2007 Annual Report

State of New Jersey

Casino Control Commission

The

2007

Annual

Report of the New

Jersey Casino

Control

Commission

is submitted to the

Governor and

New Jersey

Legislature.

Jon S. Corzine
Governor

2007 Annual Report

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Message from the Chair

Atlantic City's casino industry, and the Casino Control Commission, faced a series of unprecedented challenges in 2007. Competition right across our borders, a partial ban on smoking, a fire that damaged our building, a weakening economy and a decision not to renew a casino's license all combined to make it a year to remember, or one that some would like to forget.

Let me stress, the long-range outlook for Atlantic City and the gaming industry here is quite good. Approximately 2,500 new hotel rooms will open at three casino hotels in 2008 alone. Construction of Revel Entertainment's 3,900 room casino hotel is well underway and should be open sometime in 2010. MGM-Mirage has plans for a $5 billion project in the Marina District which will have over 3,000 hotel rooms. The planned Atlantic Beach Resort and Casino would have another 2,000 rooms on a site below the Atlantic City Hilton. Pinnacle Entertainment owns the site of the former Sands Hotel Casino and hopes to build a project expected to be at least 1,500 to 2,000 rooms there when the credit markets improve. In addition, several companies are very interested in the potential rezoning of Bader Field and an area along Route 30 in Atlantic City for even more casino development.

There are billions of dollars of proposed new casino projects which, in the long term, will completely remake the city. But before we get there, there are a number of challenges in the short term.

For the first time since gaming started in Atlantic City in 1978, the gaming industry here in 2007 faced competition right across the state's borders in Pennsylvania and New York. Race tracks introduced slot machines in Chester, Bensalem and Wilkes Barre, Pa. as well as in Yonkers, N.Y. as well as at a resort hotel in the Pocono Mountains in Pennsylvania. Clearly, each of those properties siphoned away some gamblers who had been coming to Atlantic City.

Some gamblers also chose to take their business elsewhere after a partial ban on smoking was imposed on the casinos. A city ordinance restricting smoking to not more than one quarter of the casino floor went into effect in April. That ban and the new competition clearly combined to have a significant impact on casino revenues. Revenues were also hurt by a downturn in the overall economy and the dramatic increase in the cost of gasoline. As a result, revenues fell by 5.7 percent in 2007 to $4.92 billion. That is the first time in the history of casino gaming in Atlantic City that year-over-year revenues declined.

All of those factors will continue to impact the gaming industry in 2008 and beyond. There are additional gaming facilities planned for Pennsylvania and New York and a total ban on smoking in casinos will go into effect in October of 2008.

Message from the Chair
(continued)

Despite the challenges, there were many significant accomplishments in 2007. For example, the commission developed and implemented regulations that will allow casinos to test the new generation of server supported slot systems. It also temporarily adopted regulations to permit electronic table games and allow electronic wagering at other gaming tables. Several casinos introduced electronic poker tables and electronic wagering at roulette in the spring of 2008.

The commission also approved the largest takeover in the Atlantic City gaming industry. It granted Interim Casino Authorization to TPG Capital and Apollo Management to take over Harrah's Entertainment and the four casino hotels it owns and operates in Atlantic City.

In addition, the commission continued its efforts to streamline its operations and to make the agency more user-friendly. We expanded the scope of the commission's web page, started work to upgrade our enterprise registration and licensing database, revised scores of regulations and reviewed thousands of internal controls.

But there was one overriding issue that the commission dealt with through the entire year. The year started with the acquisition of the Tropicana Casino Resort by Wimar Tahoe Corp. (later renamed Tropicana Entertainment) which operated the facility under Interim Casino Authorization until December. For the Tropicana, it was a year so marked by management blunders and disregard for regulatory requirements that the commission concluded the new owners were not qualified to hold a license. That decision triggered a trust that took the property away from Tropicana Entertainment and the commission appointed a conservator to oversee the operation until a new owner can be found.

Through it all, the members of our staff did a phenomenal job. Their hard work and dedication was evident every day as they tackled all of these issues and more. Thanks to their professionalism, New Jersey's system of casino regulation remains one of the most highly regarded in the world.

* * *

On a final note, I want to again thank the Atlantic City Fire Department. On the afternoon of June 24, 2007, fire completely destroyed a building just across narrow Ocean Avenue from our offices. At the height of the fire, flames were shooting across Ocean Avenue and rolling up the exterior wall of our building. Several windows in offices two of our commissioners were shattered by the flames and the heat. Thanks to the efforts of the fire department, our offices suffered only minor smoke damage.

CASINO CONTROL COMMISSIONERS

LINDA M. KASSEKERT
Chair

WILLIAM T. SOMMELING
Vice Chair

RALPH G. FRULIO
Commissioner

MICHAEL A. FEDORKO
Commissioner

MICHAEL C. EPPS
Commissioner

DIRECTORS

DAVID SCANLAN
Chief of Staff

LINDA BROOKS
Division of Administration

NOREEN IANNUZZI
Division of Financial Evaluation

DIANNA FAUNTLEROY
General Counsel

JAMES FEHON
Division of Compliance

CHRISTOPHER D. STORCELLA
Division of Licensing

MARVIN ASKINS
Affirmative Action Officer

LINDA M. KASSEKERT
Chair

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

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

Under her leadership, Atlantic City's first new property in 13 years, the Borgata, opened in 2003; the Quarter at Tropicana, a themed retail and entertainment complex opened in 2004; the House of Blues at Showboat, a multi-level music hall, restaurant, and themed casino opened in 2005. Chair Kassekert has also presided over the opening of a new hotel tower at Resorts; the expansion of the beach bar concept around the city; the sale of the Atlantic City Hilton to Colony Capital; the acquisition of Caesar's Entertainment by Harrah's Entertainment; and the reorganization of Trump Entertainment.

Chair Kassekert serves as the Commission's representative on the Casino Reinvestment Development Authority and holds a board membership on Cooper Hospital Health Systems. Chair Kassekert was the first woman to be named chair of the Commission.

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

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

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

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

WILLIAM T. SOMMELING
Vice Chair

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

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

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

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

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

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

RALPH G. FRULIO
Commissioner

Ralph G. Frulio, one of the Casino Control Commission's first inspectors when casinos opened in 1978, returned in 2003 when Gov. McGreevey appointed him to serve as a member of the commission. In January 2004, he was sworn in as Commissioner for his own five-year term. His term expires in 2008. He is the first commission employee ever to be elevated to the position of commissioner. Commissioner Frulio worked for the commission on its inspection staff for almost 19 years prior to retiring at the end of 1996. He had served as an inspector, a senior inspector and as a principal inspector.

Prior to joining the commission in 1978, he had worked for five years for the Federal Bureau of Investigation in New York in its Anti-Racketeering Unit. Between stints at the commission, he became an adjunct instructor at Ocean County College for its continuing education program. He served the college in a number of capacities from being a trainer specializing in communication skills programs, to designing the school's current Human Resource Certificate program. At the same time, he worked as a marketing representative for Heartland Rehab Services of Southern New Jersey. Commissioner Frulio also served on the gaming committee of Governor McGreevey's Transition Team.

He holds a masters degree in public administration from the University of Central Michigan and a bachelors degree in political science from the Richard Stockton College. He is also a veteran of the United States Air Force.

While not at the commission, he was active in politics. Commissioner Frulio served as Southern New Jersey Campaign Coordinator for President Jimmy Carter in 1976 and as Ocean County Coordinator for Congressman William J. Hughes in 1974. He managed political campaigns in 1999 and 2001 for Democratic candidates in Berkeley Township in Ocean County, where he resides. He was appointed to the Berkeley Township Planning Board in 1976 and served as its chairman in 1979 and 1980. Frulio also was appointed to the Berkeley Township Municipal Utilities Authority in 2000 and served as its Chairman. Commissioner Frulio is a 4th Degree Knight of Columbus and a member of the Central Ocean County Italian American Club. He was also involved with coaching Little League Baseball, member of the High School's Booster Club and is presently busy with its Diamond Club. He was inducted into the High School's Sports Hall-of-Fame in 1990 for his efforts in fund raising for the installation of lights at the football field. Commissioner Frulio and his wife Nilda have two grown sons.

MICHAEL A. FEDORKO
Commissioner

Gov. Christine Todd Whitman nominated Michael Arthur Fedorko to the Casino Control Commission upon his retirement from the State Police on November 1, 1999. He was approved by the New Jersey Senate and sworn in on November 17, 1999. In May 2004, Commissioner Fedorko was re-nominated for another five year term with the Casino Control Commission by Governor James E. McGreevey. He was confirmed by the New Jersey Senate in June 2004. His term expires in 2009.

In 1966, before joining the State Police Commissioner Fedorko enlisted in the United States Marine Corps. He was wounded in action at Khe Sanh, Republic of Viet Nam on March 24, 1967. He is featured in the book "Above and Beyond" about Marines who have had noteworthy civilian careers.

He joined the New Jersey State Police as a member of the 77th State Police class on February 7, 1969. In October 1993, he was assigned to the State Police Academy as Commandant. In December 1995, he was transferred to the Division Staff Section as section supervisor and was subsequently promoted to major. He was transferred to the Administration Section as section supervisor in November 1996 and assumed the position of chief administrative officer for the Division of State Police. In May 1997, he was assigned to the position of executive officer and was subsequently promoted to Lieutenant Colonel. His climb through the ranks led to his appointment to the position of deputy superintendent. Gov. Whitman appointed him to the position of Acting Superintendent on February 28, 1999.

