

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2019

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
 (A Component Unit of the State of New Jersey)

TABLE OF CONTENTS

	<u>Page Number</u>
INDEPENDENT AUDITORS' REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION – PART I (UNAUDITED)	
Management's Discussion and Analysis (MD&A).....	4
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	17
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	18
Statement of Net Position – Proprietary Funds.....	19
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	20
Statement of Cash Flows – Proprietary Funds	21
Statement of Fiduciary Net Position – Fiduciary Funds	22
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	23
Notes to Financial Statements	24
REQUIRED SUPPLEMENTARY INFORMATION – PART II (UNAUDITED)	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	54
Schedule of the Authority's Proportionate Share of the Net Pension Liability and Notes to Required Supplementary Information – PERS	55
Schedule of Authority Contributions – PERS	56
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Other Governmental Non-major Funds – Debt Service Funds	57
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Other Governmental Non-major Funds - Debt Service Funds.....	58
Combining Schedule of Fiduciary Net Position – Agency Funds, Other	59
Combining Schedule of Changes in Fiduciary Net Position – Agency Funds, Other.....	61

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

TABLE OF CONTENTS

	<u>Page Number</u>
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	63
Schedule of Current Year Findings and Recommendations	65
Summary Schedule of Prior Year Audit Findings.....	66

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPRT

To the Honorable Chairman and Members
of the Board of the Casino Reinvestment
Development Authority
Atlantic City, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Casino Reinvestment Development Authority ("CRDA" or the "Authority"), a component unit of the State of New Jersey, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the CRDA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions 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 *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CRDA as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; schedule of revenues, expenditures and changes in fund balances – budget and actual – general fund; schedule of the Authority's proportionate share of the net pension liability and notes to required supplementary information – PERS; and schedule of Authority contributions – PERS as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise CRDA's basic financial statements. The accompanying supplementary information, which consists of the combining balance sheet - other governmental non-major funds - debt service funds; combining schedule of revenues, expenditures and changes in fund balance - other governmental non-major funds - debt service funds; combining schedule of fiduciary net position - agency funds, other; and combining schedule of changes in fiduciary net position - agency funds, other; are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Supplementary Information (Continued)

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Mercadieu, P.C.

Certified Public Accountants

July 21, 2020

**REQUIRED SUPPLEMENTARY INFORMATION – PART I
(UNAUDITED)**

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Casino Reinvestment Development Authority's annual financial report presents our discussion and analysis of the CRDA's financial performance during the fiscal year that ended on December 31, 2019. Certain comparative information between the current year and the prior year is presented in this MD&A. It should be read in conjunction with the CRDA's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS OF GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

The assets and deferred outflows of resources of the CRDA exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$414.8 million. Net position increased by \$31.3 million compared to the prior year's net position of \$383.5 million mainly due to program revenues related to project costs and community development exceeding related expenses. Net position in governmental activities increased \$32.7 million, whereas net position from business-type activities decreased \$1.4 million.

Cash, cash equivalents and investments total approximately \$290.2 million, a decrease of \$7.2 million from the prior year. Governmental activities cash, cash equivalents and investments increased \$11.7 million while business-type activities cash, cash equivalents and investments decreased \$18.9 million.

Long-term liabilities reflect a net decrease \$46.9 million. The net decrease is comprised of debt service paid on outstanding bond issues and a reduction in net pension liability as a result of changes in the State of New Jersey Public Employees' Retirement System ("PERS").

General fund realized revenues exceeded budgeted revenues for the 2019 year. General fund expenditures exceeded budgeted expenditures due to other project costs exceeding budgeted amounts.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of three parts – *required supplementary information* including the management's discussion and analysis (this section) and the general fund budget to actual and net pension liability schedules, the *basic financial statements* and the *supplementary information* that present combining schedules for non-major governmental funds.

Required Components of CRDA's Annual Financial Report:

- Management's Discussion and Analysis
- Basic Financial Statements, consisting of
 - Government-wide Financial Statements
 - Fund Financial Statements
 - Notes to Financial Statements
- General Fund Budget to Actual Schedule and Net Pension Liability Schedules

Government-wide Financial Statements

The government-wide financial statements report information about the CRDA as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the CRDA's assets, deferred inflows and outflows of resources and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

CRDA's government-wide financial statements have two categories, *governmental activities* and *business-type activities*. Governmental activities include CRDA's operations and programs, including the administration of community and economic development projects. Business-type activities encompass the financing and operation of a garage in the Corridor, and the operations of the Special Improvement District Division and the Convention Center Division. The Convention Center Division promotes Atlantic City's unique character, boardwalk attractions and appeal as a year-round resort destination through convention development and leisure tourism. The venues of the Convention Center Division include the Atlantic City Convention Center, Historic Boardwalk Hall and West Hall.

Fund Financial Statements

Fund financial statements focus on the current financial information of the *individual parts* of the CRDA, reporting the CRDA's operations in *more detail* than the government-wide statements. Funds are recorded using an accounting method that keeps track of specific sources of revenue and spending for particular purposes.

The CRDA has three fund groupings: governmental funds, proprietary funds and fiduciary funds.

- *Governmental funds statements* provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the CRDA's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or difference) between them.
- *Proprietary funds statements* are utilized to account for Authority business-type activities. Proprietary funds provide the same information as government-wide financial statements and use the accrual basis of accounting.
- *Fiduciary funds* statements address accounts in which CRDA acts solely as a trustee or agent for the benefit of others. The CRDA is the trustee, or fiduciary, for casino reinvestment obligations. It is also responsible for other assets that - because of a trust arrangement - can only be used for specific purposes. The CRDA is responsible for ensuring that the assets reported in these funds are only used for their intended purposes. All of the CRDA's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the CRDA's government-wide financial statements because the CRDA cannot use these assets to finance its operations.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements and notes are followed by sections of required supplementary information and supplementary information that further explain and support the information in the financial statements.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The following chart summarizes the major features of each of the CRDA's financial statements, including the scope and types of information they contain:

	Government-Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire CRDA operation (except fiduciary funds).	The activities of the CRDA that are not proprietary or fiduciary (governmental activities).	Employed to report on activities financed primarily by revenues generated by the activities themselves.	Instances in which the CRDA is the trustee or agent for other's resources, such as the casino reinvestment obligations.
Required Financial Statements	Statement of Net Position and Statement of Activities	Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows	Statement of Net Position and Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources.	Accrual accounting and economic resources.
Types of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets available to be used and liabilities that come due during the year. No capital assets included.	All assets and liabilities, both financial and capital, and short-term and long-term.	All assets and liabilities, both financial and capital, and short-term and long-term.
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenue for which cash is received during or soon after the end of the year. Expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.	All revenues and expenses during the year, regardless of when cash is received or paid.

