

Allegheny County Paper Gaming Office Challenges

In Fiscal Year 2004

- Establish procedures for the Gaming Office, Operators, and Wholesalers in accordance with new paper gaming regulations.
- Inform all possible paper gaming operators of new regulation and aid them with the licensing and reporting procedures.
- Establish reconciliation and report procedures for tax collections.

Allegheny County Paper Gaming Office Challenges In Fiscal Year 2004

- Establish inspection procedures.
- Inform all licensed paper gaming operators of license renewal deadline and aid them with the licensing procedures.
- Plan and develop computerized system to handle the reporting of almost 5000 games being played monthly and inspections of 74 organizations.

Allegheny County Paper Games Distribution of Gaming Stickers - Fiscal Year 2004

100% - 49,328 stickers were sold to "wholesalers".

48,100 were bought by licensed wholesalers. The remainder of 1,228 was bought by operators to make their stock legal during the two week grace period granted by the commissioners; the last two weeks in November.

81% - 39,935 stickers were attached to actual games.

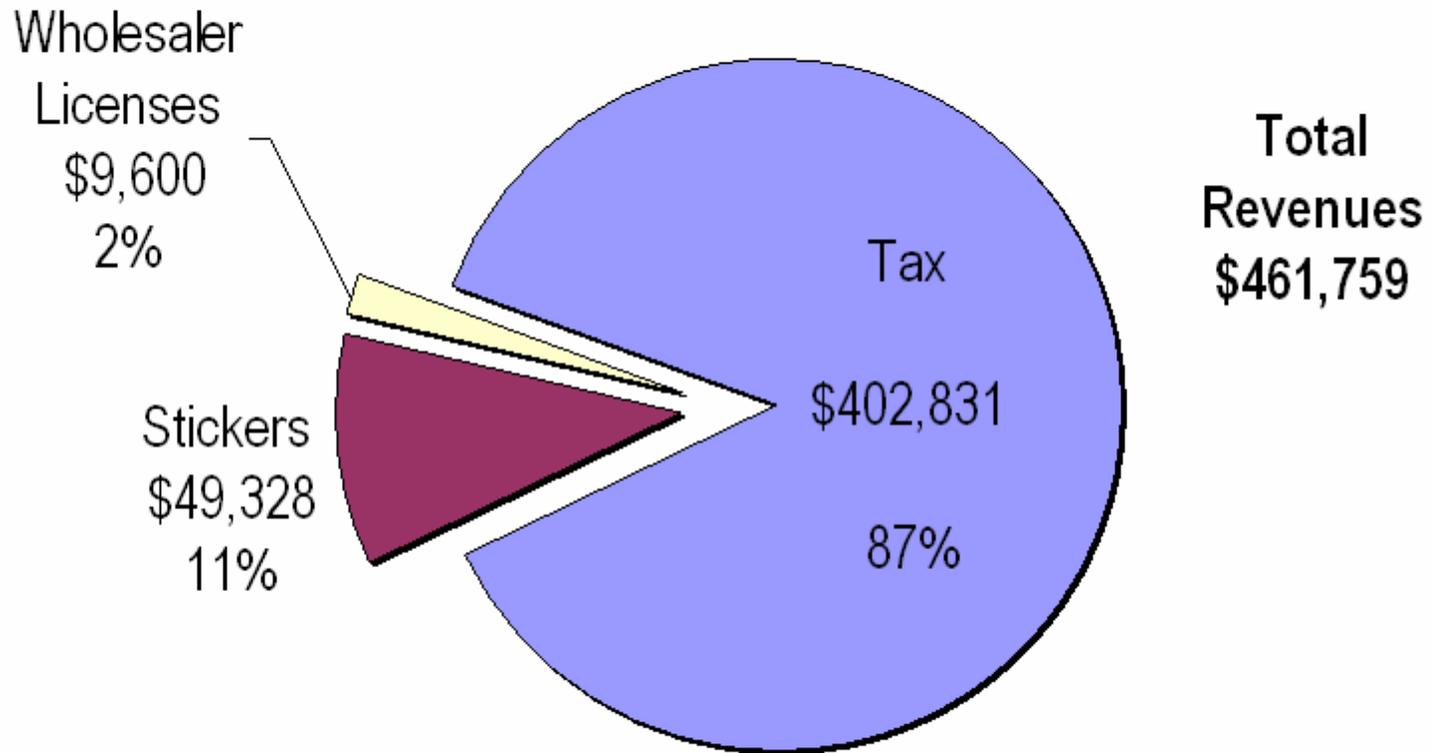
Also, 81 were voided, 78 were attached to returned games.
The 9,393 unused stickers are about a 1.6 month supply.

69% - 34,056 were attached to taxable games.

The remainder were attached to games offering merchandise as the prize and with a gross profit of less than \$50.
This is 15% of actual games.

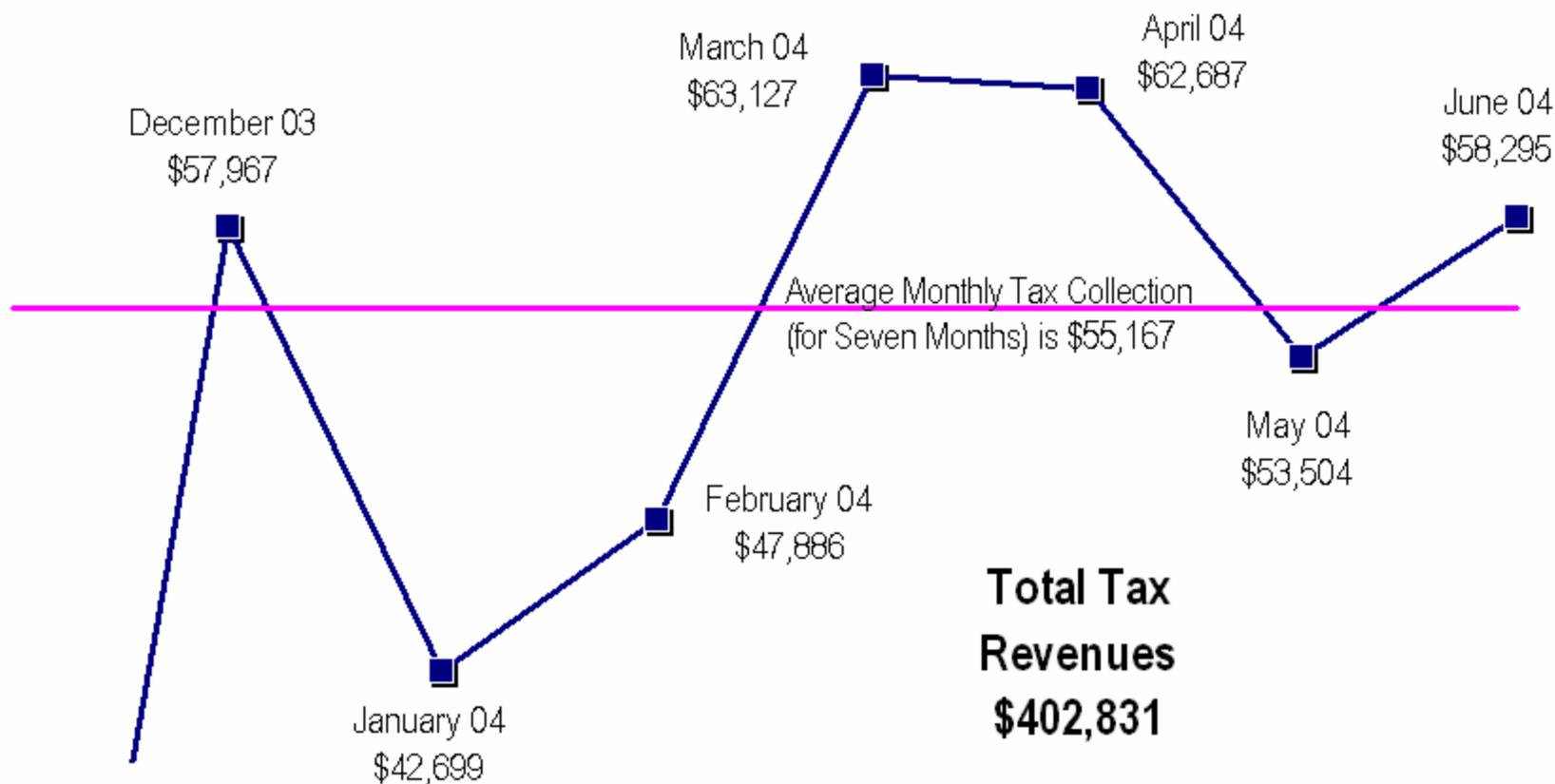
67% - 32,979 stickered games were played during fiscal year.

