

NJCCC

New Jersey Casino Control Commission



1995 Annual Report



Gov. Christine Todd Whitman

**The 1995 Annual Report of
the New Jersey
Casino Control Commission
is submitted to the Governor
and to the members
of the New Jersey Legislature**

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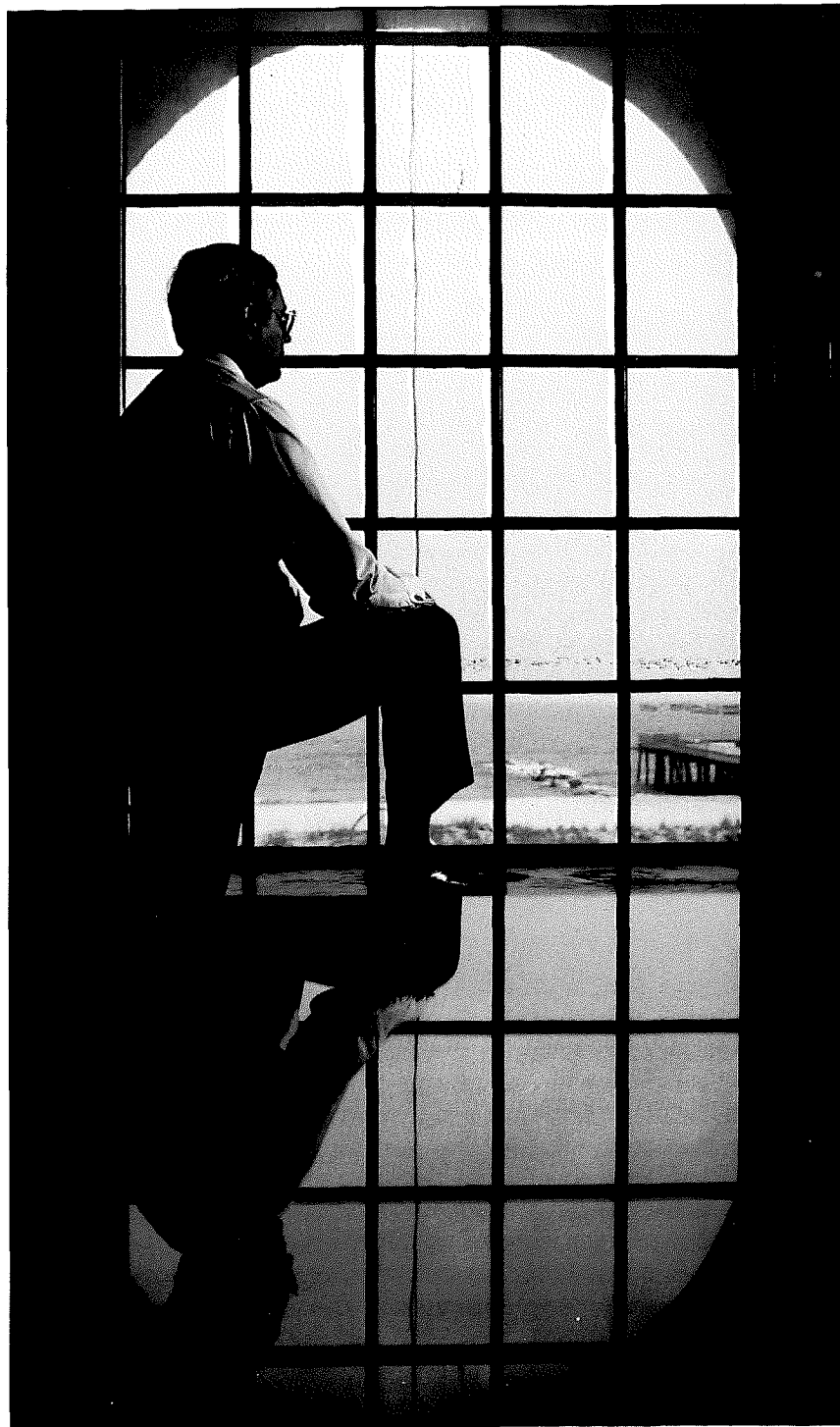


Casino Control Commission 1995

Seated: Bradford S. Smith

From left: Jeannine LaRue, James R. Hurley, Diane Legreide, Leanna Brown

Chairman's Report



Bradford S. Smith

Photograph by: Alan Shoemake

Atlantic City's casino industry had a truly remarkable year in 1995. Interest in development and investment has increased to levels which were unthinkable only one year before.

In October 1994, my first full month as Chairman of the Commission, the view of Atlantic City by those beyond the border, was bleak. There had been no new casinos in town since 1990 and very little development of significance.

A referendum was pending in Florida that would open that state to casino gaming. Casino companies had invested millions in support of the referendum and were prepared to spend billions of dollars on new development. Riverboats in Pennsylvania seemed a real possibility while casino companies lobbied both sides in the Governor's race. A major privately owned casino was on the horizon for Bridgeport, Connecticut. Rapid casino development was taking place in Las Vegas and new jurisdictions like Mississippi and Louisiana.

According to most analysts Atlantic City, while still in the casino ballgame, was just not "the" place to invest.

My first three months as Chairman were spent, in large part, learning the system and working on amendments to the Casino Control Act. Our focus was on reasonable and responsible regulation.

Those amendments to the Casino Control Act were signed into law by Gov. Christine Whitman on January 25, 1995 and became the catalyst for change

in combination with other forces: the gaming referendum in Florida was defeated; Tom Ridge won the Governor's race in Pennsylvania and cooled the fire for riverboat gaming; casino companies were starting to have less than happy experiences in new jurisdictions due to political instability and, in some instances, overdevelopment.

It was in this atmosphere that I decided it was time to tell the Atlantic City story to people who could help make a difference: Wall Street investment analysts. Trips to the *Big Apple* included stops at Bear Stearns, Wertheim Schroder, Prudential Securities and Merrill Lynch. I traveled to Orlando, Florida for a conference with C.S. First Boston and met with others from throughout the United States including Salomon Brothers.

The message was simple, New Jersey was becoming more business friendly through the leadership of Gov. Whitman.

Legislative and regulatory changes had placed the Atlantic City casino industry in a highly competitive position. Regulation was becoming simpler, faster and being guided by one overriding principle - common sense. Public dollars were being invested in Atlantic City by the millions and the city was focusing on the basics such as clean and improved streets and sidewalks, new lighting and housing and improved visitor services.

All levels of government were working together to help make Atlantic City a true destination resort. If the analysts

doubted me I offered them a tour of the city which often included Mayor James Whelan in his 4-wheel drive vehicle for a cruise along the beach.

The outreach worked. Salomon Brothers issued a glowing report on investment in Atlantic City and other analysts followed suit.

Suddenly, Atlantic City wasn't so bad. Steve Wynn, rejected in Bridgeport, turned his sights to the H-tract. Donald Trump refinanced, obtained a fourth casino license and began a major investment in what would become Trump World's Fair. Gaming revenues skyrocketed as did the industries' bottom-line. Showboat attracted more customers with its new tower and TropWorld began building a hotel tower more than twice as large.

Every existing casino company announced major physical improvements which will, when combined with over \$2 billion of expected development on the H-tract, amount to over \$4 billion of capital investment. Suddenly, in a single year, Atlantic City became the hottest gaming jurisdiction in the world.

The Commission was very successful in working to make regulation more business friendly through the Regulation Review Committee which I established in early 1995. This committee is composed of representatives of the Commission, Division of Gaming Enforcement and the industry. The committee has considered

237 industry recommendations and has agreed on over 100 regulatory changes.

Most important is that the industry today better understands the problems we face as regulators and we better understand the problems the industry encounters in their day-to-day operations. The system is becoming better without sacrificing in any way our ability to maintain integrity and to account for revenue.

Was there a night and day difference in the Atlantic City casino industry between January 1995 and December 1995? Come and see for yourself. The Commission is proud to be part of the revitalization of Atlantic City. Our mission is being accomplished.

Internal Developments

Gov. Christine Whitman reappointed Bradford S. Smith as chairman of the Casino Control Commission in September 1995.

Smith, originally appointed to the commission in 1994 to complete the unexpired term of former chairman Steven P. Perskie, was approved by the senate for a five-year term set to expire in 2000. The forty-five year old chief regulator is recognized nationwide for his common sense approach to regulating casino gaming.

Leanna Brown was elected vice chair at the Commission's reorganization meeting in January 1995. Brown was appointed to a full five-year term on the Commission in 1994.

Last year was an industrious year for members of the Commission. It marked the beginning of a new era in gaming for Atlantic City casinos. It was a year of enormous growth and development. Investors announced plans for new casino ventures, casino revenues climbed and newly signed gaming legislation was enacted.

Commissioners Brown, James Hurley, Jeannine LaRue and Diane Legreide, under the leadership of Bradford Smith led staff through a year filled with complex hearing issues, major regulatory changes, licensures and relicensures of casinos and their employees. Here are some highlights:

The General Counsel's Office under the leadership of John Zimmerman, used both skill and broad experience to tackle three

complex casino license applications. As a result the Commission approved the qualifications of ITT Sheraton and its merger with Caesars World. Additionally, the General Counsel's office facilitated the approval of Certificates of Compliance for Mirage Resorts, Inc. and Ronald Perelman.

The Division of Financial Evaluation, headed by Noreen Iannuzzi, worked with representatives of the Division of Gaming Enforcement and the casino industry to completely re-examine the financial reporting requirements for casinos. Their examination of the previous reporting requirements led to the creation of new financial-reporting guidelines. The new procedures resulted in a 44 percent decrease in the number of financial forms that casinos must now file.

Staff within the **Division of Compliance** handled an enormous volume of regulatory amendments in 1995. The Operations Unit processed the majority of 646 regulation amendments last year with many coming from the Regulatory Review Committee exploring the rationale behind certain gaming rules. This division, under the direction of Richard Franz, also reviewed 2,400 internal control submissions last year.

As casino operators upgraded their facilities and added new gaming space, they relied on the Inspection Unit to make the necessary approvals. The principal inspectors, using authority delegated to them by the Commission approved requests

by casinos to expand their gaming space from 928,238 square feet in 1994 to 959,554 square feet in 1995.

The Affirmative Action/Equal Employment Opportunity Unit, which falls within the Compliance Division, continued its diligence in monitoring the industry's efforts at providing employment opportunities for minorities and women.