He has served on numerous boards, commissions and organizations including: IACP State & Provincial Division; New Jersey State Police Advisory Board; NJSP Training Committee; NJSP Search and Seizure Training Committee; DARE NJ, Board of Directors; N.J. Police Training Commission, Office of the Attorney General; N.J. Police Academy Directors Association; and the State Police & Provincial Academy Directors. He also served as a Research Center associate for the Kennedy Schools Program in Criminal Justice for Policy and Management at Harvard University; and on the Advisory Panel to the Criminal Justice Department of Brookdale College. Additionally, he was hearing officer for State Police court martial cases; served on the Promotional Board for the Connecticut State Police for promotion of captains and the N.Y. State Police Inspection Bureau. He assisted with the evaluation of the NYSP Executive Protection Group as well as the N.Y. State House security. He also served on the New Jersey Attorney General's ad hoc Committee for State Police Helicopter acquisitions and was a member of the Multi-Agency Committee of Executive Protection and Physical Security of the 1986 Statue of Liberty Centennial Ceremony. He currently serves on the Board of Directors of the Marine Corps Law Enforcement Foundation, the McGuire Memorial Foundation, the New Jersey Committee for Employer Support of the Guard and Reserve, the Atlantic City Regional Mainland Chamber of Commerce, the First Tee of Greater Atlantic City, and the Casino Reinvestment Development Authority. On May 5, 2006, Commissioner Fedorko was appointed to be the New Jersey Liaison to the National Museum of the Marine Corps.

Commissioner Fedorko was born in Lakeland, Florida but has lived in the Trenton area all but one year of his life. He was educated in Trenton area schools. 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. He also attended the Management Program for Senior Executives in State and Local Government at the John F. Kennedy School of Government at Harvard University

MICHAEL C. EPPS
Commissioner

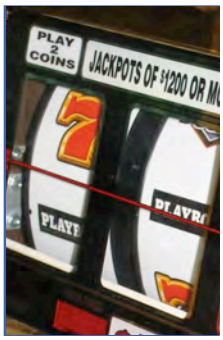
Commissioner Michael C. Epps was appointed to the Casino Control Commission by Acting Governor Donald DiFrancesco and was sworn into office on January 4, 2002. In 2005 Commissioner Epps served as Vice Chair of the Commission. In December 2006, Gov. Jon S. Corzine reappointed Commissioner Epps to a second five-year term. His current term expires in 2011.

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

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

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

Operations of the Commission



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Chief of Staff's Office

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

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

The Community and Employee Events Unit also reports to the Chief of Staff. This unit coordinates employee events and prepares publications for internal and external distribution.

The Chief of Staff Year in Review:

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

- Strengthened the agency's long term planning process as casino gaming in Atlantic City approached its 30th anniversary and new licensees plan to enter the marketplace in the future.

- Renewed the Commission's emphasis upon succession planning as many of our long time employees prepare to retire from the agency.

- Provided better and more current access to data and financial reports often requested by the public, the gaming industry, other national and international gambling jurisdictions and financial sector representatives.

- Prepared a myriad of reports, presentations and speeches for the Chair and Commissioners of the Agency. This information is often presented to college, business and law school classes, community groups, industry conferences and the investment community.

- Handled more than 2,500 inquiries from the public, news media outlets, public officials and others about a wide range of topics having to do with the Casino Control Commission, the Casino Revenue Fund, the gaming industry and Atlantic City.

- Responded to OPRA (Open Public Records Act) requests seeking access to copies of public documents.

- Organized two American Red Cross Blood Drives, and the annual Employee Programs and Quality of Life benefit program.

Office of the General Counsel

The General Counsel's Office /Legal Division is composed of three units: the Licensing Unit, the Compliance Unit and the Casino Licensing and Regulatory Affairs Unit, which includes the Administrative Practice Unit.

The Licensing Unit, led by Assistant General Counsel, Steve Ingis advises the Commission on the majority of the agency's contested cases. The Compliance Unit, led by Assistant General Counsel Dennis Kell is responsible for providing legal advice to the Commission and to the Operations and Inspections Unit of the Compliance Division on matters relating to accounting and internal controls, gaming equipment, the rules of the games, and casino floor expansions.

The Casino Licensing and Regulatory Affairs Unit, led by Assistant General Counsels Mary Wozniak and Len DiGiacomo handle all casino licensing and renewals, and is the Unit primarily responsible for regulatory review. The Administrative Practice Unit, coordinates preparation of the public meeting agenda, notices and minutes and access to public records.

The Office of the General Counsel/Legal Division's Year in Review:

- Assisted and advised the Commission during proceedings regarding the issuance of Interim Casino Authorization to Apollo Hamlet Holdings, LLC, TPG Hamlet Holdings, LLC and others in furtherance of its $2.1 billion dollar acquisition of Harrah's Entertainment;

- Advised the Commission during the renewal of Trump Plaza, Trump Taj Mahal and Trump Marina's casino licenses for five-year terms;

- Advised the Commission regarding Trump Entertainment's request for approval of a material debt transaction;

- Advised the Commission during the renewal of Hilton's casino license for its first five year term under Colony Capital ownership;

- Advised the Commission during Resorts' request for approval of a material debt transaction;

- Advised the Commission during the extended casino license renewal and plenary qualification hearing of Tropicana AC and its new owner, Tropicana Casinos and Resorts, Inc. which resulted in the denial of its casino license, and disqualification of its new owner, including post-denial proceedings which included a request for a stay pending appeal and emergent appeal procedures;

- Drafted and presented to the Commission for temporary adoption regulations for server-supported gaming following extended discussions with slot machine manufacturers, slot distributors and casino licensees;

- Drafted regulatory amendments authorizing electronic wagering systems, electronic table game systems and electronic poker;

- Drafted amendments to Commission regulations for new games (Asia Poker), variations of new games (Diamond Roulette), new wagers in existing games (Dragon Bonus wager in Baccarat, Three Card

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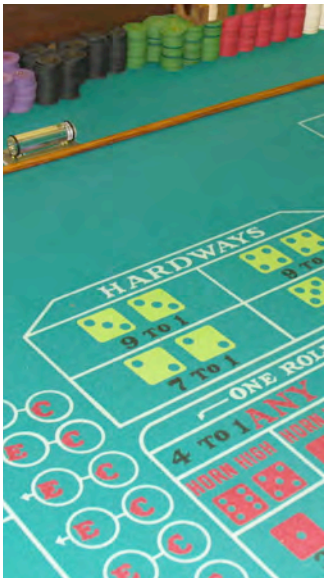
Office of the General Counsel



The Office of the General Counsel/Legal Division's Year in Review CONTINUED:

Bonus wager in Let It Ride, Bust It! wager in Blackjack, Fire Bet in Craps, Bad Beat Bonus wager in Three Card Poker, and a Pai Gow Bonus wager;

- Drafted regulatory amendments for new gaming equipment and casino procedures, including authorizing a new $25,000.00 gaming chip, incremental wagers, annuity jackpots and electronic transfer credits;

- Handled numerous petitions for reconfigurations and expansions of gaming floors at various casino-hotels, including Borgata, Harrah's Marina, Trump Taj Mahal and Resorts;

- Processed more than 450 patron complaints regarding gaming procedures, operation of the games and promotions, resulting in referral of several complaints to the Division of Gaming Enforcement for further investigation;

- Advised the Commission during proceedings arising from a petition filed on behalf of S.D. to be removed from the Commission's Self-Exclusion list. The decision of the Commission denying the petitioner's request was successfully argued before the Appellate Division;

- Opened 791 new contested license and casino violations cases;

- Managed an average of 320 contested cases per month and closed 663 contested matters;

- Continued to maintain the official records of the Commission and responded to approximately 62 requests for information and/or documents under the Freedom of Information Act and the Open Public Records Act.

Division of Administration

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

The Administrative Operations Unit is the organizational hub of the Agency, and manages incoming and outgoing mail, transportation, central files, document receipt and processing, building security, and all facilities operations.

The Budget and Fiscal Office oversees the Commission's annual budget, purchasing, and Agency fiscal operations services.

The Human Resources Unit is responsible for all personnel and employee services, including recruitment, timekeeping, employee benefits, compensation and classification, and for the maintenance and storage of personnel records. It also ensures agency compliance with all Department of Personnel requirements and directives.

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

The Division of Administration Year in Review:

- Provided specialized training to Agency personnel, including AED/CPR, job-specific education, and benefits and pre-retirement training seminars;
- Worked with the Commission's Affirmative Action Office to provide Commission-wide Sexual Harassment Training;
- Implemented Arcade Building safety enhancements, including installation of additional security lighting in the Commission parking lot;
- Upgraded budget reporting tools to Business Objects and completed extensive staff training on the product;
- Worked with the Commission's Communications Unit to update the website to include "Doing Business" pages, a place for vendors to obtain information and forms;
- Participated in the State's Benchmark Study;
- Completed a comprehensive review and analysis of the Agency's compensation plan;
- Continued the audit and reconciliation of Agency personnel files and records;
- Incorporated billing enhancements into Commission invoice applications and rolled out the new modifications to the Revenue Unit;
- Completed a records storage document management system and moved it into production;
- Developed a supplement to the Employee Licensing System which allows the Commission's Employee License Unit staff to attach and manage additional data elements within employee license information;
- Began the Enterprise License System Initiative Project, which will extensively redesign the existing application suite to better serve the business needs of the organization.

