



# New Jersey Casino Control Commission



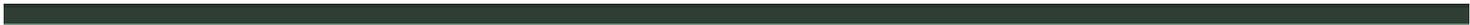
## 2012 Annual Report

# The 2012 Annual Report of the New Jersey Casino Control Commission

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*Chris Christie*  
*Governor*





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### 2012 ANNUAL REPORT MESSAGE

*Matthew B. Levinson*

*Chairman & Chief Executive Officer*

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Last summer, Governor Chris Christie asked me to join his Atlantic City team and become Chairman & Chief Executive Officer of the Casino Control Commission. As someone who was born and raised in the area, the opportunity to have an impact on the future of Atlantic City and its gaming industry was something I could not turn down. After all, Atlantic City was at a crossroads and Governor Christie and the Legislature had mapped out a bold path to respond to new competition and become a destination resort. And the Casino Control Commission has always been and would continue to be one of the key players in the future of Atlantic City.

In the time leading up to my appointment, there were sweeping changes in the way New Jersey licenses and regulates casinos – changes that were vital to the continued survival of Atlantic City’s gaming industry and changes that continued to evolve after I was sworn in as the Commission’s seventh chairman. Certainly maintaining integrity and public confidence in the industry and the licensing process are as crucial now as they were when Governor Byrne signed the Casino Control Act in 1977. And the commitment to maintaining that has been handed down from chairman to chairman, from Joe Lordi to me.

The Commission’s statutory mandate primarily tasks us as the state agency responsible for licensing Atlantic City’s casinos and its casino key employees and hearing appeals of decisions by the Director of the Division of Gaming Enforcement. I know I speak for my fellow commissioners when I say that the members of our staff have a clear understanding of their role and responsibilities and they do an exceptional job performing them. For example, the researchers in the Policy Planning and Development Unit are generating comprehensive reports on gaming-related issues not only in Atlantic City, but across the nation. Our Financial Evaluation Unit audits casino parking fee collections but also provides financial reports on the economic health and financial stability of the gaming industry. Without exception, people have praised the quality of the work produced by the Commission’s staff.

Commission staff in our other units, perform vital functions as well. For example, our General Counsel’s Office provides insightful analysis of the complex legal issues that face the Commission and guides us through the steps needed to fulfill our statutory responsibilities. Our key employee licensing unit processes license applications and works closely with the Division of Gaming Enforcement to make certain that the process is efficient and our customer service is second to none. In every unit, each member of the Commission staff has a keen grasp of the new role of the Commission and their statutory responsibilities. And at every level, staff members work cooperatively with the Division of Gaming Enforcement on a wide variety of matters.

The Commission is also working cooperatively with a variety of other entities not only to help move Atlantic City forward, but also to make certain that the public can see the progress that is being made. While gaming revenue continued to decline in 2012, a host of non-gaming economic indicators gave proof to the fact that Atlantic City is redefining itself as a resort destination. Overall, non-gaming revenue was up 2.8 percent in 2012. More people are spending the night in Atlantic City casino hotels – you can tell that because the number of occupied room-nights hit an all-time high of 5.2 million last year. Those people are spending more money here on rooms, drinks, entertainment and other items which show up in the 12.6 percent increase in the Luxury Tax last year. In addition, overall sales tax collection in Atlantic City increased by more than 10 percent in 2012.



Those numbers are particularly impressive in light of “super storm” Sandy which ravaged the Jersey Shore. While the brunt of the storm hit well to the north, Atlantic City still suffered significant flooding in low-lying sections. And as a result of the storm, 90 meetings, conferences, conventions and events which would have brought about 75,000 visitors were cancelled. That represented a loss of 23,000 room-nights for Atlantic City’s hotels.

But the greatest damage to Atlantic City wasn’t from the storm. It was from the erroneous reports that followed describing the destruction of the Boardwalk. Dunes that run the length of the city protected the Boardwalk and the casinos from the fury of the storm. However, in a residential neighborhood far from the casinos, the national media seized on images of the destruction of a closed and dilapidated section of the Boardwalk. It clearly cost the city’s casinos millions in lost revenue. A poll by the Atlantic City Alliance a month after the storm showed that 41 percent of people nationwide and 52 percent of the people in the Northeast believed Atlantic City’s Boardwalk was destroyed. After spending a significant amount of money on advertising and after an aggressive media outreach program, the Alliance did a follow-up poll in January and found that 25 percent nationally and 32 percent in the Northeast still believed the Boardwalk has been destroyed.

Rather than being destroyed, Atlantic City and its Boardwalk are in the middle of a renaissance. In the late spring of 2013, the new Margaritaville complex at Resorts opened with a restaurant and a retail shop in the hotel as well as a LandShark Bar and Grill right on the beach. Further down the Boardwalk, a new Chickie’s and Pete’s Crab House and Sports Bar will open at the Tropicana. Both projects will help transform the Boardwalk into a more vibrant attraction for our visitors not to mention the improved facades, art attractions and, of course, the team of ambassadors who are available to answer questions or provide direction. A multi-year project to transform the Steel Pier into a vibrant, year-round attraction will continue as well. We anticipate that work will start on a \$134 million meeting center at Harrah’s in 2013 which should attract mid-sized corporate meetings and events to Atlantic City. In October 2013, work started on a new Bass Pro Shop as part of The Walk, the outlet mall complex in the center of the city. In addition to creating new jobs in the city, the \$18 million project will help create a new lure for Atlantic City to draw more new visitors to the city and should be opened by fall of 2014.

The transformation of Atlantic City from a casino town to a destination resort clearly is underway. Governor Christie has put a team in place here at the Casino Control Commission as well as at the Casino Reinvestment Development Authority, the Division of Gaming Enforcement, the Atlantic City Task Force and elsewhere to make sure that his vision and his policies for the redevelopment of Atlantic City are implemented. The Commission and its staff are a vital part of that team. Looking forward, I truly believe that the year ahead will be one of progress and success for the gaming industry and Atlantic City, its residents and the entire State of New Jersey.

A handwritten signature in black ink, appearing to read "Matt", with a long horizontal flourish extending to the right.



*Matthew B. Levinson,  
Chairman & Chief Executive Officer*

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**Matthew Levinson** was appointed by Governor Chris Christie and was sworn in as the seventh Chairman & Chief Executive Officer of the New Jersey Casino Control Commission on August 6, 2012. As Chairman, Levinson also sits on the Casino Reinvestment Development Authority, helping to ensure a coordinated approach in the implementation of Governor Christie's vision for moving Atlantic City forward.

At the time of his appointment, Levinson served as Chief Financial Officer of SOSH Architects where he was responsible for all accounting and finance operations for the firm's offices in Atlantic City and in New York City. His duties there also included handling human resources, information technology, business development, operations and marketing.

The Chairman previously served as a member of the Linwood City Council where he was chairman of the council's Finance Committee and a member of the Board of School Estimate.

Earlier in his professional career, Levinson worked as Casino Accounting Manager at Resorts International Hotel Casino and also as a Senior Operations Analyst with responsibilities in both the gaming and non-gaming areas of the property. He also worked for the international forensic accounting firm of Matson, Driscoll & Damico, LLP, where he performed forensic accounting work relating to the 2001 attack on the World Trade Center and the 2003 collapse of a parking garage under construction at the Tropicana Casino and Hotel.

Levinson is a graduate of Villanova University where he majored in accounting and minored in finance. While in college, he worked at the Tropicana Casino and Hotel in the accounting and finance department and also at the Philadelphia Investment Banking Co.

He has been active in a variety of civic, professional and charitable organizations. Levinson was born and raised in Atlantic County where he has lived and worked most of his life. He currently resides in Linwood with his wife and two children.



Vice Chair

**Sharon Anne Harrington** became a Commissioner of the New Jersey Casino Control Commission in July 2009.

Prior to joining the Casino Control Commission, Ms. Harrington served as Chief Administrator of the New Jersey Motor Vehicle Commission (MVC) from March 2004 through July 2009. During her tenure at MVC, many services were modernized and brought to on-line technology solutions.

Commissioner Harrington was State Director for U.S. Senator Frank Lautenberg. She had previously been Managing Partner with Public Strategies Impact, a Trenton-based Government Relations/Public Affairs firm. Her portfolio included public and private sector clients at the state and federal levels. Ms. Harrington served as Vice Chair of the Region 1 Board of Directors of the American Association of Motor Vehicle Administrators (AAMVA) and on its International Board. She was also a member and past chairman of the New Jersey State Council on the Arts. She served as a member of the State Ethics Commission, Public Member to the New Jersey Cemetery Board (1981-1983), Commissioner on the Urban Enterprise Zone Authority (1984-1990) and a member of the New Jersey State Council on the Arts (1990-1996; 2002-2010).

Ms. Harrington currently serves as a board member of ArtPride New Jersey, the Non-Profit Finance Fund and the Atlantic City Improvement District Advisory Committee. Past service includes: the New Jersey Symphony Orchestra, the New Jersey Shakespeare Festival, Passage Theatre, the New Jersey Performing Arts Center and the Women of Irish Heritage of the Jersey Shore.

Ms. Harrington is a graduate of Glassboro State College, now Rowan University, where she served on the Alumni Board. She is married to George Sullivan. They reside in Bradley Beach, Monmouth County.



Commissioner

**Alisa Cooper** joined the Casino Control Commission in August 2012 following her appointment by Governor Chris Christie.

Cooper was born and raised in Atlantic City and graduated from Atlantic City High School. She attended the University of Maryland, where she earned a Bachelor of Science degree in Music Education. She went on to a long career in the music and entertainment industry and owned "Alisa Cooper Orchestras" for several decades. During her career, she played piano at the famous "500 Club" and opened Resorts International Casino Hotel in 1978. She entertained at parties for Tony Bennett, Jerry Seinfeld, Bill Cosby, Dom DeLuise, Neil Sedaka as well as countless sports celebrities. In 2008, Cooper was named a member of the New Jersey State Council on the Arts, giving her an opportunity to promote music and the arts throughout the state. Cooper's lifelong passion for music also led to a long career as a music educator.

In 2005, Cooper followed in the footsteps of her late mother - Assemblywoman Dolores Cooper - and entered public service. Cooper won an "at-large" seat on the Atlantic County Board of Chosen Freeholders and was re-elected in 2008. While a Freeholder, she chaired the Education and Schools Committee and served as a member of several committees including the Tourism, Gaming and Marketing Committee, Commission on Women and the Local Advisory Council on Drug and Alcohol Abuse.

Cooper is a member of the Board of Directors of Robin's Nest and numerous civic, professional and philanthropic organizations. Donating her "time and talents", and with her orchestra, she has performed for numerous fundraisers and benefits. Throughout her career, Cooper has received several awards for her charitable activities including raising thousands of dollars for The Food Bank of South Jersey and the Atlantic County Animal Shelter.

Cooper lives in Linwood with her husband Doug Little and their son, David Cooper Little.



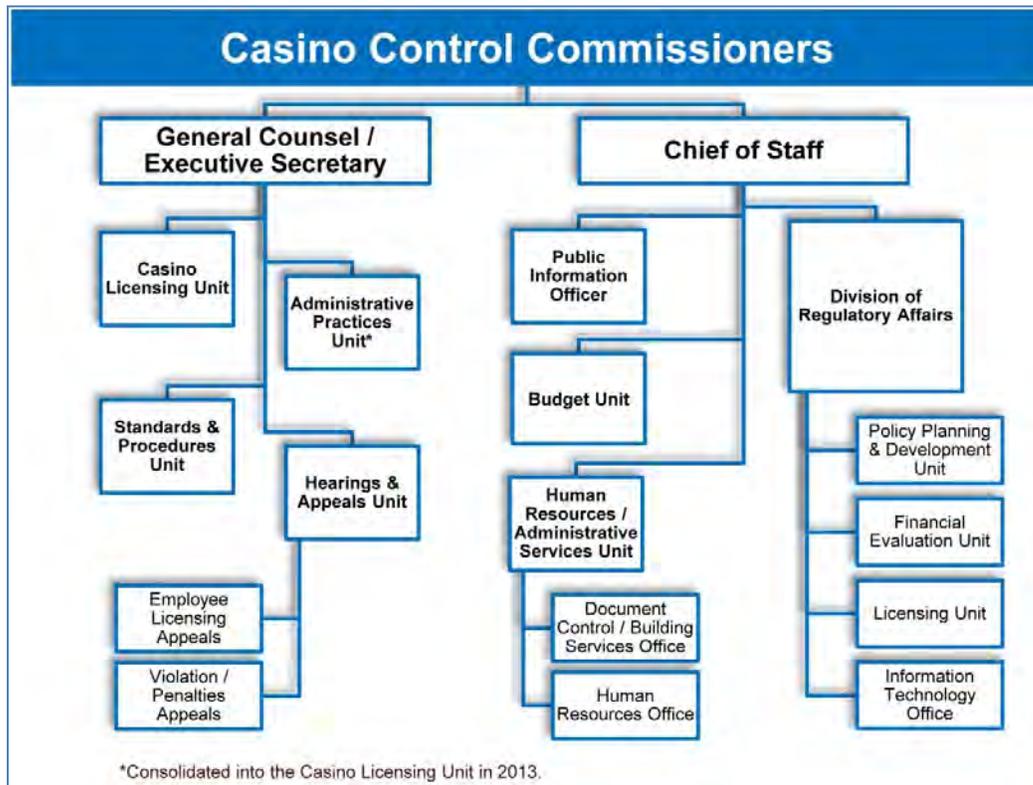
## **Vision Statement**

*Build on our reputation as a leader in gaming regulation and be a key partner and catalyst in the evolution of Atlantic City as a premier gaming and destination resort.*

## **Mission Statement**

*The Casino Control Commission ensures integrity and public confidence in the gaming industry and collaborates with all stakeholders for the revitalization of Atlantic City and benefit of New Jersey.*

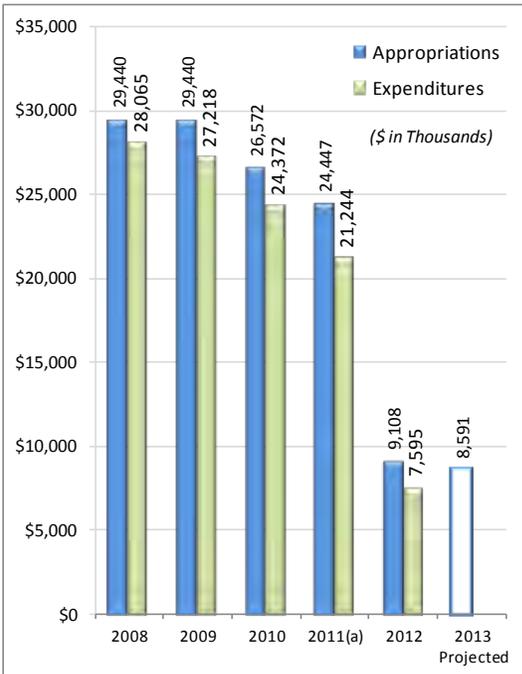
*While fulfilling its duties, the Commission upholds objective, independent and ethical standards with professionalism and integrity.*



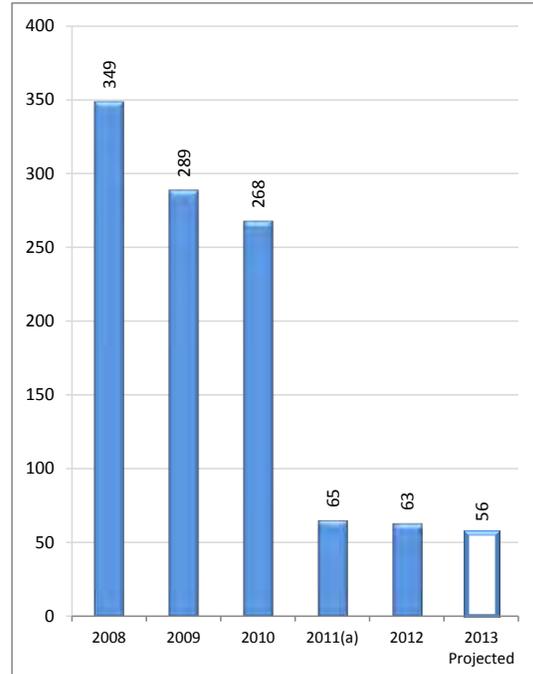
## FINANCE AND STAFFING STATISTICS

FOR FISCAL YEARS ENDED JUNE 30

**BUDGET APPROPRIATIONS & EXPENDITURES**



**NUMBER OF AUTHORIZED EMPLOYEE POSITIONS**



(a) Duties and responsibilities significantly realigned in P.L. 2011, c. 19, February 1, 2011.



In addition to focusing on its statutory responsibilities, the Commission’s strategic goals address the importance of a positive and professional work environment. During the year, several team building, outreach and training activities were implemented as follows:

### **Team Building**

The Commission issued quarterly newsletters with such information as announcements, upcoming events, projects, and other topics that may benefit the Commission staff.

To improve communication, regular scheduled meetings with the Chairman, Commissioners, Directors and Managers were conducted. In addition, events were held throughout the year to gather all employees together.

In 2012, the Chairman and Commissioners along with staff participated in the following committees: Employee Evaluation; 35<sup>th</sup> Anniversary; Strategic Planning; Recognition, Service, Value and Pride and Website and Intranet.

In October, several employees were recognized for their years of service with the State.



### **Community Outreach**

In March and November, the Commission conducted and participated in Blood Drives for the American Red Cross.

In conjunction with our agency’s commitment to support local charitable organizations, the Commission sponsored two sub and salad sales to support Career Opportunity Development Inc., a local charity that provides services for individuals with disadvantages and disabilities.



### Community Outreach (cont'd)

In October, the Commission participated in a coat and clothing drive to benefit the Covenant House of Atlantic City which helps homeless youth with a network of shelters.

Also in October, the Commission joined with the Atlantic County Utilities Authority to increase its recycling efforts.

In November, the Commission participated in the New Jersey State Employees Charitable Campaign.

In December, Commission staff along with employees of the Division of Gaming Enforcement, Division on Civil Rights and Atlantic City Task Force participated in a toy drive for the Police Athletic League located in Atlantic City.



### Training

In 2012, employees participated in the following training:

- Organizational Change, Planning and Leadership Training
- Ethics Training
- Active Shooter Civilian Awareness
- Job development training, such as Excel and Writing Skills





## 35 YEARS OF GROWTH, CHANGE AND SERVICE



Photo: Governor Brendan T. Byrne signs the Casino Control Act on June 2, 1977 on the Boardwalk in front of Atlantic City Convention Hall, Atlantic City, New Jersey.

In 1977, the New Jersey Casino Control Act (the “Act”) was signed into law. It declared “that the rehabilitation and redevelopment of existing tourist and convention facilities in Atlantic City, and the fostering and encouragement of new construction and the replacement of lost convention, tourist, entertainment and cultural centers in Atlantic City, will offer a unique opportunity to make maximum use of the natural resources available in Atlantic City for the expansion and encouragement of New Jersey’s hospitality industry, and to that end, the restoration of Atlantic City as the Playground of the World and the major hospitality center of the Eastern United States.”

Those goals have remained constant, but the law has meet the ever-changing needs of New Jersey. The first changes occurred as early as 1978, less than a year after it was signed, to expedite the opening of the first casinos. The most recent amendments were just as significant and streamlined and modernized the casino regulatory structure, created a new Tourism District in the city and provided the ever changing industry with new technology such as mobile and internet wagering.

New Jersey’s responsible approach to regulating casinos has resulted in an investment of more than \$16.9 billion directly by the casinos, the creation of thousands of jobs and the generation of more than \$9 billion in taxes to help seniors and people with disabilities. It also has succeeded in using gaming as a “unique tool of urban redevelopment” as it was envisioned 35 years ago. The Casino Reinvestment Development Authority (CRDA) provides capital investment funds for economic development and community projects that respond to the changing economic and social needs of Atlantic City and the State of New Jersey. CRDA has been able to stimulate investment and growth in Atlantic City even under the most stressful economic conditions.

Governor Chris Christie has set a bold agenda to enhance Atlantic City’s position as one of the world’s premier gaming, resort and tourist destinations. With new tools provided by recent legislation, many partnerships have been created to ensure all efforts are aligned to move Atlantic City forward.

In October, the Commission commemorated 35 years of growth, change and service by hosting a reception. The reception was attended by current and many former employees and included many former Chairs and Commissioners as well as representatives of the Division of Gaming Enforcement.



### David Scanlan, Chief of Staff

The Chief of Staff reports directly to the Chairman. The primary responsibility of the Chief of Staff is to ensure that the Commission functions effectively. The Chief of Staff directs strategic planning, fiscal operations, agency-wide policy development and the implementation of plans and policies.

The Commission's budget process, human resources and all administrative matters are handled by employees who report to the Chief of Staff.

#### **Budget & Fiscal Unit**

The Budget & Fiscal Unit is responsible for the Commission's annual budget, purchasing and agency fiscal operations services. Throughout the year, Budget & Fiscal Unit employees diligently monitored the Commission's cash flow, assets and budget and for the fiscal year ending June 30, 2012, reported the following:

- ▶ The Commission underspent its \$9,108,000 appropriation for fiscal year 2012 by about 15 percent or \$1,500,000, mostly attributable to salaries and fringe benefits savings.
- ▶ In addition to the salaries related savings, the agency underspent its operating expense budget (i.e., supplies, services, equipment) by \$387,000 or 16 percent. This was accomplished through post reorganization needs assessment and streamlining. The related savings were due to continued reduction of supplies expense and telephone lines, postponement of IT projects, reduced court transcription fees and relinquishment of two state vehicles.
- ▶ The Commission's fiscal year 2012 budget appropriation was \$9,108,000, a reduction of \$15,000,000 or 63 percent from the prior year. This \$15,000,000 reduction in spending authority was the result of amendments to the Casino Control Act (*P.L. 2011, c. 19* February 2011).
- ▶ During fiscal year 2012, Commission staffing levels decreased from 65 to 63 positions as a result of legislative downsizing of the commissioner panel from five to three members.

#### **Human Resources & Administrative Services Unit**

The Commission's Human Resource Manager is responsible for the Human Resources and Document Control/Administrative Services Offices. The Human Resources Office is responsible for all personnel and employee services, including timekeeping, employee benefits, compensation and classification, training, and for the maintenance and storage of personnel and training records. It also ensures agency compliance with all Civil Service Commission requirements and directives.



The Document Control/Administrative Services Office is the organizational hub of the agency and manages the Commission's incoming and outgoing mail, transportation, central files, document receipt and processing, building security and all facilities operations. During the year, the employees of the Document Control/Building Services Office reviewed building access and security and implemented several recommendations to enhance overall building security. Most notably, employees of this unit were vital in ensuring the integrity of the Arcade Building before, during and after Hurricane Sandy in October 2012.

Additional noteworthy highlights for the Human Resources & Administrative Services Unit are as follows:

- ▶ Worked with the Atlantic County Utilities Authority (ACUA) to increase recycling efforts by identifying recyclable items while reinforcing Single Stream Recycling resulting in a reduction of the agency's trash hauling and shredding expense.
- ▶ Continued the reorganization and purging of employee personnel files in accordance with the State's record retention schedule and organized and consolidated unit wide files.
- ▶ Reviewed and revised the Commission's orientation, policy and procedures and human resource system manuals.
- ▶ Participated in the review of the agency's performance appraisal program in order to create an employee development system that aligns the organization's goals and objectives to the goals and objectives of each employee while improving communication between supervisors and employees regarding expected performance standards.
- ▶ Worked with representatives from the Department of Treasury to complete the Space Planning Request (SPR) and Scope of Work for lease negotiations for fiscal year 2014.

The Public Information Officer also reports to the Chief of Staff and is responsible for media relations for the Commission.





**Dianna Williams-Fauntleroy, Esq.**  
**General Counsel/Executive Secretary**

The General Counsel’s Office renders legal advice to the Commission, represents the Commission in any proceeding to which it is a party and supports the Commission in the effective exercise of its statutory authority including the issuance of initial casino licenses, issuance of key employee licenses, consideration of contested key license matters and appeals from Orders and Actions of the Director of the Division of Gaming Enforcement.

The General Counsel’s Office consists of the Casino Licensing Unit, the Hearings and Appeals Unit, the Standards and Procedures Unit and the Administrative Practice Unit. Each Unit works collaboratively to support the Commission in meeting its statutory objectives and with the Office of the Chief of Staff and the Division of Regulatory Affairs on various initiatives.

