



**CASINO
CONTROL
COMMISSION
1992
ANNUAL
REPORT**

*1977 - 1992
15 Years of Progress*



Gov. Brendan Byrne fielded questions from the media on May 26, 1978, the day Atlantic City's first casino hotel opened for business. On the left is then Sen. Steven Perskie. On the right is then Casino Control Commission Chairman Joseph Lordi. Perskie now serves as chairman.

Special note: This photograph appeared in the commission's first annual report.

**This Annual Report is dedicated to the memory of Joseph P. Lordi,
first chairman of the New Jersey Casino Control Commission.**

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**Governor
Jim Florio**

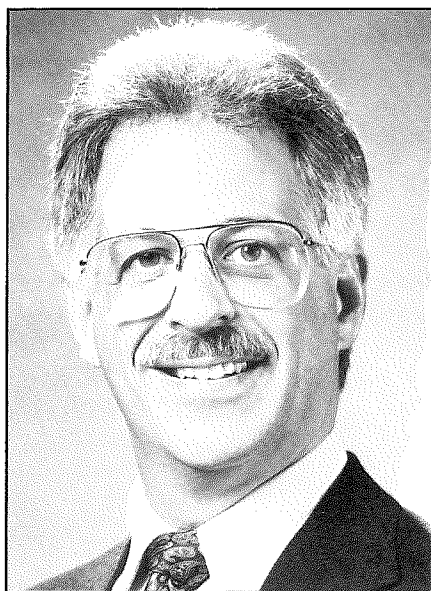
**The 1992 Annual Report of
the New Jersey
Casino Control Commission
is submitted to the Governor
and to the members
of the New Jersey Legislature**



Casino Control Commission 1992

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

CHAIRMAN'S REPORT



Steven P. Perskie

Joseph Lordi was the Essex County prosecutor in 1977 when he was asked to accept a difficult challenge: Would he agree to serve as the first chairman of the Casino Control Commission? Lordi agreed. His job was to create a new government agency while simultaneously overseeing the creation of a new private industry. It was obviously a task of herculean proportions, but no one — not even Joe Lordi — really knew just how great the challenge would be.

As he later described it: "I brought two attorneys with me from the Essex County Prosecutor's Office and, along with a secretary borrowed from Treasury, that was the entire staff for a couple of months. There was no office space for us, and we had to work out of a few rooms at The Inn of Trenton in those early days. There was only one lamp, and at 4 o'clock on those late fall afternoons, the staff gathered around to share the single 100-watt bulb."

From those inauspicious beginnings, Lordi formed an organization that quickly became the world's premier gaming regulatory agency. Today, while we now have permanent office space and an adequate supply of light bulbs, we have something else as well: a strong sense of where this agency came from, and a strong desire to maintain and burnish the Casino Control Commission's reputation as an energetic, focused agency that understands and efficiently carries out its mission.

Lordi knew what being the best meant, and what it didn't mean. It didn't mean a bureaucracy that would continue to expand exponentially. It didn't mean an agency that wrote regulations for the sake of writing regulations, without grounding those regulations in a meaningful rationale. It *did* mean a willingness to continue to monitor and review all rules and regulations to determine whether they continue to be responsive, necessary and adequate. And it meant a constant effort to find new efficiencies within the organization, to maintain fiscal discipline.

Most important, it meant a permanent, unblinking focus on this agency's primary mission: to ensure the integrity of casino gambling and of everyone who works in this industry or does business with it.

It meant all that — and it still does.

Lordi was a tough chairman who would not hesitate to use the enormous powers of the Casino Control Commission when he thought it was necessary. "We've been criticized because we played such a large role in the architectural design and construction of casino hotels," Lordi once said. "The statute, first of all, gave us that power and directed us to exercise that power. Secondly, if we did not, you would not have the first-class hotel rooms that you have now."

Lordi knew that there would be only one birth for Atlantic City's ca-

sino industry and one chance to make sure that it was done right. He also knew that the task of regulating an infant industry is far different from the task of regulating a mature industry.

He understood that many of the regulations he helped put in place would have to be modified or even repealed over time, as circumstances changed. He knew that, as the industry matured, the commission would reduce its oversight of business practices while maintaining a strict vigil over all issues related to the integrity of the operations and of the individuals who work in the industry or seek to do business with it.

That process began even before Lordi resigned in 1981.

It was during his tenure as chairman that a rule that required casino hotels to provide daily live entertainment was repealed. He supported the repeal of a regulation that required casinos to offer a certain number of \$2 and \$5 tables, and he helped ease staffing requirements for security personnel and in other areas. That process of constant review continues today.

Joe Lordi's goals were simple, but compelling: He wanted to rebuild Atlantic City. He wanted to ensure that the engine for that rebirth, casino gambling, would meet the highest standards of integrity. And he wanted to construct the finest regulatory agency that New Jersey had ever seen.

Joe Lordi presided over the first commission meeting in October 1977. He died six years later in October 1983.

dedicates this annual report to Joe Lordi's memory. More importantly, we are rededicating ourselves to meeting his goals.

That 100-watt bulb in the Inn of Trenton burned out a long time ago. But Joe Lordi's vision was built of tougher stuff. It shines on with fierce brightness, and it continues to light our way.



LEGISLATIVE CHANGES

The Legislature this year expressed a great deal of confidence in the abilities of the commission and the Division of Gaming Enforcement to do quality work and to act in the public interest. That is why lawmakers saw fit to shift authority from the Legislature to the commission in a number of key areas.

Previously, the only games authorized to be played in casinos were spelled out in the Casino Control Act. In 1991, the act was amended to give the commission authority to test new games.

This year, the commission was granted full authority to approve new games. The act was also amended to give the commission permanent authority to regulate gaming hours and to determine the percentage of casino floor space that can be devoted to slot machines.

In all these areas, the commission has exercised this newfound authority carefully and deliberately, and has always acted in a fashion that is consistent with both legislative intent and the public interest.

The act was also amended to allow patrons to cash personal checks in casinos and to receive cash complimentaries. The commission is responding to these amendments by promulgating regulations to establish procedures that govern both areas.

The commission also responded quickly to legislation that authorizes the simulcasting of horse races into casinos. Commission staff — in conjunction with the state Racing Commission and the Division of Gaming Enforcement — developed a comprehensive regulation that establishes the rules under which casinos can

receive simulcast races and accept bets on those races.

The statute and the regulations allow casinos to use space in their simulcast rooms for additional table games. Many of the legislative changes are designed to produce a larger menu of offerings for Atlantic City's tourism industry. Simulcasting, along with new games that the commission will likely approve in 1993, can help casinos tap new markets.

Commissioner Hurley Reappointed

James R. Hurley was re-appointed to a full five year term as a member of the commission in September 1992. Hurley was first appointed to the commission on Jan. 8, 1990, to replace former Chairman Walter N. Read, who had resigned.

Hurley served in the New Jersey Legislature for 22 years. He was an Assemblyman from 1966 to 1982 before being elected to the Senate where he served until he joined the commission. Hurley was elected to the position of minority leader in both houses.

He is a graduate of the University of North Carolina and resides in Millville with his wife, Walda.

YEARS OF CHANGE

The commission issued a report to the public in September that details 46 separate statutory, regulatory and administrative changes that took place between 1990 and 1992.

The title of the report, "Years of Change: 1990-1992," should not be misunderstood. It should not be inferred from that title that the years before 1990 were years of stagnation. They weren't. Nor, for that matter, will the years to come be static either.

