

# ANNUAL REPORT

**LICENSEE** TRUMP CASTLE ASSOCIATES  
**ADDRESS** Huron Avenue & Brigantine Blvd.  
Atlantic City, NJ 08401

**FOR THE YEAR ENDED DECEMBER 31, 1988**

**TO THE  
CASINO CONTROL COMMISSION  
OF THE  
STATE OF NEW JERSEY**



**NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS ANNUAL REPORT . . . . .**

Thomas P. Venier

**OFFICIAL TITLE . . . . .**

Vice President Finance

**ADDRESS . . . . .**

Huron Avenue & Brigantine Blvd.

Atlantic City, NJ 08401

TRADING NAME OF LICENSEE TRUMP CASTLE HOTEL & CASINO

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FOR THE YEAR ENDED DECEMBER 31, 1988

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# CASINO DEPARTMENTAL SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 19 88

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	AMOUNT (c)	DROP (d)	WIN OR (LOSS) PERCENT (e)	WEIGHTED AVG. NUMBER OF TABLES (f) OR MACHINES
	Revenue:	\$	\$	%	
1	Blackjack .....	49,261	337,552	14.6	70
2	Craps .....	47,359	304,542	15.6	24
3	Roulette .....	11,639	46,891	24.8	12
4	Big Six .....	2,127	4,747	44.8	3
5	Baccarat .....	6,296	66,293	9.5	3
6	Other table games .....	360	1,261	28.5	2
7	Total table games revenue .....	117,042	\$ 761,286	15.4 %	114
			HANDLE		
8	\$ .05 slot machines .....	4,243	\$ 27,815	15.3 %	98
9	\$ .25 slot machines .....	50,999	373,635	13.6	844
10	\$1.00 slot machines .....	23,418	216,243	10.8	229
	Other slot machines .....	50,726	521,398	9.7	489
	Total coin-operated devices revenue .....	129,386	\$ 1,139,091	11.4 %	1,660
13	Progressive jackpot adjustment .....	1,594			
14	Total coin-operated devices revenue after adjustment .....	130,980			
15	Other income .....				
16	Total revenue .....	248,022			
	Expenses:				
17	Payroll and payroll related expenses .....	35,528			
18	Licenses and taxes .....	20,514			
19	Provision for uncollectible patrons' checks .....	1,603			
20	Other .....	5,770			
21	Total .....	63,415			
22	Departmental Income (Loss) Before Complimentary Services And Casino Management Fees.....	184,607			
	Complimentary services and casino management fees:				
23	Complimentary services .....	8,594			
24	Casino management fees .....	0			
25	Total .....	8,594			
26	Departmental Income (Loss) .....	\$ 176,013			

## BALANCE SHEETS

DECEMBER 31, 19 88 AND 19 87

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>88</u>	(d) 19 <u>87</u>
<b>ASSETS</b>			
	Current Assets:	\$	\$
1	Cash .....	19,713	31,138
2	Marketable securities .....	0	0
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 19 <u>88</u> , \$ 1,257 ; 19 <u>87</u> , \$ 1,830 ) .....	13,858	11,517
4	Inventories .....	3,038	2,942
5	Prepaid expenses and other current assets .....	2,300	2,234
6	<b>Total current assets</b> .....	<b>38,909</b>	<b>47,831</b>
7	Investments, Advances, And Receivables .....	5,053	2,987
8	Property And Equipment - Net .....	340,374	298,371
9	Other Assets .....	12,551	13,396
10	<b>Total Assets</b> .....	<b>\$ 396,887</b>	<b>\$ 362,585</b>
<b>LIABILITIES AND EQUITY</b>			
	Current Liabilities:	\$	\$
11	Accounts payable .....	22,638	5,929
12	Notes payable .....	0	0
	Current portion of long-term debt:		
13	Due to affiliates .....	0	0
14	Other .....	0	0
15	Income taxes payable and accrued .....	0	0
16	Other accrued expenses .....	9,909	12,026
17	Other current liabilities .....	11,970	9,079
18	<b>Total current liabilities</b> .....	<b>44,517</b>	<b>27,034</b>
	Long-Term Debt:		
19	Due to affiliates .....	305,722	303,820
20	Other .....	17,981	0
21	Deferred Credits .....	445	789
22	Other Liabilities .....	19	24
23	Commitments And Contingencies .....		
24	<b>Total Liabilities</b> .....	<b>368,684</b>	<b>331,667</b>
25	Stockholders', Partners', Or Proprietor's Equity .....	28,203	30,918
26	<b>Total Liabilities And Equity</b> .....	<b>\$ 396,887</b>	<b>\$ 362,585</b>