Government-Wide Financial Analysis

The largest portion of the Authority's net position is its unrestricted component of \$202.8 million, less \$7.8 million designated for future project costs, which may be used for any Authority purpose. The restricted component of net position represents resources consisting of debt service in the amount of \$46.9 million.

The CRDA holds \$194.4 million in real estate investments. This real estate may be transferred to other entities upon completion of a project.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

	Governmental Activities		Total \$ Change	Total % Change
	2019	2018		
Assets				
Current and other assets	\$ 197,828,463	\$ 204,771,806	\$ (6,943,343)	-3%
Notes receivable	58,739,146	77,452,284	(18,713,138)	-24%
Real estate	113,084,717	111,868,997	1,215,720	1%
Capital assets	1,935,858	2,060,382	(124,524)	-6%
Total assets	\$ 371,588,184	\$ 396,153,469	\$ (24,565,285)	-6%
Deferred outflow of resources				
Pension deferrals	\$ 1,073,645	\$ 1,716,025	\$ (642,380)	-37%
Total deferred outflow of resources	\$ 1,073,645	\$ 1,716,025	\$ (642,380)	-37%
Liabilities				
Other Liabilities	\$ 42,139,938	\$ 58,042,180	\$ (15,902,242)	-27%
Long-term liabilities	171,918,484	213,398,919	(41,480,435)	-19%
Total liabilities	\$ 214,058,422	\$ 271,441,099	\$ (57,382,677)	-21%
Deferred inflow of resources				
Pension deferrals	\$ 2,619,629	\$ 3,131,320	\$ (511,691)	-16%
Total deferred inflow of resources	\$ 2,619,629	\$ 3,131,320	\$ (511,691)	-16%
Net Position				
Net investment in capital assets	\$ 1,935,858	\$ 2,060,382	\$ (124,524)	-6%
Restricted	29,818,786	30,644,959	(826,173)	-3%
Unrestricted	124,229,134	90,591,734	33,637,400	37%
Total net position	\$ 155,983,778	\$ 123,297,075	\$ 32,686,703	27%

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Changes in Net Position

	Governmental Activities		Total \$ Change	Total % Change
	2019	2018		
Revenues				
Fees				
Administrative	\$ 94,520	\$ 135,517	\$ (40,997)	-30%
Hotel room	9,463,420	9,907,257	(443,837)	-4%
Sales tax and luxury tax rebate	14,836,536	6,992,552	7,843,984	112%
Parking	19,257,903	18,300,721	957,182	5%
Operating				
Grant	10,584,852	11,599,046	(1,014,194)	-9%
Other	1,184,308	911,237	273,071	30%
Investment income	6,951,419	6,436,217	515,202	8%
Total revenues	<u>62,372,958</u>	<u>54,282,547</u>	<u>8,090,411</u>	<u>15%</u>
Expenses				
General and administrative	6,282,817	5,936,143	346,674	6%
Other	105,829	132,081	(26,252)	-20%
Program costs	3,634,452	6,652,731	(3,018,279)	-45%
Depreciation	226,623	229,066	(2,443)	-1%
Interest on long-term debt	1,962,587	2,099,172	(136,585)	-7%
Community and economic development	11,913,409	12,677,975	(764,566)	-6%
Transfers	5,560,538	4,251,466	1,309,072	31%
Total expenses	<u>29,686,255</u>	<u>31,978,634</u>	<u>(2,292,379)</u>	<u>-7%</u>
Increase in net position	<u>\$ 32,686,703</u>	<u>\$ 22,303,913</u>	<u>\$ 10,382,790</u>	<u>47%</u>

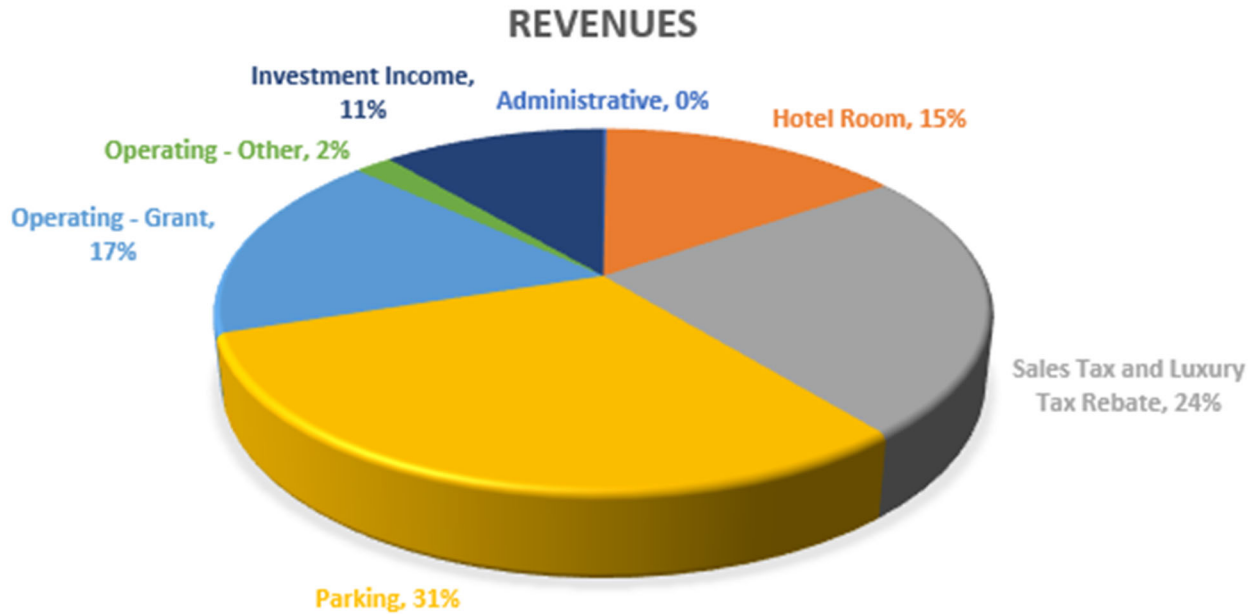
The CRDA's governmental activities net position increased by approximately \$32.7 million during the current fiscal year. The increase was greater than the prior year increase of approximately \$10.4 million. The primary components in the increase from the prior year are 1) increases in sales tax and luxury tax rebate, parking fee, other operating and investment income revenues offset by decreases in grant operating and hotel room revenues and 2) decreases in program cost, community and economic development and interest expenses offset by an increase in general administrative and transfer expenses.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

