

NEW JERSEY CASINO CONTROL COMMISSION

**ANNUAL REPORT
DECEMBER 31, 1982**

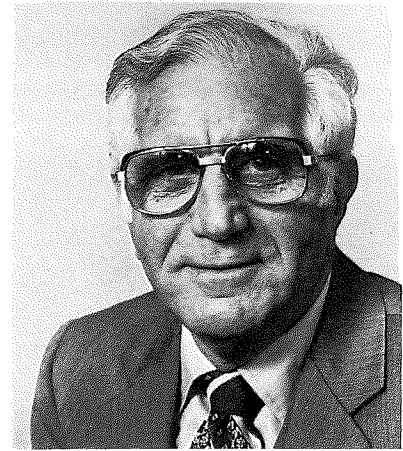
NEW JERSEY CASINO CONTROL COMMISSION



WALTER N. READ, Chairman
Cinnaminson
Term expires August, 1987



E. KENNETH BURDGE
Lakewood
Term expires August, 1985



JOEL R. JACOBSON
Point Pleasant Beach
Term expires July, 1986



DON M. THOMAS
Orange
Term expires August, 1984



CARL ZEITZ
Bordentown
Term expires August, 1983



MARTIN B. DANZIGER
Princeton, served August, 1980
to October, 1982



MADELINE H. McWHINNEY
Red Bank, served August, 1980
to December, 1982

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



GOVERNOR THOMAS H. KEAN

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STATEMENT FROM THE MEMBERS OF THE NEW JERSEY CASINO CONTROL COMMISSION

The calendar year, 1982, the period covered by this annual report, was a pivotal one in the five-year-old history of the New Jersey Casino Control Commission.

During this period, the Commission continued to carry out the mandate of the State Legislature to insure the integrity of gaming activity and funds control in New Jersey's casinos. Through its licensing and registration authority, the Commission, aided by the Division of Gaming Enforcement, carried out the responsibility of investigating and monitoring the companies which operate the casino hotels, their employees and the firms which supply goods and services to the casino hotels.

It was a year of major hearings, including four plenary licenses, a "reservation of a license," consideration of the qualifications of officials of a labor organization representing casino hotel employees, and a comprehensive review of the Casino Control Act, the enabling legislation.

But it was also the year in which the Commission took major steps to carry out the Legislature's goal to employ casino gaming as a "unique tool of urban development."

The Commission's participation in the redevelopment process in Atlantic City took place on two fronts simultaneously. The Commission hired a consulting firm to develop a housing plan for the city and adopted a policy paper, which called for major changes in the alternative investment or added tax obligations of the operating casino hotels.

On October 3, 1982, Governor Thomas Kean nominated Walter N. Read of Cinnaminson and E. Kenneth Burdge of Lakewood to be members of the Commission. After confirmation by the State Senate, they were sworn in on December 2.

Read replaced Madeline H. McWhinney, whose term expired, and was appointed chairman by the Governor. Burdge was named to replace Martin B. Danziger, who had resigned, effective October 1.

Chairman Read and Commissioner Burdge joined Joel R. Jacobson of Point Pleasant Beach, Don M. Thomas of Orange and Carl Zeitz of Bordentown as members of the panel.

Thomas, elected vice-chairman of the panel in January, served as acting chairman throughout most of 1982, until Read's appointment.

For the second straight year, Atlantic City was the most visited tourist attraction in the nation. According to statistics compiled by the Atlantic City Convention and Visitors Bureau, 23.1 million convention delegates and tourists visited Atlantic City during 1982.

Although the vast majority arrived by automobile or bus, there was a marked increase in air travel. The Bureau reports there were 323,000 air arrivals at both Bader Field and the Atlantic City International Air Terminal at Pomona in 1982, a 78% increase over the 181,000 arrivals in 1981.

The nine operating casino hotels were open throughout all of 1982. The total casino revenue for the industry was \$1.493 billion, a 36 percent increase over 1981's total of \$1.1 billion. This resulted in a similar increase in payments to the Casino Revenue Fund. The casinos paid in \$117.4 million, compared to \$86.5 million the previous year. The tax rate is eight per cent of gross casino revenue.

Governor Kean signed a bill into law last April, keeping the interest earned by the Casino Revenue Fund balance in this dedicated account. Previously, the interest went into the general state fund.

The amount of interest earned between April and December 31, 1982 on the Casino Revenue Fund balance was \$2.1 million.

From May 26, 1978, when the first casino opened, through December 31, 1982, the grand total collected into the Casino Revenue Fund, including interest, was \$319.8 million.

The money from the Casino Revenue Fund is used to aid eligible senior citizens and disabled persons in the form of property tax, utility bill, medical and transportation assistance, under programs enacted by the State Legislature.

During the fiscal year ending June 30, 1982, a total of \$129.8 million was distributed, as follows: homestead rebates, \$87.3 million; Lifeline credits, \$40.2 million; Pharmaceutical Assistance to the Aged, \$1.5 million; and Boarding House Rental Assistance, \$.8 million. The New Jersey Department of Human Services administers the Lifeline and pharmaceutical assistance programs, while the Department of Taxation processes the homestead rebates and Boarding House Rental Assistance.

During 1982, the Commission completed the plenary license hearings for the Playboy, Sands, Claridge and Tropicana casino hotels. This completes the licensing of the first nine firms to open casino hotels in Atlantic City. They all opened with temporary licenses, which as of December 1, 1981, are no longer permitted.

In addition to the plenary license hearings, the Commission also processed the annual renewal applications for Resorts International, Golden Nugget, Caesars Boardwalk Regency, Harrah's Marina and Bally's Park Place.

The Commission also granted its first "reserva-

tion of a license" to the Trump Organization of New York, after an investigation was conducted by the Division of Gaming Enforcement and a hearing held, during which the firm's principals, Donald and Robert Trump, testified.

Trump has since formed a partnership with Holiday Inns, Inc., and has commenced construction of Harrah's Boardwalk Casino Hotel, adjacent to Convention Hall. The Casino Control Act permits reserving a license for a period up to 30 months for an applicant who is planning to build a new hotel.

Throughout portions of the spring, summer and fall of 1982 the Commission was involved in a lengthy hearing related to the registration of the Hotel and Restaurant Employees and Bartenders International Union, Local 54.

The Commission voted, 4-1, to cancel Local 54's registration unless three officials were removed from office. As 1982 closed, the union appealed the decision to the federal courts.

The Commission conducted extensive public hearings on the rules of blackjack in June. This followed a decision by the State Supreme Court that professional card counters could no longer be excluded from New Jersey casinos. The Commission adopted numerous rules changes to neutralize the card counters' advantage, without harming the play of basic strategy or novice players. The ban on card counters was lifted on September 15.

After conducting public hearings on the Casino Control Act in Atlantic City, Mays Landing and Newark, the Commission adopted a policy paper on the alternative investment or added tax obligations of casino hotels in Atlantic City. Copies of the Commission's recommendations were forwarded to the Governor and the Legislature.

The Commission recommended:

- Elimination of the cumulative investment trigger for alternative investment or added tax obligations;
- Reduction of the five year period for making the investment or paying the tax to the calendar year following the year in which the obligation was incurred;
- Employment of a Modified Operating Income formula, a more equitable method than the cumulative investment test, to determine the added tax or investment obligation;
- Redefinement of the law to permit the broadest possible use of investment funds, including placement in selective financial instruments;
- Revision of the investment payout formula to provide 100 per cent dedication of investment funds in Atlantic City for the first 10 years of the added tax or investment obligation for each casino after 1982, and a shared 50-50 allocation between Atlantic City and the remainder of the State in the following 10 years of each casino hotel's obligation;
- Dedication of all investment obligations incurred but not yet satisfied for calendar years

1979 through 1982 for use in Atlantic City;

- Establishment of a 20-year sunset provision for the investment obligation of each casino hotel; and
- Retention by the Commission of jurisdiction in the matter of approving investments or contributions earmarked for Atlantic City and assigning jurisdiction for non-Atlantic City investment approvals to the office of the State Treasurer.

After many months of reviewing proposals and interviewing applicants, the Commission hired American City Corporation, a subsidiary of the Rouse Corporation of Columbia, MD., to study the housing needs of Atlantic City and to produce a conceptual redevelopment housing plan.

With the approval of the State Treasurer, a contract was signed with American City Corporation in April for an 18-month period. At the close of 1982, a 20-member task force was formed to review the consulting firm's proposals. Following a public review process early in 1983, the task force will make recommendations to the Commission. If the Commission approves, it will then forward them on to the city government in Atlantic City for final approval and implementation.

With the completion of the plenary license hearings for all the operating casino hotels, the Commission can look forward in 1983 to spending additional time and resources on housing proposals and general development plans for Atlantic City.

At this point in time, the Commission is proud to report to the Governor, the members of the State Legislature and the citizens of New Jersey that the casino industry is firmly anchored in Atlantic City. Close to 30,000 persons are employed in the nine operating casino hotels. The hotels, overall, are meeting the Commission's affirmative action guidelines of 43 per cent female and 20 per cent minority employment. The Commission staff is also monitoring closely that the licensees adopt upward mobility programs to insure advancement opportunities for women and minorities in supervisory positions.