With the arrival of a new Commission Chairman and a new Commission member in August 2012, transition and training were priorities. Consequently, the General Counsel’s Office participated with the Chief of Staff’s Office and the Division of Regulatory Affairs to ensure that the new Chairman and Commissioner were fully briefed on all relevant regulatory matters and introduced to the casino executives. Ethics training and timely completion and filing of pre-appointment and post-appointment ethics certifications and disclosure forms as well as reorganization of the Commission’s Audit Committee were also early focus areas.

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**Casino Licensing Unit**

This unit, led by Assistant General Counsel Mary Wozniak, advises the Commission regarding all casino licensing and qualification matters. In 2012, the Unit assisted the Commission during its consideration of a variety of complex matters including:

► Consideration of the petition of MGA Gaming, LLC (a subsidiary of Mohegan Gaming Advisors), for approval pursuant to *N.J.S.A. 5:12-82c* of a management agreement with casino licensee DGMB Casino, LLC (Resorts Casino Hotel) and its petition for a determination of its status as a casino service industry pursuant to *N.J.S.A. 5:12-92a*.

► Issuance of a casino license to Revel Entertainment Group for its grand opening date of April 2, 2012 and consideration of the qualification of its holding companies and officers and directors.

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**Hearings and Appeals Unit**

This unit, under the guidance of Senior Counsel Teresa Pimpinelli, continued to streamline its procedures related to the Commission’s hearings and appeals process. In collaboration with the Commission’s IT office, a database was created which allows the unit to better monitor its caseload. In 2012, its caseload doubled from 2011. The unit also successfully published regulations which codify the hearings and appeals process before the Commission.



During the 2012 year, the unit conducted numerous contested case conferences to address objections raised by the Division of Gaming Enforcement for pending initial and resubmitted casino key license applications. All contested cases closed in 2012 resulted in satisfactory stipulations of settlement between the individual applicants and the Division of Gaming Enforcement. The Unit also concluded its first appeal this year which resulted in a withdrawal of the appeal after the appellant and the Division entered into stipulation of settlement.

The unit also advised and guided the Commission through the issuance of emergency extensions of several temporary key licenses to ensure that no one's license status was interrupted solely as a result of the impact of the storm on Atlantic City.

**Standard Procedures Unit** This unit, led by Senior Counsel Stephanie Olivo, works in conjunction with both the Chief of Staff's Office and the Division of Regulatory Affairs to ensure that policies and procedures as they relate to both issues in human resources and licensing of casino key employees are legally compliant as well as efficient.

In furtherance of the Commission's implementation of its new strategic mission, the Unit assisted in the creation and implementation of a new employee development system to ensure consistency with all applicable Federal and State laws, rules and regulations and policies and procedures. The employee development system was approved for the Commission's use for employee evaluation and development, and the procedures adopted will provide employees with a meaningful employee performance evaluation as well as ongoing opportunities for development.

As the unit responsible for providing updates and analysis of legislative action concerning casino regulation as well as legislation generally related to public entities, the Unit provided the Commission with comprehensive updates and analyses of legislative action throughout the year including amendments to the Casino Control Act authorizing mobile gaming and Internet wagering.

The Commission's designated EEO Officer, Kenneth Doss, also within the Standards and Procedures Unit, ensures that the Commission adheres to all Federal and State laws and equal employment opportunity policies for the protection of all employees at the Commission. In addition to other duties, the EEO Officer conducts Equal Employment Opportunity Exit Interviews of separating Commission employees, maintains required documentation for filing with the State's EEO Office, performs in-house training for Commission employees concerning State policies and facilitates on-line training for Commission employees. Additionally, the EEO Officer collaborated with the Human Resources Unit in conducting an on-line Race and Ethnicity Voluntary Survey of Commission staff.

**Administrative Practice Unit** This unit coordinates preparation of the Commission's public meeting agenda, notices and minutes as well as access to public records. As the unit responsible for maintaining the official records of the Commission and the files of the Executive Secretary, it responded throughout the year, both separately and in conjunction with the Commission's Public Information Officer, to over 75 requests for information and/or documents under the Freedom of Information Act and the Open Public Records Act.



**James E. Fehon, Director**

This division is responsible for implementing all statutory responsibilities of the Commission other than legal affairs and supporting the Commissioners’ Office in completing the agency’s annual internal control review required by the State. The director is the principal regulatory policy advisor to the Commissioners and directs the operation of the division in accordance with pertinent statutes, regulations, executive orders, State directives, and agency policies. The director oversees three units, each with its own statutorily defined role, directs the information technology needs for the agency and reports to the Chief of Staff.

**Financial Evaluation Unit**

This unit is responsible for facilitating the Commission’s responsibilities under sections 82e, 84 and 87 of the Act, by analyzing documentation concerning the financial background, resources, financial stability, integrity and responsibility of casino licensees and applicants. It provides expert advice and consultation to the Commissioners on all matters of a financial or economic nature. This unit also facilitates the Commission’s financial reporting responsibilities and performs the certification and review of casino parking fee revenue under Section 173.5 of the Act, which benefits both the Casino Revenue Fund and public projects undertaken by the Casino Reinvestment Development Authority. Noteworthy highlights for the year:

- ▶ Certified parking fee revenue and provided oversight to more than \$28.8 million in parking fee remittances that were made to the State of New Jersey during the 2012 calendar year, with \$4.8 million used to fund programs that benefit aged and disabled residents of the State and \$24 million forwarded to the Casino Reinvestment Development Authority to assist in the further redevelopment of Atlantic City and the State of New Jersey.
- ▶ Coordinated with the Department of Treasury to receive the Atlantic City Luxury Tax and shared this information with agency partners including the Atlantic City Alliance.
- ▶ Conducted parking fee audits to ensure the integrity of the \$3.00 parking fee remittance and oversaw the invoicing for the collection of parking fee assessments.

▶ Reviewed the DGE report and all related financial filings and evaluated the financial stability for:

- Golden Nugget’s Plenary License Qualifications.
- Licensing of Revel, including an analysis of its win figures and Earnings Before Interest Taxes Depreciation and Amorization (EBITDA), as compared to the other casinos and Revel’s own pre-opening EBITDA projections.
- The liquidity of the Atlantic Club.

▶ Provided a five-year parking fee forecast for the Department of Treasury for inclusion in the State Budget. For the first time, trends, recent past performance and refocused marketing programs were used as the basis of this forecast, rather than gross revenue projections since gross revenue and parking revenue had diverged in recent years.



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### Licensing Unit

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This unit is primarily responsible for implementing the Commission's responsibilities under Sections 89 and 95 of the Act. It specifies the content of applications for casino key employee licensure, accepts and analyzes those applications, and issues licenses and temporary licenses. It monitors casino key employee license and employment practices of the gaming industry, and assists the Commissioners in addressing issues of related policies. Noteworthy highlights for the year:

▶ Assisted General Counsel's Office in:

- Drafting new regulations regarding casino key employee licensing; and
- Preparing the Commission meeting agenda items relating to all Licensing Unit matters.

▶ Issued duplicate license credentials and updated credentials to reflect information changes, e.g., name or address change.

▶ Designed a system to allow casino key employees to have their license placed in an inactive status by request, as opposed to termination, after their informational filing due date has passed.

▶ Began an industry-wide review to determine compliance with revisions to Section 9 of the Act whereby managers and supervisors of information technology, marketing directors and security supervisors are required to have casino key employee licenses.

▶ Received and maintained revenue transmittals from the DGE's Revenue Unit documenting fee transfers.

▶ Handled nine withdrawals of temporary key licenses via delegated authority.

▶ Tested and monitored, on a daily basis, connectivity between all components of the intake automation system including camera, computers and printer, and maintained adequate stock of supplies.

▶ Performed intake and processing of initial key license applications and resubmission review forms including accurate transmittal of fees, production and distribution of key license credentials for licenses approved at the Commission meetings as well as those approved via delegated authority. Handled 456 key licenses and collected \$342,000 in fees. See page 20 for details.

▶ Printed key license resubmission list and mailed letters directing key licensees to the forms section of the website.

▶ Handled 164 temporary casino key licenses via delegated authority.

▶ Designed method to terminate the licenses of casino key employees whose informational filing due date has passed and have not requested to be placed in an inactive status.



**Policy, Planning and Development Unit**

This unit is primarily responsible for implementing Section 72 of the Casino Control Act. Section 72

requires the Commission, in consultation with the Division, to carry on a continuous study of the operation and administration of casino control laws which may be in effect in other jurisdictions, related literature and Federal laws, as well as the reaction of New Jersey citizens to existing and potential features of casino gaming. This unit: monitors trends and emerging technologies in the operation of casinos; performs ongoing studies of Internet wagering and wireless gambling, and develops recommendations to modernize the Act and New Jersey gaming regulations as necessary to keep pace with the rapidly evolving landscape of casino gaming technology; makes recommendations for leveraging the unique geographical advantages and other unique attributes of the Atlantic City Tourism District; and assists the Commission in carrying out its responsibility to ascertain any defects in the Act to prevent abuses and makes annual reports to the Governor and the Legislature. Noteworthy highlights for the year:

▶Conducted an analysis of:

- Proliferation of gaming including convenience and destination style gambling along with the most recent gambling trends;
- Promotional gaming credits (free slot play) as compared to other jurisdictions;
- Casino win, table game and slot machine win, complimentaries and hotel occupancy rates;
- Internet wagering and sports wagering; and
- Employment statistics for Atlantic City and its regional competition markets.

▶Monitored regulatory costs and gross revenue tax rates for 24 states with commercial casino gaming.

▶Assisted in the collection of information related to leased and owned food & beverage and retail space for the casinos. Prepared related charts and graphs.

▶Conducted research on the state of casino gaming.

▶Prepared an analysis of non-gaming and gaming revenue for the Las Vegas Strip and Atlantic City casinos.

▶Revised the Pilot Program Application for future developers after A.C. Gateway declined to pursue its application.

▶Assisted the Casino Reinvestment Development Authority with the tracking of information and the preparation of charts.

▶Monitored pending legislative changes and its related issues.

▶Provided various agency partners and the Governor’s office with monthly charts related to Casino Parking Fee Revenue and Atlantic City Luxury Tax and the yearly analysis of Sales Tax collected for Atlantic City.

▶Prepared briefing reports on a myriad of topics for the Commissioners, such as the cost and fees comparison of Pennsylvania and Atlantic City casino markets.



In addition to the three units noted above, the Commission's Information Technology needs are handled by the **Information Technology Office** which also reports to the Director of Regulatory Affairs. Noteworthy highlights for the year 2012:

- ▶ Started migration of agency applications from IBM i to windows SQL server for internal applications. This will consolidate the agency's IT infrastructure and result in cost savings for both hardware and software licenses.
- ▶ Continued to leverage in-house Commission technical staff to provide support for agency specific applications as well as applications shared with the Division of Gaming Enforcement, including the Time & Expense application, the Billing System, and the Employee License System.
- ▶ Centralized email archiving to improve efficiency and control.
- ▶ Started work on establishing a hot site to ensure continuity of communications during a potential disaster affecting the Commission's main office.
- ▶ Transferred ownership of the Employee License System to the Division of Gaming Enforcement.
- ▶ Redesigned the Casino Key Employee License credential and implemented a less costly printing solution.





**NEW JERSEY CASINO INDUSTRY  
CASINO KEY LICENSES ACCEPTED (INTAKE) AND ISSUED  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Initial Intake	Renewal Intake	Monthly Intake	Initial Issued	Renewal Issued	Monthly Issued
<b>January</b>	22	40	62	5	36	41
<b>February</b>	30	26	56	6	34	40
<b>March</b>	24	23	47	23	32	55
<b>April</b>	7	24	31	2	43	45
<b>May</b>	11	23	34	9	23	32
<b>June</b>	10	15	25	7	10	17
<b>July</b>	8	18	26	8	29	37
<b>August</b>	12	15	27	9	10	19
<b>September</b>	11	25	36	12	20	32
<b>October</b>	12	39	51	29	14	43
<b>November</b>	2	26	28	7	31	38
<b>December</b>	<u>5</u>	<u>28</u>	<u>33</u>	<u>21</u>	<u>16</u>	<u>37</u>
<b>Totals</b>	<b>154</b>	<b>302</b>	<b>456</b>	<b>138</b>	<b>298</b>	<b>436</b>

**NEW JERSEY CASINO INDUSTRY  
CASINO KEY LICENSE FEES COLLECTED  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Initial Fees	Renewal Fees	Misc. Fees	Monthly Total Fees
<b>January</b>	\$ 16,500	\$ 30,000	\$ 0	\$ 46,500
<b>February</b>	22,500	19,500	0	42,000
<b>March</b>	18,000	17,250	0	35,250
<b>April</b>	5,250	18,000	0	23,250
<b>May</b>	8,250	17,250	0	25,500
<b>June</b>	7,500	11,250	0	18,750
<b>July</b>	6,000	13,500	0	19,500
<b>August</b>	9,000	11,250	0	20,250
<b>September</b>	8,250	18,750	0	27,000
<b>October</b>	9,000	29,250	0	38,250
<b>November</b>	1,500	19,500	0	21,000
<b>December</b>	<u>3,750</u>	<u>21,000</u>	<u>0</u>	<u>24,750</u>
<b>Total Fees Collected</b>	<b>\$ 115,500</b>	<b>\$ 226,500</b>	<b>\$ 0</b>	<b>\$ 342,000</b>



**Atlantic Club Casino Hotel**

Boston Avenue & The Boardwalk  
Atlantic City, NJ 08401  
609-347-7111  
[www.atlanticclubcasino.com](http://www.atlanticclubcasino.com)



**Bally's Atlantic City**

Park Place and the Boardwalk  
Atlantic City, NJ 08401  
609-340-2000  
[www.ballysac.com](http://www.ballysac.com)



**Borgata Hotel Casino & Spa**

One Borgata Way  
Atlantic City, NJ 08401  
609-317-1000  
[www.theborgata.com](http://www.theborgata.com)



**Caesars Atlantic City**

2100 Pacific Avenue  
Atlantic City, NJ 08401  
609-348-4411  
[www.caesarsac.com](http://www.caesarsac.com)



**Golden Nugget Atlantic City**

Huron & Brigantine Blvd.  
Atlantic City, NJ 08401  
800-777-8477  
[www.goldennugget.com/AtlanticCity](http://www.goldennugget.com/AtlanticCity)



**Harrah's Resort Atlantic City**

777 Harrah's Blvd.  
Atlantic City, NJ 08401  
609-441-5000  
[www.harrahresort.com](http://www.harrahresort.com)



**Resorts Casino Hotel**

1133 Boardwalk  
Atlantic City, NJ 08401  
1-800-772-9000  
[www.resortsac.com](http://www.resortsac.com)



**Revel**

500 Boardwalk  
Atlantic City, NJ 08401  
855-348-0500  
[www.revelresorts.com](http://www.revelresorts.com)



**Showboat Atlantic City**

801 Boardwalk  
Atlantic City, NJ 08401  
609-343-4000  
[www.showboatac.com](http://www.showboatac.com)



**Tropicana Atlantic City**

2831 Boardwalk  
Atlantic City, NJ 08401-6338  
1-800-345-8767  
[www.tropicana.net](http://www.tropicana.net)



**Trump Plaza**

The Boardwalk at Mississippi Avenue  
Atlantic City, NJ 08401  
609-441-6000  
[www.trumpplaza.com](http://www.trumpplaza.com)



**Trump Taj Mahal**

1000 Boardwalk at Virginia Avenue  
Atlantic City, NJ 08401  
609-449-1000  
[www.trumptaj.com](http://www.trumptaj.com)



NEW JERSEY CASINO INDUSTRY CASINO FLOOR STATISTICS AT THE YEAR ENDED DECEMBER 31, 2012													
GAMES	Atlantic Club (a)	Bally's AC	Borgata	Caesars	Golden Nugget	Harrah's AC	Resorts	Revel (b)	Showboat	Tropicana	Trump Plaza	Trump Taj Mahal	Industry Totals
Blackjack	32	41	76	59	28	74	33	59	41	53	29	69	594
Craps	4	6	14	14	5	9	4	10	5	9	3	12	95
Roulette	5	14	21	17	8	12	8	9	9	15	9	14	141
Baccarat	0	0	1	4	0	0	0	0	0	0	0	0	5
Minibaccarat	4	17	16	9	10	4	7	4	9	11	9	12	112
Pai Gow Poker	1	3	6	6	2	3	3	2	3	2	2	2	35
Pai Gow	1	2	2	5	2	1	2	0	2	2	2	2	23
Keno Windows	0	0	0	0	0	4	0	0	0	0	0	2	6
Let It Ride Poker	2	3	5	2	2	4	2	3	2	2	2	3	32
Three Card Poker	4	10	13	11	5	16	5	6	9	8	2	7	96
Spanish 21	2	4	7	5	2	1	3	2	3	4	2	4	39
Four Card Poker	1	5	4	4	1	2	1	2	2	2	1	2	27
Other Games (c)	1	3	6	3	2	3	1	1	3	4	2	2	31
Banking Poker Games (d)	1	4	12	6	4	6	1	0	2	4	1	2	43
Electronic Table Games	0	0	0	0	0	0	0	13	0	0	0	0	13
Poker	0	26	78	32	20	40	0	37	24	27	0	54	338
<b>Total Games</b>	<b>58</b>	<b>138</b>	<b>261</b>	<b>177</b>	<b>91</b>	<b>179</b>	<b>70</b>	<b>148</b>	<b>114</b>	<b>143</b>	<b>64</b>	<b>187</b>	<b>1,630</b>
<b>SLOT MACHINES</b>													
\$0.01 and \$0.02	996	836	1,537	1,198	661	868	692	1,477	765	1,196	754	1,250	12,230
\$0.05	42	168	383	116	128	171	142	81	109	130	82	118	1,670
\$0.25	117	397	294	215	232	401	258	153	192	195	347	336	3,137
\$0.50	17	36	91	45	24	8	38	0	1	29	56	19	364
\$1	117	298	230	217	134	192	90	160	149	160	157	290	2,194
\$5	45	87	79	68	25	56	28	25	29	38	14	73	567
\$25	3	15	16	14	8	16	8	2	3	20	7	14	126
\$100	0	14	8	13	4	7	6	5	3	13	2	22	97
Multi-Denominational	133	448	614	263	284	881	658	505	1,038	868	147	385	6,224
Other	14	23	53	44	6	26	15	2	5	28	28	28	272
<b>Total Slot Machines</b>	<b>1,484</b>	<b>2,322</b>	<b>3,305</b>	<b>2,193</b>	<b>1,506</b>	<b>2,626</b>	<b>1,935</b>	<b>2,410</b>	<b>2,294</b>	<b>2,677</b>	<b>1,594</b>	<b>2,535</b>	<b>26,881</b>

(a) In March 2012, ACH changed its name to Atlantic Club.  
 (b) Revel opened in April 2012.  
 (c) Other Games includes: Big Six, Sic Bo, Supreme Pai Gow, Double Attack Blackjack, Triple Attack Blackjack, Casino War, Caribbean Stud Poker and High Roll Dice.  
 (d) Banking Poker Games includes: Flop Poker, Asia Poker, Mini-Tex 3 Card Hold 'Em, Mississippi Stud, Winner's Pot Poker, Ultimate Texas Hold 'Em, Texas Hold 'Em Bonus Poker, Boston 7 Stud Poker and 5 Card Hi-Lo.

Source of data: Monthly Gross Revenue Reports Form DGE-101.



**NEW JERSEY CASINO INDUSTRY CASINO FACILITY STATISTICS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Casino Square Footage</b>	<b>Simulcasting Square Footage</b>	<b>Total Gaming Space</b>	<b>Number of Parking Spaces</b>
<b>Atlantic Club (a)</b>	75,416	0	75,416	1,406
<b>Bally's A.C.</b>	104,084	9,393	113,477	3,782
<b>Borgata</b>	136,667	23,620	160,287	6,436
<b>Caesars</b>	111,812	28,963	140,775	5,324
<b>Golden Nugget</b>	70,250	0	70,250	2,986
<b>Harrah's A.C.</b>	158,497	569	159,066	4,703
<b>Resorts</b>	92,345	0	92,345	1,337
<b>Revel (b)</b>	130,000	0	130,000	7,657
<b>Showboat</b>	108,869	17,086	125,955	3,499
<b>Tropicana</b>	132,896	0	132,896	4,975
<b>Trump Plaza</b>	86,923	0	86,923	2,618
<b>Trump Taj Mahal</b>	<u>149,239</u>	<u>12,483</u>	<u>161,722</u>	<u>5,806</u>
<b>Industry Totals</b>	1,356,998	92,114	1,449,112	50,529

(a) In March 2012, ACH was renamed Atlantic Club.

(b) Revel opened in April 2012.





## Some noteworthy events at casinos throughout the year 2012:

### ▶ Atlantic Club Casino Hotel

- In March, The Atlantic City Hilton was renamed Atlantic Club Casino Hotel. Many changes occurred on the casino floor, which included the reduction of slot machines and table games, and the installation of new carpeting.
- Along with its name change, the Atlantic Club implemented a new marketing strategy centered around providing “Fun for Less”. Restaurant prices were reduced, parking was free and the casino offered \$1 minimum bets on roulette and blackjack, and \$3 minimum bets on crap games.
- Implemented the Club Local program where cardholders can convert earned comps into redeemable goods and services from local merchants such as The Walk Shops and Frank Movie Theaters.
- Introduced a new 25-cent and 50-cent gaming chip, the lowest denominations ever offered in Atlantic City.
- In August, Atlantic Club became the first casino to offer seats at its Craps tables.
- Promotions held throughout the year included: Clean Up Your Bills Sweepstakes, Dodge Charger Give Away, 10Xs Cash Back, \$100,000 Summer Sunday Sweepstakes and Bonus Free Slot Play Drawings.

### ▶ Borgata Hotel Casino & Spa

- \$50 million in improvements to over 1,500 hotel rooms.
- In a two-month period, Borgata’s Bad Beat poker jackpot was hit seven times for \$1.4 million.
- In addition to participating in Atlantic City’s Restaurant Week, in November, Borgata held its own Savor Borgata Restaurant Week.
- The largest progressive slot jackpot in the Borgata’s nine-year history was hit in December for \$3.8 million.
- Throughout the year, poker tournaments remained a popular offering with the Championship events offering millions in prize money.
- Offered the Pick The Pros \$1 Million Football Challenge from September through January, giving away \$60,000 in prizes each week. From July through October held a Facebook promotion giving away \$100,000 in prizes to 10 winners.

### ▶ Borgata (cont’d)

- Entertainment throughout the year included: John Legend, Jerry Steinfeld, Daryl Hall & John Oates, Kathy Griffin and Cage Fury Fighting Championship.

### ▶ Caesars Entertainment in Atlantic City

- Teamed up with some of the most prominent names in health and fitness to offer Sweat AC Festival at each property.
- Conducted Total AC Poker tournament with key dates occurring at each property.
- Offered four property Bad Beat poker progressive slots jackpots which hit several times throughout the year for amounts ranging from \$307,482 to \$787,320.
- In July, hosted the Food & Wine Festival featuring some of the world’s most renowned chefs and experts with events at each property.
- Throughout the year, conducted several Total Rewards promotions such as the Holiday Shopping Spree.
- In November, Caesars’ Operation Hat Trick raised \$500,000 for the Red Cross.

### ▶ Bally’s Atlantic City

- In March, hosted Soap Opera weekend.
- In April, Legends Show integrated throughout the casino and hotel to include a Memorabilia Wall, Dealer-tainer themed gaming pit and renamed theater. In December, a special Legends in Concert Holiday Show played to audiences which included timeless classics of the season.
- Offered live music and Monday Latin Nights at Sammy’s Beach Bar.
- In September, conducted \$200,000 Slot Tournament and \$750,000 Summer Splash Sweepstakes.

### ▶ Caesars Atlantic City

- Entertainment throughout the year included: Mary J. Blige, Electric Ballet, the national tour of the Broadway hit “Rock the Ages”, Blue Man Group, Melissa Etheridge, Fiona Apple, Jackson Browne and Brian Setzler Orchestra.



► **Caesars (Cont'd)**

- In September, season three of the HBO original series *Boardwalk Empire* debuted at Caesars, one night before it was shown on HBO.

► **Harrah's Resort Atlantic City**

- Announced plans to build a \$134 million Conference Center.
- The Pool After Dark continued to be one of the top award winning night clubs in the nation.
- In November, hosted the Southern Comfort 2012 World Series of Poker.
- In December, a player won \$1 million playing Three Card Poker 6 Card Bonus™.