Allegany County Paper Gaming Fund Revenues By Type - Fiscal Year 2004 (Seven Months)



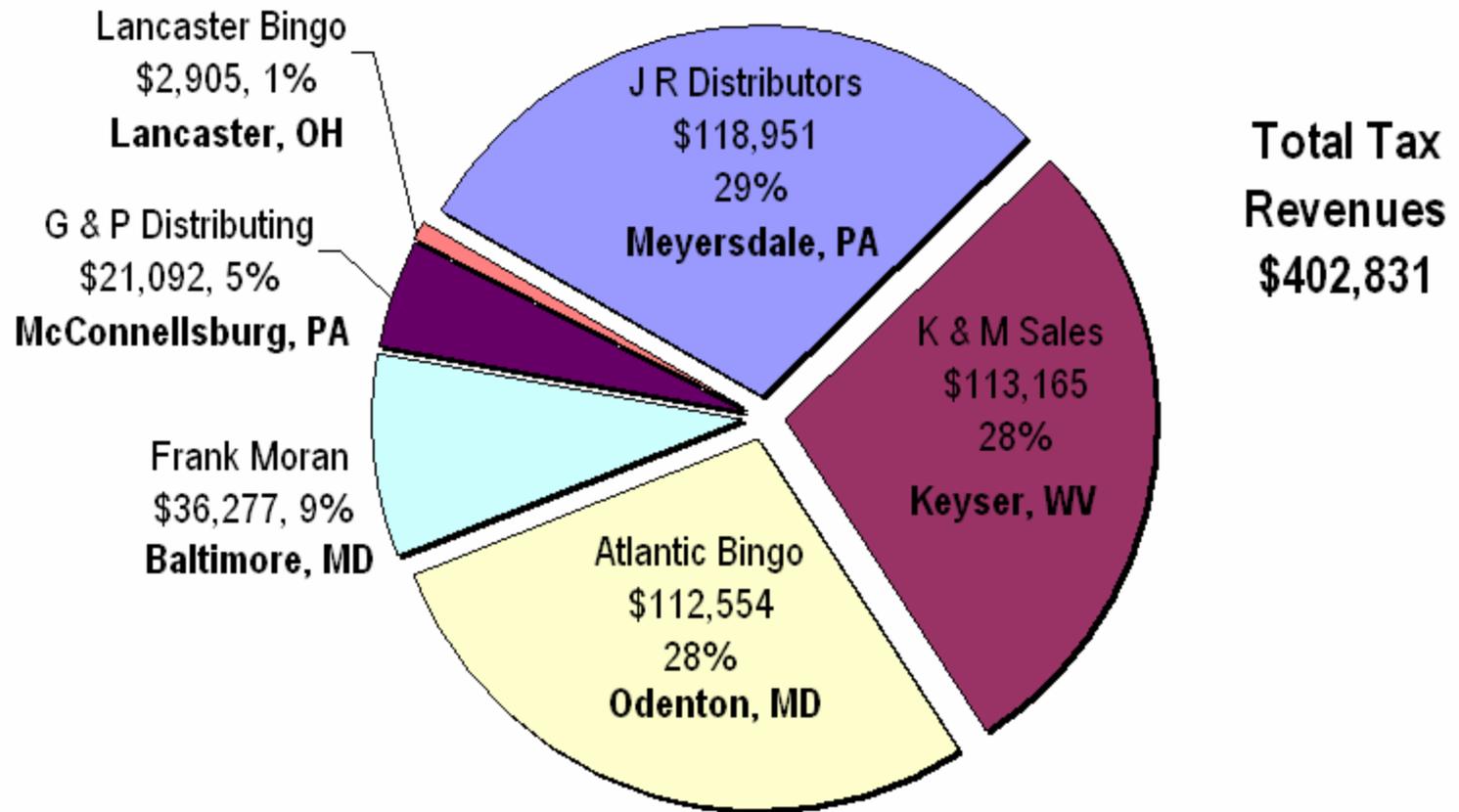
**These figures represent only seven months of paper gaming regulation.
The revenues can not be projected on a straight line for 12 month total.
The fiscal year did not include the slower summer months of July and August.**

Allegany County Paper Gaming Fund Tax Collections By Month - Fiscal Year 2004



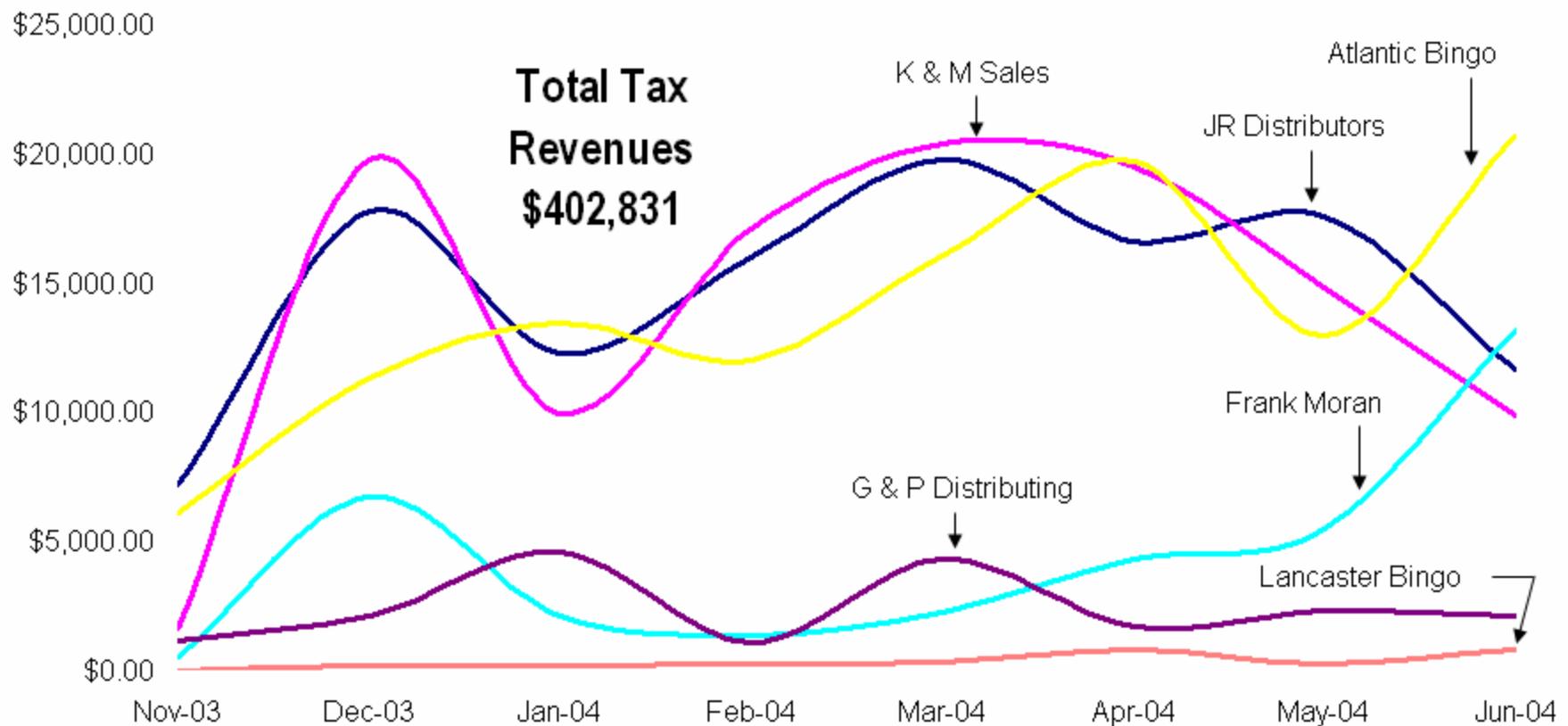
While the average monthly tax collection is \$55,167, the average of the two extremes, March and January, is \$52,913.

Tax Collected By Six Allegany County Paper Gaming Wholesaler - Fiscal Year 2004 (Seven Months)



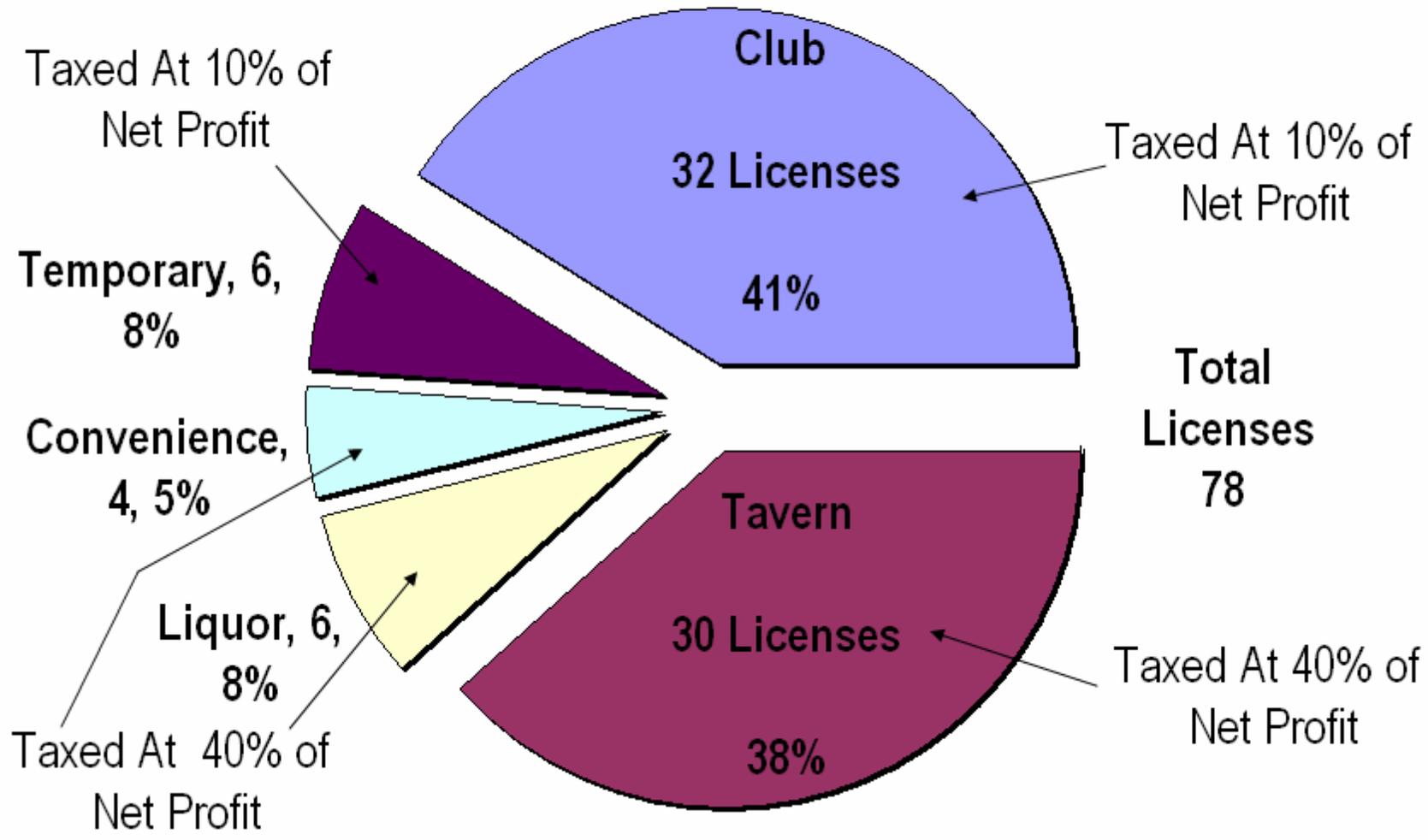
None of the licensed wholesalers are located in Allegany County, but the four that conduct the most business in the county, are either part of the larger metro area or are located in the state of Maryland

