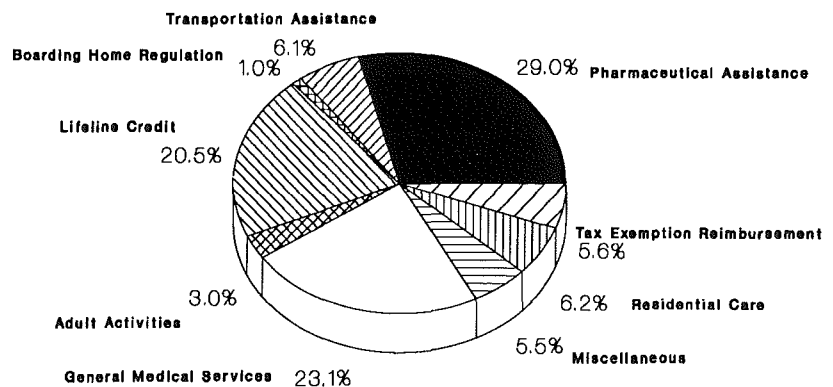
The Casino Revenue Fund is not used to pay any of the cost of regulating the casino industry. All the state's costs of regulating the industry are borne by the casino industry through licensing fees, taxes and assessments. None of the regulatory costs are paid out of the state's general fund.

CASINO REVENUE FUND DISBURSEMENTS July 1, 1989 through June 30, 1990



Total Expenditures \$262.1 million

CASINO REVENUE FUND DISBURSEMENTS July 1, 1990 through June 30, 1991

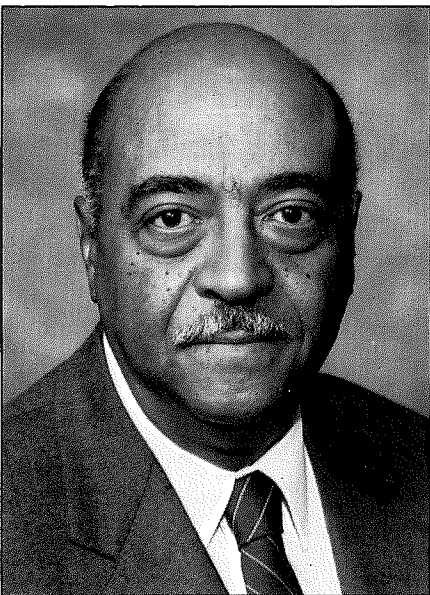


Total Expenditures \$307.6 million

TWO COMMISSIONERS LEAVE



Valerie H. Armstrong



W. David Waters

Two long-time members of the commission left the agency during 1991 and were replaced by two new members.

Valerie H. Armstrong, a commissioner since 1985, left the commission to join the Superior Court in late October. W. David Waters, a member since 1986, completed his term in November.

Governor Florio named Charles Irwin and Jeannine F. LaRue to replace them, and both were confirmed by the senate and joined the commission in late December.

Armstrong was initially named to the commission to succeed Don Thomas in 1985 and was named by former Governor Thomas Kean to a full five-year term in 1989. She served as acting chairperson for nine months following the resignation of former chairman Walter N. Read and prior to the appointment of present chairman Steven P. Perskie in October, 1990.

Before being named to the commission she had served as an administrative law judge and earlier had been a partner in an Atlantic County law firm.

Waters was appointed in 1986 as the successor to Joel Jacobson. He had been district director for the Internal Revenue Service in Philadelphia and worked for the IRS for more than 35 years.

Commissioners Armstrong and Waters were both commended by the commission for their untiring

efforts and for their diligence and high ethical standards.

Commissioner Irwin, who will complete Commissioner Armstrong's unexpired term, is an attorney who served as a member of the state assembly and also as the director of the Division of Consumer Affairs. He also served as a member of the Casino Reinvestment Development Authority. He is a resident of Toms River.

Commissioner LaRue served as associate director of government relations for the New Jersey Education Association for the past ten years. Prior to that time she was an administrator as well as adjunct professor at Glassboro State College and previously had served as a teacher at Penns Grove High School. She resides in Sicklerville in Winslow Township where she served for 12 years as an elected public official.

Commissioner Frank J. (Pat) Dodd, now the senior member of the commission, was elected to succeed Commissioner Armstrong as the vice chair of the commission. Commissioner Dodd has served since 1989.

COMMISSION EEO/AA POLICY

During last year's review of the commission and its employee composition, Chairman Steven P. Perskie pledged to strengthen the commission's commitment to Equal Employment Opportunity and Affirmative Action by improving the commission's Equal Employment Opportunity/Affirmative Action compliance levels for females and minorities in all of the EEO/AA categories.

In 1991, the commission's overall compliance levels were 54 percent female and 26 percent minority, well above the state's goals of 42.8 percent female and 18.2 percent minority. The previous compliance totals were 52 percent female and 24 percent minority. The statewide goal for the employment of persons with disabilities is 7.2 percent. The commission is currently at 8 percent overall.

To further improve the commission's EEO/AA compliance levels and a working relationship with the community, the Affirmative Action Office developed a comprehensive listing of local organizations to contact for job recruitments.

The Office of Affirmative Action and the Office of Governmental and Community Relations also planned cultural diversity programs designed to develop a spirit of cooperation and understanding between the commission employees and various ethnic groups from the community.