Division of Compliance

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

The Casino Operations Unit is responsible for assuring that each casino licensee establishes adequate internal controls over gaming operations and is in compliance with pertinent sections of the Casino Control Act and related regulations. The unit also reviews submissions seeking approval of new gaming equipment, new games and new rule options on existing games.

The Inspection Unit continues to be the most visible unit within the Commission; Commission Inspectors are present in the casinos 24 hours a day, 7 days a week. The Principal Inspectors and Inspectors assigned to each casino ensure the integrity of casino operations by monitoring gaming activities and certifying all gaming revenue. In addition they receive complaints from the public related to the conduct of gaming and simulcast wagering operations.

The Division of Compliance Year in Review:

- The Commission announced the appointment of James E. Fehon as Director of the Division of Compliance;
- Reviewed more than 2,000 internal control submissions and approved more than 1,000 slot machine prototype modifications;
- Approved new table game tournaments and playing card designs, stemming from an increased interest in table games by the casinos in 2007 due to competition from slot parlors in Pennsylvania;
- Participated in the preparation of regulations to create efficiencies in the use of playing cards by extending their permissible life, approving pre-shuffle and pre-inspection procedures, and approving multiple deck packaging;
- Reviewed more than 45 poker tournaments, many of which were nationally televised, in conjunction with the continued popularity of this game;
- Participated in the approval of several new multi-level progressive systems and the implementation of several new games and multi-casino wide area progressive systems;
- Approved more than 100 software change control notices as part of our ongoing review of casino computer systems;
- Participated in the preparation of regulations for electronic wagering systems for table games and reviewed several automated table designs;
- Continued to work with Pinnacle to finalize the destruction of all gaming chips and tokens from the Sands and modify its internal controls for the continued collection and redemption of gaming vouchers from Sands patrons;
- Continued to participate with the industry and the Division of Gaming Enforcement in a review of technology-related regulations and internal controls, including the review of remote access procedures;
- Approved a new electronic transfer credit slot system for the withdrawal of complimentary slot dollars for the four casinos owned by Harrah's Entertainment;
- Participated in the development of regulations for server-supported slot machine systems, which were temporarily adopted by the Commission to permit a live casino test at one or more casinos;

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Division of Compliance

The Division of Compliance Year in Review CONTINUED:

- Addressed various information technology issues and problems raised by the casino industry's increasing reliance upon its computer systems;

- Approved the automation of several functions such as the control of keys, the redemption of coupons and the registration of tournament participants;

- The Principal Inspectors collected data and blueprints regarding each casino's efforts to designate smoking and non-smoking areas beginning on April 15, 2007 in accordance with a new ordinance by the City of Atlantic City, which requires at least 75% of casino floor space to be designated as smoke-free;

- During 2007, the Inspection Unit accepted 284 complaints from gaming patrons and reported a total of 1,518 incidents that were resolved by casino management;

- Principal Inspectors approved 1,369 gaming-related submissions and petitions during the year, including 297 amended Certificates of Operation;

- There were 99,841 Activity Reports generated by the Principal Inspectors, which documented activities involving casino personnel, the public and the Division of Gaming Enforcement;

- On Sunday, June 24, the Commission's office building was affected by a fire that consumed a portion of the Boardwalk and stores to the north of the facility. Inspection Unit personnel on duty at nearby casinos were dispatched to assess the situation and report their observations to Commission management. The building suffered broken glass and smoke damage, causing it to be closed for one business day. However, casino operations were not affected.

The Division of Compliance also assisted with various events at specific casinos during the year as follows:

- Staffing levels at the Tropicana were continuously monitored to ensure that minimum mandatory levels were maintained and the property's physical condition was regularly evaluated;

- In response to the Commission's decision on December 13 to deny the casino license application of Columbia Sussex, on-site staffing levels and observations at the Tropicana were increased to ensure that the casino continued to operate in accordance with its statutory and regulatory obligations pending the Commission's appointment of a conservator;

- During 2007, the Trump Taj Mahal continued its casino and hotel expansion and renovations. In conjunction with the construction of a new 29 story tower containing 850 hotel rooms, the Taj Mahal also renovated its casino floor and simulcast room by replacing décor dating from the 1990s with a new California themed design consisting of soft earth-toned fabrics and woods. All carpeting was replaced and new energy-efficient lighting was installed throughout the facility. In addition, 198 new gaming tables and approximately 3,750 new slot machines were installed. In conjunction with this construction, the CCC booth on the casino floor was completely renovated and equipped with new flat panel surveillance monitors as well as a new panic alarm to be used by the Inspection staff if a dangerous situation occurs.

- The Taj Mahal renovated all of its existing in-house restaurants and added two new restaurants, "Plate" and "Burger." New franchise operations were added including "Sbarro" and "Starbucks." Renovations were completed to the Poker Room and the high-roller slot parlor known as the "Sultan's Palace" is scheduled to open in late 2008. The lower floors of the new hotel tower are expected to open during the Fall of 2008 with the full Chairman's Tower sometime in early 2009.

- Harrah's completed a casino floor expansion and reconfiguration and constructed a new hotel tower. The size of the casino floor was increased from 144,047 square feet to 160,834 square feet. The expansion included a redesigned and enlarged Casino Cage, which was relocated from the center of the casino to the southwest perimeter. It also included the redesign of 14 slot zones which added approximately 300 additional slot machines. The new hotel tower includes a retail shopping area, a new buffet restaurant and a Spa with an indoor swimming pool.

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Division of Compliance

The Division of Compliance Year in Review CONTINUED:

▸ Resorts renovated its entire casino floor, converting a slot zone near the Boardwalk into a new Asian table games pit with 27 table games. The Commission booth was relocated and expanded in size. In December, Resorts closed its casino simulcast facility and designated the area as casino floor space.

▸ On September 23, a fire erupted at the Borgata's Water Club Tower, which was still under construction. The fire caused water and smoke damage to the first four floors and cosmetic damage to the outside of the building. The Borgata's main building was not evacuated, however, area roads were closed for several hours. The cause of the fire is still under investigation. Construction is currently on schedule for a late February 2008 opening.

▸ On November 13 at approximately 11:00 p.m., there was a hostage incident at the Showboat valet parking area. The casino floor was evacuated and the Commission inspectors were temporarily relocated to another casino. Commission supervisors actively monitored the situation from the Showboat surveillance room. After the incident was resolved by police, the first gaming table was reopened for play at approximately 6:45 a.m.

Division of Financial Evaluation

The Division of Financial Evaluation provides expert advice and consultation to the Commissioners on all matters of a financial/economic nature, collects all taxes and fees required by the Casino Control Act, and through its team of auditors, ensures the sufficiency of various tax payments to the Casino Revenue Fund.

The division consists of three units; the Audit Unit, the Financial Evaluation Unit and the Revenue Unit. Working as a team, these three units provide oversight to over $500 million in casino related revenues to the State of New Jersey.

The Division of Financial Evaluation Year in Review:

- Collected $410 million in Gross Revenue Tax used to fund programs that benefit the aged and disabled residents of the state; $38 million in casino-related taxes that were deposited to the Casino Revenue Fund; $75 million in licensing fees paid by the industry to fund the operations of the Casino Control Commission and Division of Gaming Enforcement; and $440,000 in Commission imposed fines that were deposited to the General Fund to provide funding for the Council on Compulsive Gambling;

- Completed tax examinations to certify gross revenue, parking fee revenue, hotel fee revenue and multi-casino slot machine revenue;

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

- Reviewed revenue reporting and audit issues related to the development of a new electronic drop system scheduled to be introduced at eight properties in 2008;

- Addressed various issues related to multi-casino jackpot systems including the introduction of a new system with novel funding sources, the takedown and transfer of four systems and various financial reporting issues;

- Participated in the regulatory review process for the pending implementation of computerized table games;

- Reviewed 42 notices of document destruction and provided expert guidance to the industry on record retention issues;

- Completed the required agency annual internal control review resulting in a clean audit report to OMB;

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

- Undertook full financial stability reviews for five licensees and their corporate parent companies in conjunction with the renewal of their casino licenses;

- Analyzed Apollo Management's and TPG Capital's acquisition of Harrah's Entertainment and Resorts' debt refinancing;

- Worked with Tropicana financial management on the transition from former ownership to a standalone entity after the denial of its casino license application and the imposition of a Trustee/Conservator;

- Implemented electronic filing of the Annual Financial Reports and the License Renewal Forecasts and streamlined the financial reporting filing process;

- Worked with the Communications Unit to maintain the financial pages of the Commission's web site and are responsible to post monthly and quarterly financial reports.

Division of Licensing

The Division of Licensing, which consists of four operating units, manages all aspects of casino employee and business enterprise licensing and casino hotel alcoholic beverage licensing.

