

# New Jersey Casino Control Commission



**2010  
Annual Report**

**The 2010 Annual Report**

The  
2010  
Annual  
Report of the  
New Jersey  
Casino Control Commission



*Chris Christie  
Governor*

**New Jersey Casino Control Commission  
2010 Annual Report**

**Mission Statement**

In the year 2010, the Casino Control Commission administered the Casino Control Act and its regulations to assure the public trust and confidence in the credibility and integrity of the casino industry and casino operations. The Commission also supported the continued development of tourist and convention facilities in Atlantic City which contributes to the economic strength and viability of the tourist, convention and resort industry in the State of New Jersey.

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## Message from the Chair



If there is one thing that is constant in Atlantic City, it is change.

Certainly over the years the city's skyline has changed dramatically since New Jersey's voters voted to approve casino gambling back in 1976. Anyone who was around then can remember the old Marlborough-Blenheim, the President, the Ambassador, the Shelburne and other old hotels along the Boardwalk. All of them and plenty of other old buildings came down and made way for new buildings, including a number of casino hotels. A number of narrow pot-holed streets were converted to broad boulevards and unsightly slums were transformed into attractive new neighborhoods.

Of course, it wasn't just the physical landscape that has continuously changed; the competitive one has as well. Over the years, Atlantic City's gaming industry has gone from enjoying a monopoly in the eastern half of the United States to a fiercely competitive situation today with slot machines or full blown casinos in every neighboring state. Gamblers in the New York, Philadelphia and Baltimore metropolitan areas now have places a lot closer to home than Atlantic City is. The so-called "convenience gambler" has found more convenient places to go to gamble. Similarly, development of casino hotels in Macau and Singapore, as well as the new properties in Las Vegas, has made it harder for Atlantic City to attract the real high-end players. But all of that has spurred the industry here to reposition itself as a great place for restaurants, clubs, great shopping and entertainment.

The kind of games casinos offer have changed - from slot machines with spinning reels and a fixed number of symbols or just five table games that had been around for ages to slots with endless combinations and dozens of table games and variations on table games.

Look at some of the changes in 2010 alone. Five casino hotels changed hands during the year - the three Trump properties, the Tropicana and Resorts. The Commission granted interim casino authorization to new owners for all of those properties and, in the case of Tropicana, subsequently granted the new owners a plenary license. The Commission also approved a plan developed by the Division of Gaming Enforcement and MGM Mirage for the sale of that company's half interest in the Borgata and qualified a trustee to hold that interest until it is sold.

### Message from the Chair (Cont.)

Certainly the regulatory environment has changed enormously since Steve Lawrence rolled the dice to officially open Resorts International Hotel Casino. I would hardly know where to start, considering how many times the Casino Control Act was amended over almost three and a half decades. The list would start with legislation creating temporary permits back in 1978 to a bill authorizing smaller “boutique” casinos in 2010 which was signed into law in January 2011. Through the years, the Commission has changed along with everything else. Through the regulatory review process, all of the Commission’s regulations were updated, revised or repealed over the years as the agency focused its energies on its core mission and it gave operators more freedom to run their businesses. In fact, the Commission approved changes in its regulations at virtually every meeting in 2010, and most of those were to implement changes that the industry requested so that it could implement new technology, new software, new procedures and other changes that allowed them to function more effectively and efficiently in a constantly changing environment.

The one constant throughout 2010 and the entire history of the Commission is integrity. The principal charge for the Commission since its inception was to maintain integrity and maintaining integrity is the cornerstone of the regulatory system. As the Commission moves forward, it will continue to focus its efforts on insuring that the people who own and operate casinos in Atlantic City are honest people of good character with the highest levels of integrity.

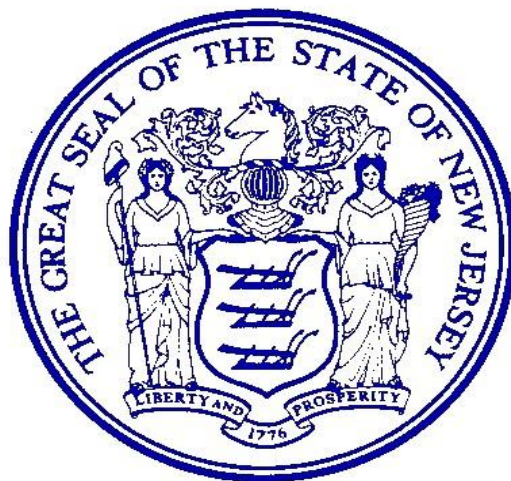
In closing, let me comment on the departure of two men who possessed that high level of integrity and who had a profound impact here at the Commission. The first is Commissioner William T. Sommeling who completed 10 years of service as a commissioner and left in December. He had a long career in law enforcement in Ocean County and also headed a casino surveillance department for a number of years. His insight and wisdom are already missed at the Commission. The other is Commissioner Michael C. Epps who left the Commission in early 2011 after serving nine years as a member of the Commission. An attorney and an Atlantic City native, his love affair with Atlantic City helped keep all of us focused on the role of casinos as a “unique tool of urban redevelopment.” Commissioner Epps decided to return to private practice. His wisdom and his wit were appreciated and enjoyed by all of us who served with him and the entire staff of the Commission.

*Linda M. Kasseker*



**CASINO  
CONTROL  
COMMISSIONERS**

LINDA M. KASSEKERT  
Chair  
EDWARD J. FANELLE  
Vice Chair  
SHARON ANNE HARRINGTON  
MICHAEL C. EPPS (resigned 03/2011)  
WILLIAM T. SOMMELING (term exp. 12/10)  
Commissioners



**2010 DIRECTORS**

DAVID L. SCANLAN  
Chief of Staff  
DIANNA W. FAUPTLEROY  
General Counsel  
LINDA A. BROOKS  
Division of Administration  
NOREEN N. IANNUZZI  
Division of Financial Evaluation  
JAMES E. FEHON  
Division of Compliance  
CHRISTOPHER D. STORCELLA  
Division of Licensing  
MARVIN ASKINS  
Affirmative Action Officer

**\*2011 DIRECTORS**

DAVID L. SCANLAN  
Chief of Staff  
DIANNA W. FAUPTLEROY  
General Counsel  
JAMES E. FEHON  
Division of Regulatory Affairs

**\*The Commission staff was reorganized in March 2011.**



**LINDA M. KASSEKERT**  
*Chair*

Linda M. Kassekert was appointed Chair of the New Jersey Casino Control Commission in November 2002 and reappointed by Governor Corzine to a second five-year term in June 2007. Her tenure on the Commission has coincided with significant changes in Atlantic City and the gaming industry.

Consistent with the tone established by her predecessors, Chair Kassekert is committed to ensuring the integrity of the industry while promoting growth and development of the gaming industry and its venues for entertainment and is equally committed to ensuring Atlantic City's competitive edge in the face of growing competition.

Chair Kassekert serves as the Commission's representative on the Casino Reinvestment Development Authority and holds a board membership on Cooper Hospital Health Systems. Chair Kassekert was the first woman to be named chair of the Commission. Chair Kassekert was the recipient of *Casino Enterprise Management* magazine's 2005 Great Women of Gaming Award.

Prior to joining the Commission, Chair Kassekert was the Associate Director of Government Relations for the New Jersey Education Association and also had 12 years of experience in various positions in state and county government. While at the NJEA, Chair Kassekert served as a lobbyist for the 179,000-member labor union which represents active and retired teachers and other professionals in the education community in the state.

Chair Kassekert spent a year as an Assistant County Counsel in Camden County in 1994 and 1995. In that position she represented the county in the state courts in litigation dealing with employment law, contracts and other governmental matters. She also represented the county on a variety of matters before bodies such as the State Merit System Board, the Office of administrative Law and the State Public Employees Relations Commission. Between 1990 and 1994, Chair Kassekert was the Deputy Commissioner in the New Jersey Department of Personnel in Trenton and served for a period as Acting Commissioner.

Chair Kassekert holds a Bachelor of Science degree in political science from Gettysburg College, a master's degree in public policy from Rutgers University and a law degree from Widener University School of Law. She is admitted to practice law in New Jersey and Pennsylvania.

A native of Maple Shade, she currently lives in Pennsauken.



**EDWARD J. FANELLE**  
*Vice Chair*

Edward J. Fanelle was appointed to the Casino Control Commission by Governor Jon Corzine and was sworn in on Feb. 1, 2010.

Prior to joining the commission, Commissioner Fanelle served as Director of Communications/911 and as the Director of Public Safety for Camden County. As Director of Public Safety, he coordinated fire and emergency medical services throughout Camden County, and for most of the municipal police departments in the county. He oversaw the County Fire Marshall's Office, Regional Emergency Training Center, County Park Police, Juvenile Detention Center, Communications Center and Office of Emergency Management. He previously worked for the R.E. Pierson Construction Company in Pilesgrove as its Human Resource Manager-EEO Officer where he administered all human resource functions for a staff of approximately 600 union and non-union employees.

Commissioner Fanelle is a 25-year veteran of the New Jersey State Police. Prior to his retirement in 2007 with the rank of captain, he served as the Personnel Officer for State Police. He provided executive leadership over a number of areas including long-range planning and best-practices identification, as well as providing cross-functional management leadership to a bureau that provides human resource services to 4,600 State Police employees. While there, he received a "Colonel's Commendation" for development of the Compliance Unit which monitored sick leave abuses and led to a savings of \$2.4 million in a one-year period.

Between 1987 and 2002, Commissioner Fanelle headed the State House Complex Security Unit which provides security for the governor, the legislature and state employees who work in the Capitol Complex. He developed and implemented structural and electronic security systems for the State House and the State House Annex and developed training programs for more than 300 security guards throughout the Capitol Complex.

Commissioner Fanelle received a bachelor's degree in political science from York College in York, PA. He lives in Woolwich, NJ with his wife and two sons.



**SHARON ANNE HARRINGTON**  
*Commissioner*

Sharon Anne Harrington was appointed 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.

Commissioner Harrington was the State Director for U.S. Senator Frank R. Lautenberg and 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 is also a member and past chairperson of the New Jersey State Council on the Arts. She served as a member of the State Ethics Commission. She has a long-standing history of public service having served as the Public Member to the New Jersey Cemetery Board (1981-1983), the Urban Enterprise Zone Authority (1984 -1990) and the New Jersey State Council on the Arts (1990-1996; 2002-2010). Harrington also served as a Board member for the New Jersey Symphony Orchestra, the New Jersey Shakespeare Festival, Passage Theater, 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.



**MICHAEL C. EPPS**  
*Commissioner*

Commissioner Michael C. Epps was appointed to the Casino Control Commission by Acting Governor Donald DiFrancesco and was sworn into office on January 4, 2002. In December 2006, Gov. Jon S. Corzine reappointed Commissioner Epps to a second five-year term. In 2005 Commissioner Epps served as Vice Chair of the Commission. The Commissioners elected him to serve again as Vice Chair in 2009.

Prior to his appointment, Commissioner Epps served as general counsel for the Atlantic City Board of Education. In that capacity, he was responsible for drafting and reviewing contracts, bids and proposals for the school board and for handling litigation in the Superior Court, Office of Administrative Law and before the Commissioner of Education. In addition, his responsibilities included ensuring that the board complied with all relevant state statutes. Prior to joining the Board of Education, Commissioner Epps was an associate with the law firms of Horn, Goldberg, Gorney, Plackter, Weiss & Perskie in Atlantic City and the Absecon firm of Savio, Reynolds & Drake.