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 19 88 and 19 87

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>88</u>	(d) 19 <u>87</u>
	Revenue:		
1	Casino .....	\$ 248,022	\$ 239,953
2	Rooms .....	19,167	18,467
3	Food and beverage .....	40,165	40,924
4	Other .....	8,747	7,557
5	Total revenue .....	316,101	306,901
6	Less: promotional allowances .....(NOTE.12)..	37,619	38,092
7	Net revenue .....	278,482	268,809
	Costs And Expenses:		
8	Cost of goods and services .....	145,501	136,267
9	Selling, general, and administrative .....	74,671	65,938
10	Provision for doubtful accounts .....	1,618	1,432
11	Total .....	221,790	203,637
	Income (Loss) Before Depreciation And Amortization, Charges From Affiliates, And Interest.....	56,692	65,172
13	Depreciation and amortization .....	19,973	23,332
	Charges from affiliates:		
14	Interest .....(NOTE.3)...	41,837	41,637
15	Management fees .....	0	0
16	Other .....	0	0
17	Interest expense - external .....	0	0
18	Income (Loss) From Operations .....	(5,118)	203
19	Nonoperating income (expense) - net .....(NOTE.9)...	2,648	2,894
20	Investment alternative tax and related income (expense) - net(NOTE.10)	(992)	(1,200)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(3,462)	1,897
22	Provision (Credit) for income taxes .....(NOTE.1)...	(344)	190
23	Income (Loss) Before Extraordinary Items .....	(3,118)	1,707
24	Extraordinary items (net of income taxes - 19__, \$ ; 19__, \$ ) .....	0	0
25	Net Income (Loss) .....	\$ (3,118)	\$ 1,707

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 19 88 and 19 87

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>88</u>	(d) 19 <u>87</u>
	Revenue:	\$	\$
1	Casino .....	56,594	59,108
2	Rooms .....	4,380	4,541
3	Food and beverage .....	9,182	8,550
4	Other .....	1,382	2,068
5	Total revenue .....	71,538	74,267
6	Less: promotional allowances ..... (NOTE 12)	8,269	9,914
7	Net revenue .....	63,269	64,353
	Costs And Expenses:		
8	Cost of goods and services .....	33,664	30,926
9	Selling, general, and administrative .....	18,519	21,115
10	Provision for doubtful accounts .....	(537)	587
11	Total .....	51,646	52,628
12	Income (Loss) Before Depreciation And Amortization, Charges From Affiliates, And Interest.....	11,623	11,725
13	Depreciation and amortization .....	3,574	5,923
	Charges from affiliates:		
14	Interest ..... (NOTE 3)..	10,483	10,434
15	Management fees .....	0	0
16	Other .....	0	0
17	Interest expense - external .....	0	0
18	Income (Loss) From Operations .....	(2,434)	(4,632)
19	Nonoperating income (expense) - net ..... (NOTE 9)..	707	767
20	Investment alternative tax and related income (expense) - net.....	(234)	(239)
21	Income (Loss) Before Income Taxes And Extraordinary Items.....	(1,961)	(4,104)
22	Provision (Credit) for income taxes ..... (NOTE 1)..	(194)	(391)
23	Income (Loss) Before Extraordinary Items .....	(1,767)	(3,713)
24	Extraordinary items (net of income taxes - 19__, \$ ; 19__, \$ ) .....	0	0
25	Net Income (Loss) .....	\$ (1,767)	\$ (3,713)

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 1988 and 1987

NOT APPLICABLE

(UNAUDITED)  
( \$ IN THOUDANDS)

LINE (a)	DESCRIPTION (b)	19 <u>   </u>		19 <u>   </u>	
		(c) SHARES	(d) DOLLARS	(e) SHARES	(f) DOLLARS
	Common Stock:		\$		\$
1	Beginning balance (January 1) .....				
2	Sale of stock .....				
3	.....				
4	Ending balance .....				
	Preferred Stock:				
5	Beginning balance (January 1) .....				
6	Sale of stock .....				
7	.....				
8	Ending Balance .....				
	Additional Paid-in Capital:				
9	Beginning balance (January 1) .....				
10	.....				
11	.....				
	Ending balance .....				
	Treasury Stock:				
13	Beginning balance (January 1) .....	( )		( )	
14	Purchase of additional stock .....	( )		( )	
15	Sale or retirement of stock .....				
16	Ending balance .....	( )		( )	
	Subscriptions Receivable For Capital Stock:				
17	Beginning balance (January 1) .....	( )		( )	
18	.....				
19	.....				
20	Ending balance .....	( )		( )	
	Net Unrealized Loss On Noncurrent Marketable Equity Securities:				
21	Beginning balance (January 1) .....	( )		( )	
22	.....				
23	.....				
24	Ending balance .....	( )		( )	
	Retained Earnings:				
25	Beginning balance (January 1) .....				
26	Prior period adjustments .....				
27	Net income (loss) .....				
28	Dividends .....	( )		( )	
29	.....				
30	.....				
31	Ending balance .....				
32	Ending Stockholders' Equity .....		\$		\$