Trend of Tax Collected By Allegany County Paper Gaming Wholesaler - Fiscal Year 2004 Smoothed

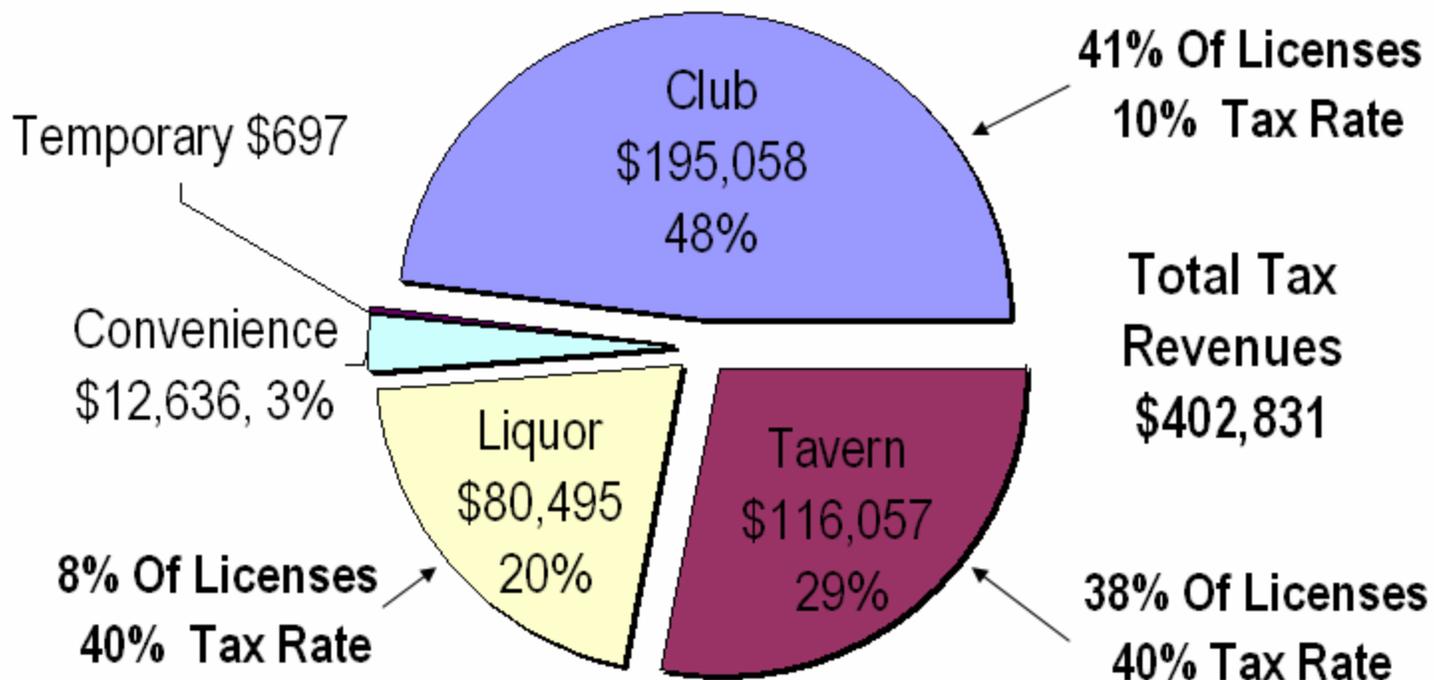


The trendlines show that Allegany County is a very competitive market for the wholesalers. This is a benefit for paper gaming operators in the county.