The first Atlantic City native to serve on the commission, Commissioner Epps, a graduate of Atlantic City High School, earned a Bachelor of Science degree in journalism from the University of Maryland in 1988. He graduated from the Howard University School of Law in 1994 and was admitted to the New Jersey Bar that same year. He is also admitted to the bar in Pennsylvania.

Commissioner Epps is a member of the American, New Jersey and Atlantic County Bar Associations. He serves as a Commissioner on the Atlantic County Utilities Authority, sits on the Advisory Board of the First Tee of Greater Atlantic City, and serves as the Commission's representative on the board of the Atlantic City Special Improvement District. He is also a member of the Vincent S. Haneman American Inns of Court, Omega Psi Phi Fraternity Inc. and legal fraternity Sigma Delta Tau.

Commissioner Epps left the Commission in early 2011, after nine years of service to return to private practice.



**WILLIAM T. SOMMELING**  
*Commissioner*

Commissioner William Sommeling was appointed to the Casino Control Commission by Governor Christine Todd Whitman in November, 2000. He served as vice chair during 2004. He was reappointed by Gov. Richard Codey in 2005. His term expired in 2010.

Prior to joining the commission, he served as Undersheriff in Ocean County for 11 years and has more than 35 years of experience in law enforcement. As Undersheriff, Commissioner Sommeling was responsible for much of the day-to-day management and operation of the Sheriff's Office.

Commissioner Sommeling started his career in public service when he went to work for the city of Seaside Heights in 1955. He served in the Police Department there as patrolman, investigator, undercover agent and sergeant until 1967 when he moved to the larger Dover Township Police Department. He also rose to the rank of sergeant thereafter serving as a patrolman, detective, and investigator. He also was the department's planning officer and project director for several programs that were funded through state and federal grants. In both municipalities, he did extensive undercover work on narcotics cases. He was also assigned to the Ocean County Prosecutor's Office and served as the Deputy Director of the Ocean County Narcotics Bureau where he was in charge of all of its field operations.

After leaving the police department in 1981, Commissioner Sommeling held several positions in casino surveillance departments in Atlantic City. He was a surveillance shift supervisor and monitor room manager at the Claridge Casino Hotel in 1981-1982. He then joined the Tropicana Hotel Casino as assistant director of surveillance and was promoted to director of surveillance in 1984. He remained with Tropicana until 1989 when he was appointed Undersheriff in Ocean County.

Active in politics for years, Commissioner Sommeling was the president and chairman of the board of trustees of the Toms River Regular Republican Organization. He also has served as a member of the Dover Township Committee, chairman of the Dover Township Board of Adjustment and the Dover Township Municipal Utilities Authority and was a member of the Ocean County Utilities Authority and chaired its Administration Committee.

Commissioner Sommeling graduated from Trenton State College with a degree in criminal justice and received a masters in administration from Rider University. He also received an associate's degree from Ocean County College, a certificate in Police Science and Administration from Temple University and completed post graduate courses at Cornell University and the University of Virginia. He also received professional training at the New Jersey State Police Academy, the FBI National Academy and the National Sheriff's Institute and attended numerous other courses offered by state and national law enforcement agencies. He also served in both the New Jersey National Guard and the United States Marine Corps Reserves. Commissioner Sommeling is or has been active in a number of professional and civic organizations, including: International Association of Chiefs of Police, National Sheriff's Association, United States Marine Corps League, New Jersey State PBA, Police Superior Officer's Association, American Society of Industrial Security, FBI National Academy Association, Lambda Alpha Epsilon, Toms River Yacht Club, Emerald Society of New Jersey and Ducks Unlimited.

## Operations of the Commission



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## Chief of Staff's Office

The Chief of Staff reports directly to the Chair. The primary responsibility of the Chief of Staff is to ensure that the Commission functions effectively. The Chief of Staff directs strategic planning, agency-wide policy development and the implementation of plans and policies. The Commission's budget process and all administrative matters for the division directors are also handled by this office.

The Public Information Officer reports directly to the Chief of Staff and is responsible for media relations for the Commission. Detailed information on the regulatory system, the casino industry and the impact of casino gaming on the City of Atlantic City and the state is provided through the Public Information Officer.

In 2010, the Community and Employee Events Unit also reported to the Chief of Staff. This unit coordinated employee events and prepared publications for internal and external distribution.

### CCC Soup-A-Thon Benefiting Haiti Relief January 27, 2010



## The Chief of Staff Year in Review:

- ▶ Continued the Commission's efforts to find efficiencies throughout the agency and streamline services to the casino industry and the public;

- ▶ Expanded access to gaming-related data, financial reports and other information and documents often requested by the public, the gaming industry, other national and international gambling jurisdictions and financial sector representatives;

- ▶ Prepared a myriad of reports, presentations and speeches for the chair and commissioners of the agency. This information is often presented to college, business and law school classes, community groups, industry conferences and the investment community;

- ▶ Handled more than 2,000 inquiries from the public, news media outlets, public officials and others about a wide range of topics dealing with the Casino Control Commission, commission decisions, the Casino Revenue Fund, the gaming industry and Atlantic City;

- ▶ Responded to OPRA (Open Public Records Act) requests seeking access to copies of public documents, including petitions, rulings, transcripts, opinions, reports and others;

- ▶ Continued to work with all the divisions of the Commission to update the Commission's website with new and revised statistics and information in a timely manner;

- ▶ Organized two (2) American Red Cross Blood Drives and held a soup-a-thon which raised money for Haiti Relief through the American Red Cross; and

- ▶ Instituted a new monthly awards program to recognize the "VALUE" of Commission employees. Recipients from July through November 2010 were: Indra Quareeb, John M. Williams, Daryl Nance, Leonora Humphreys and Bernadette Fridgen.

## Office of the General Counsel

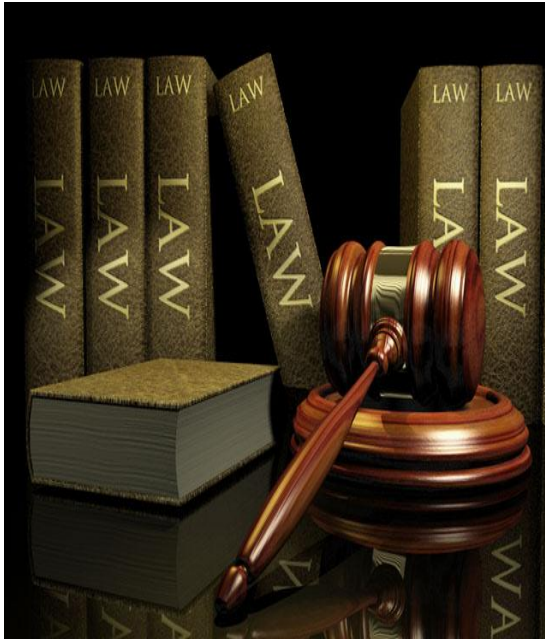
In 2010, the General Counsel's Office, also known as the Legal Division, was composed of three work units: the Licensing Unit, the Compliance Unit and the Casino Licensing and Regulatory Affairs Unit, which included the Administrative Practices Unit.

The Licensing Unit advised the Commission on the majority of the agency's contested cases.

The Compliance Unit was responsible for providing legal advice to the Commission and to the Operations and Inspections Unit of the Compliance Division on matters relating to accounting and internal controls, gaming equipment, the rules of the games, and casino floor expansions.

The Casino Licensing and Regulatory Affairs Unit handled all casino licensing and renewals, and was the unit primarily responsible for reviewing all regulatory proposals.

The Administrative Practices Unit coordinated preparation of the public meeting agenda, notices and minutes as well as access to public records.



### **During the past year, the Casino Licensing and Regulatory Affairs Unit advised the Commission on a variety of complex and challenging matters:**

▶ The petition of Tropicana AC and its parent company for interim casino authorization and for plenary qualification which included consideration of a material debt transaction, discontinuation of Adamar's conservatorship and related challenging first impression issues;

▶ The Chapter 11 reorganization plan for Trump Entertainment and the petition for interim casino authorization and qualifications by affiliates of the Avenue Capital Group, former bondholders who, as a result of the Trump bankruptcy reorganization, became equity owners of the three Trump casino licensees;

▶ The petition of DGMB Casino, LLC for interim casino authorization as the new owner of Resorts Casino Hotel and the request to approve an operating agreement by which Gomes Gaming, NJ, LLC would manage the casino hotel facility;

▶ The Petition of Marina District Development Company, LLC, d/b/a Borgata Hotel Casino & Spa, for renewal of its Casino License, Casino Hotel Alcoholic Beverage License and other related relief, including consideration of two material debt transactions;

▶ The request to approve a settlement between the Division of Gaming Enforcement and MGM resolving issues raised by the Division in its May 2009 Special Report of the Division of Gaming Enforcement to the Casino Control Commission on Its Investigation of MGM MIRAGE's Joint Venture with Pansy Ho in Macau, Special Administrative Region, People's Republic of China, which included consideration of a Divestiture Trust, Trustagreement and approval of former Supreme Court Justice, the Honorable James R. Zazzali, as Trustee; and

▶ The maintenance of the official records of the Commission and responding to 125 requests for information and/or documentation under the Open Public Records Act and the Freedom of Information Act.

## Office of the General Counsel (cont.)

### **The Licensing Legal Advisory Unit met the challenges of 2010 resourcefully and successfully as it assisted the Commission:**

▶ During the rendering and consideration of the Initial Decision granting a non-gaming casino service industry enterprise license to Bayshore Rebar, Inc. after the conclusion of proceedings that extended over a year;

▶ During a variety of other contested license proceedings, in which commissioners serve as quasi-judicial hearing officers, which resulted in the issuance of Initial Decisions in the matters of State v. Baskerville; State v. Stetz; State v. Doeblner; State v. Bond Mortgage; State v. Dennis; and State v. Chee;

▶ During consideration of the petition of Sportech Racing, PLC for various qualification waivers and declaratory relief in connection with its application for a gaming-related casino service industry enterprise license as a result of its purchase of Scientific Games Racing, LLC, the sole provider of simulcasting and hub facility services to casino licensees;

▶ As it handled numerous petitions from various casino service industry enterprises seeking a variety of relief; and

▶ As it opened 375 contested license and casino violations cases and closed 456 contested matters.

### **During the past year, the Compliance Unit – Legal assisted the Commission by drafting and streamlining regulations to permit:**

▶ Destruction of redeemed, verified and cancelled gaming vouchers immediately after the completion of all audits, eliminating the former 7-day storage period;

▶ Elimination of the requirement that most floor plans be “sealed” by the architect; expand the range of casino personnel allowed to participate in bill validator drops;

▶ Affiliated casinos to share personal identification number (PIN) information so that patrons are no longer required to re-enter PIN information at each property;

▶ Pit redemption of counterchecks thereby allowing patron to redeem a countercheck with gaming chips at the pit rather than the cage;

▶ Validation of coupons by a gaming voucher system;

▶ Issuance of a cash complimentary as an electronic slot credit;

▶ Permit testing of a new table game that permits up to three different games to be played at alternate times via interchangeable layout inserts; and

▶ Testing of slot machines and related equipment on the casino floor;

▶ A variety of new games, game variations and new wagers such as new rules for “Mini-Tex 3 Card Hold’Em”, “Seven-Card Stud Low”, a variation of seven-card stud poker, “Blackjack Switch”, “In Between Wager”, an additional optional blackjack wager and “6 Card Bonus”, an optional wager in three card poker, new game “Crazy 4 Poker”; new game “Total Craps”; and “EZ Baccarat”, a no vigorish variation of baccarat;

▶ A \$.25 “hand fee” in the game of blackjack at tables with a minimum wager of \$5.00 or less, which was requested by Resorts;

## Office of the General Counsel (cont.)



### **The unit also advised and assisted the commission on:**

- ▶ Approvals need for expansions and reconfigurations of the casino floors;
- ▶ Proposed transfers of progressive slot jackpots;
- ▶ Inquiries from Commission Inspectors regarding incidents and issues in the casino hotels;
- ▶ Approval of a multi-casino Bad Beat Jackpot for Harrah's Bally's Caesars and Showboat;
- ▶ Approval of noncashable electronic slot credits for Harrah's Bally's Caesars and Showboat;
- ▶ Request to permit employees of Caesars Entertainment Inc. to create and load computer code for its casino licensees and to permit it to revise and consolidate its IT Help Desk staffing and procedures; and
- ▶ 335 patron complaints, primarily involving rules of the games, complimentary items, advertising and promotions, a number of which were referred to the Division of Gaming Enforcement for further investigation.