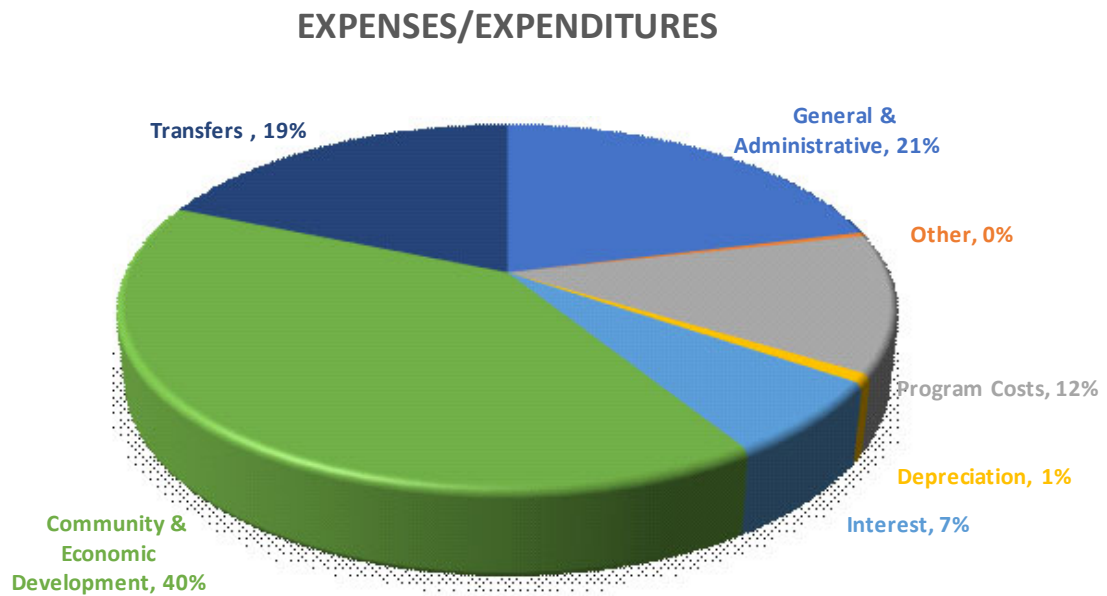
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

2019 REVENUES - GOVERNMENTAL ACTIVITIES



2019 EXPENSES - GOVERNMENTAL ACTIVITIES



CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds Financial Analysis

Governmental funds represent a significant portion of the CRDA's funds. As of the end of 2019, the CRDA's governmental funds reported combined ending fund balances of approximately \$189.2 million, an increase of \$3.4 million from the prior year. Of this total amount, \$81.6 million is unassigned or available for any CRDA purpose. The remainder of fund balance, or \$107.5 million, is either reserved or committed to indicate that it is not available for new spending, because it has already been restricted to pay debt service (\$32.5 million) and committed for projects (\$75.0 million).

The Governmental Funds are comprised of the General Fund, two Special Revenue Funds and Other Governmental Funds.

The General Fund is the administrative and operating fund of the CRDA. The annual operating budget for the General Fund is approved by the State Treasurer. In recent years, fund balances in the General Fund have been used to fund community and economic development projects.

There are two Special Revenue Funds included in Governmental Funds. The AC Corridor Fund utilizes parking fee revenue and associated issued debt to pay for projects in the Corridor region and on the Boardwalk in Atlantic City, as well as Atlantic City casino expansion projects. The Hotel Room Fee Fund utilizes hotel room fee revenue and associated issued debt to fund Atlantic City casino expansion projects and projects in South Jersey and North Jersey.

The last category is Other Governmental Funds, which includes a group of debt service funds. Activity in the debt service funds includes the accumulation of revenues and the payment of interest and principal on debt issued for projects.

Capital Assets and Debt Administration

Capital Assets

The CRDA's investment in capital assets is \$343.0 million (net of accumulated depreciation) and consists of office furnishings, computers, office equipment, public parking garage, and Convention Center Division capital assets. In addition, CRDA holds an investment in real estate of \$194.4 million. See Note F to the basic financial statements for additional information.

Long-term Debt

The CRDA principally utilizes two types of debt, publicly issued bonds and project bonds which are issued solely to the Atlantic City casino licensees. In October of 2004, the CRDA publicly issued tax-exempt Hotel Room Fee Revenue Bonds, Series 2004, in the amount of \$93,000,000 to fund Atlantic City casino expansion projects, advances to the New Jersey Sports and Exhibition Authority ("NJSEA") for horse racing purse enhancements, and projects in South Jersey and North Jersey. These bonds are special and limited obligations of the CRDA, payable solely from hotel room fees.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Long-term Debt (Continued)

In March of 2005, the CRDA publicly issued tax-exempt Parking Fee Revenue Bonds, Series 2005 A, in the amount of \$107,140,000 and taxable Parking Fee Revenue Bonds, Series 2005 B, in the amount of \$184,530,000. The Series 2005 A Bonds were issued for the purpose of advance refunding the Authority's tax-exempt Parking Fee Bonds, Series 1997 A, and tax-exempt Parking Fee Revenue Bonds, Series 2001. The Series 2005 B Bonds were issued for the purpose of advance refunding the Authority's Investment Alternative Tax and Subordinated Parking Fee Revenue Bonds, Series 2001, and financing boardwalk revitalization projects or programs which may include property acquisition, façade improvements, parking facilities, new retail and dining venues, improvements to casino boardwalk frontage and/or other economic development projects in Atlantic City.

In November of 2014, the CRDA publicly issued tax-exempt Luxury Tax Revenue Bonds, Series 2014, in the amount of \$241,190,000. The Series 2014 Bonds were issued for the purpose of (1) refunding NJSEA's Convention Center Luxury Tax bonds, 1999A Series and Convention Center Luxury Tax Refunding Bonds, Series 2004A, (2) funding capital expenditures, (3) funding a litigation settlement, (4) funding a debt service reserve requirement and (5) funding the associated costs of issuance.