As 1982 closed, there was only one new hotel under construction, but the Commission received word the Hilton Hotels Corporation plans to begin construction of a casino hotel in the spring of 1983, and Caesars, Golden Nugget and Resorts International have announced plans to build second facilities.

The year 1982 was indeed a pivotal one. It marked the end of Phase One of Atlantic City's rebirth. It also marked the start of Phase Two, which will hopefully produce continued growth in the hospitality industry, along with new and affordable housing, and answers to the community's economic and social problems.

Respectfully submitted,
Walter N. Read, Chairman
Carl Zeitz, Vice-Chairman
E. Kenneth Burdge
Joel R. Jacobson
Don M. Thomas

THE CASINO CONTROL ACT

Legalized casino gaming was introduced in Atlantic City by the enactment of the Casino Control Act, N.J.S.A. 5:12-1 *et seq.* (hereinafter Act), effective June 2, 1977. Since that date, it has been amended and supplemented a number of times in an effort to further the original goals and purposes.

The framers of the original act intended legalized gaming to foster the redevelopment of the tourism, resort and convention industries in Atlantic City, to provide new jobs and generate tax revenues.

To date the industry has generated nearly 30,000 jobs directly in the nine operating casino hotels and provided substantial revenue for the State of New Jersey. This revenue has helped defray the cost of living for thousands of senior citizens and disabled persons in this state.

In the calendar year 1982, nearly 40 new casino gaming bills were introduced in the New Jersey Legislature. Of these bills, four became law in 1982.

Early in 1982, the New Jersey Legislature directed its attention to employment considerations. The first amendments to the Act provided for registration rather than licensing of casino hotel employees; the issuance of temporary licenses to casino key employees, certain non-gaming casino employees and casino service industries; extending the term of licensure to three years for all casino employees, gaming school resident director, instructor, principal employee and sales representative and casino service industries. A second amendment provided that the proceeds from the investment of the Casino Revenue Fund be credited to that Fund rather than the general treasury.

In October 1982, the act was again amended to expand the definition of casino service industry to include any form of enterprise engaged in the manufacture, sale, distribution or repair of slot machines within New Jersey, other than antique slot machines, regardless of the nature of its business relationship, if any, with licensed casinos in this State. Further, all casino service industries offering goods or services directly related to casino or gaming activity, whether or not on a regular basis, were to be licensed in accordance with the provisions of the Act.

Other amendments to the Act last year eliminated certain restrictions on casino advertising, and reduced from seven to one the classes of Casino Hotel Alcoholic Beverage Licenses, reflecting the Commission's continuing efforts to streamline the administration of the Act.

The first important amendment to the act occurred in March 1978. In recognition of the need to initiate casino operations, the act was amended

to allow casinos to open under temporary casino permits. These permits were issued by the Casino Control Commission upon satisfaction of certain criteria, designed to balance the significant law enforcement interests with those of stable and continuous casino operations. Having achieved the requisite stability, the Act was amended in September 1980 to prohibit the further issuance of temporary casino permits after December 31, 1981.

A September 1979 amendment revised various fee and tax provisions, the most notable of which called for a special assessment against hotel casinos in operation or with applications pending. The purpose of the special assessment was to repay to the New Jersey General Fund those monies appropriated to the Commission and the Division of Gaming Enforcement for initial expenses, thereby making the regulation of the casino industry a self-supporting operation.

The most comprehensive changes to the Act came with the passage of an omnibus bill, effective January 9, 1980. The Act was amended in many particulars, so that:

- variations or composites of the permitted games were authorized subject to Commission approval;
- all licensed casino employees were required to report any violation of the Act and any reprisals against anyone making such a report were specifically prohibited;
- qualifying space requirements for approved hotels were altered to permit more flexibility in the marketing of casinos;
- provisions governing disqualifying criteria for casino license applicants and employee license applicants were substantially revised to take into account changes to the Code of Criminal Justice and allowing the Commission more latitude in considering the demonstration of rehabilitation in certain cases;
- the Commission was authorized to permit gaming related service industries with license applications pending to do business with casino operators on an individual transaction basis;
- the Commission's ability to exempt non-gaming related services from licensure requirements was expanded;
- penalties for cheating and swindling were broadened to include attempts to cheat or swindle; and
- the Commission was also vested with authority to review affirmative action efforts undertaken by developers in the construction of a casino hotel facility prior to the filing of an application.

THE COMMISSION REGULATIONS

The Commission regulations are contained in Title 19 of the New Jersey Administrative Code and comprise fourteen chapters of the Code. Pursuant to Section 69 of the Act, the Commission is authorized to adopt, amend, or repeal such regulations, consistent with the policy and objectives of the Act, as it deems necessary or desirable for the public interest in carrying out the provisions of the Act.

Section 70 of the Act requires that the Commission adopt specific regulations in accordance with a number of provisions of the Act. Eighteen subjects requiring specific regulations are described in this section. All regulations are adopted, amended and repealed in accordance with the provisions of the Administrative Procedure Act.

The public is encouraged to participate in the rulemaking process. The Act provides that any interested person may file a petition with the Commission requesting the adoption, amendment or repeal of a regulation.

On May 15, 1978, Executive Order No. 66 ("Sunset" Provision) became effective. This order mandates that every administrative rule adopted pursuant to the Administrative Procedure Act, after the effective date of the Order, shall expire on a date not more than five years after the date of its adoption. The purpose of the Order is to ensure complete and periodic review of all administrative rules. With the exception of three

of its chapters all of the Commission's regulations were adopted prior to May 15, 1978. Accordingly, the Commission is presently engaged in reviewing the bulk of its regulations before readopting them to ensure that such regulations remain necessary, reasonable and responsive to the effective administration of the Act.

In calendar year 1982 the Commission amended nine chapters and 39 subchapters of its existing regulations. Among the major changes adopted by the Commission were the elimination of the requirement that casino key, casino and casino hotel employee licensees, establish their residency in New Jersey for six months (casino key and casino employee) or three months (casino hotel employee) prior to issuance of their license; the extension of the licensure period from two to three years for certain classes of employees and the adoption of a new license fee schedule; the adoption of new rules to the game of Blackjack; the adoption of new standards for qualification of casino service industries; the adoption of a new personal history disclosure form for applicants for casino employee licenses; the adoption of changes to the exclusion of persons hearings including the introduction of a preliminary hearing; and a number of changes to the licensee's system of accounting and internal controls covering such areas as check exchange procedures, assignment of personnel and the coupon redemption program.

ORGANIZATION OF CASINO CONTROL COMMISSION

The Casino Control Commission consists of five members appointed to staggered fixed terms by the governor with the advice and consent of the senate. The governor designates one of the members as the chairman to serve as the chief executive officer of the Commission. A vice-chairman is chosen annually by the Commission from among its members. Prior to a July 1980 amendment to the Casino Control Act, only the chairman was a full time official while the other four Commissioners were part time. Presently, all five Commissioners are full time members and, by law, may not engage in any other business, occupation or gainful employment during their term in office.

The Casino Control Act authorizes the Commission to employ such personnel as it may deem necessary. The Commission employs staff of over 400 professional and clerical personnel. Commission members and employees are subject to comprehensive employment restrictions prior to,

during and subsequent to their actual terms of office or employment.

The Commission staff is divided into five divisions: Legal, Financial Evaluation and Control, Licensing, Affirmative Action and Planning and Administrative. The functions of these five divisions are described briefly below.

Unlike most New Jersey administrative agencies, which are represented by the attorney general in legal matters, the Commission is authorized by the Casino Control Act to employ its own independent legal counsel. General Counsel Robert J. Genatt heads the Legal Division of the Commission. One of the duties of the Commission attorneys is to prepare opinions on various issues of law. These opinions may be non-binding informal opinions, issued directly by the staff or formal opinions reviewed and voted on by the Commission. Staff attorneys also prepare and review Commission regulations and suggested

statutory amendments. Finally, the Legal Division represents the Commission in all court actions to which the Commission is a party.

The Financial Evaluation and Control Division, under the supervision of Frances X. Fee, is responsible for the regulation and analysis of the daily operations of casino licensees and permittees, and for the Commission's inspector force. The Commission's accountants evaluate the adequacy of each casino's internal control system, and perform statistical analysis of casino operations. Commission inspectors continuously monitor compliance with Commission regulations by observing gaming operations, gaming revenue collection and the mechanics of the internal control systems.

The Licensing Division, headed by Director David Arrajj, is divided into three sections, reflecting the division's three primary areas of responsibility. The Casino Section reviews casino license applications, evaluating the applicant's compliance with the licensing standards set forth in the Casino Control Act as to the suitability of the proposed facilities and the entities and persons required to be qualified.

The Employee Section processes all employee license applications and registrations and makes an initial determination whether an applicant's

experience qualifies the individual for a particular position.

The Enterprise Section is responsible for the processing of all applications for casino service industry licenses, contract approvals and labor organization registrations.