The director of the **Division of Licensing**, Christopher Storcella, led his division through a reorganization prompted by statutory changes made in January 1995. The most dramatic change was the elimination of hotel registrations which in essence eliminated an entire unit within the Division. The Division of Licensing also made the adjustments needed for the Commission to comply with the statutory requirement that standardized all license renewal periods at four years.

Last year, the Commission reorganized and created the **Division of Administration**. The new director, Antonia Cowan heads this division that contains three Units; Human Resources, Administrative Operations and Information Systems.

The Human Resources Unit is responsible for recruitment, personnel transactions, employee benefits, payroll, and time and leave administration. The Administrative Operations Unit is responsible for facilities, telecommunications, mail, document filings, rulemaking administration, records archiving, subscription services and public

meeting administration. Management Information Systems Unit (MIS) staff is responsible for the design, development and operation of the Commission's electronic mail and computer systems.

Recognizing the importance of internal improvements the **Office of Organizational Development** conducted a training needs assessment that led to the creation of a Staff Training Master Plan.

This office, headed by Mark Tucci made sure that all employees benefited from computer software training and "Valuing Diversity" training in 1995. The OD unit also completed the Commission's first ever long-term Strategic Business Plan.

Last year, staff from the Office of Organizational Development, the Budget and Fiscal Office and the Division of Administration worked to put final touches on plans to consolidate the agency's two Atlantic City office locations. Upon completion all Commission staff except inspectors assigned to casinos will be located at the Arcade Building at Tennessee Avenue and the Boardwalk.

The Department of Government and Community Relations, a unit within the **Commissioner's Office** is expanding its proactive outreach to all New Jersey residents under the direction of Valarie M. Smith. Informative presentations concerning the direct and indirect economic impact of the industry on the State's economy are delivered to senior citizen and busi-

ness groups from High Point to Cape May. The popular response to these programs is measured by the tremendous demand for presentations.

The Commission maintained its commitment to achieving affirmative action goals for female and minority employees in 1995. Last year, the agency reduced its work force from 370 to 355 employees. Of this number, 53 percent were females and 26 percent were minorities.

The Commission guided by its Affirmative Action Officer, Marvin Askins, also continued its efforts to provide advancement opportunities for women and minorities. Of the 11 promotions granted last year, 8 were awarded to females and two to minorities.

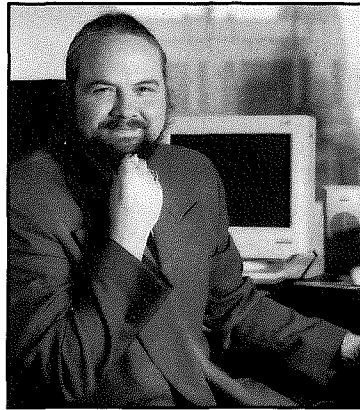
Quality staff: The secret behind our success



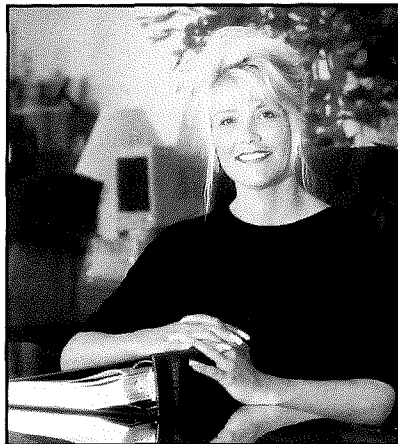
Kelly Leonard



Garlin Haines



Mark Stevens



Elizabeth Belleville

What does it take to become the best gaming regulatory agency in the world? The answer is simple: Hire the best people. Provide them with the tools they need to do their jobs well. And then get out of their way.

That is the secret behind the longstanding success of the New Jersey Casino Control Commission. We have a quality staff comprised of experienced, energetic people who take pride in their work.

Sandra Donahue was such a person. Sandra, who passed away in 1995, was a dedicated principal inspector, respected by everyone with whom she came in contact. That is why, in her memory, the Commission renamed its employee-of-the-quarter award after Sandra.

The four 1995 recipients of the Sandra M. Donahue Employee of the Quarter Awards exemplified the principles that guided Sandra's professional life and these four individuals measured up to her high standards.

It is no coincidence that the winners -- Elizabeth Belleville, Garlin Haines, Kelly Leonard and Mark Stevens -- come from various areas of the agency, ranging from Inspections to Compliance to Licensing.

The quality of our staff is both broad and deep. The four 1995 winners represent more than justifiable pride in what they accomplish every day. They are, quite simply, the best.

The answer is simple: A regulatory agency can only be as good as the people they employ.

1995 in Review

The Casino Control Commission's view is that an effective regulatory system is more than good policy. It is also good for business.

The year 1995, the most successful and profitable period of New Jersey gaming history, affirms that view. In 1995 our 12 casino licensees reported gross operating profits of \$999.8 million and net income of \$147.1 million.

These reports follow -- and underscore -- reports from Wall Street in which various financial analysts have trumpeted Atlantic City as a good investment. The improved regulatory climate is a critical reason why analysts have become so bullish on Atlantic City.

The gaming industry, Wall Street and the public have signaled their approval of our three-pronged approach to regulatory reform:

• **Common Sense approach to regulation**

The Commission has adopted a "common sense" approach toward regulation. That means focusing on the primary missions of maintaining integrity in casino gaming and accounting for gross revenues, while getting the state out of business decisions that should be made by business people.

• **Managing Internal Operations**

The Commission continues to manage its internal operations effectively. The present operating budget of \$22.1 million represents a \$1 million decrease from the previous year's budget. That

decrease follows four consecutive years of a stable \$23.1 million budget, and brings the Commission to its lowest spending level in a decade. Staffing levels have declined by more than 30 percent over the past five years, to a present authorized level of 355 employees.

• **"Open door" policy with the gaming industry**

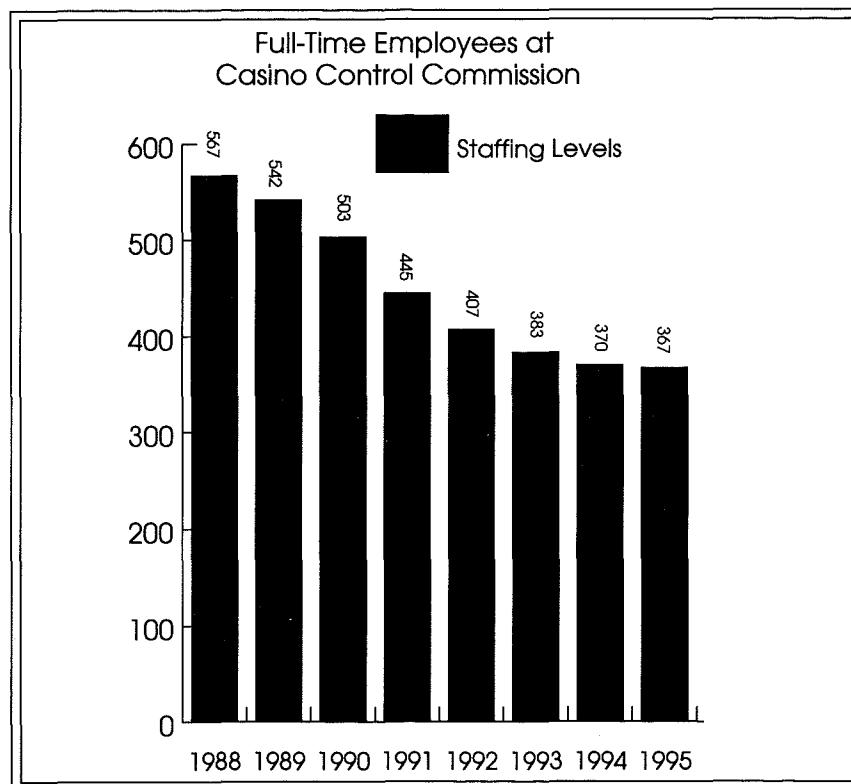
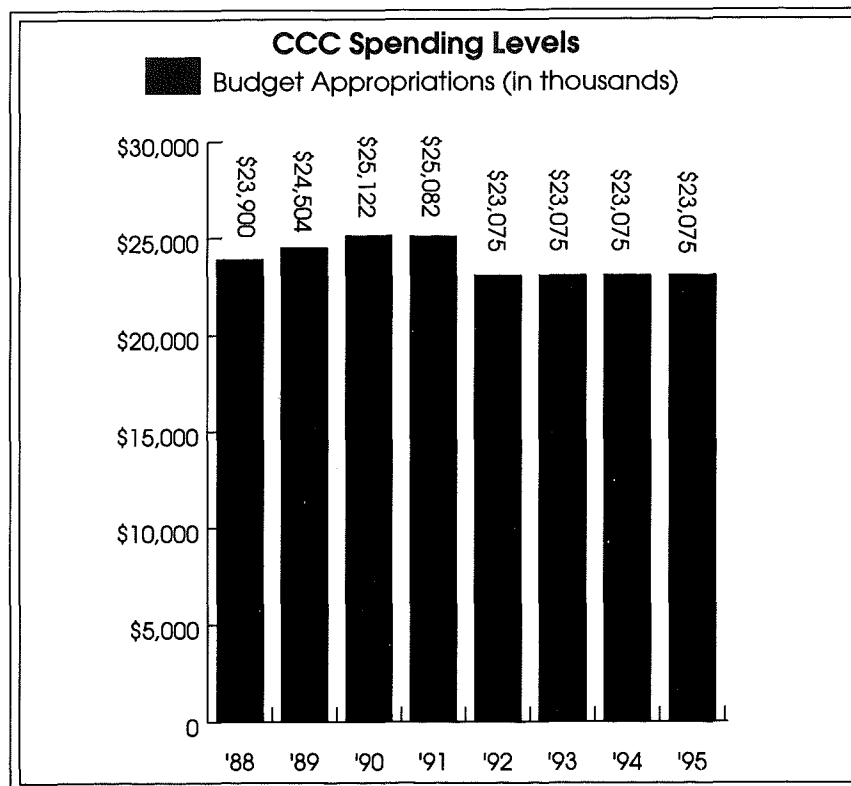
The Commission has institutionalized an "open door" policy with the gaming industry. The agency has established a Regulation Review Committee, composed of regulators from the Commission and the Division of Gaming Enforcement, along with representatives of the casino industry. The committee's task is to review and discuss regulations, and to identify areas that can be improved.