The CRDA also issues project bonds to casino licensees with terms varying from 7 to 50 years at interest rates varying between 3.0% and 7.0%. Such bonds are payable solely from the revenues and other monies derived from projects financed by such bonds, or other monies which may be pledged with respect to such issues.

All bonds issued by the CRDA are special obligations of the CRDA, do not constitute obligations against the general credit of the CRDA, and are not a debt or liability of the State. The following is a summary of outstanding debt at December 31, 2019 and 2018:

	2019	2018	Total \$ Change	Total % Change
Debt Outstanding as of January 1	\$ 522,052,086	\$ 556,013,819	\$ (33,961,733)	-6%
Additions to debt	140,752	353,496	(212,744)	-60%
Reductions of debt	(37,415,919)	(34,315,229)	(3,100,690)	9%
Debt Outstanding as of December 31	484,776,919	522,052,086	(37,275,167)	-7%
Plus: Net unamortized premium	12,999,397	13,975,166	(975,769)	-7%
Less: Valuation allowance	(50,058,584)	(40,058,584)	(10,000,000)	25%
	<u>\$ 447,717,732</u>	<u>\$ 495,968,668</u>	<u>\$ (48,250,936)</u>	-10%

See Note I to the basic financial statements for additional information.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Business Type Activities Financial Analysis

	Business Type Activities		Total \$ Change	Total % Change	
	2019	2018			
Assets					
Current and other assets	\$ 114,280,454	\$ 135,272,568	\$ (20,992,114)	-16%	
Real estate	81,311,000	81,311,000	-	0%	
Capital assets	341,088,620	334,745,827	6,342,793	2%	
Total assets	<u>\$ 536,680,074</u>	<u>\$ 551,329,395</u>	\$ (14,649,321)	-3%	
Deferred outflow of resources					
Pension deferrals	\$ 1,515,971	\$ 2,423,001	\$ (907,030)	-37%	
Total deferred outflow of resources	<u>\$ 1,515,971</u>	<u>\$ 2,423,001</u>	\$ (907,030)	-37%	
Liabilities					
Other Liabilities	\$ 23,047,796	\$ 31,108,828	\$ (8,061,032)	-26%	
Long-term liabilities	252,600,929	257,978,990	(5,378,061)	-2%	
Total liabilities	<u>\$ 275,648,725</u>	<u>\$ 289,087,818</u>	\$ (13,439,093)	-5%	
Deferred inflow of resources					
Pension deferrals	\$ 3,698,877	\$ 4,421,377	\$ (722,500)	-16%	
Total deferred outflow of resources	<u>\$ 3,698,877</u>	<u>\$ 4,421,377</u>	\$ (722,500)	-16%	
Net Position					
Net investment in capital assets	\$ 170,864,420	\$ 159,511,855	\$ 11,352,565	7%	
Restricted	17,165,656	16,900,285	265,371	2%	
Unrestricted	70,818,367	83,831,061	(13,012,694)	-16%	
Total net position	<u>\$ 258,848,443</u>	<u>\$ 260,243,201</u>	\$ (1,394,758)	-1%	
Business Type Activities					
		2019	2018	Total \$ Change	Total % Change
Revenues					
Fees					
Convention Center Division	\$ 15,876,377	\$ 16,217,675	\$ (341,298)	-2%	
Corridor Parking Garage	530,362	539,435	(9,073)	-2%	
Special Improvement District	1,284,890	1,414,065	(129,175)	-9%	
Operating					
Corridor Parking Garage	114,629	151,641	(37,012)	-24%	
Special Improvement District	89,768	82,866	6,902	8%	
Luxury Tax Revenue	40,948,295	37,216,660	3,731,635	10%	
Marketing Fee Revenue	4,384,990	2,845,703	1,539,287	54%	
Sports Wagering Revenue	1,544,397	626,926	917,471	146%	
Investment income	1,930,854	1,495,987	434,867	29%	
Transfers	5,584,561	4,681,363	903,198	0%	
Total Revenues	<u>\$ 72,289,123</u>	<u>\$ 65,272,321</u>	\$ 7,016,802	11%	
Expenses					
Convention Center Division	\$ 64,941,175	\$ 46,306,272	\$ 18,634,903	40%	
Corridor Parking Garage	2,428,815	2,416,103	12,712	1%	
Special Improvement District	6,313,891	6,639,453	(325,562)	-5%	
Total expenses	<u>\$ 73,683,881</u>	<u>\$ 55,361,828</u>	\$ 18,322,053	33%	
Change in net position	<u>\$ (1,394,758)</u>	<u>\$ 9,910,493</u>	\$ (11,305,251)	-114%	

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The CRDA's business type activities net position decreased by approximately \$1.4 million during the current fiscal year compared to a \$9.9 million increase in the prior year. The primary components in the decrease from the prior year are an increase in convention center division and an increase in luxury tax marketing fee, and sports wagering revenues.

Selected Operating Highlights of the Convention Center Division

Number of Attendees

	2019	2018	2017
Boardwalk Hall	329,424	270,576	224,812
Convention Center	385,195	326,109	329,378
	<u>714,619</u>	<u>596,685</u>	<u>554,190</u>

Number of Events

	2019	2018	2017
Boardwalk Hall	56	42	40
Convention Center	84	73	75
	<u>140</u>	<u>115</u>	<u>115</u>

Operating Revenue & Expenses by Facility

	2019	2018	2017
Operating revenues			
Boardwalk Hall	\$ 6,392,299	\$ 7,572,200	\$ 5,304,000
Convention Center	9,310,737	8,625,600	7,302,000
Marketing operations	263,341	112,200	121,000
	<u>\$ 15,966,377</u>	<u>\$ 16,310,000</u>	<u>\$ 12,727,000</u>
Operating expenses			
Boardwalk Hall	\$ 12,710,688	\$ 11,630,600	\$ 9,643,300
Convention Center	15,583,396	14,236,700	12,516,000
Luxury tax reserve	21,636,770	18,115,700	15,768,000
Marketing operations	4,293,435	6,666,500	3,471,000
	<u>\$ 54,224,289</u>	<u>\$ 50,649,500</u>	<u>\$ 41,398,300</u>