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

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

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

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

The Division of Licensing Year in Review:

- Processed more than 19,000 Employee initial, temporary and renewal applications, licenses and registrations;

- Issued over 12,000 Employee license credentials;

- Accepted over $2.5 million dollars for Employee initial, renewal and miscellaneous fees;

- Accepted 171 applications for the Self-exclusion list, bringing the total number of Self-exclusion applications to 781;

- Received 6,757 revisions to Atlantic City casino licensee's jobs compendia, job descriptions and/or tables of organization structure;

- Monitored a database of over approximately 40,700 people employed in Atlantic City casinos;

- An electronic mailing of the Restricted Employment and Application List (REAL) and weekly update of the REAL was completed in October 2007. The recipients now receive an email document sent weekly for the updates to the REAL and an attached Excel file containing the quarterly REAL. The electronic mailing replaces the dozens of hard copy reports sent through the mail. This new process saves Commission staff many hours of processing time as well as savings in paper supply;

- Maintains a Customer Service area in the main lobby of the License Division to better serve the applicants;

- Dual monitor screens were moved into the credential issuance processing area. Now the individual can view their license photo (for their acceptance) before the image is printed;

- Began monitoring business transactions between vendors and Pinnacle Entertainment, Inc. in connection with the demolition of the former Sands Casino Hotel and development of the proposed new casino project;

Continued on next page

Division of Licensing

The Division of License Year in Review CONTINUED:

- Shepherded through the statutorily-required registration process two new labor organizations that entered the scene in 2007 seeking to represent certain groups of casino employees;

- Initiated work on a long-awaited redesign and conversion of the decades-old enterprise registration and licensing database which will, when complete, provide the Enterprise License Unit with a sophisticated tool for monitoring the registration and licensing status of companies that do business with New Jersey casino licensees and for improving the exchange of information with the casino industry;

- Authorized the service of alcoholic beverages by casino hotel alcoholic beverage licensees at 3 beach bars and 9 Boardwalk locations as well as the 9 other special events during the summer.

Affirmative Action Officer

The role of the Affirmative Action Officer is to ensure that the commission adheres to all Federal and State laws and equal employment opportunity and affirmative action policies for the protection of all employees at the commission. Equal Employment Orientation sessions are provided to all new employees to make them aware of the State and commission policies and procedures. All employees are also required to under take sexual harassment training and pass a test on this important subject as part of this orientation.

The Affirmative Action Officer's Year in Review:

Monitored employment and promotional activity at the Commission including the hiring and EEO/AA policy orientation of four new employees of whom one (25%) was a female and two (50%) were minority and the promotions of 11 employees of whom two (50%) were female and five (45%) were minority; and

Developed and conducted the training, in conjunction with Affirmative Action and Compliance staff, of Commission employees based upon the State and Commission's policy regarding the prevention of sexual harassment in the workplace.

2007 Casino Control Commission Sandra Donahue Employee Recognition Award Recipient and Certificate of Commendation Recipient

Supervising Inspector
Toni-Lynn Rispoli

Administrative Analyst
Daryl N. Nance

State of New Jersey

2007-2008 Public Service Recognition Award Longevity Award Recipients

28 Years of Service, Division of Compliance, Inspection Unit

Warren Lackland
Richard Faison
Robert Hanley
Joseph DiDio
Mitchell Garlic
Mitch Tourigan

Commission Statistics

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THE NEW JERSEY CASINO INDUSTRY
GROSS REVENUE STATISTICS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
($ IN THOUSANDS)

Casino Hotel	Casino Win	Daily Average Casino Win	Adjustments	Gross Revenue	Tax	Market Share of Casino Win
AC Hilton						
2007	$ 304,898	$ 835	$ -	$ 304,898	$ 24,392	6.2%
2006	$ 330,083	$ 904	-	$ 330,083	$ 26,407	6.3%
Bally's Atlantic City						
2007	641,418	1,757	-	641,418	51,314	13.0%
2006	677,290	1,856	-	677,290	54,183	13.0%
Borgata						
2007	750,967	2,057	-	750,967	60,077	15.3%
2006	739,289	2,025	-	739,289	59,143	14.2%
Caesars						
2007	583,338	1,598	(93)	583,431	46,675	11.9%
2006	555,243	1,521	(86)	555,329	44,426	10.7%
Harrah's Marina						
2007	519,497	1,423	(19)	519,516	41,561	10.5%
2006	508,980	1,394	-	508,980	40,718	9.8%
Resorts						
2007	278,731	764	(18)	278,749	22,300	5.7%
2006	282,896	775	(9)	282,905	22,632	5.4%
Sands (a)						
2007	-	-	-	-	-	n/a
2006	147,976	471	(1,045)	149,021	11,922	2.8%
Showboat						
2007	407,421	1,116	(27)	407,448	32,596	8.3%
2006	429,514	1,177	(20)	429,534	34,363	8.2%
Tropicana						
2007	403,667	1,106	-	403,667	32,293	8.2%
2006	459,150	1,258	-	459,150	36,732	8.8%
Trump Marina						
2007	241,939	663	15	241,924	19,354	4.9%
2006	257,166	705	(7)	257,173	20,574	4.9%
Trump Plaza						
2007	280,343	768	(171)	280,514	22,441	5.7%
2006	300,894	824	(62)	300,956	24,077	5.8%
Trump Taj Mahal						
2007	508,568	1,393	(237)	508,805	40,704	10.3%
2006	529,233	1,450	(256)	529,489	42,359	10.1%
TOTALS						
2007	**$ 4,920,787**	**$ 13,482**	**$ (550)**	**$ 4,921,337**	**$ 393,707**	**100.0%**
2006	**$ 5,217,714**	**$ 14,295**	**$ (1,485)**	**$ 5,219,199**	**$ 417,536**	**100.0%**

(a) Sands ceased operations on November 10, 2006. Daily Average Casino Win adjusted for closing date.

THE NEW JERSEY CASINO INDUSTRY
TOTAL GAMING WIN
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
($ IN THOUSANDS)

	2007	2006	Growth (Decline) $	Growth (Decline) %
Table & Other Games				
Blackjack	$ 480,528	$ 453,930	26,598	5.9
Craps	188,105	196,549	(8,444)	(4.3)
Roulette	171,575	171,624	(49)	N/A
Baccarat	32,567	50,091	(17,524)	(35.0)
Poker	84,151	77,316	6,835	8.8
Other Games (a)	499,390	464,547	34,843	7.5
Subtotal	1,456,316	1,414,057	42,259	3.0
Simulcasting	9,454	9,836	(382)	(3.9)
Total Table & Other Games	1,465,770	1,423,893	41,877	2.9
Slot Machines				
.01 and .02 Slot Machines	643,692	568,016	75,676	13.3
.05 Slot Machines	586,723	679,360	(92,637)	(13.6)
.25 Slot Machines	709,262	980,339	(271,077)	(27.7)
.50 Slot Machines	95,438	140,561	(45,123)	(32.1)
1.00 Slot Machines	472,314	561,136	(88,822)	(15.8)
5.00 Slot Machines	143,026	187,197	(44,171)	(23.6)
Multi-Denominational Machines	678,843	536,836	142,007	26.5
Other Slot Machines	135,173	150,212	(15,039)	(10.0)
Total Slot Machines	3,464,471	3,803,657	(339,186)	(8.9)
Grand Total	$4,930,241	$5,227,550	(297,309)	(5.7)

(a) Other games reflect Big Six, Minibaccarat, Sic Bo, Pai Gow Poker, Pai Gow, Keno, Caribbean Stud Poker, Let It Ride Poker, Spanish 21, Three Card Poker, Boston 5 Stud Poker, Four Card Poker, Double Attack Blackjack, Texas Hold'Em Bonus Poker, Flop Poker, Two Card Joker Poker, Ultimate Texas Hold'Em, Asia Poker and Winner's Pot Poker.