Thanks to the hard work done by the committee and its various subcommittees, all of the pertinent issues have been addressed.

Regulatory changes range from the simple to the complex, and from the routine to the dramatic, but they all have one thing in common: they all make sense.

The Commission has asked the Regulation Review Committee to explore the rationale behind regulations. If the rationale behind any regulation is simply that "we have always done it that way," that regulation is a strong candidate for reform. But it must also be stressed that the Commission will not agree to any change that threatens to compromise the state's ability to ensure the integrity of casino gaming.

Of course, the greatest regulatory system in the world isn't worth much if business people and potential investors are not aware of it. Another priority is to get the message out that New Jersey offers the gaming industry a stable yet flexible regulatory environment. The Commission continues to communicate the philosophy that our agency is adapting to changing times, and that we are committed to tight fiscal discipline.



Statutory and Regulatory Changes

In 1995, the Casino Control Act was amended to reflect legislation signed into law by Gov. Christine Todd Whitman on January 25, 1995.

Key Provisions of Statutory Changes

- Eliminated hotel registration requirements for casino hotel employees
- Established the "Atlantic City Fund," to finance projects in Atlantic City from regulatory savings
- Removed the Commission and Division of Gaming Enforcement's involvement in the preapprovals of marketing programs and internal controls concerning employee job descriptions
- Allowed the Divisions to use private testing laboratories licensed by the Commission
- Standardized all license renewal periods at four years, except for casino licenses, which can be issued for a period up to four years
- Eliminated a provision that prohibits casino licensees from owning more than three casinos
- Eliminated the experiential criteria as part of individual licensure

Recently adopted regulatory changes

The maximum slot-density percentage was raised from 75 percent to 90 percent, which means that casinos can devote up to 90 percent of their total gaming area to slot machines. The real impact of this regulation is that casinos have maximum flexibility in designing their floors and targeting their specific markets.

Maximum slot jackpots that require Division of Gaming Enforcement review were increased from \$25,000 to \$35,000. This change has resulted in a two-third reduction in the number of times that a DGE agent must review and approve jackpots. This helps both the patron and the casino by reducing the time and expense involved in jackpot reviews.

Poker revenue projections were eliminated. When poker was first approved as a new game, the Commission required that each casino that offers poker project the anticipated revenue for each table each gaming day. The proposal was designated as a potential red flag for possible cheating, but never proved to be effective.

The Commission no longer mandates a minimum 30-minute notice before a casino can increase the minimum bet at a table. In the Commission's view, such decisions are rightfully made by business people, and are more effectively governed by the marketplace. Shortly after this change was adopted, one casino began advertising a "guarantee" that it would not increase a player's table minimum, indicating that the regulatory change is working as intended.

New games like Let it Ride Poker, Progressive Blackjack and Pai Gow were approved in 1995.

Community Developments

Atlantic City continued making forward strides in 1995. Higher revenues, lower crime and modified gaming regulations created the right environment for casinos to prosper. Developers expressed new interest in Atlantic City and projects already in progress continued to move at a swift pace during the year. Here's what happened in 1995:

Convention Center

The topping off ceremony for the the new Convention Center occurred in September 1995. The center, which is under construction at the base of the Atlantic City Expressway will be one of the largest convention center complexes in the country. This mega-structure, which contains 450,000 square feet of exhibition and pre-function space is on schedule for completion in January 1997. The Center which will contain 45 meeting rooms is connected to the Rail Terminal, thus providing direct access for conventioners coming to the city by train.

Corridor Project

In February 1995, the Corridor Project was implemented. At completion, the Grand Boulevard entranceway to the city will have a new look. The Corridor, located at the base of the Atlantic City Expressway, will have a 500-room convention center hotel and a new bus terminal. The projected time frame for completion is mid-1997.

Kentucky Avenue Renaissance Plaza

The \$11 million Kentucky Avenue Renaissance Plaza Shopping Mall moved toward completion in 1995. The project which includes a supermarket, a pharmacy, a fast food restaurant and a retail store complex was completed and opened in early 1996.

H-Tract Development

In May 1995 the City of Atlantic City initiated a search for a developer for a 150 acre parcel of land known as the H-Tract. In September 1995 the city selected Mirage Resorts, Inc. of Las Vegas to develop the parcel into a casino hotel complex. Final approval for the project located in the marina area of Atlantic City is expected in early 1996.

Hotel Room Additions

The Casino Reinvestment Development Authority awarded Atlantic City casinos funding appropriations for 2,000 additional hotel rooms. In 1995, eight of the city's 12 casinos were awarded \$96.7 million from CRDA for hotel room expansions.

Airport Expansion Project

Atlantic City International Airport's \$17.7 expansion project moved toward completion in 1995. Additions to the facility include 32,444 sq. ft. of terminal space and four new departure gates. The expansion is expected to almost double the airport's passenger capacity.

Casino Revenue Fund

The Casino Revenue Fund created in 1977 with the adoption of the Casino Control Act, was established as a separate fund dedicated to programs that benefit senior citizens and the disabled.

Money deposited into the fund comes from an 8 percent tax on the "win" or gross revenues from Atlantic City casinos. "Win" is the amount the casinos keep after all bets are paid, but before they pay taxes and other expenses.

In fiscal year 1995, approximately 152,000 New Jersey citizens benefited from pharmaceutical assistance to the aged and disabled (PAAD) and more than 160,000 received utility payments (Lifeline Program).

In addition, the Casino Revenue Fund was the primary source of revenues for transportation aid, real estate property tax reimbursements, boarding home assistance, senior citizen housing, meals-on-wheels, and numerous other program areas.

From May 1978 through June 1995 \$3.11 billion was deposited into the Casino Revenue Fund. The funds are turned over to the State Treasurer, and they are disbursed to the authorized programs

The Casino Revenue Fund is not used to pay for regulating casinos. Casinos pay for regulation through various fees and assessments.

FY 95 Revenues:

Taxes	\$288,847,866
Interest	1,912,734
Fines/Penalties	0
Other Sources	43,501,160

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Total Revenues	\$334,261,760
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Transfer From Other Funds	\$12,500,000
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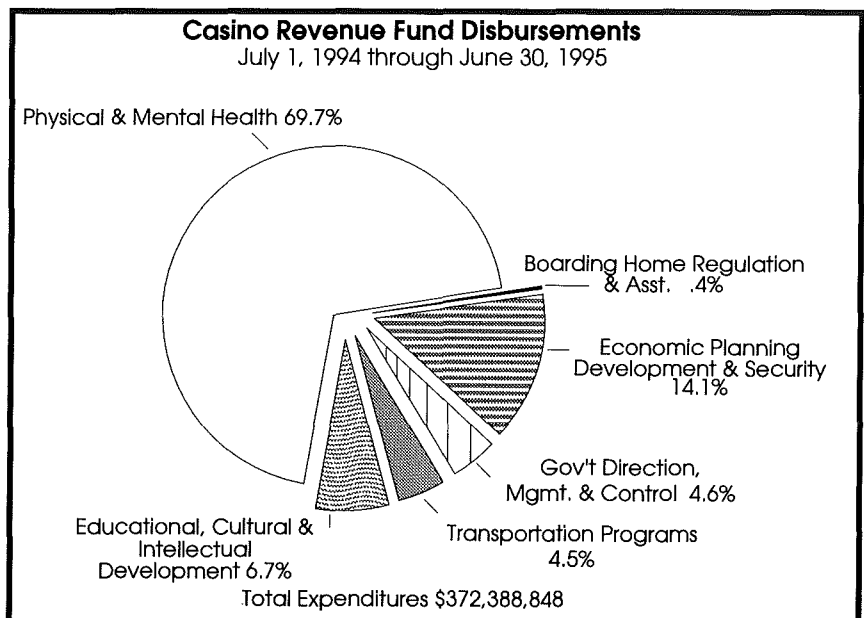
Beginning Bal. July 1, 1994	\$64,993,077

Total Resources	\$411,754,837
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**Fund Balance June 30, 1995	\$39,365,989
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** Fund balance consists of encumbrances and designated balances.



Affirmative Action

Minority and women development, construction and operations work forces

It didn't take long after the first casino opened for the gaming industry to demonstrate that it is a major benefactor to the economy of New Jersey.

Today, the gaming industry is the second largest employer and one of the largest purchasers of goods and services in the state.

In 1995, the casino industry exceeded all previous records for doing business with minority and women business enterprises. Atlantic City casinos exceeded the statutory goal of 15 percent for doing business with WBEs and MBEs.

Last year, casinos bought 26.6 percent of goods and services from minorities and women, up from 23.6 percent in 1994. This increase in purchases amounts to a record \$243.1 million in goods and services being bought from W/MBEs.

A cursory review indicates that Atlantic City casinos lead most New Jersey businesses in awarding contracts to minority and women business enterprises. Its ability to outdistance most other industries is the result of focused regulations and committed leadership from the industry.

The driving forces behind the successes recognized in recent years are the cooperative response from the casino industry and the Commission's solid commitment to assuring equal opportunities for W/MBEs. Industry leaders understand the benefits of providing economic development opportunities for W/MBEs. It simply is a good

business practice.

The Commission through its AA/EEO staff plays an important role in encouraging the casino industry to develop more opportunities for business enterprises. Staff works diligently to help casinos develop procedures for reaching their goals. Their strategies are outlined in their Equal Employment Business Opportunity Plan which they must submit to the Commission annually.