Financial Contact

The Authority's financial statements are designed to present users (citizens, taxpayers, investors, and creditors) with a general overview of the Authority's finances and to demonstrate the Authority's accountability for its resources. If you have questions about this report or need additional information, contact the Authority's Chief Financial Officer, Kathleen Marshall, at the Casino Reinvestment Development Authority, 15 South Pennsylvania Avenue, Atlantic City, New Jersey, 08401 or visit the Authority's website at www.njcrda.com.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

STATEMENT OF NET POSITION

DECEMBER 31, 2019

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 138,377,232	\$ 37,030,948	\$ 175,408,180
RESTRICTED CASH AND CASH EQUIVALENTS	-	66,429,845	66,429,845
INVESTMENTS	48,337,148	65,600	48,402,748
RECEIVABLES:			
NOTES RECEIVABLE, NET OF ALLOWANCE	58,739,146	-	58,739,146
ACCRUED INTEREST RECEIVABLE	883,734	-	883,734
ACCRUED PARKING FEES	2,988,341	-	2,988,341
ACCRUED HOTEL ROOM FEES	2,721,978	-	2,721,978
ACCRUED MARKETING FEES AND LUXURY TAXES	-	7,795,794	7,795,794
OTHER	4,520,030	1,251,332	5,771,362
REAL ESTATE	113,084,717	81,311,000	194,395,717
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	1,935,858	341,088,620	343,024,478
PREPAID BOND INSURANCE PREMIUM	-	1,706,935	1,706,935
TOTAL ASSETS	371,588,184	536,680,074	908,268,258
DEFERRED OUTFLOWS OF RESOURCES			
PENSION DEFERRALS	1,073,645	1,515,971	2,589,616
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 372,661,829	\$ 538,196,045	\$ 910,857,874
LIABILITIES:			
INTEREST PAYABLE	\$ 4,858,508	\$ 3,130,621	\$ 7,989,129
DEFERRED REVENUE	-	6,966,293	6,966,293
OTHER PAYABLES	8,937,504	8,255,882	17,193,386
CURRENT BONDS PAYABLE	28,343,926	4,695,000	33,038,926
LONG-TERM LIABILITIES:			
NET PENSION LIABILITY	4,079,879	5,760,729	9,840,608
LONG-TERM BONDS PAYABLE	167,838,605	246,840,200	414,678,805
TOTAL LIABILITIES	214,058,422	275,648,725	489,707,147
DEFERRED INFLOWS OF RESOURCES			
PENSION DEFERRALS	2,619,629	3,698,877	6,318,506
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	216,678,051	279,347,602	496,025,653
NET POSITION			
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT	1,935,858	170,864,420	172,800,278
RESTRICTED FOR:			
DEBT SERVICE	29,818,786	17,088,169	46,906,955
STATUTORY REQUIREMENTS	-	77,487	77,487
UNRESTRICTED	124,229,134	70,818,367	195,047,501
TOTAL NET POSITION	\$ 155,983,778	\$ 258,848,443	\$ 414,832,221

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2019

FUNCTIONS/PROGRAMS	PROGRAM REVENUE			NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION		
	EXPENSES	OPERATING		PRIMARY GOVERNMENT		TOTAL
		FEES	INCOME	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
PRIMARY GOVERNMENT						
GOVERNMENTAL ACTIVITIES:						
GENERAL AND ADMINISTRATION	\$ 6,282,817	\$ 690,993	\$ -	\$ (5,591,824)	\$ -	\$ (5,591,824)
OTHER	105,829	-	357,835	252,006	-	252,006
PROJECT COSTS	3,634,452	14,836,536	-	11,202,084	-	11,202,084
DEPRECIATION	226,623	-	-	(226,623)	-	(226,623)
INTEREST ON LONG-TERM DEBT	1,962,587	-	-	(1,962,587)	-	(1,962,587)
COMMUNITY DEVELOPMENT	11,913,409	28,721,323	10,814,852	27,622,766	-	27,622,766
TOTAL GOVERNMENTAL ACTIVITIES	<u>24,125,717</u>	<u>44,248,852</u>	<u>11,172,687</u>	<u>31,295,822</u>	<u>-</u>	<u>31,295,822</u>
BUSINESS-TYPE ACTIVITIES:						
CONVENTION CENTER DIVISION	64,941,175	15,876,377	-	-	(49,064,798)	(49,064,798)
CORRIDOR PARKING GARAGE	2,428,815	530,362	114,629	-	(1,783,824)	(1,783,824)
SPECIAL IMPROVEMENT DISTRICT	6,313,891	1,284,890	89,768	-	(4,939,233)	(4,939,233)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>73,683,881</u>	<u>17,691,629</u>	<u>204,397</u>	<u>-</u>	<u>(55,787,855)</u>	<u>(55,787,855)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 97,809,598</u>	<u>\$ 61,940,481</u>	<u>\$ 11,377,084</u>	<u>\$ 31,295,822</u>	<u>\$ (55,787,855)</u>	<u>\$ (24,492,033)</u>
GENERAL REVENUES AND TRANSFERS:						
LUXURY TAX REVENUE				\$ -	\$ 40,948,295	\$ 40,948,295
MARKETING FEE REVENUE				-	4,384,990	4,384,990
SPORTS WAGERING REVENUE				-	1,544,397	1,544,397
INVESTMENT INCOME				6,951,419	1,930,854	8,882,273
TRANSFERS				(5,560,538)	5,584,561	24,023
TOTAL GENERAL REVENUES AND TRANSFERS				<u>1,390,881</u>	<u>54,393,097</u>	<u>55,783,978</u>
CHANGES IN NET POSITION				32,686,703	(1,394,758)	31,291,945
BEGINNING NET POSITION				123,297,075	260,243,201	383,540,276
ENDING NET POSITION				<u>\$ 155,983,778</u>	<u>\$ 258,848,443</u>	<u>\$ 414,832,221</u>

