

# New Jersey Casino Control Commission



1994

A  
N  
N  
U  
A  
L  
  
R  
E  
P  
O  
R  
T





**Governor  
Christine Todd Whitman**

**The 1994 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 1994**

**Seated from left: James R. Hurley and Diane Legreide**

**Standing from left: Leanna Brown, Jeannine LaRue, Bradford S. Smith**



## Chairman's Report



**Bradford S. Smith**

Government, it often seems, knows how to do only one task extremely well: It knows how to grow. Agencies and bureaucracies at all levels of government have mastered the art of adding staff and spending more money.

Growth may be the easy answer to the increasing demands that government faces. But it is not the only answer.

Government agencies can look for new ways to do their jobs better. Government agencies can take advantage of new technologies. They can unleash the talents and energies of their staffs to develop new ideas.

I know it can be done, because it is being done right here at the New Jersey Casino Control Commission.

No industry is changing faster than the gaming industry. In less than a decade, the number of states offering casino gaming has grown from two to more than 20. Within two years, the number of publicly traded gaming companies has risen from less than 20 to more than 60. Financing for gaming companies has grown more complex. So has the technology in areas ranging from surveillance to slot machines.

The Casino Control Commission does not have the option of either standing still or growing exponentially. Our only choice, if we seek to remain an effective regulatory agency, is to find new efficiencies. We must continue to prune away unnecessary regulations, or remove ourselves entirely from areas that are no longer public-policy concerns.

This year, our mandate to find new efficiencies becomes even more imperative. Recent reform legislation signed into law by Gov. Whitman will help streamline the regulatory process, and will invest any budgetary reductions from the Commission and Division of Gaming Enforcement into Atlantic City's economic infrastructure.

We need to be more than efficient, however. We must also be understanding. I know full well what it is like to confront regulatory agencies that have forgotten whom they are supposed to serve.

Before my appointment as Chairman, I served in many local elective offices where I would often find myself and my constituents on the receiving end of regulations. Many of those regulations were handed down by bureaucrats who did not understand the needs or concerns of the people in my community.

Whether it was a regulation regarding landfills or water quality or any of the other issues that we had to deal with every day, such edicts from on high often lacked the basic ingredient of common sense.

Successful regulation must be based on certain principles:

- Regulators should neither blindly support the status quo, nor should they support change for its own sake. Effective regulation means supporting changes that make sense, and that improve the process.

- Regulators must communicate regularly and amicably with those they regulate. A regulated industry has a duty to point out problems and make suggestions.
- Regulators have a duty to listen.
- Regulators must balance the costs and benefits of their regulations. That means regulators must examine the impacts of regulations. That means regulators must view regulation through the eyes of the regulated.

The New Jersey Casino Control Commission will never forget that our primary mission is to maintain the integrity of casino gaming in Atlantic City.

We will never forget whom we serve: the people of New Jersey.

And we will also never forget why casino gaming was legalized, and why the Legislature wrote the Casino Control Act: to rebuild Atlantic City, and help it become one of the premier destination resorts in the Eastern United States.

A handwritten signature in black ink, reading "Bradford S. Smith". The signature is fluid and cursive, with a large, stylized initial 'B'.

# ***Sending the Message: CCC continues to improve***

Casino Control Commission Chairman Bradford S. Smith has initiated a program designed to improve the dialogue between the Commission and the investment community. He believes it is important for Wall Street to know what the Commission is doing to improve the regulatory climate in Atlantic City. At the same time, the Commission needs to know what investors are thinking.

Smith has already held meetings with securities analysts and institutional investors from such firms as Salomon Brothers, Prudential Securities, Wertheim Schroder, Bear Stearns and Merrill Lynch. Meetings have been held in New York and Atlantic City. Smith also traveled to Las Vegas in 1994 to attend a gaming conference that included many investors from around the country. Throughout these meetings, Smith has been telling investors about many encouraging developments at the Commission and throughout Atlantic City.

While former chairs and commissioners have met with securities analysts on an occasional basis, Smith said his program will seek to ensure an ongoing dialogue.

The issues that Smith is discussing with these analysts include:

- Gov. Christine Todd Whitman recently signed regulatory reform legislation that will make the regulatory agencies even more efficient and will directly benefit Atlantic City by channeling more investment dollars into development projects.

- The Commission's operating budget has remained constant for four consecutive fiscal years, and is lower than any Commission budget since 1987.

- Staffing levels at the agency have declined by 30 percent over the past five years.

- Improvements in Atlantic City, ranging from the construction of a new Convention Center to beautification efforts by the Special Improvement District, will help diversify the city's economy and make it more competitive with other tourist destinations.

Smith has also told Wall Street that the Commission will not stray from its primary mission: ensuring the integrity of casino gaming. So far, it appears the Commission's message is being received warmly. Wall Street appears receptive to the Chairman's ideas and philosophy.

Investors recognize that the Commission's continued focus on integrity enhances confidence in the gaming industry, while the Commission's efforts to streamline regulations help make Atlantic City more competitive.

Smith is also keeping Wall Street informed on some of the initiatives he is undertaking in 1995, such as setting up a Regulation Review Committee, comprised of both Commission staff members and industry representatives. The committee has already held several meetings to discuss various regulations and Commission policies.

Smith said he has encouraged the committee and its subcommittees to examine every issue closely. He wants to know where improvements can be made.

The Commission staff has also been worked closely with the Division of Gaming Enforcement to develop a comprehensive plan to eliminate any overlapping responsibilities or duties between the two agencies.

Under this plan:

- The Commission will be solely responsible for approving internal control submissions, while the Division of Gaming Enforcement will

have sole responsibility for enforcing internal controls once they are in effect.

- The Commission will have sole responsibility for all facility reviews, including issuing certificates of operation, approving gaming equipment and reviewing surveillance and security. Principal Inspectors, on site at each casino, will have authority to issue such approvals.

- The Division will have sole responsibility for approving electronic games.

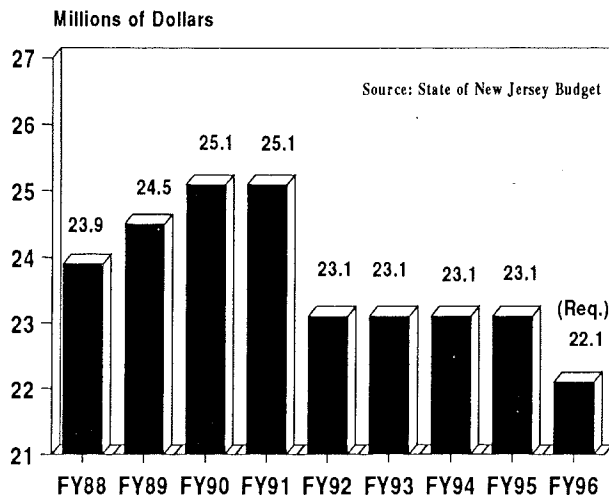
- The Division will have the primary responsibility to issue reports pertaining to financial stability. While Commission staff advises the Commission on all financial matters, it will only issue financial reports under certain circumstances, such as when requested by the Commission.

- The Commission will have responsibility over all matters related to equal employment and business opportunity.

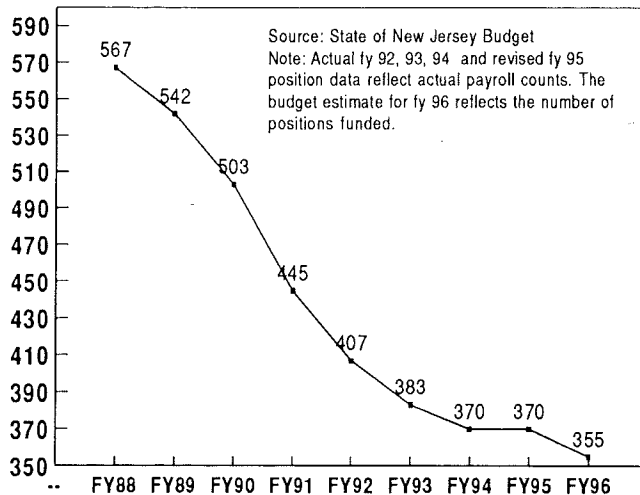
Chairman Smith continues to stress that these improvements do not signal the end of the process.