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

## STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE YEARS ENDED DECEMBER 31, 19 88 and 1987

(UNAUDITED)  
(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	(c) 19 <u>88</u>	(d) 19 <u>87</u>
	<b>Invested Capital:</b>		
1	Beginning balance (January 1) .....	\$ 66,196	\$ 66,196
2	Additional capital invested .....	0	0
3	.....	0	0
4	Ending balance .....	66,196	66,196
	<b>Accumulated Income (Loss):</b>		
5	Beginning balance (January 1) .....	7,322	5,615
6	Prior period adjustments .....	0	0
7	Net income (loss) .....	(3,118)	1,707
8	.....		
9	Ending balance .....	4,204	7,322
	<b>Capital Withdrawals:</b>		
10	Beginning balance (January 1) .....	( 42,600 )	( 26,673 )
11	Additional capital withdrawals .....	( 5,857 )	( 17,395 )
12	Repayment of Withdrawals.....	6,260	1,468
13	Ending balance .....	( 42,197 )	( 42,600 )
	<b>Net Unrealized Loss On Noncurrent Marketable Equity Securities:</b>		
14	Beginning balance (January 1) .....	( 0 )	( 0 )
15	.....		
16	.....		
17	Ending balance .....	( 0 )	( 0 )
18	Ending Partners' Or Proprietor's Equity .....	\$ 28,203	\$ 30,918

The accompanying notes are an integral part of the  
financial statements. Valid comparisons cannot be made  
without using information contained in the notes.



## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 19 88 and 19 87  
(UNAUDITED)  
(\$ IN THOUSANDS)

Line (a)	Description (b)	(c) 19 <u>88</u>	(d) 19 <u>87</u>
1	Net Cash Provided (Used) By Operating Activities.....	\$ 33,597	\$ 26,957
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.....	0	0
3	Proceeds from the sale of short-term investment securities.....	0	0
4	Cash outflows for property and equipment.....	(60,491)	(11,593)
5	Proceeds from disposition of property and equipment.....	143	684
6	Purchase of casino reinvestment obligations.....	(3,058)	(2,974)
7	Purchase of other investments and loans/advances made.....		
8	Proceeds from disposal of investments and collection of advances and long-term receivables.....		
9	Cash outflows to acquire business entities.....		
10	.....		
11	.....		
12	Net Cash Provided (Used) By Investing Activities.....	(63,406)	(13,883)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.....		
14	Payments to settle short-term debt .....		
15	Cash proceeds from issuance of long-term debt.....	17,981	
16	Costs of issuing debt.....		
17	Payments to settle long-term debt.....		
18	Cash proceeds from issuing stock or capital contributions.....	403	(15,927)
19	Purchases of treasury stock.....		
20	Payments of dividends or capital withdrawals.....		
21	.....		
22	.....		
23	Net Cash Provided (Used) By Financing Activities.....	18,384	(15,927)
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(11,425)	(2,853)
25	Cash And Cash Equivalents At Beginning Of Year .....	31,138	33,991
26	Cash And Cash Equivalents At End Of Year.....	\$ 19,713	\$ 31,138

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During Year For:			
27	Interest (net of amount capitalized).....	\$ 39,935	\$ 39,935
28	Income taxes.....	\$	\$

The accompanying notes are an integral part of the financial statements. Valid comparisons cannot be made without using information contained in the notes.

# STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 19 88 and 1987

(UNAUDITED)

(\$ IN THOUSANDS)

Line (c)	Description (b)	(c) 19 <u>88</u>	(d) 19 <u>87</u>
	<b>Net Cash Flows From Operating Activities:</b>		
29	Net income (loss).....	\$ (3,118)	\$ 1,707
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.....	18,417	20,670
31	Amortization of other assets.....	1,556	2,662
32	Amortization of debt discount or premium.....	1,902	1,702
33	Deferred income taxes - current.....	0	0
34	Deferred income taxes - noncurrent.....	(344)	190
35	(Gain) loss on disposition of property and equipment.....	(72)	66
36	(Gain) loss on casino reinvestment obligations.....	992	1,200
37	(Gain) loss from other investment activities.....	0	0
38	Net (increase) decrease in receivables and patrons' checks.....	(2,341)	(4,271)
39	Net (increase) decrease in inventories.....	(96)	(473)
40	Net (increase) decrease in other current assets.....	(66)	496
41	Net (increase) decrease in other assets.....	(711)	0
42	Net increase (decrease) in accounts payables.....	16,709	(88)
43	Net increase (decrease) in other current liabilities excluding debt.....	774	3,220
44	Net increase (decrease) in other noncurrent liabilities excluding debt.....	(5)	(124)
45			
46			
47	<b>Net Cash Provided (Used) By Operating Activities.....</b>	<b>\$ 33,597</b>	<b>\$ 26,957</b>

## SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES

	<b>Acquisition Of Property And Equipment:</b>		
48	Additions to property and equipment.....	\$ 60,491	\$ 11,593
49	Less: Capital lease obligations incurred.....	0	0
50	<b>Cash Outflows For Property And Equipment.....</b>	<b>\$ 60,491</b>	<b>\$ 11,593</b>
	<b>Acquisition Of Business Entities:</b>		
51	Property and equipment acquired.....	\$ 0	\$ 0
52	Goodwill acquired.....	0	0
53	Net assets acquired other than cash, goodwill, and property and equipment.....	0	0
54	Long-term debt assumed.....	0	0
55	Issuance of stock or capital invested.....	0	0
56	<b>Cash Outflows To Acquire Business Entities.....</b>	<b>\$ 0</b>	<b>\$ 0</b>
	<b>Stock Issued Or Capital Contributions:</b>		
57	Total issuances of stock or capital contributions.....	\$ 0	\$ 0
58	Less: Issuances to settle long-term debt.....	0	0
59	Consideration in acquisition of business entities.....	0	0
60	<b>Cash Proceeds From Issuing Stock Or Capital Contributions.....</b>	<b>\$ 0</b>	<b>\$ 0</b>

TRUMP CASTLE HOTEL & CASINO

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Operation:

Trump's Castle Associates Limited Partnership (the "Partnership") was organized on May 24, 1985, as a New Jersey limited partnership. Donald J. Trump and Trump's Castle Hotel & Casino, Inc., a New Jersey corporation which is owned by Mr. Trump, are the general partners and Mr. Trump is the sole limited partner (the "Partners").

Revenue Recognition:

The Partnership records as revenue the win from gaming activities which represents the difference between amounts wagered and amounts won by patrons. Revenues from hotel and related services are recognized at the time the related service is performed.

Promotional Allowances:

Gross revenues include the retail value of complimentary food, beverage and hotel services furnished to patrons. The retail value of these promotional allowances is deducted from gross revenue to arrive at net revenues. The cost of promotional allowances is charged to operations.

Income Taxes/Deferred Credits:

The accompanying financial statements do not include a provision for Federal income taxes of the Partnership, since any income or losses allocated to the Partners are reportable for Federal income tax purposes by the Partners.

Under the New Jersey Casino Control Commission regulations, the Partnership is required to file a consolidated New Jersey corporation business tax return. Accordingly, a provision for state income taxes has been reflected as a deferred credit at 10% in the accompanying financial statements. Deferred state income taxes result primarily from differences in the timing of reporting depreciation for tax and financial statement purposes.

Allowance for Doubtful Accounts:

The allowance for doubtful accounts is maintained at a level considered adequate to provide for possible future losses. The Partnership has provided \$1,257,000 through December 31, 1988.

Inventories:

Food and beverage inventories are carried on a weighted average basis and all other inventories are carried at the lower of cost or market on a first in, first out basis.

Property and Equipment:

Property and equipment is recorded at cost and is depreciated on the straight-line method over the estimated useful lives of assets. Estimated useful lives for furniture, fixtures and equipment are from three to eight years and 40 year for buildings.

Pre-opening Expenses

All costs incurred prior to the opening of Trump Castle have been deferred. These pre-opening expenses will be charged to operations over a three year period using the straight-line method. As of June 30, 1988, all pre-opening costs (\$6,610,455) had been charged to operations.

Original Issuance Discount and Bond Issuance Costs:

Original issue discount is accreted over the life of the related indebtedness using the effective interest method.

Costs associated with the issuance of the bonds are capitalized and amortized over the life of the bonds using the effective interest method.

NOTE 2 - PROPERTY AND EQUIPMENT:

(In Thousands of Dollars)

Property and equipment as of December 31:

	<u>1988</u>	<u>1987</u>
Land	\$ 28,768	\$ 27,980
Buildings	237,120	237,120
Furniture, Fixtures and Equipment	67,374	65,719
Construction in Progress	64,730	9,205
Building Improvements	8,821	7,555
	-----	-----
TOTAL	\$406,813	\$347,579
Less Accumulated Depreciation	66,439	49,208
	-----	-----
Net Property and Equipment	<u>\$340,374</u>	<u>\$298,371</u>

NOTE 3 - LONG TERM DEBT:

On June 27, 1985, Trump Castle Funding ("The Company") issued its Series A-1 and Series A-2 First Mortgage Bonds (the "Bonds") for proceeds of \$300,000,000. The proceeds of the bonds were loaned by the Company to the Partnership under the terms which conform in all material respects with the terms of the Bonds, and were used by the Partnership to repay the interim bank financing.

