

PENNSYLVANIA GAMING CONTROL BOARD | ANNUAL REPORT 2010-2011



## **Vision Statement**

*The goal of the Pennsylvania Gaming Control Board is to be the premier gaming regulator in the United States, maintaining and enhancing public trust with honesty, integrity and credibility.*

## **Mission Statement**

*The Pennsylvania Gaming Control Board, guided by the Gaming Act and supported by a dedicated professional staff, will protect the interest of the public by ensuring the integrity of legalized gaming through the strict enforcement of the law and regulations, the licensing of qualified individuals and entities, and fulfilling the objectives of legalized gaming in the Commonwealth to deliver a significant source of revenue, assist the horse racing industry, provide broad economic opportunities and enhance tourism.*

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William H. Ryan, Jr.

## Chairman's Message

It was my honor to have been appointed by Governor Tom Corbett as Chair of the Pennsylvania Gaming Control Board, an agency that continues to refine its mission and improve its processes in overseeing the Commonwealth's still-growing casino industry.

Pennsylvania's casino industry has been successful in driving new and significant tax revenue back to our citizens along with creating over 15,000 living wage jobs. While recognizing this economic benefit, I undertake the job of Chair with a priority to carry out the Board's primary objective...to strictly regulate the casino industry and protect the public.

Toward that end, you should be confident that I will work with my fellow Board members and agency staff to ensure that individuals and companies that should not be working or doing business in the state's casino industry do not obtain a license to do so.

You can also be assured that this work will be conducted in full view of the public. While this report gives you a glimpse into the recent work of the key bureaus of the Board, a wealth of additional information is also available on our web site, [www.gamingcontrolboard.pa.gov](http://www.gamingcontrolboard.pa.gov). Also, if you are not able to attend our public meetings and hearings, you can view these events at our web site.

William H. Ryan, Jr.  
Chair



Kevin F. O'Toole

## Executive Director's Message

I am pleased to provide the 2011 Annual Report of the Pennsylvania Gaming Control Board, and hope you find the information contained in this report useful.

Our mission to protect the public through the strict enforcement of the Pennsylvania Race Horse Development and Gaming Act is an effort that we believe the agency has been successful in carrying out. At the same time, this agency and its diligent professionals enter its seventh year of operation with a goal to continue to improve on that work and guide the additional growth of the casino industry. During the 2010-11 Fiscal Year, that growth was significant and included the opening of the City of Philadelphia's first casino and the implementation of table games at all 10 operating casinos.

We will continue to see growth during the 2011-2012 Fiscal Year including the expected opening of the first licensed resort casino at the Valley Forge Convention Center, along with the planning for an opening of the second resort casino which was awarded this past year to Nemacolin Woodlands Resort.

The work of this agency will continue to be accomplished through a balanced methodology that factors in both the needs of the casinos to operate in a market that permits continued job and tax revenue growth, but mandates adherence to strict regulatory guidelines that assure legalized gaming is conducted in a safe environment for its patrons.

Kevin F. O'Toole  
Executive Director

## Board Members



Kenneth I. Trujillo  
Board Member  
Designated by the Governor



William H. Ryan, Jr.  
Chairman  
Designated by the Governor



James B. Ginty  
Board Member  
Designated by the Governor



Keith R. McCall  
Board Member  
Designated by the  
Minority Leader of the  
House of Representatives



Gary A. Sojka  
Board Member  
Designated by the  
Speaker of the  
House of Representatives



Anthony C. Moscato  
Board Member  
Designated by the  
President Pro Tempore  
of the Senate



Gregory C. Fajt  
Board Member  
Designated by the  
Minority Leader  
of the Senate



The Honorable  
Dan Meuser  
Ex-Officio Member  
Secretary of Revenue



The Honorable  
Robert M. McCord  
Ex-Officio Member  
State Treasurer



The Honorable  
George Greig  
Ex-Officio Member  
Secretary of Agriculture



Kevin F. O'Toole  
Executive Director



Susan Hensel  
Director, Bureau of Licensing

## Bureau of Licensing

Throughout 2010 and into 2011, the Bureau of Licensing played an integral role in the ongoing regulation of the gaming industry in Pennsylvania. During this Fiscal Year alone, the Bureau of Licensing received and processed nearly 10,500 applications for individuals and entities seeking to work in Pennsylvania's gaming industry.

Among the Bureau's key priorities during this time period were the expansion of table games to the nine existing casinos, the opening of Philadelphia's first casino and laying the groundwork for Pennsylvania's first resort casino. In addition, the Bureau continued implementation of revised regulations for gaming service provider companies doing business with casinos.

The Bureau also maintained its commitment to continuous improvement as it sought to enhance its efficiency while ensuring that its regulations, policies and procedures both protected the integrity of gaming and allowed flexibility for the gaming industry to grow.

Specifically, the Bureau accomplished the following during Fiscal Year 2010-2011:

- Oversaw the category 3 licensing process which led to Board approval of Pennsylvania's second resort license;
- Coordinated the renewal of a category 1 (race-track) slot machine license;
- Provided on-site support during the implementation of casino table games at nine casinos during a two-week period in July 2010 and, on an ongoing basis, worked with casinos throughout the state to ensure the appropriate and timely licensure of qualified personnel;
- Played critical support roles in the opening of Philadelphia's SugarHouse Casino in September 2010 and an expansion of gaming space by Parx Casino in November 2010;
- Awarded three table game manufacturer licenses and one conditional table game manufacturer license to entities that produce, provide or service table games, dice, chips, tiles and other table game related equipment;
- Renewed ten slot machine manufacturer and four supplier licenses for entities that supply or service slot machines or associated equipment;
- Created a licensing classification for entities that develop new gaming related gaming services such as games, wagers, game variations, side bets or similar innovations relating to a table game. Four entities in this classification were authorized to work with Pennsylvania casinos in Fiscal Year 2010-2011;
- Issued 78 certifications and 147 registrations to gaming service provider entities that supply non-gaming related goods and services to the industry;
- Received and reviewed the state's first six applications for gaming junket enterprises;
- Met with industry representatives from both the casino human resources and purchasing staffs to communicate regulatory updates and seek feedback and suggestions for procedural improvements;
- Continued expansion of the SLOTSlink online application system to further eliminate paper in the licensing process;
- Scanned an average of 12,500 pages per week of application and supplemental information into an electronic document storage system for use throughout the agency;
- Developed and implemented a web-based system to track casino disbursement reports and ensure proper application filing by those companies providing non-gaming related goods or services to casinos such as construction, food & beverage, uniform and other services;
- Leveraged technology through the implementation of a program that prevents individuals who have been suspended, denied or revoked from reapplying for a permit or registration until they become eligible;
- Designed a dealer school information page on the PGCB website to assist prospective casino employees in making informed decisions before committing to dealer training;
- Created a new application and permit credential for the dealers who staff large-scale poker tournaments;
- Developed a procedure to reissue non-gaming registration credentials with updated photographs on a 4-year cycle and issued credentials to the first wave of affected registrants;
- Produced more than 14,000 new and renewal credential badges for employees of casinos, manufacturers, suppliers and gaming service providers.

<b>Number of Applications (all types):</b>	<b>7/1/2010 - 6/30/2011</b>	<b>7/1/2009 - 6/30/2010</b>
Received	10,453	11,474
Approved	8,434	9,003
Denied	103	71
Surrendered	0	5
Withdrawn	1,228	583
<b>Applications Approved by Type:</b>	<b>7/1/2010 - 6/30/2011</b>	<b>7/1/2009 - 6/30/2010</b>
Category 1	1	3
Category 2	0	1
Category 3	1	0
Slot Machine Manufacturer	10	8
Table Game Manufacturer	5	5
Table Game Manufacturer Designee	0	0
Slot Machine Supplier	4	2
Table Game Supplier	0	1
Management Company	0	1
Affiliate	61	31
Key Employee	125	206
Principal	173	154
Principal Entity	10	21
Gaming Employee	5,298	5,619
Non-Gaming Employee	2,504	2,412
Certified/Registered Gaming Service Providers, Affiliates and Employees	461	538
<b>TOTAL</b>	<b>8,625</b>	<b>9,003</b>

To date, the Bureau of Licensing has received and processed nearly 49,000 applications for individuals and entities seeking to work in Pennsylvania's gaming industry.



Michael Cruz  
Director, Gaming Laboratory  
Operations

## Bureau of Gaming Laboratory Operations

The Bureau of Gaming Laboratory Operations (GLO) operates out of the Harrisburg PGCB offices to ensure the performance and integrity of slot machines and associated equipment in Pennsylvania casinos. All products are thoroughly tested in its 5,100 square foot lab to certify regulatory compliance with all minimum design standards regarding security and, in the case of slot machines, the 85 percent minimum payback mandated by law.