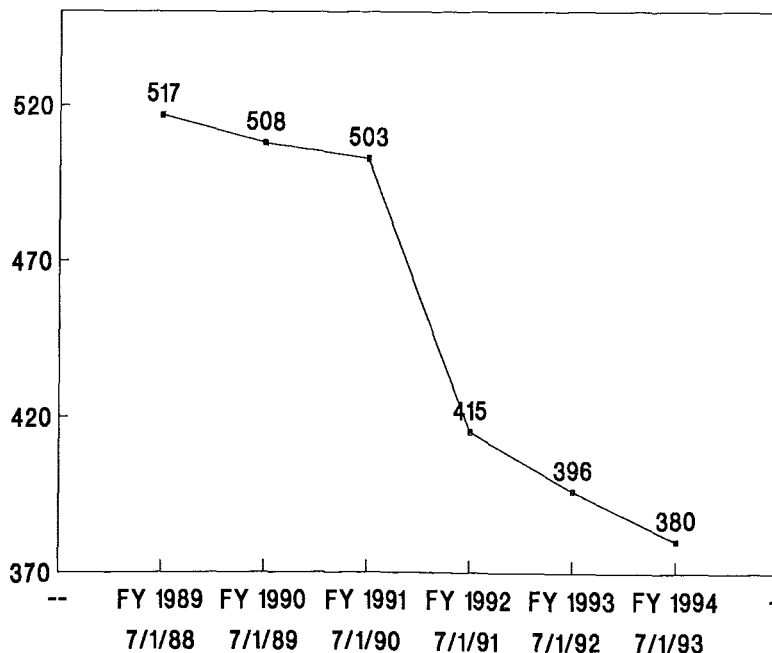
Change is a fact of life for an agency like the Casino Control Commission. As the casino industry and its economic environment grow and change, the commission must respond. Similarly, as technology changes, this agency must keep pace.

That is why, for example, the commission — with the support of the

Division of Gaming Enforcement — this year eliminated a requirement that all casinos be equipped with hidden catwalks and direct visual surveillance apertures. Significant advances in video technology eliminated the need for such a requirement. Cameras can now do the job better than direct surveillance, so the commission responded by eliminating that requirement.

That should significantly reduce the cost of construction for any new casino or for the remodeling or improvement of an existing casino. It will also give new freedom to architects and other planners who no longer have to work within the rigid confines demanded by the catwalk requirement. Their imaginations, as well as their planned casino floors, can now soar to greater heights.

Casino Control Commission Authorized Full-Time Employees



POLICY INITIATIVES

In the commission's very first annual report in 1979, Chairman Lordi made this statement: "The entire staff ... has been enthusiastic and dedicated to the immense task of effectively constructing and administering a new state agency in an entirely new field in compliance with a statute unique in the history of New Jersey. They deserve my public thanks."

While the passing years have presented the staff with many new challenges and much more responsibility, the commission's budget, which stands at \$23,075,000, has remained constant for the past two fiscal years. That represents a 14 percent drop from 1990 spending levels. Likewise, authorized staffing levels have declined from 542 positions in 1988 to 387 as of the end of 1992. At the same time, the commission is producing significantly more high quality work in much less time. As Joe Lordi noted, the commission can thank its staff for that. Their enthusiasm and dedication have not waned. And their talent has never been more visible, nor more needed, than it is today.

Division of Administration

The range of responsibilities within the Division of Administration include purchasing, agency budget preparation, records management, administrative practices, facilities maintenance, preparation for public meetings, payroll processing and management information systems.

Most recently, the commission's Office of Organizational Development was successfully merged within the Division of Administration. In addition to administering the commission's affirmative-action, upward-mobility PRIDE program, Mentor program and staff training activi-

ties, Organizational Development is now implementing the commission's Total Quality Leadership program through the recently formed TQL Advisory Council. TQL is designed to empower our employees, many of whom have direct contact with the public and the gaming industry. These front-line workers have the most detailed knowledge of the commission's policies and practices. They are often in the best position to know how we can improve our operations and the delivery of our services.

One outgrowth of our Organizational Development efforts has been the expanded use of special-project teams and committees to recommend and implement commission policy. For example, a personnel committee comprised of volunteers from throughout the agency has developed a comprehensive personnel manual of policies and procedures. Another task force was formed to produce the commission's first employee handbook and guidelines for supervisors.

Joe Lordi was one of the first to recognize the need for the commission to rely on data processing to handle a growing work load. He wrote in a March 1980 report to the Assembly State Government Committee: "During the last two years, the commission has accepted 29,000 employee license applications and has granted 15,000 employee licenses in spite of the fact that these high volume applications were granted with absolutely no automatic data processing capacity whatsoever." The commission now has that capacity, and is continually working to expand and improve it. The administration division's Management Information Systems Unit, working with the Data Processing Committee and the Licensing Division, are completing

work on a new system that will allow the commission to communicate via computer link with both the Division of Gaming Enforcement and the casino industry, and is in the process of implementing an on-line data base for all commission regulations and decisions.

Licensing Division

The commission staff continues to find new and better ways to process license applications and handle contested cases. The Employee Licensing Unit — which has processed more than 220,000 applications since 1977 and has issued more than 150,000 licenses and registrations during that 15-year period — is revising casino key employee application forms, making them shorter and easier to understand. Similarly, the Enterprise License Bureau is revising nongaming-related casino service industry license application forms for the same purpose.

The Employee Licensing Unit began a program in which some employees are being trained to work in up to seven different areas. This will give the unit more flexibility and ensure that it can continue to operate at optimum efficiency.

The Enterprise License Bureau also moved quickly in response to a change in the Casino Control Act that treats junket enterprises the same as other nongaming-related businesses. Casinos can now petition for issuance of temporary junket representative licenses, and junket enterprises need only register before they can begin bringing in junkets to Atlantic City casinos.

In 1992, the commission proved that its policy of holding in-house

hearings on contested cases, in which commissioners sit as hearing officers, did more than save the commission about \$300,000 a year. It also dramatically reduced the time it takes to process and hear a case. Under the old system, in which cases were handled by the Office of Administrative Law, it took an average of 540 days to complete action on contested cases. In 1992, the commission reduced that to 225 days, and our new system will permit even further reductions in 1993. The hearing process has also become more cost-effective through the use of a sound-recording program instead of court reporters.

Compliance Division

The compliance division moved quickly during 1992 in response to legislative changes.

The division's efforts included a new regulation that allows casinos to devote up to 75 percent of their floor space to slot machines and slot support areas, and a detailed set of provisions that implement legislation authorizing the simulcasting of horse races into casinos. The latter regulation was developed in consultation with both the New Jersey Racing Commission and the Division of Gaming Enforcement.

The compliance division also found new ways to take advantage of the expertise within the Inspection Unit and the Casino Accounting and Operations Unit. Principal inspectors, for example, now have delegated authority to approve changes in casino layouts.

At the same time, the operations unit — which has been freed from reviewing proposed floor changes —

has dramatically reduced the time it takes to review and respond to submissions and internal control procedures.

Since 1990, the unit's response time, in many cases, has been cut in half. Certain types of submissions are turned around in 15 days or less. Formerly, the unit had 90 days to complete its reviews. Although the regulation has been amended to reduce that to 60 days, the unit operates under a much tighter schedule. Staff must complete its review of progressive jackpot proposals within 30 days, cash complimentary procedures within 15 days, and tournament advertising programs within five days.

The AA/EEO Unit was one of the busiest in 1992. The unit created a directory of minority- and women-owned enterprises that seek to do business with the casino industry. It also formed an advisory group, comprised of various community representatives, that will offer input to the commission on issues relating to minorities, women and the disabled.

The unit has concentrated much of its effort, however, on the development of a new regulation designed to address the need for the casino industry to do more business with minority and women vendors, and to ensure that sufficient numbers of minorities and women are employed within the casino industry at all levels. The regulation, which the commission will consider in early 1993, will require all casino licensees and applicants to file an Equal Employment/Business Opportunity Plan with the commission. Once approved, the licensees will be expected to comply with the provisions of their plans.

Financial Evaluation

The Division of Financial Evaluation began 1992 with a mission to present a comprehensive licensing regulation that included a definition of financial stability. By the end of that year, that mission had been completed.

For the first time in its history, the commission will no longer have to deal with critical licensing issues like financial stability on an ad hoc basis. Licensees and applicants, as well as regulators, will know in advance what the standards are. A clear definition of financial stability should also prove reassuring to Wall Street and other investors in the securities issued by companies that do business in Atlantic City.

The division dramatically streamlined and simplified its reporting requirements, cutting the amount of paperwork that the casino industry must file with the commission by a full 49 percent.

The industry will also face drastically reduced assessments against uncollected costs in 1993 and in future years, thanks to work that the Division of Financial Evaluation did in 1992. Since the budgets of both the commission and the Division of Gaming Enforcement are funded by the casino industry, any expenses that exceed revenues collected from fees and hourly billings must be met through a year-end assessment against the industry.