The Affirmative Action and Planning Division, headed by Director Jack E. Wood, is divided into two sections. The Affirmative Action Section monitors the performance of the casino hotel industry, its construction contractors and the casino service industries with respect to their compliance with the State of New Jersey governing equal employment opportunity and affirmative action. The Planning Section assists the Commission in stimulating redevelopment in Atlantic City and its environs. It also analyzes the impact of the casino hotel industry on the region's environmental, social and economic conditions.

The Administrative Division, under the direction of Director Theron G. Schmidt, provides administrative services for all of the Commission. This division also takes responsibility for responding to public and industry inquiries, and coordinating the dissemination of public information to the media. Additionally, this division organizes and prepares for Commission meetings and hearings.

DATA PROCESSING

The Casino Control Commission is actively engaged in a program to develop adequate data processing resources to meet demands for timely, accurate information and also to satisfy production requirements such as the printing of Casino Employee Licenses.

As a consequence of these efforts, two major information systems have been implemented: the On-Line Licensing System which maintains a master file of casino employee license records and controls the production of licenses and the Cost Distribution System (Phase I) which tracks the direct costs that are to be charged back to applicants for both the Casino Control Commission and the Division of Gaming Enforcement.

Also, there are plans to implement two new information systems, the Financial Analysis and Reporting System and the Casino Service Industry System during the next twelve months.

The Financial Analysis and Reporting System is designed to maintain a financial database on casino operations and the purpose of the Casino Service Industry System is to track casino service industry license transactions and to maintain relevant records. Both of the new systems will utilize

database software so that fast, flexible reporting of information is possible. Furthermore, the Financial System will incorporate sophisticated facilities for financial analysis, statistics and graphics which will be helpful in analyzing a wide range of problems and policy issues.

In addition to the large computer information systems, the Commission has also been investigating the new developments in the area of word processing and microcomputers. Early indications show that microcomputers are very cost effective for a number of applications and it is likely that this trend will not be reversed as more projects are tested.

The goals of the Commission's development effort are to provide adequate data processing resources and to help control labor costs. Already, it has been possible to reduce some labor costs associated with the processing of casino employee licenses. For the future, it is expected that as the price of computer hardware continues to decline there will be many opportunities for increasing productivity while controlling labor costs.

CASINO REVENUE FUND

An annual tax of eight percent is imposed on the gross revenues of operating casinos, these monies are deposited in the Casino Revenue Fund.

The constitutional amendment authorizing casino gambling in New Jersey mandates that all monies in the Casino Revenue Fund be used solely to reduce the property taxes, rentals, telephone and utility bills of eligible senior citizens and disabled persons and to provide additional health and transportation services for these groups.

It is the responsibility of the Legislature to develop specific programs to carry out the constitutional mandate. To date, four programs have been established. The first program provides property tax (homestead) rebates for senior citizens.

The second program is Lifeline. In Fiscal 1982 this program provided \$150 to help eligible senior citizens and disabled persons pay their utility bills. In Fiscal 1983 the Lifeline benefit increased to \$175 and in Fiscal 1984 the benefit will be again raised to \$200.

To be eligible, a person must be a senior citizen or disabled under the Social Security definition and earn less than \$12,000 a year if single and \$15,000 a year if married.

The third program expands the existing Phar-

maceutical Assistance to the Aged program to include the legally disabled. This program pays for prescription drugs except for a \$2.00 contribution by the beneficiary.

Monies from the Fund are also used to raise the income eligibility requirements for the Pharmaceutical Program to \$12,000 for a single person and \$15,000 for a married couple.

The fourth program is Boarding House Rental Assistance. It assists senior citizens and the legally disabled who are residents of boarding homes to meet increased rental payments caused by safety improvements their landlords make in the boarding house.

In New Jersey Fiscal 1982, which ended June 30, 1982, \$87.3 million was spent on property tax rebates, \$40.2 million was spent in Lifeline, \$1.5 million was spent on the Pharmaceutical Program and \$.8 million on Boarding House Rental Assistance.

During Fiscal 1982, the Commission collected \$103.6 million for the Casino Revenue Fund. The Fund began the fiscal year with a \$59.6 million surplus, thus the total funds available for expenditure were \$163.2 million. \$129.8 million was expended on the four established programs leaving a surplus in the Fund of \$33.4 million as of June 30, 1982.

DIVISION OF GAMING ENFORCEMENT

The Division of Gaming Enforcement was created by the Casino Control Act to serve specific regulatory functions within the general legislative scheme. The division is organized within the Department of Law and Public Safety and is under the immediate supervision of a director who, in turn, serves under the direction and supervision of the attorney general.

The Division of Gaming Enforcement is delegated the responsibility to investigate all applications for licensure, enforce the provisions promulgated thereunder, and prosecute before the commission all proceedings for violations of the act or any regulations promulgated thereunder.

The division is also responsible to provide the commission with all information necessary for all licensing actions, and for all proceedings involving the enforcement of the provisions of the act and the regulations promulgated thereunder.

In order to accomplish these objectives, the division has organized itself into nine sections corresponding to the functional responsibilities of the agency. These sections include the Service Industry Licensing Section, the Casino Investigations Section, the Employee Licensing Section, the Inspections Section, the Central Records Section, and the Administrative Section.

**CASINO CONTROL COMMISSION
LICENSING STATISTICS AS OF DECEMBER 31, 1982**

CASINO-HOTELS

	1/1/82 to 12/31/82	Inception to 12/31/82
License applications filed	1	21
Temporary casino licenses issued	0	9
Casino licenses issued	4	9
Casino license reserved	1	1

CASINO-HOTEL ALCOHOL BEVERAGE LICENSES

Licenses issued	4	160
Licenses renewed	142	304

CASINO SERVICE INDUSTRIES

Enterprises permitted to conduct business with casino licensees	2,385	8,596
Enterprises prohibited from conducting business with casino licensees	30	177
Contracts approved by CCC	1,372	2,269
Service industry license applications:		
gaming-related applicants	15	87
gaming-related licenses issued	5	19
gaming-related licenses denied	0	0
gaming-related licenses active(a)	16	
gaming-related withdrawals granted	1	4
non-gaming-related applicants	157	1,208
non-gaming-related licenses issued	260	538
non-gaming-related licenses denied	0	3
non-gaming-related licenses active(b)	503	
non-gaming-related withdrawals granted	69	101
exemption requests received	4	98
exemption requests accepted for filing	0	29
enterprises granted exemptions by CCC	0	9

a. Three enterprises allowed their licenses to expire.

b. Thirty-five enterprises allowed their licenses to expire.

GAMING SCHOOLS

Applications filed	2	14
Schools licensed	1	8
Currently operating	4	

LABOR ORGANIZATIONS

Registered	0	15
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**CASINO CONTROL COMMISSION
LICENSING STATISTICS AS OF DECEMBER 31, 1982**

CASINO-HOTELS

EMPLOYEES	1/1/82 to 12/31/82	Inception to 12/31/82
Casino key employees:		
applications filed	265	2,548
licenses issued	539	2,085
temporary licenses issued	209	516c
Casino employees:		
applications filed	3,715	38,361
licenses issued	4,283	34,819
temporary non-gaming licenses issued	667	2,613d
Gaming school employees:		
applications filed	53	763
licenses issued	68	604
temporary licenses issued	0	30e
Casino-hotel employees:		
license applications filed (through 2/14/82)	846	39,480
licenses issued (through 2/14/82)	870	32,364
registrations (from 2/15/82)	5,025	5,025
Total employees:		
applications filed	4,879	81,152
licenses issued	5,760	69,822
temporary licenses issued	876	3,159
registrations	5,025	5,025
position additions processed	4,203	19,254
license renewals processed	10,567	25,328