► **Showboat Atlantic City**

- To promote its status as a pet-friendly casino hotel, in July, "Mob Wives" Big Ang hosted a pet social.
- Throughout the year, consistently offered entertainment at its House of Blues which included major acts like the Backstreet Boys, B.B. King, Creed, Alanis Morissette and Megadeth.
- In July, opened the Earl of Sandwich restaurant.

► **Golden Nugget Hotel Casino**

- \$150 million renovation was completed of the former Trump Marina. In April, celebrated its Grand Opening weekend with appearances by Whoopi Goldberg, Cake Boss Buddy Valastro and the Real Housewives of New Jersey and performances by several acts including Third Eye Blind and the Oak Ridge Boys.
- In March, blackjack tables became permanently available for play on the pool deck and table games temporarily available in the atrium area and grand ballroom during special events.
- Promotions were plentiful during 2012 and included: Give Away \$1 million in real gold play, Give Away \$10,000 in real gold in the Poker Room, Go for the Gold Scratch-off and the \$50,000 Labor Day Hot Seat.
- Launched the free play poker website GoldenNuggetPoker.com in June. Golden Nugget had announced their partnership with Chiligaming in February 2012.

► **Golden Nugget (cont'd)**

- In August, named a winner of the coveted 2013 Four Diamond Award by the American Automobile Association.
- Opened a new Poker Room and held several poker tournaments throughout the year.
- Offered the Spin to Win New Member Program, giving new members a chance to win up to \$1,000 in free slot play, as well as the Trade Up Program, where premium players from other casinos received a minimum of \$25 in free slot play with a chance to earn additional free slot play and credit for fine dining and accommodations.

► **Resorts Casino Hotel**

- In March, Resorts announced it will reward guests who frequent the Night Fever Dance Club.
- In April, a \$25.00 value gaming Dennis Gomes Memorial Chip was approved in memory of Dennis Gomes, part-owner of Resorts Casino Hotel.
- One of the most significant events occurred in July, when Governor Chris Christie announced at a press conference on the boardwalk that Resorts plans to invest \$35 million to open a Margaritaville Entertainment Complex.
- Resorts, along with Rollins Rod of South Jersey, hosted four free Classic Car Shows open to the public, with proceeds benefiting the Warfighter & Family Readiness Center.
- Resorts hosted special summer Diva Bingo Nights in the Superstar Theater.
- In September, Commission approval was granted for Mohegan Tribe Gaming Authority to manage the operation of Resorts Casino Hotel and to buy 10 percent of the company.
- In October, Resorts launched a cross-marketing program that allows customers to use rewards for lodging, dining, and entertainment at Resorts and Mohegan Sun Casinos in Connecticut and Pennsylvania.
- In December, Resorts opened its new Hollywood Hills high limit slot area, featuring over 100 slot machines ranging in denominations from \$1 to \$100.



► **Revel**

- Grand opening May 25<sup>th</sup> with headline performer Beyonce.
- First casino to offer server-based slot machines.
- Entertainment throughout the year included: major acts like Maroon 5, Duran Duran, Reba McEntire, The Eagles and Stone Temple Pilots.
- Debuted patented autostereoscopic 3D technology for glasses free 3D slot machines.
- In June, started offering promotions which included: Poker and Digital BJ tournaments, the Big Give Range Rover Labor Day Giveaway, the \$100,000 Free Slot Play, and Pro Pick ‘Em Million Dollar Football Giveaway.
- In July, opened its 40,000 sq. ft. HQ Nightclub.
- Labor Day weekend presented “The Big Bang” fireworks celebration.
- As part of its nightlife offering, held burlesque lessons at Ivan Kane’s Royal Jelly.

► **Tropicana Casino and Resort**

- Tropicana and television series *Curtain Call with David Spatz* announced the filming of a four-part reality series on the making of the new nightclub, Boogie Nights. In May, Tropicana celebrated the grand opening of Boogie Nights nightclub and themed Party Pit.
- New gaming offerings included: I-Table Roulette, EZ Baccarat, Boston 7 Stud Poker and new Hangover, Deal or No Deal and Playboy themed slot machines.
- \$25 million in improvements to the property included: guest rooms, restaurants, casino floor and nightlife offerings.
- Throughout the year, held several Slot and Poker tournaments.
- In September, Tropicana’s Bad Beat Progressive Poker Jackpot was awarded for \$547,538.
- Entertainment throughout the year included: Nik Wallenda Beyond The Falls, Bret Michaels, Sinbad, Ring of Combat XLII and Gladys Knight.

► **Trump Plaza Hotel Casino**

- Starting Memorial Day and continuing until August, the Beach Bar began serving “Breakfast on the Beach.”
- Entertainment over the summer months included: the Franklin Institute’s “Identity: An Exhibition of You” and “Beatlemania Now”.

► **Trump Plaza (cont’d)**

- Promotions held throughout the year included: Spin to Win a Million, \$500,000 Hooray for Holiday Scratch and Win, Go Green Toyota Prius Sweepstakes, Putting for Prizes Guaranteed Sweepstakes, \$50,000 Discover Card Sweepstakes and Bingo Bonus Slot Dollar Sweepstakes.
- Throughout most of the year, new patrons who registered for a Trump One card received \$100 in complimentary to eat, drink or play slot machines.
- Throughout the year, held several tournaments including Slots and Blackjack.

► **Trump Taj Mahal Casino Resort**

- \$35 million in scheduled improvements to the property in 2012 included: new slot machines, a new steakhouse (Robert’s Steakhouse of New York City), retail outlets, a Disney-like child-care center, security upgrades and an updated Boardwalk facade.
- \$5 million in security and surveillance improvements included: switching to digital surveillance cameras and improving parking garage safety with new cameras, lights, signs, paint and power washing as well as Security intercom buttons next to the elevators marked “Push for Help.”
- Casino promotions and sweepstakes were plentiful and imaginative during 2012 at Taj Mahal, some examples are: the opportunity to take a Hot Air Balloon Ride, \$25,000 Bucket List Sweepstakes, 30,000 Gallons of Gas Sweepstakes, Win a Four Year College Education, \$100,000 Let’s Make A Trump Deal Guaranteed Sweepstakes, and a chance to win a Ford Mustang.
- Throughout the year, held several tournaments including slots, blackjack and poker.
- Entertainment throughout the year included: Al Green, Aretha Franklin, The Charlie Daniels Band, Jeff Garlin, So You Think You Can Dance, and Clay Aiken.



The Atlantic City Tourism District with oversight from the Casino Reinvestment Development Authority (CRDA) guided by the Master Plan adopted February 1, 2012, has turned in a solid year of accomplishment that bodes well for the future of Atlantic City. A September meeting of the New Jersey Assembly Tourism and Arts Committee aimed at assessing the progress of state efforts heard positive comments of improved public perception and tangible results. CRDA continues to work diligently to make Atlantic City a world class destination. Noteworthy accomplishments for the year include:

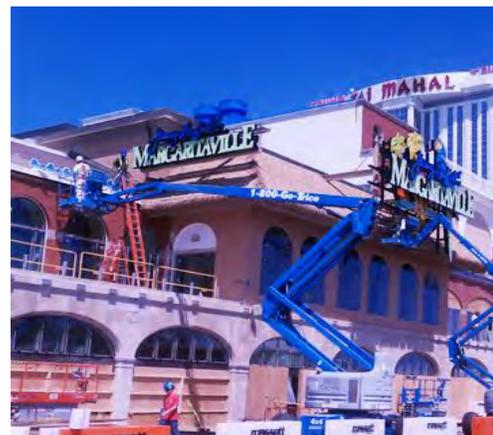
▶ CRDA stimulated investment in Atlantic City with four new projects totaling more than \$200 million. All four projects received substantial financial and development support from CRDA and represent non-gaming activities: Margaritaville at Resorts, Harrah’s Conference and Meeting Center; Bass Pro shop at the Tanger Outlets, The Walk and the Atlantic Cape Community College expansion.

▶ \$30 million Wave parking garage opened at the foot of the A.C Expressway. The state-of-the-art parking facility opened with 1,200 parking spaces, including six electric car-charging stations.

▶ Atlantic City Arts and Culture District progressed with a refurbished Dante Hall and the Richard Stockton College of New Jersey partnering with the Noyes Museum of Art and CRDA committing to 16,300 sq. ft. of space on the ground floor of the Wave parking garage.

▶ \$50 million loan commitment approved by the N.J. Economic Development Authority for South Inlet redevelopment around Revel and the Lighthouse Park project.

▶ Free nightly 3-D light and sound shows opened in front of Boardwalk Hall.



▶ \$48 million South Inlet Transportation Improvement project was completed days before the Revel opened, creating an improved infrastructure to access the South Inlet of Atlantic City.

▶ “DO AC” advertising campaign is launched, touting the many unique advantages of and non-gaming activities in Atlantic City. The Atlantic City Alliance (ACA) manages the advertising program specifically targeting the huge markets between Baltimore and New York City.

▶ Regulation of land use compliance was transitioned from City Hall to CRDA. CRDA processed a total of 227 Certificate of Land Use compliance applications.

▶ Horseback riding returned to the beach.



▶ Visitor comfort and convenience advanced with the following enhancements: improved nighttime lighting on the Boardwalk, 990 trash and recycle cans, 15 Boardwalk showers and 51 bus shelters.

▶ Steel Pier completed a \$21 million upgrade, the first stage of a planned \$100 million remake.

The CRDA has committed \$6.1 million to fund the Clean & Safe initiative, which combines 12 local, county and state agencies, as well as the casinos, to further improve conditions in the Tourism District. Noteworthy accomplishments for the year include:

▶ Started the implementation of the Shot Spotter System which will place acoustic sensors around the city to detect gunshot sounds and then capture video images of the crime scene on city cameras.

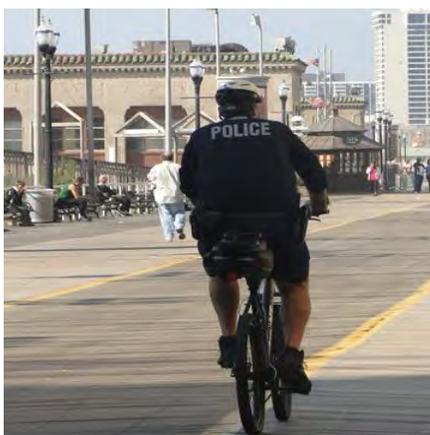
▶ Continued the process of earmarking abandoned and dilapidated buildings for demolition or owner clean-up.

▶ 60 CRDA Ambassadors, wearing easily identifiable uniforms, are seemingly everywhere within the Tourism District, day and night, assisting visitors and serving as added eyes for the Atlantic City Police Department.

▶ The Atlantic County Prosecutor’s Office collected data on more than 450 privately owned non-casino surveillance systems under its “Eyes on Atlantic City” initiative to assist in crime prevention and prosecution.

▶ The Violent Crimes Task Force focuses on organized crime, narcotics and everything from weapons offences to homicide.

▶ The Atlantic City Police Department reinvigorated its communications efforts with the community; eight neighborhood watch groups are now active within the city, and the Outreach at the Beach program combines the expertise of the Atlantic City Police Department, Atlantic City Rescue Mission, Jewish Family Services, AtlantiCare Regional Medical Center and the Veterans Administration in a coordinated effort to assist and relocate the homeless from the beach and Tourism District. Tip 411 permits totally anonymous communication between law enforcement and eyewitnesses to crime.



▶ A strong police presence continues with bike and foot patrols.

▶ 20 Class II police officers were hired and dedicated to the Tourism District.



AHL All-Star Classic



Gardners' Basin



Phish



Tightrope Walk



Marina

- JAN** – AHL All-Star Classic at Boardwalk
- FEB** – Atlantic City RV & Camping Show  
– Atlantic City Boat Show  
– Atlantic City Classic Car Show

- MAR** – Atlantic City Boardwalk Rodeo  
– Celebration of the Suds Beer Festival  
– Home & Garden Show  
– Atlantic City Restaurant Week  
– Atlantic 10 Basketball Championship  
– ECAC Hockey Tournament  
– Atlantic City Antiques & Collectors Show  
– St. Patrick's Day Parade

- APR** – Boxing – Hopkins vs. Dawson  
– Easter Parade  
– April Fools Marathon  
– Ringling Bros. and Barnum Bailey Circus

- MAY** – Memorial Day Celebrations

- JUN** – Atlantic City Summer Concert Series 2012 at Gardner's Basin  
– Metallica's Orion Festival at Bader Field  
– Phish Concert at Bader Field

- JUL** – Atlantic City Food and Wine Festival  
– 4<sup>th</sup> of July Celebrations  
– Duality 3-D Lightshow at Boardwalk Hall

- AUG** – Atlantic City Airshow "Thunder Over the Boardwalk"  
– Atlantic City Salutes America's Armed Forces Boardwalk Hall  
– Nik Wallenda Makes Tightrope Walk  
– Jimmy Buffett at Boardwalk Hall

- SEP** – Atlantic City International Triathlon  
– Madonna at Boardwalk Hall  
– In-Water Power Boat Show  
– Columbus Day Parade  
– Atlantic City Seafood Festival at Bader Field

- OCT** – Atlantic City Marathon

- NOV** – Carrie Underwood at Boardwalk Hall

- DEC** – Christmas Parade  
– Boardwalk Hall "Winter Sweet" 3-D Lightshow



Boardwalk Rodeo



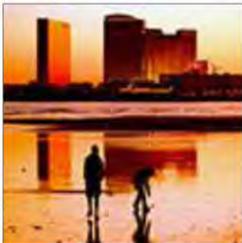
Boardwalk



Armed Forces Parade



Atlantic City Airshow



Beach



On October 26, 2012, preparations began regarding the arrival of Hurricane Sandy. Governor Christie issued an evacuation order for Atlantic City, which was in effect from 4:00 p.m. October 28, 2012 to 10:00 a.m. November 2, 2012. All casinos were closed until November 2, 2012 except Revel, which reopened on November 3, 2012 and Atlantic Club, which reopened on November 5, 2012.

Since Hurricane Sandy, the Atlantic City Alliance, the Casino Reinvestment Development Authority, the City of Atlantic City, the casino industry and others have launched marketing campaigns and have created Boardwalk-centric events to showcase a city and a Boardwalk that is open and ready for business.

Due to the hurricane's storm track, Atlantic City suffered minimal damage and reopened for business after five days. However, the hurricane disrupted travel and impacted businesses in Atlantic City well beyond the five days. Atlantic City saw cancellations in the meetings, convention and group markets due to the storm. Closures and cancellations due to Hurricane Sandy impacting visitation to Atlantic City are identified as follows:

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### **Conventions, Conferences, Trade Shows and Fairs Canceled**

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- Marine Equipment and Supply Co. (MESCO) Annual Dealer Trade Show, October 31 to November 1, 2012. (estimated attendance 1,000)
- National College Fair, November 1, 2012. (estimated attendance 3,500)
- ASAH 36<sup>th</sup> Annual Conference, November 1-2, 2012. (estimated attendance 1,200)
- Statewide Parent Advocacy and Leadership Conference, November 3, 2012. (estimated attendance 300)
- New Jersey Education Association (NJEA) 97<sup>th</sup> Annual Exhibition and Conference, November 8-9, 2012. Jeffrey Vasser reported the city projected a loss of 3,000 room nights and spending of approximately 35,000 teachers and vendors. (estimated attendance 45,000)
- New Jersey League of Municipalities Convention, November 13-16, 2012. (estimated attendance 20,000) Jeffrey Vasser reported an estimated loss of \$20 million to the city.
- Lincoln Financial Advisors: Breakfast for NJ League of Municipalities, November 14-15, 2012. (estimated attendance 500)
- Covanta Energy, November 14-15, 2012. (estimated attendance 300)
- NJ Association of Community Providers Convention, November 15-16, 2012. (estimated attendance 400) Has been rescheduled for March 21-22, 2013.



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### **Shows and Miscellaneous Entertainment Canceled**

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- Atlantic City Halloween Fun Night at Badar Field on October 30, 2012.
- Steve Martin & The Steep Canyon Rangers at Caesars on November 2, 2012.
- Jim Breuer at Borgata on November 2, 2012.
- DJ June at Providence in the Quarter at the Tropicana on November 2, 2012.
- Family Skating Tribute at Boardwalk Hall on November 3, 2012.
- Jeff Garlin at Trump Taj Mahal on November 3, 2012.
- John Mohr at Borgata on November 3, 2012.
- Engelbert Humperdinck at Harrah's on November 3, 2012.
- Boyz II Men at Resorts on November 3, 2012.
- Do AC Freestyle Takeover at House of Blues at Showboat on November 3, 2012.
- Coffee and Tea Festival and Barista Competition at Bally's on November 3-4, 2012.
- Legends in Concert at Bally's canceled until November 4, 2012.
- Divas DO AC at Resorts canceled until November 4, 2012.
- Ring of Combat XLIII at Tropicana on November 16, 2012.
- Revel's Turkey Bowl (on the beach) on November 23, 2012.

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### **Tanger Outlet at The Walk**

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- All outlet stores/restaurants were closed on October 28, 2012. Businesses reopened as follows: November 2, 2012, seven businesses opened (Applebee's, Bare Feet Shoes, Famous Footwear, Reebok, Starbucks, Totes/Sunglass World and Yankee Candle). On November 3, 2012, 75% of the remaining businesses opened and on November 4, 2012, the final 25% reopened for business.

---

### **Miscellaneous**

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- Hurricane Sandy interrupted a planned \$6 million fall tourism marketing campaign to promote travel to Atlantic City. The campaign was not re-launched, in full force, until November 20, 2012.
- Atlantic City's image suffered as a result of the news reporting the boardwalk was destroyed. According to research from a national poll conducted by Russell Research for the Atlantic City Alliance, 41% of the public believes the Atlantic City Boardwalk was destroyed.
- Articles indicated that casinos also scaled back holiday entertainment as they struggled to recover from Sandy.



## *Revenues, Expenses and Disbursements*

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# Revenues, Expenses and Disbursements

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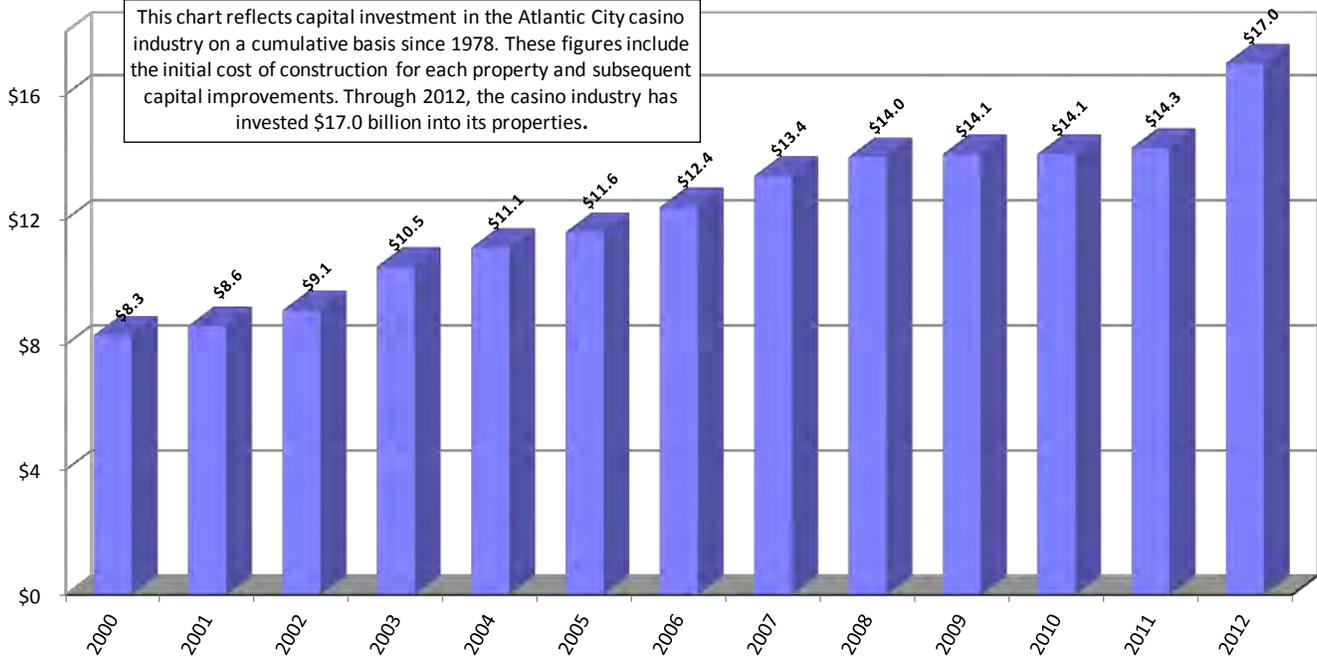
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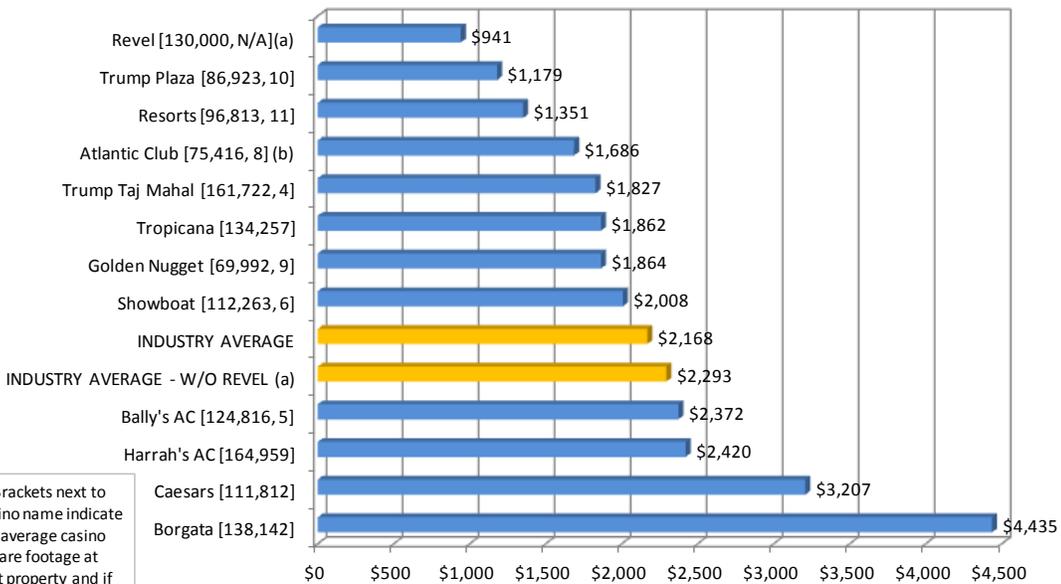


### ATLANTIC CITY CASINO INDUSTRY CUMULATIVE CAPITAL INVESTMENT (*\$ IN BILLIONS*)

This chart reflects capital investment in the Atlantic City casino industry on a cumulative basis since 1978. These figures include the initial cost of construction for each property and subsequent capital improvements. Through 2012, the casino industry has invested \$17.0 billion into its properties.



**ATLANTIC CITY CASINO INDUSTRY  
CASINO WIN PER SQUARE FOOT OF GAMING SPACE\***  
FOR THE YEAR ENDED DECEMBER 31, 2012



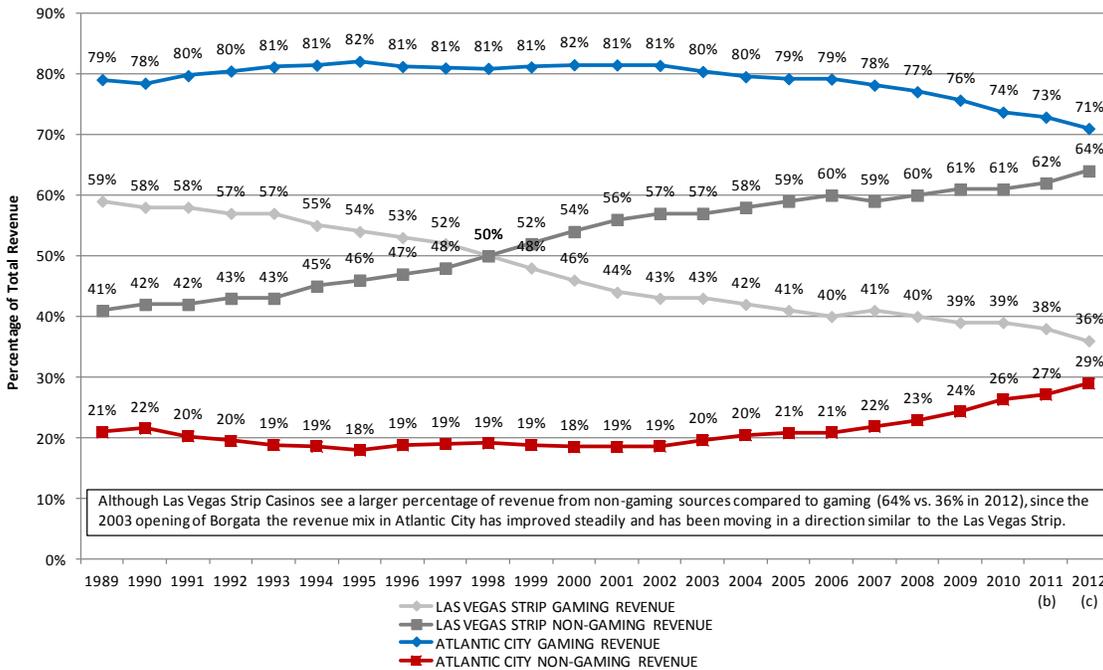
[ ] Brackets next to casino name indicate the average casino square footage at that property and if applicable the change in order from prior year's ranking.

