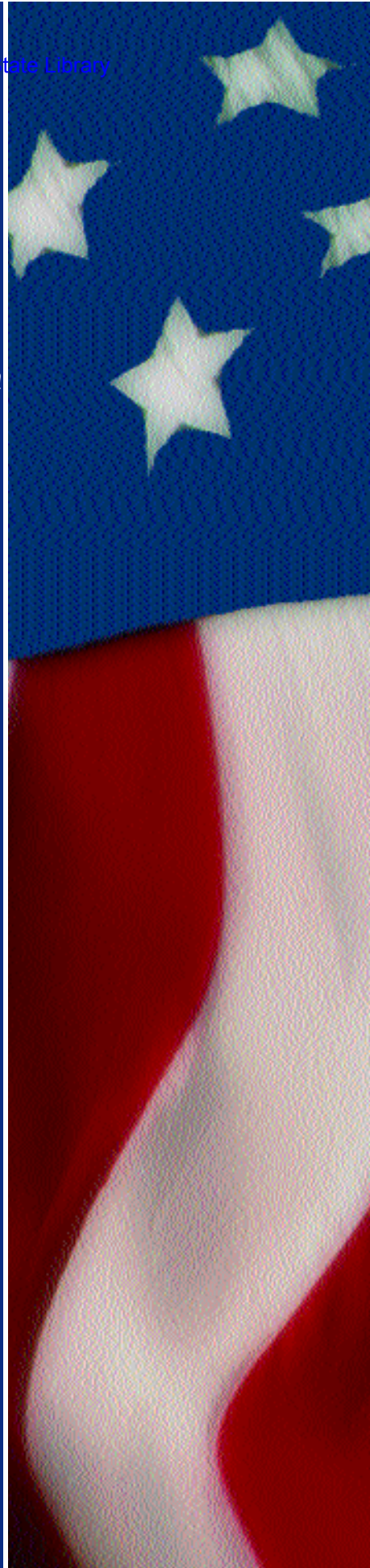


*New Jersey Casino Control Commission*

# ANNUAL REPORT

*2001*



# The Annual Report of the New Jersey Casino Control Commission



*Governor  
James E. McGreevey*

The 2001 Annual Report of the  
New Jersey Casino Control Commission  
is submitted to the Governor and  
New Jersey Legislature

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*"It is in the public interest that the institution of licensed casino establishments in New Jersey be strictly regulated and controlled ... pursuant to the provisions of this act, which provisions are designed to engender and maintain public confidence and trust in the regulation of the licensed enterprises, to provide an effective method of rebuilding and redeveloping existing facilities and of encouraging new capital investment in Atlantic City, and to provide a meaningful and permanent contribution to the economic viability of the resort, convention, and tourist industry of New Jersey." N.J.S.A. 5:12-1b(13)*



# THE CASINO CONTROL COMMISSION

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*Seated from left:*

*Commissioners William T. Sommeling and Michael C. Epps*

*Standing from left:*

*Vice Chair Michael A. Fedorko, Chairman James R. Hurley and Commissioner Diane M. Legreide*

2001 2001 2001 2001 2001 2001 2001 2001 2001 2001 2001 2001 2001 2001  
2001 2001 2001 2001 2001 2001 2001 2001 2001 2001 2001 2001 2001 2001

*Photographed by Daniel Heneghan in the New Jersey Casino Control Commission's Open Public Meeting Room  
Tennessee Avenue & Boardwalk, Atlantic City, New Jersey.*

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New Jersey  
Casino  
Control  
Commission

## **MESSAGE FROM THE CHAIRMAN**

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It would be impossible to review the year 2001 and look forward to what the future may hold for the New Jersey Casino Control Commission and for gaming in Atlantic City without first reflecting on the events of September 11. The attacks that shook our nation last September also shook Atlantic City and the gaming industry, creating unforeseen challenges and unusual opportunities for the city, the industry and the regulators.

At first, it appeared that the weakening economy and the fallout from the September 11 tragedy would be a one-two punch to the industry. Travel restrictions and a general reluctance to travel had a dramatic impact. The economic hole created by the catastrophe convinced New York State to push through legislation to dramatically expand gaming there - creating a clear threat to the continued growth and stability of the Atlantic City market. Other nearby states as well started discussing the possibility of introducing or expanding existing forms of gambling to help solve their own budget crises.

When other jurisdictions started looking into gaming, that appeared to cool the interest of some companies about investing in Atlantic City. MGM Mirage said it would slow down its plans to develop in Atlantic City, Resorts Hotel Casino put off a planned 459-room tower and Tropicana delayed the start of its project by six months. In addition, Wall Street analysts warned Atlantic City's gaming industry would suffer a significant decline when new competition opened.

Despite the economic and emotional jolt, the casino industry defied the doomsayers. Casino revenues for the year rose slightly and profits were up. The fourth quarter was particularly strong. Gross operating profits during what is usually the weakest quarter rose almost 25 percent.

Casino companies continued to show their confidence in Atlantic City with their investments. Construction continued on the \$1 billion Borgata in Atlantic City's marina district. That 2,010-room project, already an imposing figure on the skyline, is on schedule to open in the summer of 2003. Right next to it, Harrah's just completed a 452-room addition and is expanding the casino and lobby area. The total price tag on those projects is \$193 million.

Along the Boardwalk, Showboat is building a new tower with 544 rooms which represents a \$90 million investment. Resorts is starting work on a 459-room tower that will replace an aging motel section of its complex that will cost \$115 million. Tropicana is building a 502-room addition to its casino hotel that will give it more than 2,100 rooms. The \$225 million project includes the first large-scale retail mall similar to ones found in Las Vegas casino hotels.

By the summer of 2004, Atlantic City should have an additional 3,700 hotel rooms - an increase of approximately 33 percent over what currently exists. That will enable the gaming industry in Atlantic City to offer a broader range of amenities and to expand the market, which will result in



*James R. Hurley, Chairman*



stronger revenues and increased taxes as well as other attractions that will continue to make the city a more attractive destination for millions of visitors.

But in order for the city to reach that goal and in order for the state to achieve all of the goals set forth in the Casino Control Act, the Casino Control Commission has to continue its unending efforts to ensure the integrity of gaming and the public's confidence in the regulatory system. To that end, the commission continued its efforts in 2001 to regulate the casino industry and to ensure that the industry can continue to fulfill the public policy of redeveloping Atlantic City. I'd like to go over some of those efforts.

In 2001, we implemented a new self-exclusion program that is designed to help compulsive gamblers to deal with their problem. After a person signs up for self-exclusion, casinos must remove that person's name from any mailing list, stop providing complimentarys and take other steps to prevent the person from gambling. If an excluded person comes in and gambles, he or she may not collect any winnings or recover any losses, thereby eliminating any economic incentive to gamble. Similarly, if a casino willfully allows someone on the list to gamble, it can be forced to surrender any money it wins from the person and face other penalties.

But we also made it clear we would not allow employees to violate the rules and undermine public confidence and use their gambling problem to shield them from regulatory requirements. In fact, we revoked the license of a casino president who had a gambling problem - not because of that problem, but because he failed to live up to the terms of an earlier agreement that allowed him to keep his license while obtaining help.

As we have for years, the commission continued to look at ways to rationalize the regulatory structure in 2001 in order to keep strict controls over integrity-related matters while keeping regulatory costs under control. For example, we revamped the structure of our inspections unit to improve efficiency. We also beefed up our ability to analyze and assess new technologies for casinos - such as the EZ Pay slot voucher system - which allows them to implement the latest gaming products more quickly and smoothly.

We continue to explore ways to make our employee licensing systems more secure. We introduced a new digital licensing system over a year ago that helped to make casino employee licenses more secure and less vulnerable to counterfeiting. In light of the current heightened concerns about security, the commission is looking at ways to make license credentials even more secure. In conjunction with the New Jersey State Police and the Division of Gaming Enforcement, we also started developing stronger surveillance requirements which should enhance the ability of the casinos not only to protect the operation of the games, but also to protect the safety of their guests.

Because of our responsible approach to regulation and our dedication to maintaining the highest levels of integrity, we continue to make Atlantic City an attractive place to live, work and invest. And that helps to achieve the goal set out in the Casino Control Act of ensuring that gaming provides "a substantial contribution to the general welfare, health and prosperity of the State and its inhabitants."

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*It would be impossible to review the year 2001 and look forward to what the future may hold for the New Jersey Casino Control Commission and for gaming in Atlantic City without first reflecting on the events of September 11.*

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Chairman James R. Hurley became the fifth chairman of the New Jersey Casino Control Commission on October 29, 1998. At the time he was elevated to the position of chairman, he had already served almost nine years as a member of the commission. Gov. Thomas Kean initially appointed him in January 1990. He was reappointed by Gov. James Florio in 1992 and named to another term by Gov. Christine Todd Whitman in 1997. In 1994, Gov. Whitman appointed him to serve as the commission's representative to the Casino Reinvestment Development Authority (CRDA). He chairs the CRDA's Atlantic City Economic Development Committee and sits as a member of the Personnel and Administration Committee and the South Jersey Project Review Committee. Chairman Hurley served in the New Jersey Legislature for 22 years - eight years in the Senate and 14 years as a member of the General Assembly. He co-founded the nonprofit South Jersey Tourism Council and was the author of legislation to create the New Jersey Division of Tourism. His term expires in 2002.

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*James R. Hurley  
Chairman*

Michael A. Fedorko was appointed to the New Jersey Casino Control Commission by Gov. Christine Todd Whitman in November 1999. Commissioner Fedorko came to the commission after more than 30 years in the New Jersey State Police retiring as the acting superintendent. Commissioner Fedorko is a veteran of the United States Marine Corps serving in Vietnam. He completed his undergraduate studies at Trenton State College earning a B.S. Degree in Criminal Justice. He earned a Masters Degree in Governmental Administration from the University of Pennsylvania and attended the Management Program for Senior Executives in State and Local Government at the John F. Kennedy School of Government at Harvard University. He serves on the board of the Marine Corps Law Enforcement Foundation, the McGuire Memorial Foundation, and the International Association of Chiefs of Police. In January 2002, commission members elected him vice chair. His term expires in 2004.



*Michael A. Fedorko  
Vice Chair*

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*"As we have for years, the commission continued to look at ways to rationalize the regulatory structure in 2001 in order to keep strict controls over integrity-related matters while keeping regulatory costs under control."*

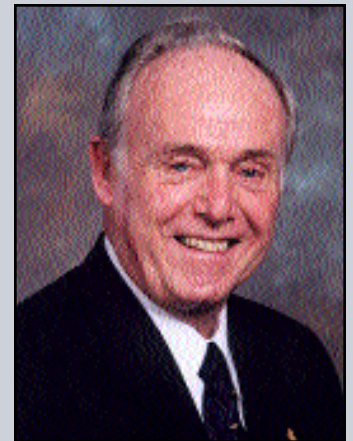
*- James R. Hurley, chairman*

Commissioner Diane M. Legreide was appointed to the New Jersey Casino Control Commission by Gov. Christine Todd Whitman in September 1994. She was reappointed to a full five-year term in October 1998. She served as vice chair in 2001. Prior to her appointment, Legreide served as deputy executive director of the New Jersey Senate. She also served as executive director of L.E.G.A.L., an organization representing New Jersey attorneys. Additionally, she served three terms as commissioner of the Ocean County Board of Elections. Commissioner Legreide serves as a trustee for the Point Pleasant Beach Education Foundation. She also served on the boards of the Atlantic City Historical Waterfront Foundation, the Atlantic County Women's Hall of Fame and the LPGA Urban Youth Golf Program.\*



*Diane M. Legreide  
Commissioner*

Commissioner William T. Sommeling was appointed to the New Jersey Casino Control Commission by Gov. Christine Todd Whitman in November 2000. Prior to joining the commission, he served as Undersheriff in Ocean County for 11 years. He also has more than 35 years of experience in law enforcement. Commissioner Sommeling held several positions in casino surveillance departments in the Atlantic City casino industry. Active in politics for years, he held many positions in local and county government. He completed his undergraduate studies at Ocean County College and Trenton State College earning a B.S. Degree in Criminal Justice. He also earned a Masters Degree in Administration from Rider University and also attended Cornell University's School of Hotel Administration. Commissioner Sommeling is active in a number of professional and civic organizations, including the FBI National Academy Associates, International Association of Chiefs of Police and the Emerald Society of New Jersey. His term expires in 2005.