THE NEW JERSEY CASINO INDUSTRY
FACILITY STATISTICS
AT DECEMBER 31, 2007 AND 2006

	AC HILTON		BALLY'S AC		BORGATA		CAESARS		HARRAH'S		RESORTS		SHOWBOAT		TROPICANA		TRUMP MARINA		TRUMP PLAZA		TRUMP TAJ MAHAL		INDUSTRY TOTALS	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
TABLE GAMES:																								
Blackjack	45	49	77	68	87	84	50	51	38	38	34	37	41	42	63	73	29	31	36	45	48	62	548	580
Craps	8	8	12	11	14	13	13	13	6	6	6	6	5	5	6	11	6	6	5	5	11	11	92	95
Roulette	8	8	24	23	21	20	14	14	11	10	10	10	9	9	20	20	6	6	9	8	13	13	145	141
Big Six	1	1	2	2	1	1	1	1	1	1	1	-	1	1	1	2	-	-	-	-	1	1	10	10
Baccarat	2	1	2	2	2	2	3	2	-	-	3	3	-	1	2	2	2	3	-	2	1	2	17	20
Minibaccarat	12	9	14	12	8	8	11	11	2	1	12	8	9	9	6	5	4	3	10	8	12	9	100	83
Sic Bo	1	-	1	1	-	-	1	1	-	-	-	-	-	-	-	1	-	-	-	-	1	1	4	4
Pai Gow Poker	4	6	10	9	6	6	6	4	2	1	1	1	2	2	4	6	2	2	2	3	4	5	43	45
Pai Gow	6	5	3	3	2	2	5	5	2	-	2	1	2	2	3	2	2	1	2	3	3	6	32	30
Poker	14	19	20	30	85	85	24	24	24	24	5	8	23	24	48	48	-	-	-	-	70	71	313	333
Caribbean Stud Poker	1	2	2	2	3	3	3	3	1	2	-	1	1	1	2	3	2	2	-	-	2	2	17	21
Let It Ride Poker	3	2	4	4	4	4	3	3	4	4	2	2	3	3	3	3	3	3	2	2	3	3	34	33
Spanish 21	3	1	9	9	4	4	7	7	2	1	3	3	2	2	4	5	3	2	3	3	3	4	43	41
Three Card Poker	8	8	18	15	16	16	11	11	12	12	8	7	7	7	11	16	6	7	8	8	9	10	114	117
Boston 5 Stud Poker	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	0	2
Four Card Poker	2	2	7	7	5	5	4	4	3	3	1	1	1	1	2	4	2	2	2	2	2	2	31	33
Double Attack Blackjack	1	1	-	-	-	-	1	1	2	1	1	1	2	2	-	1	1	1	-	-	1	1	9	9
Texas Hold'Em Bonus Poker	1	1	8	8	5	8	4	4	2	4	1	1	2	2	4	6	2	3	2	2	2	2	33	41
Flop Poker	-	-	-	-	-	-	-	-	1	-	-	-	1	-	-	-	2	1	-	-	-	-	4	1
Two Card Joker Poker(a)	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	0	1
Asia Poker (b)	1	-	2	-	2	2	2	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	9	2
Ultimate Texas Hold'Em (c)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	1	0
Winner's Pot Poker (d)	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	0
Total Table Games	121	123	216	206	265	263	163	159	113	108	91	91	112	113	179	210	73	73	81	91	186	205	1,600	1,642
KENO WINDOWS	-	-	4	4	-	-	6	6	4	4	-	-	-	-	-	-	-	-	-	-	2	2	16	16
SLOT MACHINES:																								
$.01 and .02 Slot Machines	481	331	937	936	703	398	682	567	312	371	486	315	520	589	498	602	448	312	565	379	756	448	6,388	5,248
$.05 Slot Machines	279	409	924	996	1,182	1,427	528	464	701	578	313	283	324	404	490	649	435	509	374	455	425	573	5,975	6,747
$.25 Slot Machines	739	725	1,947	2,221	934	1,088	891	971	1,079	1,165	605	678	390	866	657	813	487	582	548	770	1,248	1,476	9,525	11,355
$.50 Slot Machines	100	145	232	279	139	172	171	177	57	74	98	83	24	68	50	50	51	75	110	131	79	203	1,111	1,457
$1 Slot Machines	306	314	528	574	299	377	442	447	462	534	243	184	169	301	260	349	274	307	250	277	451	522	3,684	4,186
$5 Slot Machines	65	83	109	137	91	83	99	101	94	96	74	78	28	30	56	68	51	59	58	66	94	105	819	906
$25 Slot Machines	13	13	21	22	21	16	15	15	16	17	10	9	3	3	15	15	10	10	12	12	12	14	148	146
$100 Slot Machines	23	17	12	12	12	12	18	18	10	10	10	9	3	3	12	12	5	5	5	5	18	14	128	117
Multi-Denominational Slot Machines	265	155	369	155	557	423	262	328	1,118	820	738	1,034	2,060	1,142	1,316	1,281	166	130	151	123	378	366	7,380	5,957
Other Slot Machines	31	35	47	53	61	72	70	74	36	43	20	27	4	4	47	49	24	34	64	63	53	47	457	501
Total Slot Machines	2,302	2,227	5,126	5,385	3,999	4,068	3,178	3,162	3,885	3,708	2,597	2,700	3,525	3,410	3,401	3,888	1,951	2,023	2,137	2,281	3,514	3,768	35,615	36,620
Casino Square Footage	75,374	69,422	178,815	178,815	136,794	136,794	114,600	110,895	160,834	147,077	80,283	81,964	120,062	120,062	137,616	138,868	63,783	64,271	86,712	95,582	119,361	112,922	1,274,234	1,256,672
Simulcast Square Footage	-	-	47,937	47,937	23,620	23,620	30,374	29,116	-	-	20,139	16,396	20,682	20,062	8,380	8,380	14,752	14,670	-	-	47,516	48,246	213,400	208,427
Number Of Hotel Rooms	809	809	1,745	1,745	1,971	1,971	1,139	1,139	1,630	1,630	942	879	1,331	1,331	2,129	2,129	728	728	906	906	1,245	1,250	14,575	14,517
Number of Parking Spaces	1,971	1,971	3,934	3,934	5,510	5,510	5,324	5,324	3,732	3,732	1,337	1,337	3,499	3,499	5,296	5,477	2,986	2,986	2,618	2,618	5,616	6,544	41,823	42,932
Property & Equipment, Gross ($ Millions)	$ 380.6	$ 373.4	$ 796.9	$ 721.0	$1,639.7	$1,399.2	$ 754.5	$ 694.6	$ 1,212.0	$1,029.3	$ 334.3	$ 320.3	$ 722.6	$ 739.7	$ 683.7	$1,136.0	$ 400.3	$ 367.9	$ 428.4	$ 405.8	$1,051.3	$ 860.0	$ 8,404.3	$ 8,047.2
Number of Employees	2,656	2,886	5,388	5,654	6,950	7,071	4,032	4,182	3,754	3,355	2,742	2,855	2,993	2,849	3,485	4,507	2,152	2,186	2,467	2,621	4,169	4,290	40,788	42,456

(a) Two Card Joker Poker commenced operations in February 2006.
(b) Asia Poker commenced operations in July 2006.
(c) Ultimate Texas Hold'Em commenced operations in August 2007.
(d) Winner's Pot Poker commenced operations in November 2007.

EMPLOYMENT BY ATLANTIC CITY CASINO LICENSEES BY COUNTY

FOR THE YEAR ENDED DECEMBER 31, 2007

Approximately 388 casino hotel employees are not represented in these figures. There are several reasons why this may occur, they are:

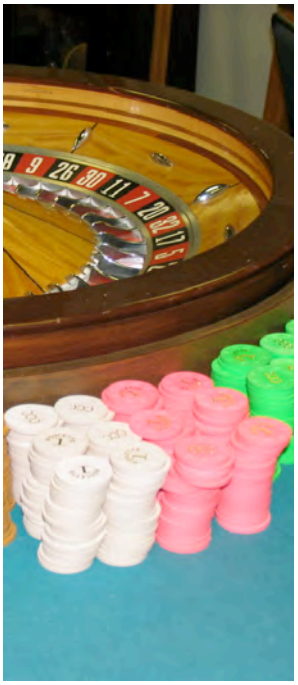
--the person has a zip code that is not found in New Jersey;

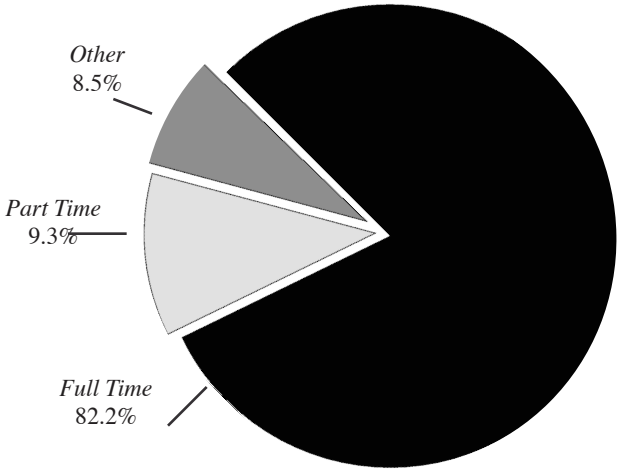
--information is missing from the employment data that is transmitted to the Commission by the casino industry;

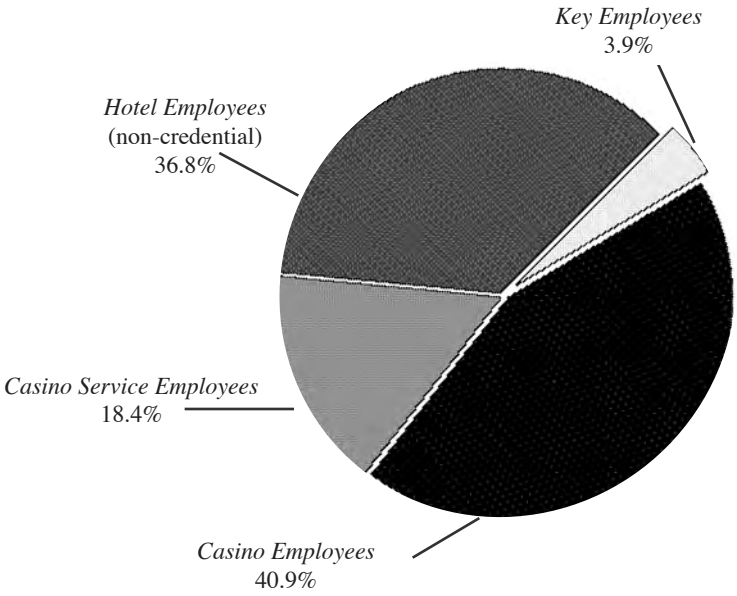
or the employment data contains errors.