Improvement, he said, is a constant goal.

## CCC Budget Appropriations FY88 - FY96



## Casino Control Commission Full-Time Employees





# Commission Changes

## Smith appointed Chairman

Bradford S. Smith was sworn in on Sept. 27 by Gov. Christine Todd Whitman to fill the unexpired term of Steven P. Perskie. Smith is the fourth chairman of the Casino Control Commission.

Smith who resides in the Burlington County community of Cinnaminson, has impressive private and public sector credentials. He was a partner in the law firm of Smith and Smith prior to his appointment to the Commission. He also served in the New Jersey State Senate from 1992-1994, representing Burlington County.

His late father, who was also his law partner, represented the same district 20 years earlier. The chairman's prior experience in elective office includes service as mayor of Cinnaminson Township and as a member and director of the Burlington County Board of Chosen Freeholders.

Smith's experience in the Senate helps him understand the goals and purposes of the Casino Control Act, while his tenure in local office gives him first-hand experience on the receiving end of regulation.

He has pledged that the Commission will work hard to make sure that all regulations are grounded in common sense, and that the Commission will weigh the costs and benefits of all regulatory changes.

More changes will be coming, he said. But, according to Smith, "changes will be made only after a lot of consideration and input."

Smith is a graduate of Duquesne University in Pittsburgh. He earned his law degree in 1975.

## Resigned: Steven P. Perskie

Steven P. Perskie completed nearly a quarter-century of distinguished public service when he resigned as Chairman of the Casino Control Commission in May 1994. Perskie, who was appointed to the Commission in 1990, formerly represented the Atlantic City area in the State Legislature, where he sponsored legislation to legalize casino gambling.

Perskie's tenure as chairman was marked by sweeping changes in the way casinos are regulated. He reduced staffing levels and cut the Commission's budget, while giving many individual staff members more authority to grant approvals and make decisions.

During Perskie's service as Chairman, the New Jersey Legislature approved changes to the Casino Control Act that gave the Commission broader powers to do everything from setting gaming hours to approving new games. Numerous changes were made to streamline and improve regulations.

Some highlights of his chairmanship include: a new regulation designed to encourage casinos to buy more goods and services from minority and women business enterprises, and a regulation that sets uniform standards to determine the financial stability of casino licensees.

Chairman Bradford S. Smith, Perskie's successor, said: "What comes to mind about Steve Perskie was his move to be more business friendly with the casino industry." Smith described Perskie as "a good teacher with respect to the system, and how it works."



**Diane M. Legreide**

## **Also appointed: Diane M. Legreide**

Gov. Christine Todd Whitman appointed Diane M. Legreide to a full term on the Casino Control Commission. Legreide was formerly Deputy Executive Director of the New Jersey Senate.

Legreide brings an extensive knowledge of state government to her new position. As a highly respected member of the Senate Democratic staff, she helped establish Senate policies and procedures.

Legreide is a proud booster of Atlantic City, and has pledged to work with City Hall and others to get the message out that Atlantic City is becoming one of the nation's premier convention and destination resorts.

One of Legreide's first projects was to invite legislators on a tour of Atlantic City. The tour offered many lawmakers a fresh look at Atlantic City, and gave them a better perspective of the progress being made.



**Leanna Brown**

---

## **Reappointed: Leanna Brown**

One year's experience at the Casino Control Commission was enough to convince Gov. Christine Todd Whitman to determine that Leanna Brown should be reappointed to a full five year term.

After serving out the unexpired term of former Commissioner Charles Irwin, Brown was reappointed to a five-year term in September 1994.

Commissioner Leanna Brown came to the Commission with more than 12 years experience as a state legislator. At the time of her ap-

pointment, she was a member of the state Senate representing Morris, Essex and Passaic counties.

She has also served in the state Assembly and on the Morris County Board of Chosen Freeholders. She has extensive experience in helping New Jersey businesses attract international trade.

Brown is a strong community advocate, who has helped connect the Casino Control Commission to the Atlantic City community.

# Statutory Changes

*Certain statutory changes were approved in 1994 to make the casino industry more competitive and to improve the investment climate in Atlantic City.*

*The Casino Control Commission staff worked with the gaming industry and the Division of Gaming Enforcement to make changes to the Casino Control Act that helped minimize the regulatory burden and streamline the regulatory process.*

*As a result, a sweeping reform bill was drafted and passed by the Legislature. Assembly Bill #61 was signed into law by Gov. Whitman on January 25, 1995.*

## Key provisions:

- Eliminates the registration requirement for casino hotel employees who do not have access to the casino floor, casino simulcasting or restricted areas.

---

- Establishes the "Atlantic City Fund," to finance revenue producing projects in Atlantic City from regulatory savings.

---

- Removes the Commission and Division's involvement in purely business-related decisions, such as the Commission's preapproval of marketing programs and internal controls concerning job descriptions of casino employees.

---

- Allows the Division to utilize private testing laboratories licensed by the Commission.

---

- Standardizes all license renewal periods at four years, except for casino licenses, which can be issued for a period up to four years.

---

- Eliminates a provision that prohibits any licensee from owning more than three casinos. The Commission will ensure that there is not undue economic concentration before issuing more than one license to a casino operator.

## Statutory Changes (*continued*)

- Eliminates regulations requiring the Commission to determine the training requirements of casino employees. Casino licensees now make those determinations.

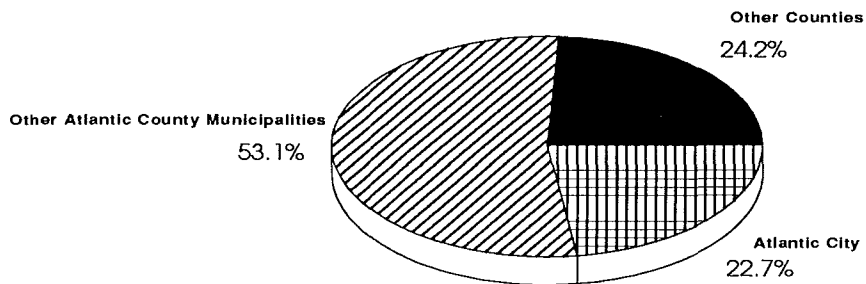
---

- Permits a casino hotel to have 60,000 square feet of casino space for its first 500 hotel rooms, rather than 50,000 square feet. The maximum casino space remains at 200,000 square feet.

---

*Earlier in 1994, the Casino Control Act was amended to permit certain state officers and employees, who are not required to file financial disclosure statements, to be employed by casinos.*

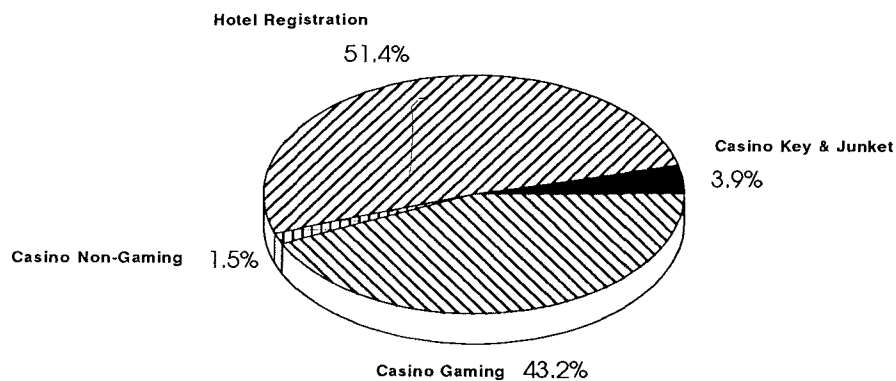
## Individuals Employed in Casino Hotels By Location 1994



Source: Casino Control Commission as of January 1, 1995

Figures represent total number of individuals employed in the casino hotel industry who live in the specified locations.

## Individuals Employed in Casino Hotels By License Category 1994



Source: Casino Control Commission as of January 1, 1995

Figures represent total number of individuals employed in the casino hotel industry who live in the specified locations.

# Regulatory Changes

*Many regulatory amendments were made in 1994. These changes continued to improve the regulatory environment while maintaining the high level of public confidence in the supervision of the gaming industry. Here are some highlights:*

- The Licensing Division developed revised application and renewal forms that were simpler and more relevant to the specific type of license sought. The new forms captured the information necessary for that application -- and eliminated requests for irrelevant data. The new renewal form was reduced from 98 to 36 pages.