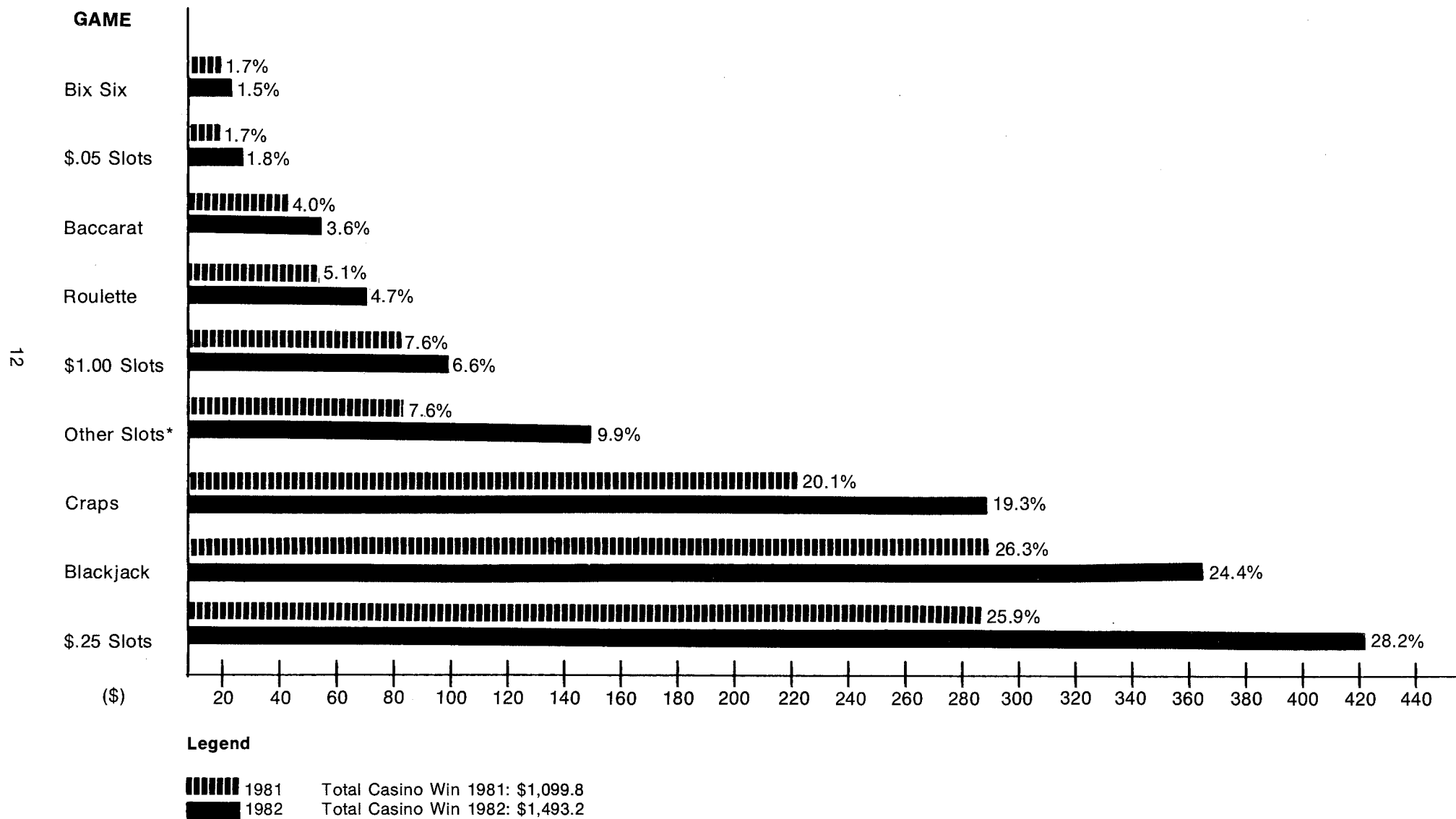
c. Number of temporary key licenses granted from May 1980 through December 1982.

d. Number of temporary casino licenses granted from September 1980 through December 1982.

e. Number of temporary gaming school licenses granted from June 1980 through December 1982.

THE NEW JERSEY CASINO INDUSTRY COMPARISON OF CONTRIBUTION TO TOTAL CASINO WIN BY AUTHORIZED GAME FOR THE YEARS 1982 AND 1981

(\$ in Millions)



*Includes \$.10 and \$.50 slot machines and all denominations of progressive, video poker, video blackjack, video dice and big bertha slot machines. (Video dice and big bertha slot machines were introduced during 1982.)

**THE NEW JERSEY CASINO INDUSTRY
NUMBER OF EMPLOYEES
AS OF DECEMBER 31,**

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Resorts*	3,226	4,354	4,441	3,858	3,938
Caesars	—	3,863	3,955	3,251	3,198
Bally	—	3,084	3,695	3,486	3,569
Sands	—	—	2,594	2,430	2,532
Harrah's	—	—	3,516	3,185	3,361
Golden Nugget	—	—	2,950	2,942	3,058
Playboy	—	—	—	3,019	3,260
Claridge	—	—	—	2,202	2,148
Tropicana*	—	—	—	3,469	3,029
TOTAL	<u><u>3,226</u></u>	<u><u>11,301</u></u>	<u><u>21,151</u></u>	<u><u>27,842</u></u>	<u><u>28,093</u></u>

*For the fiscal year ended on or about December 31.

**THE NEW JERSEY CASINO INDUSTRY
HOTEL ROOMS
AS OF DECEMBER 31,**

<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
724	1,572	3,257	4,781	4,770

**THE NEW JERSEY CASINO INDUSTRY
CONVENTION SPACE IN SQUARE FEET
AS OF DECEMBER 31,**

<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
50,125	96,300	178,863	268,651	266,561

**THE NEW JERSEY CASINO INDUSTRY
GROSS REVENUE AND RELATED TAX
MAY 26, 1978 THROUGH DECEMBER 31, 1982**

<u>Casino-Hotel</u>	<u>Revenue</u>	<u>Number of Days in Operation</u>	<u>Daily Average Revenue</u>	<u>Adjustment for Uncollectibles</u>	<u>Gross Revenue after Adjustment</u>	<u>Tax</u>
Resorts						
1982	\$ 215,475,611	365	\$ 590,344	\$ 3,560,855	\$ 211,914,756	\$ 16,953,180
1981	186,527,689	365	\$ 511,035	1,333,093	185,194,596	14,815,568
1980	212,317,173	366	\$ 580,102	5,029,472	207,287,701	23,420,553 ^a
1979	232,945,748	365	\$ 638,208	655,908	232,289,840	23,362,060
1978	134,073,445	220	\$ 609,425	400,000	133,673,445	10,693,876
Total	<u>\$ 981,339,666</u>	<u>1,681</u>	<u>\$ 583,783</u>	<u>\$10,979,328</u>	<u>\$ 970,360,338</u>	<u>\$ 89,245,237</u>
Caesars						
1982	\$ 194,203,214	365	\$ 532,064	\$ 4,392,000	\$ 189,811,214	\$ 15,184,897
1981	194,094,699	365	\$ 531,766	6,313,695	187,781,004	15,022,480
1980	208,788,576	366	\$ 570,461	6,866,199	201,922,377	22,359,921
1979	91,283,224	189	\$ 482,980	345,000	90,938,224	10,879,678
Total	<u>\$ 688,369,713</u>	<u>1,285</u>	<u>\$ 535,696</u>	<u>\$17,916,894</u>	<u>\$ 670,452,819</u>	<u>\$ 63,446,976</u>
Bally						
1982	\$ 196,421,937	365	\$ 538,142	\$ 1,651,845	\$ 194,770,092	\$ 15,581,607
1981	188,834,435	365	\$ 517,355	4,335,055	184,499,380	14,759,950
1980	181,524,144	366	\$ 495,968	7,240,000	174,284,144	19,202,469
1979	1,251,559	3	\$ 417,186	10,000	1,241,559	148,987
Total	<u>\$ 568,032,075</u>	<u>1,099</u>	<u>\$ 516,863</u>	<u>\$13,236,900</u>	<u>\$ 554,795,175</u>	<u>\$ 49,693,013</u>
Sands						
1982	\$ 145,715,455	365	\$ 399,220	\$ 4,175,865	\$ 141,539,590	\$ 11,345,620 ^b
1981	92,181,056	365	\$ 252,551	2,034,000	90,147,056	7,211,764
1980	27,277,791	141	\$ 193,460	0	27,277,791	2,627,207
Total	<u>\$ 265,174,302</u>	<u>871</u>	<u>\$ 304,448</u>	<u>\$ 6,209,865</u>	<u>\$ 258,964,437</u>	<u>\$ 21,184,591</u>
Harrah's						
1982	\$ 175,695,745	365	\$ 481,358	\$ 1,445,920	\$ 174,249,825	\$ 13,939,986
1981	142,531,544	365	\$ 390,497	1,200,000	141,331,544	11,306,524
1980	7,805,706	39	\$ 200,146	0	7,805,706	628,522
Total	<u>\$ 326,032,995</u>	<u>769</u>	<u>\$ 423,970</u>	<u>\$ 2,645,920</u>	<u>\$ 323,387,075</u>	<u>\$ 25,875,032</u>

^aIncludes a \$319,392 penalty imposed by the Casino Control Commission and paid by Resorts.

^bIncludes \$19,653 in delinquent taxes and \$2,800 in interest paid by Sands.