Renewed efforts were undertaken to sensitize employees to EEO/AA laws and policies including the commission's explicit prohibition against sexual harassment.

Statistics

CASINO INDUSTRY FACILITY

As of December 31, 1990 and 1991

	Bally's Grand		Bally's Park Place		Caesars		Claridge		Harrah's Marina		Resorts	
	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990
Table Games:												
Blackjack	58	60	73	72	52	58	45	49	74	83	60	68
Craps	18	18	16	18	20	24	10	8	16	20	16	20
Roulette	10	10	12	12	13	11	6	7	18	18	13	13
Big Six	3	4	2	4	2	4	1	1	2	2	4	4
Baccarat	4	4	4	4	5	5	2	2	4	4	4	4
Red Dog (a)	2	-	1	-	1	-	1	-	2	-	2	-
Sic Bo (b)	1	-	1	-	2	-	-	-	1	-	-	-
Total Table Games	96	96	109	110	95	102	65	67	117	127	99	109
Slot Machines:												
.05 slot machines	69	69	92	92	91	89	69	66	94	91	85	83
.25 slot machines	458	500	675	656	549	568	416	510	519	582	593	533
\$1 slot machines	167	162	224	203	327	243	217	188	315	253	193	190
Other slot machines (c)	669	630	812	710	842	850	667	558	939	856	817	844
Total Slot Machines	1,363	1,361	1,803	1,661	1,809	1,750	1,369	1,322	1,867	1,782	1,688	1,650
Casino Square Footage	45,442	45,442	63,033	59,996	60,000	60,000	43,579	43,579	61,387	61,387	59,896	59,896
Number of Hotel Rooms	518	518	1,267	1,201	649	636	501	501	760	760	671	673
Convention Space Square Footage	26,210	26,210	52,475	52,475	25,659	26,364	27,113	26,593	35,027	29,651	40,424	40,424
Number of Parking Spaces	1,723	1,683	2,319	2,571	2,895	2,951	1,268	1,268	2,678	2,480	1,538	2,535
Number of Theatre Seats	520	520	380	380	1,050	1,100	550	550	850	850	1,440	1,600
Number of Restaurants	9	9	11	11	13	14	10	10	9	9	8	8
Fixed Asset Investment (\$ in Millions) (d)	303.1	301.3	736.8	728.4	396.8	386.9	13.9(e)	14.4(e)	343.9	330.8	162.6	140.2
Number of Employees	3,025	3,269	3,929	4,230	3,576	3,538	2,291	2,128	3,432	3,707	4,004	4,328

(a) Red Dog was introduced on July 3, 1991

(b) Sic Bo was introduced on December 16, 1991

(c) Includes all other slot machines

(d) Represents property and equipment before accumulated depreciation as reported by each casino licensee

(e) Fixed asset investment for Claridge at December 31, 1990 and 1991, only includes gaming equipment because

Sands		Showboat		TropWorld		Trump Castle		Trump Plaza		Trump Taj Mahal		Industry Totals	
1991	1990	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990
61	62	46	66	97	105	56	73	69	78	99	102	790	876
16	18	16	19	20	20	17	17	16	20	30	30	211	232
13	12	10	10	16	14	12	12	13	12	21	23	157	154
2	3	1	2	3	3	2	2	3	3	6	6	31	38
6	4	5	6	5	5	5	7	5	4	6	6	55	55
3	-	2	-	4	-	2	-	1	-	2	-	23	-
-	-	-	-	1	-	1	-	1	-	1	-	9	-
101	99	80	103	146	147	95	111	108	117	165	167	1,276	1,355
73	72	96	90	122	119	49	86	84	92	158	158	1,082	1,107
418	472	663	592	492	705	581	598	539	629	1,217	1,398	7,120	7,743
194	173	194	154	227	173	218	231	217	208	270	294	2,763	2,472
711	674	943	890	1,586	1,300	781	756	833	737	1,089	1,059	10,689	9,864
1,396	1,391	1,896	1,726	2,427	2,297	1,629	1,671	1,673	1,666	2,734	2,909	21,654	21,186
50,123	50,123	59,457	59,280	90,774	90,827	60,000	60,000	60,000	60,000	120,000	120,000	773,691	770,530
500	500	516	516	1,019	1,014	703	703	1,065	1,065	1,250	1,250	9,419	9,337
26,736	26,549	59,457	44,358	52,106	52,106	52,775	44,011	27,417	27,417	143,625	142,851	569,024	539,009
2,081	2,081	2,534	2,534	3,324	3,776	2,816	2,816	2,773	2,773	4,320	4,320	30,269	31,788
840	840	1,000	1,000	1,860	1,860	1,760	1,562	750	750	5,200	5,200	16,200	16,212
13	12	9	9	12	12	11	15	12	11	14	13	131	133
300.9	299.1	280.7	272.2	320.6(f)	321.6(f)	474.5	469.9	401.9	396.6	834.9	797.8	4,570.6	4,459.2
2,914	3,381	3,601	3,851	4,381	3,642	3,590	3,383	3,591	3,948	5,576	5,386	43,910	45,241

The Claridge at Park Place, Incorporated leases its property and equipment as a result of a sale and refinancing agreement

