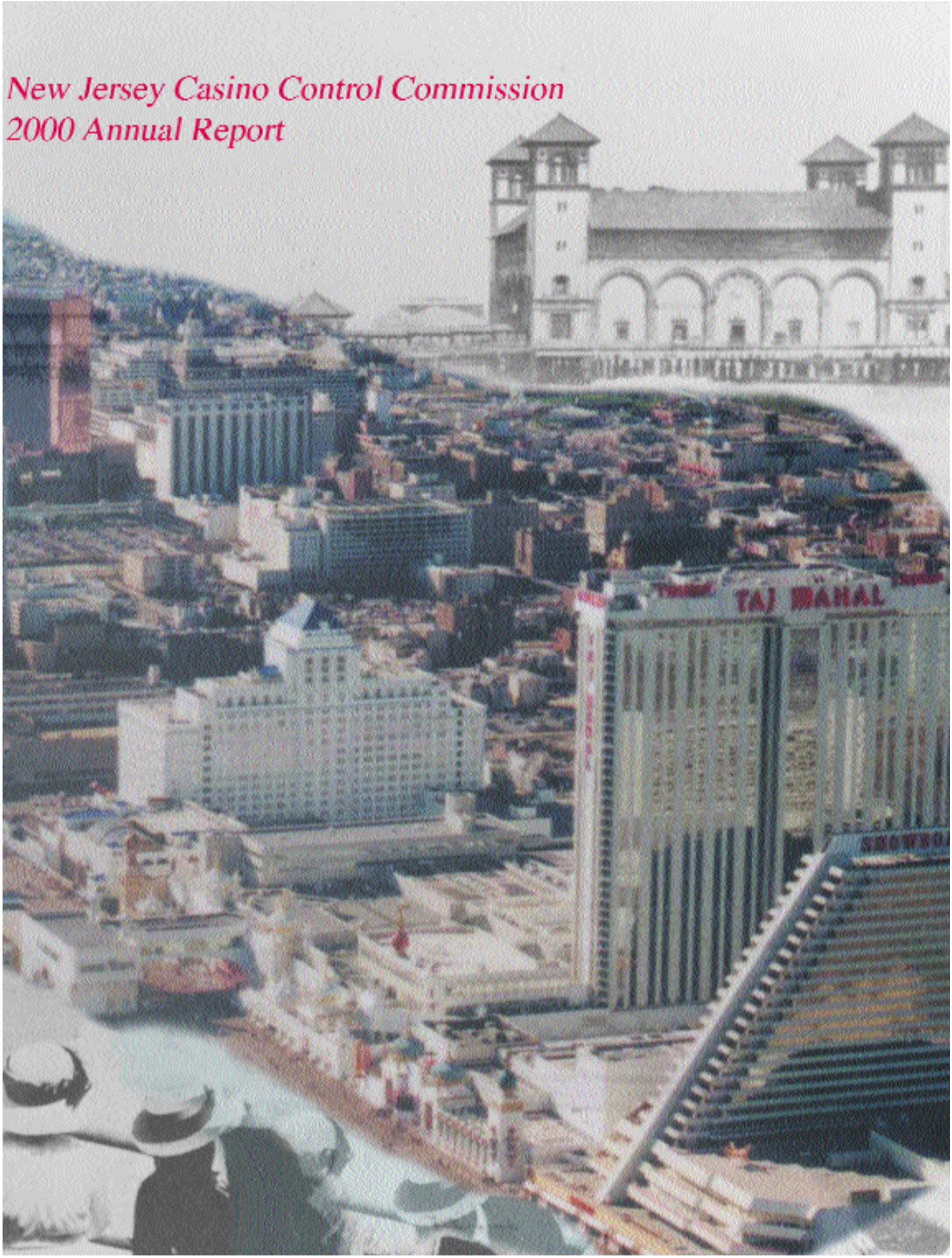
New Jersey Casino Control Commission
2000 Annual Report



On the cover: The St. Charles, the Breakers, and Garden Pier seen from Steel Pier, August 19, 1916 and the Atlantic City skyline, November 2000.
Aerial courtesy of AC Photo, Linwood, New Jersey 08221.

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Acting Governor Donald T. DiFrancesco

The Annual Report of the New Jersey Casino Control Commission for the year 2000 is submitted to the Governor and New Jersey Legislature

THE CASINO CONTROL COMMISSION 2000

Seated from left:
Diane M. Legreide, Vice Chair, and James R. Hurley, Chairman
Standing from left:
Commissioners Michael A. Fedorko, Susan F. Maven and William T. Sommeling

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Photographed by AC Photo, Linwood, New Jersey at the Atlantic City Convention Hall, Atlantic City, New Jersey.
Background wall: Atlantic City Boardwalk as seen from Steel Pier, 1917.

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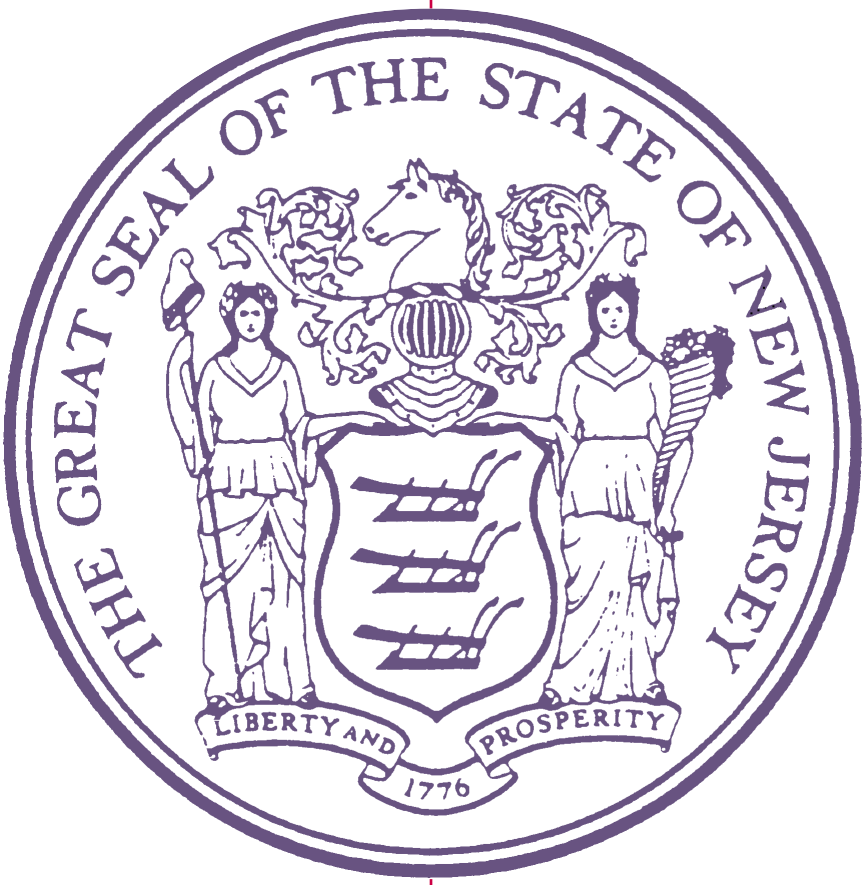

CASINO CONTROL COMMISSION

MESSAGE FROM THE CHAIRMAN

A CENTURY AGO... Atlantic City was on the verge of becoming a great resort. It was a city at the dawn of an era of explosive new growth and development.

While it was founded in 1854, it took half a century for Atlantic City to grow into a thriving little community and become a popular summer resort. By the start of the 20th century, its streets were lined with guest houses and the precursors to some fine hotels like the Dennis, the United States, the Traymore and others. Applegate's Pier and Iron Pier, which was later renamed Heinz Pier, were magnets that drew people for shows and concerts, picnics and pickles.

It was a city, a century ago, that had not yet reached its peak. But people knew that it was becoming a place where people had to go. A hundred years ago, the Ambassador, the Claridge, the Marlborough-Blenheim, the Shelburne and the President hotels were still over the horizon. A hundred years ago, Atlantic City's golden age was about to begin. In the years to come, Atlantic City saw massive new investment, an explosive growth in the number of hotels, the number of visitors and the number of residents. It blossomed into an American mecca, luring tourists, conventioneers and other visitors who came to enjoy the ocean, the hotels and the entertainment that made the city famous.

A hundred years later, history started repeating itself. After decades of decline, Atlantic City was reborn in 1976 when casino gambling was legalized. That kicked off a spurt of development that rivaled the impact of the arrival of the first railroad. And while the growth through the mid-1980s was intense, the city was still primarily a drive-in destination, not a full resort community.

But that is changing. Today, at the start of this new century, Atlantic City is again on the verge of explosive new growth and development. New casinos and additions to existing ones will dramatically expand the city's ability to host overnight guests and other attractions will make the city more appealing to even more visitors.

In 2000, work started on the new Borgata Hotel Casino – a 2,010-room mega-resort that will be larger than any of the existing casino hotels in Atlantic City. Right next to it, MGM-Mirage Corp. is developing plans for another casino hotel, the size and scope of which have not been finalized. Nearby, Harrah's is building another new room tower to its casino hotel complex while Tropicana, Showboat and the Sands, along the Boardwalk, have plans to expand as well. These new and expanded properties will enable Atlantic City to dramatically increase its market by creating thousands of new hotel rooms, new retail and recreational attractions and state-of-the-art casinos. These new and expanded facilities will attract more visitors to the city, will allow more of them to stay longer, will help Atlantic City to shake its image as a day-trip market and help to establish it as a true destination resort.

The city's success to date, and its potential for future success, is due in part to the regulatory environment that this commission has created and fostered for almost 24 years. The Casino Control Commission has worked, and continues to work, to ensure that regulations are fair and appropriate while insisting on the highest levels of integrity for casino operators, employees and service industries.

In 2000, the commission continued its ongoing review of regulations in an effort to find more efficient and effective ways for the agency and the industry to operate. Some changes – like authorizing new games – gave casinos the ability to broaden their appeal and attract more customers. Others – like automated hopper fill systems – allowed casinos to contain costs and maximize their return on investment. The commission also began the process of completely revising its regulations in the area of affirmative action and equal opportunity to comport with changing constitutional standards.