**THE NEW JERSEY CASINO INDUSTRY
GROSS REVENUE AND RELATED TAX
MAY 26, 1978 THROUGH DECEMBER 31, 1982**

Casino-Hotel	Revenue	Number of Days in Operation	Daily Average Revenue	Adjustment for Uncollectibles	Gross Revenue after Adjustment	Tax
Golden Nugget						
1982	\$ 184,686,846	365	\$ 505,991	\$ 2,371,000	\$ 182,315,846	\$ 14,585,268
1981	157,538,341	365	\$ 431,612	997,500	156,540,841	12,523,267
1980	4,959,855	20	\$ 247,993	0	4,959,855	396,788
Total	<u>\$ 347,185,042</u>	<u>750</u>	<u>\$ 462,913</u>	<u>\$ 3,368,500</u>	<u>\$ 343,816,542</u>	<u>\$ 27,505,323</u>
Playboy						
1982	\$ 141,651,221	365	\$ 388,086	\$ 4,056,000	\$ 137,595,221	\$ 11,007,618
1981	93,889,449	262	\$ 358,357	1,800,165	92,089,284	7,367,143
Total	<u>\$ 235,540,670</u>	<u>627</u>	<u>\$ 375,663</u>	<u>\$ 5,856,165</u>	<u>\$ 229,684,505</u>	<u>\$ 18,374,761</u>
Claridge						
1982	\$ 89,593,743	365	\$ 245,462	\$ 1,624,842	\$ 87,968,901	\$ 7,037,512
1981	33,004,304	162	\$ 203,730	297,950	32,706,354	2,616,508
Total	<u>\$ 122,598,047</u>	<u>527</u>	<u>\$ 232,634</u>	<u>\$ 1,922,792</u>	<u>\$ 120,675,255</u>	<u>\$ 9,654,020</u>
Tropicana						
1982	\$ 149,720,309	365	\$ 410,193	\$ 2,160,919	\$ 147,559,390	\$ 11,804,751
1981	11,181,245	36	\$ 310,590	154,280	11,026,965	882,157
Total	<u>\$ 160,901,554</u>	<u>401</u>	<u>\$ 401,251</u>	<u>\$ 2,315,199</u>	<u>\$ 158,586,355</u>	<u>\$ 12,686,908</u>
Industry Total						
1982	\$1,493,164,081	365	\$4,090,860	\$25,439,246	\$1,467,724,835	\$117,440,439 ^{b,c}
1981	1,099,782,762	365	\$3,013,103	18,465,738	1,081,317,024	86,505,361
1980	642,673,245	366	\$1,755,938	19,135,671	623,537,574	68,635,460 ^a
1979	325,480,531	365	\$ 891,727	1,010,908	324,469,623	34,390,725
1978	134,073,445	220	\$ 609,425	400,000	133,673,445	10,693,876
Total	<u>\$3,695,174,064</u>	<u>1,681</u>	<u>\$2,198,200</u>	<u>\$64,451,563</u>	<u>\$3,630,722,501</u>	<u>\$317,665,861^{a,b,c}</u>

^aIncludes a \$319,392 penalty imposed by the Casino Control Commission and paid by Resorts.

^bIncludes \$19,653 in delinquent taxes and \$2,800 in interest paid by Sands.

^cDoes not include \$2,114,401 interest earned from April through December 1982.

**THE NEW JERSEY
TABLE GAMES AND SLOT
AS OF DECEMBER**

	<u>Resorts</u>		<u>Caesars</u>		<u>Bally</u>		<u>Sands</u>	
	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
Table Games:								
Blackjack	84	84	63	65	90	88	59	4
Craps	20	20	26	22	22	22	16	1
Roulette	11	10	12	12	12	12	10	
Big Six	6	6	2	4	4	4	2	
Baccarat	3	3	4	3	3	3	2	
Total Table Games	<u>124</u>	<u>123</u>	<u>107</u>	<u>106</u>	<u>131</u>	<u>129</u>	<u>89</u>	<u>7</u>
Slot Machines:								
\$.05 slot machines	135	93	70	100	136	123	64	6
\$.25 slot machines	1,071	1,160	919	758	1,133	1,136	622	62
\$1.00 slot machines	309	316	105	182	130	143	56	4
Other slot machines*	234	180	270	318	208	198	308	14
Total Slot Machines	<u>1,749</u>	<u>1,749</u>	<u>1,364</u>	<u>1,358</u>	<u>1,607</u>	<u>1,600</u>	<u>1,050</u>	<u>88</u>
Casino Square Footage	<u>60,000</u>	<u>60,000</u>	<u>49,061</u>	<u>48,045</u>	<u>60,000</u>	<u>60,000</u>	<u>38,336</u>	<u>32,29</u>

*Includes \$.10 and \$.50 slot machines and all denominations of progressive, video poker, video blackjack, video dice and

**CASINO INDUSTRY
MACHINES IN OPERATION
31, 1982 AND 1981**

	Harrah's		Golden Nugget		Playboy		Claridge		Tropicana		Total Industry	
	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981
8	68	80	61	62	76	81	44	48	76	76	621	632
4	18	18	18	14	14	18	12	13	18	18	164	159
8	12	12	10	12	12	16	8	8	15	16	102	106
2	3	4	4	4	3	3	2	2	4	4	30	33
2	2	2	2	2	3	3	2	2	3	2	24	22
4	<u>103</u>	<u>116</u>	<u>95</u>	<u>94</u>	<u>108</u>	<u>121</u>	<u>68</u>	<u>73</u>	<u>116</u>	<u>116</u>	<u>941</u>	<u>952</u>
8	66	59	63	62	74	68	81	65	76	70	765	708
3	724	643	810	828	1,070	840	623	589	1,097	903	8,069	7,480
4	228	208	135	177	62	109	63	76	105	120	1,193	1,375
5	287	220	188	139	228	186	87	120	224	296	2,034	1,802
0	<u>1,305</u>	<u>1,130</u>	<u>1,196</u>	<u>1,206</u>	<u>1,434</u>	<u>1,203</u>	<u>854</u>	<u>850</u>	<u>1,502</u>	<u>1,389</u>	<u>12,061</u>	<u>11,365</u>
6	<u>44,698</u>	<u>44,090</u>	<u>40,662</u>	<u>40,662</u>	<u>52,313</u>	<u>51,823</u>	<u>29,950</u>	<u>28,982</u>	<u>50,795</u>	<u>46,305</u>	<u>425,815</u>	<u>412,143</u>

big bertha slot machines. (Video dice and big bertha slot machines were introduced during 1982.)

**THE NEW JERSEY CASINO INDUSTRY
BUS STATISTICS
FOR THE YEARS 1982 and 1981**

	Number of Buses		Number of Passengers	
	1982	1981 ^a	1982	1981 ^a
January	16,341	11,837	404,707	386,939
February	21,570	13,590	610,876	494,552
March	25,283	12,772	758,641	463,058
April	23,464	11,502	685,313	342,577
May	25,584	14,375	789,541	447,971
June	28,126	17,735	882,195	609,210
July	28,562	16,211	866,990	509,583
August	30,770	18,979	964,815	557,870
September	30,339	19,398	941,086	576,756
October	31,605	20,274	1,024,440	589,765
November	29,296	19,719	927,493	554,683
December	20,947	15,960	631,445	365,562
Total	<u>311,887</u>	<u>192,352</u>	<u>9,487,542</u>	<u>5,898,526</u>

^aAs of April 14, 1981, seven casinos were in operation.

As of July 23, 1981, eight casinos were in operation.

As of November 26, 1981, nine casinos were in operation.

**THE NEW JERSEY CASINO INDUSTRY
FIXED ASSET INVESTMENT IN ATLANTIC CITY¹
AS OF DECEMBER 31,**

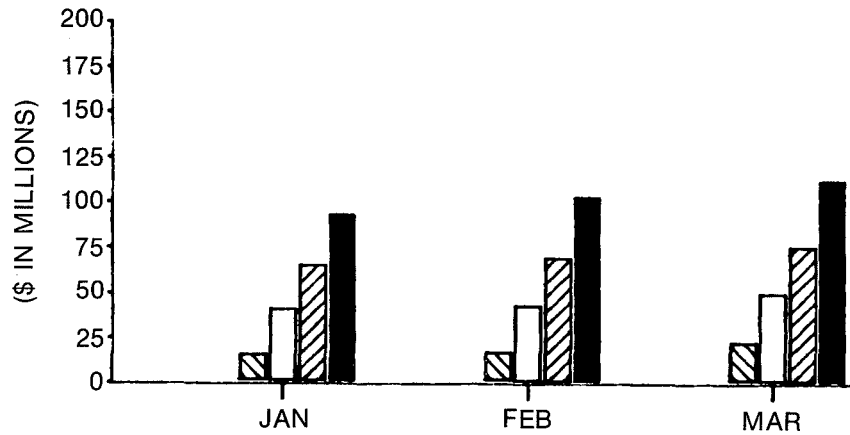
	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Resorts ²	\$52,568,737	\$ 94,257,182	\$135,836,173	\$ 156,193,995	\$ 185,495,159
Caesars	—	101,931,091	114,093,205	120,018,503	126,982,727
Bally	—	274,760,570	307,531,387	308,999,736	313,912,772
Sands	—	—	71,113,214	76,735,638	90,273,706
Harrah's	—	—	102,027,208	125,922,771	141,356,055
Golden Nugget	—	—	127,553,622	136,899,675	176,833,115
Playboy	—	—	—	142,031,843	147,967,767
Claridge	—	—	—	142,445,509	144,955,646
Tropicana ²	—	—	—	291,921,745	286,521,398
TOTAL	<u>\$52,568,737</u>	<u>\$470,948,843</u>	<u>\$858,154,809</u>	<u>\$1,501,169,415</u>	<u>\$1,614,298,345</u>

¹The fixed asset investment represents property and equipment before accumulated depreciation as reported by each casino licensee.