## Division of Administration

In 2010, the Division of Administration encompassed four units: the Administrative Operations Unit, the Budget and Fiscal Office, the Human Resources Unit, and the Information Technology Unit.

The Administrative Operations Unit was the organizational hub of the Agency, and managed the Commission's incoming and outgoing mail, transportation, central files, document receipt and processing, building security, and all facilities operations.

The Budget and Fiscal Office was responsible for the Commission's annual budget, purchasing, and agency fiscal operations services.

The Human Resources Unit was responsible for all personnel and employee services, including recruitment, timekeeping, employee benefits, compensation and classification, and for the maintenance and storage of personnel records. It also ensured agency compliance with all Civil Service Commission requirements and directives.

The Information Technology Unit delivered agency-wide technology services, including computer infrastructures, telecommunications, and eGovernment initiatives.



## The Division of Administration Year in Review:

- ▶ Cross-trained several employees in order to reduce overtime and address staffing shortages;
- ▶ In compliance with Executive Order #6, identified and designated essential attendance employees and developed an essential employee attendance plan;
- ▶ To comply with the Family Medical Leave Act, Leaves of Absence policy and procedures were revised;
- ▶ As part of the State's Title Consolidation Project, worked with the Civil Service Commission to identify and eliminate dormant position titles;
- ▶ Due to the continued reduction in staffing levels, the Agency disconnected sixty telephone lines;
- ▶ Through attrition, overall staffing levels of the Commission decreased from 283 to 268, saving the agency in salaries and fringe benefits costs \$1.8 million or 7.6% of total authorized spending;
- ▶ For the fiscal year ending June 30, 2010, the agency under-spent its budget by \$2.2 million or 8% of the total budget resulting in reductions in the following areas: 1) 20% in supplies; 2) 12% in services; 3) 9% in building and vehicle maintenance and parking; and 4) 63% in equipment;
- ▶ Enhancements to the Enterprise License System were made to further increase efficiency. Financial files that are sent by casinos can now be processed via Secure File Transfer Protocol. Changes were also implemented to the Transactional Waiver process for gaming-related vendors; and
- ▶ Commission technical staff made major modifications to several key applications, including the Financial Evaluation System, the Time & Expense Application, the Billing System, and the Employee License System.

## Division of Compliance

In 2010, the Division of Compliance consisted of a Director's Office and two operating units – the Casino Operations Unit and the Inspection Unit. The Division of Compliance was the largest division in the Commission, comprising over half of the agency's work force.

The Casino Operations Unit was responsible for assuring that each casino licensee established adequate internal controls over gaming operations and was in compliance with pertinent sections of the Casino Control Act and related regulations. The unit also reviewed submissions seeking approval of new gaming equipment, new games and new rule options on existing games, and provided expert advice regarding matters concerning internal controls.

The Inspection Unit was the most visible unit within the Commission with its Inspectors present in the casinos 24 hours a day, seven days a week. The primary responsibility of the Principal Inspectors and Inspectors assigned to each casino was to ensure the integrity of casino operations by monitoring gaming activities and certifying all gaming revenue. In addition, they received complaints from the public related to the conduct of gaming and simulcast wagering operations.



## The Division of Compliance Year in Review:

- ▶ Reviewed more than 1,750 internal control submissions;
- ▶ In cooperation with the Division of Gaming Enforcement's Technical Service Bureau, approved more than 1,100 slot machine and slot system prototype modifications, including scripts to expire gaming vouchers issued prior to April 8, 2009 which expired April 8, 2010, and a multi-player electronic horse wagering slot system;
- ▶ Approved software, printer and internal control procedures for casinos to generate gaming vouchers from the cashiers' cage to be used in slot machines;
- ▶ Approved more than 375 software change control notices as part of a review of casino computer systems;
- ▶ Approved a Multi-Casino Bad Beat Progressive Poker System for the four Harrah's Entertainment properties, which awarded a prize over \$535,000 in August;
- ▶ Provided assistance in developing a draft proposal for legislative amendments to the Casino Control Act in response to the report of the Governor's Advisory Commission on New Jersey Gaming, Sports and Entertainment;
- ▶ Responded to information technology issues and problems raised by the casino industry such as back-up and purge procedures, software code upgrades, VPN connections, network designs and fixes for technical problems;
- ▶ Approved a casino operational plan and related internal controls for the transition of Resorts to its new owners DGMB Casino LLC;
- ▶ Participated in the industry's on-going request for regulatory review, which resulted in several regulatory amendments with a major focus on providing more efficient table game operations, including reduced staffing, a new style of table game wagering coupons, pit redemption of counter checks and alternate table inventory containers with a section for reserve chips to assist in reducing the number of fills needed;
- ▶ Approved several new gaming chips including a \$25,000 gaming chip for Harrah's and sample primary and secondary color approvals for GEMACO to manufacture gaming chips;

## Division of Compliance (cont.)

- ▶ Approved forfeiture internal control procedures to account for winnings from prohibited patrons, e.g., minors;
- ▶ Approved more efficient methods for casinos to service patrons, such as, self-serve kiosks to print gaming and non-gaming complimentarys and the ability to share a loyalty card access code among affiliated casinos;
- ▶ Approved the use of the iDeal automated shuffler and iVerify display for use at all four Harrah's Entertainment properties;
- ▶ The Inspection Unit accepted 335 formal complaints from gaming patrons and reported a total of 1,207 incidents that were resolved by casino management;
- ▶ Principal Inspectors approved approximately 1,145 gaming-related submissions and petitions during the year, including more than 159 amended Certificates of Operation;
- ▶ There were more than 72,000 Activity Reports generated by inspectors, which documented activities involving casino personnel, the public and the Division of Gaming Enforcement; and
- ▶ The Commission's Inspection staff was present during two major snowstorms in February to ensure all regulatory functions were conducted, including the certification of gross revenue.

### Noteworthy events at casinos throughout the year 2010:

#### ▶ Atlantic City Hilton Casino Resort

- Hilton began offering 10x odds on pass line and come bets at its craps tables.
- The Hilton Beach Bar continued to be a popular summer location.
- In October, photography session held on the casino floor for *Lifestyles Network Magazine*.

#### ▶ Bally's Atlantic City

- Began using an automated dealing iShoe and iScore monitor at the game of Mini-Baccarat.

- Implemented several Certificate of Operation changes in the Wild West area of the casino, including a new gaming pit, new western themed layouts and the discontinuance of simulcast operations.
- Offered various entertainments on the casino floor in the Wild West area of the casino, including a "Rock Band" video contest and Beer Pong Tournaments.
- In May, re-opened its Beach Bar as Sammy Hagar's Beach Bar.

#### ▶ Borgata Hotel Casino & Spa

- In September, held the Borgata Poker Open tournament.
- Throughout the year, held several photography sessions on the casino floor.
- Streamlined various gaming equipment transactions including a revised stratification plan for the inspection of used cards by security and a new method to seal poker set-ups after use and inspection.

#### ▶ Caesars Atlantic City

- Throughout the year, held several photography/filming sessions on the casino floor, for magazine layouts for *Philadelphia Inquirer* and *Business Week*, and sessions filming cast members of the HBO Boardwalk Empire show and Good Morning America filming George Stephanopoulos playing poker against Anne Duke.
- Temporarily converted the Brigantine Room and Ballroom A to simulcast facilities for the Kentucky Derby.
- Began using HBO Boardwalk Empire table game blackjack layouts.
- In August, implemented the new game Mississippi Stud Poker.
- In December, opened a new Toga Party Pit on the casino floor.

#### ▶ Harrah's Casino Hotel

- Throughout the year, held several photography/filming sessions on the casino floor, including Fox News, Good Morning America, the Department of Homeland Security, CNN, and a photo shoot of Lindsay Lohan playing craps.

## **Division of Compliance (cont.)**

- Introduced a new \$25,000 value gaming chip.
- Implemented a new digital recording surveillance system. All cameras are being recorded on the new system.

### **▶ Resorts Casino Hotel**

- In February, started an experiment by offering \$2 Blackjack tables with a \$.25 hand fee. The experiment proved to be successful and several casinos followed by offering \$1 and \$2 Blackjack tables, with a \$.25 hand fee as a way to attract the novice player to table games.
- Each month, in April thru November, Resorts offered various Blackjack, Craps and Slot Promotions each with a prize of \$15,000.
- Resorts conducted several photography sessions on the casino floor, including a TV series starring Jimmy Smits, NBC film and the show Jerseylicious.
- The most significant event occurred in December, when Resorts Casino Hotel was purchased by Casino Executive Dennis Gomes and New York Real Estate investor Morris Bailey with plans to bring Resorts back to a thriving resort, in part, by capitalizing on the success of the HBO series Boardwalk Empire and the Roaring Twenties theme.

### **▶ Showboat Casino Hotel**

- In February, implemented a Certificate of Operation amendment that decreased the casino floor space to make room for a Johnny Rockets restaurant, which opened in August and created an entertainment area on the casino floor for DJ's, bands and portable bars.
- Opened a "Backstage" party pit using dealer/entertainers on table games.
- Held several photography sessions on the casino floor including the filming of entertainer George Thorogood playing Blackjack in the "Backstage" party pit.

### **▶ Tropicana Casino and Resort**

- Throughout 2010, held several photography sessions on the casino floor for promotional commercials and a movie.
- Throughout the year, held several tournaments including, Slots, Blackjack and Three Card Poker.
- A poker patron suffered a heart attack and a Commission Inspector assisted in providing CPR on a patron until paramedics arrived on the scene.
- In September, conducted instructional table gaming sessions on the casino floor to assist novice table game players and to promote cross-over play from its slot patrons.

### **▶ Trump Marina Hotel Casino**

- In April, the Governor's Conference on Tourism was held with Casino Control Commissioners in attendance.
- In June, the Trump Marina celebrated its 25<sup>th</sup> anniversary.

### **▶ Trump Plaza Hotel Casino**

- In July, a major air conditioning malfunction occurred which forced the temporary closure of the casino on July 16, 2010. The Commission Inspection staff monitored the closing and ensured all gaming assets and gross revenue were properly secured and accounted for throughout the crisis.