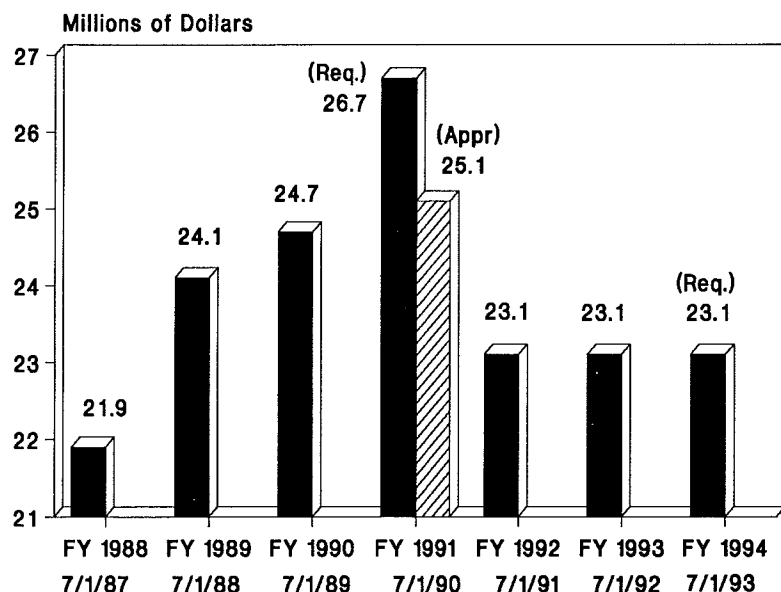
A new regulation authorizes the division director to set hourly rates that the commission and the Division of Gaming Enforcement charge for work done on behalf of casinos. Previously, those rates had been set by

regulation and could only be revised through the relatively cumbersome regulatory process.

As a result of that change, the annual assessment — which stood at \$11.7 million for fiscal year 1992 — will be reduced by approximately two-thirds.

The commission has also revised the schedule of fees that individuals and businesses pay for registrations and license applications and renewals. The commission will continue its longstanding policy to keep the fees fair and to keep the increases minimal. The holders of gaming-related casino employee licenses, for example, will pay no increase in their renewal fees. Fees for hotel employee registrations will increase from \$30 to \$60, but of course, all current registrants are exempt from this increase, as the fee for a registration is a one-time charge.

CCC Budget Appropriations FY88 - FY94

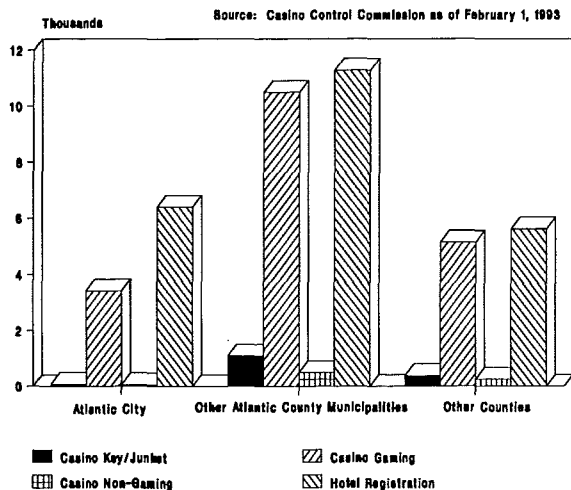


Casino Control Commission Volume of Contracts Issued in FY 1992

	Contracts Issued	Percent of Total	Dollar Volume of Contracts	Percent of Total
Total Contracts Issued by the CCC FY 1992	530	100.0%	\$1,589,395.64	100.0%
Contracts Issued to Non-SBE, WBE & MBE	248	46.8%	688,551.63	43.3%
Contracts Issued to SBEs	112	21.0%	399,195.29	25.1%
Contracts Issued to *SBEs Pending Application Approval	19	3.6%	289,389.19	18.2%
Contracts Issued to WBEs/MBEs	151	28.6%	212,259.53	13.4%
Total Set-Aside Activity	282	53.2%	900,844.01	56.7%

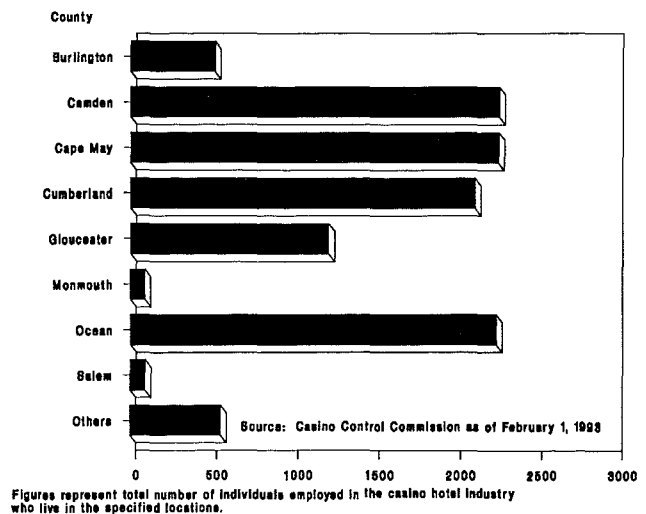
*Application for SBE, MBE or WBE status pending approval by the NJ Department of Commerce and Economic Development

Residence of Casino Hotel Employees 1992



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



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

COMMUNITY DEVELOPMENT

Atlantic City casinos reached a milestone in 1992. This was the first year in which industrywide revenues passed the \$3 billion mark. Gaming revenues, which reached \$3.2 billion in 1992, have been on a steady, seemingly inexorable climb since 1978, when Resorts International reported revenues of \$133.7 million as the city's only casino.

Despite this steady climb, state and local officials are no longer so sanguine about the notion that such growth is inevitable. Atlantic City, which long had a monopoly on casino gambling in the eastern half of the United States, now faces competition for that gaming dollar. From an Indian reservation in Connecticut to riverboats on the Mississippi, gamblers now have more options. And, with the likely prospect that even more jurisdictions will legalize casino gambling in coming years, that trend will only accelerate.

The state, under Gov. Jim Florio, is meeting this challenge with increased public investment in the city's future. The state is providing the funding for a new convention center that is now under construction at the foot of the Atlantic City Expressway. That \$265 million, state-of-the-art convention center will help diversify the local economy. Right now, the city is too dependent on day-tripping gamblers who measure their visits in hours, not days, and who rarely venture beyond the casino hotels themselves.

A robust convention trade will result in many more people who will stay overnight and visit attractions other than the casino hotels themselves. But a convention center won't do it alone. That's why the state is also investing resources in improving Atlantic City International Airport as

well as the corridor that will connect the convention center to the Boardwalk.

The state, through the South Jersey Transportation Authority and the Casino Reinvestment Development Authority, is making a substantial investment in the city's future by building the infrastructure that will attract both visitors and private investment.

The airport now handles about 900,000 annual visitors. That is expected to double by 1996, once the state completes its \$35 million expansion program.

The corridor will play a key role in the city by helping to integrate the convention center into the city's tourism economy and by linking the center with both the downtown business district and the Boardwalk.

The success of all these projects won't be assured, however, unless the city adds to its stock of approximately 14,000 first-class hotel rooms.

The state has also made some progress on that front, thanks to a 1991 amendment to the Casino Control Act that allows casino developers to expand their casino floors before adding to their total of hotel rooms. As previously written, the act set strict limits that tied the size of a casino floor to the number of hotels and required the hotel rooms to be operational before the casino expansion could be opened. The ratio of rooms to casino square footage is still in place, but there is now an additional incentive: As long as there is an approved plan to build the additional rooms, a casino can apply to the commission for permission to expand the casino floor first, and thereby generate additional revenues that will help

finance the construction costs.

Trump Plaza was the first to seek such permission.

The growth in gaming revenues over the past decade can be tied to certain critical factors: extended gaming hours, new games, the ability to put more slot machines on the casino floor and a growing marketing expertise within the industry.

Those factors have limits, however. Future growth will depend on developing a new factor: making Atlantic City more of a destination resort for visitors who will do more than gamble for a few hours and then leave town.