\* Simulcast space only included in gaming space if area also included gaming tables.  
(a) Revel opened in April 2012.  
(b) In March 2012, ACH changed its name to Atlantic Club.

Source of data: Monthly Gross Revenue Reports Form DGE-101 (as of 01/10/13).



**ATLANTIC CITY (CY) VS. LAS VEGAS STRIP (FY) (a)  
GAMING VS. NON-GAMING REVENUE MIX**  
1989-2012



Although Las Vegas Strip Casinos see a larger percentage of revenue from non-gaming sources compared to gaming (64% vs. 36% in 2012), since the 2003 opening of Borgata the revenue mix in Atlantic City has improved steadily and has been moving in a direction similar to the Las Vegas Strip.

(a) Las Vegas Strip figures are for casinos with gaming revenue of \$1,000,000 or more.  
(b) Represents 11 locations for Atlantic City and 39 locations for the Las Vegas Strip at year end 2011.  
(c) Represents 12 locations for Atlantic City (Revel opened in April 2012) and 38 locations for the Las Vegas Strip at year end 2012.

Source of data: Quarterly Financial Reports and Quarterly Press Releases & Statistical Summaries by the DGE (Atlantic City) and UNLV Center for Gaming Research Las Vegas Strip: Total Departmental Revenues 1984-2012 (Las Vegas Strip).

**THE NEW JERSEY CASINO INDUSTRY  
GROSS REVENUE STATISTICS**  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(\$ IN THOUSANDS)

<u>Casino Hotel</u>	<u>Casino Win</u>	<u>Adjustments</u>	<u>Promotional Gaming Credits</u>	<u>Taxable Gross Revenue</u>	<u>Gross Revenue Tax</u>	<u>Market Share of Casino Win</u>
The Atlantic Club						
2012	\$ 127,175	\$ -	\$ 19,246	\$ 107,929	\$ 8,634	4.2%
2011	142,979	-	19,713	123,266	9,861	4.3%
Bally's Atlantic City						
2012	296,028	-	37,469	258,559	20,685	9.7%
2011	378,311	-	45,551	332,760	26,621	11.4%
Borgata						
2012	612,691	-	58,853	553,839	44,307	20.0%
2011	651,814	-	60,953	590,861	47,269	19.7%
Caesars						
2012	358,565	970	37,574	320,020	25,602	11.7%
2011	403,346	(21)	43,238	360,129	28,810	12.2%
Golden Nugget (a)						
2012	130,451	(87)	5,674	124,863	9,989	4.3%
2011	125,194	(147)	2,612	122,729	9,818	3.8%
Harrah's Marina						
2012	399,240	(14)	40,418	358,836	28,707	13.1%
2011	439,067	-	43,346	395,721	31,658	13.2%
Resorts						
2012	130,833	(362)	15,898	115,297	9,224	4.3%
2011	154,218	4	18,515	135,699	10,856	4.7%
Revel (b)						
2012	122,316	-	5,546	116,770	9,342	4.0%
2011	-	-	-	-	-	N/A
Showboat						
2012	225,410	1,031	27,927	196,452	15,716	7.4%
2011	258,282	(8)	29,576	228,714	18,297	7.8%
Tropicana						
2012	249,994	-	27,703	222,291	17,783	8.2%
2011	277,153	-	29,407	247,746	19,820	8.4%
Trump Plaza						
2012	102,506	92	16,795	85,619	6,850	3.4%
2011	136,739	(31)	20,034	116,736	9,339	4.0%
Trump Taj Mahal						
2012	295,492	(19)	46,921	248,591	19,887	9.7%
2011	<u>348,835</u>	<u>(17)</u>	<u>53,377</u>	<u>295,475</u>	<u>23,638</u>	<u>10.5%</u>
TOTALS						
2012	\$ 3,050,701	\$ 1,611	\$ 340,024	\$ 2,709,066	\$ 216,726	100.0%
2011	\$ 3,315,938	\$ (220)	\$ 366,322	\$ 2,949,836	\$ 235,987	100.0%

(a) Reflects results of Trump Marina through May 23, 2011 and Golden Nugget thereafter.

(b) Revel opened in April 2012.

**INCOME STATEMENT TOTAL REVENUE BY PERCENTAGE OF CONTRIBUTION  
ATLANTIC CITY CASINO INDUSTRY, CY 2012 VS. LAS VEGAS STRIP  
AND CLARK COUNTY CASINOS, FY 2012**  
( \$ IN THOUSANDS )

	Atlantic Club		Bally's AC		Borgata		Caesars	
	Revenue	As a % of Total Revenue	Revenue	As a % of Total Revenue	Revenue	As a % of Total Revenue	Revenue	As a % of Total Revenue
Casino	\$ 125,920	80.0%	\$ 297,259	71.9%	\$ 609,128	67.4%	\$ 356,650	75.8%
Rooms	11,932	7.6%	48,725	11.8%	112,709	12.5%	37,002	7.9%
Food and Beverage (a)	17,709	11.3%	54,435	13.2%	140,391	15.5%	55,211	11.7%
Other	1,772	1.1%	13,189	3.2%	41,311	4.6%	21,779	4.6%
<b>Total Revenue (b)</b>	<b>\$ 157,333</b>	<b>100.0%</b>	<b>\$ 413,608</b>	<b>100.0%</b>	<b>\$ 903,539</b>	<b>100.0%</b>	<b>\$ 470,642</b>	<b>100.0%</b>

	Golden Nugget		Harrah's		Resorts		Revel*	
	Revenue	As a % of Total Revenue	Revenue	As a % of Total Revenue	Revenue	As a % of Total Revenue	Revenue	As a % of Total Revenue
Casino	\$ 129,009	73.7%	\$ 397,571	68.0%	\$ 130,406	71.1%	\$ 120,061	61.1%
Rooms	18,100	10.3%	74,771	12.8%	20,266	11.0%	32,944	16.8%
Food and Beverage (a)	15,569	8.9%	85,160	14.6%	27,331	14.9%	16,893	8.6%
Other	12,386	7.1%	27,252	4.7%	5,421	3.0%	26,601	13.5%
<b>Total Revenue (b)</b>	<b>\$ 175,064</b>	<b>100.0%</b>	<b>\$ 584,754</b>	<b>100.0%</b>	<b>\$ 183,424</b>	<b>100.0%</b>	<b>\$ 196,499</b>	<b>100.0%</b>

\* Revel opened in April 2012.

	Showboat		Tropicana		Trump Plaza		Trump Taj Mahal	
	Revenue	As a % of Total Revenue	Revenue	As a % of Total Revenue	Revenue	As a % of Total Revenue	Revenue	As a % of Total Revenue
Casino	\$ 224,509	70.6%	\$ 246,495	70.8%	\$ 101,704	72.0%	\$ 293,099	72.8%
Rooms	36,475	11.5%	53,089	15.3%	20,519	14.5%	52,808	13.1%
Food and Beverage (a)	45,341	14.3%	35,313	10.1%	14,539	10.3%	42,581	10.6%
Other	11,763	3.7%	13,125	3.8%	4,488	3.2%	14,135	3.5%
<b>Total Revenue (b)</b>	<b>\$ 318,088</b>	<b>100.0%</b>	<b>\$ 348,022</b>	<b>100.0%</b>	<b>\$ 141,250</b>	<b>100.0%</b>	<b>\$ 402,623</b>	<b>100.0%</b>

	AC INDUSTRY TOTALS		LAS VEGAS STRIP TOTALS**		CLARK COUNTY TOTALS**	
	Revenue	As a % of Total Revenue	Revenue	As a % of Total Revenue	Revenue	As a % of Total Revenue
Casino	\$ 3,031,811	70.6%	\$ 5,556,359	36.4%	\$ 8,851,611	43.3%
Rooms	\$ 519,340	12.1%	3,864,029	25.3%	4,381,954	21.5%
Food and Beverage (a)	\$ 550,473	12.8%	3,557,991	23.3%	4,522,740	22.1%
Other	\$ 193,222	4.5%	2,294,100	15.0%	2,667,982	13.1%
<b>Total Revenue (b)</b>	<b>\$ 4,294,846</b>	<b>100.0%</b>	<b>\$15,272,479</b>	<b>100.0%</b>	<b>\$20,424,287</b>	<b>100.0%</b>

\*\* Figures are for casinos with gaming revenue of \$1,000,000 or more.

Note: The two properties with the largest percentage of revenue from non-gaming sources, Borgata (32.1%) and Harrah's (30.7%), are known for popular nightlife outlets such as Mixx, Mur.Mur., and The Pool, respectively. The Revel (38.9%) had the highest room revenue and is becoming known for its first class entertainment, spa and nightlife.

(a) Food & Beverage Revenue for casino owned outlets only.

(b) Unaudited, not adjusted for promotional allowances. CY 2012 had two major weather events (Derecho Storm and Hurricane Sandy) causing significant business interruption.

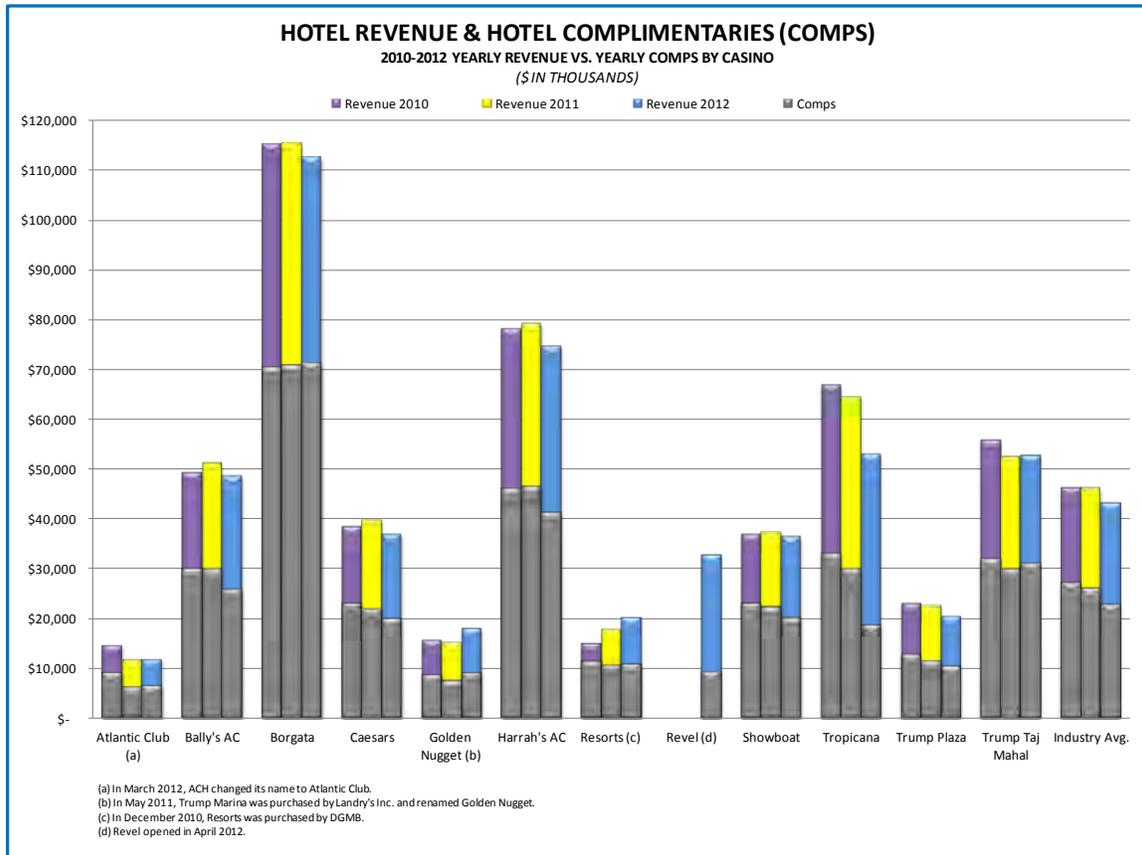
Source of data: Atlantic City is Qtrly. Financial Reports Form DGE-210. Las Vegas Strip is UNLV Center for Gaming Research: Total Departmental Revenues 1984-2012. Clark County is the NSGCB Nevada Gaming Abstract 2012.

**THE NEW JERSEY CASINO INDUSTRY**  
**TOTAL CASINO WIN**  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
(\$ IN THOUSANDS)

			Growth (Decline)	
			\$	%
	2012	2011		
<i>Table &amp; Other Games</i>				
Blackjack	\$ 299,278	\$ 335,176	(35,898)	(10.7)
Craps	109,542	142,636	(33,094)	(23.2)
Roulette	101,972	109,227	(7,255)	(6.6)
Spanish 21	25,990	27,099	(1,109)	(4.1)
Three Card Poker	78,846	76,845	2,001	2.6
Baccarat	10,094	9,107	987	10.8
Mini Baccarat	74,232	101,100	(26,868)	(26.6)
Keno	681	685	(4)	(0.6)
Let It Ride	16,874	17,655	(781)	(4.4)
Pai Gow	12,558	15,151	(2,593)	(17.1)
Pai Gow Poker	21,205	24,148	(2,943)	(12.2)
Four Card Poker	22,076	20,969	1,107	5.3
Other Games (a)	13,935	16,859	(2,924)	(17.3)
Banking Games (b)	22,613	24,567	(1,954)	(8.0)
Electronic Table Games	880	-	880	N/A
Poker	48,870	53,560	(4,690)	(8.8)
Subtotal	859,646	974,784	(115,138)	(11.8)
Simulcasting	5,391	5,720	(329)	(5.8)
Total Table & Other Games	865,037	980,504	(115,467)	(11.8)
<i>Slot Machines</i>				
.01 and .02 Slot Machines	918,953	873,079	45,874	5.3
.05 Slot Machines	148,718	197,859	(49,141)	(24.8)
.25 Slot Machines	232,589	284,293	(51,704)	(18.2)
.50 Slot Machines	24,192	31,174	(6,982)	(22.4)
1.00 Slot Machines	225,910	251,617	(25,707)	(10.2)
5.00 Slot Machines	76,634	81,346	(4,712)	(5.8)
25.00 Slot Machines	20,551	22,725	(2,174)	(9.6)
100.00 Slot Machines	14,727	15,802	(1,075)	(6.8)
Multi-Denominational Machines	498,333	548,249	(49,916)	(9.1)
Other Slot Machines	30,448	35,012	(4,564)	(13.0)
Total Slot Machines	2,191,055	2,341,156	(150,101)	(6.4)
<i>Grand Total</i>	\$ 3,056,092	\$ 3,321,660	(265,568)	(8.0)

(a) Other Games includes: Big Six, Sic Bo, Supreme Pai Gow, Double Attack Blackjack, Triple Attack Blackjack, Casino War, Caribbean Stud Poker and High Roll Dice.

(b) Banking Poker Games includes: Flop Poker, Asia Poker, Mini-Tex 3 Card Hold 'Em, Mississippi Stud, Winner's Pot Poker, Ultimate Texas Hold'Em Bonus Poker, Texas Hold'Em Bonus Poker, Boston 7 Stud Poker and 5 Card Hi-Lo.

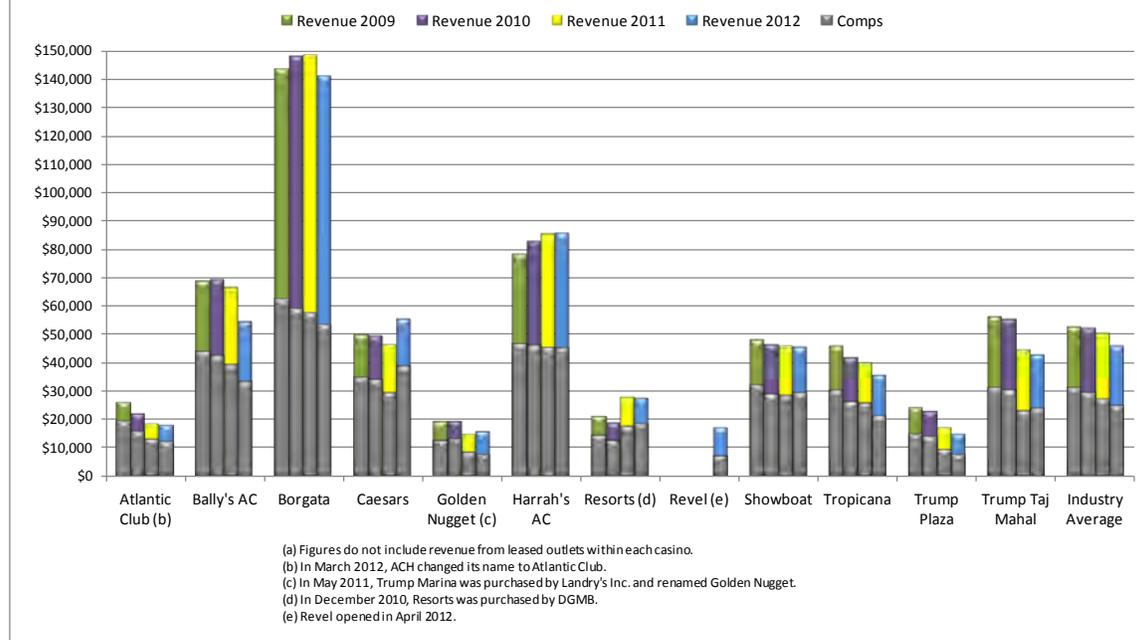


(\$ in Thousands)	HOTEL REVENUE*			HOTEL COMPS		
	2010	2011	2012	2010	2011	2012
Atlantic Club (a)	\$ 14,743	\$ 11,818	\$ 11,932	\$ 9,207	\$ 6,346	\$ 6,641
Bally's AC	49,318	51,186	48,725	30,103	30,084	25,866
Borgata	115,199	115,548	112,709	70,329	70,704	71,251
Caesars	38,576	39,752	37,002	23,126	22,062	20,185
Golden Nugget (b)	15,642	15,373	18,100	8,896	7,825	9,243
Harrah's AC	78,263	79,242	74,771	46,115	46,429	41,356
Resorts (c)	15,005	17,958	20,266	11,582	10,832	10,959
Revel (d)			32,944			9,400
Showboat	37,071	37,439	36,475	23,026	22,518	20,306
Tropicana	66,917	64,539	53,089	33,072	30,052	18,757
Trump Plaza	23,205	22,749	20,519	12,935	11,715	10,629
Trump Taj Mahal	55,913	52,575	52,808	32,041	30,100	31,206
Industry Totals	509,852	508,179	519,340	300,432	288,667	275,799
Industry Avg.	\$ 46,350	\$ 46,198	\$ 43,278	\$ 27,312	\$ 26,242	\$ 22,983

Source of data: 2012 Quarterly Financial Reports Forms DGE-210 & DGE-245, 2010 and 2011 Quarterly Press Releases & Statistical Summaries - Casino Industry Statements of Income.

\*Prior revenue figures may have been updated from last year's report due to audit adjustments. This analysis ignores the impact of hotel revenue on other revenue sources.

**FOOD AND BEVERAGE  
REVENUE AND COMPLIMENTARIES (COMPS) (a)  
2009-2012 YEARLY REVENUE VS. YEARLY COMPS BY CASINO  
(\$ IN THOUSANDS)**

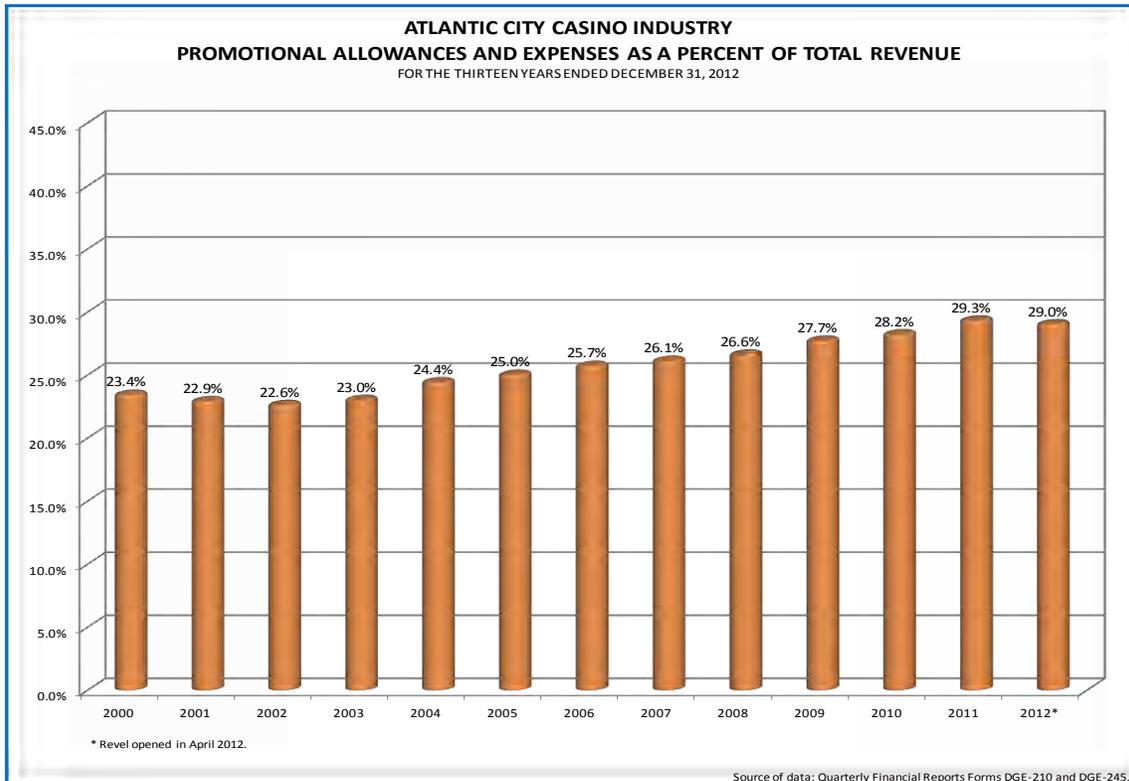
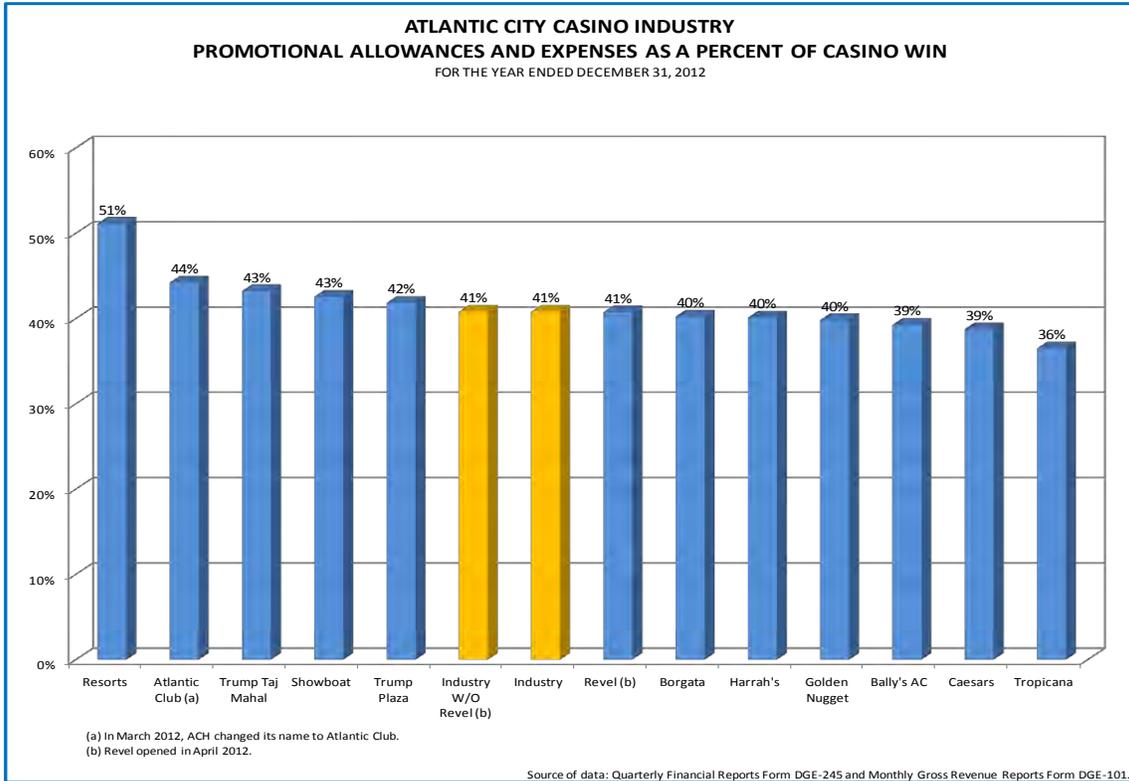