The Series A-1 Bonds in an aggregate principal amount of \$226,800,000 bear interest at a rate of 13-3/4%, which is payable semiannually, with the principal due in full in 1997. These bonds are redeemable at any time, subject to certain conditions at the option of the Company, at the principal amount plus a premium of 13-3/4%, in the first year, which premium declines ratably each year to zero in the year of maturity. In addition, commencing in 1990, the Company will be required to annually make sinking fund payments in an amount sufficient to redeem 10% of the principal amount of the Series A-1 Bonds up to a maximum of 70% of the principal amount through 1996.

The Series A-2 Bonds in an aggregate principal amount of \$125,000,000 bear interest at a rate of 7% and were issued at a discount (net proceeds of \$73,200,000) at an effective interest rate of 13-3/4%. Interest will be payable semiannually and the principal will be due in full in 1999. These bonds will be redeemable at any time, subject to certain conditions, at the option of the Company, at 100% of the stated principal amount thereof.

The bonds are secured solely by an assignment to the Trustee of the Partnership's notes to the Company in the aggregate amount necessary to service bonds and by a first mortgage on Partnership, excluding cash which may be distributed as described below (regardless of whether such cash has been distributed) and are non-recourse to such distributable cash. The Partnership has issued a non-recourse, limited guaranty of the payment of the principal or premium, if any, and interest on the bonds. The bonds are non-recourse to the Partners of the Partnership and the shareholders of the Company and all other persons and entities (other than the Company and the Partnership). The bonds cannot be subordinated to any other future borrowings by the Partnership or the Company.

The bond indenture permits the quarterly distribution of available cash flow, as defined, to the Partners in excess of \$1,512,000. The Partnership must also maintain such cash flow in an aggregate amount of \$5,048,00 during each 12 month period ending June 30, 1986 through 1990. In addition, the bond indenture limits additional borrowings and liens, certain activities of the Partnership and the Company, and the consolidation, merger, and transfer of substantially all of the assets, among other provisions.

NOTE 4 - LINE OF CREDIT:

In February 1988, the Partnership obtained a line of credit from a bank for \$50,000,000. This line of credit is being used to finance an expansion of Trump Castle Hotel & Casino. Interest is payable monthly at 1% above the bank's prime rate. Principal is payable beginning in approximately three years based on a ten year payout with the balance due in 1998. Security for this loan is identical to that of the first mortgage bonds (Note 3). As of December 31, 1988, the Company had borrowed approximately \$17,981,000 against this line of credit for construction costs, legal fees, and other closing costs. Legal fees and closing costs are included in other assets and the borrowings are included in long term debt - other as of December 31, 1988.

NOTE 5 - OTHER ASSETS - (Net):  
(In Thousands of Dollars)

Other Assets consist of:	<u>1988</u>	<u>1987</u>
Deferred Loan Cost	\$ 588	\$---
Pre-opening Expenses (Net)	---	1,017
Deferred Bond Costs (Net)	11,839	12,379
Other Non-Current Assets	124	---
	-----	-----
TOTAL OTHER ASSETS	<u>\$12,551</u>	<u>\$13,396</u>

NOTE 6 - ACCOUNTS PAYABLE:  
(In Thousands of Dollars)

	<u>1988</u>	<u>1987</u>
Accounts Payable Trade	\$13,599	\$ 429
Accounts Payable - Affiliates	3,747	---
Hilton Hotel Corporation	5,000	5,000
Other	292	500
	-----	-----
TOTAL ACCOUNTS PAYABLE	<u>\$22,638</u>	<u>\$5,929</u>

NOTE 7 - OTHER ACCRUED EXPENSES:  
(In Thousands of Dollars)

Other accrued expenses consist of:	<u>1988</u>	<u>1987</u>
Accrued Payroll	\$2,598	\$ 2,303
Accrued Interest	1,775	1,775
Accrued Advertising	948	1,018
Accrued Progressive Jackpots	777	2,371
Accrued Payroll Taxes	---	998
Accrued Sick/Vacation	3,334	3,039
Other	477	522
	-----	-----
TOTAL OTHER ACCRUED EXPENSES	<u>\$9,909</u>	<u>\$12,026</u>

NOTE 8 - OTHER CURRENT LIABILITIES:  
(In Thousands of Dollars)