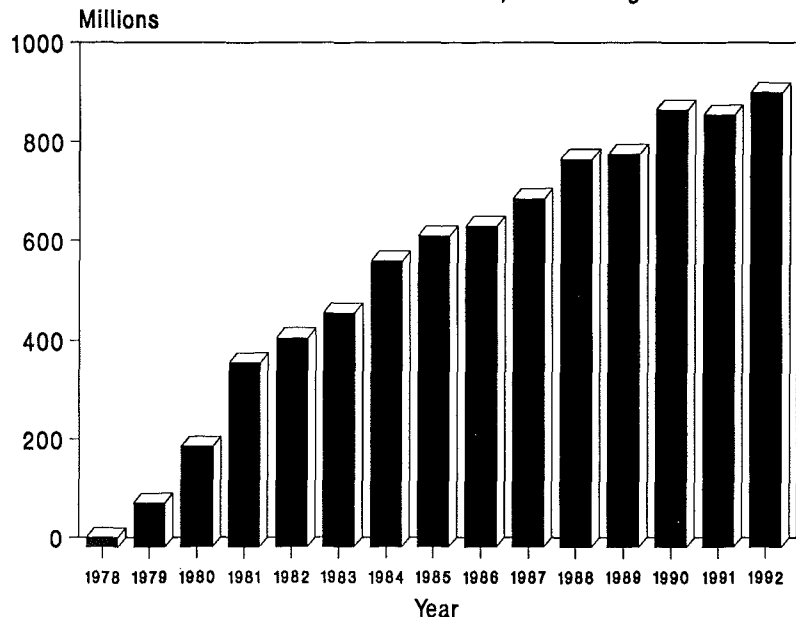
CASINO SERVICE INDUSTRY TOTAL VOLUME OF BUSINESS -- FISCAL YEAR 1992

(REPORTING PERIOD JULY 1991 THROUGH JUNE 1992)

	Total Companies	Percent of Total Companies	Dollar Volume of Business	Percent of Total Business
All enterprises on Master Vendor List	10,044	100.00%	\$1,971,305,961	100.00%
New Jersey Enterprises	4,029	40.11%	\$1,311,638,567	66.54%
New York Enterprises	1,398	13.92%	\$137,243,342	6.96%
Delaware Enterprises	1,475	14.69%	\$74,729,422	3.79%
All Other States	2,893	28.80%	\$435,366,795	46%
Foreign Enterprises	200	1.99%	\$8,520,503	0.43%

The New Jersey Casino Industry Salaries and Wages

for the Years Ended December 31, 1978 through 1992



CASINO REVENUE FUND

The state spent \$396.4 million during fiscal year 1992 through the Casino Revenue Fund on programs for senior citizens and disabled persons. The fund, however, earned only \$247 million during the year, plus an additional \$7.8 million in interest earnings. The difference came from the accumulated surplus in the Casino Revenue Fund which has not been exhausted.

The fund's revenues are generated by an 8 percent tax on the "win" or gross revenues from Atlantic City's operating casinos. The "win" is the amount the casinos retain after all bets have been paid but before any operating or other expenses have been deducted.

Although casino revenues, and consequently the Casino Revenue Fund, continue to grow, expenditures from the Casino Revenue Fund are currently growing at a much faster pace than revenues.

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

The largest program, pharmaceutical assistance, grew by nearly \$35 million from fiscal 1991, rising from \$89.2 million to \$124.5 million.

The second largest program, for general medical services, has more than doubled in two years. The expenditure for general medical ser-

vices rose from \$52 million in fiscal 1990 to \$71 million in fiscal 1991 to \$118.9 million in fiscal 1992.

The 8 percent tax is deposited to an interest-bearing account with the Department of the Treasury, which administers the fund. The cost of administering the Casino Revenue Fund is underwritten by the fund itself.

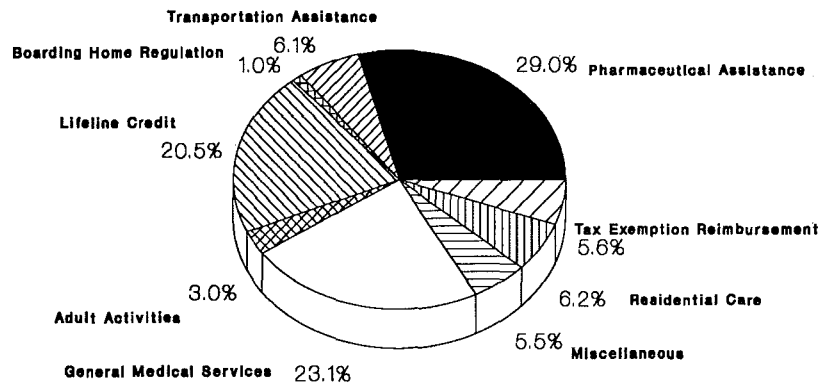
The Casino Revenue Fund is not used to pay any of the cost of regulating the casino industry. Those costs are borne by the casino industry through licensing fees, taxes and assessments.

The Casino Revenue Fund is augmented by fines that the commission levies against casino licensees. Part of those fines are allocated to the Department of Health to help fund the New Jersey Council on Compulsive Gambling.

In fiscal 1992, the commission collected \$1,857,192.13 in fines. The first \$500,000 was posted to the Council on Compulsive Gambling. The rest was deposited into the Casino Revenue Fund.

CASINO REVENUE FUND DISBURSEMENTS

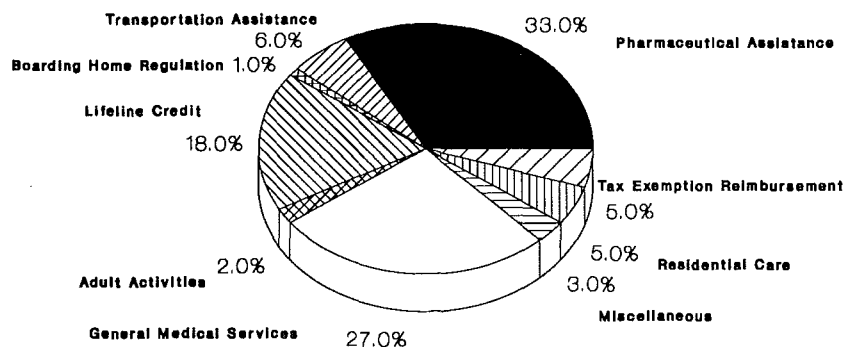
July 1, 1990 through June 30, 1991



Total Expenditures \$307.6 million

CASINO REVENUE FUND DISBURSEMENTS

July 1, 1991 through June 30, 1992



Total Expenditures \$368.3 million

COMMISSION EEO/AA POLICY

The Casino Control Commission focused on two affirmative action targets in 1992: reaching compliance goals for females and minorities and offering education and sensitivity training for our staff.

The Standard for Determining Underrepresentation (SDU) for state government, which was recently increased, is 45.9 percent for females, 24.8 percent for minorities and 9.9 percent for persons with disabilities. At the end of 1992, the commission's workforce was 52 percent female and 26 percent minority, while persons with disabilities comprised 6 percent of our workforce. The commission's workforce decreased during the year from 407 to 385 employees.

In 1992, the commission began to educate and sensitize its staff through cultural diversity programs such as celebrations of Black History Month and Women's History Month. The Professional Recognition and Incentive Development of Employees Program (PRIDE) is an affirmative-action plan designed to encourage and support protected-class members in the office/clerical and paraprofessional categories by helping them meet eligibility requirements for higher-level clerical titles or professional titles. The commission recognizes the value of upward-mobility programs for females and minorities.

During 1992, 13 females and 7 minorities were promoted, which means that females received 72 percent of all promotions during the year while minorities received 32 percent.

The staff is also working to ensure that the commission is in full compliance with the Americans with Disabilities Act, which was signed into law in 1990. The commission is ad-

ressing the areas of employment of persons with disabilities to make sure that all commission offices and personnel are accessible to disabled persons who need to do business with the commission, either in person or by telephone.

The commission continues to foster and enhance relationships between its employees and various local ethnic groups, and maintains efforts to educate employees regarding equal employment opportunity, affirmative action and sexual harassment.