While the role of the GLO during the initial years of legalized gaming focused on slot machines, its role has greatly expanded through the addition in 2010 of table games at Pennsylvania’s casinos. This testing includes automated shufflers, progressive systems, electronic table games, and other equipment necessary to conduct table games.

In addition to the testing of games and equipment in Harrisburg, the GLO is also responsible for the technical compliance of the slot machine floor, table game floor and the IT room of every casino. In this role, the GLO also works closely with the PA Department of Revenue who oversees the Central Control Computer System which, in addition to tracking all revenue collected and paid out by slot machines, is used to perform vital tests such as the daily authentication of every machine operating in licensed casinos.

In order to affectively carry out its mission, the GLO divides its critical functions between four units:

### Statistical Review:

Responsible for evaluating the theoretical return for every slot gaming theme submitted for review

and the analysis of progressive reward payouts and random number generators. Table game rules are also verified by the statistical review team for calculation of the house advantage.

### Slot and Table Game Device Certification:

Responsible for evaluating gaming devices for compliance with the minimum design standards, reviewing modifications to gaming devices and ancillary equipment, and conducting investigations of regulatory violations.

### Systems and Kiosks:

Responsible for evaluating communication between the thousands of operating slot machines and the Central Control Computer System, the communication of each machine with a casino’s in-house monitoring system, analysis of voucher redemption machines, and evaluation of the count room equipment.

### Technical Field Representatives:

Responsible for monitoring the day-to-day operations of licensed casino operators, particularly with regard to software and systems at all licensed facilities, including proper connectivity to the Central Control Computer System, inspection of slot machines for configurable options, inspections of table game devices for compliance, technical investigations as well as regulatory violation investigations in regards to regulations concerning the laboratory on the gaming floor, and enforcing that theoretical threshold (between 85% and 100%) during game inspections.

Gaming Laboratory Operations	7/1/2010 - 6/30/2011	7/1/2009 - 6/30/2010
Paytables Reviewed	10,312	11,146
Paytables Rejected	2,398	2,180
Associated Software\Hardware Reviewed	1,202	1,954
System and Kiosk Software Reviewed	90	90
Gaming Device Inspections	34,540	22,232
<b>Total</b>	<b>48,542</b>	<b>37,602</b>

## Office of Diversity

The Gaming Control Board remains committed to promoting and ensuring diversity in all aspects of gaming as is required by the Pennsylvania Race Horse Development and Gaming Act.

The PGCB has on staff a Director of Diversity who is charged with the responsibility of promoting and ensuring diversity in all aspects of gaming. The PGCB developed diversity rules and regulations to assist the agency in accomplishing its diversity goals in addition to establishing policies and procedures to promote and ensure that the regulated entities also foster participation and diversity in all aspects of their operations in the Commonwealth.

Each regulated entity is required to provide a plan in its applications for licensure, certification or renewal that establishes a goal of diversity in ownership, participation, operation and employment. The Director of Diversity is responsible for determining whether goals set forth in the diversity plans are reasonable and represent a good faith effort to assure that all persons are accorded equality of opportunity in contracting and employment by the regulated entity and its contractors, subcontractors, assignees, lessees and agents.

Statistical data regarding hiring and diversity is collected and assembled by the Office of Diversity. This information includes:

- employment by race, employment by gender;
- positions offered/hired;
- percentages of female and minority executive/management staff;
- total number of table-games employees;
- total number of table-games employees that are residents of Pennsylvania;
- total expenditures for construction and non-construction related goods and services;
- expenditures to minority, women and local business entities;
- charitable donations and community outreach;

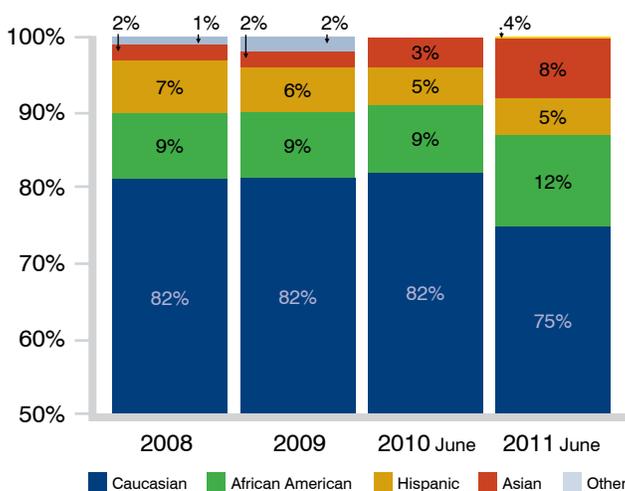
The Office of Diversity recently published the Fourth Annual Diversity Report (2010-2011). The Report also provides the above data along with demographic data/county profiles from the 2010 U.S. Census Bureau for each entity. The Report is located on the PGCB's web site.



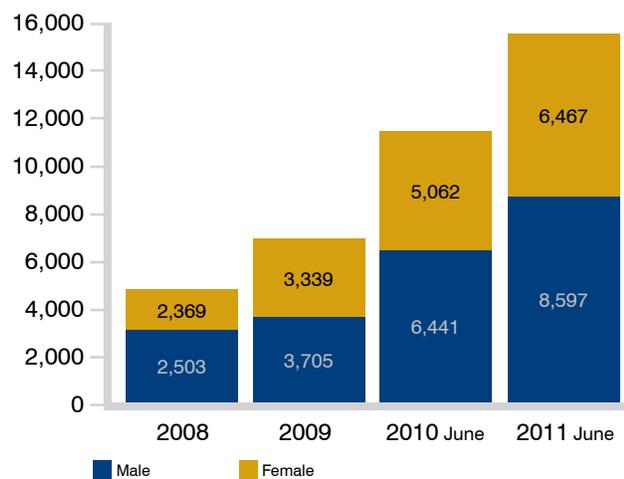
Mozelle E. Daniels  
Director,  
Office of Diversity

## Statewide

Employment by Race



Employment by Gender





Elizabeth Lanza  
Director, Office of Compulsive and  
Problem Gambling

## Office of Compulsive and Problem Gambling

The PGCB's Office of Compulsive and Problem Gambling (OCPG) remains committed to:

- assisting Pennsylvanians affected by compulsive gambling by ensuring that every slot machine operator has established, and complies with, an approved compulsive and problem gambling plan;
- creating problem gambling materials and outreach programs;
- heightening of public awareness of the dangers of compulsive, problem, intoxicated and underage gambling;
- developing prevention programs and harm reduction tools for gamblers;
- establishing education programs for residents of all ages; and,
- directing problem gamblers and their families to compulsive gamblers assistance organizations' toll-free helplines for crisis counseling, referral services and treatment.

During the 2010-2011 Fiscal Year, the office's Director and Program Coordinator, maintained the Board's Self-Exclusion Program (see below). In addition, the staff collected and analyzed data from Pennsylvania and other states' Self-Exclusion Programs, communicated with the general public about

self-exclusion and problem gambling, met with other state agencies, and attended state and national conferences on problem gambling. The office director also made public presentations including at the annual statewide conference of the Council on Compulsive Gambling of Pennsylvania.

The office also worked closely with each of the gaming licensees to ensure that each adhered to its Compulsive and Problem Gambling Plan.

As in past years, the OCPG supported and participated in National Problem Gambling Awareness Week (NPGAW), a grassroots public awareness and outreach campaign held March 6-12, 2011. The OCPG created informational documents to hand out during NPGAW and to post on the PGCB website. During this week-long event, the PGCB joined with the Pennsylvania Lottery, the Department of Health, and the Council on Compulsive Gambling of Pennsylvania in setting up displays in Harrisburg at both Strawberry Square and the Capitol Complex. Additionally, the OCPG facilitated a Joint Statement of the Chairman of the PGCB, the Secretaries of Health, Revenue and Agriculture, resolutions by the PGCB, Pennsylvania House of Representatives and the Senate of Pennsylvania along with a Governor's proclamation - all recognizing Problem Gambling Awareness Week in Pennsylvania.

Through June 30, 2011, data from Pennsylvania's program, which is based upon responses from individuals during the self-exclusion intake interview, shows that:

There are a total of  
**2601** individuals  
on the  
Self-Exclusion List

**1362 or  
52%**  
are males and  
**1239 or  
48%** are females

Individuals range  
between  
**21 and 81**  
years of age.

**751 or 35%**  
of the self-excluded  
individuals are  
currently involved in  
a treatment program  
(including Gamblers  
Anonymous)  
or have sought  
treatment in the  
past.

**219 or 10%**  
have been  
self-excluded in  
other jurisdictions  
such as New Jersey  
and Delaware.

**1189 or  
89%**  
of the self-excluded  
persons participat-  
ed in gambling in a  
PA casino prior to  
signing up for the  
Board's Self-  
Exclusion Program.