A number of the changes instituted in 2000 improved the way the commission operates. One that I'm particularly proud of is a new system for issuing employee license credentials. The commission replaced a system that used Polaroid photos laminated on a license card with a system that uses a digital camera to print a photo onto a plastic card that is more secure and tamper-resistant.

The commission also worked with the Division of Gaming Enforcement to expand its efforts to help compulsive gamblers. Legislation was introduced to permit players with a gambling problem to place themselves on a self-exclusion list and be barred from entering Atlantic City's casinos. In addition, the commissioners and directors all received intensive training in the issue of compulsive gambling and set up a program to train all of the agency's employees. The commission also expanded its World Wide Web pages to provide more information about problem gambling and links that let people know where they can find the closest Gamblers Anonymous meeting. The commission's continuing concerns about compulsive gambling also were heightened in 2000 with a hearing on whether to revoke the license of a casino executive with a gambling problem.

Through its continuing commitment to modernizing regulations and insistence on maintaining high levels of integrity, the commission has helped to create an environment in which the casino industry can prosper. Through that commitment, the commission also helped to create an environment in which Atlantic City and New Jersey can, and will, continue to reap the economic and social benefits generated by casino gaming.

THE BORGATA
Atlantic City, New Jersey
Proposed completion,
Summer 2003

Today, at the start of this new century, Atlantic City is again on the verge of explosive new growth and development.

MEMBERS OF THE COMMISSION

James R. Hurley
Chairman

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. Governor Thomas Kean initially appointed him in January 1990. He was reappointed by Governor James Florio in 1992 and named to another term by Governor Christine Todd Whitman in 1997. In 1994, Governor 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.

Diane M. Legreide
Vice Chair

In January 2001, commission members elected Diane M. Legreide vice chair of the New Jersey Casino Control Commission. She was appointed to the commission by Governor Christine Todd Whitman in September 1994 and was reappointed to a full five-year term in October 1998. Her term expires in 2003. Prior to her appointment, Vice Chair 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. Vice Chair Legreide serves as a trustee for the Point Pleasant Beach Education Foundation and the Atlantic County Economic Development Corporation 2000. She serves 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.

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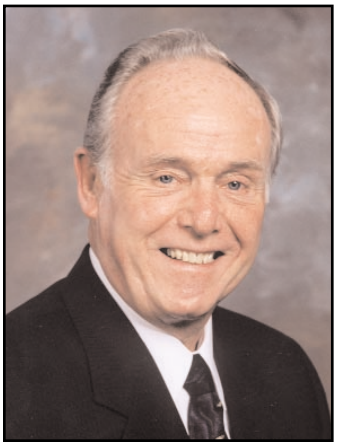
Susan F. Maven
Commissioner

Commissioner Susan F. Maven was appointed to the New Jersey Casino Control Commission in July 1998 by Governor Christine Todd Whitman and served as vice chair from January through December 2000. Prior to her appointment, Commissioner Maven served as general counsel for the Atlantic County Improvement Authority for eight years. Before taking that position in 1990, she served for a year as a development coordinator for the Atlantic County Improvement Authority. She is also a member of the bar associations in New Jersey and Pennsylvania. Commissioner Maven is active in a number of professional and civic associations. She is a member of the Atlantic County Vocational Technical School, Board of Directors and Board secretary for Atlantic City Tomorrow, Inc. Commissioner Maven's term expires in 2001.

Michael A. Fedorko
Commissioner

Commissioner Michael A. Fedorko became a member of the New Jersey Casino Control Commission in November 1999 after being appointed by Governor Christine Todd Whitman. The commissioner's term expires in 2004. Commissioner Fedorko came to the commission after more than 30 years of service for the New Jersey State Police where he rose to the rank of Acting Superintendent. Commissioner Fedorko also served in the United States Marine Corps. He completed his undergraduate studies at Trenton State College earning a B.S. in Criminal Justice. He earned a Masters 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.



William T. Sommeling
Commissioner

Commissioner William T. Sommeling is the newest member of the New Jersey Casino Control Commission. He was appointed to the commission by Governor Christine Todd Whitman in November 2000. The commissioner's term expires in 2005. 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, Commissioner Sommeling was president and chairman of the board of trustees of Toms River Regular Republican Organization and was a member of various committees in Dover Township. He completed his undergraduate studies at Ocean County College and Trenton State College earning a B.S. in Criminal Justice. He also earned a Masters Degree in Administration from Rider University and attended Cornell University's School of Hotel Administration. Commissioner Sommeling is or has been active in a number of professional and civic organizations, including the FBI National Academy Associates and International Association of Chiefs of Police.

OPERATIONS OF THE COMMISSION

Division of Financial Evaluation

Noreen Iannuzzi, Director

The Division of Financial Evaluation is primarily responsible for financial oversight and funds control for the New Jersey casino industry. Financial oversight deals with analyzing, evaluating and monitoring a casino licensee's financial stability. Funds control involves the collection of monies associated with fees, taxes and penalties assessed by the commission.

The Division of Financial Evaluation consists of four units: the Audit Unit, the Budget and Fiscal Office, the Financial Evaluation Unit and the Revenue Unit.

The Audit Unit performed gross revenue tax examinations to certify each licensee's casino revenue and verified the sufficiency of gross revenue tax payments to the State. With the ongoing introduction of new gaming technologies, this unit monitored changes to internal control procedures to ensure that adequate audit coverage was obtained.

The Budget and Fiscal Office is responsible for the commission's budget. The budget for fiscal year 2000 was approved by the Legislature at $24.1 million. In addition, this unit is responsible for all purchases and payments to vendors and for providing services necessary for the operation of the commission.

Last year, the Financial Evaluation Unit successfully analyzed various financial issues in the casino industry. In addition to assessing the operating results and financial prospects of eight properties in conjunction with their casino license renewals, the unit played a key role in reviewing the Sands' bankruptcy reorganization plan and the economic concentration issues stemming from Park Place Entertainment's proposed acquisition of the Claridge. The unit is also in the process of developing a new database for a variety of statistical information.

During Fiscal Year 2000, the Revenue Unit collected $338.6 million in Gross Revenue Tax. An additional $752,941 in fines was collected, a portion of which was deposited in the State's General Fund to provide funding for the Council on Compulsive Gambling and compulsive gambling treatment.

To fully fund the Fiscal Year 2000 expenditures of the commission and Division of Gaming Enforcement, the Revenue Unit collected $58.3 million in licensing fees from the casino industry. Casino licensees remitted an additional $6.9 million to the Atlantic City Fund as the result of certain budgetary savings realized by the regulatory agencies.

Since the inception of casino gaming, the Revenue Unit has collected $4.7 billion in Gross Revenue Tax, $952 million in license fees, $10 million in fines and $34.5 million in Atlantic City Fund contributions.

During 2000, the Revenue Unit implemented a computerized Time and Expense System. In addition to providing commission employees with the ability to log their billable and leave time online, the system yielded certain savings to the agency and resulted in more timely and accurate invoicing to the industry.

Since the inception of casino gaming, the Revenue Unit has collected $4.7 billion in Gross Revenue Tax.

Division of Compliance

The Division of Compliance is the largest division in the commission, comprising more than half of the agency's employees. The Division of Compliance is responsible for the review and approval of petitions and submissions related to accounting and internal controls, gaming equipment and rules of the game. The division consists of three units.

The Casino Operations Unit reviewed approximately 1,000 internal control submissions during 2000. The unit also reviewed and approved new games and rule options such as Colorado Hold 'Em, streak wager at blackjack, three card poker options and progressive pai gow poker. The unit continued to see significant increases in the amount of time devoted to the review and analysis of new gaming technologies and electronic gaming systems. Submissions approved during the past year included automated currency counting equipment, automated player rating systems, automated coupon systems and automated jackpot/hopper fill systems. The increasing importance of slot machines in the casino industry resulted in new and innovative ideas in this area of gaming, including new hopper fill verifier procedures. The unit reviewed a new wide area multi-link progressive system, started the review of slot machine voucher type systems and continued the review of the electronic slot machine drop system. In addition, the unit continued its ongoing review and updating of existing commission regulations related to gaming operations and management information systems.

The Legal Advisory Unit is responsible for the analysis and review of existing regulations and for drafting new proposals, such as new games and wagers. The three attorneys in this unit also advise the commission, director and staff on regulatory and statutory matters. In 2000, a legal analyst assigned to the unit processed more than 300 formal patron complaints.

The Field Gaming Unit plays a vital role in the system of control over casino operations by serving as the "eyes and ears of the commission." As required by law, inspectors are present in each casino around the clock throughout the year. Inspectors monitor daily gaming operations and certify gaming revenues at all 12 casino properties.

Richard P. Franz, Director

Recording patron complaints and handling patron inquiries represents important responsibilities of the Field Gaming Unit. The principal inspector assigned to each casino is responsible for reviewing and approving all casino floor modifications and table game and slot machine movements. They also are responsible for inspections and approval of gaming equipment and CCTV cameras.

In 2000, the Field Gaming Unit continued to provide staff training in areas of emerging gaming technologies and electronic gaming systems. During the year, the unit supervisors attended Slot Data Systems (SDS) training, which is the slot monitoring system used by most casinos. The unit includes one manager, 12 principal inspectors (one assigned to each casino) overseeing a staff of 162 inspectors.

The Field Gaming Unit plays a vital role in the system of control over gaming operations by serving as the "eyes and ears of the commission."

Division of Licensing

Christopher D. Storcella, Director

The Division of Licensing is divided into five operating units that reflect its primary areas of responsibility. These are the Director's Office, the Employee License Unit, the Enterprise License Unit, the Legal Advisory Unit and the Technical Resource Unit.

The Director's Office is responsible for overseeing the daily operations of and determining the policies to be implemented throughout the Division of Licensing. The Director's Office also handles all aspects of casino hotel alcoholic beverage licensing. In 2000, after Atlantic City amended its local ordinance, the Director's Office processed applications by two casinos for permits to serve alcoholic beverages on the beach. These were the first such events approved by the commission as a result of the change to the city's municipal code.

The Employee License Unit is responsible for the licensing activities that affect employees of the casino hotels. In 2000, the unit accepted 13,506 applications for licenses and registrations which generated $4,164,300 in revenue for the Casino Control Fund. In 2000, the Employee License Unit, with help from a number of sources, changed the way in which license cards are created. The new system, which allows for computer imaging and storage of photographs, is designed to improve customer service, increase security and reduce costs.