(\$ in Thousands)	FOOD AND BEVERAGE REVENUE				FOOD AND BEVERAGE COMPS				# OF OUTLETS 2012 *	
	2009	2010	2011	2012	2009	2010	2011	2012	OWN	LEASE
Atlantic Club (b)	\$25,843	\$21,984	\$18,153	\$17,709	\$19,116	\$15,802	\$12,759	\$12,001	9	0
Bally's AC	\$68,429	\$68,961	\$66,301	\$54,435	\$43,442	\$41,972	\$38,913	\$32,970	16	7
Borgata	\$143,410	\$147,751	\$148,083	\$140,391	\$61,838	\$58,225	\$56,834	\$53,118	26	6
Caesars	\$49,707	\$49,508	\$46,208	\$55,211	\$34,463	\$33,519	\$29,252	\$38,613	12	3
Golden Nugget (c)	\$19,336	\$19,085	\$14,566	\$15,569	\$12,425	\$12,819	\$8,532	\$7,415	9	6
Harrah's AC	\$77,921	\$82,552	\$85,455	\$85,160	\$46,313	\$45,894	\$44,992	\$44,608	13	5
Resorts (d)	\$21,053	\$18,856	\$27,560	\$27,361	\$14,077	\$12,371	\$17,457	\$18,119	12	4
Revel (e)	-	-	-	\$16,893	-	-	-	\$7,057	2	17
Showboat	\$47,988	\$46,136	\$45,706	\$45,341	\$31,819	\$28,857	\$28,346	\$28,916	13	3
Tropicana	\$45,689	\$41,557	\$39,742	\$35,313	\$29,966	\$25,758	\$25,714	\$21,003	14	24
Trump Plaza	\$24,096	\$22,977	\$17,059	\$14,539	\$14,523	\$13,940	\$9,390	\$7,416	9	6
Trump Taj Mahal	\$55,931	\$55,286	\$44,300	\$42,581	\$30,719	\$30,135	\$22,903	\$23,690	14	9
<b>INDUSTRY TOTAL</b>	<b>\$579,403</b>	<b>\$574,653</b>	<b>\$553,133</b>	<b>\$550,503</b>	<b>\$338,701</b>	<b>\$319,292</b>	<b>\$295,092</b>	<b>\$294,926</b>	<b>149</b>	<b>90</b>
<b>INDUSTRY TOTAL - W/O REVEL</b>	-	-	-	\$533,610	-	-	-	\$287,869	147	73
<b>INDUSTRY AVERAGE</b>	<b>\$52,673</b>	<b>\$52,241</b>	<b>\$50,285</b>	<b>\$45,875</b>	<b>\$30,791</b>	<b>\$29,027</b>	<b>\$26,827</b>	<b>\$24,577</b>	<b>12</b>	<b>8</b>
<b>INDUSTRY AVERAGE - W/O REVEL</b>	-	-	-	\$48,510	-	-	-	\$26,170	13	7

Source of data: DGE Quarterly Press Releases and Statistical Summaries Forms DGE-210 and DGE-245 and Atlantic City casinos.

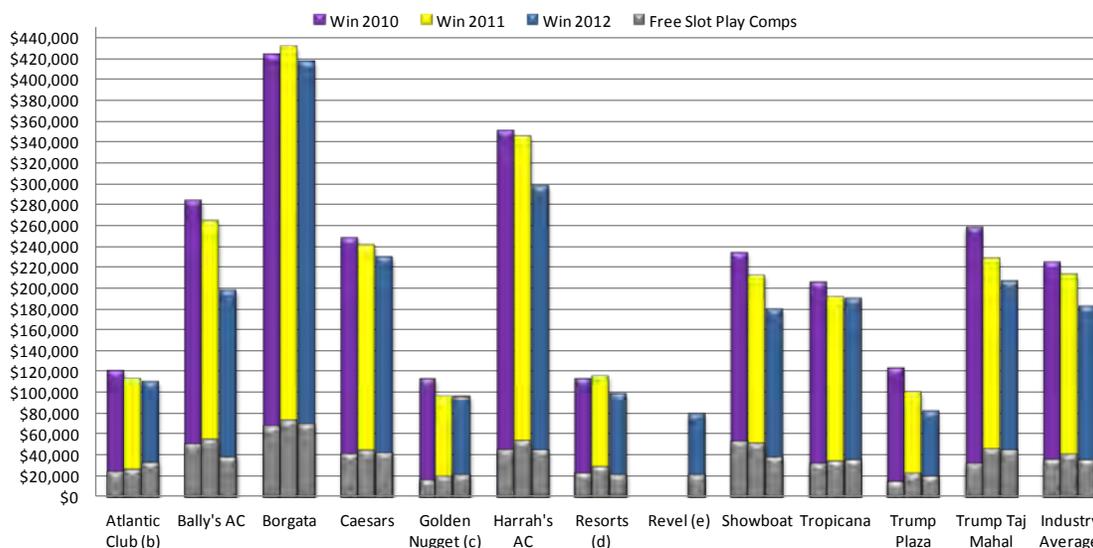
Note: An increase in food and beverage revenue was seen at two properties in 2012. This analysis ignores the impact of food and beverage comps on other revenue sources. See next chart for total promotional allowances and expenses compared to total revenue. Please note that Third Party Business Sales that provide food, beverage, retail, entertainment or hospitality-related items added an additional \$246 million in non-gaming revenue for 2012 which represents an increase of 39% from 2011.

\*As of November 2012.



**ATLANTIC CITY CASINOS  
SLOT WIN AND PROMOTIONAL GAMING CREDITS WAGERED  
(FREE SLOT PLAY COMPS)**

2010-2012 YEARLY SLOT WIN VS. YEARLY FREE SLOT PLAY COMPS WAGERED (a)  
(\$ IN THOUSANDS)



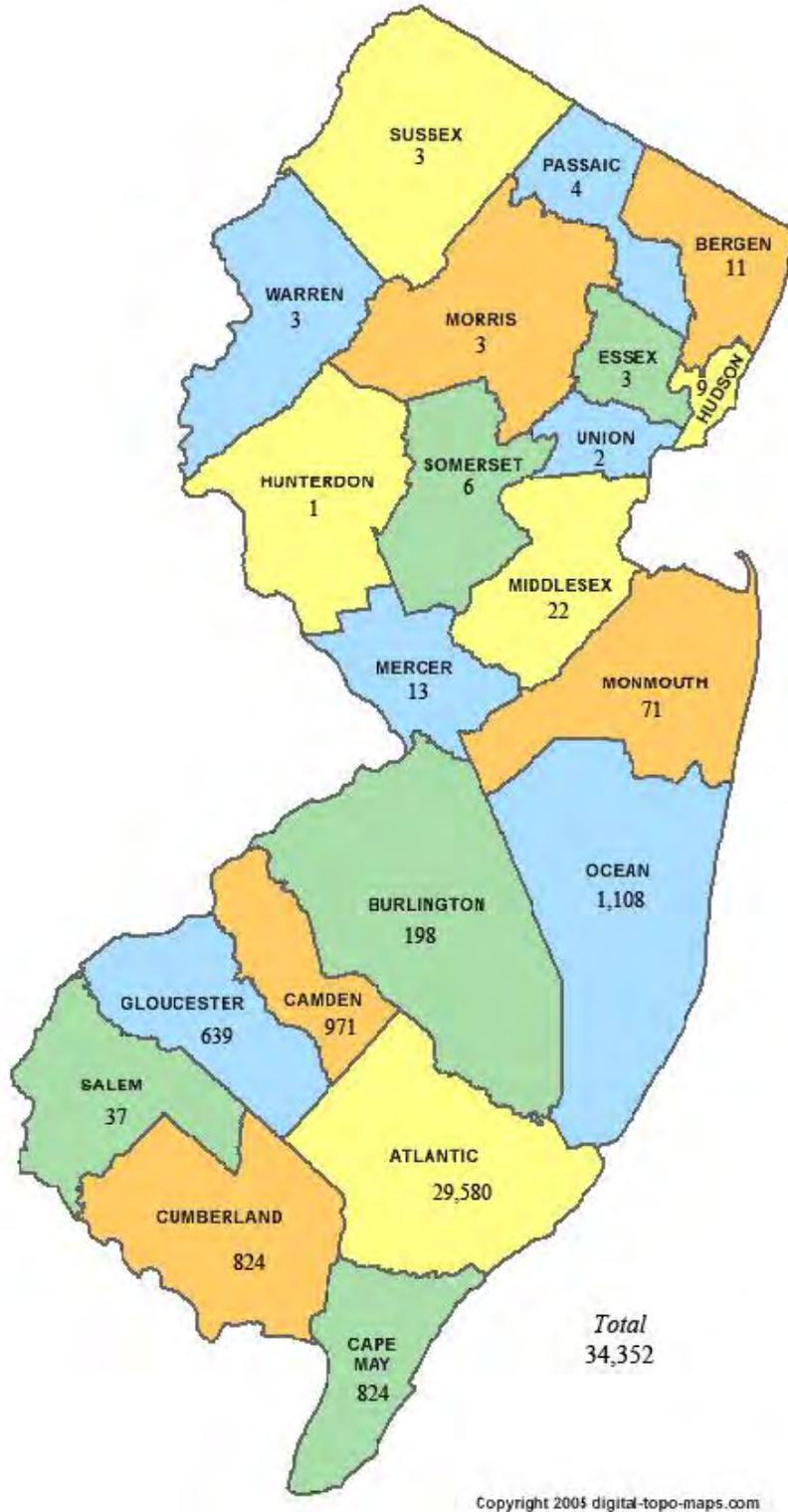
(a) Promotional gaming credit deductions became effective August 2008.  
 (b) In March 2012, ACH changed its name to Atlantic Club.  
 (c) In May 2011, Trump Marina was purchased by Landry's Inc. and renamed Golden Nugget.  
 (d) In December 2010, Resorts was purchased by DGMB.  
 (e) Revel opened in April 2012.

(\$ in Thousands)	SLOT WIN			FREE SLOT PLAY COMPS WAGERED			FREE SLOT PLAY COMPS AS A % OF SLOT WIN		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
Atlantic Club (b)	\$121,823	\$113,093	\$110,677	\$23,917	\$26,751	\$33,571	19.6%	23.7%	30.3%
Bally's AC	\$283,639	\$264,441	\$197,915	\$49,191	\$54,503	\$38,626	17.3%	20.6%	19.5%
Borgata	\$422,853	\$430,412	\$417,234	\$66,330	\$72,208	\$69,124	15.7%	16.8%	16.6%
Caesars	\$248,515	\$241,776	\$229,462	\$40,687	\$44,571	\$42,237	16.4%	18.4%	18.4%
Golden Nugget (c)	\$113,359	\$97,553	\$97,279	\$16,535	\$20,759	\$21,514	14.6%	21.3%	22.1%
Harrah's AC	\$350,536	\$345,375	\$297,882	\$44,568	\$53,810	\$44,208	12.7%	15.6%	14.8%
Resorts (d)	\$113,733	\$115,873	\$99,136	\$23,303	\$29,531	\$21,700	20.5%	25.5%	21.9%
Revel (e)	-	-	\$80,264	-	-	\$21,254	-	-	26.5%
Showboat	\$234,117	\$212,569	\$180,807	\$52,001	\$50,811	\$37,631	22.2%	23.9%	20.8%
Tropicana	\$205,543	\$191,905	\$190,372	\$31,765	\$34,122	\$36,056	15.5%	17.8%	18.9%
Trump Plaza	\$124,446	\$101,103	\$83,119	\$14,879	\$22,539	\$20,077	12.0%	22.3%	24.2%
Trump Taj Mahal	\$258,071	\$228,837	\$206,902	\$31,466	\$45,545	\$44,025	12.2%	19.9%	21.3%
<b>INDUSTRY TOTAL</b>	<b>\$2,476,635</b>	<b>\$2,342,937</b>	<b>\$2,191,049</b>	<b>\$394,642</b>	<b>\$455,150</b>	<b>\$430,023</b>	-	-	-
<b>INDUSTRY TOTAL - W/O REVEL</b>	-	-	<b>\$2,110,785</b>	-	-	<b>\$408,769</b>	-	-	-
<b>INDUSTRY AVERAGE</b>	<b>\$225,149</b>	<b>\$212,994</b>	<b>\$182,587</b>	<b>\$35,877</b>	<b>\$41,377</b>	<b>\$35,835</b>	<b>15.9%</b>	<b>19.4%</b>	<b>19.6%</b>
<b>INDUSTRY AVERAGE - W/O REVEL</b>	-	-	<b>\$191,890</b>	-	-	<b>\$37,161</b>	-	-	<b>19.4%</b>

Note: This analysis ignores the impact of free slot play comps on revenue sources other than slot win, and the impact and dollar amount of non-gaming comps on slot win, in order to provide a basis of comparison between jurisdictions.

Source of data: Monthly Gross Revenue Reports Form DGE-101 (As of 01/15/13), DGE Monthly Press Releases and Statistical Summaries.

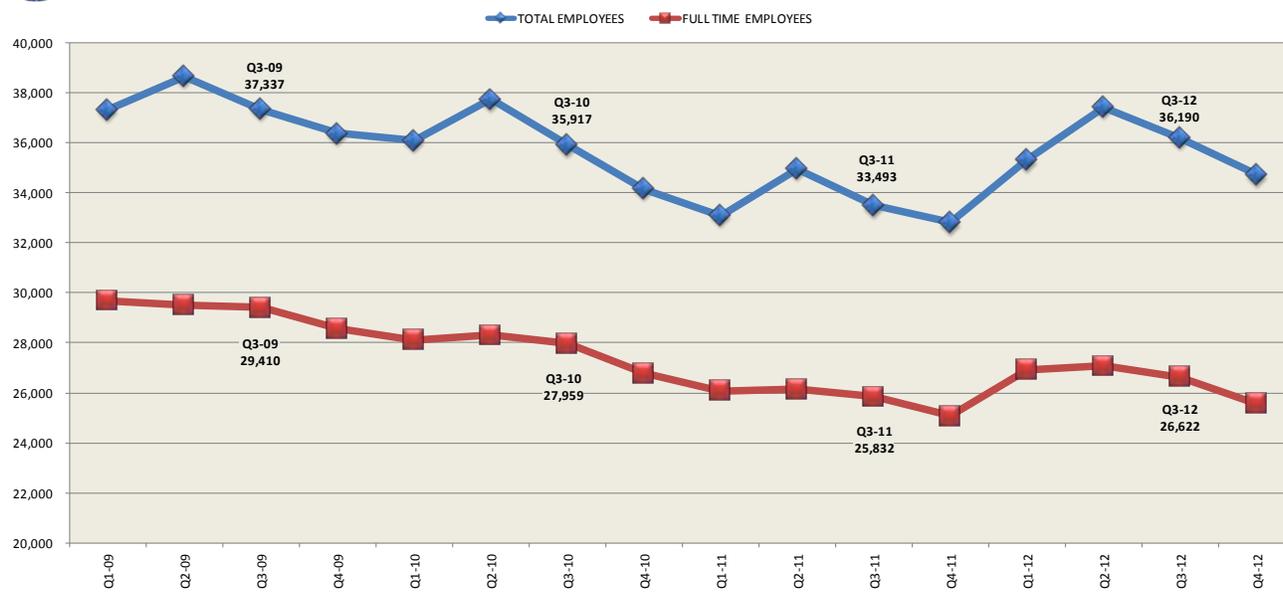
**ATLANTIC CITY CASINO LICENSEES EMPLOYMENT BY COUNTY**  
 FOR THE YEAR ENDED DECEMBER 31, 2012



Note: Approximately 374 casino hotel employees are not represented in these figures. There are several reasons why this may occur, they are: Information is missing from the employment data that is transmitted to the Division by the casino industry, the employment data contains errors, the person has a zip code that is not found in New Jersey, or the individual is not working for an affiliated Atlantic City casino.



**ATLANTIC CITY CASINO INDUSTRY  
JOBS AT QUARTER END\*  
2009 THROUGH 2012**



\* Total employees and full time employees as reported by the casinos at the quarter end.

**NEW JERSEY CASINO INDUSTRY EMPLOYMENT STATISTICS  
FOR THE FOUR YEARS ENDED DECEMBER 31, 2012**

	2012	2011	2010	2009
<b>Atlantic Club (a)</b>	1,741	1,701	2,005	2,050
<b>Bally's A.C.</b>	3,418	3,856	4,061	4,360
<b>Borgata</b>	5,936	6,211	6,311	6,507
<b>Caesars</b>	2,996	3,090	3,246	3,353
<b>Golden Nugget (b)</b>	1,779	1,660	1,631	1,794
<b>Harrah's A.C.</b>	3,924	4,115	3,858	3,886
<b>Resorts (c)</b>	1,962	1,933	1,724	2,141
<b>Revel (d)</b>	3,516			
<b>Showboat</b>	2,308	2,488	2,541	2,513
<b>Tropicana</b>	2,918	2,952	3,011	3,229
<b>Trump Plaza</b>	1,177	1,442	1,917	2,180
<b>Trump Taj Mahal</b>	<u>3,051</u>	<u>3,375</u>	<u>3,840</u>	<u>4,069</u>
<b>Industry Totals</b>	<b>*34,726</b>	<b>32,823</b>	<b>34,145</b>	<b>36,082</b>

\*25,562 (73.6%) are full time employees, 4,573 (13.2%) are part time employees and 4,591(13.2%) are considered other employees. Total does not reflect employees of leased retail and food & beverage outlets.

- (a) In March 2012, ACH was renamed Atlantic Club.
- (b) In May 2011, Golden Nugget began operations after acquiring the Trump Marina property.
- (c) Resorts was under Resorts International Hotel, Inc. management until December 6, 2010 and operating as DGMB Casino, LLC since December 7, 2010.
- (d) Revel opened in April, 2012.

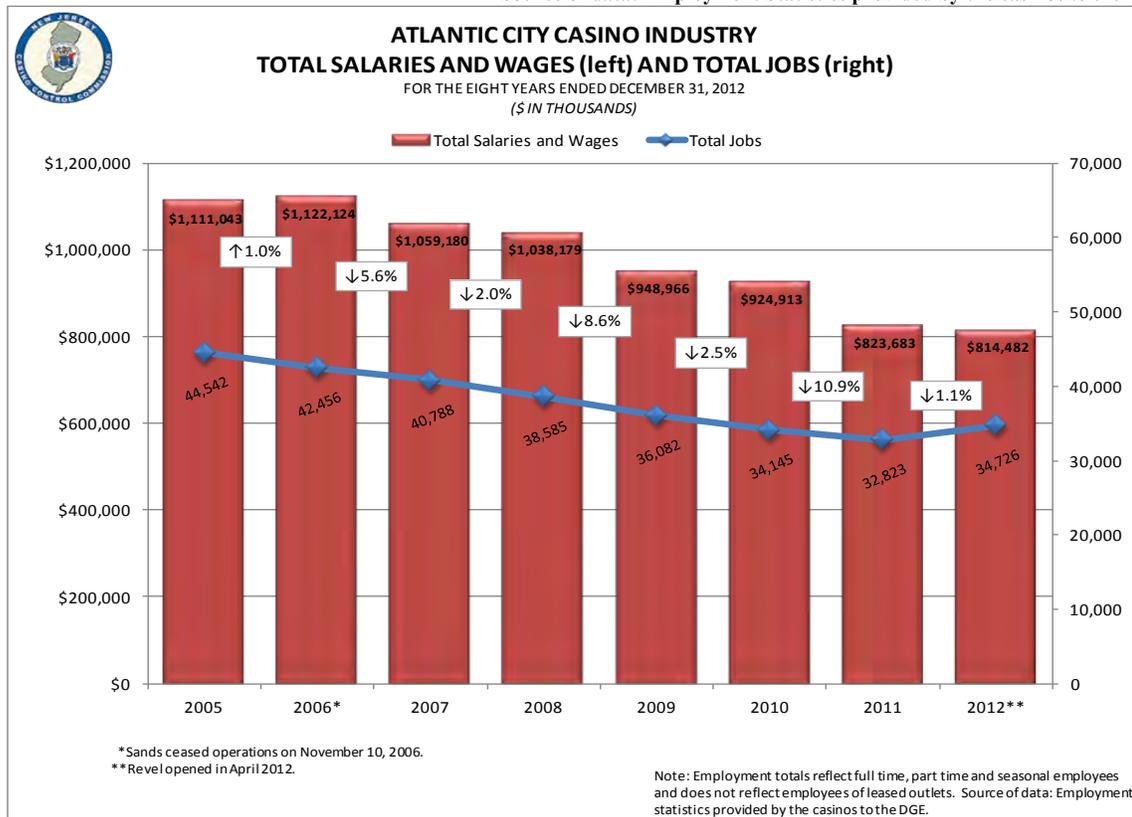
## NEW JERSEY CASINO INDUSTRY SALARIES AND WAGES

FOR THE FOUR YEARS ENDED DECEMBER 31, 2012 (\$ IN THOUSANDS)

	2012	2011	2010	2009
Atlantic Club (a)	\$ 42,436	\$ 52,972	\$ 58,624	\$ 61,799
Bally's A.C.	79,548	95,179	109,813	116,720
Borgata	145,892	149,059	152,634	154,987
Caesars	74,150	81,554	90,525	92,564
Golden Nugget (b)	40,292	23,795 (b)		
Harrah's A.C.	83,985	89,741	91,984	91,604
Resorts (c)	42,714	46,782 (c)	50,737	56,681
Revel (d)	70,360			
Showboat	54,843	59,976	66,483	65,638
Tropicana	69,937	73,553	78,946 (e)	77,804
Trump Marina (b)		16,796	52,491	54,066
Trump Plaza	34,438	45,620	63,738	67,018
Trump Taj Mahal	75,887	88,656	108,938	110,085
<b>Industry Totals</b>	<b>\$ 814,482</b>	<b>\$ 823,683</b>	<b>\$ 924,913</b>	<b>\$ 948,966</b>

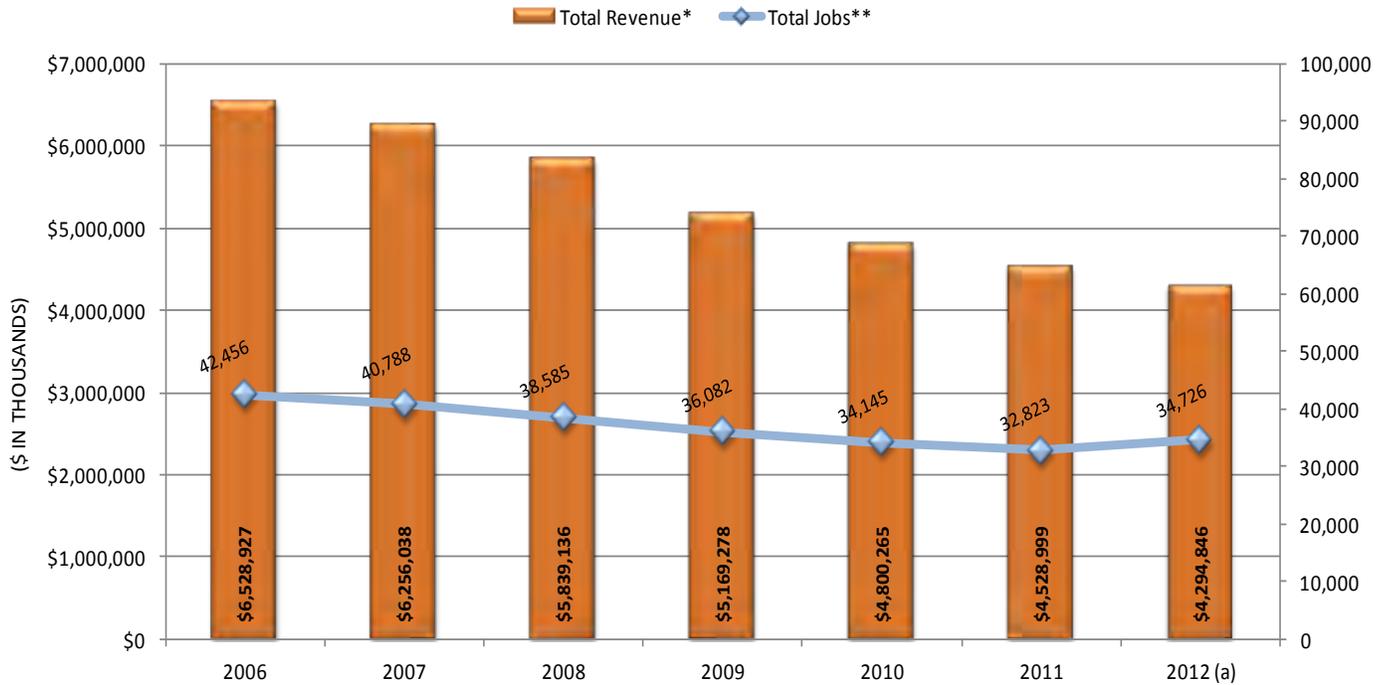
- (a) In March 2012, ACH was renamed Atlantic Club.
- (b) In May 2011, Golden Nugget began operations after acquiring the Trump Marina property. Golden Nugget salaries and wages for 2011, reduced due to removal of benefits and payroll taxes.
- (c) Resorts was under Resorts International Hotel, Inc. management until December 6, 2010 and operating as DGMB Casino, LLC since December 7, 2010. Salaries and wages for 2011, reduced due to audit adjustments.
- (d) Revel opened in April, 2012.
- (e) Salaries and wages for 2010 changed to reflect new chart of accounts reporting structure per consolidation with Tropicana Entertainment.