*William T. Sommeling  
Commissioner*

Commissioner Michael C. Epps is the newest member of the New Jersey Casino Control Commission. He was appointed to the commission by Acting Gov. Donald T. DiFrancesco and was sworn into office in January 2002. Prior to his appointment, Commissioner Epps served as general counsel for the Atlantic City Board of Education for four and a half years. For a year before joining the Board of Education, he was an associate with the law firm of Horn, Goldberg, Gorney, Plackter, Weiss & Perskie in Atlantic City. The first Atlantic City native to serve on the commission, Commissioner Epps graduated from Atlantic City High School. He earned a B.S. Degree in Broadcast Journalism from the University of Maryland and a J.D. Degree from Howard University School of Law. He is a member of the American Bar Association, the New Jersey Bar Association and the Atlantic County Bar Association. He currently serves as commissioner on the Atlantic County Utilities Authority and the Advisory Board of the Urban Youth Golf Program. His term expires in 2006.



*Michael C. Epps  
Commissioner*

*\*In April 2002, Gov. James McGreevey appointed Commissioner Legreide to serve as acting director of the Division of Motor Vehicle Services.*



## ***Division of Administration***

The Division of Administration provides the commission and its approximately 354 employees with a wide variety of administrative services. “Admin” as it is more commonly called, includes the **Office of the Executive Secretary/Director of Administration** led by Dennis Daly, division director and executive secretary, and three operating units: the Human Resources Unit, the Administrative Operations Unit and the Information Technology Unit.

The **Human Resources Unit** functions under the direction of Dolores Hamilton. This unit handles all matters of personnel-related services, such as new hires, promotions, retirements, terminations, payroll and employee benefits.

The **Administrative Operations Unit**, processes mail, oversees the publication of agency regulations, arranges public meetings, maintains central files and deals with all transportation and facilities-related concerns. James Fiandaca is the unit manager.

The **Information Technology Unit**, under the direction of Julian Grauer, meets the commission’s demanding requirements for efficient and reliable computer-related and information processing services. The unit was involved in the enhancement of several existing internal information systems and the development of new ones. It also brought its expertise to bear in the approval process of some new technology-based gaming systems to be implemented in New Jersey casinos.

In addition to performing its more prosaic functions in 2001, staff within the administration division devised a new salary guide for the bulk of the commission staff (approximately 315 unclassified employees). Working closely with classification and compensation experts at the New Jersey Department of Personnel, administration personnel analyzed the professional positions in the agency and compared their compensation levels with others in state government in New Jersey and in surrounding states, as well as with employees in comparable positions in the private sector. Implementation of the salary guides awaits further administrative approvals.

Administration personnel also joined in the state-wide response to the tragedy of September 11, devising plans for continuing business operations in the event of an emergency, learning and implementing procedures for handling mail in light of the anthrax scares and taking a variety of measures to improve security in the workplace.



*Dennis Daly, Director,  
Executive Secretary  
Division of Administration*

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*The Division of  
Administration provides  
the commission and its  
approximately 354  
employees with a wide  
variety of administrative  
services.*

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## ***Division of Compliance***

The commission's closest link to casino operations is the Division of Compliance. This unit ensures that New Jersey casinos comply with regulatory guidelines. Richard Franz, division director, and his staff are responsible for monitoring gaming activities and certifying casino gross revenues. Staff within the Division of Compliance work both at the scene - they are in each casino complex 24-hours a day - and behind the scenes at commission headquarters reviewing and approving petitions, submissions, gaming equipment and certificates of operation. They also monitor casino games, certify casino revenue in count rooms and routinely interact with casino employees on all levels from the casino floor to the executive offices.



*Richard P. Franz, Director  
Division of Compliance*

The **Division of Compliance** is the largest division within the commission, comprised of more than half of the agency's employees. It has three operating units. Barbara Mattie, manager of the **Casino Operations Unit**, and her team are responsible for assuring that each casino licensee provides a system of effective controls over its gaming operations and is in compliance with the requirements of the Casino Control Act and related regulations. During 2001, this unit reviewed more than 1,100 internal control submissions. A major project in 2001 included the approval of IGT's EZ Pay gaming voucher system which became operational during the year. Casino customers now have an easier way of wagering and getting payments for winning payouts.

The **Legal Advisory Unit**, led by Assistant General Counsel Dennis Kell, is responsible for the review and analysis of existing regulations and for drafting new regulation proposals related to gaming operations, such as new games and wagers. The three attorneys in this unit also advise the commissioners, the director and staff on regulatory and statutory matters. They also present proposals to the commission for formal approval. The legal analyst within this unit processes formal complaints that are filed by casino patrons. In 2001, the unit processed more than 300 patron complaints.

The **Field Gaming Unit**, under the leadership of Rochelle Jefferson has the most publicly visible role in the regulatory process. As required by law, inspectors are present in each casino at all times. Inspectors monitor gaming activities and observe the collection, counting and certification of all gaming revenues. Inspectors also record and process patron complaints. A Principal Inspector assigned to each casino reviews and approves all casino floor modifications, including table game and slot machine movements. They are also responsible for inspecting gaming equipment and surveillance cameras. In 2001, the Field Gaming Unit focused on training staff in areas of emerging technologies and electronic gaming systems. This unit also played a role in getting the slot machine EZ Pay systems up and operating.

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*The Division of  
Compliance is the  
largest division in the  
commission, comprised  
of over half of the  
agency's employees.*

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## **Division of Financial Evaluation**

The Division of Financial Evaluation is responsible for collecting all fees and taxes from the casino industry while also analyzing, evaluating and monitoring the financial stability of every casino hotel. In addition to keeping track of every cent of gaming revenue, it also is responsible for the commission's own budget.

The division is made up of four units - Audit, Budget and Fiscal, Financial Evaluation and Revenue. Under the direction of Noreen Iannuzzi, the division ensures the integrity of funds control in the casinos and provides the commission with detailed financial oversight and expert economic analysis of the industry.

During this past year the **Audit Unit**, led by manager Marybeth Butler, completed comprehensive audits of casino gross revenues, assessing an additional tax of \$280,909 and penalty and interest of \$91,071 on the tax underpayments. In addition, the audit staff analyzed various new gaming technologies to ensure the accuracy of gross revenue reporting, such as gaming vouchers for slot machines, bar-coding for slot revenue documents and automatic cash dispensing machines. The Audit Unit also provides internal audit services to the commission, ensuring the agency complies with various state guidelines regarding internal control procedures.

The **Budget and Fiscal Office** under the direction of Jody Feldman Karsevar, is responsible for the commission's budget. The Budget and Fiscal Office is responsible for all purchases and payments to vendors and for providing services necessary for the operation of the commission.

Under the direction of Christopher Glaum, the **Financial Evaluation Unit** analyzed a variety of complex financial transactions in 2001, including the acquisition of Resorts by Colony Capital and Park Place's acquisition of the Claridge. The unit also prescribes the financial reporting requirements of the industry and plays a key role in providing statistical information for dissemination to the public. The Financial Evaluation Unit is developing a new database that incorporates the electronic transfer of information between the commission and licensees, which should significantly improve the financial reporting process.

During fiscal year 2001, the **Revenue Unit**, led by Kevin Garvey, collected \$340.7 million in Gross Revenue Tax. It also collected an additional \$581,520 in fines, which were deposited to the State's General Fund to provide funding for the Council on Compulsive Gambling of New Jersey.

The Revenue Unit also collected \$59.4 million in licensing fees from the casino industry which was used to fund the operations of the commission and the Division of Gaming Enforcement. Casino licensees remitted an additional \$6.9 million to this unit for the Atlantic City Fund as the result of certain budgetary savings realized by the regulatory agencies.

Since the inception of casino gaming here, the Revenue Unit has collected \$4.9 billion in Gross Revenue Tax, \$1.0 billion in license fees, \$10.6 million in fines and \$41.4 million in Atlantic City Fund contributions.



Noreen Iannuzzi, Director  
Division of Financial Evaluation

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*Since the inception of casino gaming, the Revenue Unit has collected \$4.9 billion in Gross Revenue Tax, \$1.0 billion in license fees, \$10.6 million in fines and \$41.4 million in Atlantic City Fund contributions.*

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## ***Division of Licensing***

The Division of Licensing is responsible for all aspects of casino hotel alcoholic beverage licensing, casino employee licensing, business enterprise licensing and for the management of contested case hearings and settlements.

Under the direction of Christopher Storcella, this division ensures that applications and internal control documents are filed correctly. In addition to performing its customary licensing activities, Licensing also focused its attention on implementing amendments to the Casino Control Act and commission regulations during 2001.

The **Enterprise License Unit**, led by manager Sharon Hand, implemented a new regulation requiring timely notice by gaming related casino service industry companies of any changes in qualifiers. Also, staff developed procedures to implement a statutory change requiring that companies that are issued casino service industry licenses also are registered with the State's Division of Revenue.

The **Employee License Unit**, under the direction of unit manager John Bowman, put into operation its new photo imaging system which provides a more efficient, secure and customer-friendly means of producing license cards. The unit also helped implement the New Jersey Casino Gambling Self-Exclusion Program for problem gamblers. Supported by the Division of Gaming Enforcement and the Council on Compulsive Gambling, the Self-Exclusion Program was established to allow people with a gambling problem to voluntarily exclude themselves from casino gaming activities in Atlantic City.

The **Support Services Unit**, previously known as the Technical Resource Unit, reorganized in 2001 to handle its large number of application support tasks. The unit, led by manager Kathaleen Hamer, helped develop and maintain the new Self-Exclusion Program database and helped with the electronic transfer of data between the Enterprise License Unit and the State Division of Revenue.

The **Legal Advisory Unit**, led by Assistant General Counsel Steven Ingis, is responsible for processing the majority of the contested case hearings and settlements. Staff within this unit counseled the commission during two high profile cases in 2001. One case resulted in the revocation of the casino key license of a former casino president and in the other case staff provided counsel in a licensing hearing involving a construction company that allegedly had improper associations with members of organized crime.

The **Director's Office**, which oversees casino hotel alcoholic beverage licensing, issued permits to two casino licensees to serve alcoholic beverages on the beach at special events last summer. Additionally, the Director's Office and Enterprise License Unit issued a permit that allows the Claridge Casino Hotel to cooperatively purchase alcoholic beverages with the other Park Place Entertainment casinos in Atlantic City.



*Christopher D. Storcella, Director  
Division of Licensing*

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*The Employee License Unit ... put into operation its new photo imaging system which provides a more efficient, secure and customer-friendly means of producing license cards.*

---

## Office of the General Counsel

The **General Counsel's Office**, under the direction of John Zimmerman, advises the commission on the statutory, regulatory and other legal matters that come before the commission at its public meetings. It also advises commissioners during casino license hearings and other hearings that are held before the full commission. In addition, the office renders legal advice to the other divisions of the commission.

The **Regulatory Review Unit** drafts regulations for consideration by the General Counsel and by the commission and reviews regulations drafted by other members of staff. The **Equal Employment Opportunity Unit** advises and assists the commission in enforcing the affirmative action and equal opportunity provisions of the Casino Control Act and the implementing regulations.