If you or someone you know has a gambling problem, call  
The Council on Compulsive Gambling at 1-800-848-1880 or 1-800-GAMBLER

## Bureau of Casino Compliance

The Bureau of Casino Compliance, in furtherance of the Board's mission to secure the integrity of gaming and the safety of patrons, provides round-the-clock representation at each casino. It is the responsibility of the Casino Compliance Representatives (CCR's) assigned to each casino throughout the Commonwealth to ensure compliance with PGCB regulations, and guarantee that the casino's Internal Controls comply with regulations and are analogous to their day-to-day operations.

An important function of the CCR's is to be available to the public to receive any patron complaints. All patron complaints are thoroughly investigated and the patron is notified when the CCR investigation is completed. Additionally, the CCR refers all violations of a criminal nature to the Pennsylvania State Police for investigation.

The CCR also addresses the issue of Compulsive and Problem Gaming and its proper oversight and attention by the casino. The CCR can enroll members of the public in the PGCB's voluntary Self-Exclusion Program and assure strict compliance.

At the inception of gaming in Pennsylvania, the Bureau of Casino Compliance was given the task of reporting to the Board all activities and licensing issues at each casino resulting in the generation of over 94,000 activity reports. Additionally, the Bureau has initiated nearly 19,000 compliance issues which are then forwarded to the Office of Enforcement Counsel for further investigation.

Of particular importance, the Bureau of Casino Compliance ensures that security and safety at each casino is not compromised. Collectively, thousands of surveillance camera reviews are performed annually to safeguard assets, enhance patron safety, resolve complaints and identify criminal activity.

The Bureau of Casino Compliance also works cooperatively with various national and international regulatory agencies to identify chronic criminal behavior and technology improvements. The bureau's attentiveness to criminal behavior not only protects the patron and casino, but has led to the exclusion of many professional cheaters.

The Pennsylvania gaming industry continues to expand and evolve and the Bureau of Casino Compliance will remain vigilant and prepared for both the expansion of existing casinos and the opening of new facilities. The bureau will ensure that the best practices of gaming regulation are implemented and the gaming industry is in a position to meet the needs and expectations of the gaming public. This year, the Bureau of Casino Compliance implemented and now maintains a voluntary credit exclusion program for patrons of PA casinos.

The Bureau of Casino Compliance has taken on the role of coordinating the PGCB's oversight of gaming floor plan changes including the number and location of slot machines and changes to the approved gaming floor area.



Gerald E. Stoll  
Director, Bureau of  
Casino Compliance

Licensed Operators	Slots*	Tables*	Gaming Floor (sq. ft.)*
Mohegan Sun at Pocono Downs	2,332	84	82,396
Parx Casino	3,480	182	164,501
Harrah's Chester Casino and Racetrack	2,958	121	109,417
Presque Isle Downs and Casino	2,030	48	58,938
The Meadows Racetrack and Casino	3,317	78	136,344
Mount Airy Casino Resort	2,275	72	69,247
Hollywood Casino at Penn National Race Course	2,467	61	99,194
Sands Casino Resort Bethlehem	3,024	129	151,796
Rivers Casino	2,954	107	133,862
SugarHouse Casino	1,602	53	51,794

\* as of June 30, 2011



Paul Resch  
Director,  
Bureau of Gaming Operations

## Bureau of Gaming Operations

The Bureau of Gaming Operations works closely with the Executive Director and other bureaus to oversee all aspects of ongoing casino operations. Staff perform audits and reviews Internal Controls and regulatory submissions for all 10 licensees, which together are authorized to operate more than 26,000 slot machines and 860 table games at the close of the 2010-2011 fiscal year.

The Bureau of Gaming Operations is comprised of a Compliance Unit, an Audit Unit and the Office of Racetrack Gaming.

From the opening of the Commonwealth’s first slots casino in November 2006 to the implementation of table games in July 2010, Gaming Operations staff have played an important role in the startup and ongoing regulatory oversight of slot machine and table game operations. For example, staff assisted in the development of the pre-opening requirements for slot and table game openings, helped draft temporary and final form regulations, and conducted audits of casino operations to determine compliance with approved Internal Control systems.

### Compliance Unit

Compliance Unit staff review each licensee’s internal controls, audit protocols and related submissions including table game rules submissions, gaming guides, table game supervisory staffing plans, tournament schedules, and equipment submissions for cards, dice, chips, table signs and table layouts.

As required by the Gaming Act, internal controls include detailed procedures for all aspects of slot machine and table game operations such as:

- the transfer of drop boxes to the count room;
- the counting and recording of gross table game and gross terminal revenue;
- the safety of casino patrons including adequate security and surveillance coverage; and,
- the issuance of casino credit.

Internal controls must also ensure that slot machine and table game operations are appropriately segregated and performed in accordance with sound financial practices by qualified employees.

In 2010-2011, Compliance Unit staff reviewed 729 internal control amendments, 583 table game submissions and the initial system of internal controls for SugarHouse Casino. Staff also reviewed table game match play internal controls, which included procedures for issuance, redemption and inventory control of promotional match play coupons.

### Audit Unit

The Audit Unit performs comprehensive audits to provide reasonable assurance that licensees are in compliance with the Gaming Act, the Board’s regulations and all applicable standards, policies and directives. An annual risk assessment determines areas to be evaluated as part of the audit program.

The scope of the audits include: accounting and finance, cage operations, compulsive and problem gambling, jackpot payouts, sensitive key control, restricted area access, surveillance and table game operations. Auditors obtain an understanding of the licensee’s gaming operations through observation, examination and inquiry to determine the effectiveness of the licensee’s internal control systems. Audit reports include a response from the licensee to each area of non-compliance and recommendations for corrective action.

Five audits were performed in 2010-2011. One of the audits conducted, a table games tax liability audit to ensure the proper recording of gross table game revenue, was performed at all 10 properties. The remaining four audits were part of the comprehensive audit program and were conducted at each of four properties respectively.

To date, the Audit Unit has performed 16 audits, including at least one at each of the 10 licensees.

### The Bureau of Gaming Operations accomplished the following in 2010-2011:



## Office of Racetrack Gaming

The Office of Racetrack Gaming serves as the Pennsylvania Gaming Control Board’s liaison between the gaming and horse racing industries.

The Pennsylvania Race Horse Development and Gaming Act states that the authorization of limited casino gaming is intended to positively assist the Commonwealth’s horse racing industry, support programs intended to foster and promote horse breeding, and improve the living and working conditions of personnel who work and reside in and around the stable and backside areas of racetracks. Approximately 12% of revenue generated from slot machine gaming is earmarked for the horse racing industry in order to accomplish the intent of the Act as it relates to horse racing.

In order to ensure a strong interface between gaming and racing, the Office of Racetrack Gaming:

- Establishes and maintains effective relationships and acts in a liaison capacity to the Pennsylvania Harness Racing Commission, Pennsylvania Horse Racing Commission, casino and racetrack operators, horsemen’s organizations, and related organizations;
- Regularly attends Pennsylvania Racing Commission meetings and provides reports to the Board regarding all areas that impact casino gaming;
- Conducts in-depth financial analysis and prepares an annual report to the Board detailing the ongoing impact of casino gaming on the racing and pari-mutuel wagering industry;
- Maintains reports detailing tax assessments generated from slot machine gaming and the distribution to purses, health and pension benefits, the Pennsylvania Breeding Fund, the Pennsylvania Sire Stakes Fund, the Pennsylvania Standardbred Breeders Development Fund, and the General Fund;
- Acts as a liaison between the Board and each respective racing commission regarding all proposed construction, renovations, and gaming floor plan changes at each racetrack casino to ensure a smooth interface between gaming and racing venues;
- Ensures each casino and racetrack operator submits an annual report summarizing how the introduction and expansion of gaming has fulfilled the intent of the Race Horse Development and Gaming Act to enhance live racing at the casino along with plans to promote live racing and increase both live handle and daily attendance at the racetrack;

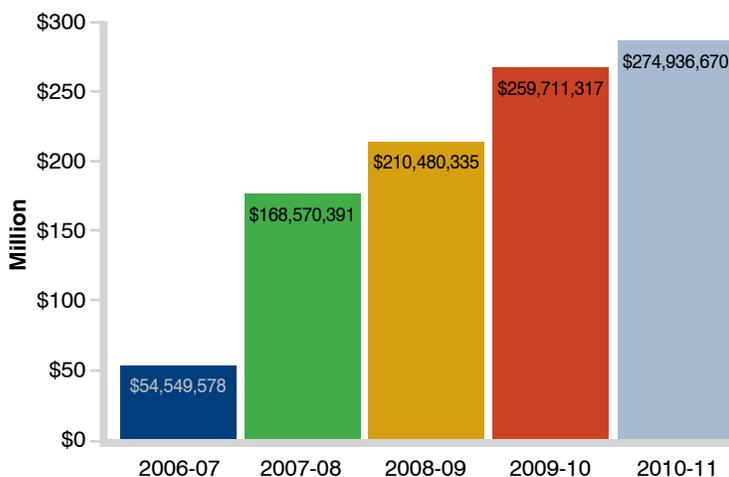
- Monitors improvements to the backside area of new and existing racetrack casinos to ensure compliance with required improvement and maintenance to that area and related buildings at the racetrack;
- Ensures each racetrack casino maintains a live racing agreement with the respective horsemen’s organization representing the majority of owners and trainers who own and race horses at racetracks;
- Ensures each horsemen’s organization files an annual audit prepared by a certified public accountant of all funds received from the Pennsylvania Race Horse Development Fund; and,
- Regularly assists the Bureau of Gaming Operations in all areas of its responsibility.