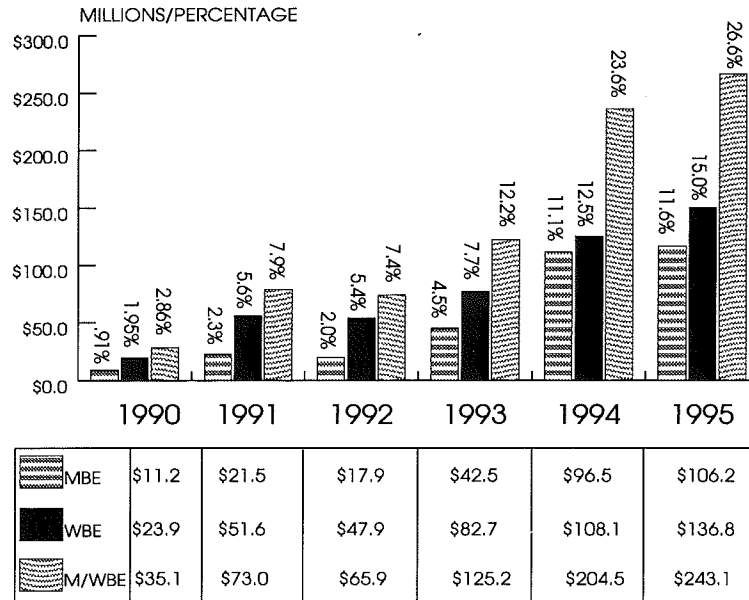
Casinos must also file a quarterly report on their purchases of goods and services from W/MBEs. Casinos that meet the required goals for four consecutive quarters have been granted a waiver of the quarterly reporting requirement.

Because of their outstanding record for meeting the statutory requirements for eight consecutive quarters all 12 casinos have been granted waiver of this requirement.

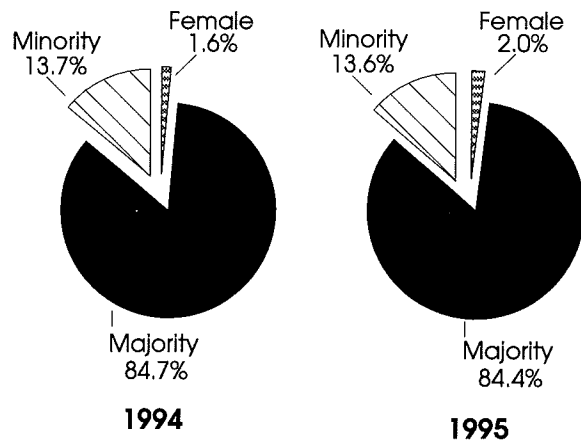
In 1995, casinos made significant progress in increasing their female construction work force. The female construction work force climbed from 1.6 percent to 2 percent, moving closer to the 5 percent goal. The casino industry remains consistent in its effort to meet the 14 percent goal for minority construction workers.

In total the casino industry is making major strides in doing business with minority and women business enterprises, and is just as diligent in meeting regulatory goals for its total operations work force.

All Casinos MWBE Purchasing Trends 1990 - 1995



All Casinos Construction Participation 1994 - 1995



Females goal - 5%
Minority goal - 14%

Casino Industry Work Force Composition 1995

EEO CATEGORY	TOTAL	FEMALES	MINORITIES	WHITE MALES
Officials & Managers	7,585	40.1%	25.8%	46.5%
Professionals	5,087	44.8%	40.1%	34.9%
Technicians	988	16.3%	20.1%	68.0%
Salesworkers	4,267	64.8%	59.3%	14.0%
Office & Clericals	3,268	80.6%	40.2%	10.8%
Craftpersons	1,045	6.3%	16.8%	78.6%
Operatives	1,394	23.2%	49.4%	39.7%
Laborers	1,095	21.6%	72.6%	23.4%
Service Workers	16,034	44.3%	56.5%	23.5%
TOTAL	40,763	45.7%	46.0%	30.2%

Casino Industry Work Force Composition 1994

EEO CATEGORY	TOTAL	FEMALES	MINORITIES	WHITE MALES
Officials & Managers	7,498	39.5%	25.0%	47.4%
Professionals	5,095	44.7%	38.8%	35.7%
Technicians	993	16.6%	18.1%	69.1%
Salesworkers	4,122	64.4%	57.6%	14.5%
Office & Clericals	3,358	80.1%	40.2%	10.8%
Craftpersons	1,006	5.6%	15.6%	80.1%
Operatives	1,375	21.5%	47.0%	43.0%
Laborers	1,189	29.9%	74.7%	20.4%
Service Workers	15,449	43.4%	54.8%	24.9%
TOTAL	40,085	45.3%	44.7%	31.2%

THE NEW JERSEY CASINO INDUSTRY
GROSS REVENUE AND RELATED TAX
FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994

(\$ in Thousands)

Casino Hotel	Casino Win	Daily Average Casino Win	Adjustment for Uncollectibles	Gross Revenue	Tax
The Grand					
1995	256,348	702	1,108	255,240	20,419
1994	228,883	627	3,377	225,506	18,040
Bally's Park Place					
1995	357,525	980	1,338	356,187	28,495
1994	323,697	887	202	323,495	25,880
Caesars					
1995	371,088	1,017	3,525	367,563	29,405
1994	339,510	930	3,258	336,252	26,900
Claridge					
1995	169,405	464	(200)	169,605	13,568
1994	155,977	427	439	155,538	12,443
Harrah's					
1995	319,445	875	1,231	318,214	25,457
1994	291,589	799	967	290,622	23,250
Resorts					
1995	268,580	736	902	267,678	21,414
1994	250,154	685	236	249,918	19,993
Sands					
1995	264,977	726	2,909	262,068	20,966
1994	255,146	699	3,200	251,946	20,156
Showboat					
1995	340,891	934	1,223	339,668	27,173
1994	294,575	807	458	294,117	23,529
TropWorld					
1995	313,742	860	502	313,240	25,059
1994	300,216	823	493	299,723	23,978
Trump Castle					
1995	278,784	764	1,291	277,493	22,199
1994	258,127	707	1,309	256,818	20,545
Trump Plaza					
1995	300,748	824	941	299,807	23,985
1994	263,086	721	378	262,708	21,017
Trump Taj Mahal					
1995	506,043	1,386	4,324	501,719	40,138
1994	461,573	1,265	2,818	458,755	36,700
TOTALS					
1995	3,747,576	10,267	19,094	3,728,482	298,278
1994	3,422,533	9,377	17,135	3,405,398	272,431

Statistics

Casino Industry Facility

As of December 31, 1995 and 1994

	THE GRAND		BALLY'S PARK PLACE		CAESARS		CLARIDGE		HARRAH'S MARINA		RESORTS	
	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994
Table Games:												
Blackjack	49	48	53	56	52	52	40	49	51	47	43	45
Craps	12	14	8	14	14	16	10	10	11	11	10	11
Roulette	10	10	12	12	13	13	5	6	12	13	11	9
Big Six	2	3	2	3	2	2	1	1	1	1	1	1
Baccarat	2	2	2	2	3	3	1	-	-	1	2	3
Minibaccarat	4	3	3	2	3	3	1	1	2	2	1	2
Red Dog	-	1	-	1	-	-	-	1	-	-	-	-
Sic Bo	1	1	1	1	2	2	1	1	-	1	1	1
Pai Gow Poker	3	3	4	2	3	3	1	1	2	2	1	2
Pai Gow	1	-	-	-	1	-	-	-	-	-	-	-
Poker	14	-	22	24	7	14	-	8	-	9	18	18
Double Down Stud Poker(a)	-	1	-	-	-	-	-	-	-	-	-	-
Caribbean Stud Poker (b)	4	2	6	2	5	2	3	-	6	2	8	4
Let It Ride Poker (c)	1	-	1	-	2	-	1	-	4	-	2	-
Total Table Games	<u>103</u>	<u>88</u>	<u>114</u>	<u>119</u>	<u>107</u>	<u>110</u>	<u>64</u>	<u>78</u>	<u>89</u>	<u>89</u>	<u>98</u>	<u>96</u>
Keno Windows (d)	4	-	6	6	6	8	-	4	4	8	5	7
Slot Machines:												
.05 Slot Machines	-	-	24	48	-	-	40	75	-	-	-	-
.25 Slot Machines	1,056	776	1,403	1,332	1,259	1,062	1,306	1,304	1,053	1,037	1,416	1,151
.50 Slot Machines	228	190	270	271	467	294	183	127	268	277	445	364
\$1 Slot Machines	429	336	471	446	580	541	316	365	565	552	408	370
\$5 Slot Machines	86	84	82	83	66	75	27	15	89	79	52	50
\$25 Slot Machines	9	9	7	10	8	8	3	1	5	5	10	7
\$100 Slot Machines	2	2	3	4	6	6	-	-	3	4	3	2
Other Slot Machines	25	10	66	38	62	53	-	-	29	8	4	-
Total Slot Machines	<u>1,835</u>	<u>1,407</u>	<u>2,326</u>	<u>2,232</u>	<u>2,448</u>	<u>2,039</u>	<u>1,875</u>	<u>1,887</u>	<u>2,012</u>	<u>1,962</u>	<u>2,338</u>	<u>1,944</u>
Casino Square Footage	58,124	46,297	71,380	71,380	67,470	59,947	55,624	49,066	65,551	64,293	70,000	60,000
Simulcast Square Footage	1,517	-	8,679	8,679	6,504	13,441	-	6,551	-	-	8,058	8,058
Number of Hotel Rooms	508	508	1,258	1,265	638	641	504	501	760	760	668	668
Number of parking Spaces (e)	1,798	1,822	2,309	2,306	2,138	2,174	398	398	2,337	2,482	1,475	1,475
Fixed Asset Investment (\$ in Millions) (f)	\$401.6	\$384.8	\$783.1	\$772.8	\$427.0	\$409.4	\$35.7	\$19.9	\$394.2	\$364.5	\$219.4	\$206.4
Number of Employees	3,331	3,119	4,242	4,123	4,014	3,546	2,528	2,504	3,564	3,492	3,911	3,014

a) Double Down Stud Poker was introduced in March 1994.

b) Caribbean Stud Poker was introduced in November 1994.