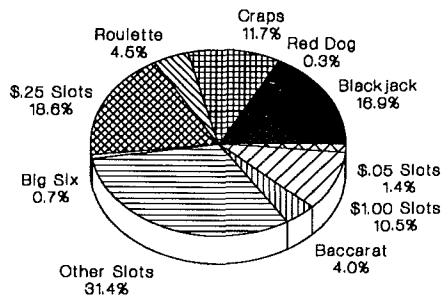
(f) Fixed asset investment for TropWorld at December 31, 1990 and 1991 does not include the original building and certain non-gaming assets because Adamar of New Jersey, Inc. leases these assets as a result of a sale and leaseback transaction

THE NEW JERSEY CASINO INDUSTRY
GROSS REVENUE AND RELATED TAX
FOR THE YEARS ENDED DECEMBER 31, 1991 AND 1990

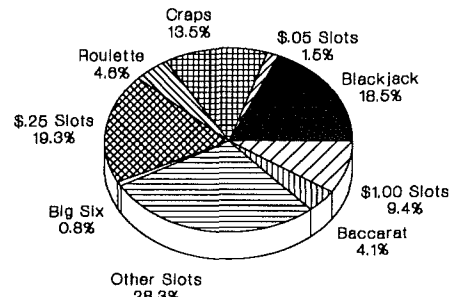
(\$ in Thousands)

Casino Hotel	Casino Win	Daily Average Casino Win	Adjustment for Uncollectibles	Gross Revenue	Tax
Bally's Grand					
1991	191,490	525	1,549	189,941	15,195
1990	199,611	547	1,089	198,522	15,882
Bally's Park Place					
1991	267,141	732	1,352	265,788	21,263
1990	267,985	734	2,439	265,548	21,244
Caesars					
1991	309,094	847	5,296	303,799	24,304
1990	290,398	796	4,785	285,613	22,849
Claridge					
1991	135,406	371	530	134,875	10,790
1990	134,686	369	707	133,979	10,718
Harrah's Marina					
1991	283,912	778	1,921	281,991	22,559
1990	279,745	766	2,491	277,253	22,180
Resorts					
1991	220,127	603	3,077	217,050	17,364
1990	204,967	562	1,853	203,115	16,249
Sands					
1991	242,011	663	4,447	237,564	19,005
1990	230,398	631	5,456	224,942	17,995
Showboat					
1991	239,801	657	2,363	237,437	18,995
1990	247,810	679	2,580	245,230	19,618
TropWorld					
1991	287,026	786	1,787	285,239	22,819
1990	278,514	763	2,048	276,465	22,117
Trump Castle					
1991	196,493	538	2,997	193,496	15,480
1990	233,870	641	6,327	227,543	18,203
Trump Plaza					
1991	235,033	644	4,638	230,395	18,432
1990	278,708	764	7,954	270,753	21,660
Trump Taj Mahal					
1991	384,028	1,052	8,437	375,591	30,047
1990	304,890	1,121	6,577	298,313	23,865