In May 2011, the Office of Racetrack Gaming released its fourth annual benchmark report which provides an update on the impact the Pennsylvania Race Horse Development Fund is having on the horse racing industry and pari-mutuel wagering throughout the Commonwealth. This report compares the status of wagers placed on horse and harness racing, and other indicators of pari-mutuel health before and after slot machine gaming commenced in 2006. As the information within this report suggests, there has been an overall positive impact on Pennsylvania racing and the agricultural industry since casinos became operational in 2006. This report can be downloaded from the About PGCB/Reports link of the Gaming Control Board’s website, [www.gamingcontrolboard.pa.gov](http://www.gamingcontrolboard.pa.gov).



Kevin Kile  
Director,  
Office of Racetrack Gaming

**Pennsylvania Race Horse Development Fund**



## Videos of Public Meetings Available on Website

In August of 2010, the Pennsylvania Gaming Control Board, in its continuing effort to improve transparency and allow the public to be informed in its work to regulate the casino gaming industry, became the first Commonwealth agency to offer video of public meetings via the Internet.

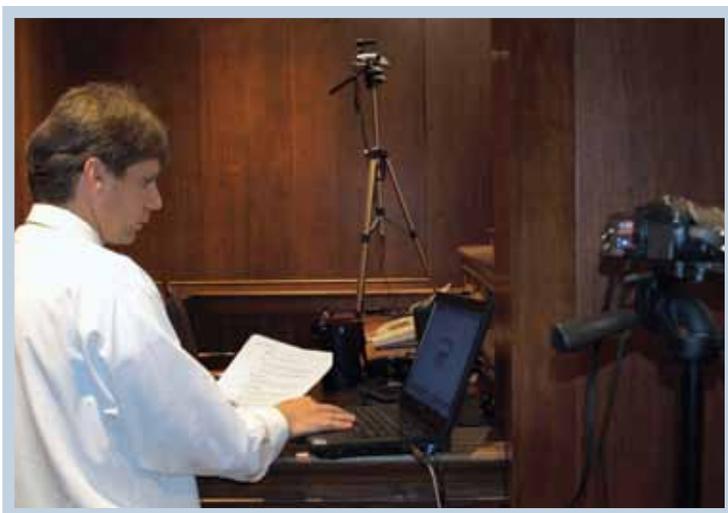
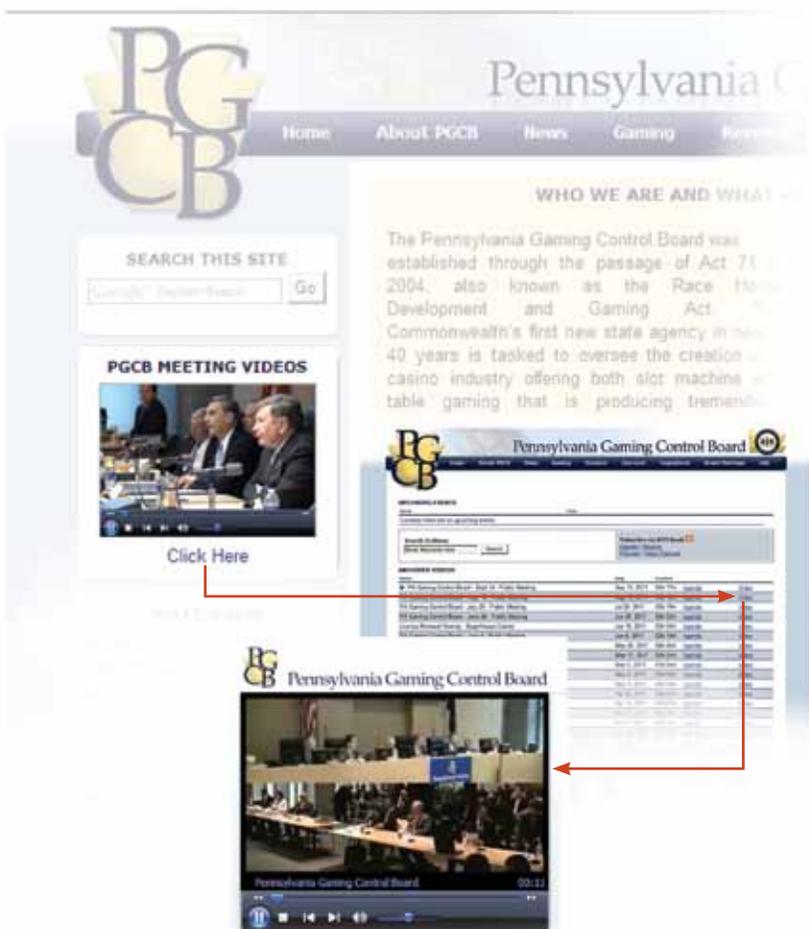
Achieved through a partnership with Granicus, Inc., a firm which provides other government agencies in the United States with comprehensive solutions for creating, managing and distributing live and on-demand streaming media content, the Office of Communications began recording and offering to the public complete meeting and hearing video dating back to its May 13, 2010 Board meeting.

The video postings also include a unique bookmarking system that permits viewers to easily jump to just that specific section of the meeting or hearing in which they have an interest.

“The Board’s effort to provide video access to its meetings is another example of how we have taken the lead in providing the public with easy access to the business of this agency,” says PGCB Director of Communications, Doug Harbach.

The PGCB does not plan to rest on this technology. During the next year, the Board expects to offer live streaming video of meetings in addition to offering the archived videos.

The video service, along with a wealth of other information on the PGCB and the Pennsylvania gaming industry, is available at [www.gamingcontrolboard.pa.gov](http://www.gamingcontrolboard.pa.gov).



## Generating Jobs and Tax Revenue for the Commonwealth



**Statewide**  
 Tax Revenue - \$1,365,410,111  
 Jobs - 15,064

**Presque Isle Downs & Casino**

Tax Revenue - \$96,120,836  
 Jobs - 962

**Rivers Casino**

Tax Revenue - \$152,863,605  
 Jobs - 1,705

**The Meadows Racetrack & Casino**

Tax Revenue - \$142,220,892  
 Jobs - 1,336

**Mohegan Sun at Pocono Downs**

Tax Revenue - \$129,627,353  
 Jobs - 1,751

**Mount Airy Casino Resort**

Tax Revenue - \$85,920,913  
 Jobs - 1,312

**Hollywood Casino at Penn National Race Course**

Tax Revenue - \$141,870,046  
 Jobs - 1,392

**Sands Casino Resort Bethlehem**

Tax Revenue - \$156,094,406  
 Jobs - 1,588

**Parx Casino**

Tax Revenue - \$222,709,497  
 Jobs - 2,045

**SugarHouse Casino**

Tax Revenue - \$73,172,176  
 Jobs - 1,090

**Harrah's Chester Casino & Racetrack**

Tax Revenue - \$164,810,388  
 Jobs - 1,883



R. Douglas Sherman  
Chief Counsel

## Office of Chief Counsel

The Office of Chief Counsel (OCC) serves as legal counsel to the Pennsylvania Gaming Control Board on issues of policy and procedure including administration, personnel, budget, operations, gaming, licensing, enforcement, and all other matters that may emerge in the course of regulating casino gaming.

Throughout 2010-2011 Fiscal Year, the OCC has continued to serve and fulfill the initial licensing needs of the Board while expanding its role to recognize the needs of the ever increasing regulatory and enforcement role of the Board as more casinos became fully operational and expanded their gaming product.

### Licensing:

The OCC advises and assists the Bureau of Licensing in all matters involving the licensing process. On a daily basis, the OCC provided counsel pertaining to issues including the change of ownership and control of a facility, financial restructuring, and modifications to design and construction plans submitted by various licensees. The OCC has also conducted extensive work with the Bureau of Licensing to process the renewals of the licensed facilities and provided guidance with respect to the compliance by renewal applicants with their Statement of Conditions, Board Regulations, and the Race Horse Development and Gaming Act.