---

- Keno, one of the most popular games in the world, and Caribbean Stud Poker, a variation of poker, were approved on an experimental basis. Poker received final Commission approval as a permanent game in Atlantic City.

---

- The Commission is clarifying procedures to determine when, and under what conditions the public will be granted access to information. The proposed regulation is designed to ensure the safeguarding of confidential information, while making it easier to gain access to public information.

---

- The Commission amended regulations to permit casinos, upon receipt of a written request from a patron, to apply a cash complimentary gift as payment toward outstanding counter checks or returned checks, as well as use it to establish a cash deposit for gaming purposes.



# Community Development

*Increased competition in the gaming market proved to be the motivating factor in Atlantic City's redevelopment. Major redevelopment initiatives moved at a swift pace toward completion in 1994. Atlantic City is undergoing a major redevelopment.*

---

---

- The \$265 million Convention Center is under construction at the base of the Atlantic City Expressway. This project, expected to be completed January 1997, is a major step in the plan to rebuild the city's infrastructure. It will offer 450,000 square feet of exhibition space.

---

---

- The Corridor Project is on the drawing board, awaiting implementation. The project includes a \$75 million, 500-room hotel for the convention center and major revitalization of Missouri and Arkansas avenues.

---

---

- The Special Improvement District has made major strides in the city's revitalization. The streets are cleaner and safer. Sidewalk and lighting improvements, landscaping, curbing, and new parks are the results of efforts made by SID.

---

---

- Ground was broken for an \$11 million downtown commercial site bordering Kentucky and Atlantic avenues. This project will include a 70,000 square foot supermarket, pharmacy and retail store complex.

---

---

- The Casino Reinvestment Development Authority has committed \$235 million to the Northeast Inlet redevelopment. Twelve percent of the planned 3,500 housing units have been competed, and are occupied. Area residents are returning to a beautiful planned community in the Atlantic City inlet.

---

---

- The new Atlantic City High School, an \$83 million project, was completed in the fall of 1994. Approximately 2,500 students from Atlantic City and area sending districts enjoy the benefits of a state-of-the-art educational facility.

# Casino Revenue Fund

The 8 percent tax on gross revenues from Atlantic City casinos is dedicated to funding programs that benefit senior citizens and the disabled.

New Jersey citizens rely heavily on these revenues to support programs such as: pharmaceutical assistance to the aged and disabled (PAAD), utility payments (Lifeline Program), transportation aid, real estate property tax reimbursements, boarding home assistance, senior citizen housing, meals-on-wheels, community health services and epidemiology and disease control.

During fiscal year 1994, the Casino Revenue Fund earned \$262.9 million, plus an additional \$1.6 million in interest. The fund benefited from a carry over of \$77.8 million from fiscal year 1993.

The fund's revenues are generated by an 8 percent tax on

the "win" or gross revenues from Atlantic City's casinos. "Win" is the amount the casinos keep after all bets are paid, but before they pay taxes and other expenses.

The Casino Revenue Fund is supplemented by fines levied against casino licensees. The Commission collected \$945,644.32 in fines during fiscal year 1994.

Of this amount \$600,000 was transferred to the Department of Health.

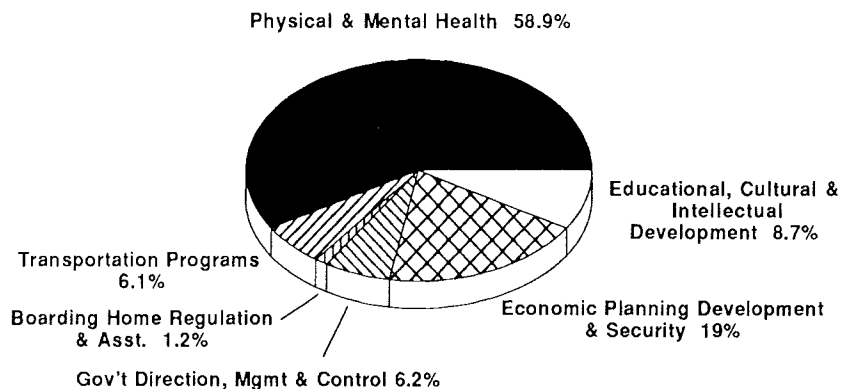
The funds are turned over to the State Treasurer, and they are then disbursed to the authorized programs.

In 1994, expenditures totalling \$277.5 million were distributed to eight program areas.

The Casino Revenue Fund does not support regulatory costs. Regulatory costs are assumed by the casino industry through licensing fees and assessments.

## CASINO REVENUE FUND DISBURSEMENTS

July 1, 1993 through June 30, 1994



Total Expenditures \$277.5 million

# Affirmative Action

The Casino Control Commission maintained its commitment to achieving affirmative action goals for female and minority employees.

In 1994, the agency's work force was reduced from 383 to 370. Fifty-two percent are female and 27 percent are minority. The disabled employee category climbed from 6 to 7 percent in 1994.

During the year, 15 females and 9 minorities were promoted. And with the appointment of Commissioner Diane Legreide, the number of female commissioners increased from two to three.

The Commission placed a renewed emphasis on training and sensitizing staff to the differences that cultural diversity brings to the workplace.

Commission employees, who come from varied backgrounds, participated in programs that highlighted their various cultures and ethnic origins. Black History Month, Hispanic Cultural Month, and Women's History Month were celebrated with programs that included participation by area youths, and the general community. These programs will continue to be annual occurrences.

Training and mentor programs were set up to prepare qualified employees for upward mobility.

A total of 188 employees took college courses, attended professional seminars, or participated in the Commission's Pride Mentor Program. Of this number, 70 percent were female and 30 percent were minority.

The Committee For Upward Mobility and Change (CUMC), an employee support group, began working on an upward mobility training program that will provide expanded opportunities for employees to prepare for management level promotions.

In the fall of 1994, the Network, an employee group that addresses a wide range of issues, developed a school partnership program with Central Junior High School. This program was created with input from Commission staff, school administrators and teachers. Its main thrust is to expose inner city youth to employees who can be looked at as role models. The first phase, to be carried out in 1995, will be a tutorial program where employees will tutor students in math and reading.

Going forward, the Commission will continue to maintain its affirmative action goals. It will look for new and improved ways to provide advancement opportunities for its employees, and it will continue to celebrate the cultural differences of its employees.

# Minority and Women Business Development

The Casino Control Commission set a goal in 1991 to work with the casino industry to develop more opportunities for minority and women business enterprises.

That goal is being met. Atlantic City's 12 casinos purchased \$204.5 million worth of goods and services from MBEs and WBEs in 1994, which is a 77 percent jump over 1993 spending levels.

Last year, the industry purchased 23.6 percent of its goods and services from minorities and women, up from 12.2 percent in 1993.

This increase is even more significant since it comes at a time when casino hotels, like so many other businesses, are spending fewer dollars overall.

In 1994, all 12 casinos exceeded the statutory goal of 15 percent. The highest percentage was recorded by Bally's Park Place, which purchased 32.2 percent of its goods and services from minority- and women-owned businesses.

Vice Chair Jeannine LaRue, who has been a leading force on this issue since joining the Commission in 1991, noted that "the industry has to be commended for what it has done. They have gone well beyond the goal."