Casino Win Percentage by Game

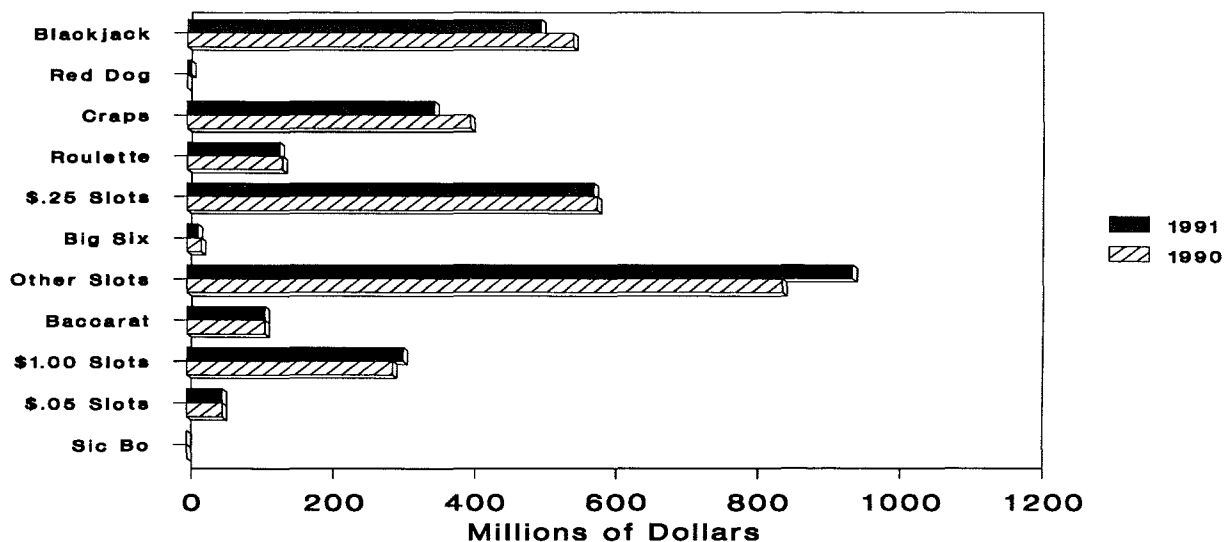


1991

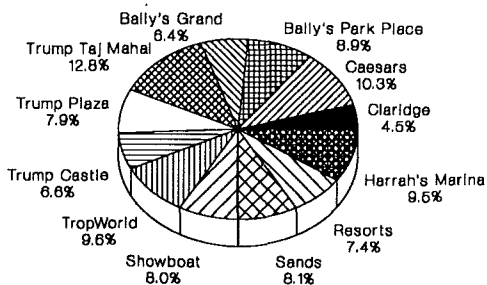


1990

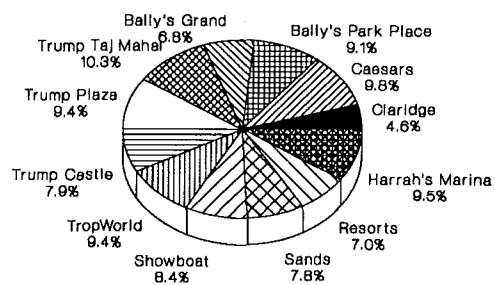
Casino Win by Game 1991 and 1990



Market Share of Casino Win



1991



1990

**ENTERPRISE LICENSE BUREAU STATISTICS
CASINO SERVICE INDUSTRIES**

	1-1-91 to 12-31-91	Inception to 12-31-91
Enterprises permitted to conduct business with casino licensees	2,537	33,248
Enterprises prohibited from conducting business with casino licensees	151	1,121
Contracts reviewed	960	27,527
Initial Gaming Related:		
Applicants	11	153
Licenses Issued	7	70
Licenses Denied	0	6
Withdrawals Granted	2	35
Licenses Active	21	
*Renewal Gaming Related:		
Applicants	16	78*
Licenses Issued	3	16*
Licenses Denied	0	0*
Withdrawals Granted	0	0*
Licenses Active	13	
Initial Non-Gaming Related:		
Applicants	146	3,479
Licenses Issued	311	2,255
Licenses Denied	9	133
Withdrawals Granted	79	609
Licenses Active	1,157	
*Renewal Non-Gaming Related:		
Applicants	238	656*
Licenses Issued	129	543*
Licenses Denied	0	2*
Withdrawals Granted	8	26*
Licenses Active	357	
Exemptions granted by CCC	11	62

JUNKET ENTERPRISES

Initial Junket Enterprises:		
Applicants	4	266
Licenses Issued	6	185
Licenses Denied	0	18
Withdrawals Granted	0	39
Licenses Active	27	
*Renewal Junket Enterprises:		
Applicants	10	49*
Licenses Issued	16	38*
Licenses Denied	0	0*
Withdrawals Granted	0	0*
Licenses Active	33	

GAMING SCHOOLS

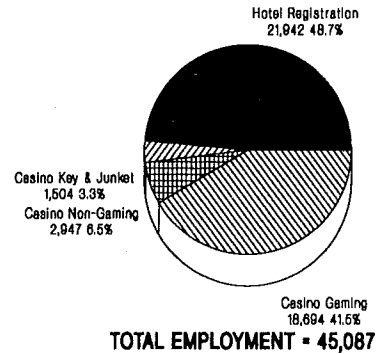
Applications Filed	0	17
Licenses Issued	0	10
Schools Currently Operating	4	

LABOR ORGANIZATIONS

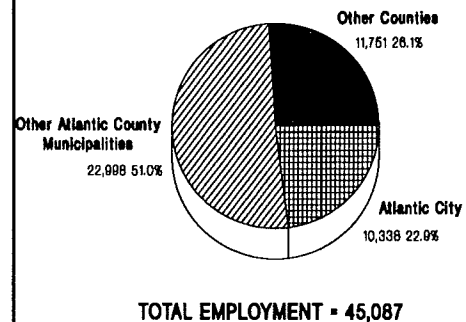
Registered	1	20
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* Newly developed tracking system to account for ongoing renewal information. Cumulative figures account for the time period 1-1-88 to 12-31-91

**Casino/Hotel Employment
By License Category 1991**



**Casino/Hotel Employees
By Location 1991**



Employee License Bureau

Applications Accepted and Licenses/Registrations Issued

	01/01/91 to 12/31/91	Inception to 12/31/91
Casino Key Employees:		
Applications filed	162	5,352
Licenses issued	123	4,752

Casino Employees:

Applications filed	2,833	88,625
Licenses Issued	2,943	86,794

Junket Employees:

Applications filed	58	579
Licenses Issued	59	281

Casino Hotel Employees:

License & registration applications filed	5,100	115,657
Licenses & registrations issued	5,100	115,551

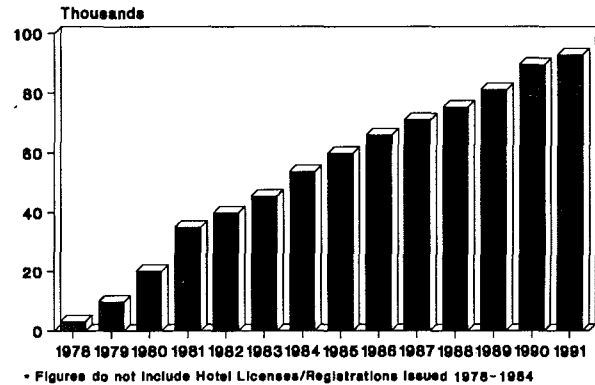
Total Employees:

Applications filed	8,153	211,319 (1)
Plenary licenses & hotel registrations issued	8,225	208,322 (2)
Temporary licenses issued	266	13,579
Position additions processed	3,285	52,183
Employee license renewals processed	7,335	116,453

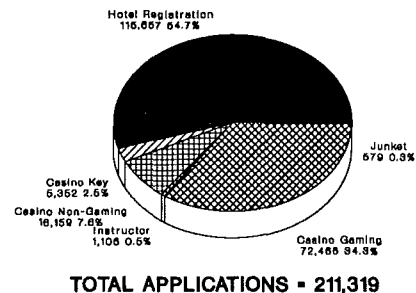
(1) Applications filed from inception to 12/31/91 includes 1,106 gaming school employee applications filed.

(2) Plenary licenses & hotel registrations issued from inception to 12/31/91 includes 944 gaming school employee licenses issued.

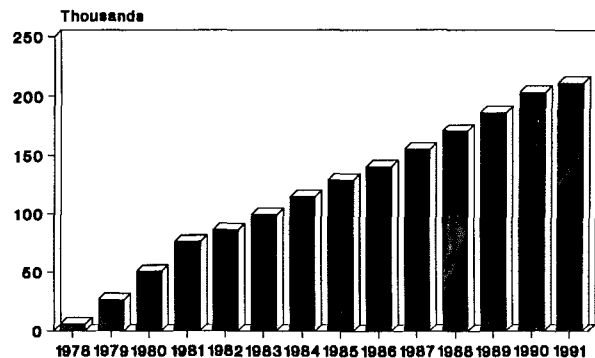
Employee Initial Licenses * Issued 1978 through 1991



Employee License/Registration Applications Accepted 1978 - 1991



Employee License/Registration Applications Accepted 1978 through 1991



AUDITOR REPORT

1991 LEGISLATIVE SERVICES
COMMISSION

SENATOR
JOHN A. LYNCH
Chairman

SENATE

LEANNA BROWN
LEONARD T. CONNORS, JR.
MATTHEW FELDMAN
ROBERT E. LITTELL
HENRY P. McNAMARA
CARMEN A. ORECHIO
LAURENCE S. WEISS

GENERAL ASSEMBLY

BYRON M. BAER
WAYNE R. BRYANT, ESQ.
JOSEPH V. DORIA, JR.
JOHN PAUL DOYLE
CLARE M. FARRAGHER
NICHOLAS R. FELICE
CHUCK HARDWICK
WALTER J. KAVANAUGH

The Honorable Jim Florio
Governor of New Jersey

The Honorable Donald T. DiFrancesco
President of the Senate

The Honorable Garabed "Chuck" Haytaian
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

Gentlemen:

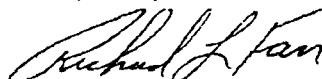
We have audited the balance sheet of the Casino Control Fund of the State of New Jersey as of June 30, 1991 and 1990, and the related statement of revenues, expenditures, and changes in fund balances, and the statement of revenues, expenditures, and changes in fund balances, budget and actual-(budgetary basis) for the years then ended. These financial statements are the responsibility of the State of New Jersey management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Casino Control Fund as of June 30, 1991 and 1990, and the results of its operations and changes in fund balances for the years ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The expenditure detail schedule is presented for the purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the same auditing procedures applied in the examination of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,



Richard L. Fair
State Auditor



New Jersey State Legislature
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OFFICE OF THE STATE AUDITOR
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PRINCETON, NEW JERSEY 08540
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TRENTON, NEW JERSEY 08625

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STATE AUDITOR
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FAX (609) 633-0834

ALBERT PORRONI
Executive Director
(609) 292-4625

December 24, 1991

**State of New Jersey
Casino Control Commission
Balance Sheet
June 30, 1991 and 1990**

**State of New Jersey
Casino Control Fund
Statement of Revenues, Expenditures,
and Changes in Fund Balances for the
Fiscal Years Ended June 30, 1991 & 1990**

EXHIBIT I
(in \$000)

EXHIBIT II
(in \$000)

	1991	1990
<u>ASSETS</u>		
Accounts Receivable (Note 2)	\$14,992.6	\$12,777.4
Less: Allowance for Doubtful Accounts	<u>1,734.9</u>	<u>1,758.7</u>
Net Accounts Receivable	13,257.7	11,018.7
Due from General Fund (Note 3)	<u>-</u>	<u>2,347.1</u>
Total Assets	<u>\$13,257.7</u>	<u>\$13,365.8</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities		
Accounts Payable (Note 4)	\$10,440.8	\$11,313.3
Deferred Revenue (Note 5)	1,734.0	2,052.5
Due to General Fund (Note 3)	<u>1,078.1</u>	<u>-</u>
Total Liabilities	<u>13,252.9</u>	<u>13,365.8</u>
Fund Balances (Note 1)		
Reserved		
Reserved for Encumbrances		
Current Year	1,733.7	1,855.3
Prior Year	3.4	54.2
Unreserved		
Undesignated	<u>(1,732.3)</u>	<u>(1,909.5)</u>
Total Fund Balances	<u>4.8</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$13,257.7</u>	<u>\$13,365.8</u>