**Allegany County Paper Gaming Operator Licenses By Type -
Fiscal Year 2004**

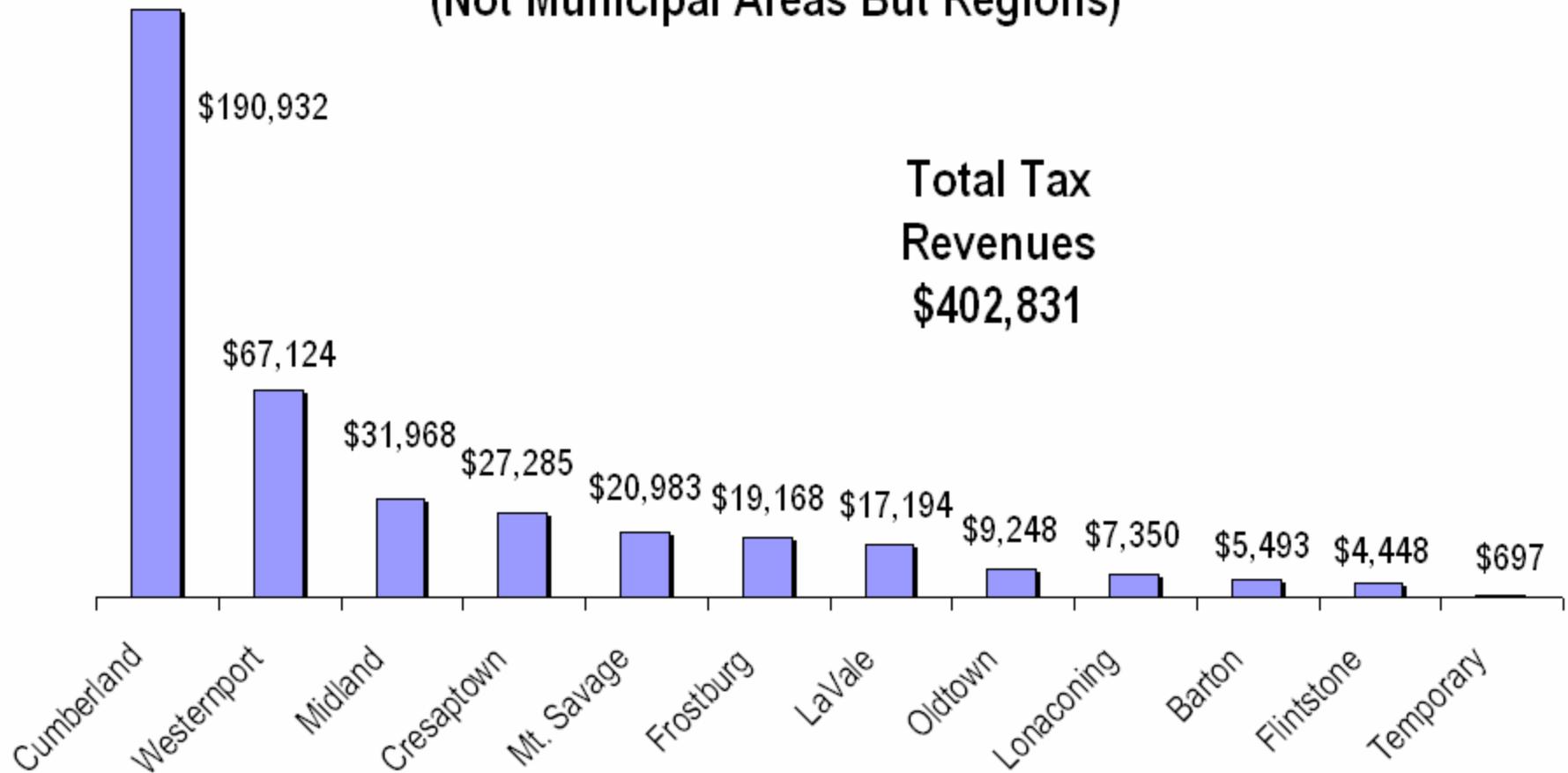


**Tax Collected By Allegany County Paper Gaming Operator
Type - Fiscal Year 2004 (Seven Months)**



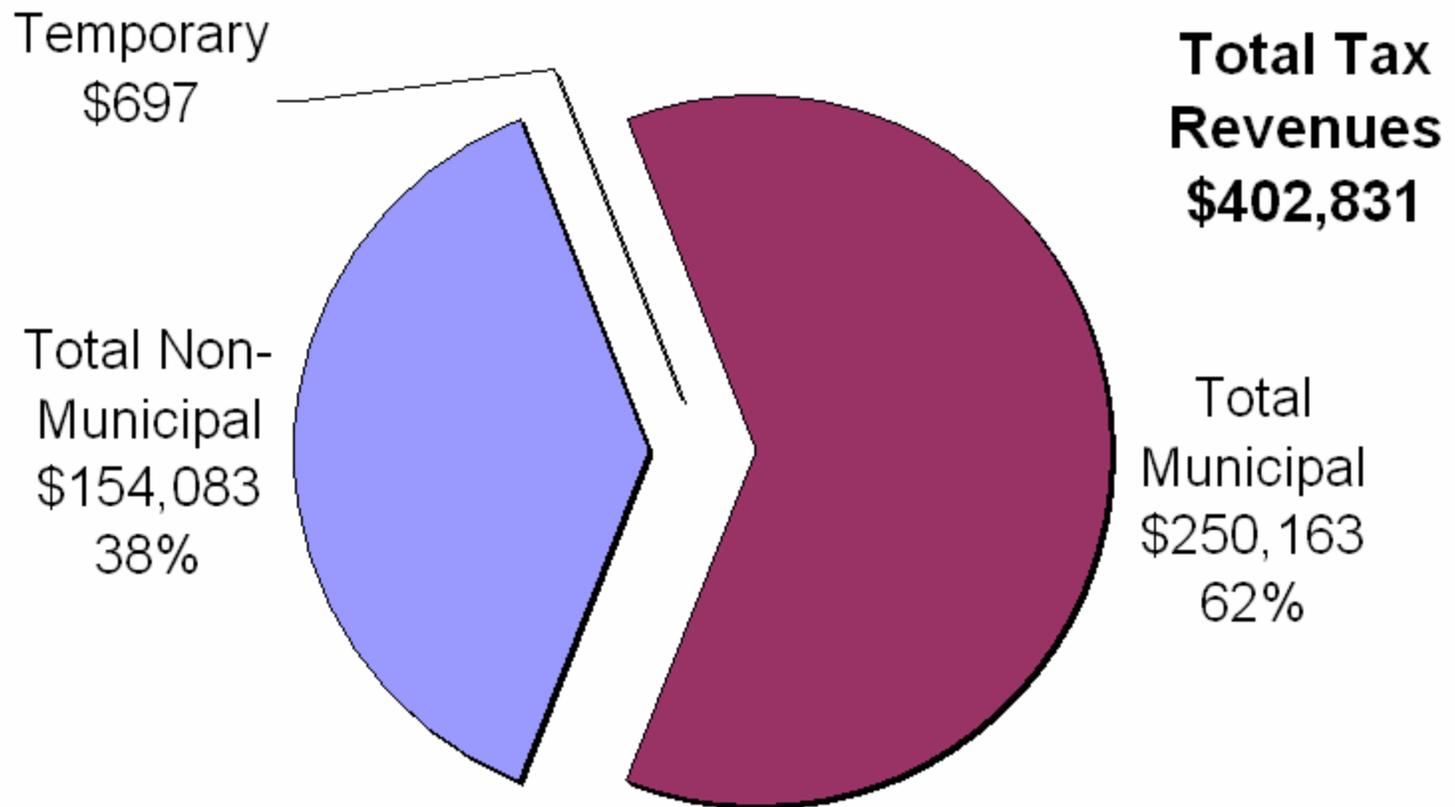
Revenue % for taverns is less than their license %, despite being taxed at higher rate.

**Allegheny County Paper Gaming Operator Tax Collected By
General Area - Fiscal Year 2004 (Seven Months)
(Not Municipal Areas But Regions)**

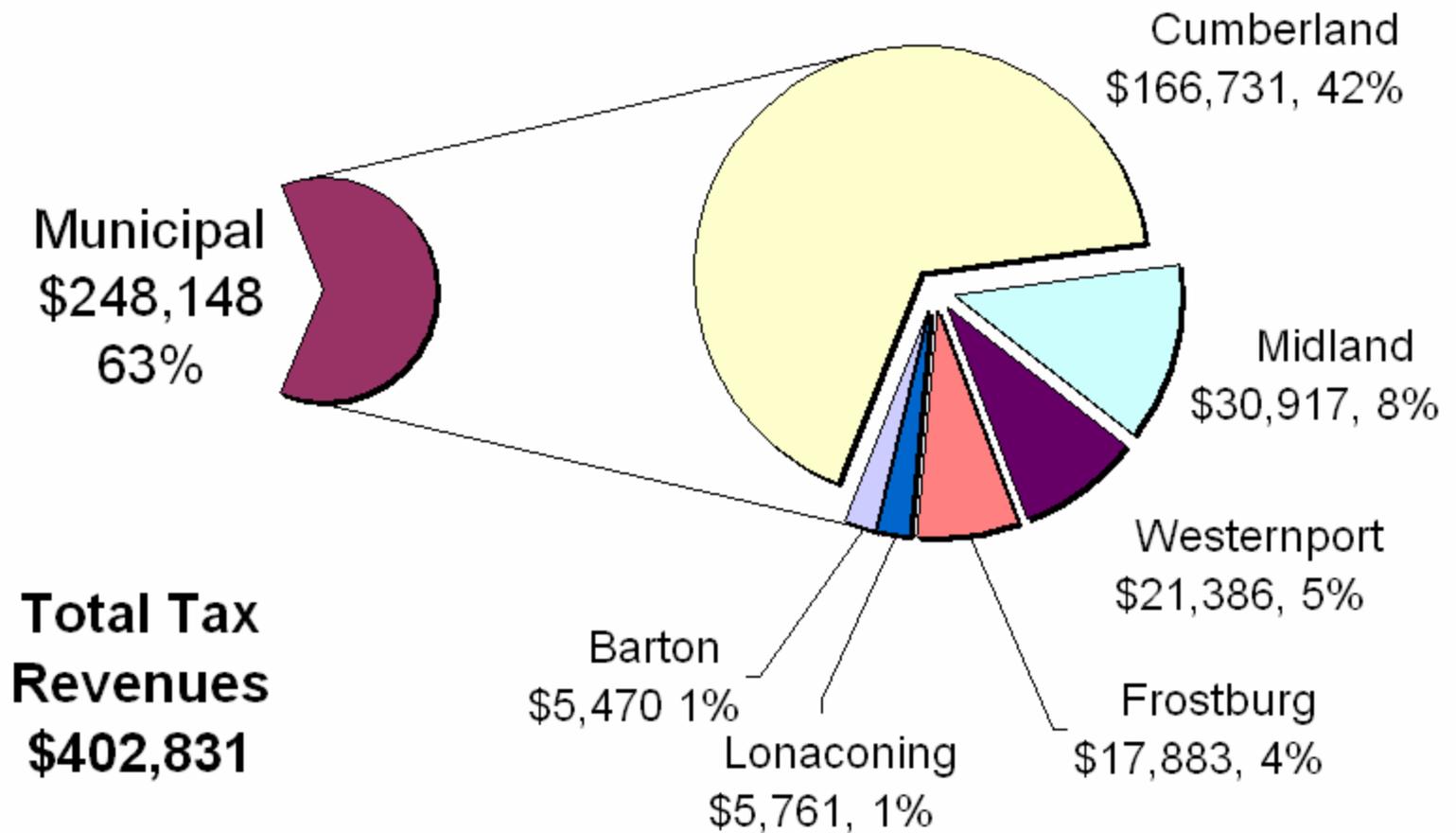


Frostburg Does Relatively Little Paper Gaming Considering Its Second For Population

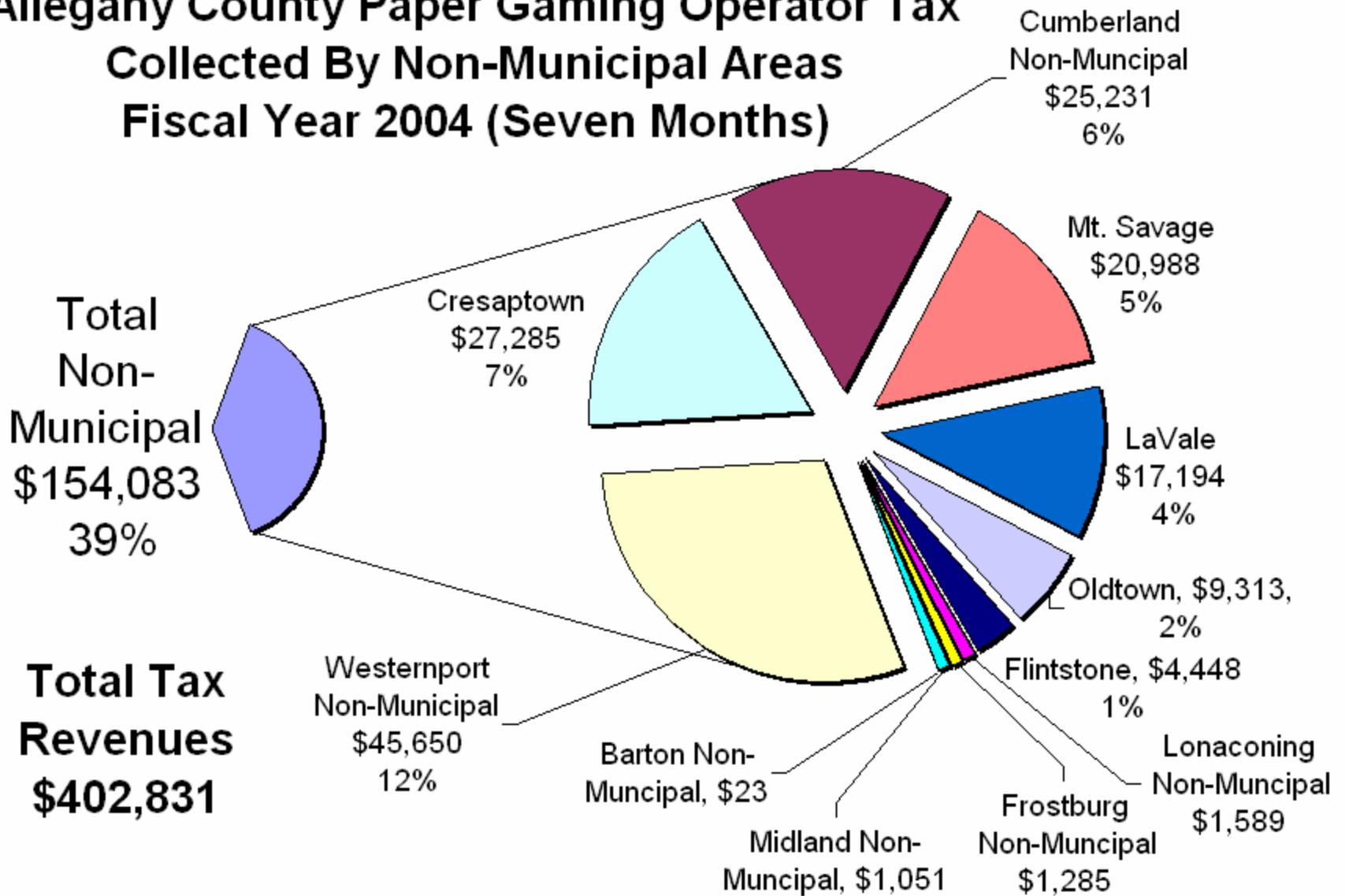
**Allegany County Paper Gaming Operator Tax
Collected - *Municipal Versus Non-Municipal*
Fiscal Year 2004 (Seven Months)**