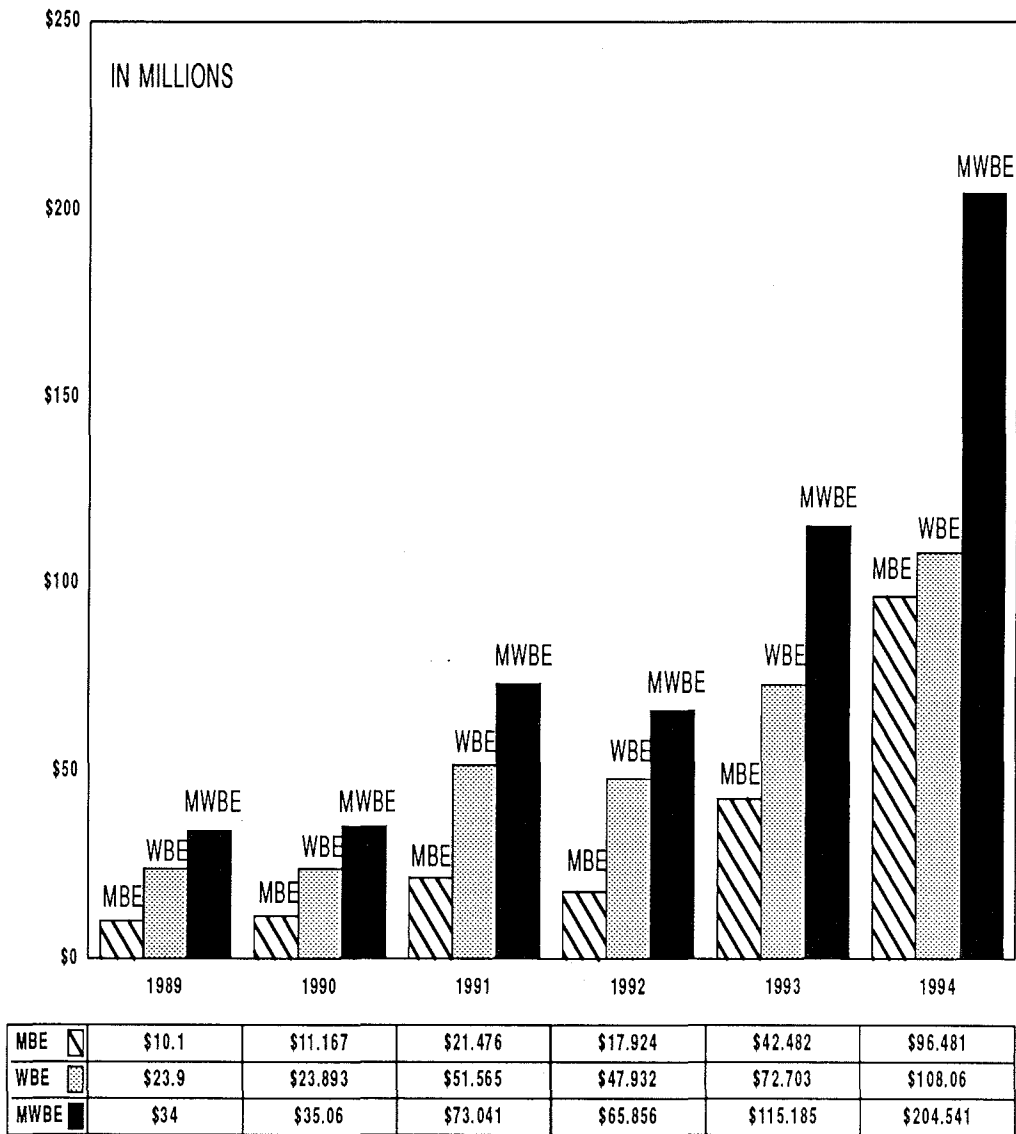
The Commission revamped its entire affirmative action regulation in 1993. The comprehensive, new regulation was designed to ensure that the casino industry has sufficient incentive to create more opportunities for minorities and women. The regulation was the result of extensive work performed by representatives of the casinos, of the regulatory agencies

and of individuals and groups that represent minorities and women.

A central tenet of the regulation is the requirement that all casinos develop their own Equal Employment/Business Opportunity Plans. The casinos work with the Commission staff to develop their internal goals and strategies as to how they intend to reach those goals.

# ALL CASINOS

## MWBE PURCHASING TRENDS 1989 - 1994



MWBE - Minority & Women  
Business Enterprise

# **CASINO INDUSTRY WORKFORCE COMPOSITION AS OF DECEMBER 31, 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%
SALES WORKERS	4,122	64.4%	57.6%	14.5%
OFFICE & CLERICAL	3,358	80.1%	40.2%	10.8%
CRAFTSPERSON	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%

# **CASINO INDUSTRY WORKFORCE COMPOSITION AS OF DECEMBER 31, 1993**

EEO CATEGORY	TOTAL	FEMALES	MINORITIES	WHITE MALES
OFFICIALS & MANAGERS	7,872	39.3%	23.7%	48.3%
PROFESSIONALS	6,583	44.9%	38.2%	35.5%
TECHNICIANS	913	25.1%	24.9%	59.4%
SALES WORKERS	741	69.9%	46.4%	14.8%
OFFICE & CLERICAL	6,488	71.4%	49.2%	12.8%
CRAFTSPERSON	1,348	10.0%	20.9%	72.6%
OPERATIVES	1,085	20.5%	37.1%	52.4%
LABORERS	1,591	31.2%	71.7%	21.9%
SERVICE WORKERS	14,978	43.4%	53.0%	25.2%
TOTAL	41,599	45.2%	43.0%	32.0%



**THE NEW JERSEY CASINO INDUSTRY**  
**GROSS REVENUE AND RELATED TAX**  
**FOR THE YEARS ENDED DECEMBER 31, 1994 AND 1993**  
(\$ in Thousands)

Casino Hotel	Casino Win	Daily Average Casino Win	Adjustment for Uncollectibles	Gross Revenue	Tax
<b>The Grand</b>					
1994	228,883	627	3,377	225,506	18,040
1993	217,568	596	1,147	216,421	17,314
<b>Bally's Park Place</b>					
1994	323,697	887	202	323,495	25,880
1993	298,179	817	512	297,667	23,813
<b>Caesars</b>					
1994	339,510	930	3,258	336,252	26,900
1993	316,418	867	1,577	314,841	25,187
<b>Claridge</b>					
1994	155,977	427	439	155,538	12,443
1993	154,615	424	115	154,500	12,360
<b>Harrah's</b>					
1994	291,672	799	967	290,705	23,256
1993	285,226	781	1,478	283,748	22,700
<b>Resorts</b>					
1994	250,154	685	236	249,918	19,993
1993	245,276	672	901	244,375	19,550
<b>Sands</b>					
1994	255,146	699	3,200	251,946	20,156
1993	245,004	671	3,588	241,416	19,313
<b>Showboat</b>					
1994	294,575	807	458	294,117	23,529
1993	270,208	740	1,098	269,110	21,529
<b>Trop World</b>					
1994	300,216	823	493	299,723	23,978
1993	310,218	850	481	309,737	24,779
<b>Trump Castle</b>					
1994	258,127	707	1,308	256,819	20,546
1993	246,384	675	696	245,688	19,655
<b>Trump Plaza</b>					
1994	263,086	721	378	262,708	21,017
1993	266,808	731	100	266,708	21,337
<b>Trump Taj Mahal</b>					
1994	461,573	1,265	4,318	457,255	36,580
1993	445,456	1,220	3,269	442,187	35,375
<b>TOTALS</b>					
1994	3,422,616	9,377	18,634	3,403,982	272,318
1993	3,301,360	9,045	14,962	3,286,398	262,912