In 2001, the office advised the commission during a variety of hearings. For example, the commission approved the purchase of the Claridge Casino Hotel by Park Place Entertainment after concluding that the transaction would not result in undue economic concentration in the Atlantic City casino market. The commission also approved the conditional purchase of the Resorts Casino Hotel by Colony Capital, the expansion of the Sands Casino Hotel through the annexation of the Madison House Hotel, as well as the relicensing and refinancing of several other casino enterprises.

The office drafted regulations implementing the self-exclusion program for problem gamblers. Prior to adopting the regulations, the commission held a public hearing at which it heard testimony from the casino industry and the Council on Compulsive Gambling of New Jersey. The Self-Exclusion List is distributed to appropriate casino personnel, but is not open to public inspection. The casinos must deny gaming privileges to self-excluded persons, which means removing self-excluded persons from marketing lists, withholding complimentary goods and services, denying check cashing and credit privileges, refusing wagers and removing self-excluded persons from the gaming floor if they are caught attempting to gamble.

Other significant regulatory initiatives completed during 2001 included the adoption of regulations: codifying a standardized application form that can be used by a casino operator to apply for licensure in New Jersey and other participating jurisdictions around the world, thus simplifying and reducing the cost of this process; establishing minimal requirements for the approval of slot machines, including minimum payout requirements for primary games and secondary games presented in a single slot machine; and authorizing revised hopper fill procedures that rely upon computerized reports instead of casino security personnel for confirmation.

In total, the commission adopted amendments to 69 sections of its rules and authorized the publication of proposed amendments to 113 sections during the calendar year. The office successfully defended a court challenge to its regulations authorizing casinos to take countermeasures against blackjack card counters.



*John Zimmerman, General Counsel, Commissioner's Office*

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## **Affirmative Action Officer**

There must be equal employment opportunity for all commission employees. The New Jersey Casino Control Commission employs an Affirmative Action Officer whose primary responsibility is to ensure that there are equal employment opportunities for all members of the staff. Marvin Askins, the commission's Affirmative Action Officer, reports directly to the chairman and works independent from all commission divisions. He monitors personnel practices involving recruitment, hiring and termination of employees. He also monitors various employee activities, acts on grievances and reviews promotion materials to ensure that all employees are given equal chances for promotions.

By taking a lead role in recruiting new employees, Askins gives assurances that the commission employs a diverse and well-qualified staff. He also heads the Recruitment Team. Last year, he and members of the Recruitment Team participated in 15 career day activities throughout the state including job fairs at eight colleges and universities in New Jersey. The team also attended the Hireability Job Fair for physically challenged persons at Camden County Community College.



*Marvin Askins, Director  
Affirmative Action*

## **Office of Communications**

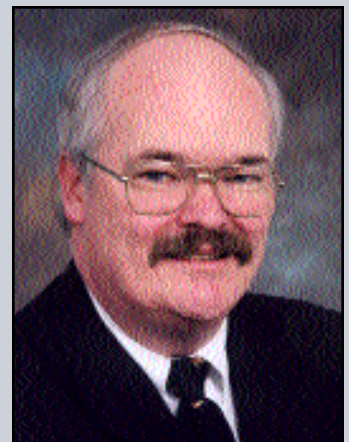
The Office of Communications handles media relations, community relations, publications and is the legislative liaison for the commission.

In 2001, the director, Daniel Heneghan, and his staff responded to hundreds of inquiries from the news media, government, Wall Street analysts and the general public about New Jersey's casino industry, the regulatory system and about the impact of casino gaming on Atlantic City and the state. The office helped to organize meetings between commission members and visiting public officials and regulators from other jurisdictions as well as a videoconference with more than a dozen business and government officials in Mexico.

This office arranged scores of interviews for commissioners with newspapers, radio and television stations. It also wrote and designed multimedia presentations for diverse audiences, including senior citizens, attorneys, college students and civic groups.

During the year, the office monitored state and federal gaming-related legislation, including a number of bills dealing with Internet wagering and, in November 2001, the Public Information Officer testified before an Assembly committee on that issue. With the Division of Licensing, the office designed, produced and distributed a brochure about the commission's new self-exclusion program. As part of its community relations activities, the office provided support and technical assistance to several community groups, including the Pleasantville Youth Antiviolence Committee which developed several innovative programs there.

Finally, the staff distributed monthly and quarterly casino financial reports to subscribers and responded to scores of additional requests for copies of documents and reports.



*Daniel Heneghan, Director  
Office of Communications*



## EMPLOYEE RECOGNITION AWARDS

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In 2001, new technologies in the gaming field and impending new construction of hotel and entertainment facilities challenged the commission's best. The commission is proud of its employees who exemplify the highest standards in service, dedication and commitment to the commission and to the changing casino industry it regulates.

The best of the best were recognized last year in Trenton with New Jersey Public Employees Awards for their service to state government. Awardees were selected based on peer nominations. Co-workers selected Leonora Bergeron, secretarial assistant II and Susan Kunkle, principal human resource analyst from the Division of Administration and Victoria Blazik, supervisor of fiscal accounts in the Division of Financial Evaluation to receive Co-Worker Recognition awards for their spirit and drive.

The Length of Service Award was awarded to Mary Bannerman, executive assistant, Commissioner's Office and John Bowman, manager, Employee License Unit, Division of Licensing who have served the State of New Jersey for 25 years.

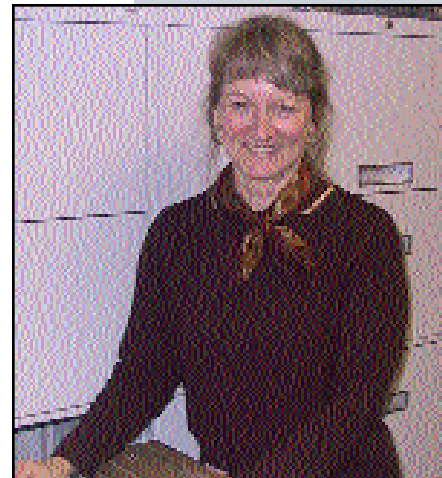
The Team Partnership Achievement Award was presented to five employees from the Human Resources Unit, Division of Administration. The group was nominated by their peers for their achievement in support of their department goals. Recipients of this award were Susan Kunkle, principal human resource analyst, Gail Verboczki, supervisor payroll, Evelyn McBride, secretarial assistant II, Sally Bergeron, technical assistant personnel and Erin Hill, technical program assistant personnel.

Diane Evans, principal analyst, Division of Licensing was nominated by her peers for the Customer Service Excellence Award. She was recognized for her "excellent customer service" towards her fellow employees and customers.

Also, during 2001, the Sandra M. Donohue Employee Recognition Award was awarded to Robert Harpster, senior inspector in the Division of Compliance. Harpster, the first retired commission employee to be recognized with this prestigious award, was an inspector for 22 years.

In 2001, honoring our staff took on a different meaning after the September 11 disaster. Members of our staff joined together in the strength and resolve that engulfed the entire nation. Many stood in line for hours waiting to donate blood for the American Red Cross. Others joined church groups or local agencies to make trips to Ground Zero in support of the recovery efforts. Some attended the state's memorial ceremony at Liberty State Park and many volunteered in various other ways. Commission staff includes individuals who serve as volunteer fire and ambulance personnel, police officers, military personnel - and all of them are concerned citizens.

### Co-Worker Recognition Award



*Top: Vicky Blazik  
Middle: Leonora Bergeron  
Bottom: Susan Kunkle*

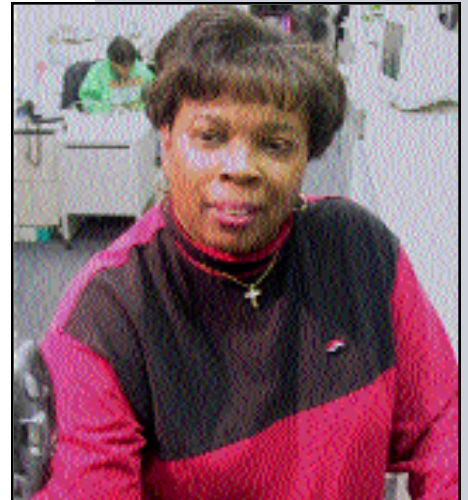
**Length of Service  
Award  
(25 years)**



*Above: Mary Bannerman  
Right: John Bowman*



**Customer Service  
Excellence Award**



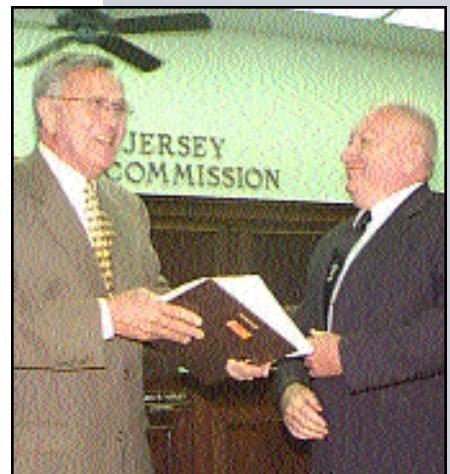
*Above: Diane Evans*

**Team Partnership  
Achievement Award**



*Above: (l to r) Susan Kunkle, Gail Verboczki, Evelyn McBride  
and Erin Hill. (Not pictured: Sally Bergeron)*

**Sandra M.  
Donohue  
Employee  
Recognition Award**



*Above: Robert Harpster  
receives his award from  
Chairman James R. Hurley*

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*"This is a day when all Americans from every walk of life unite in our  
resolve for justice and peace."*

*-President George W. Bush, September 11, 2001*



# ATLANTIC CITY DEVELOPMENTS

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Atlantic City, the Queen of Resorts, is known for its Boardwalk, the Miss America Pageant, its beaches and for its casinos. Because of the impact of casino gaming, the city is becoming a better place to live, to work and to play.

## Housing

In 2001, approximately 120 new housing units were in some phase of development in Atlantic City.



*Left: Workers put finishing touches on the 16-unit Station Heights One in 2001. These single family, twin size units average \$79,000.*

## Roads

The much talked about Atlantic City Expressway Connector opened to traffic in 2001. It guides travelers from the Atlantic City Expressway entrance to the Marina District.

*Right: The park located on top of the Atlantic City Expressway Connector tunnel was opened.*



## Schools

The Board of Education broke ground for the new multi-million dollar New York Avenue elementary school in 2001.



*Left: Construction on the New York Avenue School began. The school will house grades Pre-K through 8 and is scheduled to open September 2003.*

## Casinos

MGM and Boyd Gaming are nearing completion of The Borgata Casino Hotel in the marina district. The two gaming companies have invested \$1 billion in the project which is expected to open in the summer of 2003.