() Denotes Minus Amount

SEE NOTES TO FINANCIAL STATEMENTS

	1991	1990
REVENUES		
Casinos		
Licenses - Casino	\$32,730.7	\$35,650.5
- Slot Machines	10,674.4	9,516.1
- Alcoholic Beverage	143.3	74.9
Work Permits	121.5	115.5
Fines and Penalties (Note 7)	65.0	546.3
Assessments	<u>12,273.5</u>	<u>5,973.7</u>
	56,008.4	51,877.0
Credits - Prior Year Fund Balance	<u>-</u>	<u>(0.2)</u>
Total From Casinos	56,008.4	51,876.8
Other Sources		
Licenses - Casino Employee	4,725.7	5,544.2
- Casino Service Industry	700.3	861.7
Slot Prototype	247.3	198.9
Fines and Penalties (Note 7)	3.4	76.8
Other Revenue	<u>182.9</u>	<u>197.5</u>
Total from Other Sources	<u>5,859.6</u>	<u>6,879.1</u>
Total Revenues	<u>61,868.0</u>	<u>58,755.9</u>
OTHER INCREASES		
Transfers from General Fund (Note 9)	76.3	-
Total Other Increases	<u>76.3</u>	<u>-</u>
Total Revenues/Other Increases	<u>61,944.3</u>	<u>58,755.9</u>
EXPENDITURES		
Public Safety and Criminal Justice (Division of Gaming Enforcement)	36,043.5	33,959.6
Government Direction, Management and Control (Casino Control Commission)	<u>25,896.0</u>	<u>24,721.0</u>
Total Expenditures	<u>61,939.5</u>	<u>58,680.6</u>
OTHER DECREASES		
Transfers to General Fund (Note 9)	-	75.5
Total Other Decreases	<u>-</u>	<u>75.5</u>
Total Expenditures/Other Decreases	<u>61,939.5</u>	<u>58,756.1</u>
Net Increase (Decrease) in Fund Balances For the Year	4.8	(0.2)
Fund Balances - Beginning	-	0.2
Fund Balances - Ending	<u>\$ 4.8</u>	<u>\$ -</u>

() Denotes Minus Amount

SEE NOTES TO FINANCIAL STATEMENTS

**State of New Jersey
Casino Control Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – (Budgetary Basis)
for the Fiscal Year Ended June 30, 1991**

**EXHIBIT III – A
(in \$000)**

	Actual	Adjustment To Budgetary Basis	Actual On Budgetary Basis	Budget	Variance – Favorable (Unfavorable)
REVENUES					
Casinos					
Licenses – Casino	\$32,730.7	\$ –	\$32,730.7	\$35,692.1	\$ (2,961.4)
– Slot Machines	10,674.4	–	10,674.4	10,643.5	30.9
– Alcoholic Beverage	143.3	–	143.3	74.8	68.5
Work Permits	121.5	–	121.5	140.0	(18.5)
Fines and Penalties	65.0	–	65.0	65.0	–
Assessments	12,273.5	–	12,273.5	7,689.5	4,584.0
	56,008.4	–	56,008.4	54,304.9	4,664.9
Credits – Prior Year Fund Balance	–	–	–	–	–
Total From Casinos	56,008.4	–	56,008.4	54,304.9	4,664.9
Other Sources					
Licenses – Casino Employee	4,725.7	–	4,725.7	5,410.6	(684.9)
– Casino Service Industry	700.3	–	700.3	727.5	(27.2)
Slot Prototype	247.3	–	247.3	197.0	50.3
Fines and Penalties	3.4	–	3.4	–	3.4
Other Revenue	182.9	–	182.9	20.0	162.9
Total from Other Sources	5,859.6	–	5,859.6	6,355.1	(495.5)
Total Revenues	61,868.0	–	61,868.0	60,660.0	4,169.4
OTHER INCREASES					
Transfers from General Fund	76.3	(76.3)	–	–	–
Total Other Increases	76.3	(76.3)	–	–	–
Total Revenues/Other Increases	61,944.3	(76.3)	61,868.0	60,660.0	1,208.0
EXPENDITURES					
Public Safety and Criminal Justice (Division of Gaming Enforcement)	36,043.5	1,115.0	37,158.5	37,278.0	119.5
Government Direction, Management and Control (Casino Control Commission)	25,896.0	(814.0)	25,082.0	25,082.0	–
Total Expenditures	61,939.5	301.0	62,240.5	62,360.0	119.5
Net Increase (Decrease) in Fund Balance for the Year	\$ 4.8	\$ (377.3)	\$ (372.5)	\$ (1,700.0)	\$ 1,327.5

() Denotes Minus Amount

SEE NOTES TO FINANCIAL STATEMENTS

**State of New Jersey
Casino Control Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – (Budgetary Basis)
for the Fiscal Year Ended June 30, 1990**

EXHIBIT III – B
(in \$000)