Other current liabilities consist of:	<u>1988</u>	<u>1987</u>
Due to Partners	\$---	\$---
Outstanding Chip Liability	1,616	1,087
Outstanding Token Liability	209	151
Patron Deposits	150	215
Accrued Utilities	366	288
Accrued Group Health insurance	1,098	897
Accrued Insurance	1,891	1,539
A/P Other	1,268	2,254
Accrued Legal	164	116
Accrued CCC/DGE	887	473
Construction Retainage	3,240	417
Accrued Inventories	388	903
Accrued CRDA	693	739
	-----	-----
<b>TOTAL OTHER CURRENT LIABILITIES</b>	<b>\$11,970</b>	<b>\$9,079</b>
	=====	=====

NOTE 9 - NON-OPERATING INCOME (EXPENSE) - NET:  
(In Thousands of Dollars)

Non-operating income for quarter ended December 31, 1988:

	<u>Three Months</u>	
	<u>1988</u>	<u>1987</u>
G/L Equipment	\$---	\$ (113)
Discount Earned	61	21
Interest Income	646	859
	-----	-----
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$ 707</b>	<b>\$ 767</b>
	=====	=====

	<u>Twelve Months</u>	
G/L Equipment	\$ 72	\$ (66)
Discount Earned	245	74
Interest Income	2,331	2,886
	-----	-----
<b>TOTAL NON-OPERATING INCOME</b>	<b>\$2,648</b>	<b>\$2,894</b>
	=====	=====

NOTE 10 - COMMITMENTS AND CONTINGENCIES:

In May, 1988, the New Jersey Casino Control Commission ("CCC") issued the Partnership a license to operate Trump Castle. A license is not transferable, is issued for a term of one year, and must be acted upon by the CCC no later than 30 days prior to the expiration of the license then in force. The continued operations of the Partnership are subject to its retaining its operating license.

The New Jersey Casino Control Act requires the Partnership to make qualified investments, as defined, in New Jersey, or pay an investment alternative tax.

Commencing 12 months after the date of opening (June 17, 1985) and continuing for a period of 25 years thereafter, the Partnership must either obtain investment tax credits, as defined, in an amount equivalent to 1.25% of its gross casino revenues or pay an alternative tax of 2.5% of its gross casino revenues. Investment tax credits may be obtained by the purchase of bonds at below market interest rates from the Casino Reinvestment Development Authority ("CRDA") or by making qualified investments which must be approved by the CRDA. The Partnership is required to make quarterly deposits with the CRDA to satisfy its investment obligation.

At December 31, 1988, the financial statements reflect \$754,000 of below market interest rate bonds issued by the CRDA and \$6,908,000 of deposits towards the purchase of below market interest rate bonds. For the twelve months ended December 31, 1988 and 1987, the Partnership charged \$992,000 and \$1,202,000 respectively, to operations to give effect to the below market interest rates associated with the CRDA bonds. The net investment is included in other assets in the accompanying balance sheets.

The Partnership, along with another Atlantic City casino, has entered into a joint venture agreement with the New Jersey Department of Transportation to fund the construction of certain roadway improvements in the Atlantic City Marina District. The agreement requires that the Partnership make cash contributions totaling \$8,000,000. As of June 30, 1987, the Partnership had made contributions totaling \$2,668,000.



NOTE 11 - EMPLOYEE BENEFIT PLANS:

Effective November 1, 1986, the Company adopted a retirement savings plan for its non-union employees under Section 401K of the Internal Revenue Code. The plan allows employees of the Partnership to defer up to 10% of their income on a pre-tax basis through contributions to the plan. The Partnership will match 50% of eligible employees' contributions up to a maximum of 3% of the individual earnings. The Partnership recorded charges of approximately \$420,000 for matching contributions for the twelve months ended December 31, 1988.

The Partnership made payments to various trustee pension plans under industry-wide union agreements. The payments are based on the hours worked by or gross wages paid to covered employees. It is not practical to determine the amount of payments ultimately used to fund pension benefit plans or the current financial condition of these plans. Under the Employee Retirement Income Security Act, the Partnership may be liable for its share of the plan's unfunded liability, if any, if the plans are terminated.