Also this year, the Employee License Unit and the Division of Licensing's Legal Advisory Unit worked with other units of the commission, the Division of Gaming Enforcement and the casino industry, to formulate proposed regulations for the Management Information System ("MIS"), Surveillance and Internal Audit departments of casinos. Rather than publishing these regulations independently, the commission took the step of circulating draft regulations to solicit comments from the casino industry. If adopted, these regulations will address the changes in technology that have affected the MIS departments and will take into account the greater role that these departments play in the daily operations of a casino. The regulations will also clarify the roles of the Internal Audit and Surveillance departments.

The Enterprise License Unit is responsible for the processing of gaming and non-gaming related casino service industry license applications, junket enterprise license applications, vendor registration and labor organization registration forms. The unit is also responsible for the review and approval of casino hotel internal control submissions for purchasing and disbursing. In 2000, the unit processed 412 applications and generated $1,276,200 in revenue from license application fees. In 2000, this unit along with the Division of Licensing's Technical Resource Unit, and in conjunction with the Information Technology Unit of the Division of Administration, dedicated months of intensive labor to the development and release of a bid proposal for the redesign and in-house migration of the Enterprise License Unit's registration and licensing database. The Enterprise License Unit anticipates that work on the project will be substantially, if not entirely, completed in 2002. It will result in a fully integrated system that is able to interface with the commission's web site and permit the electronic exchange of data with the casino industry.

Additionally, the Enterprise License Unit and the Division of Licensing's Legal Advisory Unit worked together to develop a regulation that was approved by the commission for publication.

If adopted, the proposal would permit the Commission to grant temporary qualification status to certain principal employees of applicants for gaming-related casino service industry licenses and to issue gaming-related casino service industry licenses to applicants with no more than three persons in this temporary qualification status, as long as the Division of Gaming Enforcement has fully investigated and reported on all other aspects of the applicant's companies.

The Legal Advisory Unit is responsible for handling the majority of commission contested cases, promulgating regulations for the Division of Licensing, processing petitions concerning casino service industry licenses and providing legal advice to other units within the Division of Licensing. In 2000, this unit counseled the commission in the contested case hearings of two high-level casino executives. One case involved complex tax-related issues and the second addressed compulsive gambling. Also, Legal Advisory Unit staff successfully represented the commission in two appeals. One appeal, to the Appellate Division of Superior Court, concerned sexual harassment issues and the good character of the applicant. The second appeal, to the New Jersey Supreme Court, involved alleged ties to organized crime.

Further, the Legal Advisory Unit and the Technical Resource Unit participated in the development of a bid proposal to redesign the unit's Contested Case database. This project is expected to be completed in mid-2002.

The Technical Resource Unit provides application support services to Division of Licensing staff. The unit is also the main repository for all active license application files processed by staff of the Division of Licensing. In the beginning of the year, a new file system was installed that provides more file space and facilitates the retrieval of files. In addition to the assistance provided to the other units, the Technical Resource Unit was responsible for the testing and checking of all Division of Licensing data processing applications for Y2K compliance and system bugs. No major problems were discovered and the few minor problems that arose were quickly resolved. Technical Resource Unit staff worked with the Employee License Unit and the Office of Information Technology to provide the casinos with electronic access to the Restricted Employment and Application List ("REAL"). As a result, the casinos can perform a "real time" search of this information. This project included the addition of temporary licensing information to the casino industry inquiry screen.

In 2000, the Employee License Unit accepted 13,506 applications for licenses and registrations which generated $4,164,300 for the Casino Control Fund. The Enterprise License Unit processed 412 applications and generated $1,276,200 revenue from license application fees.

Division of Administration

Dennis Daly, Director
Executive Secretary

The Division of Administration is responsible for a variety of administrative services that enable the Casino Control Commission to accomplish its regulatory functions. Specifically, it provides human resource management services, including staff development and training; attends to office parking, transportation and other facilities needs; receives and routes mail, petitions and other legal filings; coordinates publication of agency regulations and provides subscription services; and obtains and maintains the computer equipment and other hardware and software which allow the commission to keep pace with the technologically sophisticated industry it regulates.

In 2000, administration personnel created and conducted an agency-wide training program to implement a revised performance evaluations system known as "PADS." The revision of PADS, also accomplished this year, was required by the "pay for performance" initiative undertaken by the New Jersey Department of Personnel for all State employees. Working in concert with the commission's Affirmative Action Officer, administration personnel also coordinated agency-wide sexual harassment training, again in accord with state policies.

As in previous years, the administrative division personnel took measures to ensure that the agency's information processing capabilities continued to be efficient and reliable. Of particular interest are the newly developed Time and Expense System ("TES"), which was created in conjunction with Financial Division personnel, and the Human Resource Tracking System ("HR"). Both TES and HR systems feature custom tailored Windows-type screens that are secure yet convenient to use. The TES system automates what previously was a tedious paper process and provides for faster, more accurate billing of agency professional time. The HR system, which will be implemented in the second quarter of 2001, using similar technology, consolidates and replaces a number of manual processes.

While no major facility improvements were undertaken during the year, administrative division personnel implemented several minor reconfigurations and oversaw normal building maintenance operations to ensure a safe and hazard-free environment for commission employees, licensees and members of the general public.

The Division of Administration is responsible for a variety of administrative services that enable the Casino Control Commission to accomplish its regulatory functions.

Office of the General Counsel

The General Counsel's Office advises the commission on statutory and regulatory matters which come before it and represents the commission in the courts. The office also advises the commission during casino license hearings and other hearings which are held before the full commission. Through its Regulatory Review Unit, the office drafts regulations for consideration by the General Counsel and by the commission and reviews regulations drafted by other members of the staff. The Equal Employment Opportunity Unit advises and assists the commission in the enforcement of the affirmative action and equal opportunity provisions of the Casino Control Act and the implementing of regulations.

In 2000, the office represented the commission in a series of lawsuits challenging the constitutionality of the statutory and regulatory requirements regarding affirmative action and equal opportunity. The office also commenced the drafting of a comprehensive revision of the commission's regulations in this area. The revised regulations will be designed to comport with changing constitutional standards while also enabling the commission to continue to ensure that the economic benefits of casino gaming are enjoyed by all segments of the community regardless of race or gender.

Other significant regulatory initiatives commenced during 2000 included the development of regulations codifying: minimal requirements for the approval of slot machines; organizational and procedural requirements for the Management Information Systems department of a casino licensee; revised hopper fill procedures that rely upon computerized reports instead of casino security personnel for confirmation; and jackpot payout procedures permitting certain hand paid jackpots to be paid by slot attendants carrying an imprest fund. Each of these initiatives, which were in varying stages of development at year's end, were generated through the cooperative efforts of the commission, the Division of Gaming Enforcement and the casino industry. In total, the commission adopted amendments to 54 regulatory sections and authorized the publication of proposed amendments to 83 sections of the regulations during the calendar year.

John Zimmerman, General Counsel

The office also advised the commission during a variety of significant hearings in 2000. One such hearing presented the question whether Park Place Entertainment's purchase of the Claridge Casino Hotel would run afoul of the statutory provision requiring the commission to "prevent undue economic concentration" in the Atlantic City casino industry. The commission received reports and heard testimony from a variety of experts in antitrust law and decided the case in early 2001. Other significant hearings in 2000 involved approval of the bankruptcy restructuring of the Sands Casino Hotel and the issuance of preliminary qualification of Carl Icahn to purchase the Sands, as well as the relicensure of five other casino operators.

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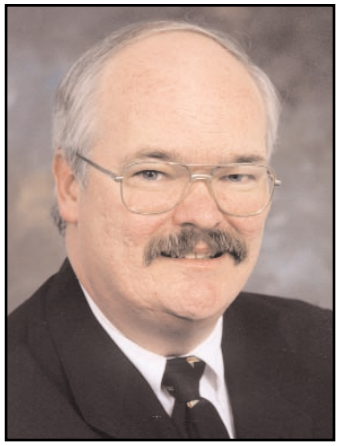
Office of Communications



Daniel Heneghan, Director

The Office of Communications handles much of the internal and external communications for the commission. It serves as a clearinghouse of information about the commission and its activities for the public and the news media, and it also assists other units in the commission to convey information to the agency's own employees.

The office includes the Director, the Public Information Officer, a Community Relations Coordinator and a Publications Coordinator. Together, they help the public to better understand the commission and its role. In 2000, the office handled hundreds of media inquiries from journalists across the country and from several foreign countries. It also assisted in the preparation of a variety of speeches and multi-media presentations for commissioners and other staff members. The office produces presentations on the economic impact of casino gaming, the benefits that casino taxes provide for seniors and people with disabilities and tracks legislation of interest to the commission.

The office provides the media, Wall Street analysts and others with detailed financial data about the gaming industry, produces a variety of informational brochures and maintains the content of the commission's World Wide Web page. In 2000, that web page was expanded to provide detailed information about obtaining help for compulsive gambling and other information.

Affirmative Action Officer

Marvin Askins, Director

The Affirmative Action Officer reports directly to the chairman. The role of the Affirmative Action Officer is to ensure equal employment opportunities for all employees at the commission. In 2000, the commission employed 338 staff of which 171 or 51% were females and 86 or 25% were minorities. The commission hired 24 employees during this period of which 12 were females or 50% and four or 15% were minorities. The Affirmative Action Officer also takes a lead role in recruiting new employees for open positions and for the commission's resume pool. Under his leadership, the commission's Recruitment Team, consisting of various commission employees representing all divisions, participated in nine career days for the year. These career days were held at the campuses of Rutgers University in Camden and New Brunswick, Rider University, Richard Stockton College of New Jersey, Atlantic Cape Community College and the Statewide Hispanic Chamber of Commerce.

The Affirmative Action Officer also is responsible for monitoring employee promotions to ensure that persons seeking promotions are given equal opportunities to advance. Eighteen employees were promoted within four divisions of the commission during 2000, of which 14 or 78% were females and four or 22% were minorities.

In 2000, the Casino Control Commission employed 338 staff.