Source of data: Employment Statistics provided by the casinos to the DGE.





## ATLANTIC CITY CASINO INDUSTRY TOTAL REVENUE (left) AND TOTAL JOBS (right) FOR THE SEVEN YEARS ENDED DECEMBER 31, 2012 (*\$ IN THOUSANDS*)



\*Total revenue includes casino, rooms, food & beverage and other but is unadjusted for promotional allowances.

\*\*Total jobs includes full time employees, part time employees and other employees such as seasonal, but does not reflect employees of leased outlets.

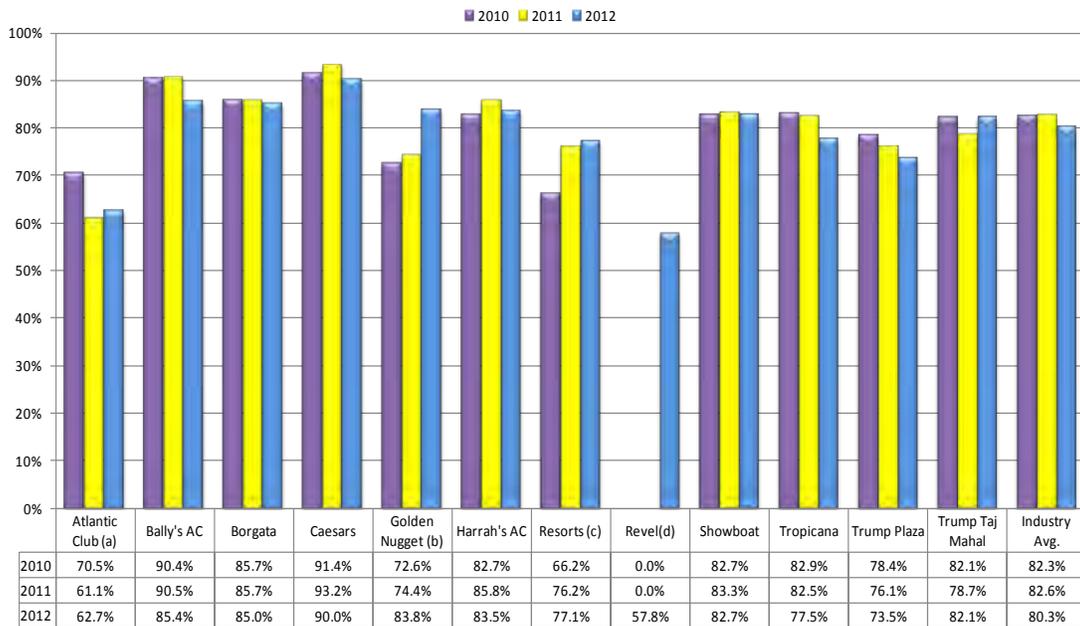
(a) In 2012, Revel opened.

Source of data: CCC Annual Reports 2003-2011 and DGE Quarterly Press Releases and Statistical Summaries 2003-2012.



### HOTEL OCCUPANCY RATES FOR ATLANTIC CITY CASINOS

2010-2012 YEARLY AVERAGES BY CASINO



(a) In March 2012, ACH changed its name to Atlantic Club.  
 (b) In May 2011, Trump Marina was purchased by Landry's Inc. and renamed Golden Nugget.  
 (c) In December 2010, Resorts was purchased by DGMB.  
 (d) Revel opened in April 2012.

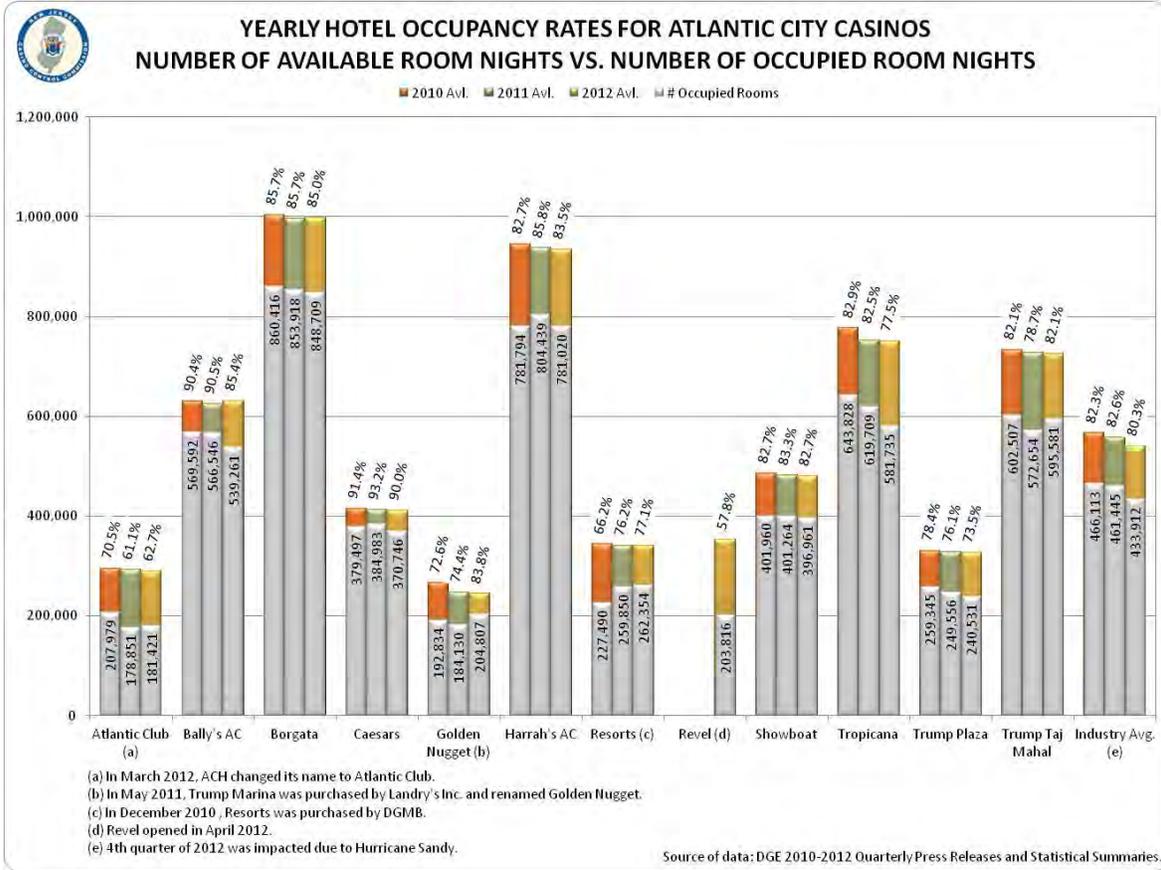
Source of data: DGE Quarterly Press Releases and Statistical Summaries.

### ATLANTIC CITY CASINO INDUSTRY HOTEL ROOM STATISTICS AT THE YEAR ENDED DECEMBER 31, 2012

	Atlantic Club (a)	Bally's AC	Borgata	Caesars	Golden Nugget	Harrah's AC	Resorts	Revel (b)	Showboat	Tropicana	Trump Plaza	Trump Taj Mahal	Industry Total
<b># of Hotel Rooms (c)</b>	809	1,749	2,767	1,141	727	2,590	942	1,399	1,329	2,079	906	2,010	18,448
<b>Average Rate per Occupied Room</b>	\$66	\$90	\$133	\$98	\$88	\$96	\$77	\$162	\$91	\$91	\$85	\$89	\$100

(a) In March 2012, ACH changed its name to Atlantic Club.  
 (b) Revel opened in April 2012  
 (c) Number of guest rooms at end of year.

Source of data: DGE Quarterly Press Releases and Statistical Summaries.



ATLANTIC CITY CASINO INDUSTRY NUMBER OF AVAILABLE HOTEL ROOM NIGHTS													
Year	Atlantic Club	Bally's AC	Borgata	Caesars	Golden Nugget	Harrah's AC	Resorts	Revel	Showboat	Tropicana	Trump Plaza	Trump Taj Mahal	Industry Totals
2010	294,879	629,954	1,003,894	415,394	265,720	945,350	343,736		485,815	777,085	330,690	733,650	6,226,167
2011	292,858	625,810	996,363	413,042	247,471	937,580	341,004		481,822	751,583	327,972	727,620	6,143,125
2012	289,512	631,118	998,887	411,901	244,471	934,990	340,062	352,773	480,195	750,245	327,066	725,610	6,486,830



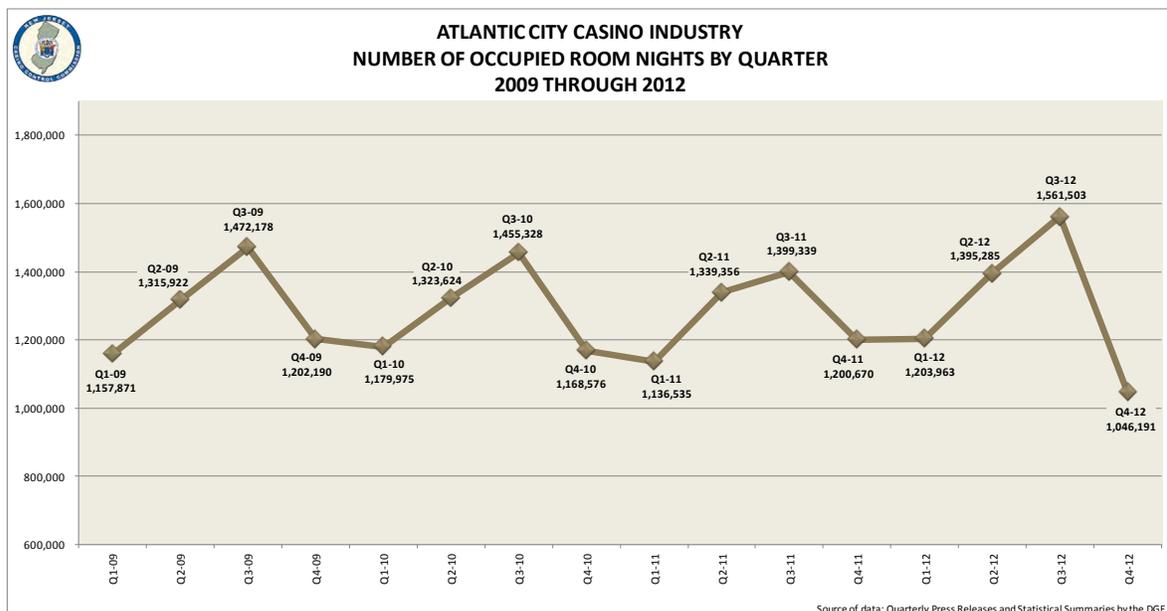
**NUMBER OF OCCUPIED ROOM NIGHTS FOR ATLANTIC CITY CASINOS  
FOR THE TWO YEARS ENDED DECEMBER 31, 2011 AND 2012**

Casino	2011	2012	Difference	% Difference
Atlantic Club	178,851	181,421	2,570	1.4%
Bally's AC	566,546	539,261	(27,285)	-4.8%
Borgata	853,918	848,709	(5,209)	-0.6%
Caesars	384,983	370,746	(14,237)	-3.7%
Golden Nugget	184,130	204,807	20,677	11.2%
Harrah's AC	804,439	781,020	(23,419)	-2.9%
Resorts	259,850	262,354	2,504	1.0%
Revel (a)		203,816	203,816	n/a
Showboat	401,264	396,961	(4,303)	-1.1%
Tropicana	619,709	581,735	(37,974)	-6.1%
Trump Plaza	249,556	240,531	(9,025)	-3.6%
Trump Taj Mahal	572,654	595,581	22,927	4.0%
Industry Totals	5,075,900	5,206,942	131,042	2.6%

Source of data: 2011 & 2012 Quarterly Press Releases and Statistical Summaries

Yellow ■ indicates an increase from prior year.

(a) Revel opened in April 2012.

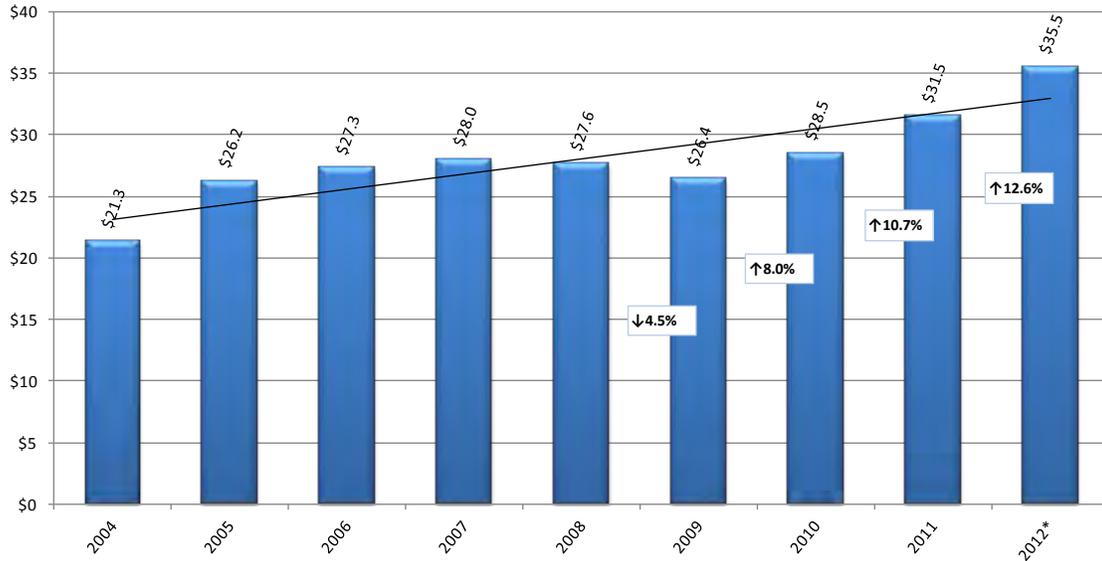


ATLANTIC CITY CASINO INDUSTRY NUMBER OF AVAILABLE ROOM NIGHTS PER PROPERTY*													
4th Quarter Year	Atlantic Club	Bally's AC	Borgata	Caesars	Golden Nugget	Harrah's AC	Resorts	Revel	Showboat	Tropicana	Trump Plaza	Trump Taj Mahal	Industry Total
2012	67,956	152,163	240,729	99,267	63,249	225,330	81,954	120,314	115,623	180,873	78,822	174,870	1,601,150

\* Number of available room nights at end of quarter.



### ATLANTIC CITY LUXURY TAX FOR THE NINE YEARS ENDED DECEMBER 31, 2012 (\$ IN MILLIONS)



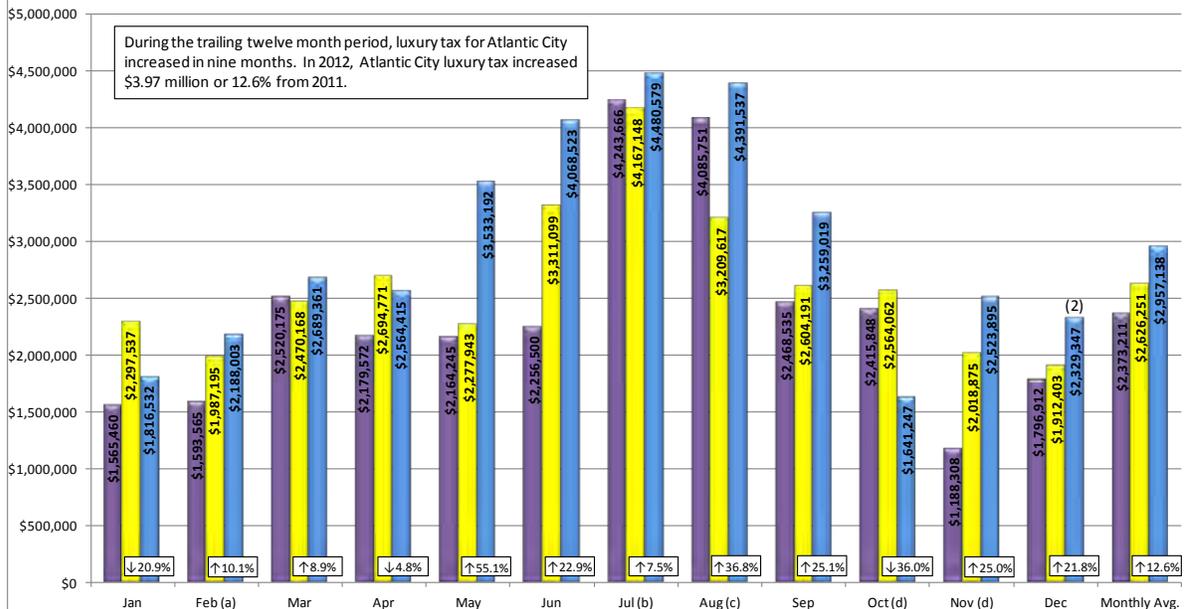
Note: Alcoholic beverage rate 3% and 9% on all other taxable sales (i.e. cover and entertainment charges, room rentals, rentals of beach chairs, cabanas, rolling chairs and tickets of admission within Atlantic City). The maximum combined Atlantic City luxury tax rate and New Jersey State sales tax rate (excluding the State occupancy fee) may not exceed 13%. The State sales tax rate is reduced to the extent that the luxury tax exceeds 7%. Source of data: State of New Jersey Department of the Treasury.

\* Revised March 2013 based on recertified Department of Treasury figures.



### ATLANTIC CITY LUXURY TAX (1) 2010 THROUGH 2012

■ 2010 ■ 2011 ■ 2012\*\*



\*\* 2010 January and July - five Fridays & Saturdays; January and May - five Saturdays & Sundays  
2011 April and July - five Fridays & Saturdays; January and July - five Saturdays & Sundays  
2012 March and June - five Fridays & Saturdays; September and December - five Saturdays & Sundays; April 2 Revel opened to the public.

(a) Leap year 2012.

(b) Derecho storm June 30, 2012/widespread power outages first week of July 2012.

(c) Casinos closed for two days in August 2011 due to Hurricane Irene.

(d) October/November 2012 multi-day (5-7) closure and significant business interruption due to Hurricane Sandy; some October results appear in November due to late filings.

(1) Alcoholic beverage rate 3% and 9% on all other taxable sales (i.e. cover and entertainment charges, room rentals, rentals of beach chairs, cabanas, rolling chairs and tickets of admission within Atlantic City). The maximum combined Atlantic City luxury tax rate and New Jersey State sales tax rate (excluding the State occupancy fee) may not exceed 13%. The State sales tax rate is reduced to the extent that the luxury tax exceeds 7%.

(2) Revised based on recertified Department of Treasury figures.

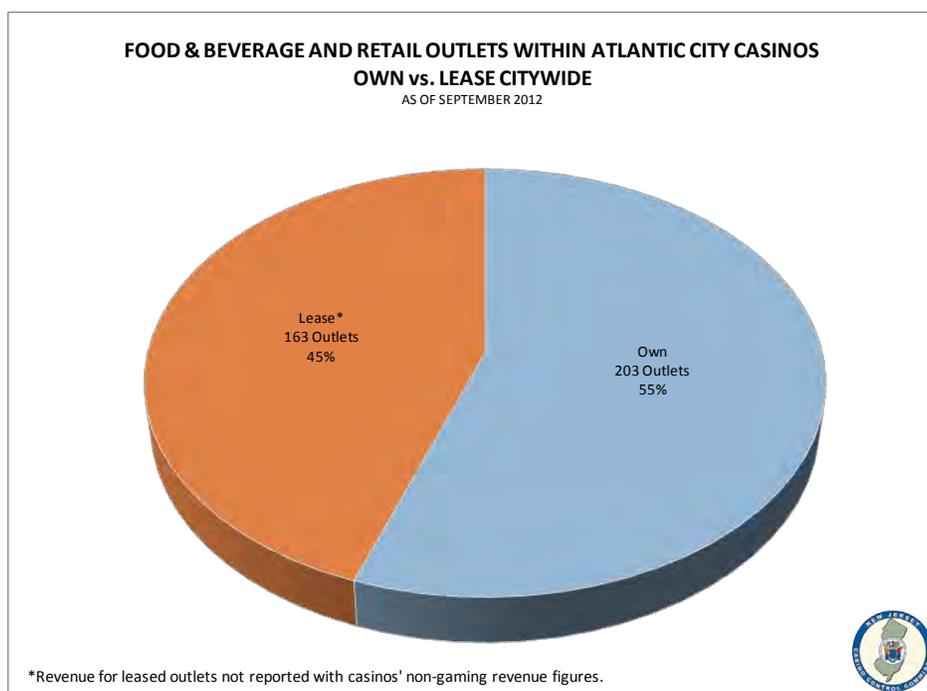
Source of data: State of New Jersey Department of the Treasury.

**ATLANTIC CITY CASINO INDUSTRY  
NON-GAMING REVENUE COMPARISONS  
(\$ IN THOUSANDS)**

<b>NON-GAMING REVENUE FOR THE TWELVE CASINOS*</b>				
<b>FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2011 AND 2012</b>				
<b>Type of Revenue</b>	<b>2011</b>	<b>2012</b>	<b>\$ Difference</b>	<b>% Difference</b>
Rooms	\$ 508,179	\$ 519,340	\$ 11,161	2.2%
Food and Beverage (a)	553,133	550,473	(2,660)	-0.5%
Other	167,649	193,222	25,573	15.3%
<b>Total Non-Gaming Revenue</b>	<b>\$ 1,228,961</b>	<b>\$ 1,263,035</b>	<b>\$ 34,074</b>	<b>2.8%</b>

\*Unaudited, not adjusted for promotional allowances. Revel opened in April 2012.