*Above: Construction continued on the \$1 billion Borgata in Atlantic City's marina district. That 2,010-room project is on schedule to open in the summer of 2003.*



# FINANCIAL STATISTICS

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30	Casino Revenue Fund
31	Independent Auditor's Report

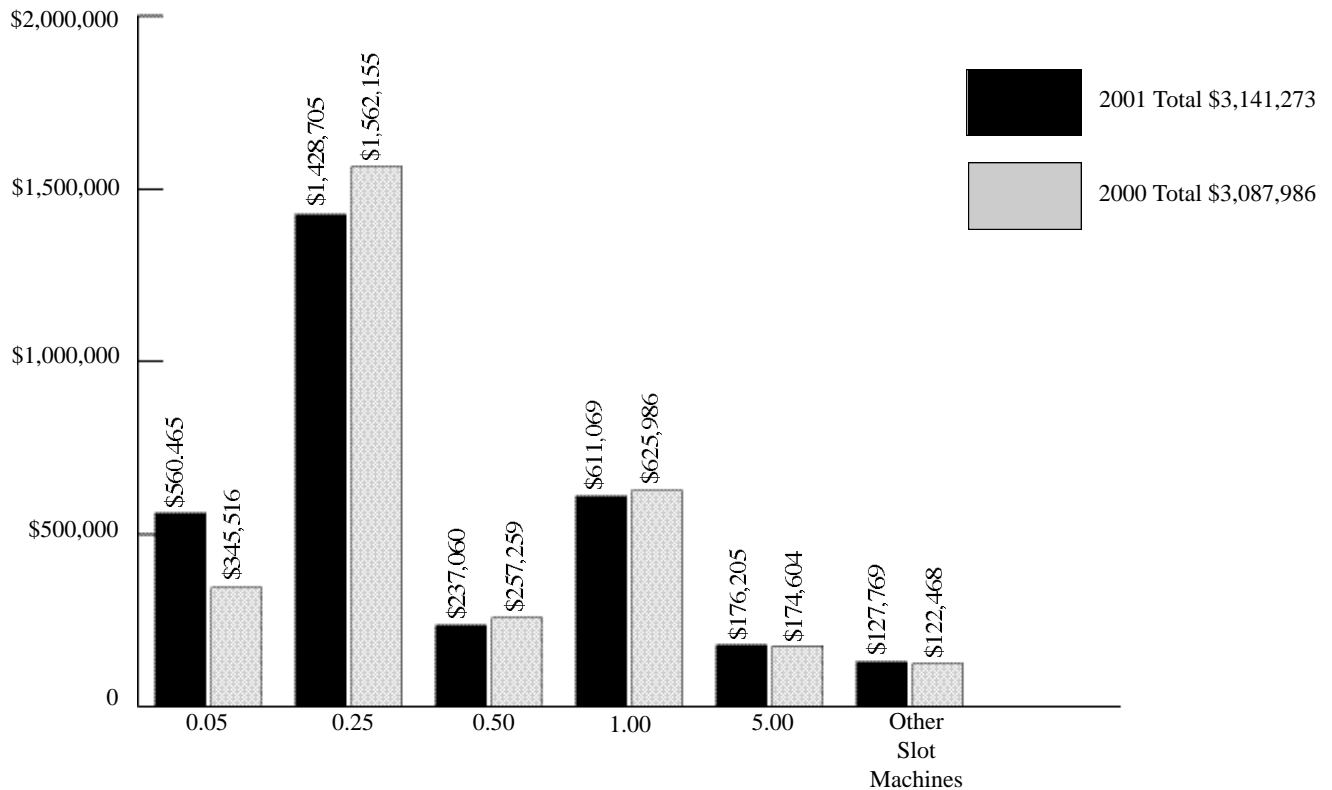
## Table of Contents

**NEW JERSEY CASINO INDUSTRY**  
**GROSS REVENUE STATISTICS**  
**FOR THE TWO YEARS ENDED DECEMBER 31, 2001 AND 2000**  
*(\$ IN THOUSANDS)*

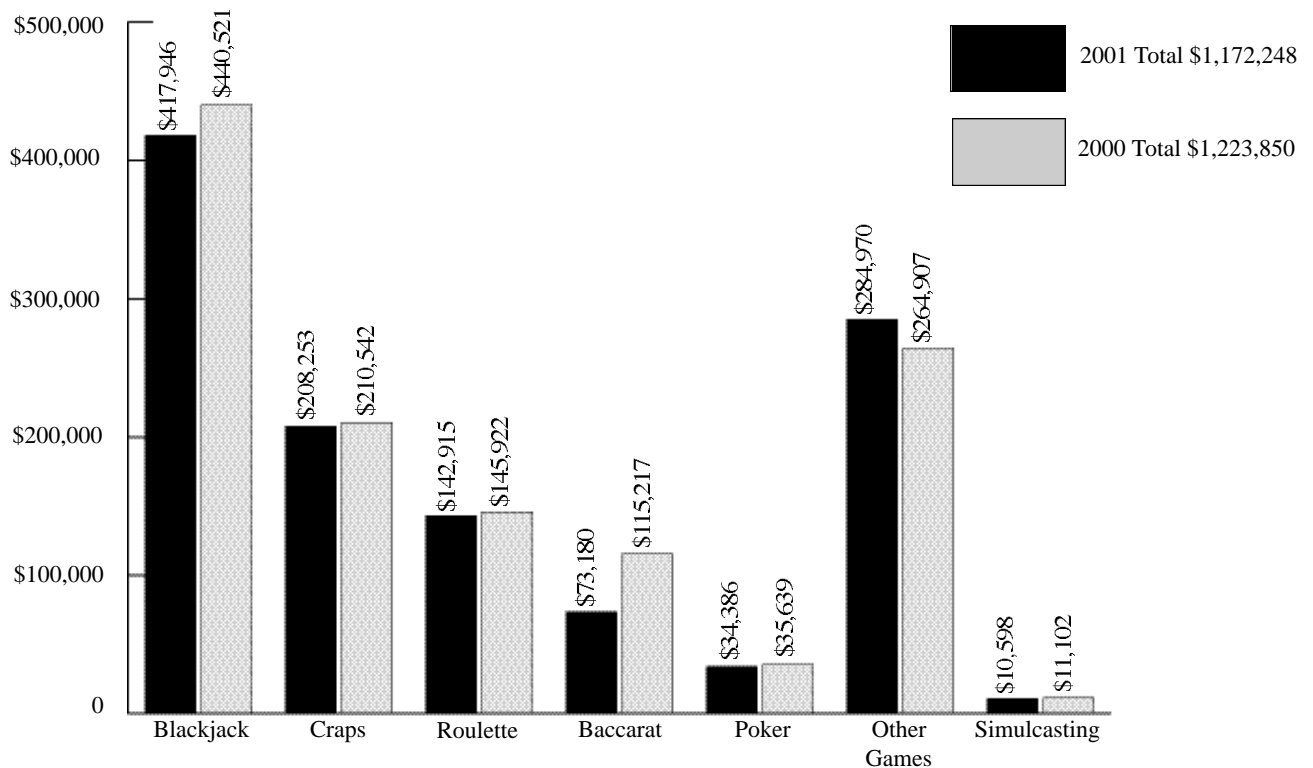
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Casino Hotel	Casino Win	Daily Average Casino Win	Adjustment for Uncollectibles	Gross Revenue	Tax	Market Share of Casino Win
<b><i>AC Hilton</i></b>						
2001	326,705	895	1,941	324,764	25,981	7.6%
2000	324,143	886	2,067	322,076	25,766	7.5%
<b><i>Bally's Park Place</i></b>						
2001	520,798	1,427	1,860	518,938	41,515	12.1%
2000	521,465	1,425	2,072	519,393	41,551	12.1%
<b><i>Caesars</i></b>						
2001	489,520	1,341	2,501	487,019	38,962	11.4%
2000	481,125	1,315	6,181	474,944	37,996	11.2%
<b><i>Claridge</i></b>						
2001	160,049	438	509	159,540	12,763	3.7%
2000	163,979	448	322	163,657	13,093	3.8%
<b><i>Harrah's Marina</i></b>						
2001	413,067	1,132	-	413,067	33,045	9.6%
2000	410,715	1,122	352	410,363	32,829	9.5%
<b><i>Resorts</i></b>						
2001	243,750	668	776	242,974	19,437	5.7%
2000	237,507	649	1,139	236,368	18,909	5.5%
<b><i>Sands</i></b>						
2001	236,833	649	4,296	232,537	18,603	5.5%
2000	233,589	638	2,446	231,143	18,491	5.4%
<b><i>Showboat</i></b>						
2001	354,373	971	1,389	352,984	28,239	8.2%
2000	353,791	967	637	353,154	28,252	8.2%
<b><i>Tropicana</i></b>						
2001	417,249	1,143	3,445	413,804	33,104	9.7%
2000	426,609	1,166	2,976	423,633	33,891	9.9%
<b><i>Trump Marina</i></b>						
2001	272,288	746	1,251	271,037	21,683	6.3%
2000	271,642	742	1,250	270,392	21,631	6.3%
<b><i>Trump Plaza</i></b>						
2001	332,975	912	3,108	329,867	26,389	7.7%
2000	325,367	889	2,825	322,542	25,803	7.6%
<b><i>Trump Taj Mahal</i></b>						
2001	535,313	1,467	2,810	532,503	42,600	12.4%
2000	550,804	1,505	2,686	548,118	43,849	12.8%
<b>TOTALS</b>						
<b>2001</b>	<b>4,302,920</b>	<b>11,789</b>	<b>23,886</b>	<b>4,279,034</b>	<b>342,321</b>	
<b>2000</b>	<b>4,300,736</b>	<b>11,751</b>	<b>24,953</b>	<b>4,275,783</b>	<b>342,061</b>	