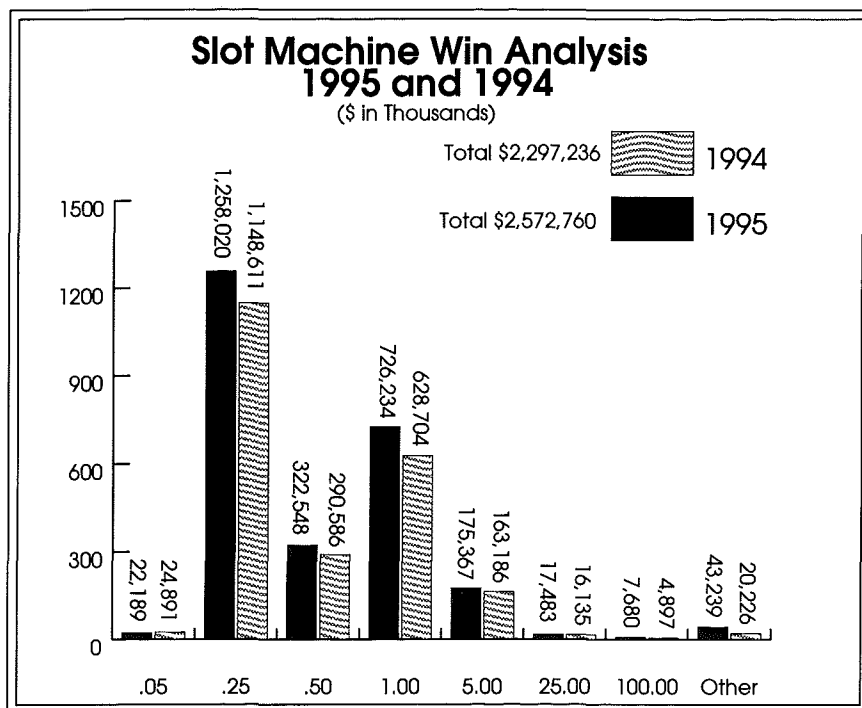
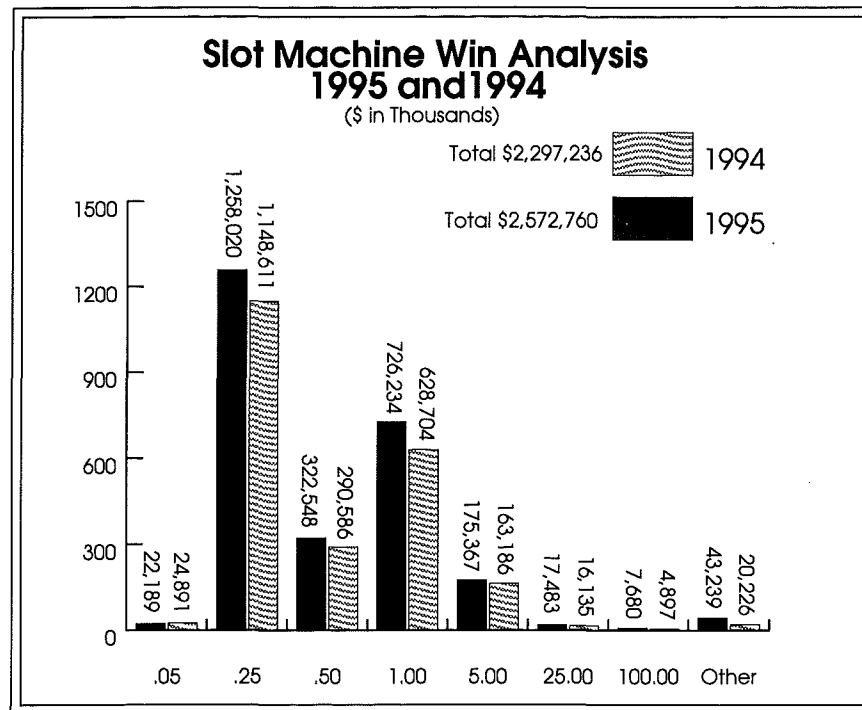
c) Let It Ride Poker was introduced in March 1995.

d) Keno was introduced in June 1994.

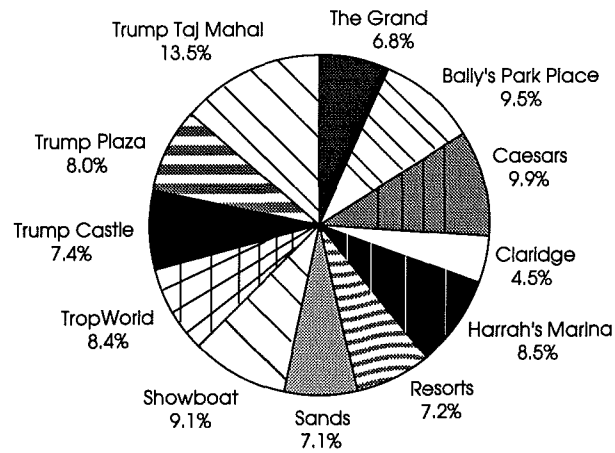
SANDS		SHOWBOAT		TROPWORLD		TRUMP CASTLE		TRUMP PLAZA		TRUMP TAJ MAHAL		INDUSTRY TOTALS	
1995	1994	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994	1995	1994
60	54	47	61	51	48	43	43	54	56	81	87	624	646
12	14	12	14	14	14	13	15	10	11	15	18	141	162
15	16	13	11	13	14	12	12	12	12	18	19	146	147
2	2	2	2	2	1	1	1	2	2	4	2	22	21
5	7	3	3	3	2	3	2	4	3	6	5	34	33
4	5	2	2	2	2	3	3	5	4	4	5	34	34
-	-	-	1	1	1	-	-	-	-	1	1	2	6
1	1	1	1	1	1	1	1	1	1	1	2	12	14
4	4	1	2	2	4	2	2	2	2	5	8	30	35
3	-	-	-	-	-	-	-	-	-	4	-	9	0
16	19	6	18	6	6	6	10	-	-	64	62	159	188
-	-	-	-	-	-	-	-	-	-	-	-	-	1
4	2	7	2	4	-	8	4	4	-	10	3	69	23
-	-	-	-	2	-	-	-	3	-	3	-	19	-
<u>126</u>	<u>124</u>	<u>94</u>	<u>117</u>	<u>101</u>	<u>93</u>	<u>92</u>	<u>93</u>	<u>97</u>	<u>91</u>	<u>216</u>	<u>212</u>	<u>1,301</u>	<u>1,310</u>
4	4	1	5	6	6	-	7	-	-	10	15	46	70
-	-	70	98	-	-	73	58	80	80	135	104	422	463
1,240	1,215	2,435	2,212	1,684	1,506	1,269	1,236	1,376	1,342	2,160	2,272	17,657	16,445
286	301	283	233	377	393	285	306	243	271	350	345	3,685	3,372
413	412	430	436	662	699	514	450	522	419	642	599	5,952	5,625
73	78	49	40	102	107	78	54	75	60	96	90	875	815
7	7	1	4	10	12	9	7	6	6	10	8	85	84
3	3	1	2	6	8	4	4	4	4	3	3	38	42
-	-	7	-	107	72	37	7	6	7	-	-	343	195
<u>2,022</u>	<u>2,016</u>	<u>3,276</u>	<u>3,025</u>	<u>2,948</u>	<u>2,797</u>	<u>2,269</u>	<u>2,122</u>	<u>2,312</u>	<u>2,189</u>	<u>3,396</u>	<u>3,421</u>	<u>29,057</u>	<u>27,041</u>
53,192	54,464	76,595	79,963	92,163	92,191	71,031	69,338	73,604	72,943	120,539	120,000	875,233	839,882
22,962	20,617	20,486	14,949	-	-	3,798	3,742	-	-	12,317	12,317	84,321	88,354
532	534	800	800	1,020	1,020	728	725	732	555	1,250	1,250	9,398	9,227
1,738	1,791	3,514	2,567	2,781	3,069	2,986	2,986	2,892	2,803	5,231	5,231	29,597	29,104
\$312.9	\$289.8	\$433.3	\$419.1	\$636.8	\$600.1	\$509.2	\$501.7	\$543.0	\$436.2	\$909.0	\$886.2	\$5,605.2	\$5,299.9
3,296	3,543	3,879	3,798	4,213	4,110	3,879	3,455	3,915	3,620	6,514	6,570	47,286	44,894

e) The more significant changes in parking spaces from 1994 primarily represent the impact of reconfigurations and various expansion activities.

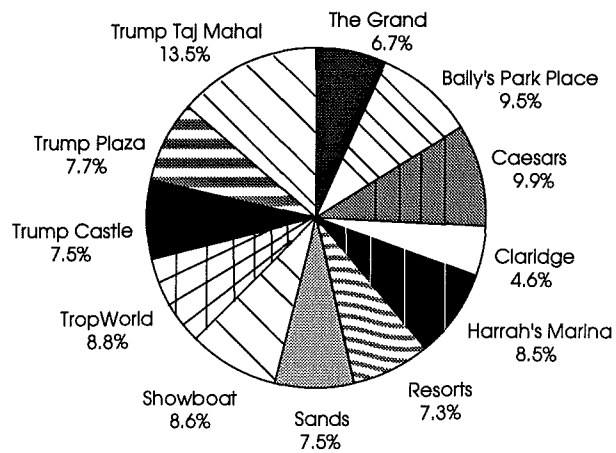
f) Represents property and equipment before accumulated depreciation as reported by each casino. Fixed asset investment for Claridge primarily represents gaming equipment, as well as construction-in-progress on a parking garage for 1995, since Claridge leases its hotel property and non-gaming equipment.



Market Share of Casino Win

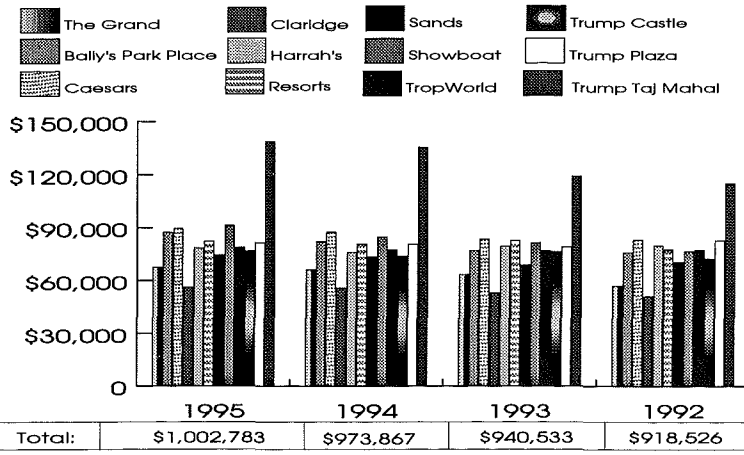


1995



1994

**The New Jersey Casino Industry
Salaries and Wages
For the Four Years Ended December 31, 1995
(\$ in Thousands)**



Source: Annual Employment and Payroll Report, CCC-376, line 27(f)

**CASINO SERVICE INDUSTRY TOTAL VOLUME OF BUSINESS
1995**

REPORTING PERIOD JANUARY 1995 THROUGH DECEMBER 1995

	Total Companies	Percent of Total Companies	Dollar Volume of Business	Percent of Total Business
Total Number of Vendors Receiving Payments	7,804	100.00%	\$2,142,141,725	100.00%
New Jersey Enterprises	3,282	42.06%	\$1,347,968,072	62.93%
Pennsylvania Enterprises	1,053	13.49%	\$118,980,341	5.55%
New York Enterprises	1,014	12.99%	\$75,366,177	3.52%
Delaware Enterprises	38	0.49%	\$6,753,909	0.32%
All Other States	2,266	29.04%	\$582,186,502	27.18%
Foreign Enterprises	151	1.93%	\$10,886,724	0.51%

"Dollar Volume of Business" represents only the amount paid by casino licensees for goods or services. This figure does not include such payments as governmental taxes, fines and fees to the Casino Control Commission, charitable contributions, guest losses or court garnishments.