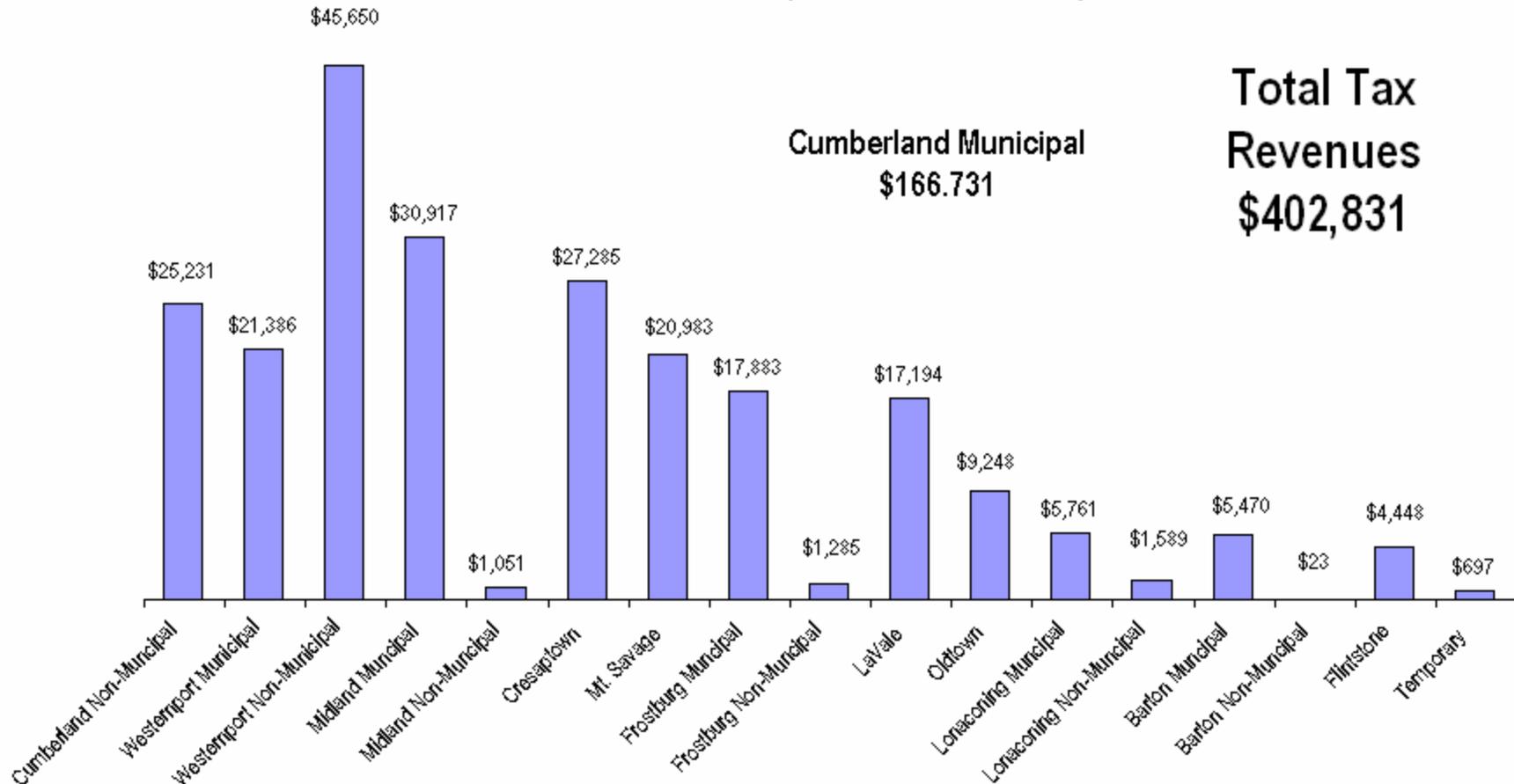
**Allegheny County Paper Gaming Operator
Tax Collected By *Municipal Areas*
Fiscal Year 2004 (Seven Months)**



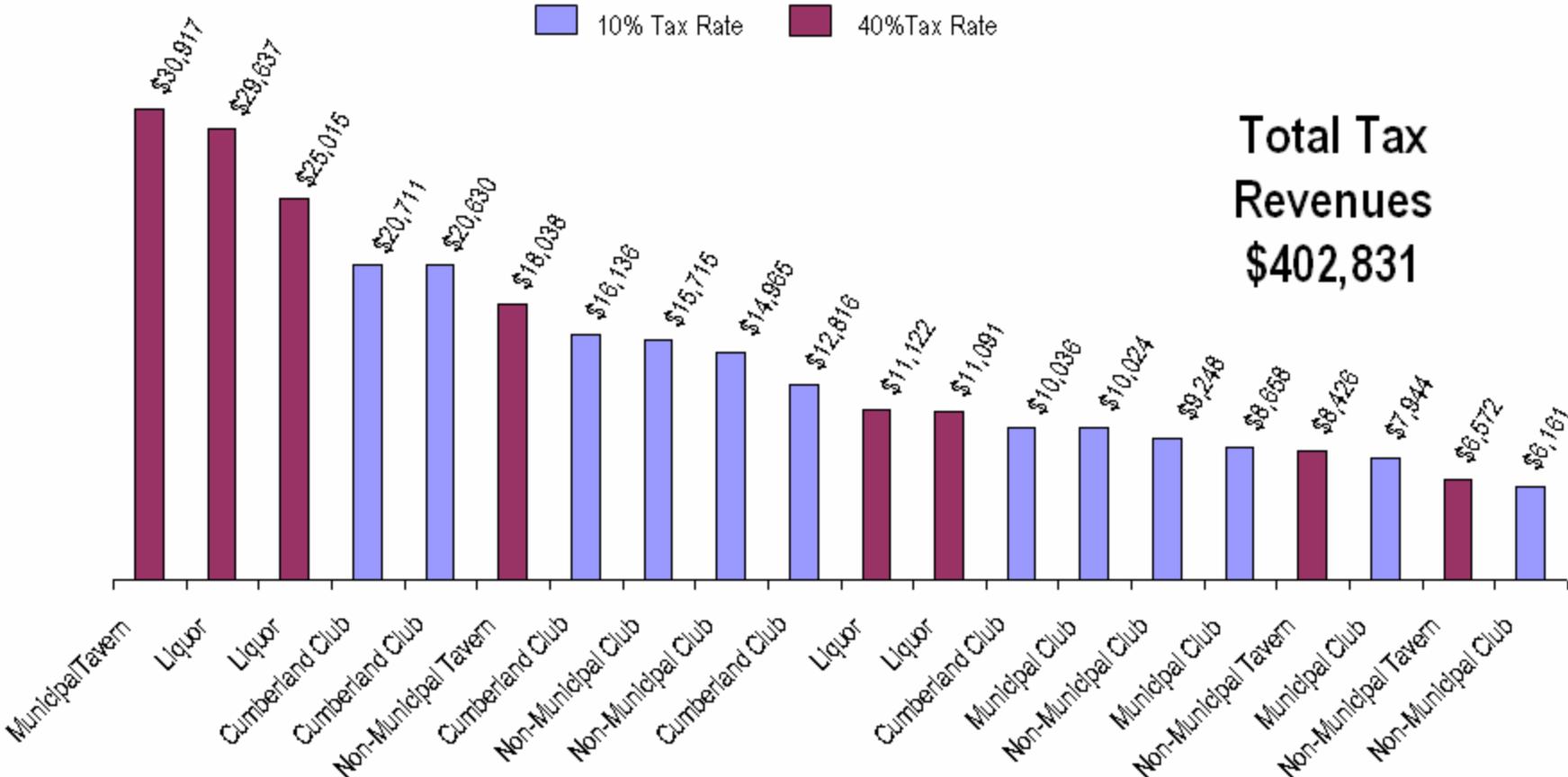
Allegany County Paper Gaming Operator Tax Collected By Non-Municipal Areas Fiscal Year 2004 (Seven Months)