Since the legalization of table games in 2010, the OCC has worked to ensure the timely and efficient implementation of table games. This includes assisting in developing a process to enable established table game manufacturers to obtain licensure. In addition, the OCC has been heavily involved in the licensing of gaming junkets, as well as a revamping of regulations, policies, and fees related to gaming service providers.

Finally, the 2010-2011 year also saw the OCC taking a lead role with respect to reviewing the applications, evaluating eligibility and drafting suitability reports for the four applicants for the second approved Category 3 resort casino.

### Regulatory Review:

The OCC was instrumental in the swift implementation of table gaming in the Commonwealth. In the past fiscal year, the OCC drafted over 900 pages of temporary regulations, contained in twenty-nine chapters for the Board's consideration. These temporary regulations govern the rules of play, the minimum training requirements for dealers and supervisors, the internal control procedures, and the design specifications and inventory require-

ments for all equipment used in table gaming.

In an effort to develop the most effective regulatory programs, the Board and the OCC solicited comments on all temporary table game regulations and adopted several of the suggested revisions into subsequent rulemakings. During the latter half of 2010, the OCC then began the process of transitioning the temporary table game regulations into proposed rulemakings. To date, the Board has adopted ten proposed rulemakings covering twenty-five chapters.

In addition to table game rulemakings, the OCC has continued to revise and improve current agency regulations. Among the changes included in the five rulemakings submitted to the Board were a comprehensive update to the agency's rules of practice and procedure; revisions to the principal licensing requirements; and rewrites of the Board's regulations governing gaming junket enterprises, horsemen's organizations, and the separation between the adjudicatory functions of the Board and the investigatory and prosecutorial functions of the Bureau of Investigations and Enforcement.

### Litigation:

The Litigation Section of the OCC provided legal advice on various matters brought before the Board for consideration including emergency suspensions, enforcement actions, petitions for relief, suspensions, revocations, consent agreements, withdrawals of applications, surrenders of licenses, placement on the Board's exclusion list, and Reports & Recommendations generated by the Board's Office of Hearings and Appeals. In total, during the past fiscal year, the OCC reviewed and provided legal advice to the Board on no fewer than 332 matters that came before it for consideration.

During this same time period, the OCC represented the Board before judicial and administrative tribunals in proceedings in which the Board was named as a party including, but not limited to, appeals of licensing decisions to the Commonwealth's appellate courts. To date, every one of the Board's licensing decisions taken up on appeal, when decided on the merits, has been upheld, including, most recently, the Supreme Court upholding the award of the first Category 3 "resort" slot machine license to Valley Forge Convention Center Partners, LP.

The OCC also provided ongoing counsel to the Board and Bureaus concerning various policy and regulatory issues, as well as matters involving human resources, ethics, Right-to-Know law requests and other administration concerns.

## Office of Hearings and Appeals

In the 2010-2011 Fiscal Year, the Office of Hearings and Appeals (OHA) continued to evaluate its regulations, processes and procedures with a goal of providing better service to both the public and participants in hearings conducted by its Hearing Officers. OHA also continues to look at ways to improve the distribution of public information to interested persons.

Additionally, the Board has approved new Proposed Regulations and OHA is working towards making those proposed changes final.

Regarding specific events, in August and September 2010, OHA, along with other Board staff, conducted Public Input Hearings for the four Category 3 applicants: Bushkill Group, Inc., Mason-Dixon Resort, L.P., Penn Harris Gaming, L.P., and Woodlands Fayette, LLC. Per the Race Horse Development and Gaming Act, these hearings were held in the municipality in which the applicant proposed

to locate the casino. Public input in the form of written comments and oral testimony was received at the hearings.

In May and June 2011, the OHA staff, along with other Board staff, conducted Public License Renewal Hearings for license holders: Presque Isle Downs, Inc., Holdings Acquisition Co., L.P. d/b/a, The Rivers Casino, Washington Trotting Association, Inc. d/b/a The Meadows Racetrack and Casino, and HSP Gaming, LP d/b/a as SugarHouse Casino. Each hearing was held in the municipality in which the licensed facility is located with public input in the form of written comments and oral testimony received.

During the fiscal year, the Board's Clerk received approximately 2,548 filings to be processed. The breakdown of the types of filings and other items, such as hearings conducted, is as follows:



Linda S. Lloyd  
Director,  
Office of Hearings and Appeals

### During 2010-2011 OHA received and processed the following:

TYPES OF FILINGS	July 1, 2010 – June 30, 2011	July 1, 2009 – June 30, 2010
Petitions	268	217
Answers/Motions/Misc.	1,156	1,011
Enforcement Actions	79	40
Requests for Oral Hearing	103	66
Reports and Recommendations Issued	73	47
Exceptions	10	6
Disposed Hearing Files	75	62
Board Orders	579	446
OHA Orders	181	137
Total Orders Processed	760	583
Hearings Conducted by OHA	75	62
Records Certified to Courts	3	5

## Bureau of Investigations and Enforcement

The Bureau of Investigations and Enforcement (BIE) operates as an independent bureau of the PGCB to ensure the integrity of the Commonwealth’s gaming industry through conducting suitability and regulatory investigations. In that role, BIE investigates casino operators and employees, as well as the manufacturers, suppliers, and gaming service providers interested in conducting business within the Commonwealth’s gaming industry. Carrying out this function involves strong cooperation with other state agencies including the Department of State, the State Police, the Office of Attorney General and the Department of Revenue. That cooperation also extends through strong working relationships with other gaming regulators in the United States and around the world.

BIE must furnish the Board with a comprehensive report regarding an applicant’s suitability. These reports not only include a criminal history record check that contains information provided by the FBI based on the applicant’s fingerprints, but the results of interviews of the applicant, employers, neighbors, references and family members conducted by BIE agents. Additional elements of background investigations include:

- inquiries into the applicant’s regulatory history in other gaming jurisdictions;

- professional license verification;
- tax record examination;
- credit history analysis;
- database checks regarding political contributions; and,
- retrieval of court records of civil litigation.

Within BIE is a Financial Investigations Unit which maintains and reviews all corporate compliance submissions to the PGCB. The unit also assists BIE agents with the financial investigations of newly submitted and renewal applicants, reviews any changes in debt financing and corporate structure ownership, and reviews other financial issues related to BIE investigations which would require financial analysis for the Board’s review.

Suitability is an ongoing requirement for all license holders. Therefore, BIE must continually investigate information brought to its attention pertaining to licensees. In addition, BIE must conduct suitability investigations on all licensed individuals every three years while conducting renewal investigations on gaming service providers every four years.

For the 2010-2011 Fiscal Year, BIE investigated over 373 companies, principals, and key employees related to casino operators, slot machine and table game manufacturers and suppliers; over 9,809 gaming and non-gaming employees; and, over 271 companies and individuals associated with certified and registered gaming service providers.

Type:	July 1, 2010 - June 30, 2011 Investigations	July 1, 2009 - June 30, 2010 Investigations
Category 1	0	3
Category 2	0	1
Category 3	0	4
Slot Machine Manufacturer	6	15
Table Game Manufacturer	7	13
Table Game Manufacturer Designee	0	1
Slot Machine Supplier	4	3
Table Game Supplier	1	1
Management Company	0	3
Affiliate	31	96
Key Employee	70	288
Principal	208	369
Principal Entity	46	45
Gaming Employee	7,078	6,676
Non-Gaming Employee	2,731	2,412
Certified/Registered Gaming Service, Providers, Affiliates, Employees	271	538
<b>TOTAL</b>	<b>10,453</b>	<b>10,468</b>

## Office of Enforcement Counsel

The Office of Enforcement Counsel (OEC) was established pursuant to §1517(a.2) of the Pennsylvania Race Horse Development and Gaming Act as the regulatory prosecutorial arm of the Pennsylvania Gaming Control Board. The OEC operates as a separate independent office within the Bureau of Investigations and Enforcement (BIE), also an independent bureau of the PGCB, in matters relating to regulatory enforcement of the Act.

The OEC's responsibilities and duties include, but are not limited to:

- providing legal advice to and making recommendations on behalf of the BIE;
- ensuring regulatory compliance with the Act;
- initiating proceedings for non criminal violations of the Act or Board Approved Regulations;
- seeking remedies which may include civil fines and penalties, imposing conditions, and suspending or revoking licensing privileges of anyone subject to the Board's jurisdiction;
- providing recommendations and objections in licensing matters before the Board;
- responding to all regulatory petitions subject to the Board's jurisdiction; and,
- petitioning for the placement of individuals on the Board's Exclusion List.