Numbers reflect the states in which the offices serving hotel/casinos are located and may not be the states in which the enterprises are incorporated or have a home office.

TOTAL VOLUME OF BUSINESS -- NEW JERSEY COMPANIES

(REPORTING PERIOD JANUARY 1995 - DECEMBER 1995)

	Total Companies	Percent of Total Companies	Dollar Volume of Business	Percent of Total Business
New Jersey Enterprises	3,282	100.00%	\$1,347,968,072	100.000%
Atlantic	1,447	44.09%	\$889,776,762	66.009%
Bergen	176	5.36%	\$ 16,990,571	1.260%
Burlington	185	5.64%	\$163,229,042	12.109%
Camden	351	10.69%	\$75,062,262	5.569%
Cape May	104	3.17%	\$11,489,692	0.852%
Cumberland	77	2.35%	\$13,982,843	1.037%
Essex	126	3.84%	\$53,880,838	3.997%
Gloucester	108	3.29%	\$10,105,165	0.750%
Hudson	58	1.77%	\$10,738,251	0.797%
Hunterdon	8	0.24%	\$84,650	0.006%
Mercer	90	2.74%	\$7,468,319	0.554%
Middlesex	96	2.93%	\$15,193,510	1.127%
Monmouth	99	3.02%	\$9,739,260	0.723%
Morris	59	1.80%	\$4,076,840	0.302%
Ocean	89	2.71%	\$5,200,409	0.386%
Passaic	65	1.98%	\$10,184,003	0.756%
Salem	8	0.24%	\$40,472	0.003%
Somerset	35	1.07%	\$35,923,590	2.665%
Sussex	7	0.21%	\$60,982	0.005%
Union	91	2.77%	\$14,731,510	1.093%
Warren	3	0.09%	\$9,101	0.001%

**ENTERPRISE LICENSE BUREAU STATISTICS
CASINO SERVICE INDUSTRIES**

	1-1-95 to 12-31-95	Inception to 12-31-95
Enterprises permitted to conduct business with casino licensees	3,564	46,014
Enterprises prohibited from conducting business with casino licensees	116	1,530
Contracts reviewed	1,669	29,528
Initial Gaming Related:		
Applicants	7	200
Licenses Issued	2	95
Licenses Denied	0	7
Withdrawals Granted	0	40
Licenses Active	26	
*Renewal Gaming Related:		
Applicants	8	150*
Licenses Issued	0	49*
Licenses Denied	0	1*
Withdrawals Granted	0	0*
Licenses Active	16	
Initial Non-Gaming Related:		
Applicants	213	4,256
Licenses Issued	161	3,011
Licenses Denied	2	165
Withdrawals Granted	7	703
Licenses Active	575	
*Renewal Non-Gaming Related:		
Applicants	239	1,579*
Licenses Issued	147	1,387*
Licenses Denied	0	8*
Withdrawals Granted	0	38*
Licenses Active	541	
Exemptions granted by CCC	16	168
JUNKET ENTERPRISES		
Initial Junket Enterprises:		
Applicants	29	337
Licenses Issued	23	222
Licenses Denied	2	20
Withdrawals Granted	0	39
Licenses Active	39	
*Renewal Junket Enterprises:		
Applicants	10	111*
Licenses Issued	14	88*
Licenses Denied	0	0*
Withdrawals Granted	0	1*
Licenses Active	45	
GAMING SCHOOLS		
Applications Filed	0	17
Licenses Issued	0	10
Schools Currently Operating	3	
LABOR ORGANIZATIONS		
Registered	9	23
* Cumulative figures account for the time period 1-1-88 to 12-31-95.		

Employee License Bureau

Applications Accepted and Licenses/Casino Service Employee Registrations Issued

01/01/95 to 12/31/95

Inception to 12/31/95

Casino Key Employees:

Applications filed	218	6,471
Licenses issued	306 (1)	5,666

Casino Employees:

Applications filed	4,514	105,925
Licenses Issued	3,524	102,812

Casino Service Employees:

Licenses & registrations issued	9,771	141,403 (2)
---------------------------------	-------	-------------

Total Employees:

Applications filed	4,732	114,120 (3)
Plenary licenses & hotel registrations issued	13,601	251,143 (4)
Temporary licenses issued	939	15,917
Employee license renewals processed	6,873	153,060

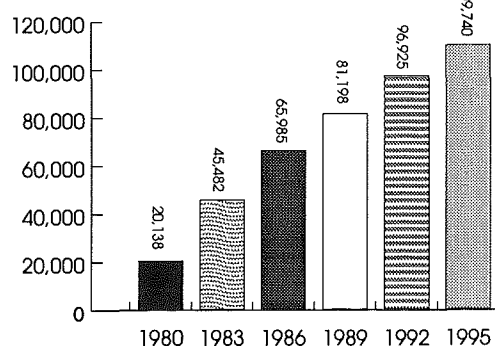
(1) Figure includes applications filed in 1994 but not acted on until 1995.

(2) Figures include hotel registration.

(3) Applications filed from inception to 12/31/95 include gaming school and junket applications filed.

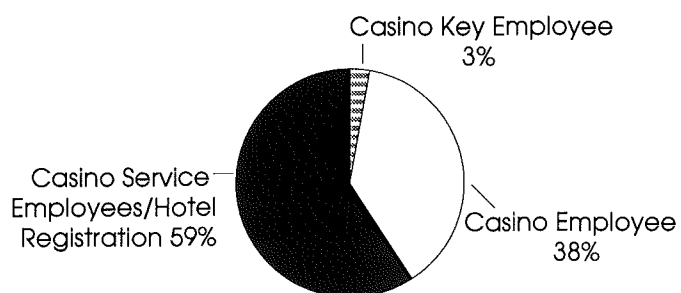
(4) Plenary licenses & casino service employee registrations issued from inception to 12/31/95 include gaming school and junket licenses issued.

Employee Initial Licenses* Issued 1978 through 1995

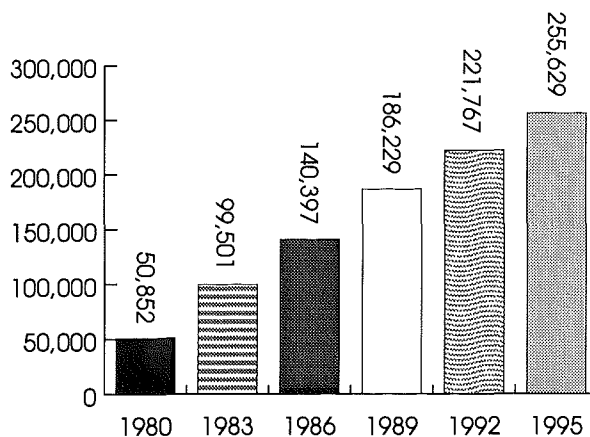


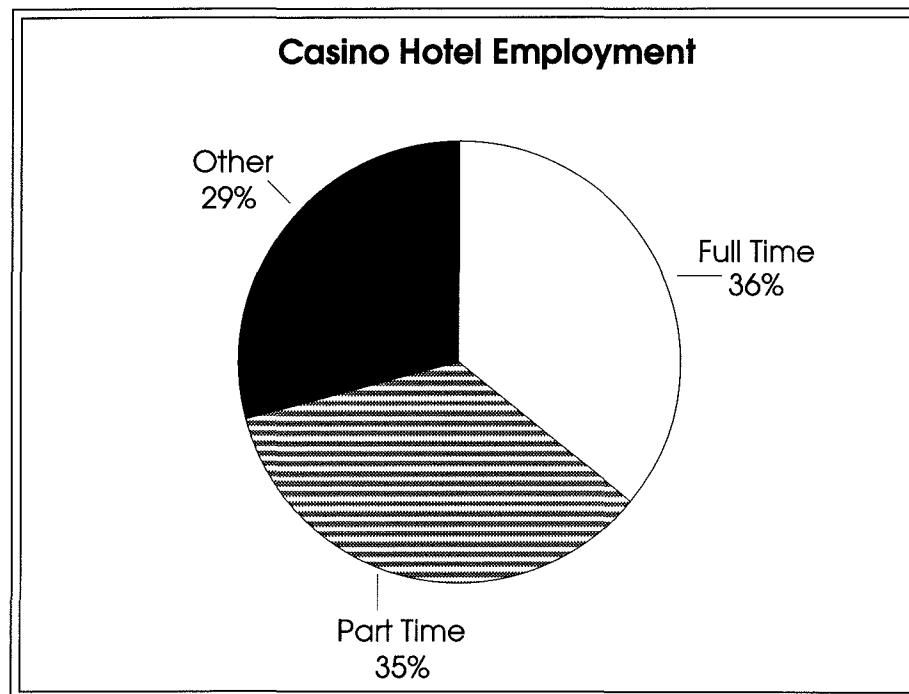
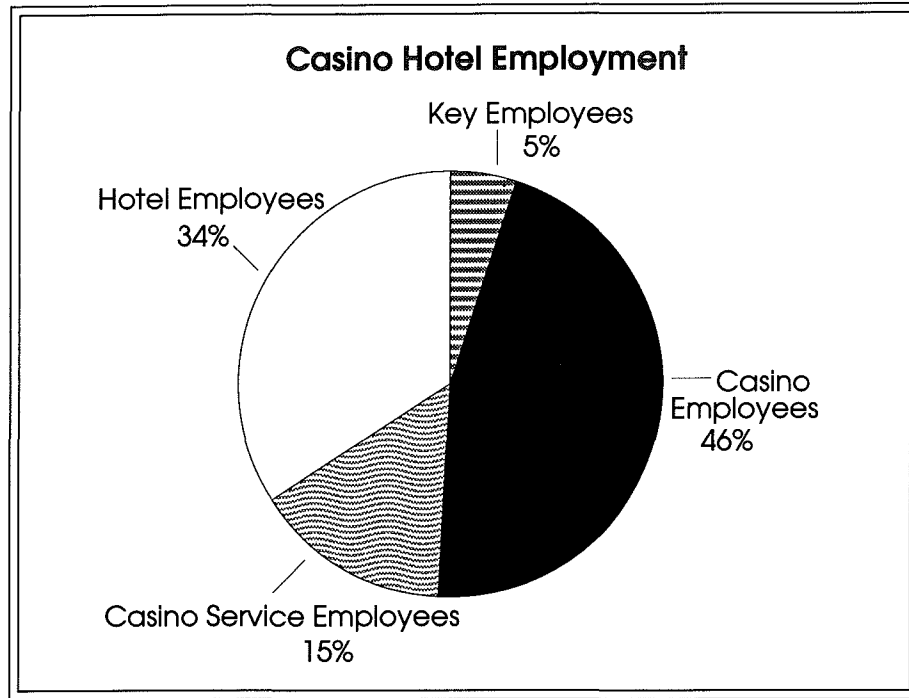
*Figures do not include Hotel Licenses/Registrations/Casino Service Employee Registrations Issued 1978 - 1995