Statistics

CASINO INDUSTRY FACILITY AT DECEMBER 1992 AND 1991

	Bally's Grand		Bally's Park Place		Caesars		Claridge		Harrah's Marina		Resorts	
	1992	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992	1991
Table Games:												
Blackjack	53	59	60	70	54	52	44	43	60	76	56	60
Craps	14	18	14	18	16	20	10	10	14	16	12	16
Roulette	10	10	12	12	11	13	6	6	14	18	9	13
Big Six	3	3	3	4	2	2	1	1	1	2	2	4
Baccarat	1	2	2	2	3	3	0	1	1	1	2	2
Minibaccarat	3	2	2	2	3	2	3	1	1	3	2	2
Red Dog (a)	2	2	1	2	0	1	1	3	1	2	1	2
Sic Bo (b)	1	0	1	1	2	1	1	0	1	1	1	0
Pai Gow Poker (c)	2	0	2	0	4	0	1	0	4	0	2	0
Pokette (d)	0	0	0	0	0	0	0	0	0	0	0	0
Total Table Games	89	96	97	111	95	94	67	65	97	119	87	99
Slot Machines:												
.05 slot machines	33	69	75	92	0	91	68	69	0	94	34	85
.25 slot machines	818	730	1,084	1,004	957	928	946	943	1,105	953	1,060	1,037
.50 slot machines	261	240	302	268	174	196	79	92	284	294	265	237
\$1 slot machines	279	272	357	329	545	487	225	263	467	476	331	288
\$5 slot machines	49	43	65	71	84	55	13	6	61	47	42	35
\$25 slot machines	7	7	10	10	17	15	1	1	2	2	5	5
\$100 slot machines	2	2	4	4	13	16	0	0	2	1	1	1
Other slot machines (e)	0	0	0	0	15	11	0	0	0	0	0	0
Total Slot Machines	1,449	1,363	1,897	1,778	1,805	1,799	1,332	1,374	1,921	1,867	1,738	1,688
Casino Sq. Footage	45,442	45,442	64,435	64,410	60,000	60,000	43,579	43,579	61,183	61,278	60,000	60,000
Number of Hotel Rooms	518	518	1,269	1,267	641	649	501	501	760	760	669	671
Number of Parking Spaces	1,723	1,723	2,374	2,319	2,909	2,895	1,292	1,268	2,678	2,678	1,431	1,538
Fixed Asset Investment (\$ in Millions) (f)	\$311.8	\$303.1	\$741.8	\$736.8	\$411.3	\$396.8	\$13.6(g)	\$13.9(g)	\$364.9	\$343.9	\$178.1	\$162.6
Number of Employees	3,003	3,025	3,868	3,929	3,479	3,957	2,373	2,190	3,458	3,432	3,893	4,004

(a) Red Dog was introduced on July 1, 1991

(b) Sic Bo was introduced on December 6, 1991

(c) Pai Gow Poker was introduced on May 12, 1992

(d) Pokette was introduced on June 25, 1992

(e) Includes all other slot machines

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

(g) Fixed asset investment for Claridge at December 31, 1992 and 1991, only includes gaming equipment because

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

Sands		Showboat		TropWorld		Trump Castle		Trump Plaza		Trump Taj Mahal		Industry Totals	
1992	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992	1991
47	59	41	46	66	97	51	57	61	68	98	99	691	786
14	17	12	16	16	20	16	17	9	16	22	30	169	214
13	13	9	10	15	16	11	12	13	13	18	21	141	157
1	3	1	1	2	3	2	2	2	3	6	6	26	34
4	4	2	3	3	3	4	3	2	2	5	4	29	30
2	2	2	2	2	2	3	2	4	3	2	2	29	25
1	2	1	2	1	4	1	2	0	1	2	2	12	25
1	0	0	0	1	1	1	1	2	1	1	1	13	7
2	0	2	0	4	0	2	0	4	0	4	0	33	0
0	0	0	0	1	0	0	0	0	0	0	0	1	0
85	100	70	80	111	146	91	96	97	107	158	165	1,144	1,278
0	71	94	96	0	122	74	85	48	84	156	158	582	1,116
898	700	1,451	1,365	1,387	1,342	1,094	1,028	999	955	1,811	1,762	13,610	12,747
265	259	183	137	354	358	232	158	239	227	312	305	2,950	2,771
319	313	285	268	684	506	352	307	409	364	544	437	4,797	4,310
62	46	20	20	89	87	42	40	56	30	79	64	662	544
6	4	3	2	10	8	5	5	6	4	5	5	77	68
3	3	2	2	4	4	2	2	4	2	3	3	40	40
0	0	0	0	32	0	2	0	7	6	0	0	56	17
1,553	1,396	2,038	1,890	2,560	2,427	1,803	1,625	1,768	1,672	2,910	2,734	22,774	21,613
49,789	50,123	59,858	59,623	90,774	90,774	62,595	60,000	60,000	60,000	120,000	120,000	777,655	775,229
534	500	516	516	1,021	1,019	725	703	557(i)	1,065	1,250	1,250	8,961	9,419
2,081	2,081	2,534	2,534	3,342	3,324	2,816	2,816	2,773	2,773	4,320	4,320	30,273	30,269
\$303.8	\$300.9	\$298.7	\$280.7	\$325.4(h)	\$320.6(h)	\$483.1	\$474.5	\$409.7	\$401.9	\$846.6	\$834.9	\$4,688.8	\$4,570.6
3,278	3,407	3,671	3,601	4,440	4,381	3,081	3,590	3,705	3,860	5,991	5,576	44,240	44,952

(h) Fixed asset investment for TropWorld at December 31, 1992 and 1991 does not include the original building and certain non-gaming assets because Adamar of New Jersey, Inc. leases these assets as a result of a sale and leaseback transaction

(i) Number of hotel rooms for Trump Plaza decreased by 500 because as of October 1, 1992, they do not lease Trump Regency

THE NEW JERSEY CASINO INDUSTRY
GROSS REVENUE AND RELATED TAX
FOR THE YEARS ENDED DECEMBER 31, 1992 AND 1991

(\$ in Thousands)

Casino Hotel	Casino Win	Daily Average Casino Win	Adjustment for Uncollectibles	Gross Revenue	Tax
Bally's Grand					
1992	199,774	546	147	199,627	15,970
1991	191,490	525	1,549	189,941	15,195
Bally's Park Place					
1992	280,535	766	653	279,882	22,391
1991	267,141	732	1,352	265,788	21,263
Caesars					
1992	332,495	908	2,684	329,812	26,385
1991	309,094	847	5,296	303,799	24,304
Claridge					
1992	146,358	400	484	145,873	11,670
1991	135,406	371	530	134,875	10,790
Harrah's Marina					
1992	287,495	786	1,521	285,974	22,878
1991	283,912	778	1,921	281,991	22,559
Resorts					
1992	235,515	643	1,334	234,181	18,734
1991	220,127	603	3,077	217,050	17,364
Sands					
1992	245,230	670	2,962	242,268	19,381
1991	242,011	663	4,447	237,564	19,005
Showboat					
1992	257,703	704	1,162	256,541	20,523
1991	239,801	657	2,363	237,437	18,995
TropWorld					
1992	310,199	848	519	309,680	24,774
1991	287,026	786	1,787	285,239	22,819
Trump Castle					
1992	240,354	657	2,030	238,325	19,066
1991	196,493	538	2,997	193,496	15,480
Trump Plaza					
1992	264,251	722	4,933	259,318	20,745
1991	235,033	644	4,638	230,395	18,432
Trump Taj Mahal					
1992	416,060	1,137	6,041	410,019	32,802
1991	384,028	1,052	8,437	375,591	30,047