Tax Collected By Allegany County Paper Gaming Operator By *Area Excluding Cumberland Municipal* Fiscal Year 2004 (Seven Months)



Tax Collected By Allegany County Paper Gaming Operator Top 20 For Fiscal Year 2004 (Seven Months)

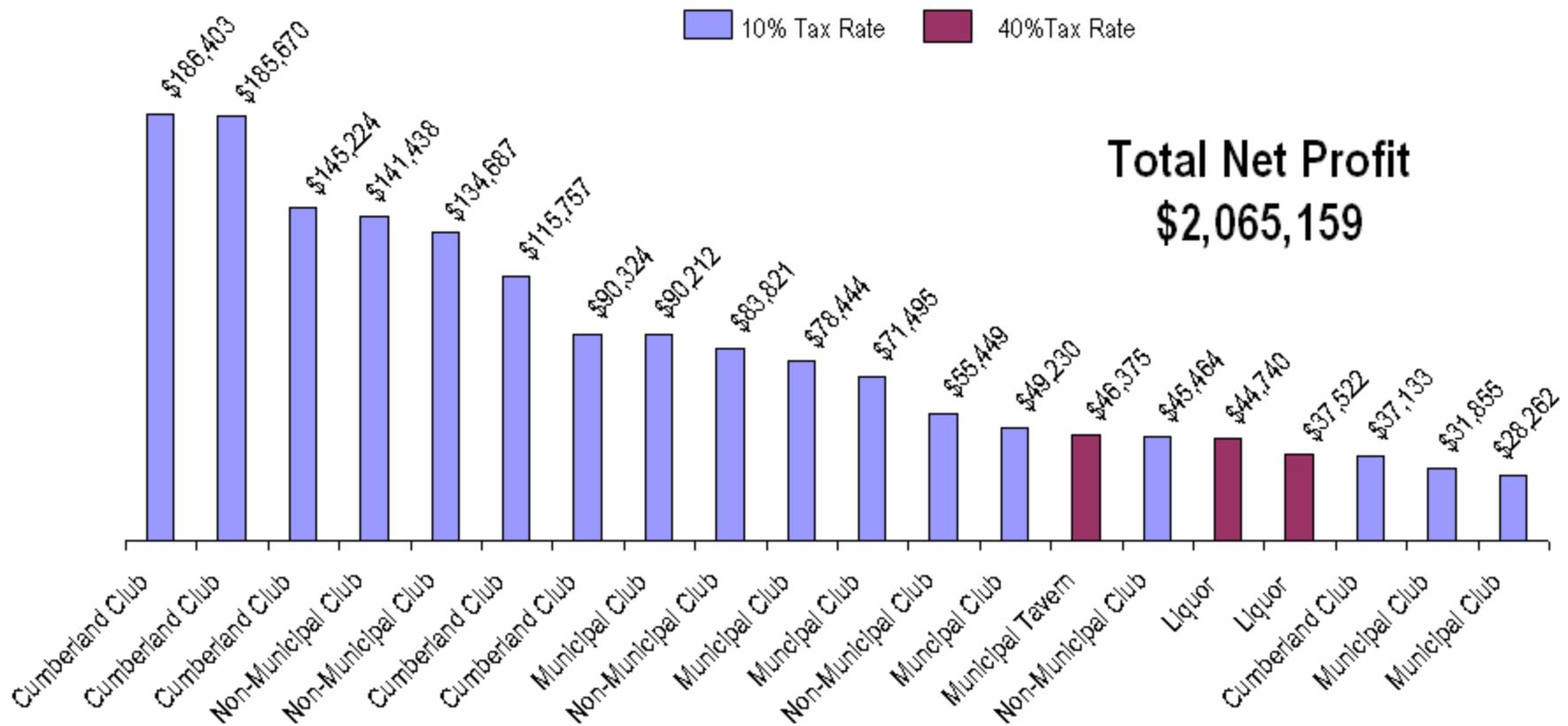


**Total Tax
Revenues
\$402,831**

Eight of the top 20 for tax revenue are for-profit organizations.

Net Income* By Allegany County Paper Gaming Operator Top 20 For Fiscal Year 2004 (Seven Months)

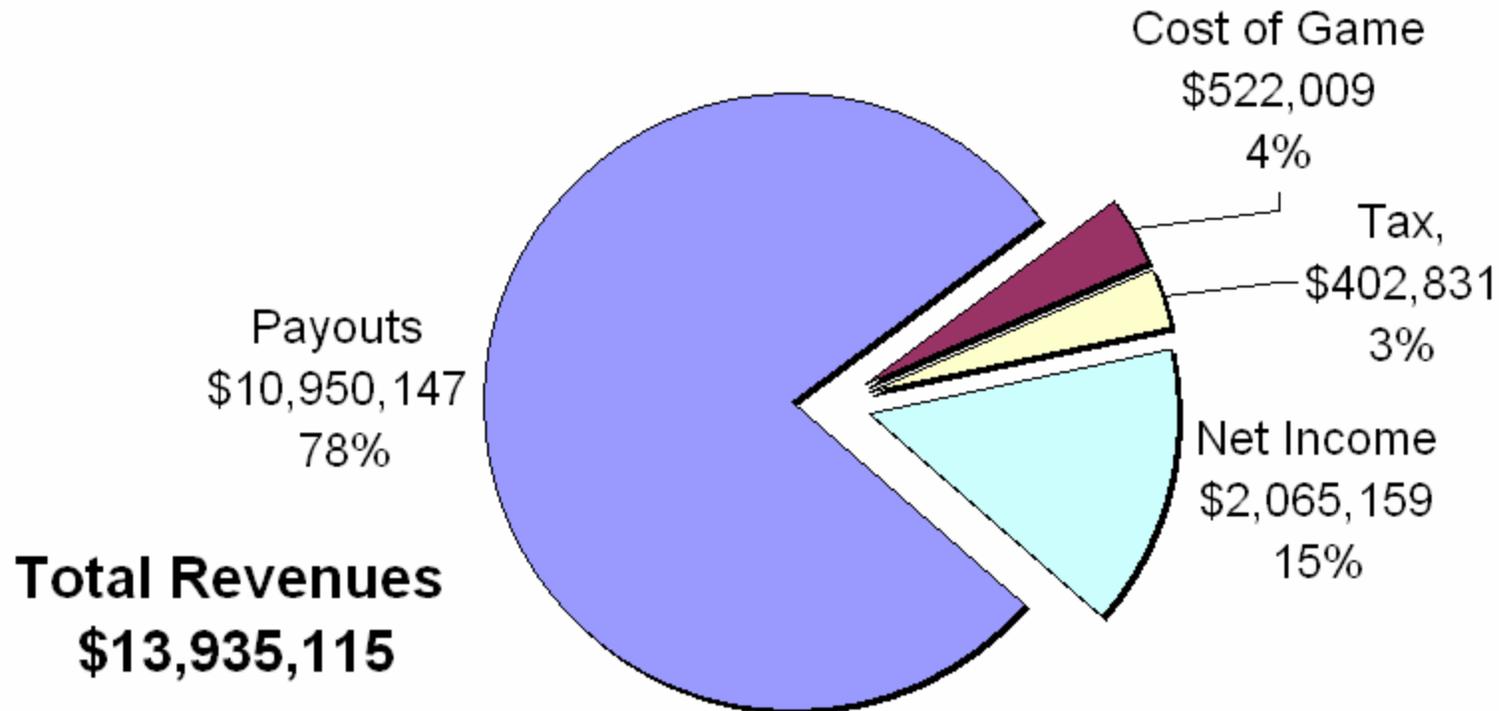
*After paying tax and cost of game. Assumes all taxable games bought during fiscal year were operated during fiscal year and for full dollar value.



Total Net Profit
\$2,065,159

The top 20 for profits is dominated by clubs.