In order to best serve the Commonwealth, OEC is divided into three regions (Eastern, Central, and Western) with each comprised of a deputy enforcement counsel, three assistant enforcement counselors, and support staff. OEC's Central Region office is located in Harrisburg, its Western Region office is located in Pittsburgh and its Eastern Region office is located in Conshohocken. Each regional office is responsible for ensuring compliance with the Gaming Act and approved regulations by the applicants and licensees assigned to it based upon geographical location of the applicant or licensee, or by the BIE assigned location.

OEC receives violation referrals from various sources, including the Board's other Bureaus and Offices, the gaming industry, federal and state government agencies, and the general public. Its regional offices and referral process allows OEC to respond quickly in an efficient streamlined manner while ensuring strict regulatory compliance with the Gaming Act.

OEC handled a myriad of matters in fiscal year 2010-2011, which included, but was not limited to:

- prosecuting the suitability hearings and making suitability recommendations regarding applicants for the final Category 3 resort license which the Board awarded to Woodlands Fayette, LLC (Nemacolin Woodlands Resort);
  - providing regulatory oversight and aiding in the opening of table games at all licensed facilities across the Commonwealth;
  - providing regulatory oversight and aiding in the opening of SugarHouse Casino;
  - prosecuting the administrative revocation proceedings of Category 2 Licensee Philadelphia Entertainment Development Partners (Foxwoods); and,
  - prosecuting the public renewal hearings for Presque Isle Downs and Casino, The Meadows Racetrack and Casino, Rivers Casino, and SugarHouse Casino.
- Looking forward, OEC is working diligently to complete the review and assessment of:
- various petitions and matters regarding the opening of the casino at the Valley Forge Convention Center in King of Prussia;
  - various transactions regarding the corporate restructuring and/or debt refinancing of various licensees; and,
  - proposed physical expansions by various licensees.



Cyrus Pitre  
Chief Enforcement Counsel

### Office of Enforcement Counsel Statistical Data

	July 1, 2010 - June 30, 2011
Enforcement Warning Letters	195
Enforcement Petitions and Complaints	85
Enforcement Compliance Conferences	9
Enforcement Checks and Reviews	1,563
Sworn Statements and Depositions	51
Regulatory Consent Agreements	19
Total Regulatory Fines & Penalties	\$930,400.00
Recommended Conditions to Licensure	113
Final Background Investigation Reports	1,493
Recommended License Denial Notices	142
Recommended License Withdrawals/Surrenders	1,237
Hearings	88
Petition Responses and Motions Filed	203

## Bureau of Financial Management & Administration

The Office of Financial Management (OFM) develops and monitors the annual agency budget and assists the Board in preparing both analyses and recommendations regarding the itemized gaming budgets of the Department of Revenue, Attorney General's Office, and Pennsylvania State Police to the legislative appropriations committees.

### OFM also:

- provides gaming related revenue estimates to the Governor's Budget Office;
- bills, collects, reports and monitors all agency generated revenue;
- administers the Local Law Enforcement Grant Program; and,
- posts on its internet website, a list of all the itemized expenses of employees and members for each month that were reimbursed.

### Human Resources:

The Office of Human Resources (HR): establishes, maintains and administers effective and comprehensive classification and compensation programs/policies; coordinates a highly competitive benefits program; and, ensures that all employees work in a safe and fair environment. HR staff also support the PGCB in achieving its goals and objectives by assisting managers in recruiting, retaining, and developing a talented and diverse workforce through the coordination of training and performance management programs. Over the past year, HR has completed a complete review of all PGCB positions to ensure all positions within the organization are compensated fairly, reflective of the job's relative value to the organization and consistent with the economic environment of the Commonwealth. On January 6, 2011, HR presented the Board with an amended classification and compensation structure that categorizes the compensation level of all positions within the agency. This new classification and compensation structure was approved by the Board and is published on the agency's web-site. HR led the organization's efforts in negotiating with AFSCME who currently represents approximately 249 union eligible employees.

### Information Technology:

The Office of Information Technology (OIT) is responsible for the continued support and development of applications to assist both PGCB staff

in the licensing and enforcement of gaming in Pennsylvania. OIT also provides the daily support of all technology for agency employees including oversight and maintenance of all agency computers, servers, networks, software, and telecommunications equipment.

During the 2010-2011 Fiscal Year, OIT developed an application that permits those on the PGCB staff that charge their time and travel expenses back to the applicants to input that information into the licensing applicant database. This application, Time and Expense Entry and Approval Module (TEEAM), was designed to support the billable time and expense policy.

Another software application, the Casino Compliance Reporting System, was enhanced during the past fiscal year to add an alert module which provides staff within the Bureau of Casino Compliance to warn staff within other casinos of possible individuals that may attempt to travel from casino to casino with the intent to cause problems such as cheating.

The SLOTSlink online license application was also improved with an expansion that can handle Gaming, Gaming Level 2, and Non-Gaming applicants from all license types. This includes manufacturers, suppliers, and gaming service providers. This expansion of SLOTSlink achieves the goal to be paperless for all Gaming, Gaming Level 2, and Non-Gaming applicants.

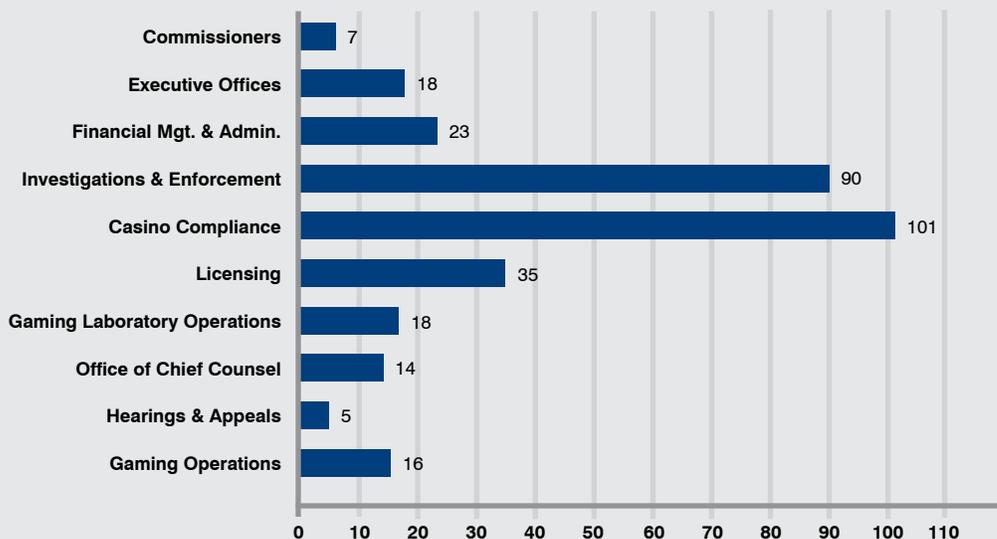
### Office Services:

Office Services continued efforts to eliminate sole source contracts wherever possible.

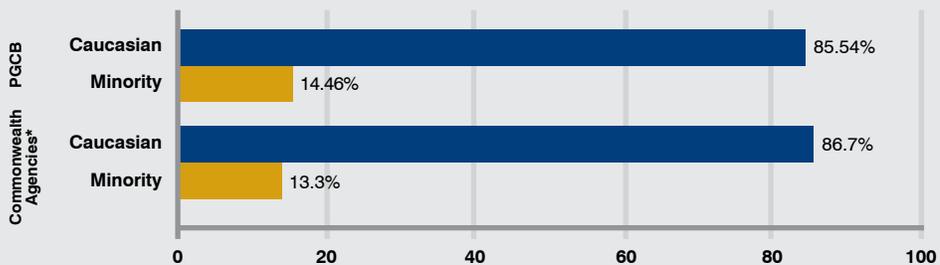
A building lease review was requested by the Board Chairman and Executive Director during the 2010-2011 Fiscal Year leading to substantial savings, including:

- reducing costs for its Conshohocken office by moving into a smaller office suite at a lower rental rate;
- negotiating a new lease for the Office of Hearings and Appeals in Harrisburg that reduces monthly rent while providing permanent space for public meetings of the PA Gaming Control Board; and,
- beginning the process to solicit proposals for office space in Pittsburgh in an effort to reduce lease costs.