**SLOT MACHINE WIN COMPARISON**  
**FOR THE TWO YEARS ENDED DECEMBER 31, 2001 AND 2000**  
**(\$ IN THOUSANDS)**



**TABLE GAME WIN COMPARISON**  
**FOR THE TWO YEARS ENDED DECEMBER 31, 2001 AND 2000**  
**(\$ IN THOUSANDS)**

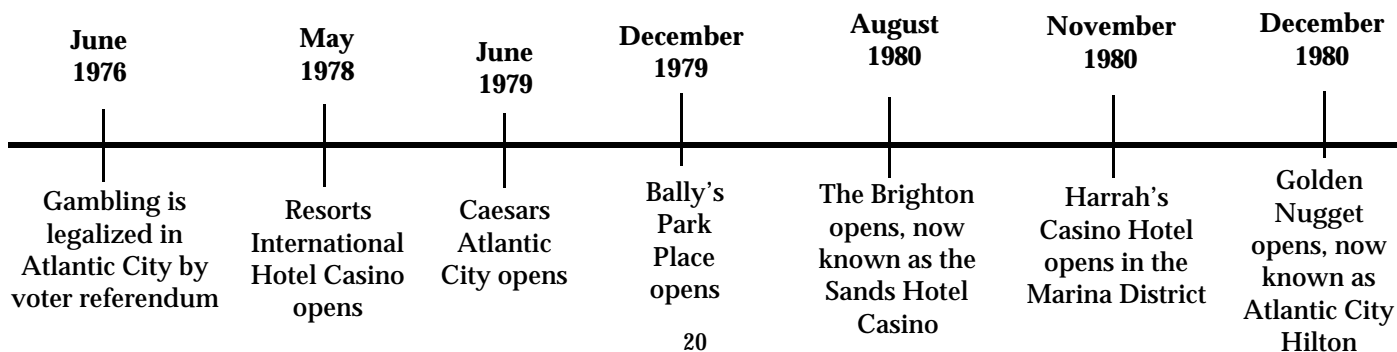




# NEW JERSEY CASINO INDUSTRY FACILITY STATISTICS AT YEAR END DECEMBER 31, 2001 AND 2000

	AC HILTON		BALLY'S PARK PLACE		CAESARS		CLARIDGE		HARRAH'S		RESORTS	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
<b>TABLE GAMES:</b>												
Blackjack	39	36	66	78	59	70	30	26	29	40	32	35
Craps	9	11	13	14	13	13	6	6	6	8	7	7
Roulette	10	11	20	18	15	16	4	4	6	9	8	8
Big Six	-	-	2	2	2	2	1	1	-	-	1	1
Baccarat	2	2	2	2	2	2	1	1	-	-	3	3
Minibaccarat	5	5	3	3	4	4	4	5	1	1	3	2
Sic Bo	-	-	1	1	2	2	-	-	-	-	-	-
Pai Gow Poker	4	4	7	6	5	5	2	4	2	2	2	2
Pai Gow	3	3	1	2	1	1	2	3	-	-	1	-
Poker	-	-	11	11	-	6	-	-	7	8	-	-
Caribbean Stud Poker	4	5	8	8	5	5	3	4	3	4	4	4
Let It Ride Poker	4	5	8	8	6	8	3	3	5	6	5	5
Casino War	-	-	-	-	-	-	-	-	-	-	-	-
Spanish 21	-	-	6	5	5	5	2	2	-	-	3	3
Three Card Poker (a)	4	-	6	-	4	-	4	4	5	-	5	3
Colorado Hold 'Em (a)	-	-	1	-	-	-	1	-	-	-	-	-
<b>Total Table Games</b>	<b>84</b>	<b>82</b>	<b>155</b>	<b>158</b>	<b>123</b>	<b>139</b>	<b>63</b>	<b>63</b>	<b>64</b>	<b>78</b>	<b>74</b>	<b>73</b>
<b>KENO WINDOWS</b>	-	-	4	4	6	6	-	-	4	4	-	-
<b>SLOT MACHINE</b>												
Nickel	490	336	1,058	886	722	324	356	136	658	490	473	284
Quarter	980	1,103	2,102	2,224	1,857	1,966	1,116	1,251	1,565	1,738	1,507	1,481
Fifty Cents	160	187	383	421	456	451	83	127	183	222	232	207
Dollars	301	312	597	532	558	548	185	223	530	567	275	327
Five Dollars	65	60	99	96	117	104	33	36	107	107	66	53
Twenty-Five Dollars	8	8	14	14	16	16	4	4	7	7	5	4
One Hundred Dollars	6	6	9	9	10	8	-	-	5	5	5	4
Other Slot Machines	14	14	54	129	120	148	-	-	116	110	20	7
<b>Total Slot Machines</b>	<b>2,024</b>	<b>2,026</b>	<b>4,316</b>	<b>4,311</b>	<b>3,856</b>	<b>3,565</b>	<b>1,777</b>	<b>1,777</b>	<b>3,171</b>	<b>3,246</b>	<b>2,583</b>	<b>2,367</b>
Casino Sq. Ft.	59,832	59,832	128,220	128,220	117,378	110,540	58,792	59,071	89,757	94,622	68,794	60,039
Simulcast Sq. Ft.	-	-	35,453	35,453	7,342	9,691	-	-	-	-	16,512	17,905
# of Hotel Rooms	804	804	1,246	1,246	1,140	1,148	507	507	1,174	1,174	644	644
# Parking Spaces	2,128	1,583	2,840	2,825	2,666	2,508	1,121	1,460	3,822	2,401	1,263	1,092
Property & Equipment												
Gross (\$Millions)	536.9	521.9	1,092.1	1,051.5	848.1	814.6	72.9	39.8	661.9	561.4	130.6	298.5
Number of Employees	3,337	3,389	5,636	5,611	4,646	4,432	2,282	2,379	3,172	3,550	3,151	3,038

(a) Three Card Poker and Colorado Hold'Em Poker commenced operations in July and September 2000, respectively.



SANDS		SHOWBOAT		TROPICANA		TRUMPMARINA		TRUMPPLAZA		TRUMP TAJ MAHAL		INDUSTRY	
2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
33	36	29	32	62	63	37	31	42	49	68	68	526	564
7	7	5	5	12	14	8	10	7	8	10	10	103	113
11	11	7	8	13	13	9	9	8	10	16	15	127	132
-	2	1	-	1	1	-	1	1	1	2	2	11	13
1	4	3	3	3	3	3	3	3	4	4	5	27	32
4	4	2	3	6	6	2	2	7	7	4	4	45	46
-	1	-	-	1	1	-	-	1	1	2	2	7	8
2	2	1	3	6	6	3	3	5	4	9	11	48	52
-	2	1	2	6	6	2	3	3	3	5	7	25	32
11	9	-	-	43	43	-	-	-	-	67	67	139	144
3	4	3	5	6	6	4	4	3	5	5	8	51	62
2	4	4	5	6	6	4	5	3	5	4	6	54	66
-	-	-	-	-	-	-	1	-	-	-	-	-	1
2	2	2	2	2	2	2	2	2	-	5	5	31	28
3	3	3	-	4	-	4	2	3	-	6	-	51	12
-	1	-	-	-	-	-	-	-	-	-	-	2	1
<b>79</b>	<b>92</b>	<b>61</b>	<b>68</b>	<b>171</b>	<b>170</b>	<b>78</b>	<b>76</b>	<b>88</b>	<b>97</b>	<b>207</b>	<b>210</b>	<b>1247</b>	<b>1306</b>
-	-	-	-	-	-	-	-	-	-	8	10	22	24

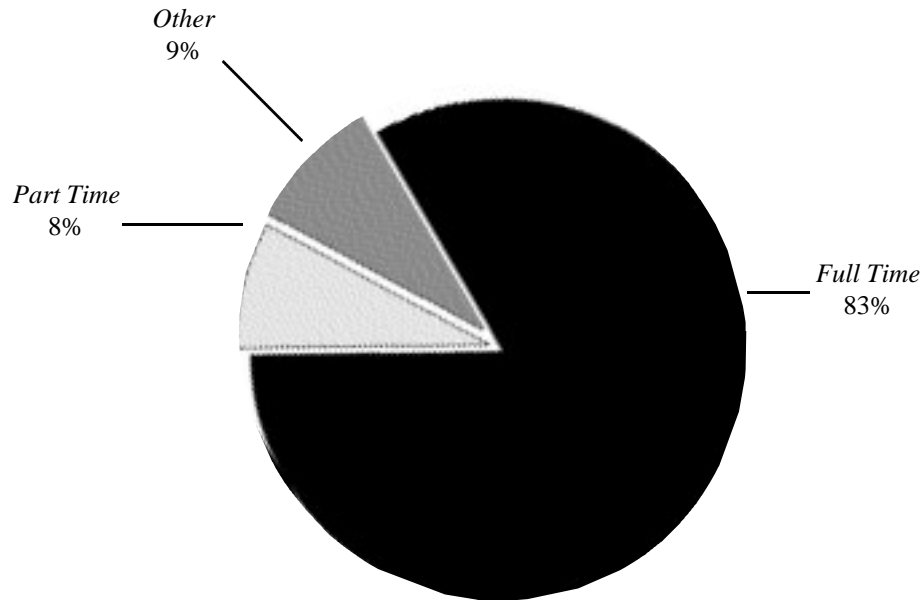
386	300	738	651	865	407	430	276	637	458	836	589	7,649	5,137
960	1,068	1,884	2,048	2,036	1,893	1,296	1,457	1,478	1,629	2,913	2,952	19,694	20,810
178	188	133	142	321	445	205	205	249	271	290	310	2,873	3,176
375	327	450	423	604	634	420	432	347	385	624	604	5,266	5,314
93	69	70	68	105	120	89	86	75	72	116	102	1,035	973
9	5	4	4	14	13	19	13	12	12	15	15	127	115
5	5	4	2	9	10	13	7	6	6	6	6	78	68
54	25	107	7	160	128	56	50	35	34	25	33	761	685
<b>2,060</b>	<b>1,987</b>	<b>3,390</b>	<b>3,345</b>	<b>4,114</b>	<b>3,650</b>	<b>2,528</b>	<b>2,526</b>	<b>2,839</b>	<b>2,867</b>	<b>4,825</b>	<b>4,611</b>	<b>37,483</b>	<b>36,278</b>

56,018	57,602	88,840	79,485	128,885	118,917	65,000	79,997	87,980	85,738	117,965	113,481	1,067,461	1,047,544
22,923	19,492	15,061	16,056	8,380	8,380	16,182	2,135	-	-	40,715	41,390	162,568	150,502
645	532	800	800	1,624	1,624	728	728	904	904	1,250	1,250	11,466	11,361
1,684	1,684	3,051	3,051	3,075	3,265	2,986	2,986	2,778	2,818	7,180	7,180	34,594	32,853
184.0	161.2	530.8	501.2	756.9	723.6	577.2	543.6	640.6	624.6	1,083.6	1,067.8	7,115.6	6,909.7
3,005	3,079	3,129	3,194	4,958	5,181	3,109	3,484	3,561	3,929	5,606	6,160	45,592	47,426

<b>April 1981</b>	<b>July 1981</b>	<b>November 1981</b>	<b>May 1984</b>	<b>June 1985</b>	<b>March 1987</b>	<b>May 1989</b>	<b>April 1990</b>
Playboy Casino opens, later known as Atlantis	Claridge opens	Tropicana Casino Hotel opens	Trump Plaza opens	Trump Castle, now Trump Marina opens	Showboat opens	Atlantis closes	Trump Taj Mahal opens

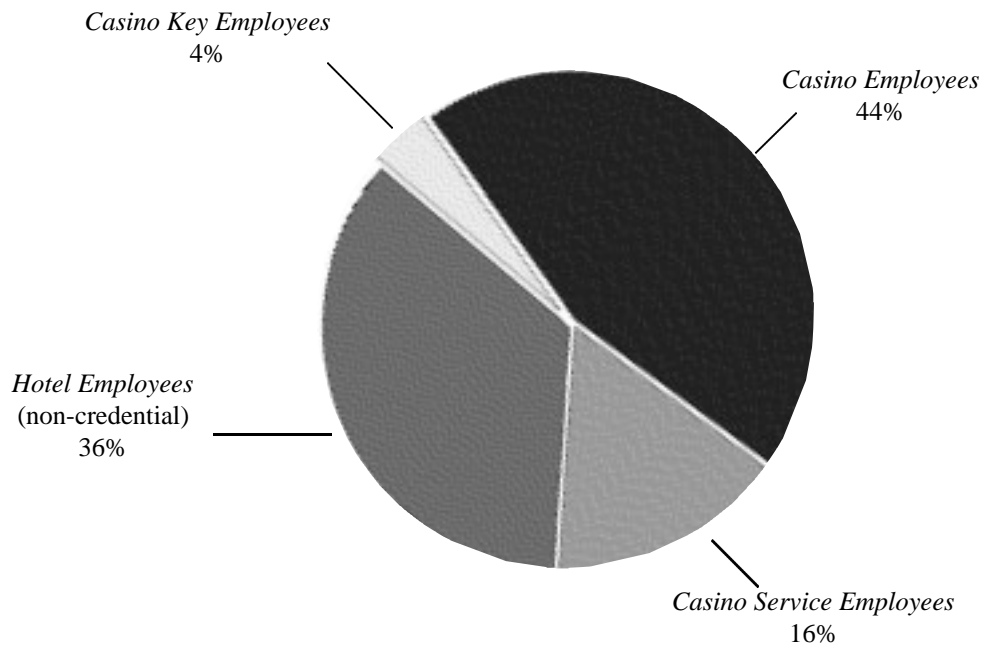
**NEW JERSEY CASINO INDUSTRY  
BY TYPE OF EMPLOYMENT  
FOR THE YEAR ENDED DECEMBER 31, 2001**

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**NEW JERSEY CASINO INDUSTRY  
EMPLOYMENT BY LICENSE CATEGORY  
FOR THE YEAR ENDED DECEMBER 31, 2001**





**EMPLOYEE LICENSE AND REGISTRATION**  
**APPLICATIONS ACCEPTED AND ISSUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