Estimated Distribution of Operator Gaming Revenues - Fiscal Year 2004 (Seven Months)

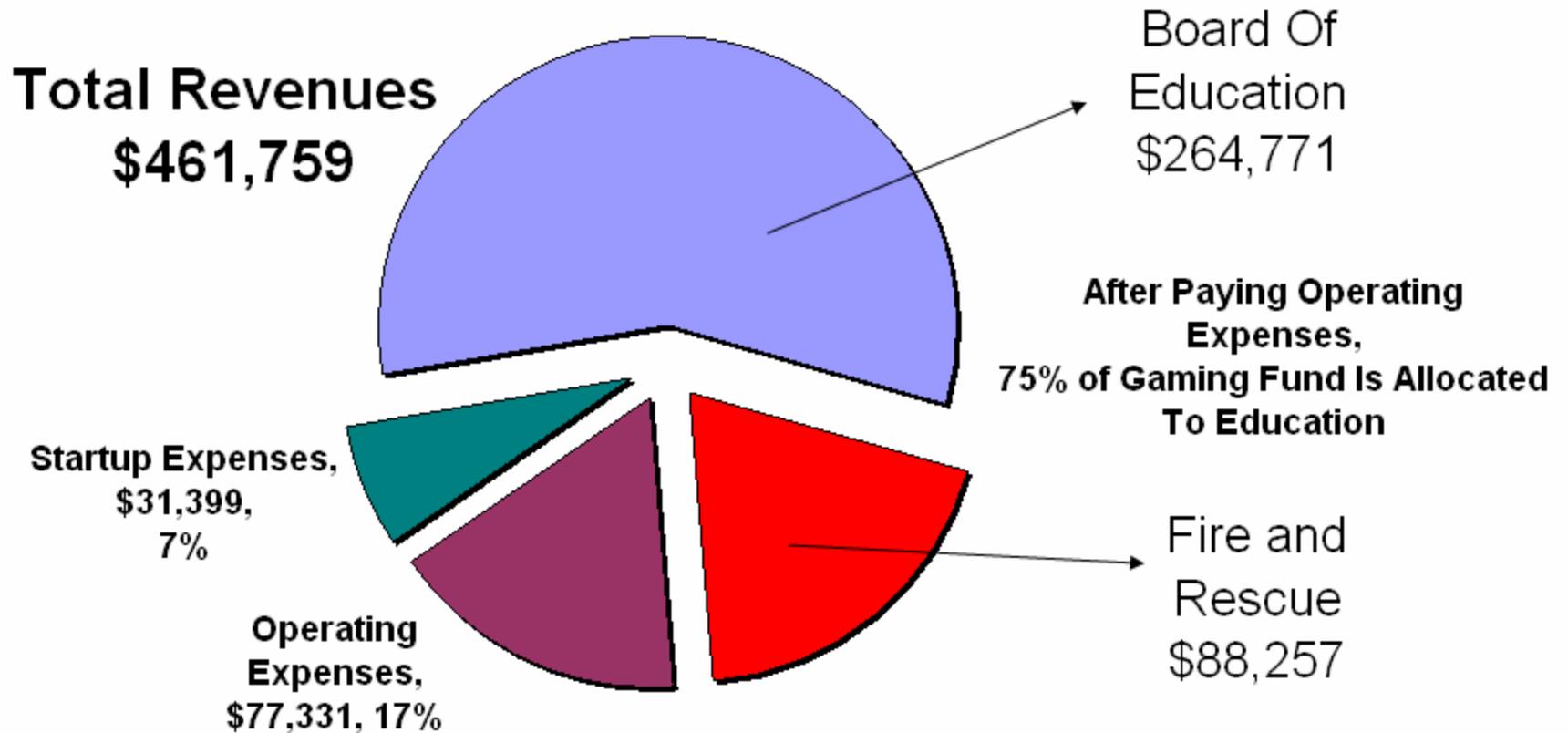


Estimate is based on applying each operator's ratios to tax it paid, and totalling results.

It is an estimate because some ratios have not been confirmed.

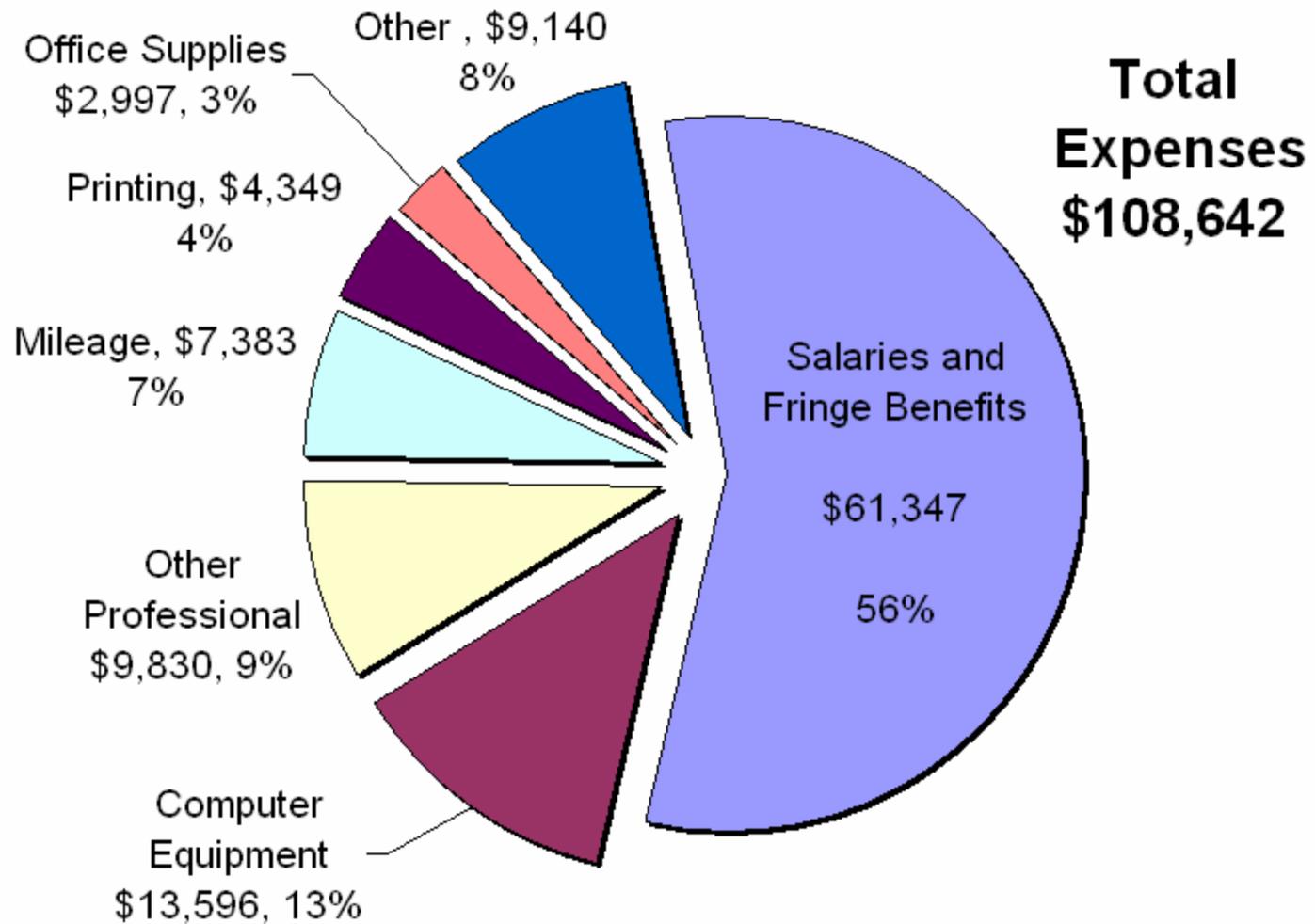
Assumption is that all taxable games bought in fiscal year were operated in fiscal year.

Allegany County Gaming Fund Distribution Fiscal Year 2004 (Seven Months)

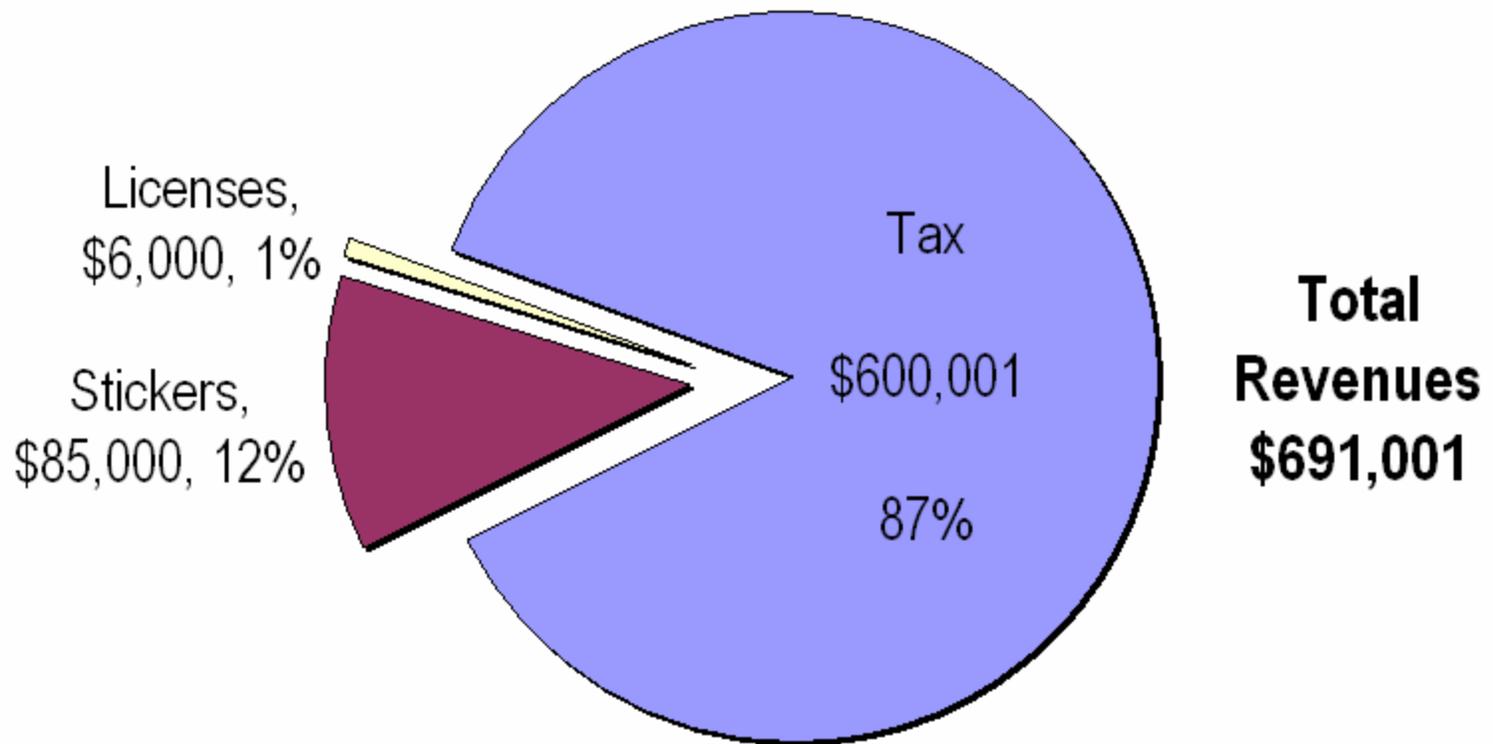


Start-up Expenses are items that will not be repeated in the short term, such as advertising the new regulation, computers, gaming software, and steps for the trailer.