NEW JERSEY CASINO INDUSTRY BY TYPE OF EMPLOYMENT

FOR THE YEAR ENDED DECEMBER 31, 2007*







EMPLOYEE LICENSE AND REGISTRATION APPLICATIONS ACCEPTED AND ISSUED*

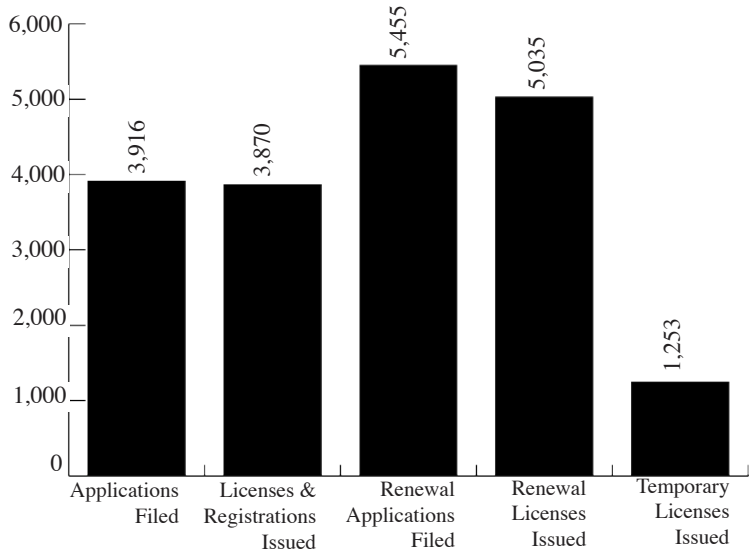
FOR THE YEAR ENDED DECEMBER 31, 2007

Casino Key Employees:	
Initial Applications Filed	169
Initial Licenses Issued	188
Renewal Applications Filed	494
Renewal Licenses Issued	524
Temporary Licenses Issued	161
Casino Employees:	
Applications Filed	2,499
Licenses Issued	2,434
Renewal Applications Filed	4,961
Renewal Licenses Issued	4,511
Temporary Licenses Issued	1,092
Casino Service Employees:	
Applications Filed	1,248
Registrations Issued	1,248
Total Employees:	
Applications Filed	3,916
Licenses & Registrations Issued	3,870
Renewal Applications Filed	5,455
Renewal Licenses Issued	5,035
Temprary Licenses Issued	1,253
GRAND TOTAL	**19,529**

** The 2007 format changed to include additional deatil for renewal and temporary license figures.*

TOTAL EMPLOYEE LICENSE AND REGISTRATION APPLICATIONS ACCEPTED AND ISSUED

FOR THE YEAR ENDED DECEMBER 31, 2007



Total Transactions 19,529

NEW JERSEY CASINO INDUSTRY EMPLOYMENT STATISTICS

FOR THE FOUR YEARS ENDED DECEMBER 31, 2007

	2007	2006	2005	2004
AC Hilton	2,656	2,886	2,880	3,089
Bally's Atlantic City	5,388	5,654	6,127	6,866
Borgata	6,950	7,071	5,937	5,548
Caesars	4,032	4,182	3,943	4,220
Harrah's Marina	3,754	3,355	2,945	2,886
Resorts	2,742	2,855	2,926	2,840
Sands[a]	n/a	n/a	1,963	2,095
Showboat	2,993	2,849	2,748	2,707
Tropicana	3,485	4,507	5,142	5,044
Trump Marina	2,152	2,186	2,395	2,550
Trump Plaza	2,467	2,621	2,850	2,920
Trump Taj Mahal	4,169	4,290	4,687	4,736
TOTALS	40,788	42,456	44,542	45,501

NEW JERSEY CASINO INDUSTRY SALARIES AND WAGES

FOR THE FOUR YEARS ENDED DECEMBER 31, 2007 (<u>$ IN THOUSANDS</u>)

	2007	2006	2005	2004
AC Hilton	$ 75,121	$ 76,178	$ 78,007	$ 81,847
Bally's Atlantic City	148,347	155,798	159,152	174,982
Borgata	153,238	144,573	128,292	120,929
Caesars	112,675	105,107	101,472	105,313
Harrah's Marina	92,267	84,116	80,115	78,610
Resorts	66,323	67,548	67,226	69,742
Sands[a]	0	53,233	51,074	51,696
Showboat	77,462	76,315	75,498	74,195
Tropicana	83,958	100,394	106,624	95,689
Trump Marina	62,139	63,826	66,005	69,207
Trump Plaza	72,632	77,017	76,262	78,089
Trump Taj Mahal	112,208	118,019	121,316	123,973
TOTALS	$ 1,056,370	$ 1,122,124	$ 1,111,043	$ 1,124,272

[a] *Sands ceased operations on November 10, 2006.*

TOTAL VOLUME OF BUSINESS - CASINO SERVICE INDUSTRY
CALENDAR YEAR 2007

	Total Companies	Percent of Total Companies	Dollar Volume of Business*	Percent of Total Business
Total Number of Vendors Receiving Payments	***6,227***	***100.00%***	***$4,048,191,653 *****	***100.00%***
New Jersey Enterprises	2,174	34.91%	$2,538,754,467	62.71%
Pennsylvania Enterprises	644	10.34%	$244,768,306	6.05%
New York Enterprises	778	12.49%	$132,304,936	3.27%
Delaware Enterprises	29	0.47%	$5,742,768	0.14%
All Other States	2,492	40.02%	$1,117,113,237	27.60%
Foreign Enterprises	110	1.77%	$9,507,939	0.23%

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

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

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

TOTAL VOLUME OF BUSINESS - NEW JERSEY COMPANIES
CALENDAR YEAR 2007

		Total Companies	Percent of Total Companies	Dollar Volume of Business	Percent of Total Business
	New Jersey Enterprises	***2,174***	***100.00%***	***$2,538,754,467***	***100.0000%***
1	Atlantic	1,060	48.76%	$1,622,721,564	63.9180%
3	Bergen	81	3.73%	$19,505,059	0.7683%
5	Burlington	135	6.21%	$75,216,077	2.9627%
7	Camden	183	8.42%	$122,092,391	4.8091%
9	Cape May	61	2.81%	$5,330,237	0.2100%
11	Cumberland	60	2.76%	$70,390,266	2.7726%
13	Essex	65	2.99%	$57,648,738	2.2707%
15	Gloucester	81	3.73%	$112,495,891	4.4311%
17	Hudson	29	1.33%	$3,822,130	0.1506%
19	Hunterdon	4	0.18%	$501,449	0.0198%
21	Mercer	49	2.25%	$91,812,181	3.6164%
23	Middlesex	64	2.94%	$282,098,831	11.1117%
25	Monmouth	84	3.86%	$13,489,786	0.5314%
27	Morris	43	1.98%	$3,278,410	0.1291%
29	Ocean	56	2.58%	$22,135,153	0.8719%
31	Passaic	33	1.52%	$2,776,600	0.1094%
33	Salem	6	0.28%	$15,847,836	0.6242%
35	Somerset	27	1.24%	$3,466,540	0.1365%
37	Sussex	4	0.18%	$76,523	0.0030%
39	Union	46	2.12%	$14,039,996	0.5530%
41	Warren	3	0.14%	$8,809	0.0003%

NEW JERSEY CASINO INDUSTRY ENTERPRISE REGISTRATION AND LICENSING STATISTICS *FOR THE PERIOD OF JANUARY 1, 2007 THROUGH DECEMBER 31, 2007*

Registration and Licensing Processing Statistics

Vendor Registrations Processed	3,138
Enterprises Prohibited from Conducting Business with Casino Licensees	51*
Exemptions From Licensure Granted By CCC	3

Registration and Licensing Status Totals

Universe of Active Vendors	9,549
Universe of Prohibited Vendors	623 *
Labor Organizations Currently Registered	10

Initial Casino Service Industry Licenses

Gaming Related:

Applications Filed	5
Licenses Issued	3
Licenses Denied	0
Withdrawals Granted	0

Non-Gaming Related:

Applications Filed	159
Licenses Issued	149
Licenses Denied	3
Withdrawals Granted	15

Junket Enterprises:

Applications Filed	7
Licenses Issued	5
Licenses Denied	0
Withdrawals Granted	0

Renewal Casino Service Industry Licenses

Gaming Related:

Applications Filed	3
Licenses Issued	11
Licenses Denied	0
Withdrawals Granted	2

Non-Gaming Related:

Applications Filed	164
Licenses Issued	131
Licenses Denied	1
Withdrawals Granted	12

Junket Enterprises:

Applications Filed	3
Licenses Issued	10
Licenses Denied	0
Withdrawals Granted	0

Licensed Casino Service Industry Enterprises

Initial Licensees:

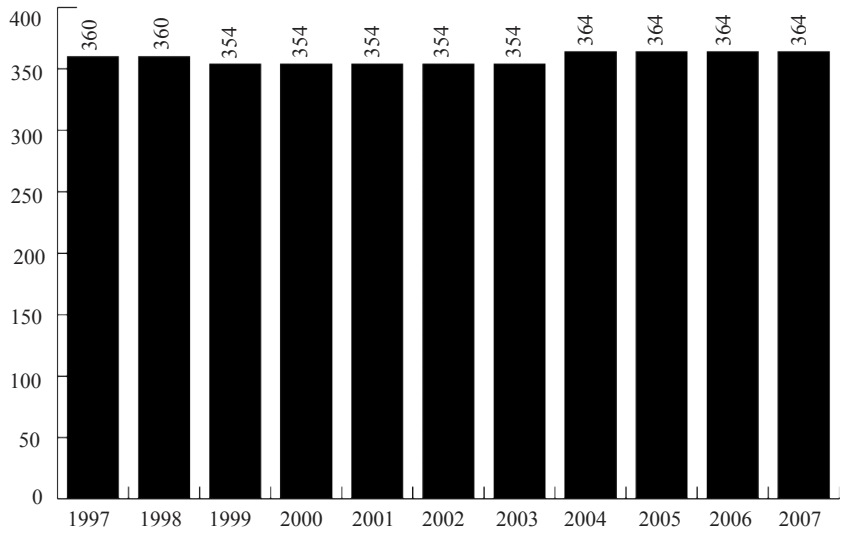
Gaming	19
Nongaming	604
Junket	17

Renewal Licensees:

Gaming	33
Nongaming	542
Junket	40

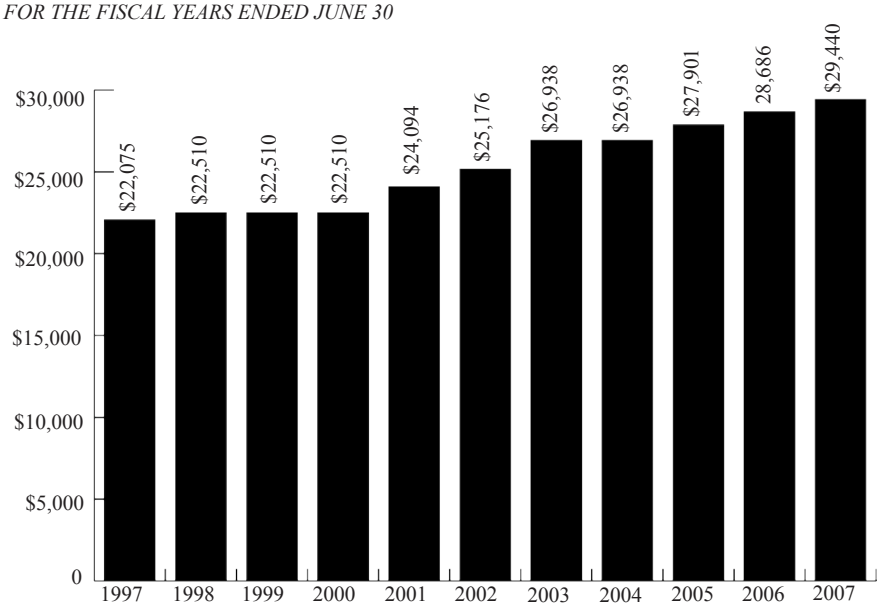
* This figure includes enterprises prohibited for the following reasons: denial of a casino service industry license, failure to file a casino service industry license application, withdrawal of a casino service industry license, and non-filing of a required vendor registration form.

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



NEW JERSEY CASINO CONTROL COMMISSION BUDGET APPROPRIATIONS

FOR THE FISCAL YEARS ENDED JUNE 30



CASINO REVENUE FUND
FOR THE FISCAL YEAR ENDED 2007

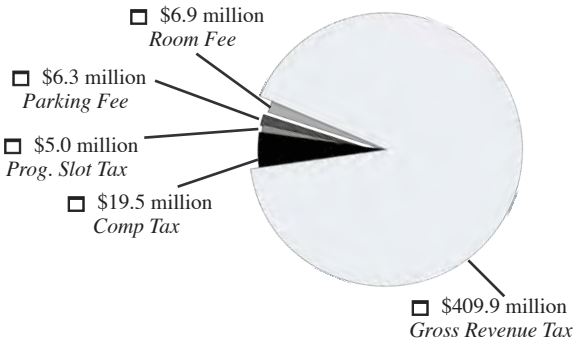
New Jersey casinos pay the state 8% tax on their gross revenues appropriated to the Casino Revenue Fund for the benefit of the aged and disabled citizens of the State of New Jersey. Gross gaming revenue is the amount casinos win from gamblers after all payouts have been made.

The Casino Control Commission collects a variety of different taxes from casinos and deposits the money in the Casino Revenue Fund. Funding is generated through five casino related taxes. The largest is an 8 percent tax on casino gross revenues and can only be spent on programs that benefit New Jersey State seniors and people with disabilities.

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

- Gross Revenue Tax includes audit assessments, penalities, interest and other adjustments.
- Casino Complimentary Tax imposes a 3.1875% tax upon casino licensees on the value of complimentary rooms, food, beverage, and entertainment granted to patrons. The tax expires on June 30, 2009.
- Casino Parking Fee requires casinos to remit a fee of $3.00 per day for any parking space in use in their facility. In FY 07, $0.50 of the parking fee revenue was deposited into the Casino Revenue Fund, with the remaining $2.50 forwarded to the Casino Reinvestment Development Authority (CRDA) for statutory restricted projects.
- Casino Room Fee requires casinos to remit $3.00 per day for each hotel room occupied by a guest. Beginning with FY 07, $1.00 goes to CRDA and $2.00 goes to the Casino Revenue Fund.
- Multi-Casino Progressive Slot Tax assesses an 8% tax on casino service industry multi-casino progressive slot revenue. The forecasted amounts assume the same growth rate as the Gross Revenue Tax.

447.6 million
Total taxes deposited into Casino Revenue Fund for FY 2007



*Casinos have paid more than **$7.4 billion** in taxes to the Casino Revenue Fund since 1978.*

INDEPENDENT AUDITOR'S REPORT

LEGISLATIVE SERVICES COMMISSION

SENATE

ANDREW R. CIESLA
RICHARD J. CODEY
NIA H. GILL
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SEAN T. KEAN
THOMAS H. KEAN, JR.
JOSEPH M. KYRILLOS, JR.
LORETTA WEINBERG

GENERAL ASSEMBLY

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JON M. BRAMNICK
JOHN J. BURZICHELLI
ALEX DECROCE
ALISON LITTELL MCHOSE
JOAN M. QUIGLEY
JOSEPH J. ROBERTS, JR.
BONNIE WATSON COLEMAN

New Jersey State Legislature

OFFICE OF LEGISLATIVE SERVICES
OFFICE OF THE STATE AUDITOR
125 SOUTH WARREN STREET
PO BOX 067
TRENTON NJ 08625-0067

ALBERT PORRONI
Executive Director
(609) 292-4625

OFFICE OF THE STATE AUDITOR
(609) 292-3700
FAX (609) 633-0834

STEPHEN M. EELLS
Assistant State Auditor

THOMAS R. MESEROLL
Assistant State Auditor

The Honorable Jon S. Corzine
Governor of New Jersey

The Honorable Richard J. Codey
President of the Senate

The Honorable Joseph J. Roberts, Jr.
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, 2007 and 2006. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the financial statements present only the Casino Control Fund and do not purport to, and do not, present fairly the financial position of the State of New Jersey as of June 30, 2007 and 2006, the changes in its financial position, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Casino Control Fund as of June 30, 2007 and 2006 and the changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2008 on our consideration of the Casino Control Fund management's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison schedule and reconciliation are not required as part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Stephen M. Eells
Assistant State Auditor
June 2, 2008

STATE OF NEW JERSEY
CASINO CONTROL FUND
BALANCE SHEET
JUNE 30, 2007 AND 2006

	2007	2006
ASSETS		
Cash	$ 51,000	$ 51,000
Accounts Receivable	10,263,791	5,174,045
Less: Allowance for Doubtful Accounts	97,790	111,319
Net Accounts Receivable	10,166,001	5,062,726
Due from General Fund	6,651,716	6,591,216
Total Assets	$16,868,717	$11,704,942
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	$ 5,111,898	$ 5,218,521
Deferred Revenue	8,184,000	6,410,500
Total Liabilities	13,295,898	11,629,021
Fund Balances		
Reserved for:		
Encumbrances	1,464,066	846,272
Unreserved:		
Designated for Continuing Appropriation	621,090	875,338
Undesignated	1,487,663	(1,645,689)
Total Fund Balances	3,572,819	75,921
Total Liabilities and Fund Balances	$16,868,717	$ 11,704,942

The accompanying notes are an integral part of the financial statements

STATE OF NEW JERSEY
CASINO CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
REVENUES		
Casinos		
Licenses - Casino	$ 49,396,145	$ 45,372,368
- Slot Machine	19,622,082	21,089,120
- Alcoholic Beverage	149,895	137,620
Assessments	---	---
	69,168,122	66,599,108
Credits - Prior Year Fund Balance	(75,921)	(4,052,610)
Total from Casinos	69,092,201	62,546,498
Other Sources		
Licenses - Casino Employees	3,039,897	2,474,584
- Casino Service Industry	1,029,367	976,788
Equipment Prototype Testing	2,204,578	1,553,399
Other Revenues	65,651	98,218
Total from Other Sources	6,339,493	5,102,989
Investment Earnings	214,015	400,263
Total Revenues	75,645,709	68,049,750
EXPENDITURES		
Public Safety and Criminal Justice (Division of Gaming Enforcement)	43,210,716	42,800,990
Government Direction, Management and Control (Casino Control Commission)	28,938,095	29,225,449
Total Expenditures	72,148,811	72,026,439
Net Increase (Decrease) in Fund Balance for the Year	3,496,898	(3,976,689)
Fund Balance - Beginning	75,921	4,052,610
Fund Balance - Ending	$ 3,572,819	$ 75,921

The accompanying notes are an integral part of the financial statements

NOTE 1 - Significant Accounting Policies

A. Basis of Presentation

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

B. Financial Reporting Entity

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

C. Fund Level Financial Statements

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

E. Fund Accounting

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

Governmental Fund Type - Special Revenue Fund

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

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

F. Budgetary Process

An annual budget is adopted for the Casino Control Fund. The Legislature enacts the budget through passage of a specific appropriation, the sum of which may not exceed estimated revenues. The annual appropriations act for fiscal year 2007 authorized $72,925,163 which consists of an original appropriation of $72,039,000 and other authorized appropriations of $886,163. Budgetary control is maintained at the program unit level.