# Statistics

## CASINO INDUSTRY FACILITY As OF DECEMBER 1994 AND 1993

	Bally's Grand		Bally's Park Place		Caesars		Claridge		Harrah's Marina		Resorts	
	1994	1993	1994	1993	1994	1993	1994	1993	1994	1993	1994	1993
Table Games:												
Blackjack	48	50	56	58	52	73	49	44	47	50	45	50
Craps	14	14	14	14	16	16	10	10	11	11	11	13
Roulette	10	10	12	12	13	13	6	6	13	12	9	10
Big Six	3	3	3	3	2	2	1	1	1	1	1	1
Baccarat	2	2	2	2	3	3	0	1	1	1	3	2
Minibaccarat	3	3	2	2	3	2	1	1	2	2	2	2
Red Dog	1	1	1	1	0	0	1	1	0	0	0	0
Sic Bo	1	1	1	1	2	2	1	1	1	1	1	1
Pai Gow Poker	3	3	2	2	3	3	1	2	2	2	2	2
Poker (a)	0	0	24	20	14	9	8	0	9	9	18	25
Double Down Stud Poker (b)	1	0	0	0	0	0	0	0	0	0	0	0
Caribbean Stud Poker (c)	2	0	2	0	2	0	0	0	2	0	4	0
Total Table Games	88	87	119	115	110	123	78	67	89	89	96	106
Keno Windows (d)	0	0	6	0	8	0	4	0	8	0	7	0
Slot Machines:												
.05 slot machines	0	0	48	50	0	0	75	65	0	0	0	0
.25 slot machines	776	783	1,332	1,199	1,062	1,071	1,304	1,026	1,037	1,046	1,151	1,123
.50 slot machines	190	272	271	288	294	320	127	85	277	267	364	355
\$1 slot machines	336	331	446	393	541	553	365	178	552	485	370	379
\$5 slot machines	84	80	83	65	75	77	15	13	79	79	50	49
\$25 slot machines	9	9	10	10	8	12	1	1	5	5	7	8
\$100 slot machines	2	2	4	4	6	10	0	0	4	3	2	2
Other slot machines	10	0	38	0	53	30	0	0	8	6	0	0
Total Slot Machines	1,407	1,477	2,232	2,009	2,039	2,073	1,887	1,368	1,962	1,891	1,944	1,916
Casino Sq. Footage	46,297	46,118	71,380	68,130	59,947	60,000	49,066	43,579	64,293	63,970	60,000	60,000
Simulcast sq. footage (e)	0	0	8,679	0	13,441	14,040	6,531	0	0	0	8,058	8,058
Number of Hotel Rooms	508	518	1,265	1,269	641	641	501	501	760	760	668	669
Number of Parking Spaces (f)	1,822	1,715	2,306	2,129	2,174	2,544	843	1,121	2,482	2,452	1,475	1,475
Fixed Asset Investment (\$ in Millions) (g)	\$345.8	\$338.9	\$772.8	\$750.9	\$409.4	\$428.7	\$19.9	\$14.4	\$364.5	\$374.8	\$206.4	\$199.1
Number of Employees	3,119	3,227	4,123	3,982	3,546	3,508	2,504	2,285	3,492	3,292	3,014	3,048

(a) Poker was introduced on June 25, 1993

(b) Double Down Stud Poker was introduced March 28, 1994

(c) Caribbean Stud Poker was introduced on November 21, 1994

(d) Keno was introduced on June 15, 1994

(e) Simulcasting was introduced on May 28, 1993

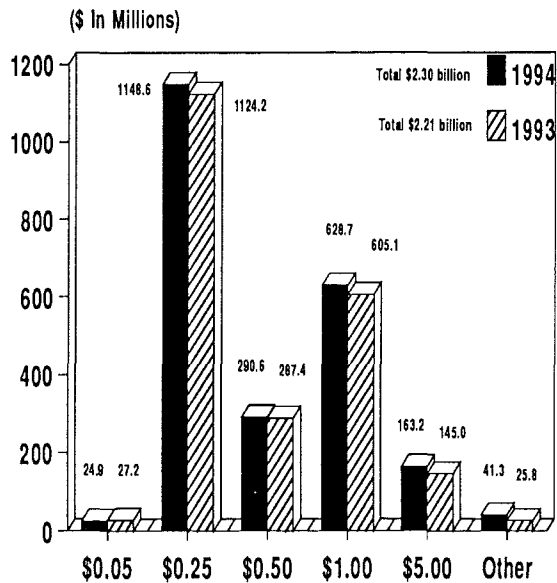
Sands		Showboat		TropWorld		Trump Castle		Trump Plaza		Trump Taj Mahal		Industry Totals	
1994	1993	1994	1993	1994	1993	1994	1993	1994	1993	1994	1993	1994	1993
54	58	61	56	48	50	43	44	56	53	87	102	646	688
14	12	14	14	14	14	15	14	11	10	18	17	162	159
16	10	11	11	14	14	12	12	12	12	19	21	147	143
2	1	2	2	1	1	1	1	2	2	2	4	21	22
7	6	3	2	2	2	2	4	3	3	5	4	33	32
5	3	2	2	2	2	3	3	4	4	5	5	34	31
0	0	1	2	1	1	0	0	0	0	1	1	6	7
1	1	1	1	1	1	1	1	1	1	2	2	14	14
4	2	2	2	4	4	2	2	2	1	8	7	35	32
19	20	18	6	6	0	10	13	0	0	62	58	188	160
0	0	0	0	0	0	0	0	0	0	0	0	1	0
2	0	2	0	0	0	4	0	0	0	3	0	23	0
124	113	117	98	93	89	93	94	91	86	212	221	1,310	1,288
4	0	5	0	6	0	7	0	0	0	15	0	70	0
0	0	98	98	0	0	58	87	80	80	104	155	463	535
1,215	918	2,212	1,738	1,506	1,365	1,236	1,287	1,342	1,027	2,272	1,979	16,445	14,562
301	291	233	180	393	398	306	266	271	244	345	320	3,372	3,286
412	344	436	322	699	713	450	403	419	399	599	618	5,625	5,118
78	64	40	35	107	163	54	46	60	68	90	78	815	817
7	7	4	4	12	17	7	5	6	6	8	5	84	89
3	3	2	2	8	9	4	2	4	4	3	3	42	44
0	0	0	0	72	66	7	2	7	6	0	0	195	110
2,016	1,627	3,025	2,379	2,797	2,731	2,122	2,098	2,189	1,834	3,421	3,158	27,041	24,561
54,464	49,818	79,963	64,766	92,191	90,774	69,338	70,000	72,943	60,000	120,000	120,000	839,882	797,155
20,617	9,982	14,949	14,999	0	0	3,742	0	0	0	12,317	10,110	88,334	57,189
534	534	800	516	1,020	1,020	725	725	555	557	1,250	1,250	9,227	8,960
1,791	1,300	2,567	2,534	3,069	3,557	2,543	2,917	2,803	2,508	5,231	5,231	29,106	29,483
\$298.8	\$283.5	\$419.1	\$359.6	\$600.1	\$594.6	\$501.7	\$492.5	\$436.2	\$415.6	\$886.2	\$863.3	\$5,260.9	\$5,115.9
3,543	3,376	3,798	3,671	4,110	4,183	3,455	3,712	3,620	3,599	6,570	6,099	44,894	43,982

(f) The more significant changes in parking spaces from 1993 represent changes in reserved spaces, reconfigurations, or in the number of leased parking facilities.

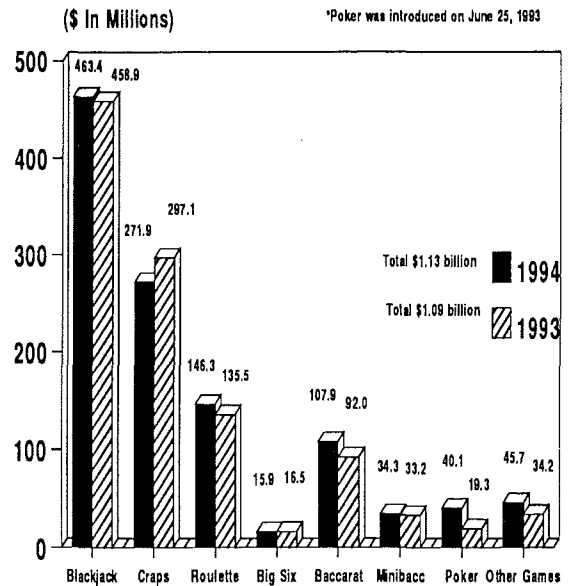
(g) Represents property and equipment before accumulated depreciation as reported by each casino. Fixed asset investment for the Claridge primarily represents gaming equipment because the Claridge leases its hotel property and non-gaming equipment.