***Casino Key Employees:***

Applications Filed	195
Licenses Issued	130

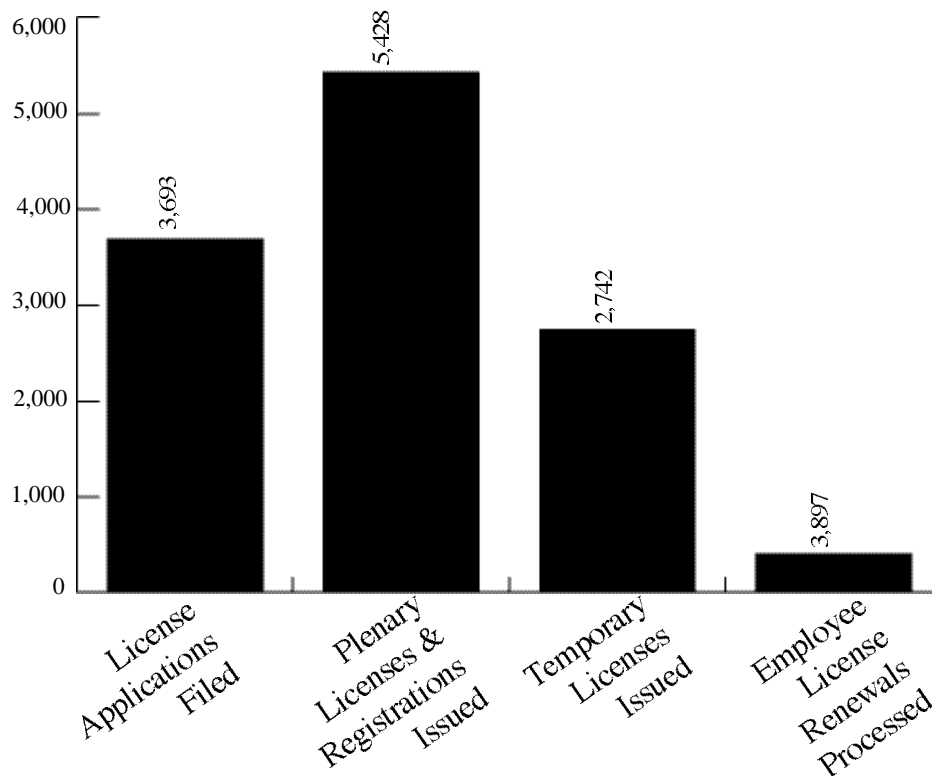
***Casino Employees:***

Applications Filed	3,498
Licenses Issued	3,585

***Casino Service Employees:***

Registrations Issued	1,713
----------------------	-------

**TOTAL EMPLOYEE LICENSE AND REGISTRATION**  
**APPLICATIONS ACCEPTED AND ISSUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**



**NEW JERSEY CASINO INDUSTRY**  
**EMPLOYMENT STATISTICS**  
**FOR THE FOUR YEARS ENDED DECEMBER 31, 2001**

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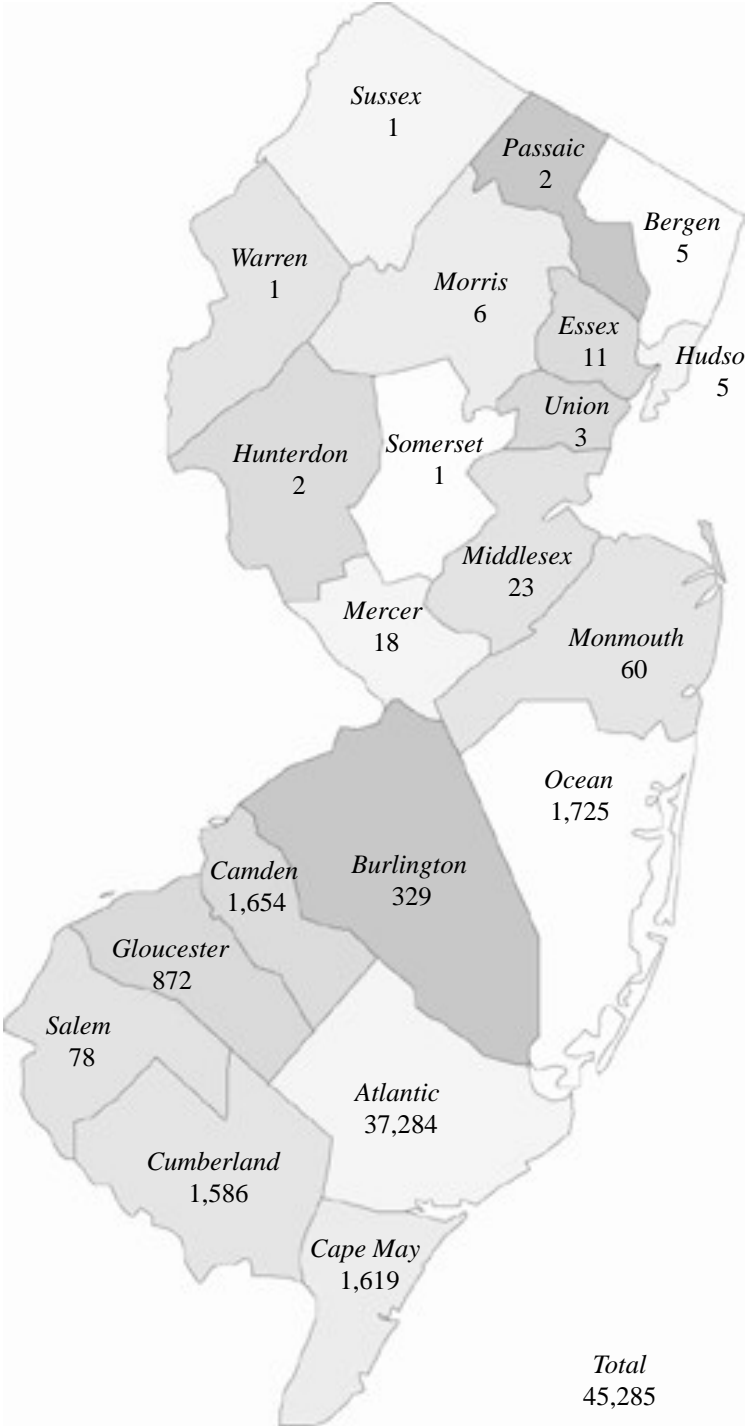
	2001	2000	1999	1998
<i>AC Hilton</i>	3,337	3,389	3,285	3,384
<i>Bally's Park Place</i>	5,636	5,611	5,393	5,474
<i>Caesars</i>	4,646	4,432	4,474	4,690
<i>Claridge</i>	2,282	2,379	2,379	2,471
<i>Harrah's</i>	3,172	3,550	3,461	3,478
<i>Resorts</i>	3,151	3,038	3,185	3,197
<i>Sands</i>	3,005	3,079	3,069	3,039
<i>Showboat</i>	3,129	3,194	3,278	3,345
<i>Tropicana</i>	4,958	5,181	5,141	5,078
<i>Trump Marina</i>	3,109	3,484	3,428	3,473
<i>Trump Plaza</i>	3,561	3,929	4,323	5,199
<i>Trump Taj Mahal</i>	5,606	6,160	5,950	5,714
<b>TOTALS</b>	<b>45,592</b>	<b>47,426</b>	<b>47,366</b>	<b>48,542</b>

**NEW JERSEY CASINO INDUSTRY**  
**SALARIES AND WAGES**  
**FOR THE FOUR YEARS ENDED DECEMBER 31, 2001**  
**(\$ IN THOUSANDS)**

	2001	2000	1999	1998
<i>AC Hilton</i>	\$84,680	83,075	\$71,314	\$72,008
<i>Bally's Park Place</i>	137,382	136,494	115,046	112,598
<i>Caesars</i>	112,041	111,013	112,405	110,361
<i>Claridge</i>	58,031	54,195	55,094	55,698
<i>Harrah's</i>	82,397	87,186	85,829	84,382
<i>Resorts</i>	71,659	73,600	73,248	75,309
<i>Sands</i>	70,333	69,238	69,034	66,086
<i>Showboat</i>	79,736	80,610	81,750	84,821
<i>Tropicana</i>	102,505	103,539	99,189	96,716
<i>Trump Marina</i>	77,403	78,744	78,655	77,278
<i>Trump Plaza</i>	89,182	91,170	101,166	106,797
<i>Trump Taj Mahal</i>	136,438	138,240	138,645	133,538
<b>TOTALS</b>	<b>\$1,101,787</b>	<b>1,107,104</b>	<b>\$1,081,375</b>	<b>\$1,075,592</b>

EMPLOYMENT BY ATLANTIC CITY CASINO LICENSEES  
BY COUNTY  
FOR THE YEAR ENDED DECEMBER 31, 2001\*

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\*Approximately 307 individuals employed in the casino industry live outside of New Jersey.



**NEW JERSEY CASINO INDUSTRY**  
**ENTERPRISE REGISTRATION AND LICENSING STATISTICS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

*Registration and Licensing Processing Statistics*

<b>Vendor Registrations Processed</b>	2,778
<b>Enterprises Prohibited from Conducting Business with Casino Licensees</b>	246 *
<b>Exemptions From Licensure Granted By CCC</b>	11

**Initial Casino Service Industry Licenses**

**Gaming Related:**

Applications Filed	9
Licenses Issued	4
Licenses Denied	0
Withdrawals Granted	0

**Non-Gaming Related:**

Applications Filed	185
Licenses Issued	154
Licenses Denied	6
Withdrawals Granted	13

**Junket Enterprises:**

Applications Filed	10
Licenses Issued	8
Licenses Denied	5
Withdrawals Granted	5

**Renewal Casino Service Industry Licenses**

**Gaming Related:**

Applications Filed	7
Licenses Issued	10
Licenses Denied	0
Withdrawals Granted	2

**Non-Gaming Related:**

Applications Filed	155
Licenses Issued	135
Licenses Denied	2
Withdrawals Granted	8

**Junket Enterprises:**

Applications Filed	11
Licenses Issued	16
Licenses Denied	2
Withdrawals Granted	1

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*Registration and Licensing Status Totals*

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<b>Universe of Active Vendors</b>	12,402
<b>Universe of Prohibited Vendors</b>	953 *
<b>Gaming Schools Currently Operating</b>	6
<b>Labor Organizations Currently Registered</b>	8

**Licensed Casino Service Industry Enterprises:**

**Initial Licensees:**

Gaming	12
Nongaming	547
Junket	38

**Renewal Licensees:**

Gaming	51
Nongaming	574
Junket	52

\* This figure includes enterprises prohibited from doing business for the following reasons: denial of a casino service industry license, failure to file a casino service industry license application, withdrawal of a casino service industry license, and nonfiling of a required vendor registration form.

**NEW JERSEY CASINO INDUSTRY**  
**TOTAL VOLUME OF VENDOR BUSINESS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>Total Companies</b>	<b>Percent of Total Companies</b>	<b>Dollar Volume of Business*</b>	<b>Percent of Total Business</b>
<b>New Jersey Enterprises</b>	2,707	100.00	\$1,728,908,326	100.00
Atlantic	1,296	47.88	1,105,744,891	63.96
Bergen	116	4.29	15,555,770	0.90
Burlington	158	5.84	46,933,521	2.71
Camden	264	9.75	79,555,269	4.60
Cape May	92	3.40	16,530,246	0.96
Cumberland	66	2.44	10,024,519	0.58
Essex	85	3.14	148,966,195	8.62
Gloucester	101	3.73	50,016,558	2.89
Hudson	37	1.37	3,948,020	0.23
Hunterdon	3	0.11	497,171	0.03
Mercer	64	2.36	5,578,462	0.32
Middlesex	73	2.70	163,051,751	9.43
Monmouth	78	2.88	15,122,690	0.87
Morris	52	1.92	6,161,334	0.36
Ocean	83	3.07	12,077,174	0.70
Passaic	38	1.40	9,216,347	0.53
Salem	6	0.22	1,616,640	0.09
Somerset	37	1.37	30,700,072	1.78
Sussex	5	0.18	436,651	0.03
Union	49	1.81	7,009,345	0.41
Warren	4	0.15	\$165,700	0.01
<b>Total Number of Vendors Receiving Payments</b>	6,789	100.00	\$2,277,216,258 **	100.00
New Jersey Enterprises	2,707	39.87	1,728,908,326	75.92
Pennsylvania Enterprises	859	12.65	137,027,343	6.02
New York Enterprises	797	11.74	103,833,955	4.56
Delaware Enterprises	28	0.41	21,690,455	0.95
All Other States	2,283	33.63	281,376,562	12.36
Foreign Enterprises	115	1.69	\$4,379,617	0.19

\* "Dollar Volume of Business" represents only those monies paid by casino licensees for good 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 made pursuant to N.J.A.C. 19:43-10.6(a)5.