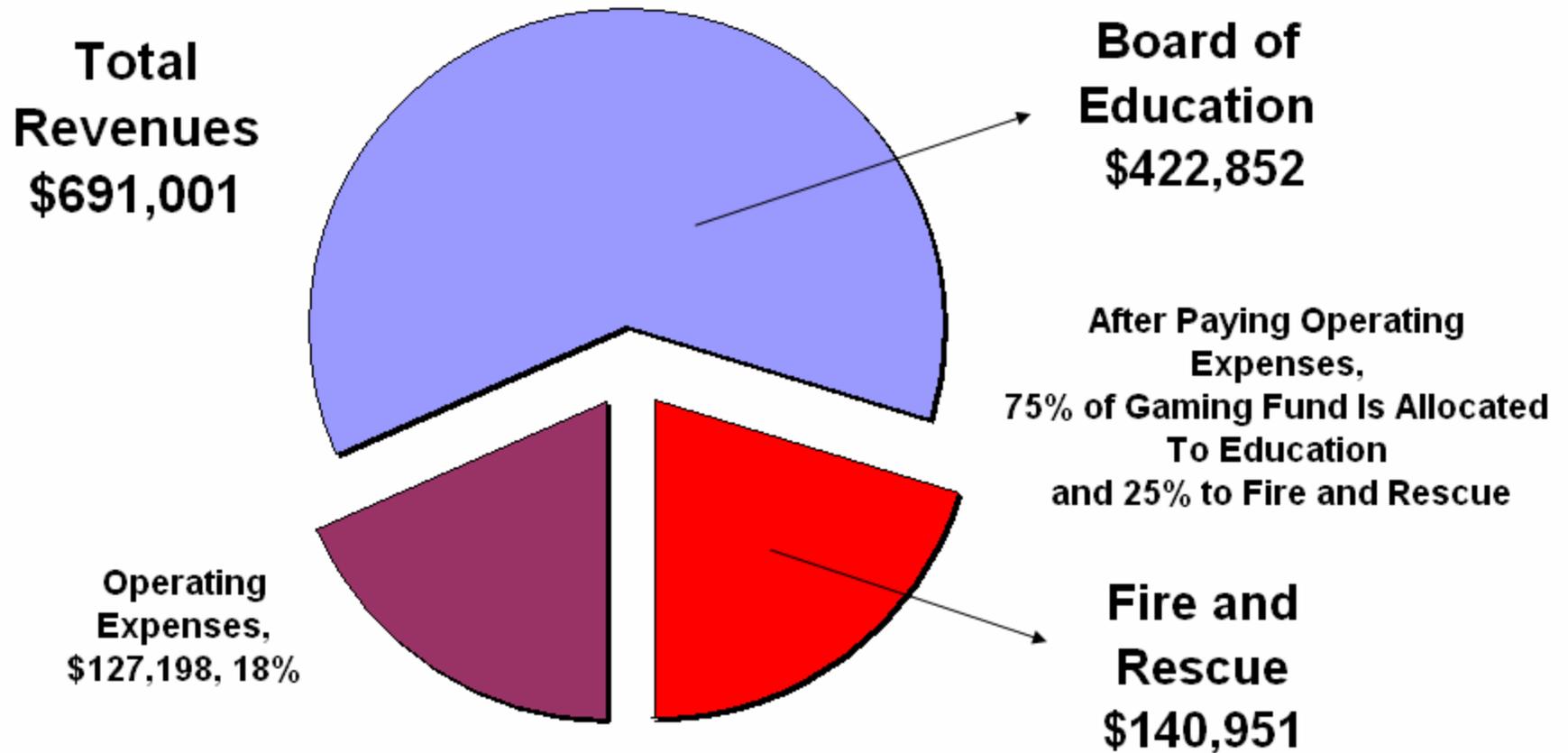
Expenses For Allegany County Gaming Office Fiscal Year 2004 (Eight Months)



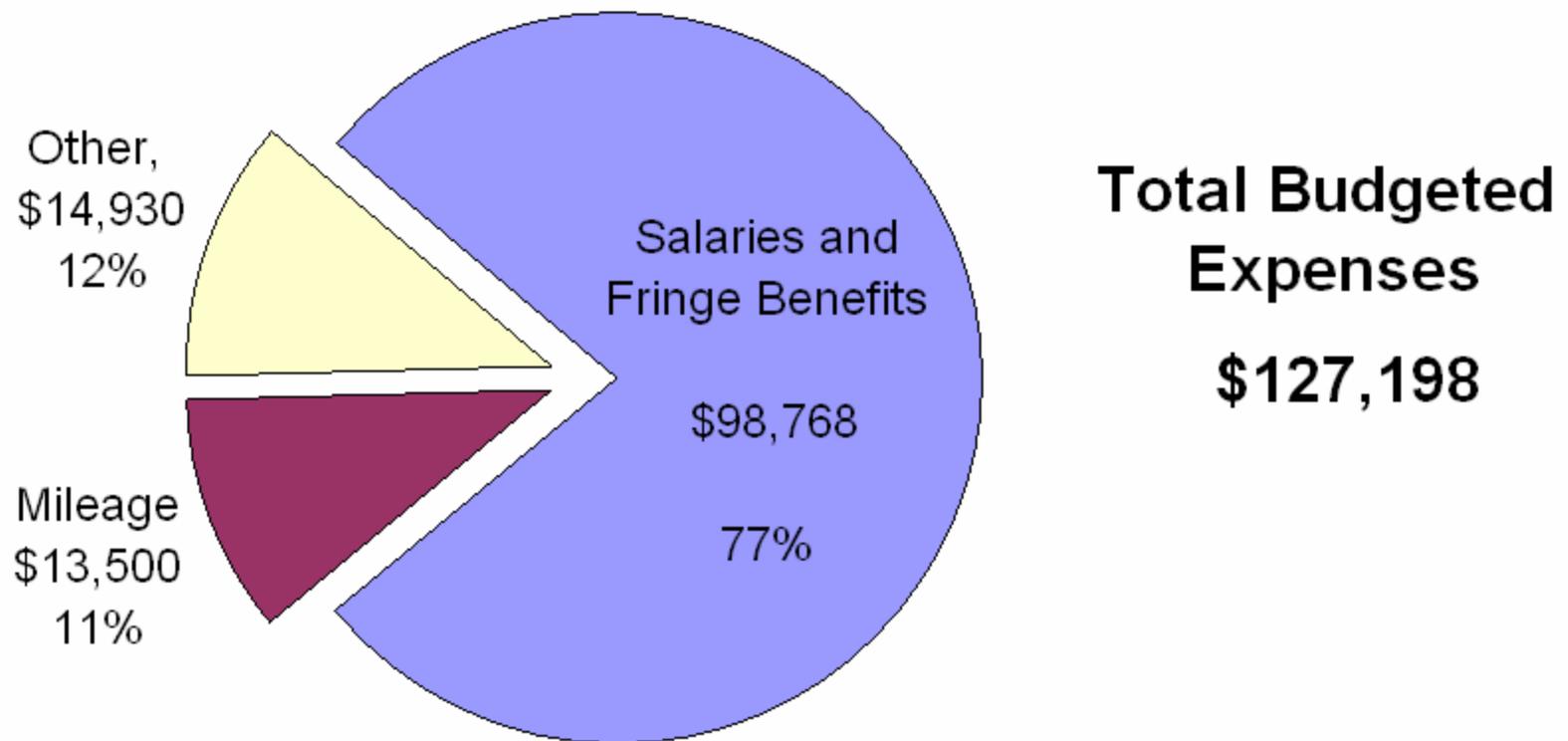
Allegany County Paper Gaming Office Expected Revenues By Type - Fiscal Year 2005 (12 Months)



Allegany County Gaming Fund Distribution Fiscal Year 2005 (12 Months)



Budgeted Expenses For Allegany County Gaming Office - Fiscal Year 2005 (12 Months)



Allegheny County Paper Gaming Office Challenges

In Fiscal Year 2005

- Continue to fine tune the computerized system for reports and inspections.
- Ensure that taxes are being collected at the time of sale.
- With the help of the computer program, check for consistency in the costs wholesalers are deducting in calculating tax.
- Ensure that jackpots are being fully funded as promised by the organization to its patrons.

Allegheny County Paper Gaming Office Challenges

In Fiscal Year 2005

- Ensure that tax-exempt games are truly so by verifying receipts with on-site inspections.
- Ensure that payouts are not lower than reasonable.
- Ultimately, the compiled information collected should be a source of information to the paper gaming operators. For example, providing information on game prices being charged by wholesalers.

Conclusion

This presentation is available on-line at
www.gov.allconet.org/gaming/presentations

The public is also invited to e-mail the Gaming Administrator at
dnedved@allconet.org.