Slot Machine Win Analysis 1992 and 1991

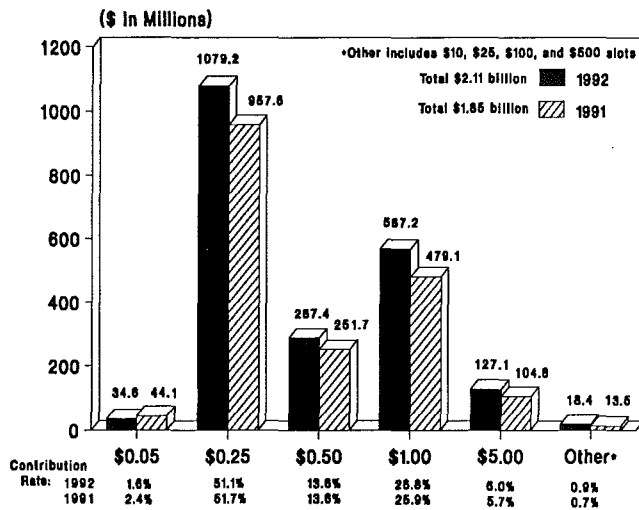
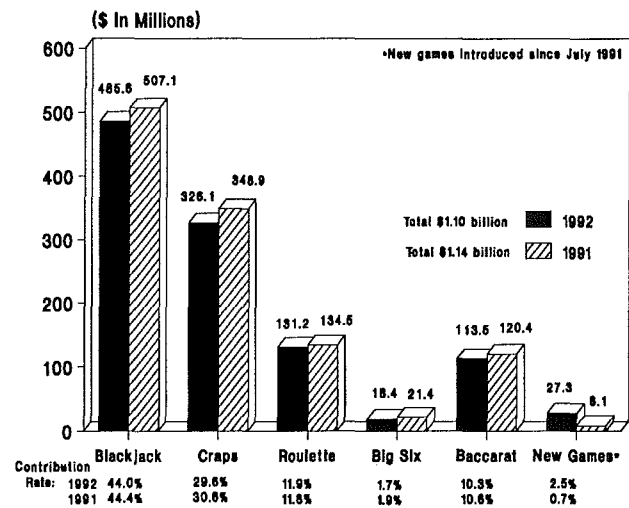
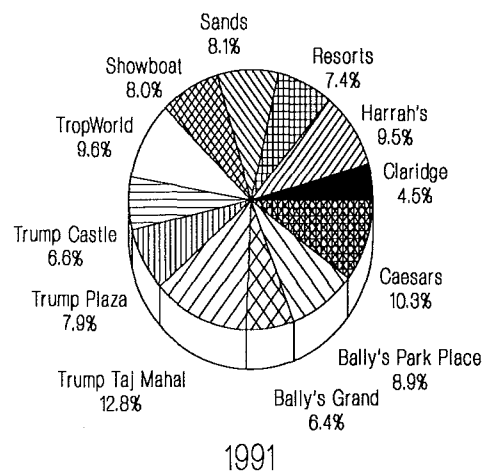
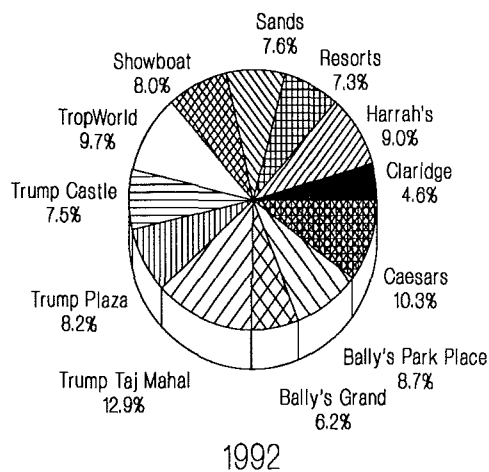


Table Game Win Analysis 1992 and 1991



Market Share of Casino Win

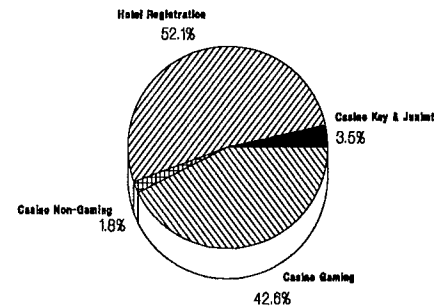


**ENTERPRISE LICENSE BUREAU STATISTICS
CASINO SERVICE INDUSTRIES**

	1-1-92 to 12-31-92	Inception to 12-31-92
Enterprises permitted to conduct business with casino licensees	3,026	36,274
Enterprises prohibited from conducting business with casino licensees	146	1,267
Contracts reviewed	3	27,530
Initial Gaming Related:		
Applicants	8	161
Licenses Issued	13	83
Licenses Denied	1	7
Withdrawals Granted	3	38
Licenses Active	24	
*Renewal Gaming Related:		
Applicants	25	103*
Licenses Issued	12	28*
Licenses Denied	0	0*
Withdrawals Granted	0	0*
Licenses Active	16	
Initial Non-Gaming Related:		
Applicants	142	3,621
Licenses Issued	235	2,490
Licenses Denied	19	152
Withdrawals Granted	62	671
Licenses Active	1,106	
*Renewal Non-Gaming Related:		
Applicants	245	901*
Licenses Issued	222	765*
Licenses Denied	1	3*
Withdrawals Granted	0	26*
Licenses Active	426	
Exemptions granted by CCC	15	77
JUNKET ENTERPRISES		
Initial Junket Enterprises:		
Applicants	0	266
Licenses Issued	1	186
Licenses Denied	0	18
Withdrawals Granted	0	39
Licenses Active	15	
*Renewal Junket Enterprises:		
Applicants	11	60*
Licenses Issued	7	45*
Licenses Denied	0	0*
Withdrawals Granted	0	0*
Licenses Active	37	
GAMING SCHOOLS		
Applications Filed	0	17
Licenses Issued	0	10
Schools Currently Operating	4	
LABOR ORGANIZATIONS		
Registered	0	21

* Cumulative figures account for the time period 1-1-88 to 12-31-92

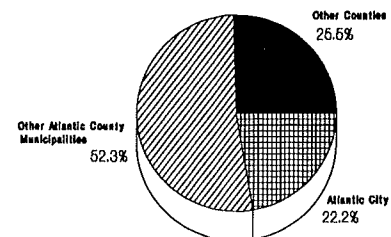
**Individuals Employed in Casino Hotels
By License Category 1992**



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

Source: Casino Control Commission as of February 1, 1993

**Individuals Employed in Casino Hotels
By Location 1992**



Source: Casino Control Commission as of February 1, 1993

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

Employee License Bureau

Applications Accepted and Licenses/Registrations Issued

	01/01/92 to 12/31/92	Inception to 12/31/92
Casino Key Employees:		
Applications filed	194	5,546
Licenses issued	216	4,968
Casino Employees:		
Applications filed	4,394	93,019
Licenses Issued	3,912	90,706
Junket Employees:		
Applications filed	17	596
Licenses Issued	22	303

Casino Hotel Employees:

License & registration applications filed	5,839	121,496
Licenses & registrations issued	5,839	121,390

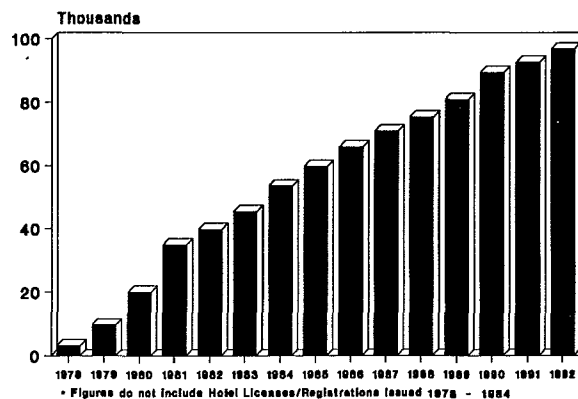
Total Employees:

Applications filed	10,444	221,767 (1)
Plenary licenses & hotel registrations issued	9,989	218,315 (2)
Temporary licenses issued	569	14,148
Position additions processed	5,056	57,239
Employee license renewals processed	8,509	124,962

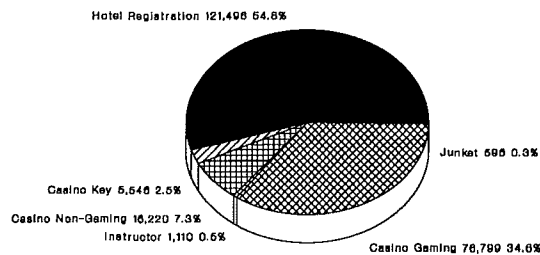
(1) Applications filed from inception to 12/31/92 includes 1,110 gaming school employee applications filed.

(2) Plenary licenses & hotel registrations issued from inception to 12/31/92 includes 948 gaming school employee licenses issued.