SANDRA M. DONOHUE EMPLOYEE RECOGNITION AWARD

Seated: Dale Fiel, Division of Administration
Standing from left: Ed Sysol, Division of Financial Evaluation, E. Dennis Kell, Division of Compliance, and Daniel Franchetti, Division of Compliance

The New Jersey Casino Control Commission continues its pace in regulating the ever-changing gaming industry. In 2000, new slot technology, changing regulations and impending new construction of casino facilities challenged the commission's best. The employees of the New Jersey Casino Control Commission are of the highest caliber and demonstrate the knowledge and dedication necessary to meet the high standards of the changing casino industry it regulates. Each year, the commission recognizes four employees who have demonstrated exemplary service or performance in executing their duties. Those employees are nominated by their peers and are valued members of the Casino Control Commission.

During 2000, the Sandra M. Donohue Employee Recognition Award was awarded to Dale Fiel, administrative assistant in the Division of Administration; Ed Sysol, senior accountant in the Division of Financial Evaluation; E. Dennis Kell, assistant general counsel in the Division of Compliance; and Daniel Franchetti, senior inspector in the Division of Compliance.

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Photographed by AC Photo, Linwood, New Jersey at the offices of the New Jersey Casino Control Commission, Atlantic City, New Jersey.

ATLANTIC CITY DEVELOPMENT

The New Jersey Casino Control Commission is committed to ensuring that casino gaming serves as a unique tool of urban redevelopment. By maintaining an environment in which the casino industry can prosper, the commission helps to guarantee the redevelopment of Atlantic City and of other areas around the state.

Casinos are required to reinvest 1.25 percent of their gaming revenues into projects that are approved by the Casino Reinvestment Development Authority. In 2000, several new projects opened in Atlantic City that have helped to rebuild Atlantic City as a great place to live, to work and to visit.

Atlantic City Boys and Girls Club
Opened: February 2, 2000

Virginia Avenue Housing Development
Dedicated: May 5, 2000

Oscar E. McClinton, Jr.
Waterfront Park
Dedicated: September 7, 2000

New Jersey Korean War Memorial
Dedicated: November 13, 2000

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NEW JERSEY CASINO INDUSTRY GROSS REVENUE STATISTICS FOR TWO YEARS ENDING DECEMBER 31, 2000

($ IN THOUSANDS)

Casino Hotel	Casino Win	Daily Average Casino Win	Adjustment for Uncollectibles	Gross Revenue	Tax	Market Share of Casino Win
AC Hilton						
2000	324,143	886	2,067	322,076	25,766	7.5%
1999	291,980	800	2,341	289,639	23,171	7.0%
Bally's Park Place						
2000	521,465	1,425	2,072	519,393	41,551	12.1%
1999	494,764	1,356	1,985	492,779	39,422	11.9%
Caesars						
2000	481,125	1,315	6,181	474,944	37,996	11.2%
1999	461,357	1,264	7,032	454,325	36,346	11.1%
Claridge						
2000	163,979	448	322	163,657	13,093	3.8%
1999	165,913	455	1,033	164,880	13,190	4.0%
Harrah's						
2000	410,715	1,122	352	410,363	32,829	9.5%
1999	382,826	1,049	1,596	381,230	30,498	9.2%
Resorts						
2000	237,507	649	1,139	236,368	18,909	5.5%
1999	222,123	609	1,102	221,021	17,682	5.3%
Sands						
2000	233,589	638	2,446	231,143	18,491	5.4%
1999	230,057	630	2,344	227,713	18,217	5.5%
Showboat						
2000	353,791	967	637	353,154	28,252	8.2%
1999	359,974	986	1,240	358,734	28,699	8.6%
Tropicana						
2000	426,609	1,166	2,976	423,633	33,891	9.9%
1999	398,487	1,092	2,948	395,539	31,643	9.6%
Trump Marina						
2000	271,642	742	1,250	270,392	21,631	6.3%
1999	272,809	747	759	272,050	21,764	6.6%
Trump Plaza						
2000	325,367	889	2,825	322,542	25,803	7.6%
1999	358,828	983	1,308	357,520	28,602	8.6%
Trump Taj Mahal						
2000	550,804	1,505	2,686	548,118	43,849	12.8%
1999	525,080	1,439	21,003	504,077	40,326	12.6%
TOTALS						
2000	**4,300,736**	**11,751**	**24,953**	**4,275,783**	**342,061**	
1999	**4,164,198**	**11,409**	**44,691**	**4,119,507**	**329,560**	

SLOT MACHINE WIN COMPARISON
FOR TWO YEARS ENDING DECEMBER 31, 2000
($ IN THOUSANDS)

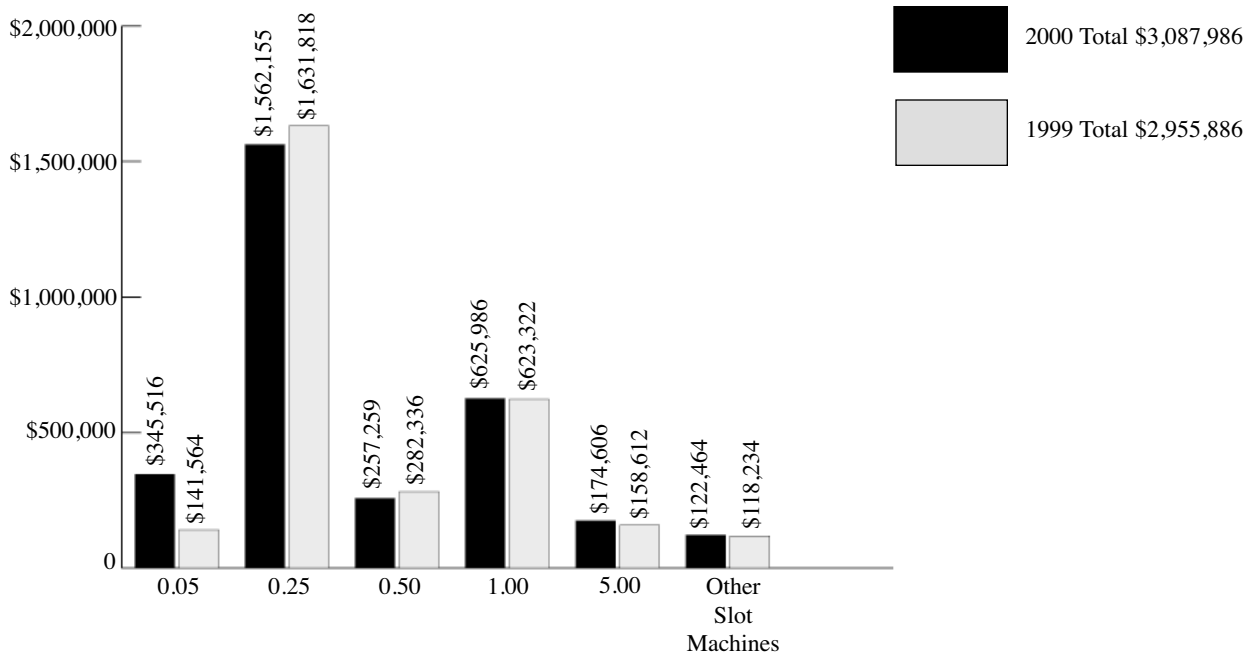
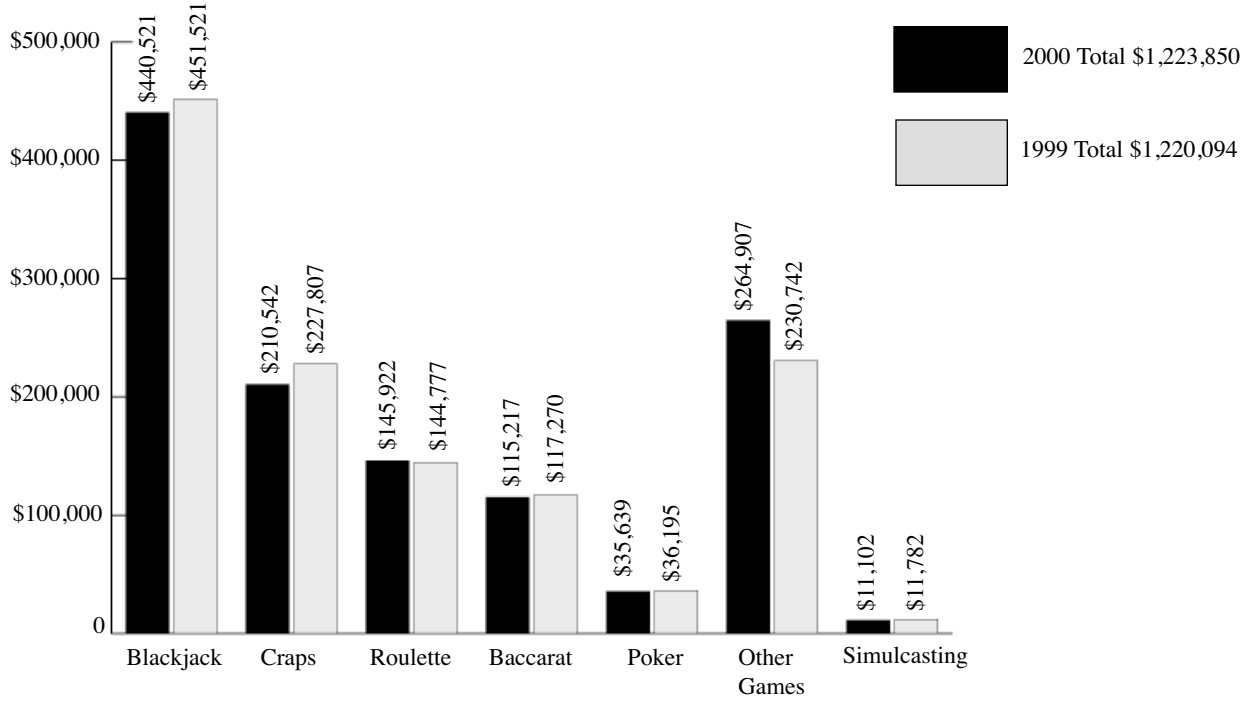


TABLE GAME WIN COMPARISON
FOR TWO YEARS ENDING DECEMBER 31, 2000
($ IN THOUSANDS)