FUND FINANCIAL STATEMENTS

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

BALANCE SHEET – GOVERNMENTAL FUNDS

DECEMBER 31, 2019

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND AC CORRIDOR	HOTEL ROOM FEE	OTHER GOVERNMENTAL FUNDS	
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 109,232,327	\$ 8,612,056	\$ 16,654,628	\$ 3,878,221	\$ 138,377,232
INVESTMENTS	-	48,337,148	-	-	48,337,148
RECEIVABLES:					
ACCRUED INTEREST RECEIVABLE	-	-	-	883,734	883,734
ACCRUED PARKING FEES	-	2,988,341	-	-	2,988,341
ACCRUED HOTEL ROOM FEES	-	-	2,721,978	-	2,721,978
DUE TO/FROM	2,806,581	(160,033)	(1,625,258)	(271,012)	750,278
OTHER	3,560,413	-	-	-	3,560,413
	<u>\$ 115,599,321</u>	<u>\$ 59,777,512</u>	<u>\$ 17,751,348</u>	<u>\$ 4,490,943</u>	<u>\$ 197,619,124</u>
LIABILITIES:					
INTEREST PAYABLE	\$ -	\$ 1,890,235	\$ 1,058,388	\$ 1,886,912	\$ 4,835,535
OTHER PAYABLES	850,103	2,486,592	-	287,849	3,624,544
	<u>850,103</u>	<u>4,376,827</u>	<u>1,058,388</u>	<u>2,174,761</u>	<u>8,460,079</u>
FUND BALANCES:					
RESERVED FUND EQUITY:					
RESERVE FOR DEBT SERVICE	-	30,208,688	-	2,316,182	32,524,870
RESERVE FOR PROJECT COSTS	33,139,428	25,191,997	16,692,960	-	75,024,385
UNRESERVED FUND EQUITY:					
UNASSIGNED	81,609,790	-	-	-	81,609,790
TOTAL FUND BALANCES	<u>114,749,218</u>	<u>55,400,685</u>	<u>16,692,960</u>	<u>2,316,182</u>	<u>189,159,045</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 115,599,321</u>	<u>\$ 59,777,512</u>	<u>\$ 17,751,348</u>	<u>\$ 4,490,943</u>	

Total Fund Balances - Governmental Funds \$ 189,159,045

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of AD used in governmental activities and are not financial resources and therefore are not reported in the funds. 1,935,858

Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds. 172,033,203

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (201,188,094)

Pension related items are not reported in the funds (5,956,234)

Total Fund Balances - Governmental Funds \$ 155,983,778

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

YEAR ENDED DECEMBER 31, 2019

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND		OTHER GOVERNMENTAL FUNDS	
		AC CORRIDOR	HOTEL ROOM FEE		
REVENUES					
ADMINISTRATIVE FEES	\$ 94,520	\$ -	\$ -	\$ -	\$ 94,520
INTEREST AND INVESTMENT INCOME	2,647,494	1,465,131	291,184	2,081,891	6,485,700
PARKING FEE REVENUE	-	19,257,903	-	-	19,257,903
HOTEL ROOM FEE REVENUE	-	-	9,463,420	-	9,463,420
TAX OVERRIDE REVENUE	14,836,536	-	-	-	14,836,536
GRANT REVENUE	-	10,584,852	-	-	10,584,852
PROCESSING FEES	596,473	-	-	-	596,473
OTHER INCOME	357,835	230,000	-	-	587,835
	<u>18,532,858</u>	<u>31,537,886</u>	<u>9,754,604</u>	<u>2,081,891</u>	<u>61,907,239</u>
EXPENDITURES					
CURRENT					
SALARIES AND BENEFITS	3,902,805	-	-	-	3,902,805
GENERAL & ADMINISTRATIVE	1,005,828	-	-	-	1,005,828
PROFESSIONAL COSTS	1,365,742	-	-	-	1,365,742
PROJECT COSTS	3,634,452	3,098,249	-	857,761	7,590,462
OTHER EXPENDITURES	-	-	-	105,829	105,829
DEBT SERVICE:					
INTEREST EXPENSE	2,512	6,154,918	1,802,481	1,960,075	9,919,986
PRINCIPAL PAYMENTS	-	19,561,739	5,964,293	7,855,919	33,381,951
CAPITAL OUTLAY					
PURCHASE OF CAPITAL ASSETS	102,099	-	-	-	102,099
	<u>10,013,438</u>	<u>28,814,906</u>	<u>7,766,774</u>	<u>10,779,584</u>	<u>57,374,702</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,519,420</u>	<u>2,722,980</u>	<u>1,987,830</u>	<u>(8,697,693)</u>	<u>4,532,537</u>
OTHER FINANCING SOURCES (USES)					
OTHER RECEIVABLES	79,636	-	-	-	79,636
PAYMENTS RECEIVED ON NOTES	-	-	-	8,826,923	8,826,923
OTHER PAYABLES	(191,991)	(3,578,417)	-	(2,500)	(3,772,908)
CAPITAL-RELATED DEBT ISSUED	-	-	-	140,786	140,786
LOAN PAYMENTS (DISBURSEMENTS)	492,720	-	-	(140,786)	351,934
PURCHASE OF REAL ESTATE	(1,168,358)	(47,362)	-	-	(1,215,720)
TRANSFERS FROM OTHER FUNDS	1,633,681	-	-	15,601	1,649,282
TRANSFERS TO OTHER FUNDS	(5,584,561)	-	(1,625,259)	-	(7,209,820)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,738,873)</u>	<u>(3,625,779)</u>	<u>(1,625,259)</u>	<u>8,840,024</u>	<u>(1,149,887)</u>
CHANGES IN FUND BALANCE	<u>3,780,547</u>	<u>(902,799)</u>	<u>362,571</u>	<u>142,331</u>	<u>3,382,650</u>
FUND BALANCES JANUARY 1, 2019	110,968,671	56,303,484	16,330,389	2,173,851	185,776,395
FUND BALANCES DECEMBER 31, 2019	<u>\$ 114,749,218</u>	<u>\$ 55,400,685</u>	<u>\$ 16,692,960</u>	<u>\$ 2,316,182</u>	<u>\$ 189,159,045</u>

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

Total Net change in fund balances - governmental funds	\$ 3,382,650
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount by which capital outlays exceeds depreciation in the current period.	1,091,196
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.	465,719
The issuance of long-term debt (e.g., bonds, notes payable) provides current financial resources to governmental funds, and the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, these transactions do not affect net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	37,014,073
Disbursements on long-term notes receivable consume current financial resources of government funds, and principal payments received on notes receivable provide current financial resources to government funds. These transactions do not affect net position.	(9,258,493)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(8,442)
Change in fund balance of governmental activities	<u>\$ 32,686,703</u>