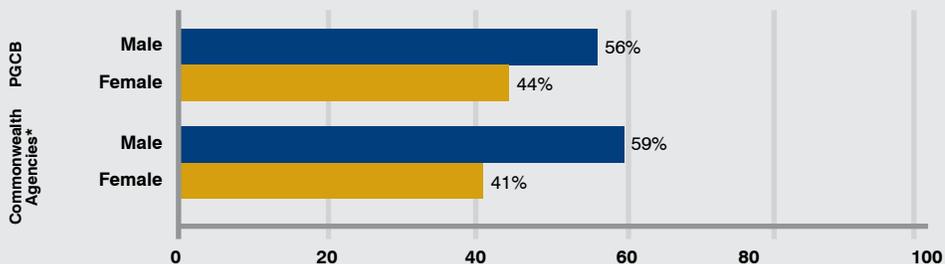
### Employees By Bureau (as of June 30, 2011)



### Minority Representation (as of June 30, 2011)



### Gender Representation (as of June 30, 2011)



\*Governor's Annual Workforce Report

## Overview of Gaming Revenue

With the opening of SugarHouse Casino in Philadelphia in September 2010, ten facilities were operating approximately 26,400 slot machines across Pennsylvania by June 30, 2011. During fiscal year 2010-2011, slot machines and table games generated over \$2.8 billion in gross gaming revenue, part of which will fund \$776.2 million in property tax relief.

Table games, authorized by Act 1 of 2010, generated \$71.3 million in General Fund revenue through fiscal year 2010-2011 and an additional \$10.2 million in revenue to local governments.

The charts on the following pages represent an overview of the direct revenues generated by

gaming during fiscal year 2010-2011. This direct revenue is in addition to the thousands of jobs, economic development and indirect revenue generated by contractors that provide goods and services or construction to the casinos and racetracks.

The tables following the charts provide more detailed information on the amounts wagered and paid out at each licensed facility, as well as the tax and license fee revenues collected from each casino licensee. Distribution of gaming revenues to local governments are also detailed. Lastly, a statement of revenue and expenditures of the PGCB during fiscal year 2010-2011 is included.

Local share - FY 2010-2011	Slot Machines - (includes catch-up requirements to achieve the- \$10 Million Minimum Shares <sup>1</sup> )	Table Games <sup>1</sup>	Total
Bucks County	\$7,781,794.99	\$602,589.74	\$8,384,384.73
Bensalem Township	\$9,818,693.50	\$602,589.77	\$10,421,283.27
Luzerne County - Commonwealth Financing Auth.	\$12,058,720.70	\$283,146.40	\$12,341,867.10
Plains Township	\$2,498,155.33	\$283,146.41	\$2,781,301.74
Delaware County	\$5,756,799.91	\$499,634.69	\$6,256,434.60
Chester City <sup>2</sup>	\$9,826,965.47	\$499,634.71	\$10,326,600.18
Erie County	\$12,190,719.49		\$12,190,719.49
Erie County Redevelopment Authority		\$296,800.77	\$296,800.77
Summit Township	\$1,248,880.51		\$1,248,880.51
Washington County - DCED	\$9,186,894.35	\$149,968.02	\$9,336,862.37
North Strabane Township	\$2,361,045.92	\$234,669.30	\$2,595,715.22
Monroe County - Commonwealth Financing Auth.	\$9,669,034.21	\$141,389.22	\$9,810,423.43
Monroe County	\$2,402,164.24		\$2,402,164.24
Paradise Township	\$813,691.51	\$282,778.47	\$1,096,469.98
Dauphin County	\$13,837,453.76	\$246,990.39	\$14,084,444.15
East Hanover Township, Dauphin Co	\$982,634.00	\$123,495.20	\$1,106,129.20
Eash Hanover Township, Leb. Co	\$160,000.00	\$123,495.20	\$283,495.20
Allegheny County	\$5,048,764.59		\$5,048,764.59
Pittsburgh/ICA	\$10,209,541.31		\$10,209,541.31
Visitors Bureau of Monroeville		\$62,142.98	\$62,142.98
Allentown City	\$3,257,598.21	\$99,139.75	\$3,356,737.96
Bethlehem City	\$8,653,722.46	\$247,849.37	\$8,901,571.83
Easton City		\$247,849.36	\$247,849.36
Lehigh County	\$833,651.52	\$99,139.76	\$932,791.28
Northampton County	\$2,500,954.54	\$297,419.24	\$2,798,373.78
Philadelphia School District	\$3,018,698.77	\$663,967.28	\$3,682,666.05
Washington County Townships	\$3,604,130.06	\$84,701.28	\$3,688,831.34
PHEAA		\$141,389.23	\$141,389.23
Department of Education		\$766,430.10	\$766,430.10
Totals	\$137,720,709.35	\$7,080,356.64	\$144,801,065.99

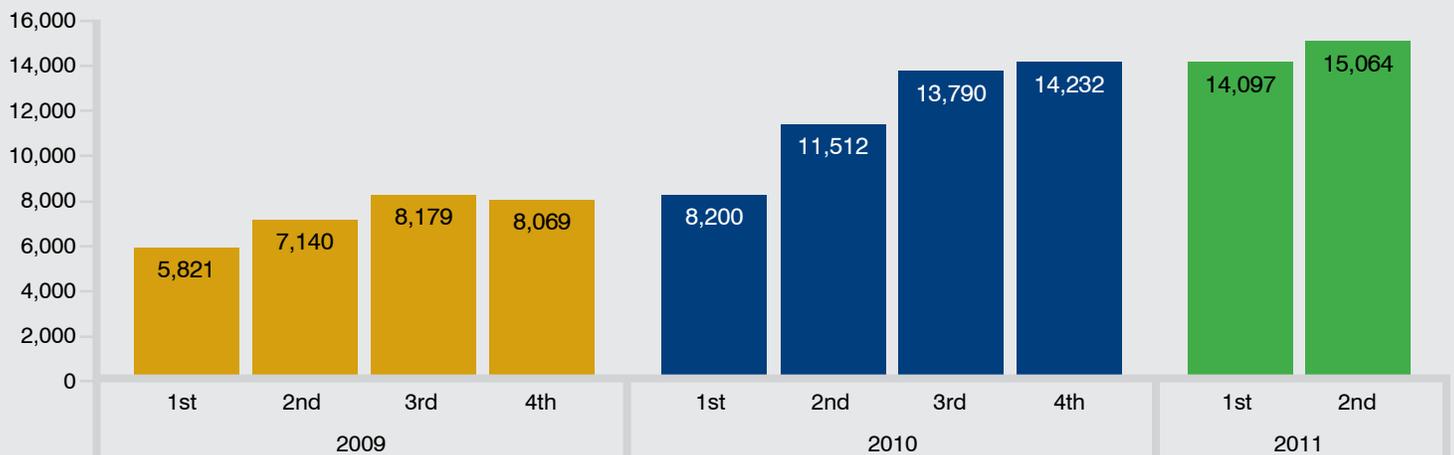
1 These figures reflect payments actually distributed to the appropriate local jurisdiction from July 1, 2010 through June 30, 2011.

2 The amount indicated for Chester City represents the true-up calculated and verified by the Department of Revenue (DOR). The revenue is not collected by DOR, but is paid directly to the city in accordance with a separate agreement between the facility and the city.

## Taxable Slot Wins Per Day at Pennsylvania Licensed Casinos

	Jun '11	May '11	Apr '11	Mar '11	Feb '11	Jan '11	Dec '10	Nov '10	Oct '10	Sep '10	Aug '10	July '10
Facility - Category 1												
Parx Casino	\$292	\$302	\$323	\$326	\$331	\$277	\$268	\$279	\$288	\$302	\$317	\$341
Harrah's Chester Downs	\$240	\$250	\$274	\$280	\$294	\$236	\$228	\$242	\$249	\$263	\$274	\$298
Penn National	\$270	\$282	\$302	\$295	\$298	\$239	\$240	\$250	\$269	\$266	\$284	\$313
The Meadows	\$202	\$208	\$205	\$206	\$214	\$166	\$169	\$184	\$195	\$198	\$208	\$220
Mohegan Pocono Downs	\$256	\$261	\$290	\$276	\$265	\$236	\$226	\$233	\$250	\$246	\$275	\$307
Presque Isle	\$222	\$237	\$250	\$234	\$232	\$183	\$178	\$216	\$231	\$247	\$259	\$267
Facility - Category 2												
Mt. Airy Casino Resort	\$179	\$182	\$185	\$170	\$165	\$139	\$131	\$158	\$164	\$165	\$181	\$191
Sands Bethlehem	\$245	\$241	\$261	\$253	\$256	\$211	\$221	\$224	\$232	\$229	\$239	\$261
Rivers Casino	\$250	\$260	\$273	\$266	\$281	\$221	\$215	\$224	\$233	\$232	\$239	\$259
SugarHouse Casino	\$283	\$301	\$303	\$301	\$298	\$203	\$194	\$207	\$258	\$294		
Statewide												
All Facilities	\$244	\$252	\$266	\$261	\$264	\$213	\$210	\$223	\$237	\$240	\$253	\$273
Avg. Daily Slot Machines	26,390	26,323	26,516	26,592	26,789	26,841	26,907	26,903	26,916	25,833	25,051	24,090