NEW JERSEY CASINO INDUSTRY FACILITY STATISTICS YEAR END 2000/1999

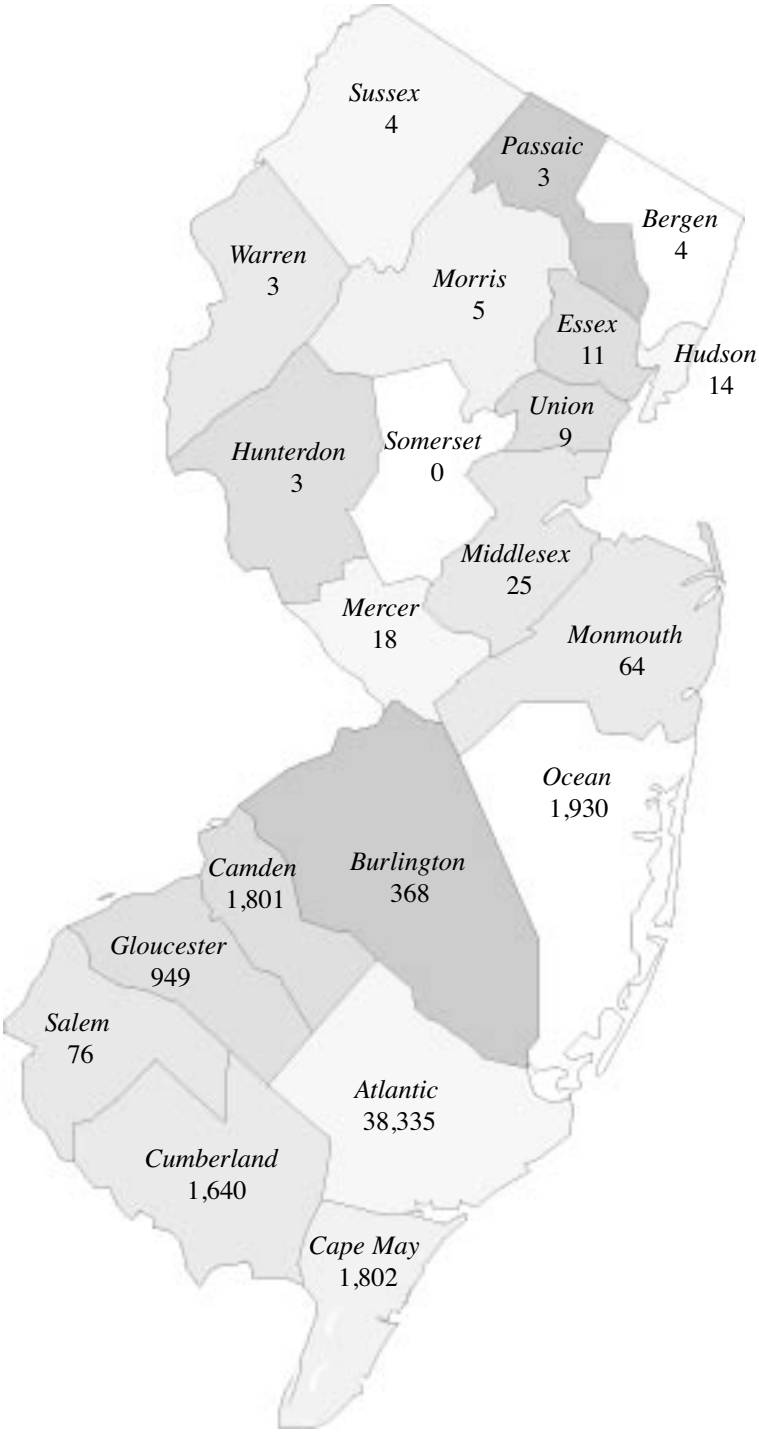
	AC HILTON		BALLY'S PARK PLACE		CAESARS		CLARIDGE		HARRAH'S		RESORTS	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
TABLE GAMES:												
Blackjack	36	46	78	76	70	64	26	32	40	42	35	41
Craps	11	10	14	14	13	12	6	8	8	8	7	8
Roulette	11	10	18	18	16	16	4	5	9	8	8	8
Big Six	-	-	2	3	2	2	1	1	-	-	1	1
Baccarat	2	3	2	2	2	3	1	2	-	-	3	3
Minibaccarat	5	7	3	2	4	4	5	3	1	1	2	2
Sic Bo	-	-	1	1	2	2	-	-	-	-	-	-
Pai Gow Poker	4	4	6	5	5	5	4	3	2	2	2	2
Pai Gow	3	3	2	2	1	1	3	2	-	-	-	-
Poker	-	-	11	15	6	6	-	-	8	8	-	-
Caribbean Stud Poker	5	6	8	6	5	5	4	3	4	4	4	4
Let It Ride Poker	5	4	8	8	8	8	3	2	6	6	5	4
Mini-Craps	-	-	-	-	-	-	-	1	-	-	-	-
Mini-Dice	-	-	-	-	-	-	-	-	-	-	-	-
Casino War	-	-	-	-	-	-	-	-	-	-	-	-
Spanish 21	-	2	5	4	5	4	2	2	-	-	3	2
Three Card Poker (a)	-	-	-	-	-	-	4	-	-	-	3	-
Colorado Hold 'Em (a)	-	-	-	-	-	-	-	-	-	-	-	-
Total Table Games	**82**	**95**	**158**	**156**	**139**	**132**	**63**	**64**	**78**	**79**	**73**	**75**
KENO WINDOWS	-	-	4	4	6	6	-	-	4	4	-	-
SLOT MACHINES:												
Nickel	336	134	886	431	324	171	136	60	490	169	284	124
Quarter	1,103	1,053	2,224	2,291	1,966	1,938	1,251	1,296	1,738	1,705	1,481	1,483
Fifty Cents	187	197	421	420	451	503	127	139	222	218	207	213
Dollars	312	337	532	537	548	678	223	221	567	577	327	304
Five Dollars	60	54	96	94	104	112	36	33	107	103	53	45
Twenty-Five Dollars	8	12	14	13	16	16	4	4	7	8	4	5
One Hundred Dollars	6	8	9	9	8	8	-	-	5	4	4	2
Other Slot Machines	14	25	129	214	148	140	-	-	110	42	7	7
Total Slot Machines	**2,026**	**1,820**	**4,311**	**4,009**	**3,565**	**3,566**	**1,777**	**1,753**	**3,246**	**2,826**	**2,367**	**2,183**
Casino Sq. Ft	59,832	59,832	128,220	120,284	110,540	110,540	59,071	58,932	94,622	86,131	60,039	67,655
Simulcast Sq. Ft.	-	-	35,453	34,550	9,691	9,691	-	-	-	-	17,905	8,058
# of Hotel Rooms	804	804	1,246	1,246	1,148	1,148	507	507	1,174	1,174	644	644
#Parking Spaces	1,583	1,583	2,280	2,280	2,508	2,198	1,460	1,460	2,401	3,085	1,092	1,485
Property & Equipment Gross ($Millions) (b)	521.9	512.3	1,051.5	1,008.9	813.3	801.0	42.4	39.8	543.7	526.6	298.5	290.3
Number of Employees	3,389	3,285	5,611	5,393	4,432	4,474	2,379	2,379	3,550	3,461	3,038	3,185

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

(b) Represents property and equipment before accumulated depreciation. Since Claridge leases its hotel property and non-gaming equipment, property and equipment for Claridge primarily represents gaming equipment and the parking garage.

SANDS		SHOWBOAT		TROPICANA		TRUMP MARINA		TRUMP PLAZA		TRUMP TAJ MAHAL		INDUSTRY	
2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
36	44	32	42	63	56	31	35	49	51	68	64	564	593
7	8	5	6	14	14	10	11	8	8	10	11	113	118
11	11	8	9	13	13	9	9	10	11	15	17	132	135
2	2	-	1	1	1	1	1	1	1	2	2	13	15
4	4	3	3	3	5	3	3	4	2	5	5	32	35
4	3	3	1	6	6	2	2	7	6	4	5	46	42
1	1	-	-	1	1	-	-	1	1	2	1	8	7
2	2	3	2	6	6	3	3	4	3	11	12	52	49
2	2	2	1	6	6	3	2	3	1	7	7	32	27
9	12	-	-	43	43	-	-	-	-	67	67	144	151
4	6	5	6	6	6	4	5	5	5	8	8	62	64
4	4	5	4	6	5	5	6	5	5	6	6	66	62
-	1	-	-	-	-	-	-	-	-	-	-	-	2
-	-	-	-	-	-	-	-	-	-	-	1	-	1
-	-	-	-	-	-	1	1	-	-	-	-	1	1
2	-	2	-	2	-	2	1	-	-	5	4	28	19
3	-	-	-	-	-	2	-	-	-	-	-	12	-
1	-	-	-	-	-	-	-	-	-	-	-	1	-
92	**100**	**68**	**75**	**170**	**162**	**76**	**79**	**97**	**94**	**210**	**210**	**1,306**	**1,321**
-	-	-	-	-	-	-	-	-	-	10	10	24	24
300	112	651	150	407	247	276	148	458	160	589	449	5,137	2,355
1,068	1,224	2,048	2,731	1,893	2,051	1,457	1,301	1,629	1,459	2,952	2,925	20,810	21,457
188	220	142	227	445	427	205	228	271	264	310	322	3,176	3,378
327	349	423	541	634	712	432	408	385	383	604	600	5,314	5,647
69	65	68	63	120	121	86	77	72	75	102	104	973	946
5	4	4	-	13	13	13	13	12	14	15	13	115	115
5	5	2	-	10	10	7	7	6	4	6	4	68	61
25	22	7	32	128	128	50	50	34	34	33	65	685	759
1,987	**2,001**	**3,345**	**3,744**	**3,650**	**3,709**	**2,526**	**2,232**	**2,867**	**2,393**	**4,611**	**4,482**	**36,278**	**34,718**
57,602	57,968	79,485	83,901	118,917	117,453	79,997	73,734	85,738	85,912	113,481	120,829	1,047,544	1,043,171
19,492	15,291	16,056	17,804	8,380	8,380	2,135	2,150	-	-	41,390	31,521	150,502	127,445
532	532	800	800	1,624	1,624	728	728	904	904	1,250	1,250	11,361	11,361
1,684	1,732	3,051	3,051	3,265	3,265	2,986	2,986	2,818	2,778	7,180	7,180	32,308	33,083
159.0	346.8	501.2	480.8	723.6	724.8	543.6	536.3	624.6	622.0	1,067.8	1,056.3	6,891.1	6,945.9
3,079	3,069	3,194	3,278	5,181	5,141	3,484	3,428	3,929	4,323	6,160	5,950	47,426	47,366

EMPLOYMENT BY ATLANTIC CITY CASINO LICENSEES BY COUNTY
AS OF DECEMBER 31, 2000*



*Approximately 362 individuals are employed in the casino industry but live outside of New Jersey.