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

DECEMBER 31, 2019

	BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUNDS			
	CONVENTION CENTER DIVISION	CORRIDOR PARKING GARAGE	SPECIAL IMPROVEMENT DISTRICT	TOTAL
ASSETS				
CURRENT ASSETS				
CASH AND CASH EQUIVALENTS	\$ 33,785,594	\$ 74,271	\$ 3,171,083	\$ 37,030,948
OTHER INVESTMENT	-	65,600	-	65,600
RESTRICTED CASH AND CASH EQUIVALENTS	66,429,845	-	-	66,429,845
RECEIVABLES:				
ACCRUED MARKETING FEES AND LUXURY TAXES	7,795,794	-	-	7,795,794
ACCRUED ASSESSMENTS, NET OF ALLOWANCES FOR UNCOLLECTIBLES	-	-	10,031	10,031
ACCRUED PARKING REVENUE	-	13,347	32,059	45,406
OTHER	1,347,707	46,538	(198,350)	1,195,895
TOTAL CURRENT ASSETS	109,358,940	199,756	3,014,823	112,573,519
NONCURRENT ASSETS				
PREPAID BOND INSURANCE PREMIUM	1,706,935	-	-	1,706,935
REAL ESTATE	81,311,000	-	-	81,311,000
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	314,792,613	25,802,110	493,897	341,088,620
TOTAL NON-CURRENT ASSETS	397,810,548	25,802,110	493,897	424,106,555
TOTAL ASSETS	507,169,488	26,001,866	3,508,720	536,680,074
DEFERRED OUTFLOWS OF RESOURCES				
PENSION DEFERRALS	1,174,260	-	341,711	1,515,971
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 508,343,748	\$ 26,001,866	\$ 3,850,431	\$ 538,196,045
LIABILITIES				
CURRENT LIABILITIES				
INTEREST PAYABLE	\$ 1,872,154	\$ 1,258,467	\$ -	\$ 3,130,621
CURRENT BONDS PAYABLE	4,695,000	-	-	4,695,000
DEFERRED REVENUE	6,966,293	-	-	6,966,293
OTHER PAYABLES	7,582,878	46,587	626,417	8,255,882
	21,116,325	1,305,054	626,417	23,047,796
NONCURRENT LIABILITIES				
NET PENSION LIABILITY	4,462,217	-	1,298,512	5,760,729
LONG-TERM BONDS PAYABLE	227,991,845	18,848,355	-	246,840,200
TOTAL NONCURRENT LIABILITIES	232,454,062	18,848,355	1,298,512	252,600,929
TOTAL LIABILITIES	253,570,387	20,153,409	1,924,929	275,648,725
DEFERRED INFLOWS OF RESOURCES				
PENSION DEFERRALS	2,865,122	-	833,755	3,698,877
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	256,435,509	20,153,409	2,758,684	279,347,602
NET POSITION:				
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT	163,416,768	6,953,755	493,897	170,864,420
RESTRICTED FOR:				
DEBT SERVICE	16,256,169	832,000	-	17,088,169
STATUTORY REQUIREMENTS	77,487	-	-	77,487
UNRESTRICTED (DEFICIT)	72,157,815	(1,937,298)	597,850	70,818,367
TOTAL NET POSITION	251,908,239	5,848,457	1,091,747	258,848,443
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 508,343,748	\$ 26,001,866	\$ 3,850,431	\$ 538,196,045

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2019

	BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUNDS			TOTAL
	CONVENTION CENTER DIVISION	CORRIDOR PARKING GARAGE	SPECIAL IMPROVEMENT DISTRICT	
OPERATING REVENUES				
SPECIAL SERVICES	\$ 2,088,858	\$ -	\$ -	\$ 2,088,858
FACILITIES RENTAL	3,326,441	-	-	3,326,441
CONCESSIONS	2,850,428	-	-	2,850,428
ASSESSMENTS, NET	-	-	1,284,890	1,284,890
PARKING REVENUE	1,323,782	530,362	-	1,854,144
OTHER REVENUE	6,286,868	114,629	89,768	6,491,265
TOTAL OPERATING REVENUES	<u>15,876,377</u>	<u>644,991</u>	<u>1,374,658</u>	<u>17,896,026</u>
OPERATING EXPENSES				
SALARIES AND BENEFITS	14,069,542	-	3,001,161	17,070,703
MARKETING EXPENDITURES	10,669,641	-	-	10,669,641
PRODUCTION	3,868,879	-	-	3,868,879
GENERAL AND ADMINISTRATIVE	12,696,432	674,141	3,148,271	16,518,844
DEPRECIATION AND AMORTIZATION	12,829,795	1,173,843	164,459	14,168,097
TOTAL OPERATING EXPENSES	<u>54,134,289</u>	<u>1,847,984</u>	<u>6,313,891</u>	<u>62,296,164</u>
OPERATING LOSS	<u>(38,257,912)</u>	<u>(1,202,993)</u>	<u>(4,939,233)</u>	<u>(44,400,138)</u>
NONOPERATING REVENUES (EXPENSES)				
LUXURY TAX REVENUE	40,948,295	-	-	40,948,295
MARKETING FEE REVENUE	4,384,990	-	-	4,384,990
SPORTS WAGERING TAX REVENUE	1,544,397	-	-	1,544,397
INTEREST INCOME	1,838,418	28,683	63,755	1,930,856
INTEREST EXPENSE	(10,806,888)	(580,831)	-	(11,387,719)
TRANSFERS FROM OTHER FUNDS	-	-	5,584,561	5,584,561
	<u>37,909,212</u>	<u>(552,148)</u>	<u>5,648,316</u>	<u>43,005,380</u>
CHANGES IN NET POSITION	(348,700)	(1,755,141)	709,083	(1,394,758)
NET POSITION JANUARY 1, 2019	252,256,939	7,603,598	382,664	260,243,201
NET POSITION DECEMBER 31, 2019	<u>\$ 251,908,239</u>	<u>\$ 5,848,457</u>	<u>\$ 1,091,747</u>	<u>\$ 258,848,443</u>