## Casino Win Percentage by Game

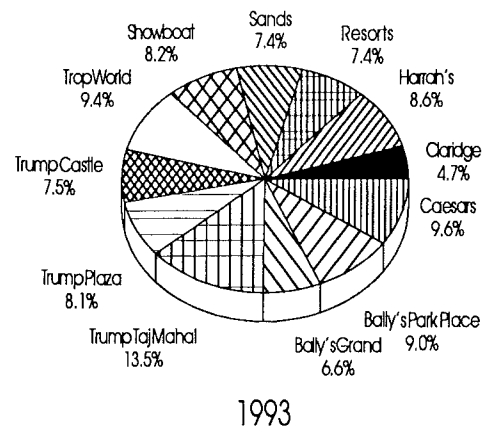
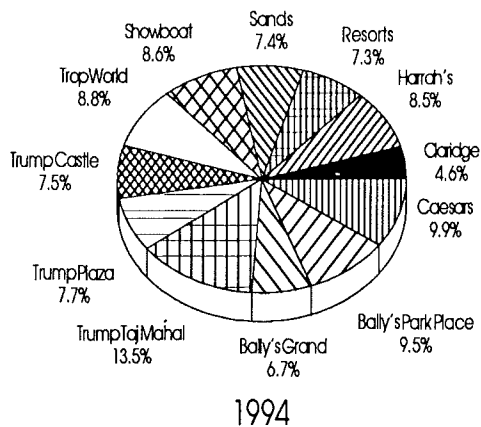
### Slot Machine Win Analysis 1994 and 1993



### Table Game Win Analysis 1994 and 1993



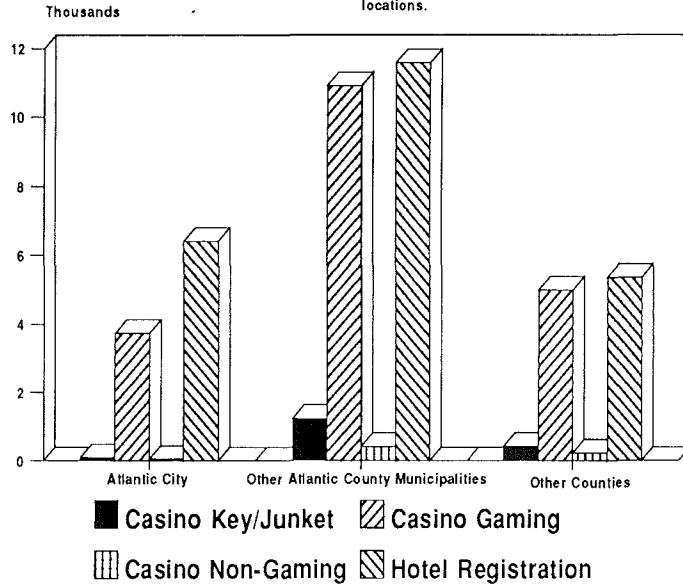
## Market Share of Casino Win



## Residence of Casino Hotel Employees 1994

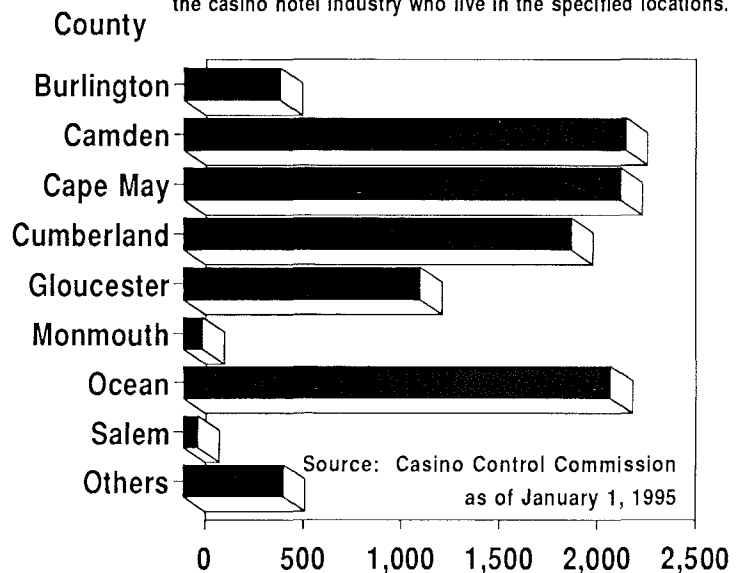
Source: Casino Control Commission as of January 1, 1995

Figures represent total number of individuals employed in the casino hotel industry who live in the specified locations.



## Individuals Employed in Casino Hotels Residing Outside Atlantic County - 1994

Figures represent total number of individuals employed in the casino hotel industry who live in the specified locations.



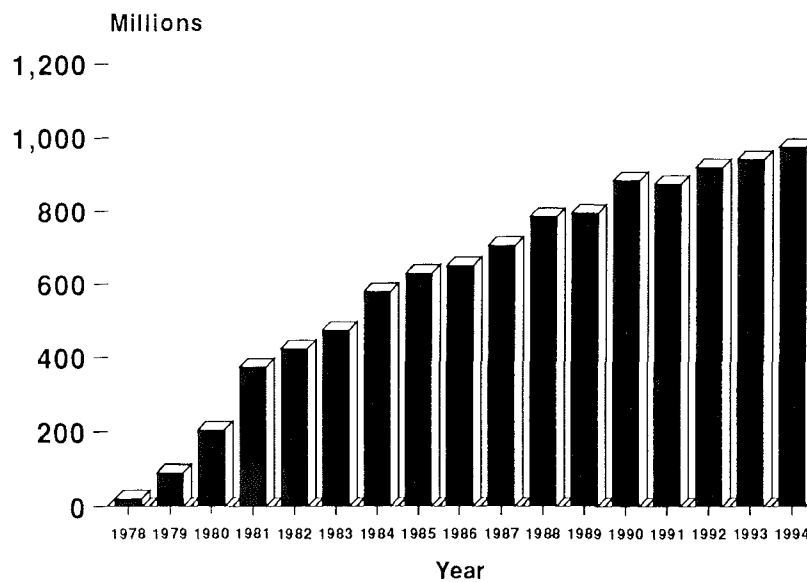
**CASINO SERVICE INDUSTRY TOTAL VOLUME OF BUSINESS --  
1994**

(REPORTING PERIOD JANUARY 1994 - DECEMBER 1994)

	<b>Total Companies</b>	<b>Percent of Total Companies</b>	<b>Dollar Volume of Business</b>	<b>Percent of Total Business</b>
All enterprises on Master Vendor List	10,229	100.00%	\$2,166,100,090	100.00%
New Jersey Enterprises	4,002	39.12%	\$1,354,050,335	62.51%
Pennsylvania Enterprises	1,423	13.91%	\$131,495,758	6.07%
New York Enterprises	1,467	14.34%	\$114,959,443	5.31%
Delaware Enterprises	59	0.58%	\$2,400,038	0.11%
All Other States	3,028	29.60%	\$553,164,739	25.54%
Foreign Enterprises	250	2.44%	\$10,029,777	0.46%

**The New Jersey Casino Industry  
Salaries and Wages**

for the Years Ended December 31, 1978 through 1994





## TOTAL VOLUME OF BUSINESS -- NEW JERSEY COMPANIES

(REPORTING PERIOD JANUARY 1994 - DECEMBER 1994)

	Total Companies	Percent of Total Companies	Dollar Volume of Business
New Jersey Enterprises	4,002	100.00%	\$1,354,050,335
Atlantic	1,687	42.15%	\$900,800,546
Bergen	215	5.37%	\$17,520,551
Burlington	209	5.22%	\$154,958,847
Camden	401	10.02%	\$70,720,514
Cape May	161	4.02%	\$11,199,085
Cumberland	104	2.60%	\$8,722,851
Essex	173	4.32%	\$93,726,003
Gloucester	110	2.75%	\$5,194,569
Hudson	99	2.47%	\$8,543,868
Hunterdon	13	0.32%	\$11,747
Mercer	105	2.62%	\$9,130,628
Middlesex	119	2.97%	\$13,047,562
Monmouth	137	3.42%	\$9,860,705
Morris	87	2.17%	\$3,150,820
Ocean	110	2.75%	\$5,180,864
Passaic	94	2.35%	\$8,898,336
Salem	11	0.27%	\$39,036
Somerset	37	0.92%	\$17,250,975
Sussex	8	0.20%	\$6,536
Union	116	2.90%	\$16,055,053
Warren	6	0.15%	\$31,239