### **▶ Trump Taj Mahal Casino Resort**

- In April, the Taj Mahal celebrated its 20<sup>th</sup> anniversary with various entertainment, promotions and commemorative \$5 and \$25 gaming chips.
- Implemented a Chinese version of its Gaming Guide for all versions of Baccarat including the new version of EZ Baccarat.
- Hosted the first National Deaf Poker Tournament.
- In June, Taj Mahal's Bad Beat Progressive Poker Jackpot was awarded for \$619,000.
- Began offering \$2 Blackjack gaming tables with a \$.25 hand fee.

## Division of Financial Evaluation

In 2010, the Division of Financial Evaluation consisted of three units: the Financial Evaluation Unit, the Revenue Unit, and the Audit Unit. The Financial Evaluation Unit provided expert advice and consultation to the Commissioners on all matters of a financial or economic nature. The Revenue Unit collected all taxes and fees required by the Casino Control Act, and the Audit Unit certified gross revenue and ensured the sufficiency of other tax payments to the Casino Revenue Fund.

## The Division of Financial Evaluation Year in Review:

▶ Provided oversight to more than \$385 million in casino-related remittances that were made to the State of New Jersey during the 2010 fiscal year, including the following:

- \$278.1 million in Gross Revenue Tax and \$13.4 million in casino-related fees (Parking Fee, Casino Room Fee and Multi-Casino Progressive Slot Tax) that were used to fund programs that benefit the aged and disabled residents of the State.
- \$27.5 million in casino-related taxes that were forwarded to the Casino Reinvestment Development Authority to assist in the further redevelopment of Atlantic City and the State of New Jersey.
- \$64.1 million in licensing fees from casino operators, casino employees, and casino service industry enterprises that were deposited to the Casino Control Fund, which is the operating account for both the Commission and the Division.
- \$4.1 million in expired casino gaming vouchers that were deposited to the Casino Revenue Fund to provide additional funding for programs benefiting the senior and disabled residents of the State.
- \$771,619 in Commission imposed fines with \$600,000 provided for the Council on Compulsive Gambling and the remainder going to the Casino Revenue Fund.

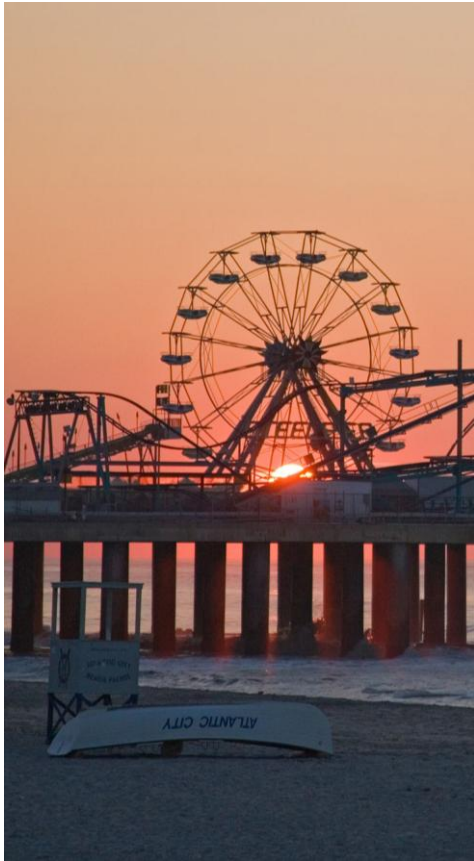
▶ On an ongoing basis, compiled the promotional gaming credit statistics, issued reports to the industry regarding gross revenue tax deductions, and audited the promotional gaming credit information;

▶ Monitored over 200 internal control submission changes that impacted gross revenue reporting and the Commission's audit program;

▶ Reviewed all notices of document destruction and provided expert guidance to the industry on record retention issues;

▶ Completed the required agency annual internal control review resulting in a clean audit report to the Office of Management and Budget (OMB);

## Division of Financial Evaluation (cont.)



▶ Continued to monitor post-close financial reporting issues for Pinnacle Entertainment;

▶ Prepared full financial stability reviews for the material debt transaction undertaken by Tropicana and the debt refinancing undertaken by Borgata during 2010; ▶ Monitored the ongoing financial stability of the sale of Resorts to Gomes Gaming;

▶ Monitored the financial situation at AC Hilton due to its debt default as well as Trump Entertainment due to its bankruptcy filing;

▶ Conducted auditing related to the Parking Fee, Hotel Room Fee, and Multi-Casino Progressive Slot Tax;

▶ Reviewed financial filings for regulatory compliance, maintained statistics in a database, and posted historical statistics to the Commission's web site;

▶ Compiled the statistics for the monthly and quarterly press releases that highlight casino win, gross revenue taxes, profitability, and hotel room information;

▶ Provided casino win and profitability analysis to the Commissioners, focusing on relevant trends and the financial outlook for casino licensees and their parent companies;

▶ Initiated analysis of non-gaming trends in the Atlantic City casino industry;

▶ Maintained the financial pages of the Commission's web site and posted monthly and quarterly financial reports to same;

▶ Compiled cost data and issued invoices to the industry to fully recover the \$68.0 million expenditures incurred by the Commission and Division in the performance of regulatory functions. This ensured that the cost of the State's regulation of casinos did not encumber general state tax revenues, being paid entirely by the casino industry itself; and

▶ Maintained accounting records for the Casino Control Fund in accordance with generally accepted accounting principles, which formed the basis for the preparation of comprehensive financial statements. These statements, accompanied by an independent auditor's report, are included at the end of this annual report.

## Division of Licensing

In 2010, the Division of Licensing, which consisted of four operating units, managed all aspects of casino employee and business enterprise licensing and casino hotel alcoholic beverage licensing.

The Employee License Unit was responsible for the licensing and registration of casino employees.

The Enterprise License Unit was responsible for the licensing of gaming and non-gaming related casino service industries and junket enterprises and the registration of vendors and labor organizations.

The Support Services Unit provided application support services to Division of Licensing staff and was the main repository for all active license application files processed by the Division of Licensing.

The Director's Office administered the division's daily operations and all aspects of casino hotel alcoholic beverage licensing.

## The Division of Licensing Year in Review:

- ▶ Processed more than 8,800 Employee initial, temporary and renewal applications, licenses and registrations;
- ▶ Issued approximately 5,600 Employee license credentials;
- ▶ Accepted over \$1,200,000 for Employee initial, renewal and miscellaneous fees;
- ▶ Handled over 4,000 revisions to Atlantic City casino licensee's jobs compendia, job descriptions and/or tables of organization structure;
- ▶ Processed 206 applications for the Self-Exclusion List, bringing the total number of Self-Exclusion applications to 1,419; and
- ▶ Authorized and monitored the service of alcoholic beverages in 11 casino licensees and 35 casino service industry alcoholic beverage licensees including the Beach Bar operations.



**Atlantic City Air show  
"Thunder Over The Boardwalk"**



## **Affirmative Action Officer**

The role of the Affirmative Action Officer is to ensure that the Commission adheres to all Federal and State laws and equal employment opportunity and affirmative action policies for the protection of all employees at the Commission.

### **The Affirmative Action Officer's Year in Review:**

Monitored and conducted Equal Employment Opportunity Exit Interviews of 14 staff of whom 3 (21%) were minorities and 5 (36%) were female who terminated their employment with the Commission during the year. Requested to review the State's on-line EEO training module and assumed the duties as back-up administrator for the Commission for the State's new Learning Management System (LMS) on-line training.

## Commission Statistics



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**THE NEW JERSEY CASINO INDUSTRY  
FACILITY STATISTICS  
AT DECEMBER 31, 2010 AND 2009**

	AC HILTON		BALLY'S AC		BORGATA		CAESARS	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>TABLE GAMES:</b>								
Blackjack	37	42	73	67	85	83	57	58
Craps	5	6	10	10	14	14	13	13
Roulette	7	7	21	21	21	21	16	16
Big Six	1	1	2	2	1	1	1	1
Baccarat	-	-	1	1	2	2	3	1
Minibaccarat	17	17	20	19	9	8	11	12
Sic Bo	1	1	1	1	-	-	1	1
Pai Gow Poker	4	4	8	8	6	6	6	6
Pai Gow	5	5	3	3	2	2	5	5
Poker	2	4	26	26	85	85	32	24
Caribbean Stud Poker	1	1	2	2	4	4	2	2
Let It Ride Poker	2	3	4	4	5	5	2	3
Spanish 21	2	2	8	7	5	5	5	6
Three Card Poker	6	8	15	15	16	16	8	10
Four Card Poker	1	1	6	6	4	4	4	3
Double Attack Blackjack	-	-	-	-	-	-	1	1
Texas Hold'Em Bonus Poker	-	-	3	4	4	4	2	3
Flop Poker	1	1	-	-	4	4	-	-
Asia Poker	-	-	2	2	2	3	2	2
Ultimate Texas Hold'Em	-	-	2	1	-	-	1	1
Winner's Pot Poker	-	-	1	2	-	-	-	-
Mississippi Stud (a)	-	-	-	-	-	-	1	-
Mini-Tex 3 Card Hold'Em (b)	-	-	-	-	-	-	-	-
Supreme Pai Gow (c)	-	-	-	1	-	-	-	-
<b>Total Table Games</b>	<b>92</b>	<b>103</b>	<b>208</b>	<b>202</b>	<b>269</b>	<b>267</b>	<b>173</b>	<b>168</b>
<b>KENO WINDOWS</b>	-	-	-	-	-	-	-	3
<b>SLOT MACHINES:</b>								
\$.01 and .02 Slot Machines	924	713	1,045	856	1,339	1,137	973	902
\$.05 Slot Machines	61	121	412	611	569	797	222	301
\$.25 Slot Machines	350	713	837	1,085	362	641	390	595
\$.50 Slot Machines	32	74	81	128	90	121	68	105
\$1 Slot Machines	218	260	351	386	233	260	306	337
\$5 Slot Machines	84	69	94	102	88	89	67	73
\$25 Slot Machines	6	6	18	20	20	20	18	16
\$100 Slot Machines	6	6	13	13	12	12	14	13
Multi-Denominational Slot Machines	133	266	553	426	712	795	412	425
Other Slot Machines	24	28	30	34	49	53	48	49
<b>Total Slot Machines</b>	<b>1,838</b>	<b>2,256</b>	<b>3,434</b>	<b>3,661</b>	<b>3,474</b>	<b>3,925</b>	<b>2,518</b>	<b>2,816</b>
<b>Casino Square Footage</b>	<b>75,416</b>	<b>75,416</b>	<b>167,209</b>	<b>147,381</b>	<b>136,667</b>	<b>136,667</b>	<b>111,812</b>	<b>111,453</b>
<b>Simulcast Square Footage</b>	<b>-</b>	<b>-</b>	<b>9,393</b>	<b>35,002</b>	<b>23,620</b>	<b>23,620</b>	<b>28,963</b>	<b>30,081</b>
<b>Number Of Hotel Rooms</b>	<b>809</b>	<b>809</b>	<b>1,748</b>	<b>1,751</b>	<b>2,769</b>	<b>2,769</b>	<b>1,141</b>	<b>1,141</b>
<b>Number of Parking Spaces</b>	<b>1,402</b>	<b>1,432</b>	<b>3,984</b>	<b>3,984</b>	<b>6,443</b>	<b>6,450</b>	<b>5,324</b>	<b>5,324</b>
<b>Property &amp; Equipment, Gross (\$ Millions)</b>	<b>\$ 42.3</b>	<b>\$ 35.9</b>	<b>\$ 846.4</b>	<b>\$ 832.0</b>	<b>\$ 1,783.8</b>	<b>\$ 1,771.7</b>	<b>\$ 830.1</b>	<b>\$ 852.8</b>