	<u>Actual</u>	<u>Adjustment To Budgetary Basis</u>	<u>Actual On Budgetary Basis</u>	<u>Budget</u>	<u>Variance – Favorable (Unfavorable)</u>
REVENUES					
Casinos					
Licenses – Casino	\$35,650.5	\$ –	\$35,650.5	\$36,496.5	\$ (846.0)
– Slot Machines	9,516.1	–	9,516.1	9,970.4	(454.3)
– Alcoholic Beverage	74.9	–	74.9	99.6	(24.7)
Work Permits	115.5	–	115.5	166.2	(50.7)
Fines and Penalties	546.3	–	546.3	–	546.3
Assessments	5,973.7	–	5,973.7	7,561.3	(1,587.6)
	51,877.0	–	51,877.0	54,294.0	(1,571.0)
Credits – Prior Year Fund Balance	(0.2)	–	(0.2)	–	(0.2)
Total From Casinos	51,876.8	–	51,876.8	54,294.0	(1,571.2)
Other Sources					
Licenses – Casino Employee	5,544.2	–	5,544.2	4,723.5	820.7
– Casino Service Industry	861.7	–	861.7	575.5	286.2
Slot Prototype	198.9	–	198.9	282.0	(83.1)
Fines and Penalties	76.8	–	76.8	–	76.8
Other Revenue	197.5	–	197.5	75.0	122.5
Total from Other Sources	6,879.1	–	6,879.1	5,656.0	1,223.1
Total Revenues	58,755.9	–	58,755.9	59,950.0	(348.1)
EXPENDITURES					
Public Safety and Criminal Justice (Division of Gaming Enforcement)	33,959.6	(385.7)	33,573.9	35,578.0	2,004.1
Government Direction, Management and Control (Casino Control Commission)	24,721.0	242.6	24,963.6	25,122.0	158.4
Total Expenditures	58,680.6	(143.1)	58,537.5	60,700.0	2,162.5
OTHER DECREASES					
Transfers to General Fund	75.5	(75.5)	–	–	–
Total Other Decreases	75.5	(75.5)	–	–	–
Total Expenditures/Other Decreases	58,756.1	(218.6)	58,537.5	60,700.0	2,162.5
Net Increase (Decrease) in Fund Balance for the Year	\$ (0.2)	\$ 218.6	\$ 218.4	\$ (750.0)	\$ 968.4

() Denotes Minus Amount

SEE NOTES TO FINANCIAL STATEMENTS

STATE OF NEW JERSEY CASINO CONTROL FUND NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies

A. Fund Accounting

The Governmental Accounting Standards Board, in its Statement 1 - entitled *Authoritative Status of NCGA Pronouncements and AICPA Industry Audit Guide*, continued in force the National Council on Governmental Accounting's (NCGA) Statement 1. NCGA Statement 1 defines a fund as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. These statements reflect financial reporting practices in accordance with that definition.

Special Revenue Fund

The Casino Control Fund is classified as a Special Revenue Fund. Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purposes.

The Casino Control Fund (N.J.S.A. 52:12-143) accounts for fees from the issuance and renewal of casino licenses and other license fees. Appropriations are made to fund the operations of the Casino Control Commission and the Division of Gaming Enforcement.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

The Casino Control Fund is accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual—that is, when they become both measurable and available to finance expenditures of the fiscal period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues susceptible to accrual would include casino license fees.

Appropriations are authorized by an act of the Legislature for expenditure during the fiscal year and for a period of one month thereafter. Expenditures are recorded on an accrual basis when the related liability is incurred. Modifications to the accrual basis of accounting include:

- Disbursements for prepaid expenses, inventory items, and fixed assets are recorded as expenditures when incurred.
- Accumulated employee sick leave balances are paid for at retirement from annual legislative appropriations for salaries and wages on a "pay-as-you-go" basis.

The liability for accumulated vacation pay is reflected in the State's General Long-Term Debt Account Group.

Encumbrances represented by purchase orders and contracts are recorded and reported as reservations of fund balance since they do not constitute expenditures or liabilities.

C. Revenue and Expenditure Budgets

The Casino Control Fund, as detailed in the following table, operates under a budgetary control system comprised of:

- The Annual Appropriations Acts approved June 27, 1990 for fiscal year 1991, June 30, 1989 for fiscal year 1990, and various supplemental appropriation acts approved during the fiscal year.
- Reappropriations (authorized by the Annual Appropriations Act) of prior year funds which are available for expenditure in the current year.
- Appropriated Revenues (authorized by the Annual Appropriations Act) which established certain revenues as appropriations.

The above items provided the following amounts for the fiscal year 1991 and 1990 budgets (in \$000).

	<u>Revenue & Other Increases</u>	
	<u>1991</u>	<u>1990</u>
Annual Appropriations Act	\$60,660.0	\$59,950.0
Totals	<u>\$60,660.0</u>	<u>\$59,950.0</u>
	<u>Expenditures & Other Decreases</u>	
	<u>1991</u>	<u>1990</u>
Annual Appropriations Act	\$62,360.0	\$60,700.0
Totals	<u>\$62,360.0</u>	<u>\$60,700.0</u>

Budgetary control is maintained at the program unit level.

The accompanying statements of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual-(Budgetary Basis) present comparisons of the legally adopted budget with actual data on a budgetary basis.