EMPLOYEE LICENSE AND REGISTRATION APPLICATIONS ACCEPTED AND ISSUED
FOR YEAR ENDING DECEMBER 31, 2000

	January 1, 2000 to December 31, 2000
Casino Key Employees:	
Applications Filed	157
Licenses Issued	150
Casino Employees:	
Applications Filed	3,926
Licenses Issued	3,252
Casino Service Employees:	
Registrations Issued	2,029
Total Employees:	
License Applications Filed	4,083
Plenary Licenses & Registrations Issued	5,431
Temporary Licenses Issued	2,718
Employee License Renewals Processed	9,004

2000 2000 2000 2000 2000 2000 2000 2000 2000 2000 2000 2000 2000 2000
2000 2000 2000 2000 2000 2000 2000 2000 2000 2000 2000 2000 2000 2000

NEW JERSEY CASINO INDUSTRY EMPLOYMENT STATISTICS

FOR FOUR YEARS ENDING DECEMBER 31, 2000

	2000	1999	1998	1997
AC Hilton	3,389	3,285	3,384	3,432
Bally's Park Place	5,611	5,393	5,474	5,473
Caesars	4,432	4,474	4,690	4,126
Claridge	2,379	2,379	2,471	2,508
Harrah's	3,550	3,461	3,478	3,543
Resorts	3,038	3,185	3,197	3,526
Sands	3,079	3,069	3,039	3,071
Showboat	3,194	3,278	3,345	3,551
Tropicana	5,181	5,141	5,078	5,116
Trump Marina	3,484	3,428	3,473	3,487
Trump Plaza	3,929	4,323	5,199	5,275
Trump Taj Mahal	6,610	5,950	5,714	6,015
TOTALS	**47,426**	**47,366**	**48,542**	**49,123**

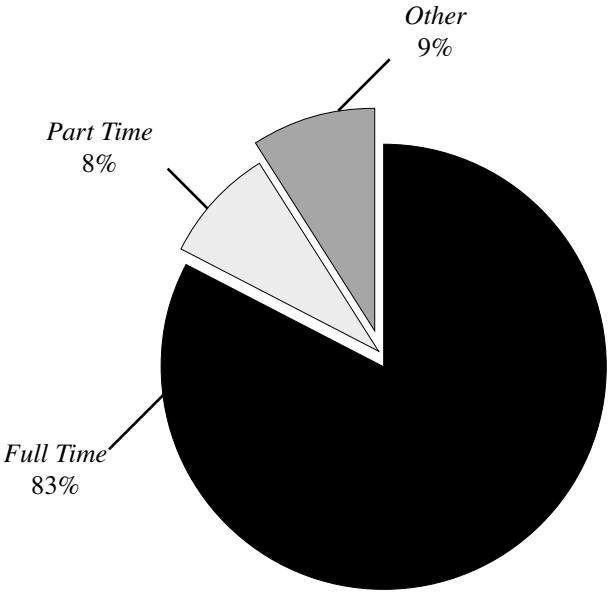
NEW JERSEY CASINO INDUSTRY SALARIES AND WAGES

FOR FOUR YEARS ENDING DECEMBER 31, 2000

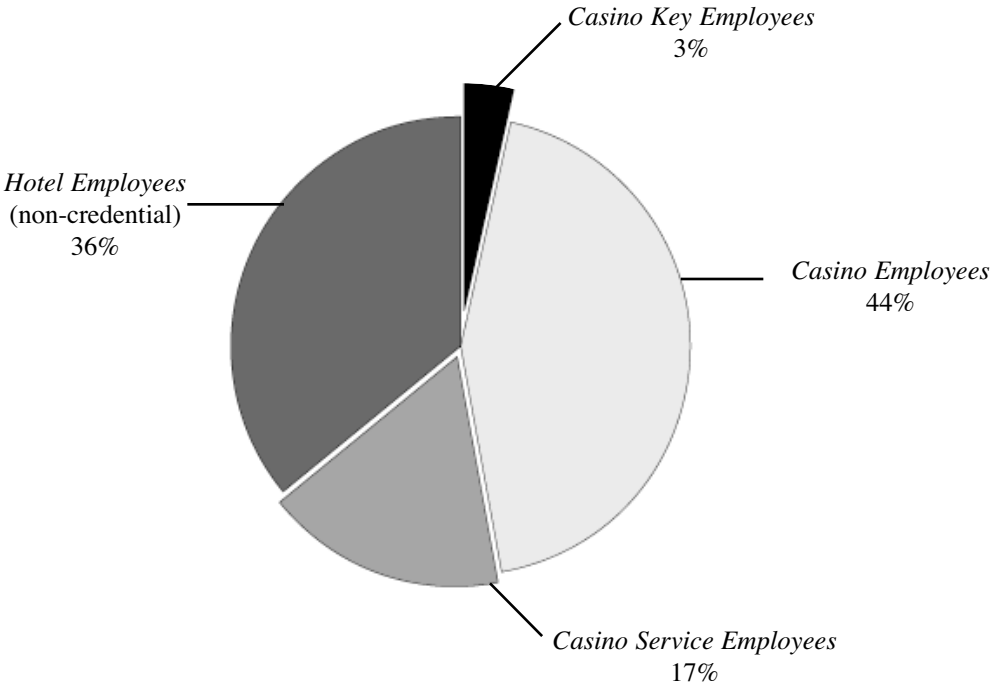
($ IN THOUSANDS)

	2000	1999	1998	1997
AC Hilton	$73,419	$71,314	$72,008	$69,446
Bally's Park Place	120,947	115,046	112,598	101,849
Caesars	111,013	112,405	110,361	95,109
Claridge	54,195	55,094	55,698	53,994
Harrah's	86,451	85,829	84,382	83,546
Resorts	73,600	73,248	75,309	80,261
Sands	69,238	69,034	66,086	69,883
Showboat	80,668	81,750	84,821	89,167
Tropicana	103,539	99,189	96,716	97,287
Trump Marina	78,720	78,655	77,278	78,114
Trump Plaza	91,169	101,166	106,797	107,251
Trump Taj Mahal	138,240	138,645	133,538	134,764
TOTALS	**$1,081,199**	**$1,081,375**	**$1,075,592**	**$1,060,671**

TYPE OF EMPLOYMENT IN THE NEW JERSEY CASINO INDUSTRY
AS OF DECEMBER 31, 2000



NEW JERSEY CASINO INDUSTRY EMPLOYMENT BY LICENSE CATEGORY
AS OF DECEMBER 31, 2000



NEW JERSEY CASINO INDUSTRY
ENTERPRISE REGISTRATION AND LICENSING STATISTICS
FOR YEAR ENDING DECEMBER 31, 2000

Registration and Licensing Processing Statistics

Vendor Registrations Processed	3,233
Enterprises Prohibited from Conducting Business with Casino Licensees	256 *
Exemptions From Licensure Granted By CCC	9
Initial Casino Service Industry Licenses	
Gaming Related:	
Applications Filed	5
Licenses Issued	7
Licenses Denied	0
Withdrawals Granted	1
Non-Gaming Related:	
Applications Filed	209
Licenses Issued	158
Licenses Denied	13
Withdrawals Granted	21
Junket Enterprises:	
Applications Filed	9
Licenses Issued	8
Licenses Denied	3
Withdrawals Granted	5
Renewal Casino Service Industry Licenses	
Gaming Related:	
Applications Filed	15
Licenses Issued	9
Licenses Denied	0
Withdrawals Granted	4

NEW JERSEY CASINO INDUSTRY
ENTERPRISE REGISTRATION AND LICENSING STATISTICS
FOR YEAR ENDING DECEMBER 31, 2000

Non-Gaming Related:	
Applications Filed	151
Licenses Issued	213
Licenses Denied	0
Withdrawals Granted	10
Junket Enterprises:	
Applications Filed	22
Licenses Issued	19
Licenses Denied	2
Withdrawals Granted	2

Registration and Licensing Status Totals

Universe of Active Vendors	13,047
Universe of Prohibited Vendors	971 *
Gaming Schools Currently Operating	6
Labor Organizations Currently Registered	8
Licensed Casino Service Industry Enterprises:	
Initial Licensees:	
Gaming	10
Nongaming	622
Junket	50
Renewal Licensees:	
Gaming	57
Nongaming	573
Junket	51

* This figure includes enterprises prohibited 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 ENDING DECEMBER 31, 2000