**ENTERPRISE LICENSE BUREAU STATISTICS  
CASINO SERVICE INDUSTRIES**

	1-1-94 to 12-31-94	Inception to 12-31-94
Enterprises permitted to conduct business with casino licensees	3,238	42,450
Enterprises prohibited from conducting business with casino licensees	51	1,414
Contracts reviewed	164	27,859
<b>Initial Gaming Related:</b>		
Applicants	16	193
Licenses Issued	5	93
Licenses Denied	0	7
Withdrawals Granted	1	40
Licenses Active	24	
<b>*Renewal Gaming Related:</b>		
Applicants	22	142*
Licenses Issued	0	49*
Licenses Denied	0	1*
Withdrawals Granted	0	0*
Licenses Active	16	
<b>Initial Non-Gaming Related:</b>		
Applicants	241	4,043
Licenses Issued	193	2,850
Licenses Denied	3	163
Withdrawals Granted	13	696
Licenses Active	576	
<b>*Renewal Non-Gaming Related:</b>		
Applicants	232	1,340*
Licenses Issued	171	1,240*
Licenses Denied	4	8*
Withdrawals Granted	10	38*
Licenses Active	548	
Exemptions granted by CCC	24	152
<b>JUNKET ENTERPRISES</b>		
<b>Initial Junket Enterprises:</b>		
Applicants	23	308
Licenses Issued	6	199
Licenses Denied	0	18
Withdrawals Granted	0	39
Licenses Active	18	
<b>*Renewal Junket Enterprises:</b>		
Applicants	11	101*
Licenses Issued	13	74*
Licenses Denied	0	0*
Withdrawals Granted	0	1*
Licenses Active	39	
<b>GAMING SCHOOLS</b>		
Applications Filed	0	17
Licenses Issued	0	10
Schools Currently Operating	3	
<b>LABOR ORGANIZATIONS</b>		
Registered	0	23

\* Cumulative figures account for the time period 1-1-88 to 12-31-94.

# Employee License Bureau

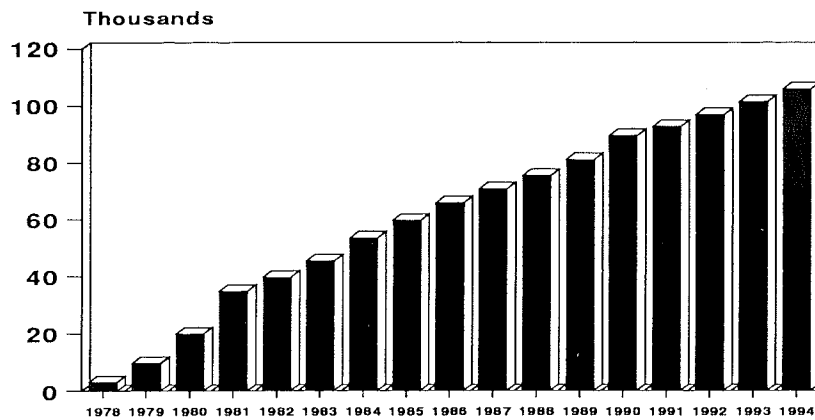
## Applications Accepted and Licenses/Registration Issued

	01/01/94 to 12/31/94	Inception to 12/31/94
<b>Casino Key Employees:</b>		
Applications filed	393	6,253
Licenses issued	196	5,360
<b>Casino Employees:</b>		
Applications filed	4,085	101,411
Licenses issued	4,291	99,288
<b>Junket Employees:</b>		
Applications filed	3	604
Licenses issued	1	305
<b>Casino Hotel Employees:</b>		
License & registration applications filed	4,718	131,738
Licenses & registrations issued	4,718	131,632
<b>Total Employees:</b>		
Applications filed	9,199	241,126 (1)
Plenary licenses & hotel registrations issued	9,206	237,542 (2)
Temporary licenses issued	407	14,978
Position additions processed	4,286	67,658
Employee license renewals processed	7,245	146,187

(1) Applications filed from inception to 12/31/94 includes 1,120 gaming school employee applications filed.

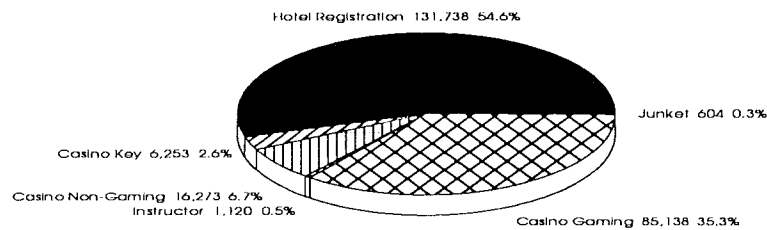
(2) Plenary licenses & hotel registrations issued from inception to 12/31/94 includes 957 gaming school employee licenses issued

## Employee Initial Licenses \* Issued 1978 through 1994



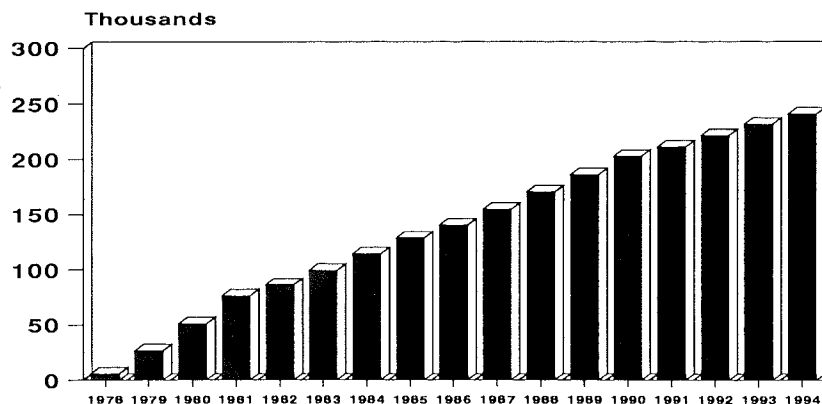
\* Figures do not include Hotel Licenses/Registrations Issued 1978 - 1994

## Employee License/Registration Applications Accepted 1978 - 1994



TOTAL APPLICATIONS = 241,126

## Employee License/Registration Applications Accepted 1978 through 1994



# AUDITOR REPORT

## LEGISLATIVE SERVICES COMMISSION

SENATOR  
DONALD T. DiFRANCESCO  
Chairman

ASSEMBLYMAN  
GARABED "CHUCK" HAYTAIAN  
Vice-Chairman

## SENATE

BYRON M. BAER  
JOHN O. BENNETT  
GERALD CARDINALE  
RICHARD J. CODEY  
WYNONA M. LIPMAN  
ROBERT E. LUTTELL  
JOHN A. LYNCH

## GENERAL ASSEMBLY

CHRISTOPHER "KIP" BATEMAN  
WAYNE R. BRYANT, ESQ.  
JOSEPH CHARLES, JR.  
JOSEPH V. DORLA, JR.  
CLARE M. FARREAGHER  
NICHOLAS R. FELICE  
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 Garabed "Chuck" Haytaian  
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 Casino Control Fund of the State of New Jersey as of and for the years ended June 30, 1994 and 1993. 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.

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 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, 1994 and 1993, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

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 purposes 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.

Richard L. Fair  
State Auditor  
December 28, 1994

**State of New Jersey  
Casino Control Fund  
Balance Sheet  
June 30, 1994 and 1993**

	<u>EXHIBIT I</u> (in \$000)	
	<u>1994</u>	<u>1993</u>
<b>ASSETS</b>		
Cash	\$ 51.0	\$ 0.0
Accounts Receivable	6,274.4	7,707.0
Less: Allowance for Doubtful Accounts	<u>48.2</u>	<u>172.6</u>
Net Accounts Receivable	6,226.2	7,534.4
Due from General Fund	5,050.8	8,840.5
Deferred Charges	<u>1,100.0</u>	<u>0.0</u>
Total Assets	<u>\$12,428.0</u>	<u>\$16,374.9</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 3,877.1	\$ 9,587.7
Deferred Revenue	<u>6,073.0</u>	<u>5,536.2</u>
Total Liabilities	<u>9,950.1</u>	<u>15,123.9</u>
<b>Fund Balances</b>		
Reserved for:		
Encumbrance	1,019.1	582.5
Other	1,100.0	0.0
Unreserved		
Designated for Continuing Appropriations	0.0	70.2
Undesignated	<u>358.8</u>	<u>598.3</u>
Total Fund Balances	<u>2,477.9</u>	<u>1,251.0</u>
Total Liabilities and Fund Balances	<u>\$12,428.0</u>	<u>\$16,374.9</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, 1994 and 1993**