The State's budgetary basis of accounting differs from that utilized to present financial statements in conform-

ance with generally accepted accounting principles (GAAP). The main difference between the budgetary basis and the GAAP basis is that under the budgetary basis encumbrances are recognized as expenditures, and the budgetary basis reflects transactions only for the current fiscal year. There were no expenditures in excess of appropriations in the Casino Control Fund.

D. Fund Balances

The fund balances of the Casino Control Fund consist of:

- a) Reserved for encumbrances-used to segregate a portion of fund balance to provide for expenditure upon vendor performance of purchase agreements.
- b) Unreserved-Undesignated-used to represent that portion of fund balance resources available for appropriation.

E. Fixed Assets

Fixed assets acquired with fund resources are recorded as expenditures of the fund at the time of acquisition and are also recorded in the State's General Fixed Asset Account Group.

F. Other

Other significant accounting policies are described in Notes 2 to 10.

NOTE 2 - Accounts Receivable

Represent amounts which are collected within the one-month period subsequent to June 30, and outstanding billings applicable to June 30, 1991 and 1990. Approximately 70.4% and 99.6% of the outstanding billings were satisfied within a three-month period subsequent to June 30, 1991 and 1990 respectively.

NOTE 3 - Due To/From General Fund

Cash transactions of the Casino Control Fund are made by and through the General Fund cash accounts. The balance of cash for this fund held in the General Fund, after receipt and disbursement transactions, is accounted for and reflected in the Due To/From General Fund accounts on the Balance Sheet.

NOTE 4 - Accounts Payable

Represent amounts due for goods and services that were received by the State prior to fiscal year end.

NOTE 5 - Deferred Revenue

Deferred Revenue represents fiscal year 1992 and fiscal year 1991 slot machine license billings collected and recorded in June 1991 and 1990, respectively.

NOTE 6 - Fund Balance

The positive fund balance as of June 30, 1991 resulted from an excess of estimated assessments made to casino licensees during fiscal year 1991 as provided by N.J.A.C. 19:41-9.4(f). The balance at June 30, 1991 will be credited to casino licensees during fiscal year 1992 in the same proportion as the aforementioned assessments, pursuant to N.J.A.C. 19:41-9.19(c).

NOTE 7 - Fines and Penalties

Prior to October 17, 1990, payments for fines and penalties were deposited to, and considered revenue of the Casino Control Fund. Resolution #90-41-19 directed that payments received for fines and penalties subsequent to October 16, 1990 be deposited to and considered revenue of the Casino Revenue Fund.

NOTE 8 - Employee Benefit Costs

Fringe benefit costs which include pension, health benefits, payroll taxes, and amounts for unused sick leave are originally paid by the General Fund and are charged to the Casino Control Fund using a composite fringe benefit rate.

NOTE 9 - Interest

The General Fund charges interest to the Casino Control Fund when disbursements exceed receipts collected and credits interest to the Casino Control Fund when receipts collected exceed disbursements made. The interest rate used during fiscal year 1991 and fiscal year 1990 was equal to the effective rate of return on investments in the General Fund and varied from 6.09% to 8.24% in fiscal year 1991 and from 8.18% to 9.50% in fiscal year 1990. The net effect of these transactions is reflected in the Transfers to General Fund account on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

NOTE 10 - Contingent Liability

The Casino Control Fund is involved in a number of legal actions wherein there is potential for unanticipated expenditure. The exact amount involved in these legal proceedings is not fully determinable. N.J.A.C. 19:41-9.1 allows the Casino Control Fund to apportion any uncollected cost among the licensed casino facilities.

**State of New Jersey
Casino Control Fund
Expenditure Detail
Fiscal Years Ended June 30, 1991 and 1990**

**SCHEDULE I
(in \$000)**

	1991		1990	
	Public Safety and Criminal Justice	Government Direction Management and Control	Public Safety and Criminal Justice	Government Direction Management and Control
Expenditures:				
Salaries	\$20,236.7	\$16,037.6	\$19,853.2	\$16,337.8
Payroll Taxes and Employee Benefits	6,005.9	4,541.2	5,935.0	4,431.9
Printing and Office Supplies	298.9	299.6	317.6	368.3
Vehicular Supplies	239.9	—	266.2	—
Travel	31.4	41.1	38.8	64.4
Telephone	467.0	211.4	369.9	165.6
Data Processing	1,279.5	1,177.7	1,298.8	1,003.7
Professional Services	443.2	166.4	481.6	242.1
Other Services Other than Personal	394.8	1,015.2	549.0	468.4
Rent—Facilities	3,156.3	1,833.7	2,324.9	1,091.1
Rent—Automobiles and Other	194.3	84.6	242.5	119.5
Indirect Costs	1,831.8	347.5	1,880.7	120.9
Office Equipment	724.2	43.6	143.8	171.7
Vehicular Equipment	385.3	—	(140.9)	—
Other Equipment	354.3	96.4	398.5	135.6
Total Expenditures	<u>\$36,043.5</u>	<u>\$25,896.0</u>	<u>\$33,959.6</u>	<u>\$24,721.0</u>

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The design and production of this annual report cost \$2,215, compared with a cost of \$4,225 for the 1990 report and \$9,725 for the 1989 report. This represents a cost reduction of 48 percent from 1990 and 77 percent from 1989.

Karen Beale