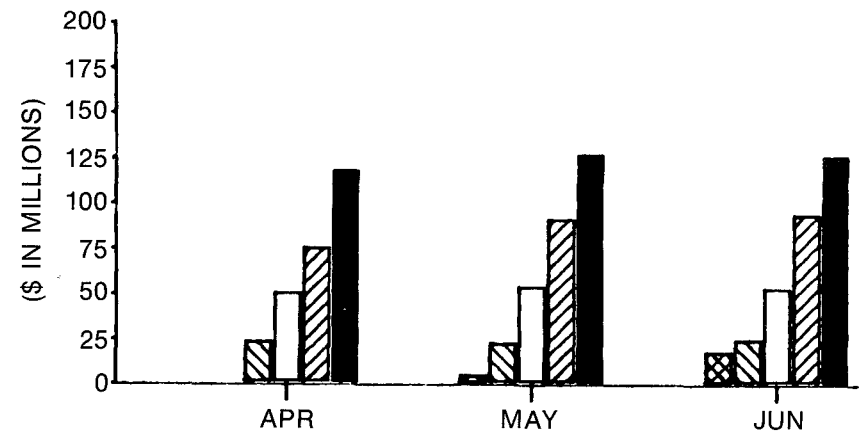
²For the fiscal year ended on or about December 31.

**THE NEW JERSEY CASINO INDUSTRY
TOTAL CASINO WIN
MAY 26, 1978 THROUGH DECEMBER 31, 1982**

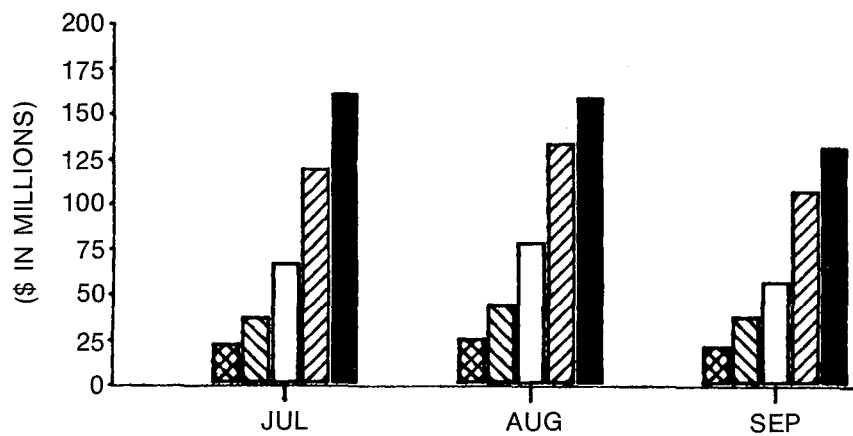
FIRST QUARTER



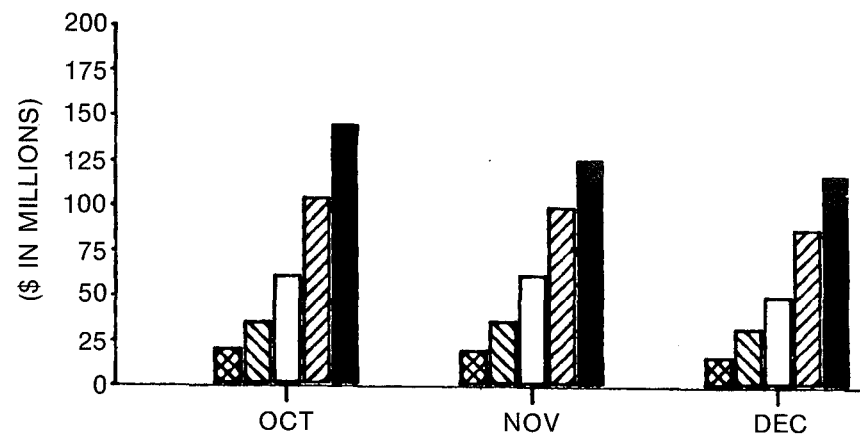
SECOND QUARTER



THIRD QUARTER



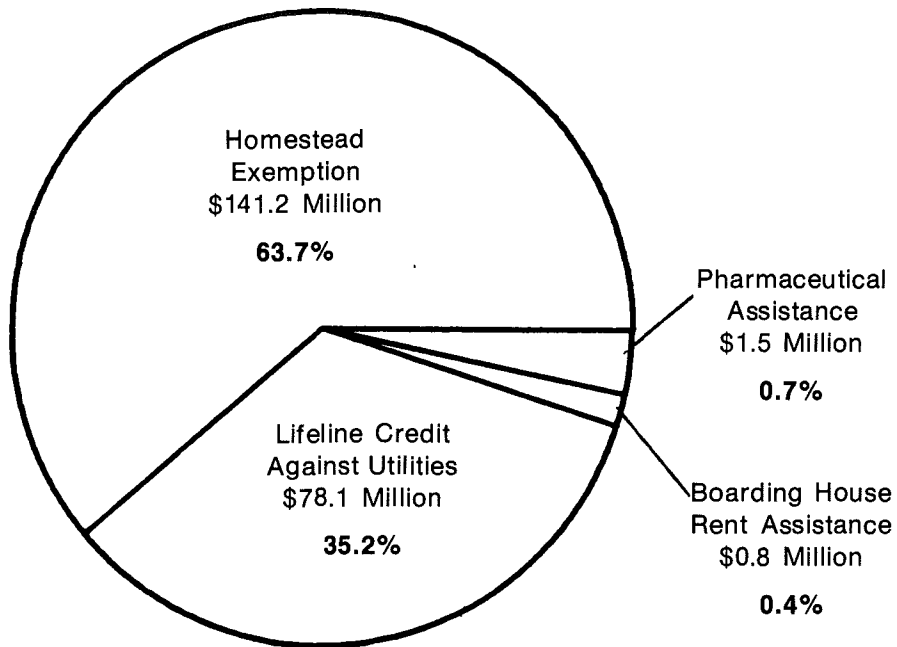
FOURTH QUARTER



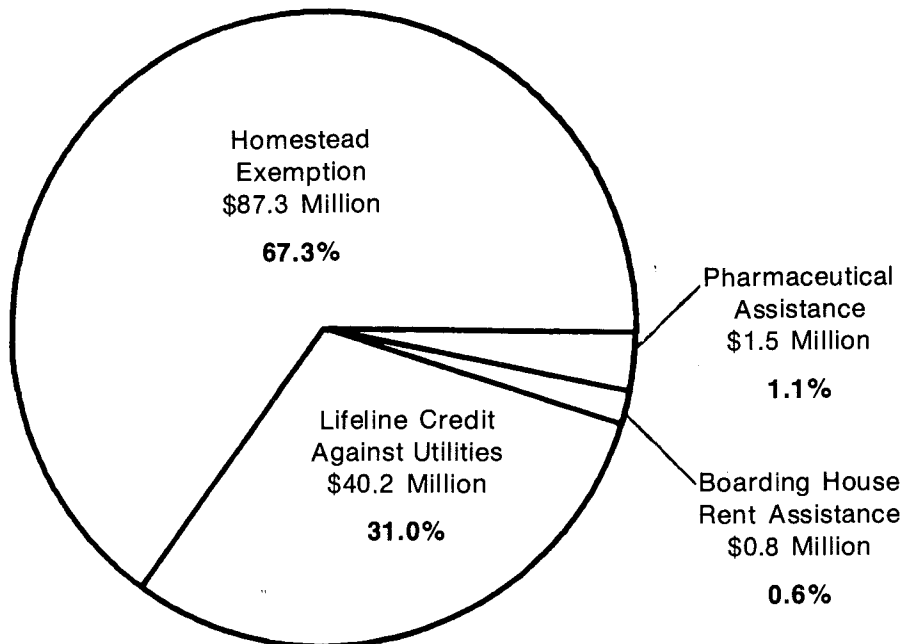
1978 1979 1980 1981 1982
 (cross-hatched) (diagonal lines) (white) (diagonal lines) (solid black)

**CASINO REVENUE FUND DISBURSEMENTS
(\$ IN MILLIONS)**

MAY 26, 1978 THROUGH JUNE 30, 1982



JULY 1, 1981 THROUGH JUNE 30, 1982



LEGISLATIVE SERVICES COMMISSION

CARMEN A. ORECHIO
CHAIRMAN

ROBERT E. LITTELL
VICE-CHAIRMAN



State of New Jersey

OFFICE OF LEGISLATIVE SERVICES

DIVISION OF STATE AUDITING

STATE HOUSE ANNEX, CN-067

TRENTON, NEW JERSEY 08625

TELEPHONE: (609) 292-6430

December 22, 1982

JAMES J. DOLAN
STATE AUDITOR

MATTHEW FELDMAN
WALTER E. FORAN
GARRETT W. HAGEDORN
JOSEPH HIRKALA
BRIAN T. KENNEDY
JOHN F. RUSSO
JAMES P. VREELAND, JR.
JOHN PAUL DOYLE
DEAN A. GALLO
CHRISTOPHER J. JACKMAN
ALAN J. KARCHER
DENNIS L. RILEY
ANTHONY M. VILLANE, JR.
KARL WEIDEL

TO: Honorable Thomas H. Kean
Governor of New Jersey

Honorable Carmen A. Orechio
President of the Senate

Honorable Alan J. Karcher
Speaker of the General Assembly

Mr. Samuel A. Alito
Executive Director
Office of Legislative Services

Gentlemen:

We have examined the balance sheet of the Casino Control Fund, of the State of New Jersey as of June 30, 1982 and 1981, and the related statements of revenues, expenditures, and changes in fund balances; revenues, expenditures, and changes in fund balances, budget and actual - budgetary basis for the years then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records, and such other auditing procedures as we considered necessary in the circumstances.