**THE NEW JERSEY CASINO INDUSTRY  
FACILITY STATISTICS  
AT DECEMBER 31, 2010 AND 2009**

	HARRAH'S		RESORTS		SHOWBOAT		TROPICANA	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>TABLE GAMES:</b>								
Blackjack	69	53	33	34	38	46	51	62
Craps	9	6	5	5	5	5	8	8
Roulette	12	12	9	9	9	9	15	17
Big Six	1	1	1	1	1	1	1	2
Baccarat	-	-	1	1	-	-	-	1
Minibaccarat	5	6	20	17	8	8	9	12
Sic Bo	-	-	-	-	-	-	-	-
Pai Gow Poker	3	3	1	1	3	3	2	4
Pai Gow	1	1	2	2	2	2	2	3
Poker	40	40	-	2	24	28	34	35
Caribbean Stud Poker	1	1	-	-	1	1	1	1
Let It Ride Poker	4	4	2	2	3	3	2	3
Spanish 21	1	1	3	3	1	1	4	5
Three Card Poker	10	10	5	5	7	7	8	11
Four Card Poker	2	2	-	-	1	1	2	2
Double Attack Blackjack	1	1	-	-	1	1	1	1
Texas Hold'Em Bonus Poker	1	1	1	1	-	1	2	3
Flop Poker	3	3	-	1	2	2	-	-
Asia Poker	-	-	-	-	-	-	-	-
Ultimate Texas Hold'Em	-	-	-	-	1	-	-	-
Winner's Pot Poker	-	-	-	-	-	-	-	-
Mississippi Stud (a)	-	-	-	-	-	-	-	-
Mini-Tex 3 Card Hold'Em (b)	-	-	-	-	-	-	-	-
Supreme Pai Gow (c)	-	-	-	-	-	-	-	-
<b>Total Table Games</b>	<b>163</b>	<b>145</b>	<b>83</b>	<b>84</b>	<b>107</b>	<b>119</b>	<b>142</b>	<b>170</b>
<b>KENO WINDOWS</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>SLOT MACHINES:</b>								
\$.01 and .02 Slot Machines	517	335	603	598	552	532	930	776
\$.05 Slot Machines	362	468	155	188	141	165	216	271
\$.25 Slot Machines	534	713	368	425	294	309	254	325
\$.50 Slot Machines	8	30	47	47	3	3	33	38
\$1 Slot Machines	191	314	163	179	173	160	207	236
\$5 Slot Machines	58	73	62	52	30	29	51	55
\$25 Slot Machines	16	16	9	10	3	3	15	15
\$100 Slot Machines	8	10	9	10	3	3	12	12
Multi-Denominational Slot Machines	1,145	1,161	775	827	1,441	1,636	1,103	1,383
Other Slot Machines	30	26	20	20	5	5	41	47
<b>Total Slot Machines</b>	<b>2,869</b>	<b>3,146</b>	<b>2,211</b>	<b>2,356</b>	<b>2,645</b>	<b>2,845</b>	<b>2,862</b>	<b>3,158</b>
<b>Casino Square Footage</b>	<b>177,001</b>	<b>172,655</b>	<b>99,030</b>	<b>99,029</b>	<b>122,454</b>	<b>123,378</b>	<b>138,130</b>	<b>135,795</b>
<b>Simulcast Square Footage</b>	<b>569</b>	<b>569</b>	<b>-</b>	<b>-</b>	<b>17,086</b>	<b>17,086</b>	<b>-</b>	<b>6,954</b>
<b>Number Of Hotel Rooms</b>	<b>2,590</b>	<b>2,590</b>	<b>942</b>	<b>942</b>	<b>1,331</b>	<b>1,331</b>	<b>2,129</b>	<b>2,129</b>
<b>Number of Parking Spaces</b>	<b>4,703</b>	<b>4,703</b>	<b>1,337</b>	<b>1,337</b>	<b>3,499</b>	<b>3,499</b>	<b>4,975</b>	<b>4,975</b>
<b>Property &amp; Equipment, Gross (\$ Millions)</b>	<b>\$ 1,453.9</b>	<b>\$1,448.3</b>	<b>\$ 21.9</b>	<b>\$ 2.3</b>	<b>\$ 669.5</b>	<b>\$ 666.4</b>	<b>\$ 196.8</b>	<b>\$ 694.0</b>

**THE NEW JERSEY CASINO INDUSTRY  
FACILITY STATISTICS  
AT DECEMBER 31, 2010 AND 2009**

	TRUMP MARINA		TRUMP PLAZA		TRUMP TAJ MAHAL		INDUSTRY TOTALS	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>TABLE GAMES:</b>								
Blackjack	28	29	30	30	62	62	563	566
Craps	5	6	4	4	12	12	90	89
Roulette	6	6	8	8	14	14	138	140
Big Six	-	-	-	-	1	1	10	11
Baccarat	-	1	-	-	-	1	7	8
Minibaccarat	11	7	9	9	14	10	133	125
Sic Bo	-	-	-	-	1	1	4	4
Pai Gow Poker	2	2	2	2	5	5	42	44
Pai Gow	1	2	2	2	3	3	28	30
Poker	-	-	-	-	63	70	306	314
Caribbean Stud Poker	1	1	-	-	2	2	15	15
Let It Ride Poker	2	2	2	2	3	3	31	34
Spanish 21	3	3	3	3	3	4	38	40
Three Card Poker	5	5	6	6	8	8	94	101
Four Card Poker	1	1	2	2	2	2	25	24
Double Attack Blackjack	-	-	-	-	1	1	5	5
Texas Hold'Em Bonus Poker	-	1	2	2	2	2	17	22
Flop Poker	1	1	-	-	-	-	11	12
Asia Poker	-	-	-	1	1	1	7	9
Ultimate Texas Hold'Em	1	2	-	-	-	-	5	4
Winner's Pot Poker	-	-	-	-	-	-	1	2
Mississippi Stud (a)	1	1	-	-	-	-	2	1
Mini-Tex 3 Card Hold'Em (b)	1	1	-	-	-	-	1	1
Supreme Pai Gow (c)	-	-	-	-	-	-	0	1
<b>Total Table Games</b>	<b>69</b>	<b>71</b>	<b>70</b>	<b>71</b>	<b>197</b>	<b>202</b>	<b>1,573</b>	<b>1,602</b>
<b>KENO WINDOWS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>6</b>	<b>9</b>
<b>SLOT MACHINES:</b>								
\$.01 and .02 Slot Machines	611	560	611	558	1,112	1,030	9,217	7,997
\$.05 Slot Machines	214	264	152	170	199	243	2,703	3,599
\$.25 Slot Machines	360	404	455	515	521	679	4,725	6,404
\$.50 Slot Machines	39	50	70	79	23	37	494	712
\$1 Slot Machines	212	233	149	203	338	370	2,541	2,938
\$5 Slot Machines	48	48	39	55	74	78	695	723
\$25 Slot Machines	10	10	12	13	12	15	139	144
\$100 Slot Machines	5	5	6	6	23	23	111	113
Multi-Denominational Slot Machines	230	225	150	142	476	488	7,130	7,774
Other Slot Machines	16	16	64	67	31	33	358	378
<b>Total Slot Machines</b>	<b>1,745</b>	<b>1,815</b>	<b>1,708</b>	<b>1,808</b>	<b>2,809</b>	<b>2,996</b>	<b>28,113</b>	<b>30,782</b>
<b>Casino Square Footage</b>	<b>78,535</b>	<b>78,535</b>	<b>86,923</b>	<b>86,923</b>	<b>149,239</b>	<b>149,445</b>	<b>1,342,416</b>	<b>1,316,677</b>
<b>Simulcast Square Footage</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,483</b>	<b>12,483</b>	<b>92,114</b>	<b>125,795</b>
<b>Number Of Hotel Rooms</b>	<b>728</b>	<b>728</b>	<b>906</b>	<b>906</b>	<b>2,010</b>	<b>2,010</b>	<b>17,103</b>	<b>17,106</b>
<b>Number of Parking Spaces</b>	<b>2,986</b>	<b>2,986</b>	<b>2,618</b>	<b>2,618</b>	<b>5,616</b>	<b>5,616</b>	<b>42,887</b>	<b>42,924</b>
<b>Property &amp; Equipment, Gross (\$ Millions)</b>	<b>\$ 35.0</b>	<b>\$ 25.6</b>	<b>\$ 63.4</b>	<b>\$ 32.8</b>	<b>\$ 370.4</b>	<b>\$ 1,230.7</b>	<b>\$ 6,313.5</b>	<b>\$ 7,592.5</b>

**THE NEW JERSEY CASINO INDUSTRY  
GROSS REVENUE STATISTICS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009  
(\$ IN THOUSANDS)**

<u>Casino Hotel</u>	<u>Casino Win</u>	<u>Daily Average 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>
<i>AC Hilton</i>							
2010	\$ 163,650	\$ 448	\$ -	\$ 16,762	\$ 146,888	\$ 11,751	4.6%
2009	\$ 192,012	\$ 526	(12)	\$ 14,569	\$ 177,455	\$ 14,196	4.9%
<i>Bally's Atlantic City</i>							
2010	426,005	1,167	-	38,340	387,665	31,013	12.0%
2009	474,346	1,300	-	32,042	442,304	35,384	12.0%
<i>Borgata</i>							
2010	647,670	1,774	-	50,667	597,002	47,760	18.2%
2009	695,331	1,905	(1)	39,847	655,484	52,439	17.6%
<i>Caesars</i>							
2010	408,730	1,120	(79)	36,357	372,452	29,796	11.5%
2009	460,209	1,261	(35)	30,005	430,239	34,419	11.7%
<i>Harrah's Marina</i>							
2010	453,471	1,242	(4)	36,090	417,385	33,391	12.7%
2009	488,479	1,338	-	28,632	459,847	36,788	12.4%
<i>Resorts (a)</i>							
2010	154,493	423	-	12,010	142,483	11,399	4.3%
2009	191,676	525	119	13,492	178,065	14,245	4.9%
<i>Showboat</i>							
2010	285,027	781	(11)	24,824	260,214	20,817	8.0%
2009	316,675	868	(1)	20,399	296,277	23,702	8.0%
<i>Tropicana</i>							
2010	300,443	823	-	24,543	275,900	22,072	8.4%
2009	313,598	859	-	20,149	293,449	23,476	8.0%
<i>Trump Marina</i>							
2010	147,386	404	-	13,737	133,649	10,692	4.1%
2009	162,600	445	(4)	11,750	150,854	12,068	4.1%
<i>Trump Plaza</i>							
2010	175,057	480	(50)	16,963	158,144	12,652	4.9%
2009	202,271	554	(10)	14,453	187,828	15,026	5.1%
<i>Trump Taj Mahal</i>							
2010	402,398	1,102	(20)	33,173	369,246	29,540	11.3%
2009	445,974	1,222	(9)	26,427	419,556	33,564	11.3%
<b>TOTALS</b>							
2010	\$ 3,564,330	\$ 9,765	\$ (164)	\$ 303,466	\$ 3,261,028	\$ 260,882	100.0%
2009	\$ 3,943,171	\$ 10,803	\$ 47	\$ 251,765	\$ 3,691,358	\$ 295,309	100.0%

(a) Resorts was under Resorts International Hotel, Inc. management until December 6, 2010 and operating as DGMB Casino, LLC since December 7, 2010.