	<u>EXHIBIT II</u> (in \$000)	
	<u>1994</u>	<u>1993</u>
<b>REVENUES:</b>		
<b>Casinos</b>		
Licenses - Casino	\$36,201.4	\$37,070.4
- Slot Machines	12,496.9	11,568.8
- Alcoholic Beverage	30.5	58.5
State Athletic Control	26.1	0.0
Assessments	<u>0.0</u>	<u>0.0</u>
	48,754.9	48,697.7
Credits - Prior Year Fund Balance	<u>(1,251.0)</u>	<u>(104.4)</u>
Total From Casinos	<u>47,503.9</u>	<u>48,593.3</u>
<b>Other Sources</b>		
Licenses - Casino Employees	5,154.2	5,694.0
- Casino Service Industry	1,285.8	877.7
Slot Prototype	374.1	258.9
Other Revenue	<u>102.8</u>	<u>119.2</u>
Total From Other Sources	<u>6,916.9</u>	<u>6,949.8</u>
Investment Earnings	<u>468.8</u>	<u>0.0</u>
Total Revenues	<u>54,889.6</u>	<u>55,543.1</u>
<b>OTHER FINANCING SOURCES:</b>		
Transfers from General Fund	<u>0.0</u>	<u>84.2</u>
Total Revenues and Other Financing Sources	<u>54,889.6</u>	<u>55,627.3</u>
<b>EXPENDITURES:</b>		
Public Safety and Criminal Justice (Division of Gaming Enforcement)	31,651.3	31,525.6
Government Direction, Management and Control (Casino Control Commission)	<u>22,011.4</u>	<u>22,955.1</u>
Total Expenditures	<u>53,662.7</u>	<u>54,480.7</u>
Net Increase in Fund Balance for the Year	1,226.9	1,146.6
Fund Balance - Beginning	<u>1,251.0</u>	<u>104.4</u>
Fund Balance - Ending	<u>\$ 2,477.9</u>	<u>\$ 1,251.0</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, 1994

EXHIBIT III-A  
(in \$000)

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<b>REVENUES:</b>			
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 Athletic Control	0.0	26.1	26.1
Assessments	<u>1,396.6</u>	<u>0.0</u>	<u>(1,396.6)</u>
	50,243.3	48,754.9	(1,488.4)
Credits - Prior Year Fund Balance	<u>0.0</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 Revenue	<u>100.0</u>	<u>102.8</u>	<u>2.8</u>
Total From Other Sources	7,127.7	6,916.9	(210.8)
Investment Earnings	<u>0.0</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>
<b>EXPENDITURES:</b>			
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>0.0</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 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, 1993**

**EXHIBIT III-B  
(in \$000)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Casinos			
Licenses - Casino	\$35,689.7	\$37,070.4	\$1,380.7
- Slot Machines	10,834.5	11,568.8	734.3
- Alcoholic Beverage	167.0	58.5	(108.5)
Assessments	<u>4,852.8</u>	<u>-</u>	<u>(4,852.8)</u>
	51,544.0	48,697.7	(2,846.3)
Credits - Prior Year Fund Balance	<u>-</u>	<u>(104.4)</u>	<u>(104.4)</u>
Total From Casinos	<u>51,544.0</u>	<u>48,593.3</u>	<u>(2,950.7)</u>
Other Sources			
Licenses - Casino Employees	4,610.6	5,694.0	1,083.4
- Casino Service Industry	927.0	877.7	(49.3)
Slot Prototype	234.0	258.9	24.9
Other Revenue	<u>55.4</u>	<u>119.2</u>	<u>63.8</u>
Total From Other Sources	<u>5,827.0</u>	<u>6,949.8</u>	<u>1,122.8</u>
Total Revenues	<u>57,371.0</u>	<u>55,543.1</u>	<u>(1,827.9)</u>
<b>EXPENDITURES:</b>			
Public Safety and Criminal Justice (Division of Gaming Enforcement)	34,296.0	31,563.1	2,732.9
Government Direction, Management and Control (Casino Control Commission)	<u>23,075.0</u>	<u>23,002.3</u>	<u>72.7</u>
Total Expenditures	<u>57,371.0</u>	<u>54,565.4</u>	<u>2,805.6</u>
Net Increase (Decrease in Fund Balance for the Year)	<u>\$ 0.0</u>	<u>\$ 977.7</u>	<u>\$ 977.7</u>

( ) Denotes Minus Amount

SEE NOTES TO FINANCIAL STATEMENTS

# 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 acts for fiscal years 1994 and 1993 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 were 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, 1994 and 1993 (In Thousands)		
	<u>1994</u>	<u>1993</u>
Budgeted Funds:		
Budgetary basis - net increase (decrease) in fund balances for the fiscal year	\$ (310.7)	\$ 977.7
Adjustments:		
Various other financing sources		84.2
Various other financing uses	(438.4)	(494.9)
Encumbrances	876.0	579.6
Reserved - Other	<u>1,100.0</u>	
Net Adjustments	1,226.9	1,146.6
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>\$1,226.9</u>	<u>\$1,146.6</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 recorded in the State's General 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 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 10.

**NOTE 2 - Cash**

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

**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 amounts paid in advance from fiscal year 1994 appropriation to fund an anticipated consolidation of Commission's offices. An additional \$800,000 was expended from the Commission's fiscal year 1993 appropriation for the same purpose.

**NOTE 5 - Due 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 1995 and fiscal year 1994 slot machine license billings collected and recorded in June 1994 and 1993, respectively.

**NOTE 7 - Fund Balance**

The positive fund balances as of June 30, 1994 and June 30, 1993 resulted from revenues exceeding expenditures. Pursuant to N.J.A.C. 19:41-9.1(e) the balance at June 30, 1994 will be credited to casino licensees during fiscal year 1995 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, 1994. The balance at June 30, 1993 was credited in the same manner to casino licensees during fiscal year 1994.

**NOTE 8 - Employee Benefits 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.

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, 1994 of approximately \$0.8 million is reflected in the State's General Long-Term 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 1994 and fiscal year 1993 was equal to the effective rate of return on investments in the General Fund and varied from 3.25% to 3.92%, in fiscal year 1994 and from 3.24% to 4.33% in fiscal year 1993. For fiscal year 1994, the net effect of these transactions is reflected in the Investment Earning account on the Statement of Revenues, Expenditures, and Changes in Fund Balances. For fiscal year 1993, the net effect is reflected as a transfer from the General Fund.

**NOTE 10 - Contingent Liability**

The Casino Control Fund is involved in a number of legal actions wherein there is potential for unanticipated expenditures. 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, 1994 and 1993

SCHEDULE I  
(in \$000)

	1994		1993	
	<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>
<b>EXPENDITURES:</b>				
Salaries	\$19,531.4	\$14,707.0	\$19,600.1	\$14,815.3
Payroll Taxes and Employee Benefits	5,749.5	4,703.9	5,043.4	4,284.2
Printing and Office Supplies	153.3	272.0	190.9	347.8
Vehicular Supplies	119.4	0.0	196.7	0.0
Travel	12.4	20.7	17.9	16.3
Telephone	395.9	127.5	370.3	187.0
Data Processing	1,082.4	549.2	906.6	1,186.9
Professional Services	225.5	84.8	237.6	89.0
Other Services Other than Personal	320.1	161.8	390.1	91.2
Rent-Facilities	1,970.3	1,082.6	2,006.7	1,457.7
Rent-Automobiles and Other	294.6	116.0	284.1	112.1
Indirect Costs	1,103.5	41.8	1,503.0	244.6
Office Equipment	117.5	68.0	92.8	16.6
Vehicular Equipment	200.5	0.0	227.0	0.0
Other Equipment	<u>375.0</u>	<u>76.1</u>	<u>458.4</u>	<u>106.4</u>
<b>TOTAL EXPENDITURES</b>	<u><b>\$31,651.3</b></u>	<u><b>\$22,011.4</b></u>	<u><b>\$31,525.6</b></u>	<u><b>\$22,955.1</b></u>

**NEW JERSEY CASINO CONTROL COMMISSION**  
**Tennessee Avenue and the Boardwalk**  
**Atlantic City, NJ 08401**  
**TEL. (609) 441-3200**