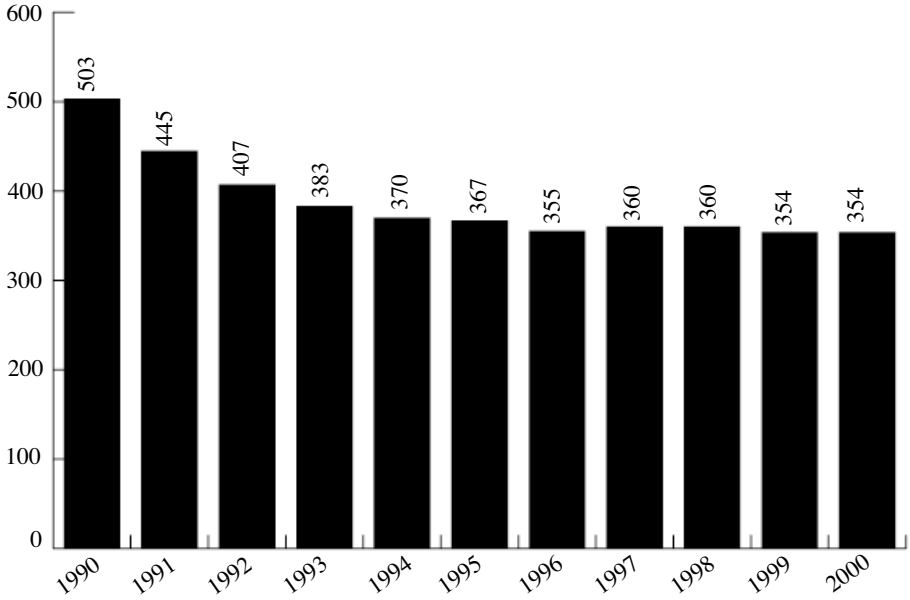
	Total Companies	Percent of Total Companies	Dollar Volume of Business*	Percent of Total Business
New Jersey Enterprises	2,889	100.00	$1,549,687,086	100.00
Atlantic	1,371	47.46	835,354,378	53.90
Bergen	133	4.60	22,554,837	1.46
Burlington	172	5.95	46,335,988	2.99
Camden	276	9.55	82,109,884	5.30
Cape May	105	3.63	18,055,461	1.17
Cumberland	68	2.35	6,138,361	0.40
Essex	86	2.98	291,784,591	18.83
Gloucester	109	3.77	19,697,279	1.27
Hudson	44	1.52	6,694,347	0.43
Hunterdon	3	0.10	501,002	0.03
Mercer	64	2.22	6,066,723	0.39
Middlesex	73	2.53	134,253,814	8.66
Monmouth	85	2.94	15,629,269	1.01
Morris	53	1.83	4,849,220	0.31
Ocean	90	3.12	12,248,988	0.79
Passaic	44	1.52	9,318,377	0.60
Salem	10	0.35	1,131,757	0.07
Somerset	32	1.11	29,863,337	1.93
Sussex	4	0.14	167,474	0.01
Union	63	2.18	6,699,058	0.43
Warren	4	0.14	$232,941	0.02
Total Number of Vendors Receiving Payments	7,393	100.00	$2,327,087,144 **	100.00
New Jersey Enterprises	2,889	39.08	1,549,687,086	66.59
Pennsylvania Enterprises	900	12.17	121,472,482	5.22
New York Enterprises	918	12.42	141,451,349	6.08
Delaware Enterprises	34	0.46	6,656,390	0.29
All Other States	2,507	33.91	502,877,865	21.61
Foreign Enterprises	145	1.96	$4,941,972	0.21

* "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.

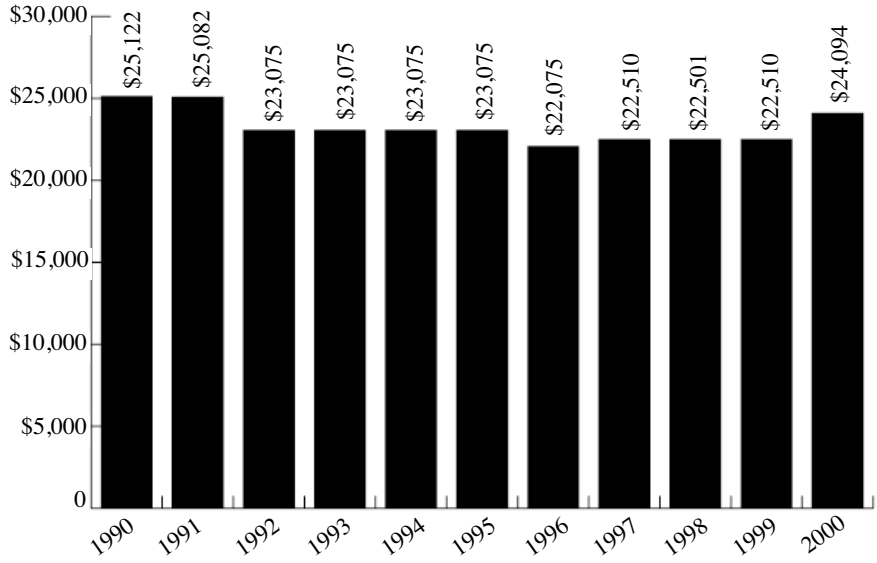
** This dollar figure includes disbursements to subcontractors made pursuant to *N.J.A.C. 19:43-10.6(a)5*.

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 EMPLOYEES
FOR FISCAL YEAR ENDING JUNE 30, 2000



NEW JERSEY CASINO CONTROL COMMISSION BUDGET APPROPRIATIONS
FOR FISCAL YEAR ENDING JUNE 30, 2000



CASINO REVENUE FUND
FOR THE YEAR ENDING DECEMBER 31, 2000

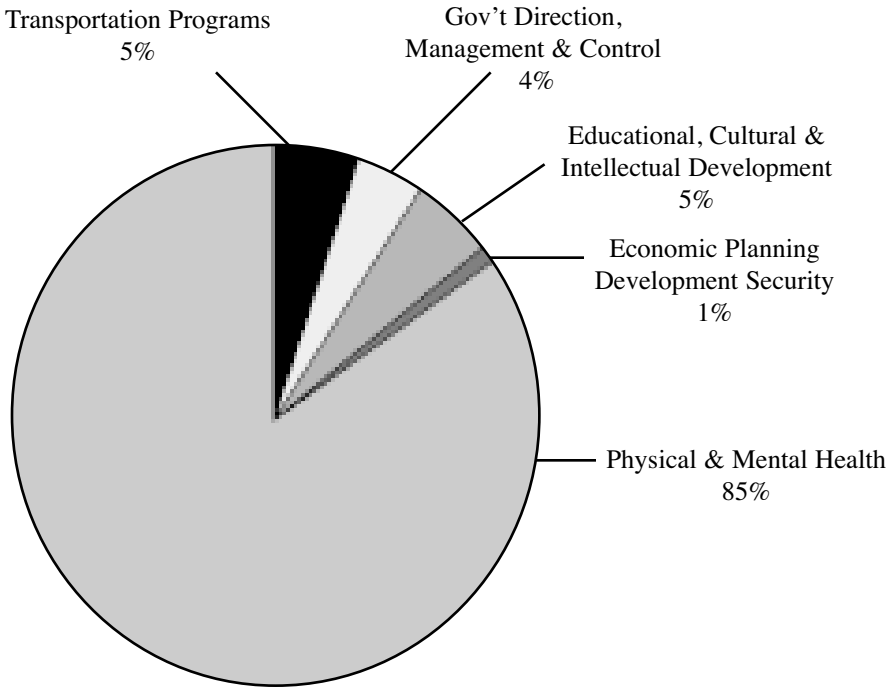
Each year New Jersey casinos pay the state 8 percent tax on their gross revenues. Gross gaming revenue is the amount casinos win from gamblers after all payouts have been made. The pool of taxes is deposited into the Casino Revenue Fund.

The Casino Revenue Fund total resources for 2000 amounted to $439,311,039.

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.

For more information on Casino Revenue Fund programs and services, call NJEASE (New Jersey Easy Access System) toll-free at 1-877-222-3737 or connect to the New Jersey Department of Health and Senior Services at *www.state.nj.us/health*.



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LEGISLATIVE
SERVICES COMMISSION

ASSEMBLYMAN
JACK COLLINS
Chairman

SENATOR
DONALD T. DiFRANCESCO
Vice-Chairman

SENATE

BYRON M. BAER
JOHN O. BENNETT
GERALD CARDINALE
RICHARD J. CODEY
BERNARD F. KENNY, JR.
ROBERT E. LITTELL
JOHN A. LYNCH

GENERAL ASSEMBLY

PETER J. BIONDI
JOSEPH CHARLES, JR.
PAUL DIGAETANO
JOSEPH V. DORIA, JR.
NICHOLAS R. FELICE
NIA H. GILL
LORETTA WEINBERG

New Jersey State Legislature
OFFICE OF LEGISLATIVE SERVICES
OFFICE OF THE STATE AUDITOR
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RICHARD L. FAIR
State Auditor
(609) 292-3700
FAX (609) 633-0834

The Honorable Donald T. DiFrancesco
Acting Governor of New Jersey

The Honorable Donald T. DiFrancesco
President of the Senate

The Honorable Jack Collins
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the State of New Jersey Casino Control Fund as of and for the years ended June 30, 2000 and 1999. 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 generally accepted auditing standards 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 operations 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, 2000 and 1999 and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the Casino Control Fund financial statements taken as a whole. 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 examination 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2001 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 and contracts. 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.

Richard L. Fair
State Auditor
March 1, 2001

NEW JERSEY STATE LEGISLATURE
OFFICE OF LEGISLATIVE SERVICES
OFFICE OF THE STATE AUDITOR

STATE OF NEW JERSEY
CASINO CONTROL FUND
BALANCE SHEET
JUNE 30, 2000 AND 1999

EXHIBIT I
(In $000)

	2000	1999
ASSETS		
Cash	$ 51.0	$ 51.0
Accounts Receivable	6,184.1	6,910.4
Less: Allowance for Doubtful Accounts	36.0	42.1
Net Accounts Receivable	6,148.1	6,868.3
Due from General Fund	8,198.5	13,474.1
Deferred Charges	426.2	-
Total Assets	**$ 14,823.8**	**$ 20,393.4**
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	$ 3,912.4	$ 3,614.2
Deferred Revenue	8,795.3	12,676.5
Total Liabilities	**12,707.7**	**16,290.7**
Fund Balances		
Reserved for:		
Encumbrances	2,803.5	2,616.5
Other	426.2	1,247.5
Unreserved:		
Designated for Continuing Appropriation	575.1	280.2
Undesignated	(1,688.7)	(41.5)
Total Fund Balances	2,116.1	4,102.7
Total Liabilities and Fund Balances	**$ 14,823.8**	**$ 20,393.4**

SEE NOTES TO 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, 2000 AND 1999

EXHIBIT II
(in $000)