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

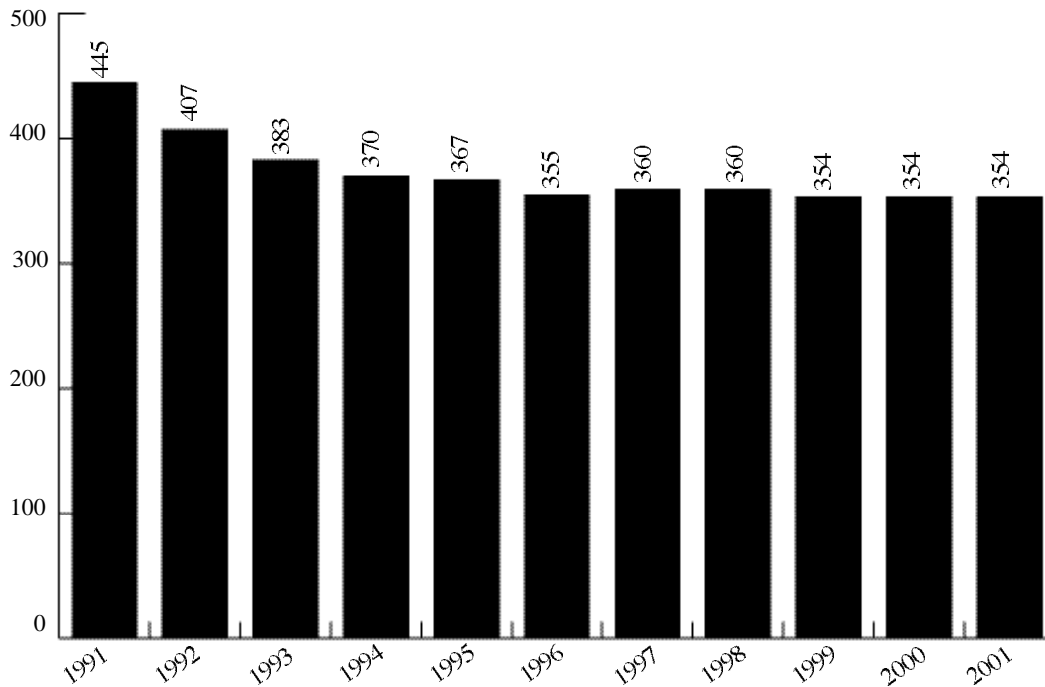


# NEW JERSEY CASINO CONTROL COMMISSION

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## NUMBER OF EMPLOYEES

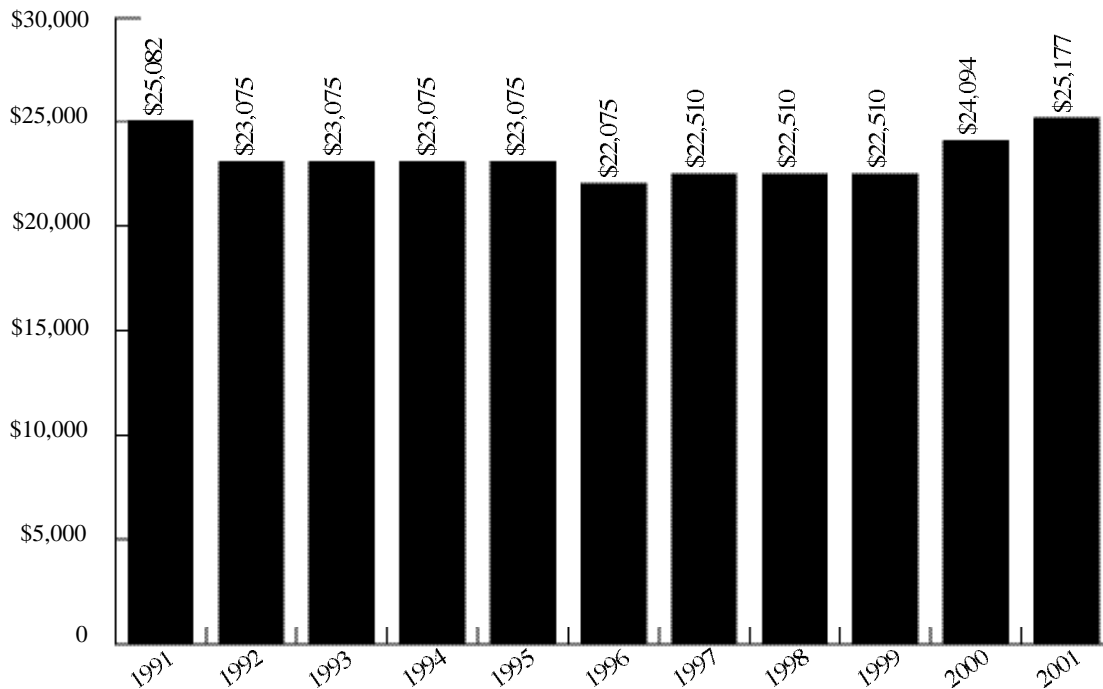
**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



# NEW JERSEY CASINO CONTROL COMMISSION

## BUDGET APPROPRIATIONS

**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



# CASINO REVENUE FUND

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**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

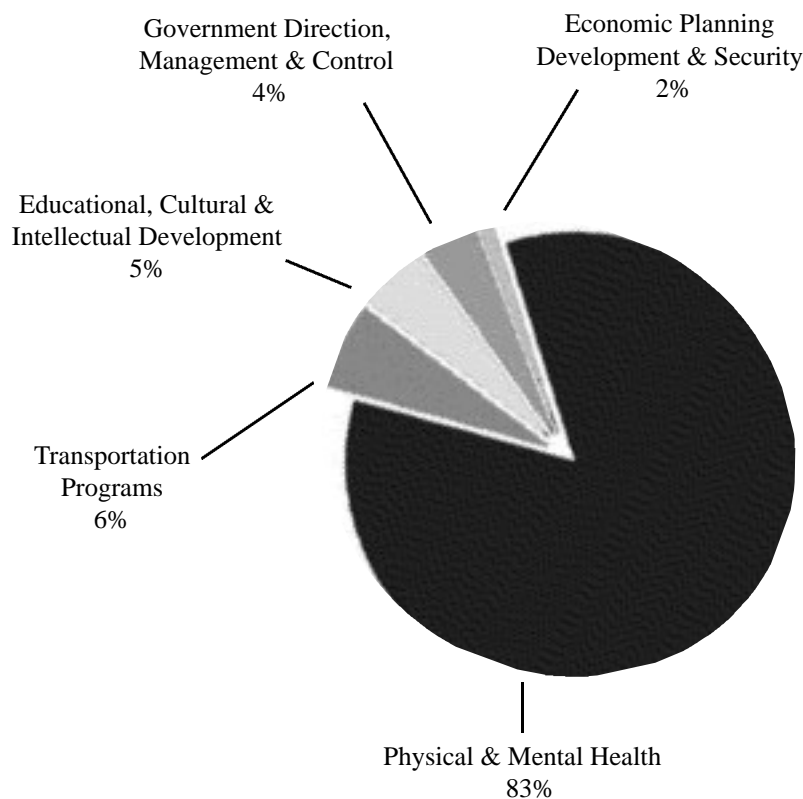
## Where the money comes from...

Each year New Jersey casinos pay the state 8 percent tax on their gross revenues. Gross gaming revenue is the amount casinos win from gamblers after all payouts have been made. The pool of taxes is deposited into the Casino Revenue Fund. The various Casino Revenue Fund programs providing resources for senior and disabled citizens include Pharmaceutical Assistance for the Aged and Disabled (PAAD), Lifeline Credit, transportation assistance, home delivered meals, property tax reduction and many other authorized programs.

Senior citizens and persons 18 years of age or older with disabilities may qualify for Casino Revenue Fund programs. Qualified New Jersey residents realize tremendous benefits from the tax dollars generated by Atlantic City casinos.

## Where the money goes...

The Casino Revenue Fund total resources for the fiscal year 2001 amounted to \$437,050,173.



2000-2001  
LEGISLATIVE  
SERVICES COMMISSION

ASSEMBLYMAN  
JACK COLLINS  
*Chairman*

SENATOR  
DONALD T. DI FRANCESCO  
*Vice-Chairman*

SENATE

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The Honorable James E. McGreevey  
Governor of New Jersey

The Honorable John O. Bennett  
President of the Senate

The Honorable Richard J. Codey  
President of the Senate

The Honorable Albio Sires  
Speaker of the General Assembly

Mr. Albert Porroni  
Executive Director  
Office of Legislative Services

**INDEPENDENT AUDITOR'S REPORT**

We have audited the financial statements of the State of New Jersey Casino Control Fund as listed in the accompanying table of contents as of and for the years ended June 30, 2001 and 2000. 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 are not intended to present fairly the financial position and results of operation of the State of New Jersey, in conformity with generally accepted accounting principles.

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, 2001 and 2000 and the results of its operations 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 March 8, 2002 on our consideration of the Casino Control Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Expenditure Detail schedule is presented for the purpose of additional analysis and is not a required part of the Casino Control Fund financial statements. Such information 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 aspects, in relation to the financial statements taken as a whole.

Richard L. Fair  
State Auditor  
March 8, 2002



**STATE OF NEW JERSEY**  
**CASINO CONTROL FUND**  
**BALANCE SHEET**  
**JUNE 30, 2001 AND 2000**

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**EXHIBIT I**  
**(in \$000)**

	<u>2001</u>	<u>2000</u>
<b><u>ASSETS</u></b>		
Cash	\$ 51.0	\$ 51.0
Accounts Receivable	5,817.7	6,184.1
Less: Allowance for Doubtful Accounts	<u>33.0</u>	<u>36.0</u>
Net Accounts Receivable	5,784.7	6,148.1
Due from General Fund	6,969.2	8,198.5
Deferred Charges	<u>135.2</u>	<u>426.2</u>
Total Assets	<b><u>\$ 12,940.1</u></b>	<b><u>\$ 14,823.8</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>		
Liabilities		
Accounts Payable	\$ 4,136.1	\$ 3,912.4
Deferred Revenue	<u>8,793.5</u>	<u>8,795.3</u>
Total Liabilities	<b><u>12,929.6</u></b>	<b><u>12,707.7</u></b>
Fund Balances		
Reserved for:		
Encumbrances	1,236.1	2,803.5
Other	135.2	426.2
Unreserved:		
Designated for Continuing Appropriation	1,069.3	575.1
Undesignated	<u>(2,430.1)</u>	<u>(1,688.7)</u>
Total Fund Balances	<u>10.5</u>	<u>2,116.1</u>
Total Liabilities and Fund Balances	<b><u>\$ 12,940.1</u></b>	<b><u>\$ 14,823.8</u></b>

SEE NOTES TO FINANCIAL STATEMENTS

**STATE OF NEW JERSEY  
CASINO CONTROL FUND**

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**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