NOTE 12 - PROMOTIONAL ALLOWANCE AND PROMOTIONAL EXPENSES:

Promotional Allowances and Expenses and number of recipients for the twelve months ended December 31, 1988, consisted of the following:

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>Number of Recipients</u>	<u>Amount</u>	<u>Number of Recipients</u>	<u>Amount</u>
Rooms	190,596	\$12,292,000	---	---
Food	1,140,837	15,253,000	---	---
Beverage	2,114,769	6,873,000	---	---
Travel	13,466	1,474,000	18,028	7,419,000
Cash Coupons	---	---	1,912,426	24,100,000
Admissions	118,671	1,322,000	---	---
Other	9,643	405,000	54,571	2,292,000
	-----	-----	-----	-----
TOTALS	3,587,982	\$37,619,000	1,985,025	\$33,811,000
	=====	=====	=====	=====

Promotional Allowances and Expenses and number of recipients for the three months ended December 31, 1988, consisted of the following:

	<u>Promotional Allowances</u>		<u>Promotional Expenses</u>	
	<u>Number of Recipients</u>	<u>Amount</u>	<u>Number of Recipients</u>	<u>Amount</u>
Rooms	41,796	\$2,669,000	---	\$ ---
Food	216,949	3,418,000	---	---
Beverage	472,923	1,537,000	---	---
Travel	2,741	305,000	1,671	1,471,000
Cash Coupons	---	---	416,044	5,051,000
Admissions	24,147	269,000	---	---
Other	1,691	71,000	54,571	2,292,000
	-----	-----	-----	-----
TOTALS	760,247	\$8,269,000	472,286	\$8,814,000
	=====	=====	=====	=====

# SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

DECEMBER 31, 19 88

(UNAUDITED)  
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES				
LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:	\$		
1	Undeposited patrons' checks .....	6,503		
2	Returned patrons' checks .....	3,236		
3	Total patrons' checks .....	9,739	\$ 1,134	\$ 8,605
4	Hotel Receivables .....	1,640	123	1,517
	Other Receivables:			
5	Receivables due from officers and employees.....	136		
6	Receivables due from affiliates .....	1,303		
7	Other accounts and notes receivables .....	2,297		
8	Total other receivables .....	3,736	0	3,736
9	Totals (Form 305).....	\$ 15,115	\$ 1,257	\$ 13,858

UNDEPOSITED PATRONS' CHECKS ACTIVITY		
LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1) .....	\$ 7,666
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits) .....	253,534
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits) .....	(190,527)
13	Checks collected through deposits .....	(53,978)
14	Checks transferred to returned checks .....	(10,192)
15	Other adjustments .....	0
16	Ending Balance .....	\$ 6,503
17	"Hold" Checks Included In Balance On Line 16 .....	\$ 0
18	Provision For Uncollectible Patrons' Checks .....	\$ 1,603
	Provision As A Percent Of Counter Checks Issued .....	.6 %

# STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :  
COUNTY OF ATLANTIC :  
:SS.  
:

Thomas P. Venier, being duly sworn according to law upon my oath  
Name

deposes and says:

1. I have examined this Annual Report.
2. All the information contained in this Report has been prepared in conformity with Casino Control Commission's Annual Report Instructions and Uniform Chart of Accounts.
3. The information contained in this Annual Report is accurate to the best of my knowledge and belief.



Signature

Vice President Finance  
Title

00711-11

License Number

Subscribed and sworn to  
before me this 14<sup>th</sup> day  
of March, 1989

On Behalf Of:



Signature

Trump Castle Hotel & Casino  
Casino Licensee

SHARON J. MILLER  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires JUNE 10, 1991

Basis of Authority  
to Take Oaths

# GROSS REVENUE ANNUAL TAX RETURN

**LICENSEE** TRUMP CASTLE HOTEL AND CASINO

**ADDRESS** Huron Ave. & Brigantine Blvd.

Atlantic City, NJ 08401

FOR THE YEAR ENDED DECEMBER 31, 19 88

TO THE

## CASINO CONTROL COMMISSION

OF THE

## STATE OF NEW JERSEY



**NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS ANNUAL TAX RETURN** .....

Thomas P. Venier

**OFFICIAL TITLE**.....

Vice President Finance

**ADDRESS** .....

Huron Ave. & Brigantine Blvd.

Atlantic City, NJ 08401

# GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 19 88

(UNAUDITED)

(\$ IN THOUSANDS)

LINE			
	Casino win or (loss)		
1	Table games revenue .....	\$ 117,042	
2	Coin-operated devices revenue .....	129,386	
3	Total revenues .....		\$ 246,428
	Less - adjustment for uncollectible patrons' checks:		
4	Provision for uncollectible patrons' checks .....	\$ 1,603	
5	Maximum adjustment (4% of line 3) .....	\$ 9,857	
6	Adjustment (the lesser of line 4 or line 5) .....		1,603
7	Gross revenues (line 3 less line 6) .....		\$ 244,825
8	Tax on gross revenues - current year (8% of line 7) .....		\$ 19,586
9	Audit or other adjustments to tax on gross revenues in prior years .....		-0-
10	Total tax on gross revenues (line 8 plus or minus line 9) .....		19,586
	Deposits made for tax on current year's gross revenues:		
11	January .....	\$ 1,639	
12	February .....	1,457	
13	March .....	1,686	
14	April .....	1,606	
15	May .....	1,685	
16	June .....	1,590	
17	July .....	2,104	
18	August .....	1,785	
19	September .....	1,581	
20	October .....	1,484	
21	November .....	1,419	
22	December .....	1,534	
23	January .....	16	
24	Total deposits made for tax on current year's gross revenues .....		( 19,586
	Settlement of prior years' tax on gross revenues		
25	resulting from audit or other adjustments - (deposits) credits .....		-0-
26	Gross revenues tax payable (line 10 less line 24 plus or minus line 25) .....		\$ -0-