**THE NEW JERSEY CASINO INDUSTRY  
TOTAL GAMING WIN  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009  
(\$ IN THOUSANDS)**

	2010	2009	Growth (Decline)	
			\$	%
<i>Table &amp; Other Games</i>				
Blackjack	\$ 365,017	\$ 395,016	(29,999)	(7.6)
Craps	133,429	151,366	(17,937)	(11.9)
Roulette	126,630	146,892	(20,262)	(13.8)
Baccarat	12,511	11,018	1,493	13.6
Poker	66,547	78,158	(11,611)	(14.9)
Other Games (a)	<u>383,562</u>	<u>438,947</u>	<u>(55,385)</u>	<u>(12.6)</u>
Subtotal	1,087,696	1,221,397	(133,701)	(10.9)
Simulcasting	<u>6,133</u>	<u>7,233</u>	<u>(1,100)</u>	<u>(15.2)</u>
Total Table & Other Games	<u>1,093,829</u>	<u>1,228,630</u>	<u>(134,801)</u>	<u>(11.0)</u>
<i>Slot Machines</i>				
.01 and .02 Slot Machines	805,760	746,831	58,929	7.9
.05 Slot Machines	254,606	329,324	(74,718)	(22.7)
.25 Slot Machines	345,220	431,825	(86,605)	(20.1)
.50 Slot Machines	38,122	48,218	(10,096)	(20.9)
1.00 Slot Machines	268,801	309,338	(40,537)	(13.1)
5.00 Slot Machines	82,103	104,647	(22,544)	(21.5)
Multi-Denominational Machines	607,397	660,888	(53,491)	(8.1)
Other Slot Machines	<u>74,625</u>	<u>90,703</u>	<u>(16,078)</u>	<u>(17.7)</u>
Total Slot Machines	<u>2,476,634</u>	<u>2,721,774</u>	<u>(245,140)</u>	<u>(9.0)</u>
<i>Grand Total</i>	<u>\$3,570,463</u>	<u>\$3,950,404</u>	<u>(379,941)</u>	<u>(9.6)</u>

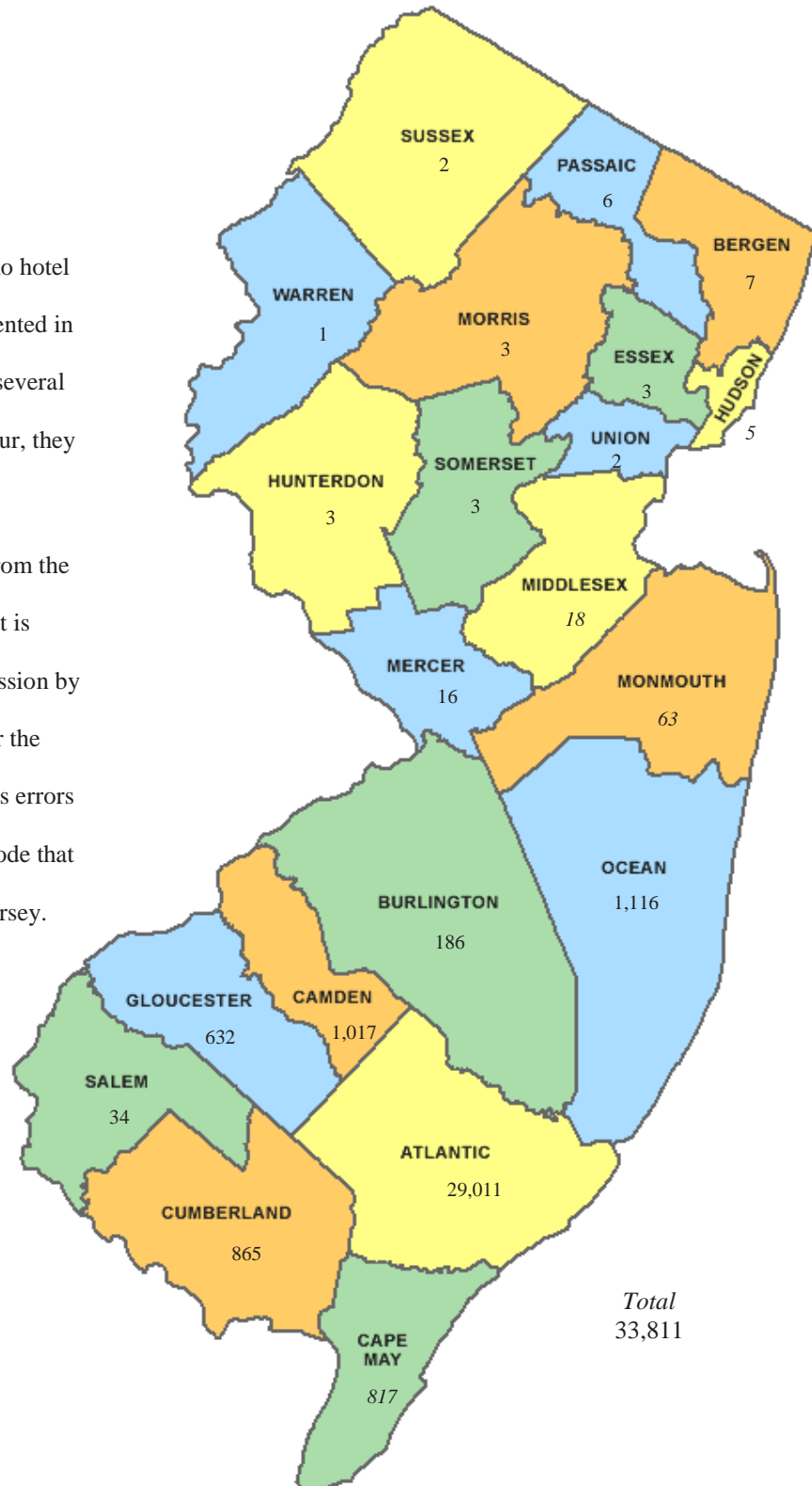
(a) Other games reflect Big Six, Minibaccarat, Sic Bo, Pai Gow Poker, Pai Gow, Keno, Caribbean Stud Poker, Let It Ride Poker, Spanish 21, Three Card Poker, Four Card Poker, Double Attack Blackjack, Texas Hold'Em Bonus Poker, Flop Poker, Ultimate Texas Hold'Em, Asia Poker, Winner's Pot Poker, Mississippi Stud, Mini-Tex 3 Card Hold'Em, Supreme Pai Gow and 1 Bet Threat Texas Hold'Em.

**EMPLOYMENT BY ATLANTIC  
CITY CASINO LICENSEES BY  
COUNTY**

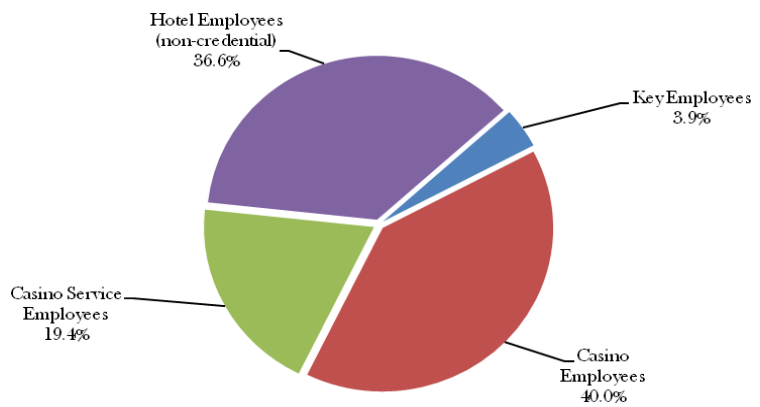
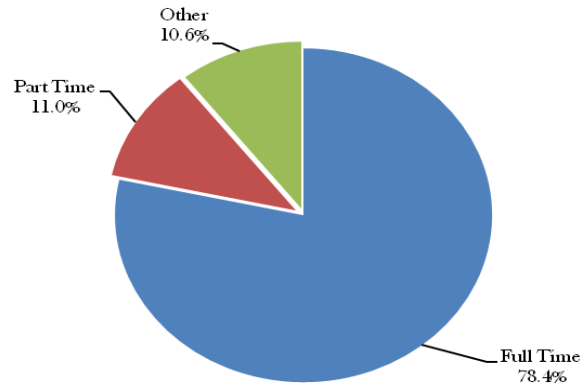
FOR THE YEAR ENDED DECEMBER 31, 2010

Approximately 334 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 Commission by the casino industry; or the employment data contains errors or, the person has a zip code that is not found in New Jersey.



**NEW JERSEY CASINO INDUSTRY  
BY  
TYPE OF EMPLOYMENT  
FOR THE YEAR ENDED DECEMBER 31, 2010**



**EMPLOYEE LICENSE AND REGISTRATION APPLICATIONS ACCEPTED AND ISSUED  
FOR YEAR ENDED DECEMBER 31, 2010**

**Casino Key Employees:**

Initial Applications Filed	121
Initial Licenses Issued	69
Renewal Applications Filed	263
Renewal Licenses Issued	163
Temporary Licenses Issued	119
	<u>735</u>

**Casino Employees:**

Applications Filed	1,230
Licenses Issued	1,127
Renewal Applications Filed	1,812
Renewal Licenses Issued	1,490
Temporary Licenses Issued	664
	<u>6,323</u>

**Casino Service Employees:**

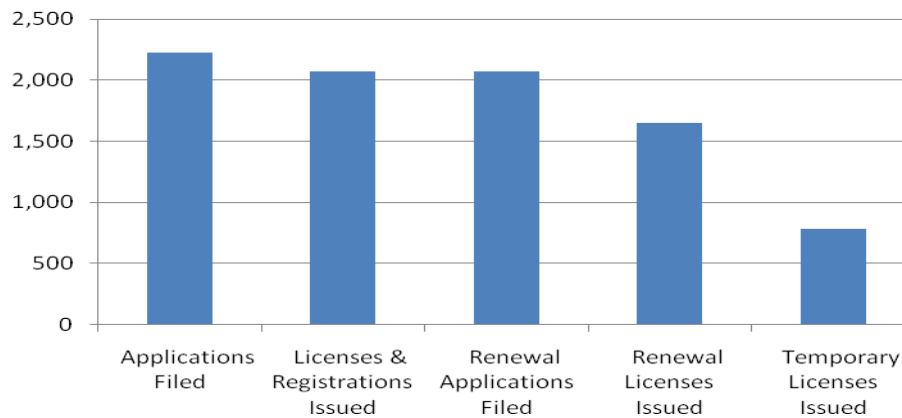
Applications Filed	876
Registrations issued	876
	<u>1,752</u>

**Total Employees:**

Applications Filed	2,227
Licenses & Registrations Issued	2,072
Renewal Applications Filed	2,075
Renewal Licenses Issued	1,653
Temporary Licenses Issued	<u>783</u>

**Grand Total** 8,810

**TOTAL EMPLOYEE LICENSE AND REGISTRATION APPLICATIONS ACCEPTED AND ISSUED  
FOR THE YEAR ENDED DECEMBER 31, 2010**



**NEW JERSEY CASINO INDUSTRY EMPLOYMENT STATISTICS**

**FOR THE FOUR YEARS ENDED DECEMBER 31, 2010 (\$ IN THOUSANDS)**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
AC Hilton	2,005	2,050	2,261	2,656
Bally's Atlantic City	4,061	4,360	4,759	5,388
Borgata	6,311	6,507	6,840	6,950
Caesars	3,246	3,353	3,645	4,032
Harrah's Marina	3,858	3,886	4,001	3,754
Resorts	1,724	2,141	2,422	2,742
Showboat	2,541	2,513	2,710	2,993
Tropicana	3,011	3,229	3,517	3,485
Trump Marina	1,631	1,794	1,928	2,152
Trump Plaza	1,917	2,180	2,406	2,467
Trump Taj Mahal	<u>3,840</u>	<u>4,069</u>	<u>4,096</u>	<u>4,169</u>
<b>Industry Totals</b>	<b><u>34,145</u></b>	<b><u>36,082</u></b>	<b><u>38,585</u></b>	<b><u>40,788</u></b>