**EXHIBIT II**  
**(in \$000)**

	<u>2001</u>	<u>2000</u>
<b><u>REVENUES</u></b>		
Casinos		
Licenses - Casino	\$ 35,363.7	\$ 34,552.9
- Slot Machine	18,367.9	18,406.7
- Alcoholic Beverage	134.6	106.3
Assessments	<u>-</u>	<u>-</u>
	53,866.2	53,065.9
Credits - Prior Year Fund Balance	<u>(2,116.1)</u>	<u>(4,102.7)</u>
Total from Casinos	<u>51,750.1</u>	<u>48,963.2</u>
Other Sources		
Licenses - Casino Employees	2,965.0	4,164.3
- Casino Service Industry	1,044.5	1,276.2
Slot Prototype	916.5	796.3
Other Revenue	<u>169.7</u>	<u>130.1</u>
Total from Other Sources	<u>5,095.7</u>	<u>6,366.9</u>
Investment Earnings	<u>466.6</u>	<u>549.4</u>
Total Revenues	<u>57,312.4</u>	<u>55,879.5</u>
<b><u>EXPENDITURES</u></b>		
Public Safety and Criminal Justice (Division of Gaming Enforcement)	34,897.7	34,345.6
Government Direction, Management and Control (Casino Control Commission)	<u>24,520.3</u>	<u>23,520.5</u>
Total Expenditures	<u>59,418.0</u>	<u>57,866.1</u>
Net Increase (Decrease) in Fund Balance for the Year	(2,105.6)	(1,986.6)
Fund Balance - Beginning	<u>2,116.1</u>	<u>4,102.7</u>
Fund Balance - Ending	<u><b>\$ 10.5</b></u>	<u><b>\$ 2,116.1</b></u>

SEE NOTES TO FINANCIAL STATEMENTS

**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, 2001**

**EXHIBIT III-A**  
**(in \$000)**

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>
<b><u>REVENUES</u></b>			
Casinos			
Licenses - Casino	\$ 34,588.3	\$ 35,363.7	\$ 775.4
- Slot Machine	18,138.7	18,367.9	229.2
- Alcoholic Beverage	92.7	134.6	41.9
Assessments	<u>2,337.4</u>	<u>-</u>	<u>(2337.4)</u>
	55,157.1	53,866.2	(1,290.9)
Credits - Prior Year Fund Balance	<u>(2,116.1)</u>	<u>(2,116.1)</u>	<u>-</u>
Total from Casinos	<u>53,041.0</u>	<u>51,750.1</u>	<u>(1,290.9)</u>
Other Sources			
Licenses - Casino Employees	2,922.3	2,965.0	42.7
- Casino Service Industry	1,207.1	1,044.5	(162.6)
Slot Prototype	796.0	916.5	120.5
Other Revenues	<u>126.6</u>	<u>169.7</u>	<u>43.1</u>
Total from Other Sources	<u>5,052.0</u>	<u>5,095.7</u>	<u>43.7</u>
Investment Earnings	<u>-</u>	<u>466.6</u>	<u>466.6</u>
Total Revenues	<u>58,093.0</u>	<u>57,312.4</u>	<u>(780.6)</u>
<b><u>EXPENDITURES</u></b>			
Public Safety and Criminal Justice (Division of Gaming Enforcement)	33,851.0	34,769.8	(918.8)
Government Direction, Management and Control (Casino Control Commission)	<u>24,242.0</u>	<u>23,742.9</u>	<u>499.1</u>
Total Expenditures	<u>58,093.0</u>	<u>58,512.7</u>	<u>(419.7)</u>
Net Increase (Decrease) in Fund Balance for the Year	<u>\$ -</u>	<u>\$ (1,200.3)</u>	<u>\$ (1,200.3)</u>

SEE NOTES TO FINANCIAL STATEMENTS

**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, 2000**

**EXHIBIT III-B**  
**(in \$000)**

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>
<b><u>REVENUES</u></b>			
Casinos			
Licenses - Casino	\$ 34,783.6	\$ 34,552.9	\$ (230.7)
- Slot Machine	18,183.5	18,406.7	223.2
- Alcoholic Beverage	156.2	106.3	(49.9)
Assessments	<u>-</u>	<u>-</u>	<u>-</u>
	53,123.3	53,065.9	(57.4)
Credits - Prior Year Fund Balance	<u>(4,102.7)</u>	<u>(4,102.7)</u>	<u>-</u>
Total from Casinos	<u>49,020.6</u>	<u>48,963.2</u>	<u>(57.4)</u>
Other Sources			
Licenses - Casino Employees	4,180.9	4,164.3	(16.6)
- Casino Service Industry	1,267.2	1,276.2	9.0
Slot Prototype	622.0	796.3	174.3
Other Revenues	<u>75.3</u>	<u>130.1</u>	<u>54.8</u>
Total from Other Sources	<u>6,145.4</u>	<u>6,366.9</u>	<u>221.5</u>
Investment Earnings	<u>-</u>	<u>549.4</u>	<u>549.4</u>
Total Revenues	<u>55,166.0</u>	<u>55,879.5</u>	<u>713.5</u>
<b><u>EXPENDITURES</u></b>			
Public Safety and Criminal Justice (Division of Gaming Enforcement)	32,251.0	33,615.4	(1,364.4)
Government Direction, Management and Control (Casino Control Commission)	<u>22,915.0</u>	<u>23,855.0</u>	<u>(940.0)</u>
Total Expenditures	<u>55,166.0</u>	<u>57,470.4</u>	<u>(2,304.4)</u>
Net Increase (Decrease) in Fund Balance for the Year	<u>\$ -</u>	<u>\$ (1,590.9)</u>	<u>\$ (1,590.9)</u>

SEE NOTES TO FINANCIAL STATEMENTS



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

**NOTE 1 – Significant Accounting Policies**

**A. Basis of Presentation**

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

**B. Fund Accounting**

The state uses funds, account groups and component units to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aide financial management by segregating transactions related to certain functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts which represent the fund's assets, liabilities, equity, revenues and expenditures or expenses. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is then divided into separate "Fund Types."

**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, expendable 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 to fund the operations of the Casino Control Commission and the Division of Gaming Enforcement.

**C. Basis of Accounting**

The Casino Control Fund is accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which 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 recorded on the accrual basis when the related liability is incurred. Disbursements for prepaid expenses, inventory items, and fixed assets are recorded as expenditures when incurred.

**D. Budgetary Process**

An annual budget is adopted for the Casino Control Fund. The Legislature enacts the budget through passage of specific appropriation, the sum of which may not exceed

estimated revenues. The annual appropriation act for fiscal years 2001 and 2000 authorized \$58,093,000 and \$55,166,000, respectively. Budgetary control is maintained at the program unit level.

The accompanying statements of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual – Budgetary Basis present comparisons of the budget established at the start of the fiscal year with actual data on a budgetary basis. The Casino Control Fund's budgeted figures differ from those presented in the State of New Jersey Comprehensive Annual Financial Report (CAFR) due to state budget revisions made throughout the year for supplemental appropriations and changes in appropriated revenues.

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. The following presents a reconciliation of the budgetary basis to the GAAP basis of reporting:

Actual on Budgetary to GAAP Basis June 30, 2001 and 2000 (In \$000)		
	2001	2000
Budgetary basis – net increase (decrease) in fund balances for the fiscal year	\$(1,200.3)	\$(1,590.9)
Prior year expenditures and other financing uses	(1,541.2)	(2,990.1)
Encumbrances	500.7	2,168.2
Reserved - Other	<u>135.2</u>	<u>426.2</u>
GAAP basis – net increase (decrease) in fund balances for the fiscal year	<u>\$(2,105.6)</u>	<u>\$(1,986.6)</u>

**E. Fixed Assets**

Fixed 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 General Fixed Asset Account Group.

**F. 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) Reserved – Other – Used to segregate a portion of the fund balance to provide for anticipated expenditures in future fiscal years.

3) Unreserved – Designated for Continuing Appropriations – Used to represent that portion of fund balance which has been appropriated by the Legislature.

4) Unreserved – Undesignated – Used to represent that portion of fund balance resources available for appropriation.

**G. 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 industries. 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 - Deferred Charges**

Represents amounts paid in advance from the Casino Control Commission and Division of Gaming Enforcement's fiscal year 2001 and 2000 appropriations to fund planned office renovations and indirect costs, and planned data processing conversion projects, respectively.

**NOTE 6- Deferred Revenue**

Deferred Revenue represents fiscal year 2002 and fiscal year 2001 slot machine license billings collected and recorded in June 2001 and 2000, respectively.

**NOTE 7 - Fund Balance**

The positive fund balance as of June 30, 2001 and June 30, 2000 resulted from revenues exceeding expenditures. Pursuant to N.J.A.C. 19:41-9.1(e) the balance at June 30, 2001 will be credited to casino licensees during fiscal year 2002 in proportion to the relative amount of total fees incurred or paid by each casino licensee with respect to the fiscal year ended June 30, 2001. The balance at June 30, 2000 was credited in the same manner to casino licensees during fiscal year 2001.

**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. The liability for accumulated employee sick leave balances as of June 30, 2001 and June 30, 2000 of approximately \$3.8 million and 3.2 million, respectively, is reflected in the State's General Long-Term Debt Account Group 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 one-year period. The liability for accumulated vacation pay as of June 30, 2001 and June 30, 2000 of approximately \$1.2 million and \$1 million, respectively, is reflected in the State's General Long-Term Debt Account Group 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 2001 and fiscal year 2000 was equal to the effective rate of return on investments in the General Fund and varied from 4.90% to 6.60% in fiscal year 2001 and from 4.90% to 6.27% in fiscal year 2000. 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**

The Casino Control Fund is involved in a number of legal actions wherein there is potential for unanticipated expenditure. The exact amount involved in legal proceedings is not fully determinable. N.J.A.C. 19:41-9.1 allows the Casino Control Fund to apportion any uncollected cost among the licensed casino facilities.



**STATE OF NEW JERSEY  
CASINO CONTROL FUND  
EXPENDITURE DETAIL  
FISCAL YEARS ENDED JUNE 30, 2001 AND 2000**

**SCHEDULE I**  
**(in \$000)**

<b><u>EXPENDITURES</u></b>	<b>2001</b>		<b>2000</b>	
	<b>PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>GOVERNMENTAL DIRECTION MANAGEMENT AND CONTROL</b>	<b>PUBLIC SAFETY AND CRIMINAL JUSTICE</b>	<b>GOVERNMENTAL DIRECTION MANAGEMENT AND CONTROL</b>
Salaries	\$ 23,169.3	\$ 17,008.1	\$ 22,322.9	\$ 16,163.2
Payroll Taxes and Employee Benefits	4,741.8	4,259.1	5,030.8	4,244.9
Printing and Office Supplies	175.8	178.3	143.0	155.5
Vehicular Supplies	135.3	-	101.1	-
Travel	252.9	56.4	279.5	48.2
Telephone	342.7	155.4	276.9	181.1
Data Processing	804.2	1,041.7	582.1	922.4
Professional Services	146.6	124.4	145.5	61.4
Other Services Other Than Personal	694.9	198.5	693.1	155.7
Rent-Facilities	2,168.5	1,078.7	3,589.8	1,145.7
Rent-Automobiles and Other	125.7	113.4	139.7	80.5
Indirect Costs	1,120.2	47.1	685.2	41.1
Improvements	44.1	-	22.9	-
Office Equipment	516.7	76.5	(128.5)	161.4
Vehicular Equipment	121.8	28.2	172.2	52.0
Other Equipment	<u>337.2</u>	<u>154.5</u>	<u>289.4</u>	<u>107.4</u>
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 34,897.7</u></b>	<b><u>\$ 24,520.3</u></b>	<b><u>\$ 34,345.6</u></b>	<b><u>\$ 23,520.5</u></b>



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