Employee License/Registration Applications Accepted 1978 - 1995*



Employee Licenses/Registrations Applications Accepted 1978 through 1995





AUDITOR REPORT

LEGISLATIVE SERVICES COMMISSION

SENATOR
DONALD T. DiFRANCESCO
Chairman

ASSEMBLYMAN
JACK COLLINS
Vice-Chairman

SENATE

BYRON M. BAER
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GERALD CARDINALE
RICHARD J. CODEY
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ROBERT E. LITTELL
JOHN A. LYNCH

GENERAL ASSEMBLY

CHRISTOPHER "KIP" BATEMAN
JOSEPH CHARLES, JR.
PAUL DiGAETANO
JOSEPH V. DORIA, JR.
NICHOLAS R. FELICE
NIA H. GILL
LORETTA WEINBERG



New Jersey State Legislature
OFFICE OF LEGISLATIVE SERVICES
OFFICE OF THE STATE AUDITOR
125 SOUTH WARREN STREET
CN-067
TRENTON, NEW JERSEY 08625-0067

ALBERT PORRONI
Executive Director
(609) 292-4625

RICHARD L. FAIR
State Auditor
(609) 292-3700
FAX (609) 633-0834

The Honorable Christine Todd Whitman
Governor of New Jersey

The Honorable Donald T. DiFrancesco
President of the Senate

The Honorable Jack Collins
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the State of New Jersey Casino Control Fund as of and for the years ended June 30, 1995 and 1994. These financial statements are the responsibility of 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 and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial 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.

As discussed in Note 1, the financial statements present only the Casino Control Fund and are not intended to present fairly, the financial position and results of operations of the State of New Jersey, in conformity with the generally accepted accounting principles.

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, 1995 and 1994, and the results of its operations for the year then ended in conformity with the generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated April 4, 1996 on our consideration of the Casino Control Fund internal control structure and a report dated April 4, 1996 on its compliance with laws and regulations.

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

A handwritten signature of Richard L. Fair in dark ink.
Richard L. Fair
State Auditor
April 4, 1996

**STATE OF NEW JERSEY
CASINO CONTROL FUND
BALANCE SHEET
JUNE 30, 1995 AND 1994**

	<u>EXHIBIT I</u> <u>(in \$000)</u>	
	<u>1995</u>	<u>1994</u>
<u>ASSETS</u>		
Cash	\$ 51.0	\$ 51.0
Accounts Receivable	6,656.0	6,274.4
Less: Allowance for Doubtful Accounts	<u>47.6</u>	<u>48.2</u>
Net Accounts Receivable	6,608.4	6,226.2
Due from General Fund	8,230.4	5,050.8
Deferred Charges	<u>887.8</u>	<u>1,100.0</u>
Total Assets	<u>\$15,777.6</u>	<u>\$12,428.0</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities		
Accounts Payable	\$ 2,770.3	\$ 3,877.1
Deferred Revenue	<u>9,354.5</u>	<u>6,073.0</u>
Total Liabilities	<u>12,124.8</u>	<u>9,950.1</u>
Fund Balances		
Reserved for:		
Encumbrance	3,640.7	1,019.1
Other	887.8	1,100.0
Unreserved		
Designated for Continuing		
Appropriation	1,689.7	-
Undesignated	<u>(2,565.4)</u>	<u>358.8</u>
Total Fund Balances	<u>3,652.8</u>	<u>2,477.9</u>
Total Liabilities and Fund Balances	<u>\$15,777.6</u>	<u>\$12,428.0</u>

SEE NOTES TO FINANCIAL STATEMENTS

**STATE OF NEW JERSEY
CASINO CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES FOR
THE FISCAL YEARS ENDED
JUNE 30, 1995 AND 1994**

	<u>EXHIBIT II</u> <u>(in \$000)</u>	
	<u>1995</u>	<u>1994</u>
<u>REVENUES</u>		
Casinos		
Licenses - Casino	\$35,510.3	\$36,201.4
- Slot Machines	13,871.5	12,496.9
- Alcoholic Beverage	78.1	30.5
State Athletic Control Board	(26.1)	26.1
Assessments	<u>-</u>	<u>-</u>
	49,433.8	48,754.9
Credits - Prior Year Fund Balance	<u>(2,477.9)</u>	<u>(1,251.0)</u>
Total From Casinos	<u>46,955.9</u>	<u>47,503.9</u>
Other Sources		
Licenses - Casino Employees	4,381.2	5,154.2
- Casino Service Industry	1,300.1	1,285.8
Slot Prototype	500.3	374.1
Other Revenue	<u>121.2</u>	<u>102.8</u>
Total From Other Sources	<u>6,302.8</u>	<u>6,916.9</u>
Investment Earnings	<u>376.6</u>	<u>468.8</u>
Total Revenues	<u>53,635.3</u>	<u>54,889.6</u>
<u>EXPENDITURES</u>		
Public Safety and Criminal		
Justice (Division of		
Gaming Enforcement)	31,951.2	31,651.3
Government Direction,		
Management and Control		
(Casino Control Commission)	<u>21,397.0</u>	<u>22,011.4</u>
Total Expenditures	<u>53,348.2</u>	<u>53,662.7</u>
Net Increase (Decrease) in		
Fund Balance for the Year	287.1	1,226.9
Fund Balance - Beginning	<u>3,365.7</u>	<u>1,251.0</u>
Fund Balance - Ending	<u>\$ 3,652.8</u>	<u>\$ 2,477.9</u>

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, 1995

EXHIBIT III-A
(in \$000)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
Casinos			
Licenses - Casino	\$35,298.5	\$35,510.3	\$ 211.8
- Slot Machines	13,568.3	13,871.5	303.2
- Alcoholic Beverage	24.3	78.1	53.8
State Athletic Control Board	-	(26.1)	(26.1)
Assessments	<u>1,921.6</u>	<u>-</u>	<u>(1,921.6)</u>
	50,812.7	49,433.8	(1,378.9)
Credits - Prior Year			
Fund Balance	<u>-</u>	<u>(2,477.9)</u>	<u>(2,477.9)</u>
Total From Casinos	<u>50,812.7</u>	<u>46,955.9</u>	<u>(3,856.8)</u>
Other Sources			
Licenses - Casino Employees	4,932.6	4,381.2	(551.4)
- Casino Service			
Industry	1,166.5	1,300.1	133.6
Slot Prototype	359.2	500.3	141.1
Other Revenues	<u>100.0</u>	<u>121.2</u>	<u>21.2</u>
Total From Other Sources	<u>6,558.3</u>	<u>6,302.8</u>	<u>(255.5)</u>
Investment Earnings	<u>-</u>	<u>376.6</u>	<u>376.6</u>
Total Revenues	<u>57,371.0</u>	<u>53,635.3</u>	<u>(3,735.7)</u>
EXPENDITURES			
Public Safety and Criminal Justice			
(Division of Gaming Enforcement)	34,321.1	33,721.7	599.4
Government Direction, Management			
and Control (Casino Control			
Commission)	<u>23,075.0</u>	<u>21,384.0</u>	<u>1,691.0</u>
Total Expenditures	<u>57,396.1</u>	<u>55,105.7</u>	<u>2,290.4</u>
Net Increase (Decrease) in Fund			
Balance for the Year	<u>\$ (25.1)</u>	<u>\$(1,470.4)</u>	<u>\$(1,445.3)</u>

SEE NOTES TO FINANCIAL STATEMENT

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, 1994

EXHIBIT III-B
(in \$000)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
Casinos			
Licenses - Casino	\$36,557.1	\$36,201.4	\$ (355.7)
- Slot Machines	12,231.0	12,496.9	265.9
- Alcoholic Beverage	58.6	30.5	(28.1)
State Alcoholic Control Board	-	26.1	26.1
Assessments	<u>1,396.6</u>	<u>-</u>	<u>(1,396.6)</u>
	50,243.3	48,754.9	(1,488.4)
Credits - Prior Year Fund			
Balance	<u>-</u>	<u>(1,251.0)</u>	<u>(1,251.0)</u>
Total From Casinos	<u>50,243.3</u>	<u>47,503.9</u>	<u>(2,739.4)</u>
Other Sources			
Licenses - Casino Employees	5,827.7	5,154.2	(673.5)
- Casino Service			
Industry	950.0	1,285.8	335.8
Slot Prototype	250.0	374.1	124.1
Other Revenues	<u>100.0</u>	<u>102.8</u>	<u>2.8</u>
Total from Other Sources	<u>7,127.7</u>	<u>6,916.9</u>	<u>(210.8)</u>
Investment Earnings	<u>-</u>	<u>468.8</u>	<u>468.8</u>
Total Revenues	<u>57,371.0</u>	<u>54,889.6</u>	<u>(2,481.4)</u>
EXPENDITURES			
Public Safety and Criminal Justice			
(Division of Gaming Enforcement)	34,296.0	32,055.1	2,240.9
Government Direction, Management			
and Control (Casino Control			
Commission)	<u>23,145.2</u>	<u>23,145.2</u>	<u>-</u>
Total Expenditures	<u>57,441.2</u>	<u>55,200.3</u>	<u>2,240.9</u>
Net Increase (Decrease) in Fund			
Balance for the Year	<u>\$ (70.2)</u>	<u>\$ (310.7)</u>	<u>\$ (240.5)</u>

SEE NOTES TO FINANCIAL STATEMENT

STATE OF NEW JERSEY CASINO CONTROL FUND NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

B. Fund Accounting

The state uses funds, account groups and component units to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts which represent the fund's assets, liabilities, equity, revenues and expenditures or expenses. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is then divided into separate "Fund Types."