	2000	1999
REVENUES		
Casinos		
Licenses - Casino	$ 34,552.9	$ 34,253.9
- Slot Machine	18,406.7	18,162.4
- Alcoholic Beverage	106.3	116.2
Assessments	-	-
	53,065.9	52,532.5
Credits - Prior Year Fund Balance	(4,102.7)	(4,117.6)
Total from Casinos	48,963.2	48,414.9
Other Sources		
Licenses - Casino Employees	4,164.3	3,266.1
- Casino Service Industry	1,276.2	1,294.3
Slot Prototype	796.3	622.2
Other Revenue	130.1	93.0
Total from Other Sources	6,366.9	5,275.6
Investment Earnings	549.4	605.5
Total Revenues	55,879.5	54,296.0
EXPENDITURES		
Public Safety and Criminal Justice (Division of Gaming Enforcement)	34,345.6	31,848.3
Government Direction, Management and Control (Casino Control Commission)	23,520.5	22,462.6
Total Expenditures	57,866.1	54,310.9
Net Increase (Decrease) in Fund Balance for the Year	(1,986.6)	(14.9)
Fund Balance - Beginning	4,102.7	4,117.6
Fund Balance - Ending	**$ 2,116.1**	**$ 4,102.7**

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-A
(in $000)

	Budget	Actual	Variance-Favorable (Unfavorable)
REVENUES			
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	-	-	-
	53,123.3	53,065.9	(57.4)
Credits - Prior Year Fund Balance	(4,102.7)	(4,102.7)	-
Total from Casinos	49,020.6	48,963.2	(57.4)
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	75.3	130.1	54.8
Total from Other Sources	6,145.4	6,366.9	221.5
Investment Earnings	-	549.4	549.4
Total Revenues	55,166.0	55,879.5	713.5
EXPENDITURES			
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)	22,915.0	23,855.0	(940.0)
Total Expenditures	55,166.0	57,470.4	(2,304.4)
Net Increase (Decrease) in Fund Balance for the Year	$ -	$ (1,590.9)	$ (1,590.9)

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, 1999

EXHIBIT III-B
(in $000)

	Budget	Actual	Variance-Favorable (Unfavorable)
REVENUES			
Casinos			
Licenses - Casino	$ 34,543.5	$ 34,253.9	$ (289.6)
- Slot Machine	17,416.5	18,162.4	745.9
- Alcoholic Beverage	96.6	116.2	19.6
Assessments	2,625.5	-	(2,625.5)
	54,682.1	52,532.5	(2,149.6)
Credits - Prior Year Fund Balance	(4,117.6)	(4,117.6)	-
Total from Casinos	50,564.5	48,414.9	(2,149.6)
Other Sources			
Licenses - Casino Employees	3,416.1	3,266.1	(150.0)
- Casino Service Industry	1,131.6	1,294.3	162.7
Slot Prototype	600.0	622.2	22.2
Other Revenues	100.0	93.0	(7.0)
Total from Other Sources	5,247.7	5,275.6	27.9
Investment Earnings	-	605.5	605.5
Total Revenues	55,812.2	54,296.0	(1,516.2)
EXPENDITURES			
Public Safety and Criminal Justice (Division of Gaming Enforcement)	32,366.7	31,496.9	869.8
Government Direction, Management and Control (Casino Control Commission)	22,863.8	22,739.4	124.4
Total Expenditures	55,230.5	54,236.3	994.2
Net Increase (Decrease) in Fund Balance for the Year	$ 581.7	$ 59.7	$ (522.0)

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 2000 and 1999 authorized $55,166,000 and $ 54,761,000, 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, 2000 and 1999
(In $000)

	2000	1999
Budgetary basis – net increase (decrease) in fund balances for the fiscal year	$ (1,590.9)	$ 59.7
Prior year expenditures and other financing uses	(2,990.1)	(1,816.3)
Encumbrances	2,168.2	1,741.7
Reserved - Other	426.2	-
GAAP basis – net increase (decrease) in fund balances for the fiscal year	$ (1,986.6)	$ (14.9)

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 amount paid in advance from Casino Control Commission's fiscal year 2000 appropriatio to fund planned data processing conversion projects.

NOTE 6- Deferred Revenue

Deferred Revenue represents fiscal year 2001 and fiscal year 2000 slot machine license billings collected and recorded in June 2000 and 1999, respectively.

NOTE 7 - Fund Balance

The positive fund balance as of June 30, 2000 and June 30, 1999 resulted from revenues exceeding expenditures. Pursuant to N.J.A.C. 19:41-9.1(e) the balance at June 30, 2000 will be credited to casino licensees during fiscal year 2001 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, 2000. The balance at June 30, 1999 was credited in the same manner to casino licensees during fiscal year 2000.

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, 2000 of approximately $3.2 million is reflected in the State's 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, 2000 of approximately $1.0 million 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 2000 and fiscal year 1999 was equal to the effective rate of return on investments in the General Fund and varied from 4.90% to 6.27% in fiscal year 2000 and from 4.80% to 5.45% in fiscal year 1999. The net effect of these transactions is reflected in the Investment Earnings account on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

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, 2000 AND 1999

SCHEDULE I
(in $000)

	2000		1999	
	PUBLIC SAFETY AND CRIMINAL JUSTICE	GOVERNMENTAL DIRECTION MANAGEMENT AND CONTROL	PUBLIC SAFETY AND CRIMINAL JUSTICE	GOVERNMENTAL DIRECTION MANAGEMENT AND CONTROL
EXPENDITURES				
Salaries	$ 22,322.9	$ 16,163.2	$ 21,250.4	$ 15,939.9
Payroll Taxes and Employee Benefits	5,030.8	4,244.9	3,437.4	3,594.7
Printing and Office Supplies	143.0	155.5	104.5	194.6
Vehicular Supplies	101.1	-	66.0	-
Travel	279.5	48.2	306.4	53.6
Telephone	276.9	181.1	315.0	214.7
Data Processing	582.1	922.4	982.1	849.9
Professional Services	145.5	61.4	95.8	68.7
Other Services Other Than Personal	693.1	155.7	633.7	133.0
Rent-Facilities	3,589.8	1,145.7	2,028.0	1,096.6
Rent-Automobiles and Other	139.7	80.5	107.3	115.1
Indirect Costs	685.2	41.1	1,139.7	51.6
Improvements	22.9	-	-	-
Office Equipment	(128.5)	161.4	163.8	40.2
Vehicular Equipment	172.2	52.0	931.3	26.3
Other Equipment	289.4	107.4	286.9	83.7
TOTAL EXPENDITURES	$ 34,345.6	$ 23,520.5	$ 31,848.3	$ 22,462.6

Office of Communications
New Jersey Casino Control Commission
Arcade Building
Tennessee Avenue and Boardwalk
Atlantic City, NJ 08401
(609) 441-3749
www.state.nj.us/casinos

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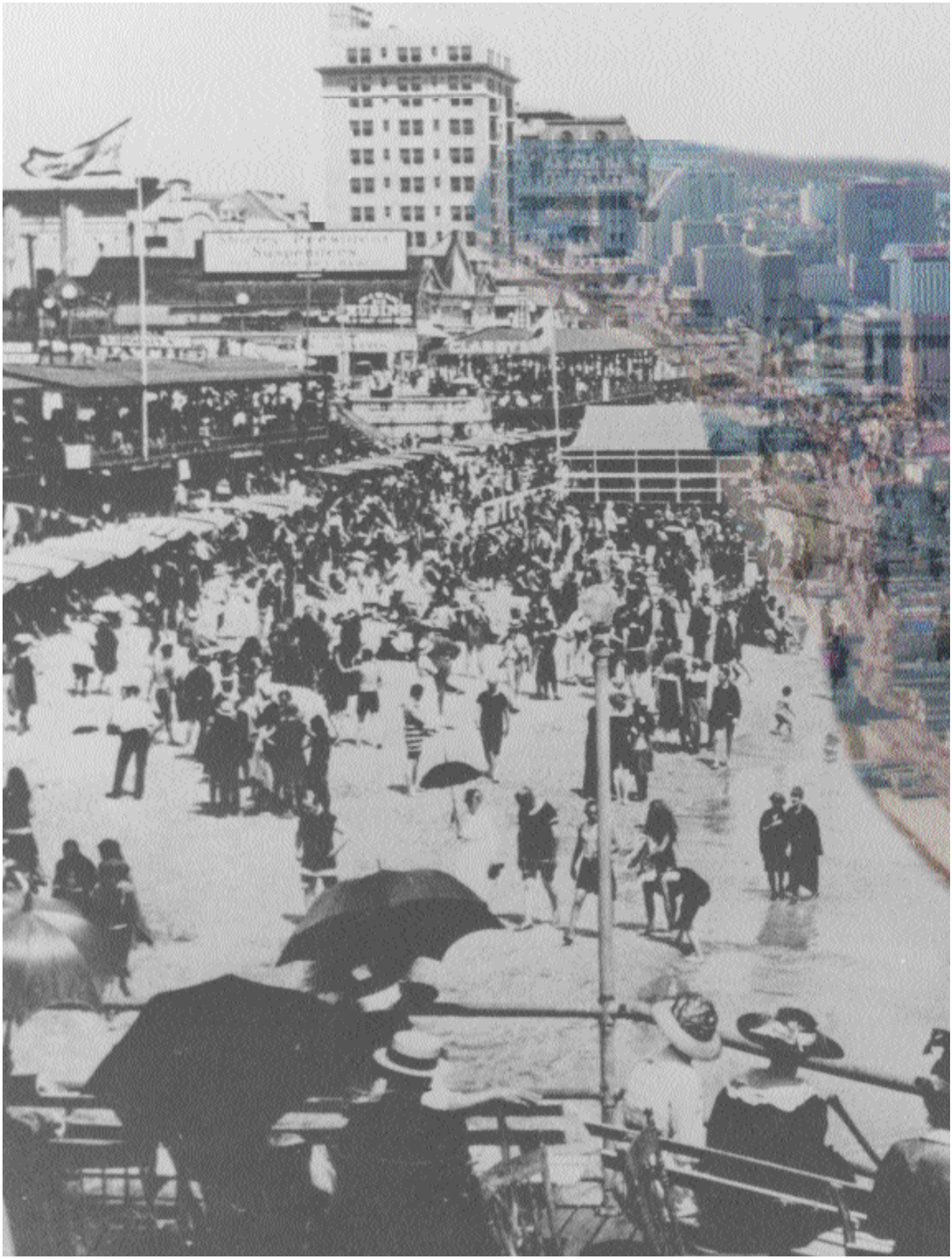
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