**THE NEW JERSEY CASINO INDUSTRY SALARIES AND WAGES**

**FOR THE FOUR YEARS ENDED DECEMBER 31, 2010 (\$ IN THOUSANDS)**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
AC Hilton	\$ 58,624	\$ 61,799	\$ 70,098	\$ 75,121
Bally's Atlantic City	109,813	116,720	134,747	150,911
Borgata	152,634	154,987	164,673	153,238
Caesars	90,525	92,564	105,485	112,675
Harrah's Marina	91,984	91,604	99,318	92,267
Resorts (a)	50,737	56,681	62,596	66,426
Showboat	66,483	65,638	75,524	77,462
Tropicana	74,997	77,804	82,777	83,958
Trump Marina	52,491	54,066	59,732	62,021
Trump Plaza	63,738	67,018	73,779	72,818
Trump Taj Mahal	<u>108,938</u>	<u>110,085</u>	<u>109,450</u>	<u>112,283</u>
<b>Industry Totals</b>	<b><u>\$ 920,964</u></b>	<b><u>\$948,966</u></b>	<b><u>\$1,038,179</u></b>	<b><u>\$1,059,180</u></b>

(a) Resorts was under Resorts International Hotel, Inc. management until December 6, 2010 and operating as DGMB Casino, LLC since December 7, 2010.

**TOTAL VOLUME OF BUSINESS - CASINO SERVICE INDUSTRY  
CALENDAR YEAR 2010**

	<u>Total Companies</u>	<u>Percent of Total Companies</u>	<u>Dollar Volume of Business*</u>	<u>Percent of Total Business</u>
<b>Total Number of Vendors Receiving Payments</b>	<b>4,952</b>	<b>100.00%</b>	<b>\$2,161,648,506 **</b>	<b>100.00%</b>
New Jersey Enterprises	1,844	37.24%	\$1,098,748,506	50.83%
Pennsylvania Enterprises	487	9.83%	\$131,752,180	6.09%
New York Enterprises	586	11.83%	\$135,551,957	6.27%
Delaware Enterprises	23	0.46%	\$16,392,428	0.76%
All Other States	1,939	39.16%	\$773,688,950	35.79%
Foreign Enterprises	73	1.47%	\$5,514,485	0.26%

\*"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.

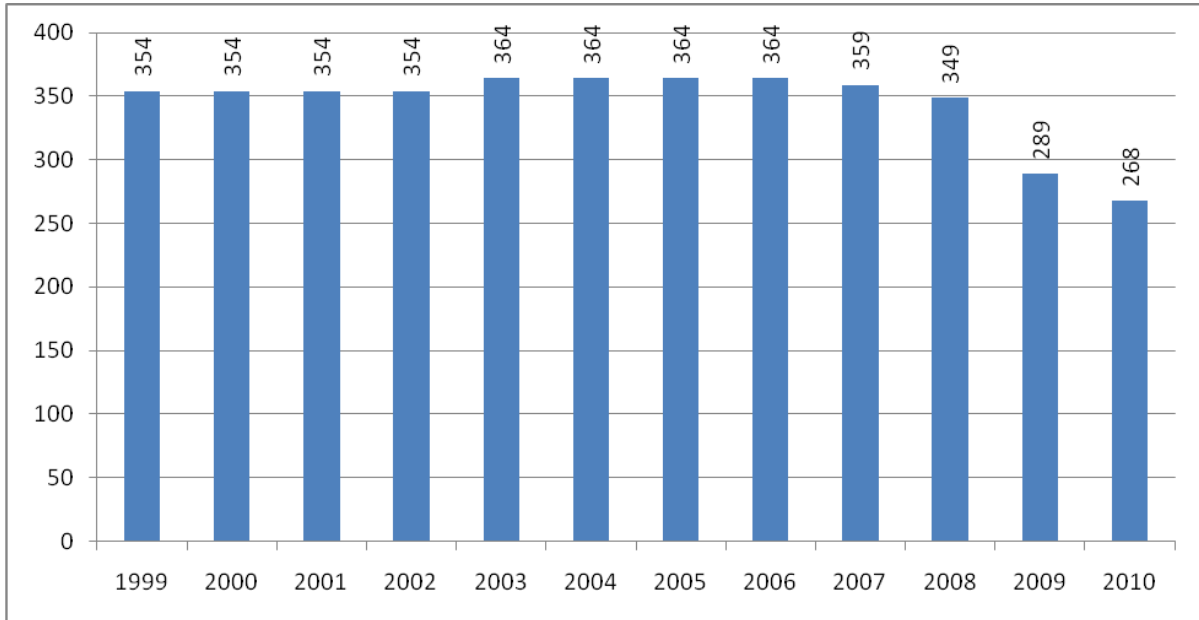
\*\*This dollar figure includes disbursements to subcontractors.

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.

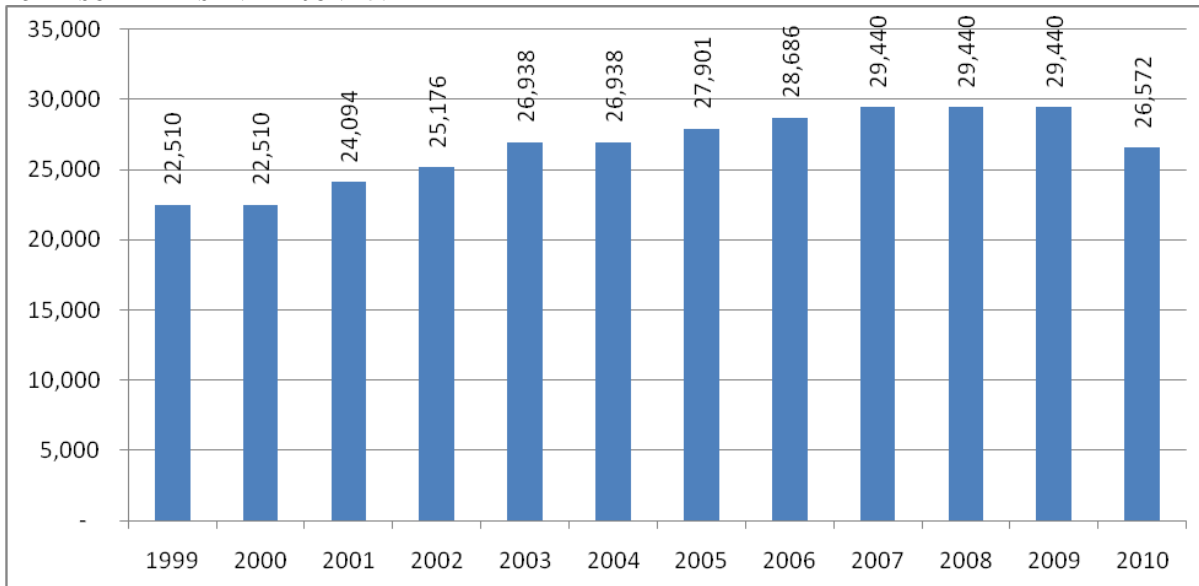
**TOTAL VOLUME OF BUSINESS - NEW JERSEY COMPANIES CALENDAR YEAR 2010**

	<u>Total Companies</u>	<u>Percent of Total Companies</u>	<u>Dollar Volume of Business</u>	<u>Percent of Total Business</u>
NEW JERSEY ENTERPRISES	1844	100.00%	\$1,098,748,506	100.0000%
Atlantic	918	49.78%	\$672,012,393	61.1616%
Bergen	78	4.23%	\$56,742,835	5.1643%
Burlington	112	6.07%	\$57,236,508	5.2092%
Camden	145	7.86%	\$32,542,701	2.9618%
Cape May	51	2.77%	\$4,884,859	0.4446%
Cumberland	48	2.60%	\$21,115,100	1.9217%
Essex	43	2.33%	\$68,869,108	6.2680%
Gloucester	64	3.47%	\$61,698,763	5.6154%
Hudson	36	1.95%	\$4,295,463	0.3909%
Hunterdon	4	0.22%	\$2,615,888	0.2381%
Mercer	37	2.01%	\$14,472,272	1.3172%
Middlesex	52	2.82%	\$34,328,295	3.1243%
Monmouth	73	3.96%	\$10,721,651	0.9758%
Morris	39	2.11%	\$2,685,672	0.2444%
Ocean	51	2.77%	\$8,784,336	0.7995%
Passaic	28	1.52%	\$1,095,791	0.0997%
Salem	6	0.33%	\$34,086,241	3.1023%
Somerset	22	1.19%	\$3,531,654	0.3214%
Sussex	3	0.16%	\$52,777	0.0048%
Union	33	1.79%	\$6,964,401	0.6338%
Warren	1	0.05%	\$11,798	0.0011%

**NEW JERSEY CASINO CONTROL COMMISSION NUMBER OF AUTHORIZED  
EMPLOYEE POSITIONS** *FOR FISCAL YEARS ENDED JUNE 30*



**NEW JERSEY CASINO CONTROL COMMISSION BUDGET APPROPRIATIONS**  
*FOR FISCAL YEARS ENDED JUNE 30*





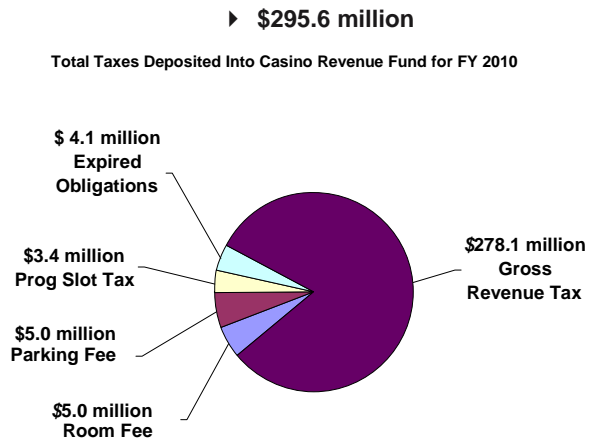
**CASINO REVENUE FUND**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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.

The Casino Control Commission collects a variety of different taxes from casinos and deposits the money in the Casino Revenue Fund. Funding is generated through five casino related taxes. 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.

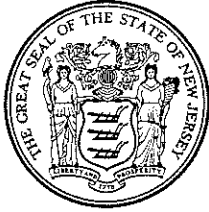
The responsibility for administering these taxes was transferred by the State Legislature from the Division of Taxation to the Commission.

- ▶ 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 10, \$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 statutory restricted projects.
- ▶ Casino Room Fee requires casinos to remit \$3.00 per day for each hotel room occupied by a guest. In FY 10, \$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.



Casinos have paid more than **\$8.6 billion** in taxes to the Casino Revenue Fund since 1978.

**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 2010

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**Stephen M. Eells  
State Auditor**

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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 2010.  
If you would like a personal briefing, please call me at (609) 292-3700.