Employee Initial Licenses * Issued 1978 through 1992

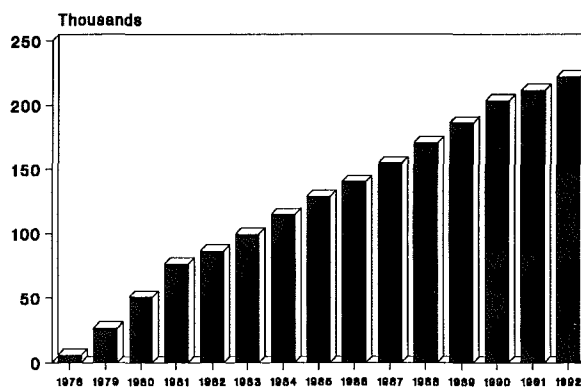


Employee License/Registration Applications Accepted 1978 - 1992



TOTAL APPLICATIONS = 221,767

Employee License/Registration Applications Accepted 1978 through 1992



AUDITOR REPORT

LEGISLATIVE SERVICES
COMMISSION

SENATOR
DONALD T. DIFRANCESCO
Chairman

ASSEMBLYMAN
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Vice-Chairman

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CLARE M. FARRAGHER
NICHOLAS R. FELICE
JOHN S. PENN



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

December 30, 1992

The Honorable Jim Florio
Governor of New Jersey

The Honorable Donald T. DiFrancesco
President of the Senate

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

Mr. Albert Porroni
Executive Director
Office of Legislative Services

Gentlemen:

We have audited the balance sheet of the Casino Control Fund of the State of New Jersey as of June 30, 1992 and 1991, and the related statement of revenues, expenditures, and changes in fund balances, and the statement of revenues, expenditures, and changes in fund balances, budget and actual-(budgetary basis) for the years then ended. These financial statements are the responsibility of the State of New Jersey management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Casino Control Fund as of June 30, 1992 and 1991, and the results of its operations and changes in fund balances 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 basic financial statements taken as a whole. The Expenditure Detail schedule is presented for the purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the same auditing procedures applied in the examination of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,

Richard L. Fair
State Auditor

**State of New Jersey
Casino Control Fund
Balance Sheet
June 30, 1992 and 1991**

	<u>EXHIBIT I</u> (in \$000)	
	<u>1992</u>	<u>1991</u>
ASSETS		
Accounts Receivable (Note 2)	\$10,543.1	\$14,992.6
Less: Allowance for Doubtful Accounts	511.2	1,734.9
Net Accounts Receivable	10,031.9	13,257.7
Due from General Fund (Note 3)	8,122.4	—
Total Assets	<u>\$18,154.3</u>	<u>\$13,257.7</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable (Note 4)	\$8,699.4	\$10,440.8
Deferred Revenue (Note 5)	9,350.5	1,734.0
Due to General Fund (Note 3)	—	1,078.1
Total Liabilities	18,049.9	13,252.9
Fund Balances (Note 1)		
Reserved		
Reserved for Encumbrances		
Current Year	842.9	1,733.7
Prior Year	62.1	3.4
Unreserved		
Undesignated	(800.6)	(1,732.3)
Total Fund Balances	104.4	4.8
Total Liabilities and Fund Balances	<u>\$18,154.3</u>	<u>\$13,257.7</u>

() Denotes Minus Amount

SEE NOTES TO FINANCIAL STATEMENTS

**State of New Jersey
Casino Control Fund
Statement of Revenues, Expenditures,
and Changes in Fund Balances for the
Fiscal Years Ended June 30, 1992 & 1991**

	<u>EXHIBIT II</u> (in \$000)	
	<u>1992</u>	<u>1991</u>
REVENUES		
Casinos		
Licenses — Casino	\$29,896.8	\$32,730.7
— Slot Machines	10,905.6	10,674.4
— Alcoholic Beverage	83.4	143.3
Work Permits (Note 7)	—	121.5
Fines and Penalties (Note 8)	—	65.0
Assessments	11,659.2	12,273.5
	52,545.0	56,008.4
Credits — Prior Year Fund Balance	(4.8)	—
Total From Casinos	52,540.2	56,008.4
Other Sources		
Licenses — Casino Employee	3,673.3	4,725.7
— Casino Service Industry	699.0	700.3
Slot Prototype	215.5	247.3
Fines and Penalties (Note 8)	—	3.4
Other Revenue	74.7	182.9
Total from Other Sources	4,662.5	5,859.6
Total Revenues	57,202.7	61,868.0
OTHER INCREASES		
Transfers from General Fund (Note 10)	—	76.3
Total Other Increases	—	76.3
Total Revenues/Other Increases	57,202.7	61,944.3
EXPENDITURES		
Public Safety and Criminal Justice (Division of Gaming Enforcement)	33,877.8	36,043.5
Government Direction, Management and Control (Casino Control Commission)	23,104.6	25,896.0
Total Expenditures	56,982.4	61,939.5
OTHER DECREASES		
Transfers to General Fund (Note 10)	120.7	—
Total Other Decreases	120.7	—
Total Expenditures/Other Decreases	57,103.1	61,939.5
Net Increase (Decrease) in Fund Balances		
For the Year	99.6	4.8
Fund Balances — Beginning	4.8	—
Fund Balances — Ending	<u>\$ 104.4</u>	<u>\$ 4.8</u>

() Denotes Minus Amount

SEE NOTES TO FINANCIAL STATEMENTS

**State of New Jersey
Casino Control Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual – (Budgetary Basis)
for the Fiscal Year Ended June 30, 1992**

EXHIBIT III – A
(in \$000)

	Actual	Adjustment To Budgetary Basis	Actual On Budgetary Basis	Budget	Variance – Favorable (Unfavorable)
REVENUES:					
Casinos					
Licenses – Casino	\$29,896.8	\$ –	\$29,896.8	\$31,753.6	(\$1,856.8)
– Slot Machines	10,905.6	–	10,905.6	10,801.5	104.1
– Alcoholic Beverage	83.4	–	83.4	131.4	(48.0)
Assessments	11,659.2	–	11,659.2	10,149.5	1,509.7
	52,545.0	–	52,545.0	52,836.0	(291.0)
Credits – Prior Year Fund Balance	(4.8)	–	(4.8)	–	(4.8)
Total From Casinos	52,540.2	–	52,540.2	52,836.0	(295.8)
Other Sources					
Licenses – Casino Employee	3,673.3	–	3,673.3	3,511.5	161.8
– Casino Service Industry	699.0	–	699.0	673.5	25.5
Slot Prototype	215.5	–	215.5	250.0	(34.5)
Other Revenue	74.7	–	74.7	100.0	(25.3)
Total from Other Sources	4,662.5	–	4,662.5	4,535.0	127.5
TOTAL REVENUES	57,202.7	–	57,202.7	57,371.0	(168.3)
EXPENDITURES:					
Public Safety and Criminal Justice (Division of Gaming Enforcement)	33,877.8	(524.4)	33,353.4	34,296.0	942.6
Government Direction, Management and Control (Casino Control Commission)	23,104.6	(29.6)	23,075.0	23,075.0	–
TOTAL EXPENDITURES	56,982.4	(554.0)	56,428.4	57,371.0	942.6
OTHER DECREASES					
Transfers to General Fund	120.7	(120.7)	–	–	–
TOTAL OTHER DECREASES	120.7	(120.7)	–	–	–
TOTAL EXPENDITURES/ OTHER DECREASES	57,103.1	(674.7)	56,428.4	57,371.0	942.6
Net Increase (Decrease) in Fund Balances for the Year	\$ 99.6	\$ 674.7	\$ 774.3	\$ –	\$ 774.3

() Denotes Minus Amount

SEE NOTES TO FINANCIAL STATEMENTS

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

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

	<u>Actual</u>	<u>Adjustment To Budgetary Basis</u>	<u>Actual On Budgetary Basis</u>	<u>Budget</u>	<u>Variance – Favorable (Unfavorable)</u>
REVENUES:					
Casinos					
Licenses – Casino	\$32,730.7	\$ –	\$32,730.7	\$35,692.1	\$ (2,961.4)
– Slot Machines	10,674.4	–	10,674.4	10,643.5	30.9
– Alcoholic Beverage	143.3	–	143.3	74.8	68.5
Work Permits	121.5	–	121.5	140.0	(18.5)
Fines and Penalties	65.0	–	65.0	65.0	–
Assessments	12,273.5	–	12,273.5	7,689.5	4,584.0
	56,008.4	–	56,008.4	54,304.9	1,703.5
Credits – Prior Year Fund Balance	–	–	–	–	–
Total From Casinos	56,008.4	–	56,008.4	54,304.9	1,703.5
Other Sources					
Licenses – Casino Employee	4,725.7	–	4,725.7	5,410.6	(684.9)
– Casino Service Industry	700.3	–	700.3	727.5	(27.2)
Slot Prototype	247.3	–	247.3	197.0	50.3
Fines and Penalties	3.4	–	3.4	–	3.4
Other Revenue	182.9	–	182.9	20.0	162.9
Total from Other Sources	5,859.6	–	5,859.6	6,355.1	(495.5)
TOTAL REVENUES	<u>61,868.0</u>	<u>–</u>	<u>61,868.0</u>	<u>60,660.0</u>	<u>1,208.0</u>
OTHER INCREASES:					
Transfers from General Fund	76.3	(76.3)	–	–	–
Total Other Increases	76.3	(76.3)	–	–	–
TOTAL REVENUES/ OTHER INCREASES	<u>61,944.3</u>	<u>(76.3)</u>	<u>61,868.0</u>	<u>60,660.0</u>	<u>1,208.0</u>
EXPENDITURES:					
Public Safety and Criminal Justice (Division of Gaming Enforcement)	36,043.5	1,115.0	37,158.5	37,278.0	119.5
Government Direction, Management and Control (Casino Control Commission)	25,896.0	(814.0)	25,082.0	25,082.0	–
TOTAL EXPENDITURES	<u>61,939.5</u>	<u>301.0</u>	<u>62,240.5</u>	<u>62,360.0</u>	<u>119.5</u>
Net Increase (Decrease) in Fund Balances for the Year	<u>\$ 4.8</u>	<u>\$ (377.3)</u>	<u>\$ (372.5)</u>	<u>\$ (1,700.0)</u>	<u>\$ 1,327.5</u>