STATEMENT OF CONFORMITY AND ACCURACY

STATE OF NEW JERSEY :  
:SS.  
COUNTY OF ATLANTIC :

Thomas P. Venier, being duly sworn according  
Name

to law upon my oath deposes and says:

1. I have examined this Gross Revenue Annual Tax Return.
2. All the information contained in this Return has been prepared in conformity with the Casino Control Commission's Gross Revenue Annual Tax Return Instructions and Uniform Chart of Accounts.
3. The information contained in this Return is accurate to the best of my knowledge and belief.

*Tom Venier*  
Signature

Vice President Finance  
Title

711-11  
License Number

Subscribed and sworn to  
before me this 8<sup>th</sup> day  
of March, 1989.

*Sharon J. Miller*  
Signature  
SHARON J. MILLER  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires JUNE 18, 1991

On Behalf Of:

TRUMP CASTLE HOTEL AND CASINO  
Casino Licensee

Basis of Authority  
to Take Oaths





# ANNUAL EMPLOYMENT AND PAYROLL REPORT

**LICENSEE** TRUMP CASTLE ASSOCIATES

**ADDRESS** Huron Avenue & Brigantine Blvd.

Atlantic City, NJ 08401

**FOR THE YEAR ENDED DECEMBER 31, 1988**

**TO THE**

**CASINO CONTROL COMMISSION**

**OF THE**

**STATE OF NEW JERSEY**



**NAME OF OFFICER IN CHARGE  
OF CORRESPONDENCE REGARDING  
THIS ANNUAL EMPLOYMENT  
AND PAYROLL REPORT.....**

Thomas P. Venier

**OFFICIAL TITLE.....**

Vice President Finance

**ADDRESS.....**

Huron Avenue & Brigantine Blvd.

Atlantic City, NJ 08401

# ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 19 **88**  
(\$ in Thousands)


LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	(d) OTHER EMPLOYEES	SALARIES AND WAGES (e) OFFICERS & OWNERS	(f) TOTALS
	<b>CASINO</b>				
1	Administration .....	17			
2	Gaming .....	601			
3	Slots .....	271			
4	Casino accounting .....	47			
5	Other .....	242			
6	Total-casino .....	1,184	\$ 28,679,845	\$ 294,608	\$ 28,974,453
7	ROOMS .....	241	3,219,030		3,219,030
8	FOOD AND BEVERAGE .....	936	13,050,926	118,590	13,169,516
	<b>OTHER OPERATED DEPARTMENTS</b>				
9	Telephone .....	22	343,382		343,382
10	Beauty Shop .....	7	23,409		23,409
11	Gift Shop .....	17	256,313		256,313
12	Transportation .....	121	1,742,887		1,742,887
13	Uniforms .....	33	487,627		487,627
14	Health Club .....	3	75,776		75,776
15	Marina .....	22	622,516		622,516
16	Environmental Services .....	196	2,672,971		2,672,971
17	Print Shop .....	16	461,862		461,862
18					
19					
	<b>ADMINISTRATIVE AND GENERAL</b>				
20	Executive office .....	8		1,201,650	1,201,650
21	Accounting and auditing .....	240	5,226,934	85,309	5,312,243
22	Security .....	200	4,166,180		4,166,180
23	Other administrative and general department .....	64	1,513,734	93,078	1,606,812
24	MARKETING .....	45	648,417		648,417
25	GUEST ENTERTAINMENT .....	31	1,759,683		1,759,683
26	PROPERTY OPERATION AND MAINTENANCE .....	116	3,665,546		3,665,546
27	TOTALS - ALL DEPARTMENTS .....	3,502	\$ 68,617,038	\$ 1,793,235	\$ 70,410,273

Trading Name of Licensee TRUMP CASTLE HOTEL & CASINO

ANNUAL EMPLOYMENT AND PAYROLL REPORT  
SIGNATURE PAGE

For the Year Ended December 31, 1988

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Signature  
**Thomas P. Venier**  
**Vice President Finance**  
\_\_\_\_\_  
Title