## Pennsylvania Casino Employment by Quarter



**2010-2011 Slots Revenue & Results**

July 1, 2010 through June 30, 2011



	Mohegan Sun	Parx	Harrah's Chester	Presque Isle
Wagers	\$2,868,369,372.63	\$5,129,857,804.51	\$3,315,580,250.38	\$2,239,642,803.30
Payouts	\$2,581,183,839.04	\$4,660,358,957.05	\$2,979,728,942.19	\$2,023,475,561.23
Promotional Plays (Internal)	\$61,635,392.55	\$89,363,972.33	\$55,457,804.54	\$46,413,130.35
Promotional Plays (External)	\$0.00	\$0.00	\$0.00	\$0.00
Adjustments	\$0.00	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$225,550,141.04	\$380,134,875.13	\$280,393,503.65	\$169,754,111.72
State Tax (34%)	\$76,687,047.99	\$129,245,857.59	\$95,333,791.27	\$57,716,398.08
Local Share Assessment (4%)	\$9,022,005.58	\$15,205,394.99	\$11,215,740.17	\$6,790,164.49
Local Share catch-up to achieve \$10 m min.	\$5,504,748.61	\$2,036,898.49	\$4,070,165.55*	\$6,592,255.01
Economic Development & Toursim (5%)	\$11,277,507.18	\$19,006,743.80	\$14,019,675.24	\$8,487,705.69
PA Race Horse Development Fund	\$26,467,936.81	\$44,613,291.74	\$32,892,521.31	\$19,918,012.83
Licensure Fees	\$0.00	\$0.00	\$0.00	\$0.00
Number of Machines as of June 30, 2011	2,332	3,407	2,959	2,066

	Meadows	Mount Airy	Hollywood	Sands Bethlehem
Wagers	\$3,140,985,436.93	\$1,997,425,010.93	\$2,766,606,973.06	\$3,704,162,245.60
Payouts	\$2,890,487,676.64	\$1,809,671,050.60	\$2,490,151,333.24	\$3,340,054,470.01
Promotional Plays (Internal)	\$0.00	\$41,759,937.87	\$27,341,872.15	\$100,039,118.11
Promotional Plays (External)	\$60,127,913.64	\$0.00	\$0.00	\$0.00
Adjustments	\$0.00	\$0.00	\$0.00	\$0.00
Gross Terminal Revenue	\$250,497,760.29	\$145,994,022.46	\$249,113,767.67	\$264,068,657.48
State Tax (34%)	\$85,169,238.50	\$49,637,967.67	\$84,698,681.05	\$89,783,343.57
Local Share Assessment (4%)	\$10,019,910.26	\$5,839,761.03	\$9,964,550.70	\$10,562,746.38
Local Share catch-up to achieve \$10 m min.	\$5,017,027.50	\$7,123,767.03	\$4,931,920.51	\$4,825,282.77
Economic Development & Toursim (5%)	\$12,524,888.02	\$7,299,701.24	\$12,455,688.44	\$13,203,432.94
PA Race Horse Development Fund	\$29,381,709.53	\$17,105,345.45	\$29,204,047.64	\$30,845,507.53
Licensure Fees	\$2,500,000.00	\$0.00	\$0.00	\$0.00
Number of Machines as of June 30, 2011	3,308	2,275	2,463	3,024

	Rivers	SugarHouse	Statewide	
Wagers	\$3,225,111,788.60	\$1,371,355,160.85	\$29,759,096,846.79	* The amount indicated for Chester City represents the true-up calculated and verified by the Department of Revenue (DOR). This revenue is not collected by DOR but is paid directly to the city in accordance with a separate agreement between the licensed facility and the city.
Payouts	\$2,903,938,540.10	\$1,232,408,742.29	\$26,911,459,112.39	
Promotional Plays (Internal)	\$58,593,221.04	\$20,391,416.56	\$500,995,865.50	
Promotional Plays (External)	\$0.00	\$0.00	\$60,127,913.64	
Adjustments	\$0.00	\$0.00	\$0.00	
Gross Terminal Revenue	\$262,580,027.46	\$118,555,002.00	\$2,346,641,868.90	
State Tax (34%)	\$89,277,209.46	\$40,308,700.66	\$797,858,235.84	
Local Share Assessment (4%)	\$10,503,201.05	\$4,742,200.07	\$93,865,674.72	
Local Share catch-up to achieve \$10 m min.	\$5,160,776.70	\$0.00	\$45,262,842.17	
Economic Development & Toursim (5%)	\$13,129,001.55	\$5,927,750.11	\$117,332,094.21	
PA Race Horse Development Fund	\$30,723,456.34	\$13,784,840.50	\$274,936,669.68	** Includes \$5 million licensure fee from Valley Forge Convention Center Partners, L.P.
Licensure Fees	\$2,500,000.00	\$0.00	\$10,000,000**	
Number of Machines as of June 30, 2011	2,954	1,602	26,390	



### 2010-11 Table Games Revenue & Results

July 1, 2010 through June 30, 2011

	Mohegan Sun	Parx	Harrah's Chester	Presque Isle
Total Table Games as of June 30, 2011	84	172	121	44
Gross Revenue	\$38,580,345	\$90,616,757	\$70,929,125	\$20,053,468
State Tax Due	\$5,401,248	\$12,825,874	\$9,930,078	\$2,807,486
Local Share Assessment	\$771,607	\$1,812,335	\$1,418,583	\$401,069
Non-Banking Tables	18	50	35	0
Gross Revenue	\$4,251,078	\$9,680,529	\$9,452,623	\$0
Banking Tables	66	104	86	44
Gross Revenue	\$34,329,267	\$75,590,783	\$61,476,502	\$20,053,468
Electronic Tables	0	1	0	0
Gross Revenue	\$0	\$4,935,070	\$0	\$0
Fully Automated Electronic Tables	0	17	0	0
Gross Revenue	\$0	\$410,375	\$0	\$0

	Meadows	Mount Airy	Hollywood	Sands Bethlehem
Total Table Games as of June 30, 2011	71	72	61	129
Gross Revenue	\$32,032,157	\$37,738,361	\$34,669,240	\$73,123,884
State Tax Due	\$4,484,502	\$5,283,371	\$4,853,694	\$10,237,344
Local Share Assessment	\$640,643	\$754,767	\$693,385	\$1,462,478
Non-Banking Tables	20	11	16	23
Gross Revenue	\$4,068,524	\$3,527,744	\$4,903,214	\$7,670,523
Banking Tables	51	61	45	106
Gross Revenue	\$27,963,633	\$34,210,617	\$29,766,026	\$65,453,361
Electronic Tables	0	0	0	0
Gross Revenue	\$0	\$0	\$0	\$0
Fully Automated Electronic Tables	0	0	0	0
Gross Revenue	\$0	\$0	\$0	\$0

	Rivers	SugarHouse	Statewide
Total Table Games as of June 30, 2011	107	43	904
Gross Revenue	\$57,692,101	\$52,554,279	\$507,986,717
State Tax Due	\$8,076,894	\$7,357,599	\$71,258,088
Local Share Assessment	\$1,153,842	\$1,051,086	\$10,159,795
Non-Banking Tables	30	0	203
Gross Revenue	\$7,613,986	\$0	\$51,168,220
Banking Tables	70	43	676
Gross Revenue	\$49,300,098	\$52,554,279	\$450,698,035
Electronic Tables	7	0	8
Gross Revenue	\$778,017	\$0	\$5,713,087
Fully Automated Electronic Tables	0	0	17
Gross Revenue	\$0	\$0	\$410,375

**PGCB Statement of Revenue and Expenditures**  
Fiscal Year 2010-11

**Appropriation**

Casino Operator Assessments (section 1401 account funds)	\$ 27,687,000		
Restricted Revenue	<u>\$ 8,113,000</u>		
Available			\$ 35,800,000

**Expenditures**

Personnel Expenditures			
Salaries	\$ 19,262,461		
OT	\$ 168,068		
Benefits	\$ 7,726,624		
Other Emp Pd Benefits	\$ 429		
Payouts/Allowances	<u>\$ 146,161</u>		
Total Personnel Expenditures		\$ 27,303,742	
Operating Expenditures			
Travel	\$ 381,866		
Training	\$ 29,740		
Utilities/Communications	\$ 675,426		
Services	\$ 2,033,910		
Rentals/Leases	\$ 1,945,038		
Supplies	\$ 127,245		
Equipment	\$ 321,541		
Inventory Expenses	\$ 77,564		
OthOpExpenses	<u>\$ 1,596,664</u>		
Total Operating Expenditures		<u>\$ 7,188,993</u>	
Total Expenditures			<u>\$ 34,492,736</u>
Revenues Over (Under) Expenditures			\$ 1,307,264

Note: Expenditure figures as of August 31, 2011.

Note: Restricted Revenue collected during FY10-11 totaled \$8,975,807.





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