() Denotes Minus Amount

SEE NOTES TO FINANCIAL STATEMENTS

STATE OF NEW JERSEY CASINO CONTROL FUND NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies

A. Fund Accounting

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

Special Revenue Fund

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

The Casino Control Fund (N.J.S.A. 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.

B. Basis of Accounting

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

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

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

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

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

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

C. Revenue and Expenditure Budgets

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

- The Annual Appropriations Acts approved June 30, 1991 for fiscal year 1992, June 27, 1990 for fiscal year 1991, and various supplemental appropriation acts approved during the fiscal year.
- Reappropriations (authorized by the Annual Appropriations Act) of prior year funds which are available for expenditure in the current year.
- Appropriated Revenues (authorized by the Annual Appropriations Act) which established certain revenues as appropriations.

The above items provided the following amounts for the fiscal year 1992 and 1991 budgets (in \$000).

<u>Revenue & Other Increases</u>		
	<u>1992</u>	<u>1991</u>
Annual Appropriations Act	<u>\$57,371.0</u>	<u>\$60,660.0</u>
Totals	<u>\$57,371.0</u>	<u>\$60,660.0</u>
<u>Expenditures & Other Decreases</u>		
	<u>1992</u>	<u>1991</u>
Annual Appropriations Act	<u>\$57,371.0</u>	<u>\$62,360.0</u>
Totals	<u>\$57,371.0</u>	<u>\$62,360.0</u>

Budgetary control is maintained at the program unit level.

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

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

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

D. Fund Balances

The fund balances of the Casino Control Fund consist of:

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

E. Fixed Assets

Fixed assets acquired with fund resources are recorded as expenditures of the fund at the time of acquisition. In accordance with O.M.B. Circular Letter 91-31, assets greater than \$20,000.00 are also recorded in the State's General Fixed Asset Account Group.

F. Other

Other significant accounting policies are described in Notes 2 to 11.

NOTE 2 - Accounts Receivable

Represents amounts which are collected within the one-month period subsequent to June 30, and outstanding billings applicable to June 30, 1992 and 1991. Approximately 99.8% and 70.4% of the outstanding billings were satisfied within a three-month period subsequent to June 30, 1992 and 1991 respectively.

NOTE 3 - Due To/From General Fund

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

NOTE 4 - Accounts Payable

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

NOTE 5 - Deferred Revenue

Deferred Revenue represents fiscal year 1993 and fiscal year 1992 slot machine license billings collected and recorded in June 1992 and 1991, respectively.

NOTE 6 - Fund Balances

The positive fund balances as of June 30, 1992 and

June 30, 1991 resulted from an excess of estimated assessments made to casino licensees during fiscal year 1992 and 1991 as provided by N.J.A.C. 19:41-9.4(f). The balance at June 30, 1992 will be credited to casino licensees during fiscal year 1993 in the same proportion as the aforementioned assessments, pursuant to N.J.A.C. 19:41-9.19(c). The balance at June 30, 1991 was credited to casino licensees during fiscal year 1992.

NOTE 7 - Work Permits

On June 29, 1991, legislation was enacted repealing Section 142 of the Casino Control Act which required licensed casinos to pay an annual fee for the issuance or renewal of an employee's work permit.

NOTE 8 - Fines and Penalties

Prior to October 17, 1990, payments for fines and penalties were deposited to, and considered revenue of the Casino Control Fund. Resolution #90-41-19 directed that payments received for fines and penalties subsequent to October 16, 1990 be deposited to and considered revenue of the Casino Revenue Fund. For fiscal year 1992, the first \$500,000.00 collected for fines and penalties was paid to the general fund for appropriation to the Department of Health to provide funds to the Council on Compulsive Gambling as required by N.J.S.A. 5:12-145.

NOTE 9 - Employee Benefit Costs

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

NOTE 10 - 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 1992 and fiscal year 1991 was equal to the effective rate of return on investments in the General Fund and varied from 4.36% to 6.10% in fiscal year 1992 and from 6.09% to 8.24% in fiscal year 1991. The net effect of these transactions is reflected in the Transfers to/from General Fund account on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

NOTE 11 - Contingent Liability

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

**State of New Jersey
Casino Control Fund
Expenditure Detail
Fiscal Years Ended June 30, 1992 and 1991**

SCHEDULE I
(in \$000)

	1992		1991	
	Public Safety and Criminal Justice	Government Direction Management and Control	Public Safety and Criminal Justice	Government Direction Management and Control
Expenditures:				
Salaries	\$20,194.2	\$14,968.5	\$20,236.7	\$16,037.6
Payroll Taxes and Employee Benefits	5,868.0	4,231.2	6,005.9	4,541.2
Printing and Office Supplies	226.0	256.7	298.9	299.6
Vehicular Supplies	189.4	—	239.9	—
Travel	26.3	20.3	31.4	41.1
Telephone	453.7	186.3	467.0	211.4
Data Processing	844.1	1,080.2	1,279.5	1,177.7
Professional Services	262.5	460.9	443.2	166.4
Other Services Other than Personal	376.8	154.8	394.8	1,015.2
Rent—Facilities	2,161.0	1,188.9	3,156.3	1,833.7
Rent—Automobiles and Other	279.9	88.3	194.3	84.6
Indirect Costs	1,796.7	366.2	1,831.8	347.5
Office Equipment	631.2	37.3	724.2	43.6
Vehicular Equipment	226.0	—	385.3	—
Other Equipment	342.0	65.0	354.3	96.4
Total Expenditures	<u>\$33,877.8</u>	<u>\$23,104.6</u>	<u>\$36,043.5</u>	<u>\$25,896.0</u>

TOTAL VOLUME OF BUSINESS -- NEW JERSEY COMPANIES

(REPORTING PERIOD JULY 1991 THROUGH JUNE 1992)

	Total Companies	Percent of Total Companies	Dollar Volume of Business
New Jersey Enterprises	4,029	100.00%	\$1,311,638,567
Atlantic	1,783	44.25%	\$954,268,499
Bergen	204	5.06%	\$13,683,519
Burlington	247	6.13%	\$139,315,664
Camden	410	10.18%	\$47,199,363
Cape May	154	3.82%	\$7,135,242
Cumberland	94	2.33%	\$5,730,667
Essex	149	3.70%	\$52,451,036
Gloucester	125	3.10%	\$5,092,876
Hudson	83	2.06%	\$10,298,309
Hunterdon	10	0.25%	\$97,197
Mercer	100	2.48%	\$7,601,680
Middlesex	124	3.08%	\$18,669,524
Monmouth	111	2.76%	\$5,748,830
Morris	76	1.89%	\$2,787,354
Ocean	123	3.05%	\$5,839,766
Passaic	69	1.71%	\$7,725,196
Salem	5	0.12%	\$198,616
Somerset	35	0.87%	\$11,359,512
Sussex	8	0.20%	\$37,939
Union	115	2.85%	\$16,380,198
Warren	4	0.10%	\$17,580

NEW JERSEY CASINO CONTROL COMMISSION

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The design and production of this annual report cost \$1,779, compared with a cost of \$2,215 for the 1991 report, \$4,225 for the 1990 report and \$9,725 for the 1989 report. This represents a cost reduction of 20 percent from 1991, 58 percent from 1990 and 82 percent from 1989.