<b>NON-GAMING REVENUE AS A PERCENT OF NET REVENUE</b>						
<b>FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2010, 2011 AND 2012</b>						
<b>Type of Revenue</b>	<b>2010</b>	<b>% of Net Revenue</b>	<b>2011</b>	<b>% of Net Revenue</b>	<b>2012</b>	<b>% of Net Revenue</b>
Rooms	\$ 509,852	14.3%	\$ 508,179	15.3%	\$ 519,340	16.4%
Food and Beverage (a)	574,663	16.1%	553,133	16.7%	550,473	17.4%
Other	178,006	5.0%	167,649	5.0%	193,222	6.1%
<b>Total Non-Gaming Revenue</b>	<b>1,262,521</b>	<b>35.3%</b>	<b>1,228,961</b>	<b>37.0%</b>	<b>1,263,035</b>	<b>39.9%</b>
<b>Net Revenue</b>	<b>\$ 3,576,961</b>		<b>\$ 3,321,292</b>		<b>\$ 3,163,842</b>	

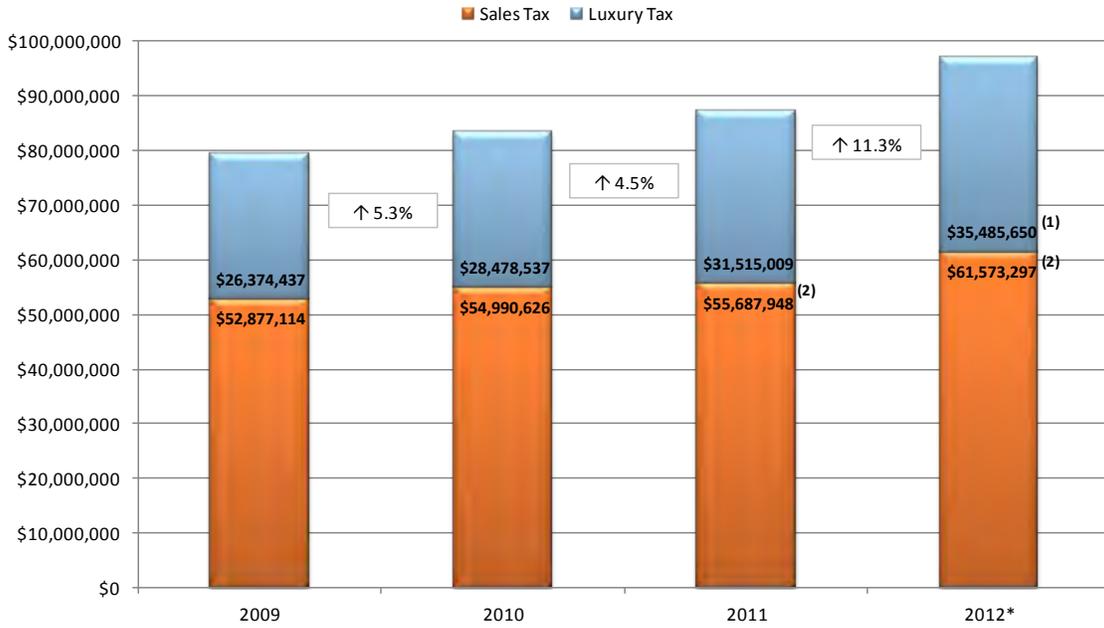


(a) Food & Beverage revenue for casino owned outlets only.

Source of data: 2010-2011 DGE Quarterly Press releases and Statistical Summaries Statements of Income and 2012 Quarterly Financial Reports Form DGE



### ATLANTIC CITY COMBINED SALES & LUXURY TAX REVENUE FOR FOUR YEARS ENDED DECEMBER 31, 2012

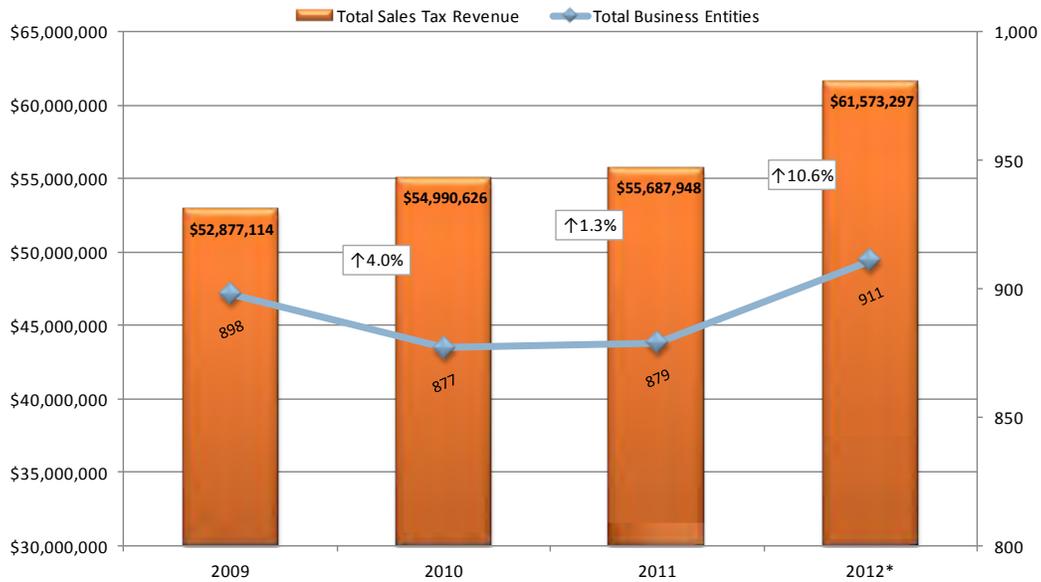


\* Revel opened in April 2012.

(1) Revised March 2013, based on recertified Department of Treasury figures.  
(2) Revised as of 08/03/13 based on 07/24/13 figures from Department of the Treasury.  
Source of data: State of New Jersey Department of the Treasury, Division of Taxation.



### ATLANTIC CITY TOTAL SALES TAX REVENUE (left) AND TOTAL BUSINESS ENTITIES (right) FOR THE FOUR YEARS ENDED DECEMBER 31, 2012

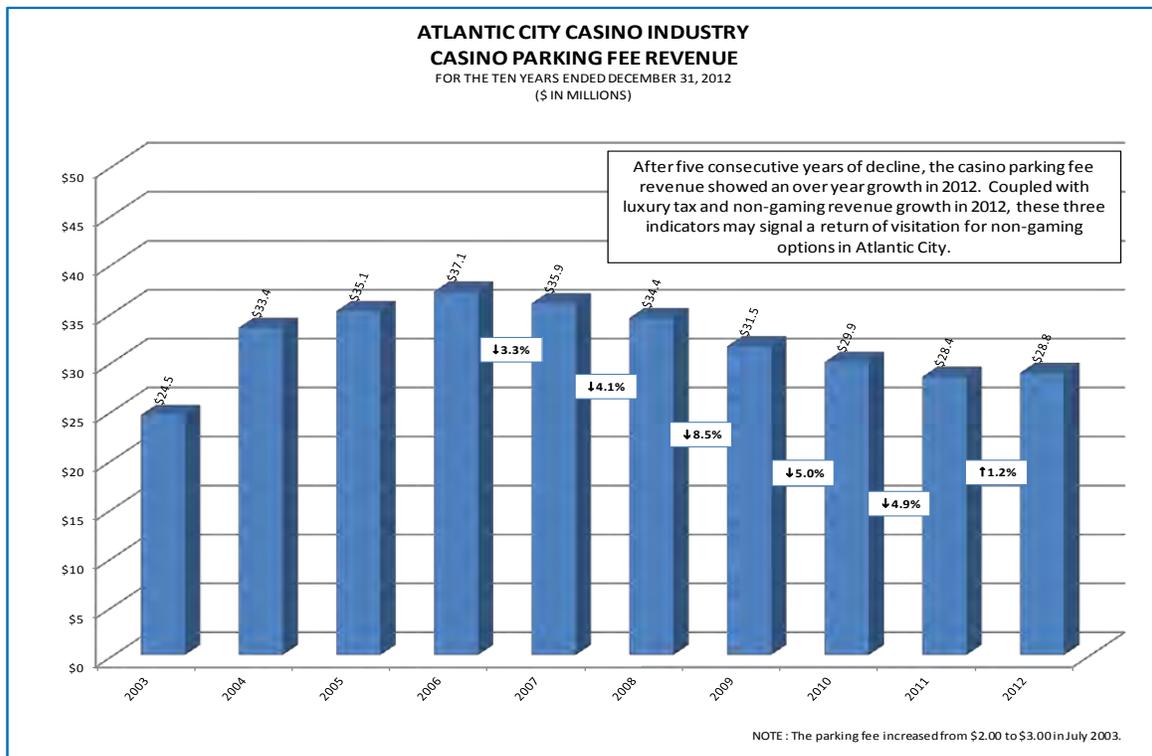


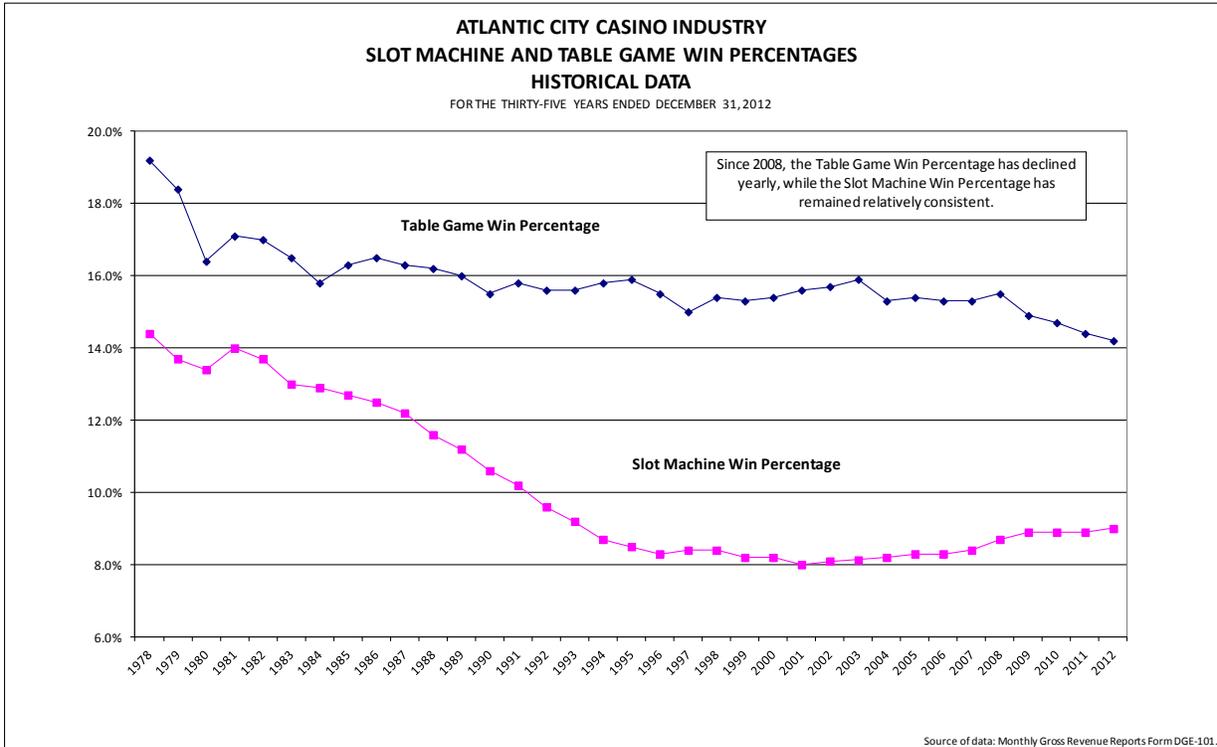
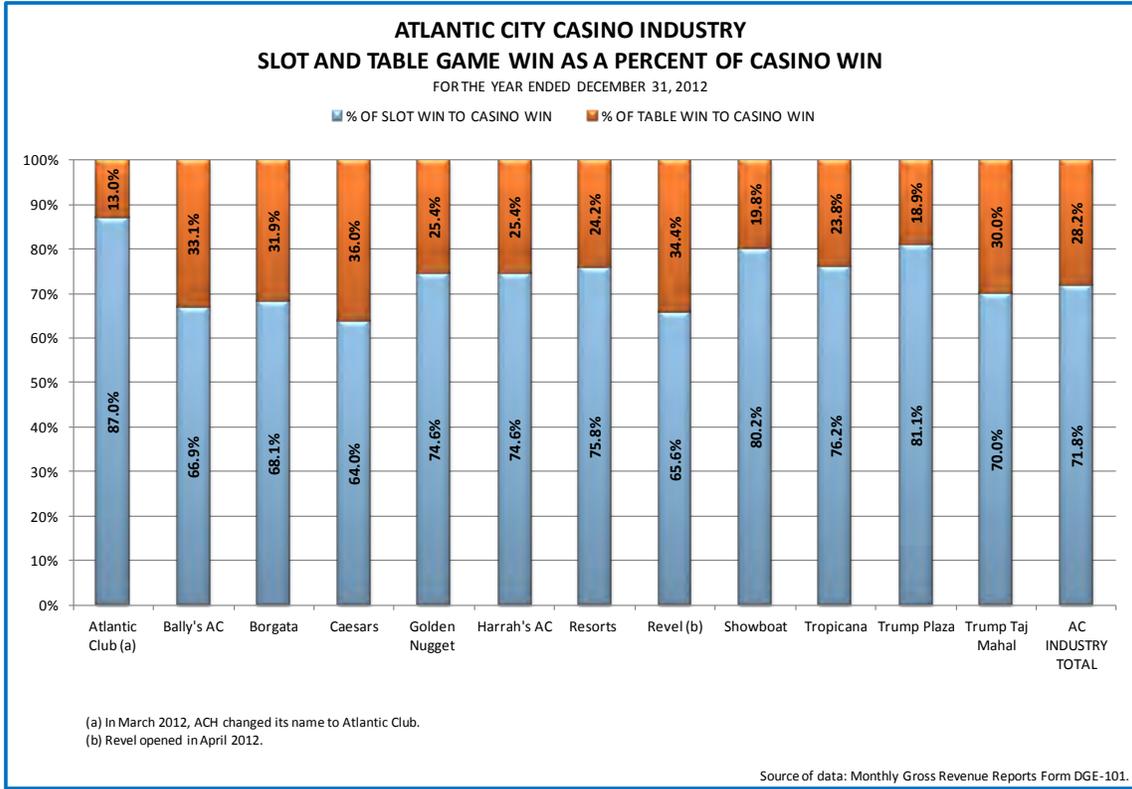
\* Revel opened in April 2012.

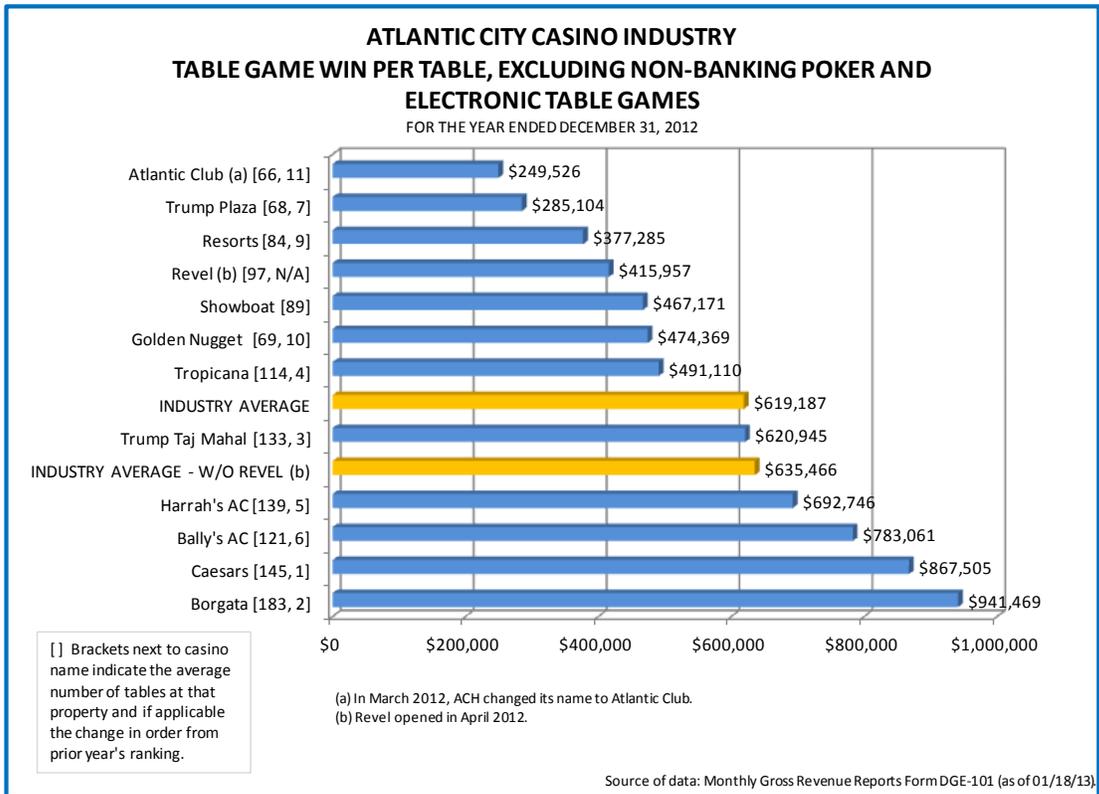
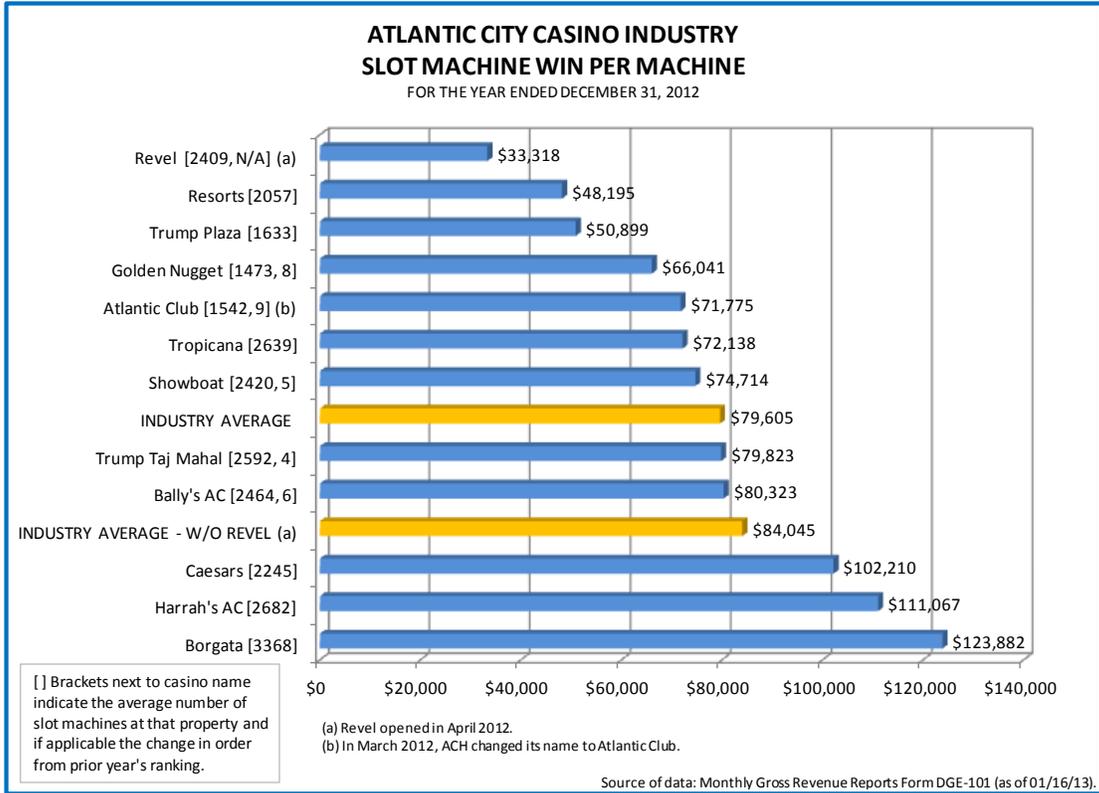
Note: Business entities that have Atlantic City locations but are primarily based outside of Atlantic City are not typically included in sales tax revenue. Total number represents Atlantic City based business entities active at any time during the year. Subject to change. Source of data: State of New Jersey Department of the Treasury, Division of Taxation. Revised as of 08/30/13 based on 07/24/13 figures from State of New Jersey Department of the Treasury, Division of Taxation.

**NEW JERSEY CASINO INDUSTRY CASINO PARKING FEE REVENUE**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011 (\$ IN THOUSANDS)**

			Growth (Decline)	
	2012	2011	\$	%
<b>January</b>	\$ 2,082	\$ 1,956	126	6.4
<b>February</b>	2,131	2,080	51	2.5
<b>March</b>	2,387	2,323	64	2.8
<b>April</b>	2,472	2,421	51	2.1
<b>May</b>	2,537	2,501	36	1.4
<b>June</b>	2,704	2,607	97	3.7
<b>July</b>	3,133	3,113	20	0.6
<b>August</b>	3,118	2,540	578	22.8
<b>September</b>	2,600	2,376	224	9.4
<b>October</b>	1,934	2,206	(272)	(12.3)
<b>November</b>	1,581	2,147	(566)	(26.4)
<b>December</b>	2,102	2,158	(56)	(2.6)
<b>Total</b>	\$ 28,781	\$ 28,428	353	1.2







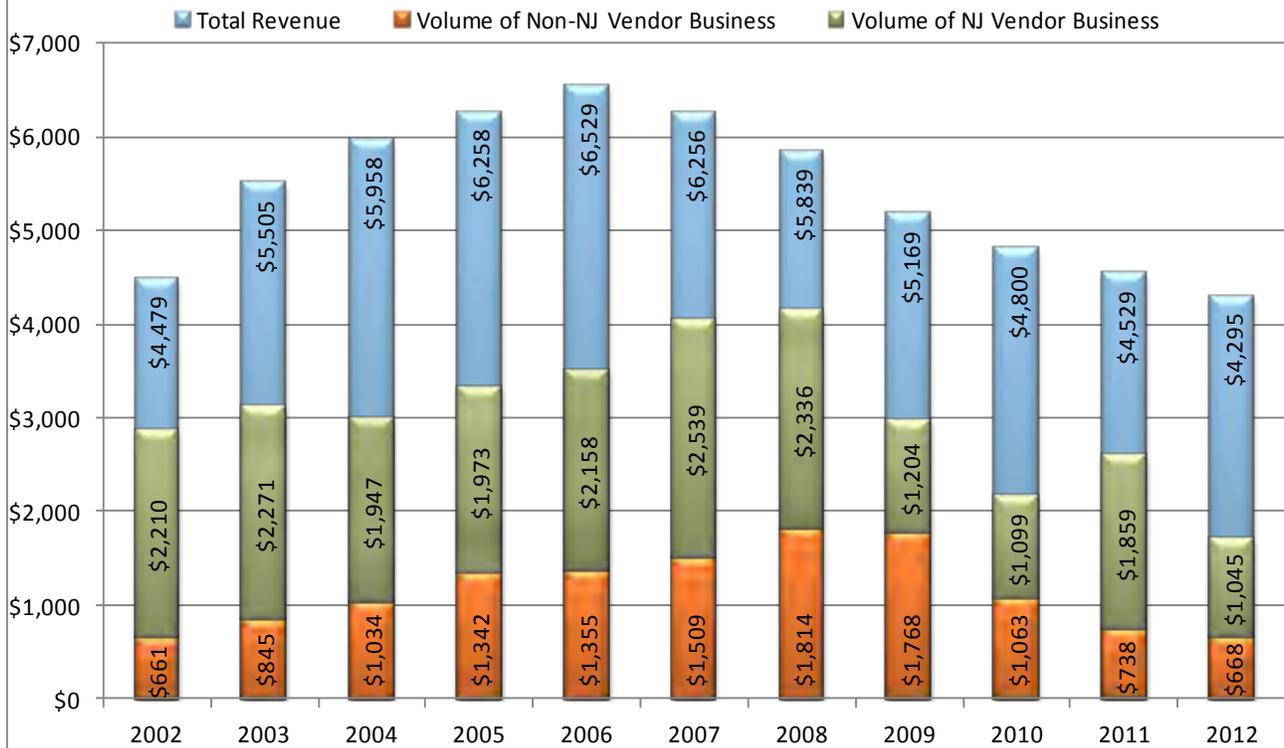
Note: Comparison of per machine slot revenue or per table revenue does not address such factors as design of floor space or types of games offered.



## ATLANTIC CITY CASINO INDUSTRY TOTAL REVENUE AND DOLLAR VOLUME OF VENDOR BUSINESS

FOR THE ELEVEN YEARS ENDED DECEMBER 31, 2012

(\$ IN MILLIONS)



\*Total revenue includes casino, rooms, food & beverage and other but is unadjusted for promotional allowances.