As discussed in Note 13 to the financial statements, there are presently two suits pending against the Casino Control Fund. The ultimate outcome of these suits cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

In our opinion, subject to the effect on the financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainty referred to in the preceding paragraph been known, the accompanying financial statements present fairly the financial position of the Casino Control Fund as of June 30, 1982 and 1981 and the results of operations for the years then ended in conformity with generally accepted accounting principles, applied on a consistent basis.

The examination was performed and this report is submitted pursuant to the State Auditor's audit responsibilities as set forth in Article VII, Section 1.6 of the State Constitution, and N.J.S.A. 52:24-4, Legislative Services Law of 1978.

Respectfully submitted,

A handwritten signature in cursive script that reads "James J. Dolan".
James J. Dolan
State Auditor

**STATE OF NEW JERSEY
CASINO CONTROL FUND
BALANCE SHEET
JUNE 30, 1982 AND 1981**

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

	<u>1982</u>	<u>1981</u>
Assets		
Accounts Receivable: (Note 3)	\$ 4,042.8	\$2,869.3
Less Allowance for Doubtful Accounts	(705.4)	(416.0)
Net Accounts Receivable	3,337.4	2,453.3
Due from General Fund (Note 6)	—	244.3
Total Assets	<u>\$ 3,337.4</u>	<u>\$2,697.6</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable (Note 7)	\$ 4,471.6	\$1,884.3
Due to General Fund (Note 6)	3,065.6	—
Other (Note 1)	.1	.5
Total Liabilities	7,537.3	1,884.8
Fund Balances: (Note 1)		
Reserved:		
Reserved for Encumbrances—Current	753.0	789.1
Reserved for Encumbrances—Prior Years	108.4	114.7
Unreserved:		
Designated for Subsequent Years' Expenditures	—	.4
Undesignated	(5,061.3)	(91.4)
Total Fund Balances	<u>(4,199.9)</u>	<u>812.8</u>
Total Liabilities and Fund Balances	<u>\$ 3,337.4</u>	<u>\$2,697.6</u>

() Denotes minus figures

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, 1982 AND 1981**

**EXHIBIT II
(in \$000)**

	<u>1982</u>	<u>1981</u>
Revenues:		
Licenses		
Casino	\$13,206.4	\$11,989.4
Casino Employees	3,924.8	3,949.6
Slot Machine	5,219.5	3,396.3
Casino Service Industry	818.8	862.9
Alcoholic Beverage	763.6	663.8
Work Permits	1,633.8	1,431.3
Special Assessment	—	8,004.4
Fines and Penalties	62.1	225.0
Other Revenues	68.5	18.3
Total Revenues	<u>25,697.5</u>	<u>30,541.0</u>
Expenditures:		
Public Safety and Criminal Justice		
(Division of Gaming Enforcement—Schedule 1)	18,070.4	14,721.3
Government Direction, Management and Control		
(Casino Control Commission—Schedule 1)	12,571.7	8,418.3
Total Expenditures	<u>30,642.1</u>	<u>23,139.6</u>
Other Decreases:		
Interest (Note 11)	68.1	267.0
Total Other Decreases	<u>68.1</u>	<u>267.0</u>
Total Expenditures and Other Decreases	<u>30,710.2</u>	<u>23,406.6</u>
Net Increase (Decrease) in Fund		
Balances for the Year	(5,012.7)	7,134.4
Fund Balances—Beginning of Period	812.8	(6,321.6)
Fund Balances—End of Period	<u>\$ (4,199.9)</u>	<u>\$ 812.8</u>

() Denotes minus figures

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, 1982**

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

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:					
Licenses					
Casino	\$13,206.4	\$ —	\$13,206.4	\$17,820.0	\$(4,613.6)
Casino Employees	3,924.8	—	3,924.8	2,998.7	926.1
Slot Machine	5,219.5	—	5,219.5	5,157.7	61.8
Casino Service Industry	818.8	—	818.8	433.5	385.3
Alcoholic Beverage	763.6	—	763.6	900.0	(136.4)
Work Permits	1,633.8	—	1,633.8	2,605.0	(971.2)
Special Assessment	—	—	—	—	—
Fines and Penalties	62.1	—	62.1	—	62.1
Other Revenues	68.5	—	68.5	50.0	18.5
Total Revenues	<u>25,697.5</u>	<u>—</u>	<u>25,697.5</u>	<u>29,964.9</u>	<u>(4,267.4)</u>
Expenditures:					
Public Safety and Criminal Justice (Division of Gaming Enforcement—Schedule I)	18,070.4	(362.2)	17,708.2	18,394.4	686.2
Government Direction, Management and Control (Casino Control Commission— Schedule I)	<u>12,571.7</u>	<u>525.1</u>	<u>13,096.8</u>	<u>13,170.9</u>	<u>74.1</u>
Total Expenditures	<u>30,642.1</u>	<u>162.9</u>	<u>30,805.0</u>	<u>31,565.3</u>	<u>760.3</u>
Other Decreases:					
Interest (Note 11)	<u>68.1</u>	<u>—</u>	<u>68.1</u>	<u>—</u>	<u>(68.1)</u>
Total Other Decreases	<u>68.1</u>	<u>—</u>	<u>68.1</u>	<u>—</u>	<u>(68.1)</u>
Total Expenditures and Other Decreases	<u>30,710.2</u>	<u>162.9</u>	<u>30,873.1</u>	<u>31,565.3</u>	<u>692.2</u>
Net Increase (Decrease) in Fund Balances for the Year	<u><u>\$(5,012.7)</u></u>	<u><u>\$(162.9)</u></u>	<u><u>\$(5,175.6)</u></u>	<u><u>\$(1,600.4)</u></u>	<u><u>\$(3,575.2)</u></u>

() Denotes Minus Figures

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, 1981**

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

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:					
Licenses					
Casino	\$11,989.4	\$ —	\$11,989.4	\$13,608.8	\$(1,619.4)
Casino Employees	3,949.6	—	3,949.6	2,715.5	1,234.1
Slot Machine	3,396.3	—	3,396.3	4,000.0	(603.7)
Casino Service Industry	862.9	—	862.9	200.0	662.9
Alcoholic Beverage	663.8	—	663.8	490.0	173.8
Work Permits	1,431.3	—	1,431.3	450.0	981.3
Special Assessment	8,004.4	—	8,004.4	8,004.4	—
Fines and Penalties	225.0	—	225.0	—	225.0
Other Revenues	18.3	—	18.3	—	18.3
Total Revenues	<u>30,541.0</u>	<u>—</u>	<u>30,541.0</u>	<u>29,468.7</u>	<u>1,072.3</u>
Expenditures:					
Public Safety and Criminal Justice (Division of Gaming Enforcement—Schedule I)	14,721.3	(807.3)	13,914.0	14,000.0	86.0
Government Direction, Management and Control (Casino Control Commission— Schedule I)	<u>8,418.3</u>	<u>205.9</u>	<u>8,624.2</u>	<u>8,629.3</u>	<u>5.1</u>
Total Expenditures	<u>23,139.6</u>	<u>(601.4)</u>	<u>22,538.2</u>	<u>22,629.3</u>	<u>91.1</u>
Other Decreases:					
Interest (Note 11)	<u>267.0</u>	<u>—</u>	<u>267.0</u>	<u>—</u>	<u>(267.0)</u>
Total Other Decreases	<u>267.0</u>	<u>—</u>	<u>267.0</u>	<u>—</u>	<u>(267.0)</u>
Total Expenditures and Other Decreases	<u>23,406.6</u>	<u>(601.4)</u>	<u>22,805.2</u>	<u>22,629.3</u>	<u>(175.9)</u>
Net Increase (Decrease) in Fund Balances for the Year	<u>\$ 7,134.4</u>	<u>\$ 601.4</u>	<u>\$ 7,735.8</u>	<u>\$ 6,839.4</u>	<u>\$ 896.4</u>

SEE NOTES TO FINANCIAL STATEMENTS

**STATE OF NEW JERSEY
CASINO CONTROL FUND
EXPENDITURES DETAIL
FISCAL YEARS ENDED JUNE 30, 1982 AND 1981**

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

	1982		1981	
	Government Direction, Management and Control	Public Safety and Criminal Justice	Government Direction, Management and Control	Public Safety and Criminal Justice
Expenditures:				
Salaries	\$ 7,637.6	\$ 9,293.4	\$5,269.8	\$ 7,554.5
Payroll Taxes and Employee Benefits	1,538.7	2,409.3	1,008.8	1,640.5
Printing and Office Supplies	258.1	316.0	153.6	237.0
Vehicular Supplies	.5	560.4	.8	362.0
Travel	73.8	24.4	59.1	26.3
Telephone	212.3	445.1	127.5	340.0
Data Processing	422.5	293.9	190.9	375.6
Professional Services	396.1	478.5	343.3	750.5
Other Services Other Than Personal	398.4	844.2	124.4	771.7
Rent—Facilities	623.6	1,377.7	503.9	226.2
Rent—Automobiles	95.6	637.3	41.8	512.2
Rent—Other	40.0	98.1	40.6	97.2
Indirect Costs (Note 8)	363.1	947.9	179.1	1,001.2
Office Equipment	413.7	121.0	284.7	572.4
Other Expenditures	97.7	223.2	90.0	254.0
Total Expenditures	<u>\$12,571.7</u>	<u>\$18,070.4</u>	<u>\$8,418.3</u>	<u>\$14,721.3</u>

SEE NOTES TO FINANCIAL STATEMENTS

**STATE OF NEW JERSEY
CASINO CONTROL FUND**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 1982 AND 1981**

NOTE 1—Summary of Significant Accounting Policies

A. Fund Accounting

The National Council on Governmental Accounting in its publication entitled *Statement 1—Governmental Accounting and Financial Reporting Principles* defines a fund as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, and limitations. These statements reflect financial reporting practices in accordance with that definition.