During the year, the spending authority delineated in the appropriations act may be revised for supplemental appropriations approved by both the Legislature and the Governor. For fiscal year 2007, the Division of Gaming Enforcement was granted an additional appropriation of $1,400,000. The Division of Gaming Enforcement and the Casino Control Commission were also granted a combined $300,000 anticipated supplemental appropriation.

A Budgetary Comparison Schedule for the fiscal year ended June 30, 2007 is presented as required supplementary information to these statements. This statement presents a comparison of the final budget adopted for the Casino Control Fund with actual data on a budgetary basis.

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

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

G. Fund Balances

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

1) Reserved for Encumbrances - Used to segregate a portion of fund balance to provide for expenditure upon vendor performance of purchase agreements.

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

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

H. Other

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

NOTE 2 - Cash

Represents a $500 petty cash fund maintained by each agency and a $50,000 confidential fund maintained by the Division of Gaming Enforcement.

NOTE 3 - Accounts Receivable

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

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

NOTE 4 - Due From General Fund

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

NOTE 5 - Capital Assets

Capital Assets acquired with fund resources are recorded as expenditures of the fund at the time of acquisition. Assets greater than $20,000 are also recorded in the State's government-wide financial statements. Capital assets are depreciated using the straight line method. The State assigned estimated useful life for machinery and equipment is 5-15 years. A summary of these capital assets and related accumulated depreciation for the year ended June 30, 2007 follows:

Program	Asset	Balance July 1, 2006	Additions	Retirements	Accumulated Depreciation	Net Capital Assets June 30, 2007
Government Direction, Management and Control	Machinery & Equipment	$359,514	$408,016	---	$277,078	$490,452
Public Safety and Criminal Justice	Machinery & Equipment	$778,584	---	$214,354	$463,075	$101,155

NOTE 6 - Deferred Revenue

Deferred Revenue represents fiscal year 2008 and fiscal year 2007 slot machine license billings collected and recorded in June 2007 and 2006, respectively.

NOTE 7 - Fund Balance

The positive fund balance as of June 30, 2007 and June 30, 2006 resulted from revenues exceeding expenditures. Pursuant to N.J.A.C. 19:41-9.1(e) the balance at June 30, 2007 will be credited to casino licensees during fiscal year 2008 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, 2007. The balance at June 30, 2006 was credited in the same manner to casino licensees during fiscal year 2007.

NOTE 8 - Employee Benefit Costs

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

Cash payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The payment is based on fifty percent of the employee's sick leave accumulation, at the pay rate in effect at the time of retirement up to a maximum of $15,000. Employees separating from state service prior to retirement are not entitled to payments for accumulated sick leave balances. Sick leave accumulations may also be used by an employee for a personal illness or injury as a means of continuing regular pay. The liability for accumulated employee sick leave balances as of June 30, 2007 and June 30, 2006 of approximately $4.1 million and $3.9 million, respectively, is reflected as a non-current liability on the State's government-wide financial statements and is not accrued in these financial statements.

Employees annually earn 12 to 25 vacation days based on years of service and are permitted to carry over those days earned within a one-year period. The liability for accumulated vacation pay as of June 30, 2007 and June 30, 2006 of approximately $1.7 million and $1.4 million, respectively, is reflected as a non-current liability on the State's government-wide financial statements and is not accrued in these financial statements.

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 2007 and fiscal year 2006 was equal to the effective rate of return on investments in the General Fund and varied from 5.01% to 5.38% in fiscal year 2007 and from 3.08% to 4.88% in fiscal year 2006. The net effect of these transactions is reflected in the Investment Earnings account on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

NOTE 10 - Contingent Liability

As of the issuance date of these statements, the Casino Control Fund is not involved in any legal actions wherein there is potential for unanticipated expenditure. Should any legal actions subsequently materialize, N.J.A.C. 19:41-9.1 allows the Casino Control Fund to apportion any uncollected cost among the licensed casino facilities.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW JERSEY
CASINO CONTROL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget
REVENUES				
Casinos				
Licenses – Casino	$47,900,563	$51,645,563	$49,320,224	$(2,325,339)
- Slot Machine	19,373,500	19,373,500	19,622,082	248,582
- Alcoholic Beverage	150,000	150,000	149,895	(105)
Assessments	---	---	---	---
Total from Casinos	67,424,063	71,169,063	69,092,201	(2,076,862)
Other Sources				
Licenses - Casino Employees	2,656,000	2,656,000	3,039,897	383,897
- Casino Service Industry	806,500	806,500	1,029,367	222,867
Equipment Prototype Testing	1,481,900	1,481,900	2,204,578	722,678
Other Revenues	106,700	106,700	65,651	(41,049)
Total from Other Sources	5,051,100	5,051,100	6,339,493	1,288,393
Investment Earnings	450,000	200,000	214,015	14,015
Total Revenues	72,925,163	76,420,163	75,645,709	(774,454)
EXPENDITURES				
Public Safety and Criminal Justice (Division of Gaming Enforcement)	42,821,248	44,399,739	43,591,688	808,051
Government Direction, Management and Control (Casino Control Commission)	30,103,915	30,225,424	29,473,177	752,247
Total Expenditures	72,925,163	74,625,163	73,064,865	1,560,298
Net Change in Fund Balance	---	1,795,000	2,580,844	785,844
FUND BALANCE - JULY 1, 2006	---	(1,645,689)	(1,645,689)	---
FUND BALANCE - JUNE 30, 2007	$ ---	$ 149,311	$ 935,155	$ 785,844

STATE OF NEW JERSEY
CASINO CONTROL FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Budgetary Basis - Net Increase in Fund Balances		**$ 2,580,844**
Differences - Budget to GAAP		
Encumbrances for items ordered but not received are reported in the year the resources are encumbered for budgetary purposes, but in the year the items were received for GAAP purposes.	$ 1,321,397	
Expenditures in prior fiscal year accounts are reported in the year the resources are encumbered for budgetary purposes, but in the year the funds are disbursed for GAAP purposes.	(405,343)	
Total Differences - Budget to GAAP		916,054
GAAP Basis - Net Increase In Fund Balances		**$ 3,496,898**

SUPPLEMENTARY INFORMATION

STATE OF NEW JERSEY
CASINO CONTROL FUND
EXPENDITURE DETAIL
FISCAL YEARS ENDED JUNE 30, 2007 AND 2006

	2007		2006	
	PUBLIC SAFETY AND CRIMINAL JUSTICE	GOVERNMENT DIRECTION MANAGEMENT AND CONTROL	PUBLIC SAFETY AND CRIMINAL JUSTICE	GOVERNMENT DIRECTION MANAGEMENT AND CONTROL
EXPENDITURES:				
Salaries	$ 28,053,403	$ 19,168,521	$ 27,507,300	$ 19,765,170
Payroll Taxes and Employee Benefits	9,726,278	6,641,596	8,611,167	6,420,181
Printing and Office Supplies	144,747	174,707	151,414	167,498
Vehicular Supplies	258,431	---	267,129	---
Travel	222,446	12,697	243,717	31,426
Telephone	291,843	191,794	322,514	200,479
Data Processing	345,883	973,147	510,253	808,572
Professional Services	222,727	91,646	115,568	104,863
Other Services Other Than Personal	618,321	152,349	647,532	163,357
Rent-Facilities	2,025,731	1,264,472	2,052,071	1,302,846
Rent-Automobiles and Other	66,918	168,121	85,985	158,972
Indirect Costs	816,085	35,349	1,717,823	15,242
Office Equipment	32,879	2,441	14,338	32,402
Vehicular Equipment	44,380	---	214,752	---
Other Equipment	340,644	61,255	39,427	54,441
TOTAL EXPENDITURES	$ 43,210,716	$ 28,938,095	$ 42,800,990	$ 29,225,449

2007 ANNUAL REPORT

Jon S. Corzine,
Governor

New Jersey Casino Control Commission

Linda M. Kassekert
Chair

William T. Sommeling
Vice Chair

Ralph G. Frulio
Michael A. Fedorko
Michael C. Epps
Commissioners

Tennessee Avenue and Boardwalk
Atlantic City, NJ 08401
609-441-3422
www.njccc.gov

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