Source of data: CCC Annual Reports 2002-2012 and Quarterly Press Releases and Statistical Summaries by the DGE 2002-2012.



**TOTAL VOLUME OF BUSINESS -- CASINO SERVICE INDUSTRY**  
**FOR CALENDAR YEAR 2012**

	<u>Total</u> <u>Companies</u>	<u>Percent of</u> <u>Total</u> <u>Companies</u>	<u>Dollar Volume</u> <u>of Business*</u>	<u>Percent of</u> <u>Total</u> <u>Business</u>
<b>Total Number of Vendors Receiving Payments</b>	<b>5,023</b>	<b>100.00%</b>	<b>1,712,801,985**</b>	<b>100.00%</b>
New Jersey Enterprises	1,808	35.99%	1,045,185,722	61.02%
Pennsylvania Enterprises	473	9.42%	155,597,958	9.08%
New York Enterprises	542	10.79%	103,247,274	6.03%
Delaware Enterprises	21	0.42%	1,355,748	0.08%
All Other States	2,086	41.53%	394,729,597	23.05%
Foreign Enterprises	93	1.85%	12,685,686	0.74%

\*"Dollar Volume of Business" represents only those monies paid by casino licensees for goods or services. This figure does not include such payments as governmental taxes, fines and fees to the Casino Control Commission, charitable contributions, guest losses or court garnishments.

\*\* This dollar figure includes disbursements to subcontractors.

Numbers reflect the states in which the offices serving hotel/casinos are located and may not be the states in which the enterprises are incorporated or have a home office.

**TOTAL VOLUME OF BUSINESS – NEW JERSEY COMPANIES**  
**FOR CALENDAR YEAR 2012**

	<u>Total Companies</u>	<u>Percent of Total Companies</u>	<u>Dollar Volume of Business</u>	<u>Percent of Total Business</u>
<b>NEW JERSEY ENTERPRISES</b>	<b>1808</b>	<b>100.00%</b>	<b>\$1,045,185,722</b>	<b>100.0000%</b>
Atlantic	914	50.55	718,837,811	68.7761
Bergen	79	4.37	16,041,138	1.5348
Burlington	109	6.03	57,808,785	5.5310
Camden	133	7.36	23,549,362	2.2531
Cape May	55	3.04	6,719,637	0.6429
Cumberland	52	2.88	41,260,856	3.9477
Essex	32	1.77	22,990,862	2.1997
Gloucester	62	3.43	49,802,285	4.7649
Hudson	34	1.88	9,383,188	0.8978
Hunterdon	8	0.44	546,807	0.0523
Mercer	38	2.10	15,914,653	1.5227
Middlesex	50	2.77	12,105,240	1.1582
Monmouth	64	3.54	9,200,582	0.8803
Morris	24	1.33	7,137,062	0.6829
Ocean	55	3.04	9,014,665	0.8625
Passaic	26	1.44	3,299,198	0.3157
Salem	9	0.50	28,415,801	2.7187
Somerset	22	1.22	7,666,938	0.7335
Sussex	3	0.17	149,402	0.0143
Union	38	2.10	5,310,474	0.5081
Warren	1	0.06	30,976	0.0030



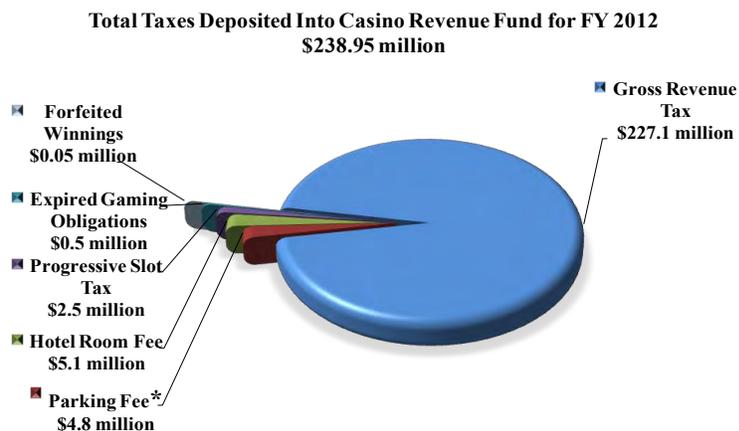
## CASINO REVENUE FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

New Jersey casinos pay the state 8% tax on their gross revenues appropriated to the Casino Revenue Fund for the benefit of the aged and disabled citizens of the State of New Jersey. Gross gaming revenue is the amount casinos win from gamblers after all payouts have been made.

Funding is generated through two casino related taxes and five casino related fees. The largest is an 8 percent tax on casino gross revenues and can only be spent on programs that benefit New Jersey State seniors and people with disabilities.

The responsibility for administering these taxes and fees resides with the Division of Gaming Enforcement, Division of Taxation and the Casino Control Commission.

- ▶ Gross Revenue Tax includes audit assessments, penalties, interest and other adjustments.
- ▶ Casino Parking Fee requires casinos to remit a fee of \$3.00 per day for any parking space in use in their facility. In FY 12, \$0.50 of the parking fee revenue was deposited into the Casino Revenue Fund, with the remaining \$2.50 forwarded to the Casino Reinvestment Development authority (CRDA) for statutorily restricted projects.
- ▶ Casino Room Fee requires casinos to remit \$3.00 per day for each hotel room occupied by a guest. In FY 12, \$1.00 went to the CRDA and \$2.00 went into the Casino Revenue Fund.
- ▶ Multi-Casino Progressive Slot Tax assesses an 8% tax on casino service industry multi-casino progressive slot revenue.
- ▶ Expired Obligations - Casinos are required to remit a percentage of each expiring gaming obligation.
- ▶ Forfeited Winnings: Winnings of underage gamblers or excluded persons are subject to forfeiture. Forfeitures under \$100,000 are split equally between Casino Revenue Fund and Compulsive Gambling Programs. For forfeitures over \$100,000, Compulsive Gambling Programs get \$50,000 and the balance goes to the Casino Revenue Fund.
- ▶ Fines: The first \$600,000 of fines imposed on casinos in a fiscal year goes to the General Fund for Compulsive Gaming Programs. Any amount over \$600,000 goes to the Casino Revenue Fund. For fiscal year ended June 30, 2012, no fines went to the Casino Revenue Fund.



*Casinos have paid more than \$9.0 billion in taxes to the Casino Revenue Fund since 1978.*

\*Adjusted from source report due to the timing of a special assessment in FY 2011.

Source of data: Division's Casino Revenue Fund Taxes and Fees Source Report.

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**INDEPENDENT**

**AUDITORS REPORT**



**New Jersey State Legislature  
Office of Legislative Services  
Office of the State Auditor**

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**Casino Control Fund**

Fiscal Year 2012

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**Stephen M. Eells  
State Auditor**

LEGISLATIVE SERVICES COMMISSION

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New Jersey State Legislature

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JOHN J. TERMYNA  
*Assistant State Auditor*

The Honorable Chris Christie  
Governor of New Jersey

The Honorable Stephen M. Sweeney  
President of the Senate

The Honorable Sheila Y. Oliver  
Speaker of the General Assembly

Mr. Albert Porroni  
Executive Director  
Office of Legislative Services

Enclosed is our report on the audit of the Casino Control Fund for Fiscal Year 2012. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in black ink, appearing to read "Stephen M. Eells".

Stephen M. Eells  
State Auditor  
August 30, 2013

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SENATE

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Speaker of the General Assembly

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Executive Director  
Office of Legislative Services

**INDEPENDENT AUDITOR'S REPORT**

We have audited the financial statements of the State of New Jersey Casino Control Fund as listed in the accompanying table of contents as of and for the years ended June 30, 2012 and 2011. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

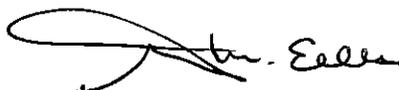
As discussed in Note 1, the financial statements present only the Casino Control Fund and do not purport to, and do not, present fairly the financial position of the State of New Jersey as of June 30, 2012 and 2011, the changes in its financial position, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Casino Control Fund as of June 30, 2012 and 2011 and the changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2013 on our consideration of the Casino Control Fund management's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Budgetary Basis and reconciliation are not required as part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the Casino Control Fund financial statements. The expenditure detail schedule is presented for the purpose of additional analysis and is not a required part of the financial statements. The expenditure detail schedule has been subjected to the auditing procedures applied in the audits of the Casino Control Fund financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Stephen M. Eells  
State Auditor  
July 26, 2013

**STATE OF NEW JERSEY  
CASINO CONTROL FUND  
BALANCE SHEET  
JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>		
Cash	\$ 50,350	\$ 51,000
Accounts Receivable	8,951,568	10,291,783
Less: Allowance for Doubtful Accounts	<u>(85,129)</u>	<u>(1,228,161)</u>
Net Accounts Receivable	8,866,439	9,063,622
Due from General Fund	<u>2,049,222</u>	<u>6,370,599</u>
Total Assets	<u>\$ 10,966,011</u>	<u>\$ 15,485,221</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
Liabilities		
Accounts Payable	\$ 4,062,144	\$ 4,039,150
Deferred Revenue	<u>3,287,568</u>	<u>6,983,500</u>
Total Liabilities	<u>7,349,712</u>	<u>11,022,650</u>
Fund Balances		
Committed	<u>3,616,299</u>	<u>4,462,571</u>
Total Fund Balances	<u>3,616,299</u>	<u>4,462,571</u>
Total Liabilities and Fund Balances	<u>\$ 10,966,011</u>	<u>\$ 15,485,221</u>

The accompanying notes are an integral part of the financial statements

**STATE OF NEW JERSEY  
CASINO CONTROL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	2012	2011
<b><u>REVENUES</u></b>		
Casinos		
Licenses - Casino	\$ 37,269,527	\$ 42,380,528
- Slot Machine	13,889,374	14,263,958
- Alcoholic Beverage	68,761	79,632
Assessments	-	-
	51,227,662	56,724,118
Credits - Prior Year Fund Balance	(4,462,571)	(29,867)
<b>Total from Casinos</b>	<b>46,765,091</b>	<b>56,694,251</b>
Other Sources		
Licenses - Casino Employees	1,164,784	1,109,397
- Casino Service Industry	998,726	813,869
Equipment Prototype Testing	2,409,629	2,144,369
Other Revenues	58,947	25,018
<b>Total from Other Sources</b>	<b>4,632,086</b>	<b>4,092,653</b>
Investment Earnings	10,837	17,702
<b>Total Revenues</b>	<b>51,408,014</b>	<b>60,804,606</b>
<b><u>EXPENDITURES</u></b>		
Public Safety and Criminal Justice (Division of Gaming Enforcement)	44,472,333	39,498,111
Government Direction, Management, and Control (Casino Control Commission)	7,781,953	21,186,308
<b>Total Expenditures</b>	<b>52,254,286</b>	<b>60,684,419</b>
Excess (Deficiency) of Revenues over Expenditures	(846,272)	120,187
<b><u>OTHER FINANCING SOURCES</u></b>		
Transfers from Other Funds	-	-
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balance	(846,272)	120,187
Fund Balance - Beginning	4,462,571	4,342,384
Fund Balance - Ending	<b>\$ 3,616,299</b>	<b>\$ 4,462,571</b>

The accompanying notes are an integral part of the financial statements

**STATE OF NEW JERSEY  
CASINO CONTROL FUND  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1 - Significant Accounting Policies**

**A. Basis of Presentation**

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

**B. Financial Reporting Entity**

The Casino Control Commission and the Division of Gaming Enforcement are agencies of the State of New Jersey. N.J.S.A. 5:12-143 established the Casino Control Fund to account for the financial transactions of these agencies.

**C. Fund Level Financial Statements**

The State of New Jersey issues government-wide financial statements that report information for all of the non-fiduciary activities of the State including that of the Casino Control Fund. Due to the legislative mandate that the Casino Control Fund be financed exclusively by licensing fees assessed upon the casino industry, a Fund Level Financial Statement is prepared for the Casino Control Fund.

A Fund Level Financial Statement includes a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

**D. Measurement Focus and Basis of Accounting**

The Casino Control Fund statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and liabilities are included on the balance sheet. The operating statement for the fund presents increases and decreases in total fund balances.

In accordance with the modified accrual basis, revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the fiscal period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues susceptible to accrual would include casino license fees.

Expenditures are recognized when the related fund liabilities are incurred. Disbursements for prepaid expenses, inventory items, and fixed assets are recorded as expenditures when incurred.

**E. Fund Accounting**

The financial activities of the State are recorded in individual funds, each of which is deemed to be a separate accounting entity. The State uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, which represents the fund's assets, liabilities, equity, revenues, and expenditures or expenses. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds.

**Governmental Fund Type - Special Revenue Fund**

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

The Casino Control Fund (N.J.S.A. 5:12-143) accounts for fees from the issuance and renewal of casino licenses and other license fees. Appropriations are made from the Casino Control Fund to finance the operations of the Casino Control Commission and the Division of Gaming Enforcement.

**F. Budgetary Process**

An annual budget is adopted for the Casino Control Fund. The Legislature enacts the budget through passage of a specific appropriation, the sum of which may not exceed estimated revenues. The annual appropriations act for fiscal year 2012 authorized \$55,862,000. Budgetary control is maintained at the program unit level.

During the year, the spending authority delineated in the appropriations act may be revised for supplemental appropriations approved by both the Legislature and the Governor. For fiscal year 2012, no supplemental appropriations were granted to the Division of Gaming Enforcement or Casino Control Commission.

A Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual – Budgetary Basis for the fiscal year ended June 30, 2012 is presented as required supplementary information to these statements. This statement presents a comparison of the final budget adopted for the Casino Control Fund with actual data on a budgetary basis.

The State's budgetary basis of accounting differs from that utilized to present financial statements in conformity with generally accepted accounting principles (GAAP). The main differences between the budgetary basis and the GAAP basis are that under the budgetary basis encumbrances are recognized as expenditures, and the budgetary basis reflects transactions only for the current fiscal year.

There were no expenditures in excess of appropriations in the Casino Control Fund.

#### **G. Fund Balances**

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 54, the fund balances of a Special Revenue Fund are classified depicting the relative strength of the spending constraints placed on the purposes for which fund resources can be used.

The fund balances of the Casino Control Fund are classified as *Committed*. Fund balances designated as *Committed* can only be used for specific purposes pursuant to constraints imposed by the government itself. N.J.S.A. 5:12-143b mandates that moneys in the Casino Control Fund shall be appropriated exclusively for the operating expenses of the Casino Control Commission and the Division of Gaming Enforcement.

Within the committed fund balances as of June 30, 2012 and June 30, 2011, money has been set aside (encumbered) pending vendor performance in the amounts of \$420,157 and \$280,586 respectively.

#### **H. Other**

Other significant accounting policies are described in Notes 2 to 10.

#### **NOTE 2 - Cash**

Represents a \$100 petty cash fund maintained by the Casino Control Commission, a \$250 petty cash fund maintained by the Division of Gaming Enforcement, and a \$50,000 confidential fund maintained by the Division of Gaming Enforcement.

**NOTE 3 - Accounts Receivable**

Represents amounts due from casinos and related entities. Net receivables are substantially collected within three months.

Allowance for doubtful accounts represents one hundred percent of non-current receivables.

**NOTE 4 - Due from General Fund**

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

**NOTE 5 - Capital Assets**

Capital Assets acquired with fund resources are recorded as expenditures of the fund at the time of acquisition. Assets greater than \$20,000 are also recorded in the State's government-wide financial statements. Capital assets are depreciated using the straight line method. The State assigned estimated useful life for machinery and equipment is 4-30 years. A summary of these capital assets and related accumulated depreciation for the year ended June 30, 2012 follows:

<u>Program</u>	<u>Asset</u>	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets June 30, 2012</u>
Government Direction, Management, and Control	Machinery & Equipment	\$894,820	\$117,114	\$82,579	\$679,179	\$250,176
Public Safety and Criminal Justice	Machinery & Equipment	\$419,943	-	-	\$364,810	\$55,133

**NOTE 6 - Deferred Revenue**

Deferred Revenue represents fiscal year 2013 and fiscal year 2012 slot machine license billings collected and recorded in June 2012 and 2011, respectively.

**NOTE 7 - Fund Balance**

The Casino Control Fund ended with a positive fund balance as of June 30, 2012. Pursuant to N.J.A.C. 13:69A-9.1(e) the fund balance as of June 30, 2012 will be credited to casino licensees in fiscal year 2013 upon approval by the Director of the Division of Gaming Enforcement in proportion to the relative amount of total fees paid by each casino licensee with respect to the fiscal year ended June 30, 2012.

The fund balance reflected on the accompanying statements as of June 30, 2011 includes management's recognition of a \$1.1 million increase in the Allowance for Doubtful Accounts and corresponding Bad Debt Expense, resulting from delinquent receivables owed to the fund by Resorts International Hotel, Inc. During fiscal year 2012, the Division of Gaming Enforcement was successful in collecting these doubtful receivables and credited that amount back to the industry.

**NOTE 8 - Employee Benefit Costs**

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

Cash payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The payment is based on fifty percent of the employee's sick leave accumulation, at the pay rate in effect at the time of retirement up to a maximum of \$15,000. Employees separating from state service prior to retirement are not entitled to payments for accumulated sick leave balances. Sick leave accumulations may also be used by an employee for a personal illness or injury as a means of continuing regular pay. The liability for accumulated employee sick leave balances as of June 30, 2012 and June 30, 2011 of approximately \$2.8 million and \$3.4 million, respectively, is reflected as a non-current liability on the State's government-wide financial statements and is not accrued in these financial statements.

Employees annually earn 12 to 25 vacation days based on years of service and are permitted to carry over those days earned within a one-year period. The liability for accumulated vacation pay as of June 30, 2012 and June 30, 2011 of approximately \$1.2 million and \$1.5 million, respectively, is reflected as a non-current liability on the State's government-wide financial statements and is not accrued in these financial statements.

**NOTE 9 - Interest**

The General Fund charges interest to the Casino Control Fund when disbursements exceed receipts collected and credits interest to the Casino Control Fund when receipts collected exceed disbursements made. The interest rate used during fiscal year 2012 and fiscal year 2011 was equal to the effective rate of return on investments in the General Fund and varied from 0.14% to 0.19% in fiscal year 2012 and from 0.23% to 0.36% in fiscal year 2011. The net effect of these transactions is reflected in the Investment Earnings account on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

**NOTE 10 - Contingent Liability**

As of the issuance date of these statements, the Casino Control Fund is not involved in any legal actions wherein there is potential for unanticipated expenditure. Should any legal actions subsequently materialize, N.J.A.C. 13:69A-9.1(d) allows the Casino Control Fund to apportion any uncollected cost among the licensed casino facilities.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**STATE OF NEW JERSEY  
CASINO CONTROL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget
<b>REVENUES</b>				
Casinos				
Licenses - Casino	\$ 36,885,439	\$ 36,844,439	32,806,956	\$ (4,037,483)
- Slot Machine	13,533,500	13,533,500	13,889,374	355,874
- Alcoholic Beverage	80,000	80,000	68,761	(11,239)
Assessments	-	-	-	-
Total from Casinos	<u>50,498,939</u>	<u>50,457,939</u>	<u>46,765,091</u>	<u>(3,692,848)</u>
Other Sources				
Licenses - Casino Employees	1,004,960	1,004,960	1,164,784	159,824
- Casino Service Industry	606,228	606,228	998,726	392,498
Equipment Prototype Testing	2,412,617	2,412,617	2,409,629	(2,988)
Other Revenues	26,220	26,220	58,947	32,727
Total from Other Sources	<u>4,050,025</u>	<u>4,050,025</u>	<u>4,632,086</u>	<u>582,061</u>
Investment Earnings	<u>20,000</u>	<u>18,000</u>	<u>10,837</u>	<u>(7,163)</u>
Total Revenues	<u>54,568,964</u>	<u>54,525,964</u>	<u>51,408,014</u>	<u>(3,117,950)</u>
<b>EXPENDITURES</b>				
Public Safety and Criminal Justice (Division of Gaming Enforcement)	47,320,203	47,113,691	44,810,582	2,303,109
Government Direction, Management, and Control (Casino Control Commission)	9,964,839	9,921,351	7,595,166	2,326,185
Total Expenditures	<u>57,285,042</u>	<u>57,035,042</u>	<u>52,405,748</u>	<u>4,629,294</u>
Net Change in Fund Balance	(2,716,078)	(2,509,078)	(997,734)	1,511,344
Fund Balance - July 1, 2011	<u>2,716,078</u>	<u>2,759,000</u>	<u>2,759,000</u>	<u>-</u>
Fund Balance - June 30, 2012	<u>\$ -</u>	<u>\$ 249,922</u>	<u>\$ 1,761,266</u>	<u>\$ 1,511,344</u>

**STATE OF NEW JERSEY  
CASINO CONTROL FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET-TO-GAAP RECONCILIATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Budgetary Basis - Net Increase (Decrease) in Fund Balances** **\$ (997,734)**

Differences - Budget to GAAP

Encumbrances for items ordered but not received are reported in the year the resources are encumbered for budgetary purposes, but in the year the items were received for GAAP purposes. \$ 395,112

Expenditures in prior fiscal year accounts are reported in the year the resources are encumbered for budgetary purposes, but in the year the funds are disbursed for GAAP purposes. (243,650)

Total Differences - Budget to GAAP 151,462

**GAAP Basis - Net Increase (Decrease) In Fund Balances** **\$ (846,272)**

## **SUPPLEMENTARY INFORMATION**

**STATE OF NEW JERSEY  
CASINO CONTROL FUND  
EXPENDITURE DETAIL  
FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

	2012		2011	
	PUBLIC SAFETY AND CRIMINAL JUSTICE	GOVERNMENT DIRECTION, MANAGEMENT, AND CONTROL	PUBLIC SAFETY AND CRIMINAL JUSTICE	GOVERNMENT DIRECTION, MANAGEMENT, AND CONTROL
<b>EXPENDITURES:</b>				
Salaries	\$ 28,543,369	\$ 3,988,978	\$ 25,786,756	\$ 13,980,338
Payroll Taxes and Employee Benefits	9,723,582	1,505,019	8,379,283	4,727,514
Printing and Office Supplies	192,173	85,876	128,283	114,123
Vehicular Supplies	329,584	-	278,238	-
Travel	112,549	8,660	99,056	7,101
Telephone	299,461	83,387	239,967	199,739
Data Processing	442,437	512,738	277,970	455,799
Professional Services	54,724	23,456	63,325	49,935
Other Services Other Than Personal	394,659	96,846	267,583	97,685
Rent-Facilities	2,428,466	1,385,252	2,281,689	1,385,887
Rent-Automobiles and Other	75,580	84,466	54,101	102,306
Indirect Costs	1,418,672	-	447,603	37,652
Improvements	847	-	-	-
Office Equipment	34,651	(4,413)	702	551
Vehicular Equipment	207,729	(3,285)	923,110	-
Other Equipment	213,850	14,973	270,445	27,678
<b>Total Expenditures</b>	<b>\$ 44,472,333</b>	<b>\$ 7,781,953</b>	<b>\$ 39,498,111</b>	<b>\$ 21,186,308</b>

Office of the State Auditor  
Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on  
an Audit of the Financial Statements of the  
State of New Jersey Casino Control Fund

For the Fiscal Year Ended  
June 30, 2012

SENATE

CHRISTOPHER J. CONNORS  
NIA H. GILL  
ROBERT M. GORDON  
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The Honorable Stephen M. Sweeney  
President of the Senate

The Honorable Sheila Y. Oliver  
Speaker of the General Assembly

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Office of Legislative Services

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of the State of New Jersey Casino Control Fund as of and for the year ended June 30, 2012, and have issued our report thereon dated July 26, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Casino Control Fund is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Casino Control Fund management's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion

on the effectiveness of the Casino Control Fund management's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Casino Control Fund management's internal control over financial reporting.

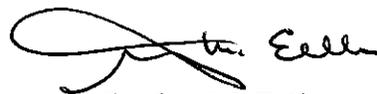
*A deficiency in internal control* exists when the design or the operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Casino Control Fund's financial statements are free of material misstatement, we performed tests of management's compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the legislature, and is not intended to be and should not be used by anyone other than these specified parties.



Stephen M. Eells  
State Auditor  
July 26, 2013

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Chris Christie  
Governor

*New Jersey  
Casino  
Control Commission*

Matthew B. Levinson  
Chairman/CEO

Sharon Anne Harrington  
Vice Chair

Alisa Beth Cooper  
Commissioner



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