Governmental Fund Type - Special Revenue Fund

The Casino Control Fund is a governmental fund type - 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. 5:12-143) 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.

C. Basis of Accounting

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.

Expenditures are recorded on the accrual basis when the related liability is incurred. Disbursements for prepaid expenses, inventory items, and fixed assets are recorded as expenditures when incurred.

D. Budgetary Process

An annual budget is adopted for the Casino Control Fund. The Legislature enacts the budget through passage of specific appropriation, the sum of which may not exceed estimated revenues. The annual appropriation act for fiscal years 1995 and 1994 authorized \$57,371,000. 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 conformity with generally accepted accounting principles (GAAP). The main differences between the budgetary basis and the GAAP basis are that under the budgetary basis encumbrances are recognized as expenditures, and the budgetary basis reflects transactions only for the current fiscal year.

There are no expenditures in excess of appropriations in the Casino Control Fund. The following presents a reconciliation of the budgetary basis to the GAAP basis of reporting:

Actual on Budgetary to GAAP Basis June 30, 1995 and 1994 (In Thousands)

	<u>1995</u>	<u>1994</u>
Budgeted Funds:		
Budgetary basis - net increase (decrease) in fund balances for the fiscal year	\$(1,470.4)	\$ (310.7)
Adjustments:		
Various other financing sources		
Various other financing uses	(1,291.7)	(438.4)
Encumbrances	3,049.2	876.0
Reserved - Other	<u> </u>	<u>1,100.0</u>
Net Adjustments	287.1	1,226.9
Non-Budgeted Funds:		
GAAP basis - net increase (decrease) in fund balances for the fiscal year	<u>-</u>	<u>-</u>
Total All Funds:		
GAAP basis - net increase (decrease) in fund balances for the fiscal year	\$ <u>287.1</u>	\$ <u>1,226.9</u>

E. Fixed Assets

Fixed assets acquired with fund resources are recorded as expenditures of the fund at the time of acquisition.

Assets greater than \$20,000 are also recorded in the State's General Fixed Asset Account Group.

F. Fund Balances

The fund balances of the Casino Control Fund consist of the following:

- 1) Reserved for Encumbrances - Used to segregate a portion of fund balance to provide for expenditure upon vendor performance of purchase agreements.
- 2) Reserved - Other - Used to segregate a portion of the fund balance to provide for anticipated expenditures in future fiscal years.
- 3) Unreserved - Designated for Continuing Appropriations - Used to represent that portion of fund balance which has been appropriated by the Legislature.
- 4) Unreserved-Undesignated - Used to represent that portion of fund balance resources available for appropriation.

G. Other

Other significant accounting policies are described in Notes 2 to 9.

NOTE 2 - Cash

Represents a \$500 petty cash fund maintained by each agency and a \$50,000 confidential fund maintained by the Division of Gaming Enforcement.

NOTE 3 - Accounts Receivable

Represents amounts due from casinos and related industries. Net receivables are substantially collected within three months.

Allowance for doubtful accounts represents one hundred percent of non-current receivables.

NOTE 4 - Deferred Charges

Represents amount paid in advance from the Casino Control Commission's fiscal year 1993 appropriation to fund an anticipated consolidation of their offices.

NOTE 5 - 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 From account on the Balance Sheet.

NOTE 6 - Deferred Revenue

Deferred Revenue represents fiscal year 1996 and fiscal year 1995 slot machine license billings collected and recorded in June 1995 and 1994, respectively.

NOTE 7 - Fund Balance

The positive fund balance as of June 30, 1995 and June 30, 1994 resulted from revenues exceeding expenditures. Pursuant to N.J.A.C. 19:41-9.1(e) the balance at June 30, 1995 will be credited to casino licenses during fiscal year 1996 in proportion to the relative amount of total fees incurred or paid by each casino licensee with respect to the fiscal year ended June 30, 1995. The balance at June 30, 1994 was credited in the same manner to casino licensees during fiscal year 1995.

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.

Cash payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The payment is based on fifty percent of the employee's sick leave accumulation, at the pay rate in effect at the time of retirement up to a maximum of \$15,000. Employees separating from state service prior to retirement are not entitled to payments for accumulated sick leave balances. The liability for accumulated employee sick leave balances as of June 30, 1995 of approximately \$3.0 million is reflected in the State's Long-Term Debt Account Group and is not accrued in these financial statements.

Employees annually earn 12 to 25 vacation days based on years of service and are permitted to carry over those days earned within a one year period. The liability for accumulated vacation pay as of June 30, 1995 of approximately \$0.9 million is reflected in the State's General Long-Term Debt Account Group and is not accrued in these financial statements.

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 1995 and fiscal year 1994 was equal to the effective rate of return on investments in the General Fund and varied from 4.28% to 5.97% in fiscal year 1995 and from 3.25% to 3.92% in fiscal year 1994. The net effect of these transactions is reflected in the Investment Earnings account on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

NOTE 10 - Restatement

The fund balance at the beginning of fiscal year 1995 has been restated from \$2.5 million to \$3.4 million to properly reflect the reclassification of a \$0.9 million pre-

payment from an expenditure to a deferred charge.
(See Note 4)

NOTE 11 - Contingent Liability

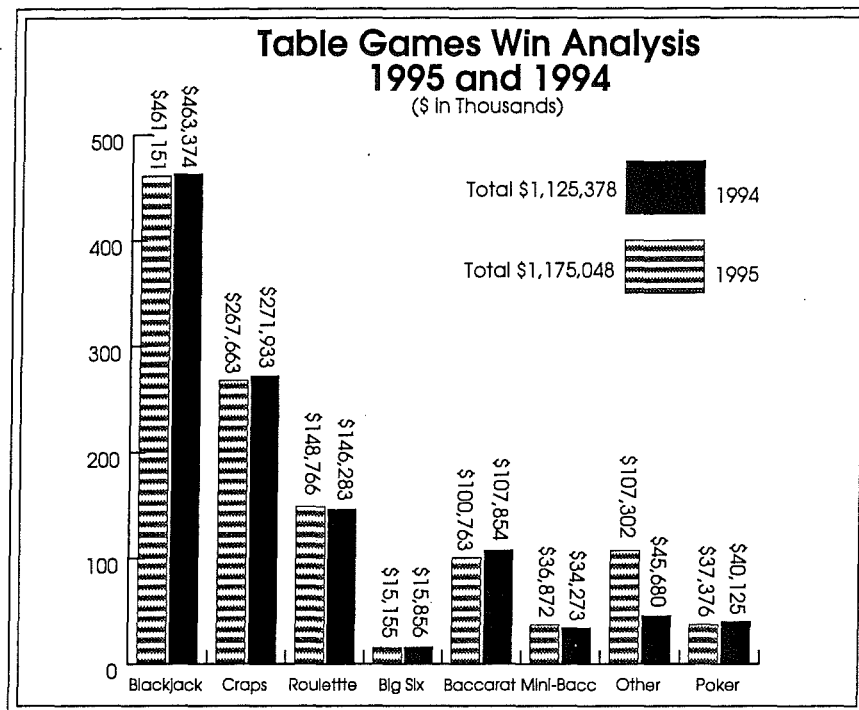
The Casino Control Fund is involved in a number of legal actions wherein there is potential for unanticipated expenditure. The exact amount involved in these legal proceedings is not fully determinable. N.J.A.C. 19:41-9.1 allows the Casino Control Fund to apportion any uncollected cost among the licensed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

STATE OF NEW JERSEY
CASINO CONTROL FUND
EXPENDITURE DETAIL
FOR THE FISCAL YEARS ENDED
JUNE 30, 1995 AND 1994

SCHEDULE I
(in \$000)

	1995		1994	
	<u>Public Safety and Criminal Justice</u>	<u>Government Direction Management and Control</u>	<u>Public Safety and Criminal Justice</u>	<u>Government Direction Management and Control</u>
EXPENDITURES:				
Salaries	\$20,255.4	\$14,975.2	\$19,531.4	\$14,707.0
Payroll Taxes and Employee Benefits	5,195.8	3,602.7	5,749.5	4,703.9
Printing and Office Supplies	131.1	283.0	153.3	272.0
Vehicular Supplies	132.0	-	119.4	-
Travel	15.5	32.2	12.4	20.7
Telephone	400.7	134.6	395.9	127.5
Data Processing	1,077.3	740.9	1,082.4	549.2
Professional Services	334.8	45.7	225.5	84.8
Other Services Other than Personal	422.6	192.8	320.1	161.8
Rent-Facilities	2,246.5	994.7	1,970.3	1,082.6
Rent-Automobiles and Other	224.1	156.2	294.6	116.0
Indirect Costs	1,052.6	97.2	1,103.5	41.8
Office Equipment	59.4	54.6	117.5	68.0
Vehicular Equipment	-	-	200.5	-
Other Equipment	<u>403.4</u>	<u>87.2</u>	<u>375.0</u>	<u>76.1</u>
TOTAL EXPENDITURES	<u>\$31,951.2</u>	<u>\$21,397.0</u>	<u>\$31,651.3</u>	<u>\$22,011.4</u>

NEW JERSEY CASINO CONTROL COMMISSION
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Note: Page 20 contains a duplicated *Slot Win Analysis* Chart. This insert provides the missing *Table Games Win Analysis* Chart for 1995 and 1994.