Special Revenue Funds

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

The Casino Control Fund (*N.J.S.A. 54:12-143*) is used to account for fees from the issuance and annual renewal of casino licenses. Appropriations are made to fund the operations of the Casino Control Commission and the Division of Gaming Enforcement.

B. Basis of Accounting

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

Special Revenue Funds are 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. Material revenues susceptible to accrual would include casino license fees.

Refunds of revenue applicable to June 30 but paid subsequently are recognized as a liability and as a reduction of revenue.

Appropriations are authorized by an act of the Legislature for expenditures during the fiscal year and for a period of one month thereafter. Expenditures are recorded on an accrual basis when the

related liability is incurred. Modifications to the accrual basis of accounting include:

- a. Disbursements for prepaid expenses, inventory items, and fixed assets are recorded as expenditures when incurred.
- b. Accumulated unpaid vacation and sick pay are not accrued.

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

C. Revenue and Expenditure Budgets

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

- a. The Annual Appropriations Acts approved June 30, 1981 for Fiscal Year 1982, June 30, 1980 for Fiscal Year 1981, and various supplemental appropriations acts approved during the fiscal year.
- b. Reappropriations (authorized by the Annual Appropriations Act) of prior year funds which are available for expenditure in the current year.

The above items provided the following amounts for the Fiscal Year 1982 and 1981 budgets (in \$000).

	Revenue and Other Increases	
	<u>1982</u>	<u>1981</u>
Annual Appropriations Act	\$29,964.9	\$29,468.7
Totals	<u>\$29,964.9</u>	<u>\$29,468.7</u>
	Expenditures and Other Decreases	
	<u>1982</u>	<u>1981</u>
Annual Appropriations Act	\$31,565.3	\$22,625.0
Reappropriations	—	4.3
Totals	<u>\$31,565.3</u>	<u>\$22,629.3</u>

Budgetary control is maintained at the program unit level.

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

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

conformance with generally accepted accounting principles (GAAP). The main difference between the budgetary basis and the GAAP basis is that under the budgetary basis encumbrances are recognized as expenditures. There were no expenditures in excess of appropriations in the Casino Control Fund.

D. Fixed Assets

The State owns extensive fixed assets consisting of: (1) land, (2) office buildings, educational facilities, etc., and (3) equipment used in data processing, offices, etc. Since Special Revenue Funds are accounted for on a spending or financial-flow measurement focus, only current assets and current liabilities are included in the balance sheet. Fixed assets are, therefore, recorded as expenditures at the time of acquisition and are not included as assets of the Special Revenue Funds.

E. Fund Balances

The fund balances of the Casino Control Fund consist of:

- a. **Reserved for encumbrances**—used to segregate a portion of fund balance to provide for expenditure upon vendor performance of purchase agreements.
- b. **Unreserved—Designated for subsequent years' expenditures**—used to represent that portion of the fund balance available to finance expenditures of the subsequent period.
- c. **Unreserved—Undesignated**—used to represent that portion of fund balance resources available for appropriation.

F. Other

Other significant accounting practices are described in Notes 2 to 12.

NOTE 2—Cash

Cash transactions of the Casino Control Fund are made through and by 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 respective Due From or Due To Accounts on the Balance Sheet.

NOTE 3—Departmental Accounts Receivable

Departmental accounts receivable include amounts which were substantially collected within the one-month period subsequent to June 30. Amounts included in these receivables but not collected within the one-month period subsequent to June 30 are deemed to be collectible.

NOTE 4—Investments

The Casino Control Fund does not maintain a separate investment account. Since cash transactions are handled by and through the General Fund as described in Note 2, any available cash balance for this fund resides in the General Fund

and is combined with other balances for either participation in the State of New Jersey Cash Management Fund or direct investment as part of the General Fund large scale investment program. Investment earnings accrue to the General Fund.

NOTE 5—General Fixed Assets

General Fixed Assets are recorded as expenditures at the time of acquisition. This accounting treatment is in conformance with *Statement 1—Governmental Accounting and Financial Reporting Principles* which states the primary purposes for a governmental fund accounting (Special Revenue Fund) are to reflect its revenues and expenditures—the sources and uses of its financial resources—and its assets and related liabilities, and net financial resources available for subsequent appropriation and expenditure. General Fixed Assets do not represent financial resources available for expenditure but are items for which financial resources have been used.

NOTE 6—Interfund Receivables and Payables

Interfund receivables and payables are referred to respectively as due from other funds and due to other funds on the Balance Sheet. A summary of interfund receivables and payables for the Casino Control Fund at June 30, 1982 and 1981 is shown below (in \$000).

	June 30, 1982	
	Due from Other Funds	Due to Other Funds
General Fund	\$-0-	\$3,065.6

	June 30, 1981	
	Due from Other Funds	Due to Other Funds
	\$244.3	\$-0-

NOTE 7—Accounts Payable

Accounts payable for the Casino Control Fund represents amounts due for goods and services that were received by the State prior to fiscal year-end and were paid during the one-month period subsequent to fiscal year-end.

NOTE 8—Indirect Costs

The Departments of the Treasury and of Law and Public Safety annually allocate a portion of their expenses (based on services provided) to the Casino Control Commission and the Division of Gaming Enforcement.

NOTE 9—Accumulated Unpaid Vacation and Sick Leave

At June 30, 1982 and 1981, unpaid vacation was not in excess of a normal year's accumulation.

Full time State employees earn 15 days of sick

leave credits each year, with no maximum accumulation limit. Upon retirement, cash payments are made equal to 50% of the employee's sick leave accumulated, not to exceed \$12,000. Funds for this purpose are appropriated annually. At June 30, 1982 and 1981, the estimated value of unused sick leave is approximately \$1,224,900 and \$800,000, respectively.

NOTE 10—Fund Balance

The deficit fund balance in the Casino Control Fund results from expenditures in excess of revenues. Pursuant to *N.J.A.C. 19:41-9.1*, a special assessment to the casino industry was made in the amount of \$4.2 million and payment is due by December 31, 1982 (See Note 14). As of December 31, 1982, all nine operating casinos had remitted their assessments.

NOTE 11—Interest

Pursuant to the Annual Appropriations Act, the General Fund charges interest to the Casino Control Fund for disbursements made in excess of receipts collected. The interest rate is equal to the month-end New York Federal Reserve Discount Rate charged to banks. During Fiscal Year 1982 the interest rate varied from 12% to 14% and the interest charged to the Casino Control Fund amounted to \$68,000. For Fiscal Year 1981 the interest rate charged varied from 10% to 14% and the amount charged for Fiscal Year 1981 amounted to \$267,000.

NOTE 12—Special Assessment

Pursuant to *N.J.A.C. 19:41-9.1*, a special assessment of \$8,004,400 was made to 20 casinos in operation or with applications pending as of July 1, 1980, to be paid by December 31, 1980. As of June 30, 1981, 17 casinos have paid \$7,682,900, and there is an accounts receivable for three casinos for \$321,500 still outstanding as of June 30, 1982 (See Note 13).

NOTE 13—Contingent Liability

The \$8 million assessment has been protested by the representatives of the casino industry at a Casino Control Commission special hearing. Since the Commission's decision is subject to legal decision, the ultimate disposition of this matter cannot be predicted.

In addition, two casino license applicants have requested a refund of their \$100,000 nonrefundable deposits that were paid to the Casino Control Fund pursuant to *N.J.S.A. 5:12-139c*. This matter is currently in litigation, and the outcome cannot be predicted.

NOTE 14—Subsequent Events

On November 29, 1982, each of the nine operating casinos was assessed a portion of the June 30, 1982 deficit fund balance of \$4,199,900 to be paid by December 31, 1982, pursuant to *N.J.A.C. 19:41-9.1*. All nine casinos had remitted their assessments by the required date.

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