Stephen M. Eells  
State Auditor  
July 7, 2011

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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, 2010 and 2009. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 audit provides 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, 2010 and 2009, 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, 2010 and 2009 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 June 30, 2011 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 consisted 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 audit was 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 basic financial statements. The expenditure detail schedule has been subjected to the auditing procedures applied in the audit 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  
June 30, 2011

**STATE OF NEW JERSEY  
CASINO CONTROL FUND  
BALANCE SHEET  
JUNE 30, 2010 AND 2009**

	2010	2009
<b><u>ASSETS</u></b>		
Cash	\$ 51,000	\$ 51,000
Accounts Receivable	9,761,124	10,114,651
Less: Allowance for Doubtful Accounts	90,363	100,801
Net Accounts Receivable	9,670,761	10,013,850
Due from General Fund	8,237,156	8,308,340
Total Assets	\$ 17,958,917	\$ 18,373,190
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
Liabilities		
Accounts Payable	\$ 4,563,033	\$ 4,936,101
Deferred Revenue	9,053,500	11,539,000
Total Liabilities	13,616,533	16,475,101
Fund Balances		
Reserved for:		
Encumbrances	325,817	987,197
Unreserved:		
Designated for Continuing Appropriations	4,016,567	910,892
Undesignated	-	-
Total Fund Balances	4,342,384	1,898,089
Total Liabilities and Fund Balances	\$ 17,958,917	\$ 18,373,190

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, 2010 AND 2009**

	2010	2009
<b><u>REVENUES</u></b>		
Casinos		
Licenses - Casino	\$ 46,429,936	\$ 45,846,539
- Slot Machine	15,520,792	17,540,250
- Alcoholic Beverage	86,838	130,802
Assessments	-	-
	62,037,566	63,517,591
Credits - Prior Year Fund Balance	(1,868,224)	(3,572,819)
Total from Casinos	60,169,342	59,944,772
Other Sources		
Licenses - Casino Employees	1,047,494	1,765,157
- Casino Service Industry	765,368	529,337
Equipment Prototype Testing	2,027,316	2,014,853
Other Revenues	50,686	56,169
Total from Other Sources	3,890,864	4,365,516
Investment Earnings	23,817	157,396
Total Revenues	64,084,023	64,467,684
<b><u>EXPENDITURES</u></b>		
Public Safety and Criminal Justice (Division of Gaming Enforcement)	37,587,075	40,570,457
Government Direction, Management and Control (Casino Control Commission)	24,552,653	27,440,181
Total Expenditures	62,139,728	68,010,638
Excess (Deficiency) of Revenues over Expenditures	1,944,295	(3,542,954)
<b><u>OTHER FINANCING SOURCES</u></b>		
Transfers from Other Funds	500,000	-
Net Change in Fund Balance	2,444,295	(3,542,954)
Fund Balance - Beginning	1,898,089	5,441,043
Fund Balance - Ending	\$ 4,342,384	\$ 1,898,089

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 – Summary of 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 2010 authorized \$71,891,532 which consists of an original appropriation of \$70,571,000 and other authorized appropriations of \$1,320,532. 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 2010, 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, 2010 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**

The fund balances of the Casino Control Fund consist of the following:

- 1) Reserved for Encumbrances - Used to segregate a portion of fund balance to provide for expenditure upon vendor performance of purchase agreements.
- 2) Unreserved - Designated for Continuing Appropriations - Used to represent that portion of fund balance which has been appropriated by the Legislature.
- 3) Unreserved - Undesignated - Used to represent that portion of fund balance resources available for appropriation.

#### **H. Other**

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

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

Represents a \$500 petty cash fund maintained by each agency 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 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, 2010 follows:

<u>Program</u>	<u>Asset</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets June 30, 2010</u>
Government Direction, Management and Control	Machinery & Equipment	\$847,115	\$74,705	-	\$569,775	\$352,045
Public Safety and Criminal Justice	Machinery & Equipment	\$399,170	\$20,773	-	\$343,478	\$76,465

**NOTE 6 - Deferred Revenue**

Deferred Revenue represents fiscal year 2011 and fiscal year 2010 slot machine license billings collected and recorded in June 2010 and 2009, respectively.

**NOTE 7 - Fund Balance**

The Casino Control Fund ended with a positive fund balance as of June 30, 2010. This balance includes \$29,865 of the fiscal year 2009 fund balance which was credited to casino licensees during fiscal year 2011. Pursuant to N.J.A.C. 19:41-9.1(e) the remaining fund balance as of June 30, 2010 totaling \$4,312,519 will be credited to casino licensees in fiscal year 2012 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, 2010.

**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, 2010 and June 30, 2009 of approximately \$3.3 million and \$3.9 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, 2010 and June 30, 2009 of approximately \$1.4 million and \$1.7 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 2010 and fiscal year 2009 was equal to the effective rate of return on investments in the General Fund and varied from 0.35% to 0.61% in fiscal year 2010 and from 0.75% to 2.43% in fiscal year 2009. 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. 19:41-9.1 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, 2010**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget
<b>REVENUES</b>				
Casinos				
Licenses - Casino	\$ 51,297,565	\$ 52,097,565	\$ 44,561,712	\$ (7,535,853)
- Slot Machine	15,830,500	15,830,500	15,520,792	(309,708)
- Alcoholic Beverage	131,000	131,000	86,838	(44,162)
Assessments	-	-	-	-
Total from Casinos	<u>67,259,065</u>	<u>68,059,065</u>	<u>60,169,342</u>	<u>(7,889,723)</u>
Other Sources				
Licenses - Casino Employees	1,255,171	1,255,171	1,047,494	(207,677)
- Casino Service Industry	671,012	671,012	765,368	94,356
Equipment Prototype Testing	1,891,284	1,891,284	2,027,316	136,032
Other Revenues	15,000	15,000	50,686	35,686
Total from Other Sources	<u>3,832,467</u>	<u>3,832,467</u>	<u>3,890,864</u>	<u>58,397</u>
Investment Earnings	<u>200,000</u>	<u>-</u>	<u>23,817</u>	<u>23,817</u>
Total Revenues	<u>71,291,532</u>	<u>71,891,532</u>	<u>64,084,023</u>	<u>(7,807,509)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers from Other Funds	-	-	500,000	500,000
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Total Revenues and Other Financing Sources	<u>71,291,532</u>	<u>71,891,532</u>	<u>64,584,023</u>	<u>(7,307,509)</u>
<b>EXPENDITURES</b>				
Public Safety and Criminal Justice (Division of Gaming Enforcement)	44,813,518	44,813,518	37,601,238	7,212,280
Government Direction, Management and Control (Casino Control Commission)	27,078,014	27,078,014	24,371,923	2,706,091
Total Expenditures	<u>71,891,532</u>	<u>71,891,532</u>	<u>61,973,161</u>	<u>9,918,371</u>
Net Change in Fund Balance	(600,000)	-	2,610,862	2,610,862
Fund Balance - July 1, 2009	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,610,862</u>	<u>\$ 2,610,862</u>

STATE OF NEW JERSEY  
CASINO CONTROL FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET-TO-GAAP RECONCILIATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**Budgetary Basis - Net Increase (Decrease) in Fund Balances** **\$ 2,610,862**

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. \$ 264,048

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. (430,615)

Total Differences - Budget to GAAP (166,567)

**GAAP Basis - Net Increase (Decrease) In Fund Balances** **\$ 2,444,295**

## **SUPPLEMENTARY INFORMATION**

**CASINO CONTROL FUND  
EXPENDITURE DETAIL  
FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	2010		2009	
	PUBLIC SAFETY AND CRIMINAL JUSTICE	GOVERNMENT DIRECTION MANAGEMENT AND CONTROL	PUBLIC SAFETY AND CRIMINAL JUSTICE	GOVERNMENT DIRECTION MANAGEMENT AND CONTROL
EXPENDITURES:				
Salaries	\$ 24,621,491	\$ 16,249,394	\$ 26,164,678	\$ 17,640,890
Payroll Taxes and Employee Benefits	7,818,591	5,608,853	8,994,653	6,303,079
Printing and Office Supplies	104,603	115,853	134,936	139,562
Vehicular Supplies	229,018	-	225,939	-
Travel	82,347	11,061	94,073	6,729
Telephone	278,835	269,047	303,727	270,335
Data Processing	321,159	640,752	251,564	1,217,244
Professional Services	51,652	97,280	47,092	144,253
Other Services Other Than Personal	275,318	92,940	363,906	157,598
Rent-Facilities	2,043,086	1,300,818	2,109,730	1,284,081
Rent-Automobiles and Other	53,739	110,494	57,739	142,563
Indirect Costs	1,405,196	35,340	1,464,911	31,622
Improvements	7,970	-	-	-
Office Equipment	46,902	1,278	-	29,694
Vehicular Equipment	(5,625)	(13,180)	(12,285)	(6,399)
Other Equipment	252,793	32,723	369,794	78,930
Total Expenditures	<u>\$ 37,587,075</u>	<u>\$ 24,552,653</u>	<u>\$ 40,570,457</u>	<u>\$ 27,440,181</u>

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, 2010

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*Assistant State Auditor*

# New Jersey State Legislature

## OFFICE OF LEGISLATIVE SERVICES

OFFICE OF THE STATE AUDITOR  
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*Executive Director*  
(609) 292-4625

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

### 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, 2010, and have issued our report thereon dated June 30, 2011. 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

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.

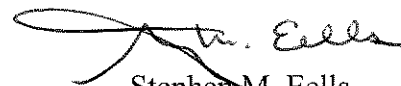
A deficiency in internal control exists when the design or the operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination 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 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 above.

#### 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  
June 30, 2011

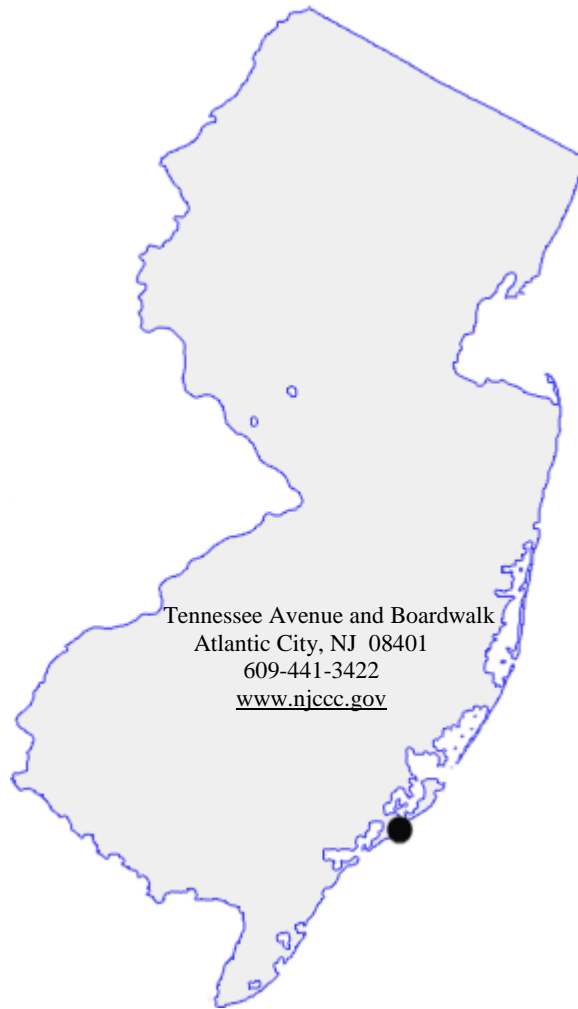
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Governor

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Casino  
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