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2019

	BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUNDS			
	CONVENTION CENTER DIVISION	CORRIDOR PARKING GARAGE	SPECIAL IMPROVEMENT DISTRICT	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS FROM CUSTOMERS	\$ 22,300,311	\$ -	\$ -	\$ 22,300,311
ASSESSMENTS	-	-	1,314,454	1,314,454
PARKING REVENUE	-	538,737	-	538,737
OTHER REVENUE	-	114,629	65,195	179,824
PAYMENTS TO SUPPLIERS	(14,340,881)	(650,427)	(3,168,072)	(18,159,380)
PAYMENTS TO EMPLOYEES	(14,144,501)	-	(3,079,838)	(17,224,339)
PAYMENTS FOR OTHERS	-	2,480	-	2,480
NET CASH FROM OPERATING ACTIVITIES	(6,185,071)	5,419	(4,868,261)	(11,047,913)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
LUXURY TAX REVENUE	3,818,219	-	-	3,818,219
MARKETING FEE REVENUE	4,384,990	-	-	4,384,990
SPORTS WAGERING REVENUE	1,544,397	-	-	1,544,397
DUE TO/FROM OTHER FUNDS	-	(1,947,308)	(2,746,411)	(4,693,719)
TRANSFERS FROM OTHER FUNDS	-	-	5,584,561	5,584,561
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	9,747,606	(1,947,308)	2,838,150	10,638,448
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
INTEREST EXPENSE	(11,232,924)	-	-	(11,232,924)
PAYMENTS ON BONDS AND NOTES PAYABLE	(4,515,000)	-	-	(4,515,000)
PURCHASE OF CAPITAL ASSETS	(20,314,051)	(117,124)	(212,232)	(20,643,407)
LUXURY TAX REVENUE	15,747,925	-	-	15,747,925
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(20,314,050)	(117,124)	(212,232)	(20,643,406)
CASH FLOWS FROM INVESTING ACTIVITIES				
PROCEEDS FROM SALE OF INVESTMENT	-	112,750	-	112,750
INTEREST	1,906,166	28,682	63,755	1,998,603
NET CASH FROM INVESTING ACTIVITIES	1,906,166	141,432	63,755	2,111,353
NET CHANGE IN CASH AND CASH EQUIVALENTS	(14,845,349)	(1,917,581)	(2,178,588)	(18,941,518)
CASH AND CASH EQUIVALENTS - BEGINNING	115,060,788	1,991,852	5,349,671	122,402,311
CASH AND CASH EQUIVALENTS - ENDING	\$ 100,215,439	\$ 74,271	\$ 3,171,083	\$ 103,460,793
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:				
OPERATING LOSS	\$ (38,257,912)	\$ (1,202,993)	\$ (4,939,233)	\$ (44,400,138)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:				
DEPRECIATION AND AMORTIZATION	12,829,795	1,173,843	164,459	14,168,097
(INCREASE)/DECREASE IN:				
RECEIVABLES, NET	(2,134,506)	-	(25,059)	(2,159,565)
PREPAID EXPENSES AND OTHER ASSETS	4,174	10,097	(12,747)	1,524
ACCRUED ASSESSMENTS	-	-	29,564	29,564
PARKING FEES RECEIVABLE	-	8,375	-	8,375
INCREASE/(DECREASE IN):				
ACCRUED SALARIES AND BENEFITS	-	-	53,776	53,776
ACCOUNTS PAYABLE	18,752,282	16,097	(139,021)	18,629,358
DEFERRED REVENUE AND ADVANCE DEPOSITS	2,621,096	-	-	2,621,096
TOTAL ADJUSTMENTS	32,072,841	1,208,412	70,972	33,352,225
NET CASH FROM OPERATING ACTIVITIES	\$ (6,185,071)	\$ 5,419	\$ (4,868,261)	\$ (11,047,913)

See notes to financial statements.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS

DECEMBER 31, 2019

	AGENCY FUNDS		
	REINVESTMENT FUND	OTHER	TOTAL
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 33,976,763	\$ 6,101,582	\$ 40,078,345
RECEIVABLES:			
NOTES RECEIVABLE	-	20,249,184	20,249,184
ACCRUED INTEREST RECEIVABLE	-	369,402	369,402
OBLIGATION RECEIVABLE	429,819	-	429,819
OTHER	1,923,815	(1,752,870)	170,945
EQUITY INVESTMENT	-	3,600,000	3,600,000
CAPITAL ASSETS:			
REAL ESTATE	-	28,694,147	28,694,147
TOTAL ASSETS	<u>\$ 36,330,397</u>	<u>\$ 57,261,445</u>	<u>\$ 93,591,842</u>
LIABILITIES			
INTEREST PAYABLE	\$ 269,924	\$ -	\$ 269,924
OTHER PAYABLES	454,261	445,887	900,148
TOTAL LIABILITIES	<u>724,185</u>	<u>445,887</u>	<u>1,170,072</u>
NET POSITION			
RESERVE FOR:			
OBLIGATIONS PAYABLE	23,438,251	-	23,438,251
DONATION DEPOSITS	12,167,961	-	12,167,961
PROJECT COSTS	-	56,815,558	56,815,558
TOTAL NET POSITION	<u>35,606,212</u>	<u>56,815,558</u>	<u>92,421,770</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 36,330,397</u>	<u>\$ 57,261,445</u>	<u>\$ 93,591,842</u>

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2019

	REINVESTMENT		TOTAL
	FUND	OTHER	
ADDITIONS:			
OBLIGATION DEPOSITS	\$ 2,908,754	\$ -	\$ 2,908,754
ACCRUED OBLIGATIONS	(1,236,170)	-	(1,236,170)
TRANSFER FROM REINVESTMENT	-	10,038,738	10,038,738
TAX REMITTANCES	-	35,211,622	35,211,622
INTEREST ON NOTES	-	573,978	573,978
TOTAL ADDITIONS	1,672,584	45,824,338	47,496,922
DEDUCTIONS:			
DIRECT INVESTMENTS	937,249	-	937,249
DIRECT DONATIONS:			
TRANSFERS TO OTHER FUNDS	644,227	-	644,227
OTHER	10,035,074	-	10,035,074
BONDS ISSUED	140,786	-	140,786
BOND TRUSTEE ESCROW	1,487,498	-	1,487,498
GRANTS AND DONATIONS	-	44,806	44,806
TAX DISTRIBUTIONS	-	35,211,622	35,211,622
TOTAL DEDUCTIONS	13,244,834	35,256,428	48,501,262
CHANGE IN NET POSITION	(11,572,250)	10,567,910	(1,004,340)
NET POSITION - JANUARY 1, 2019	47,178,462	46,247,648	93,426,110
NET POSITION - DECEMBER 31, 2019	\$ 35,606,212	\$ 56,815,558	\$ 92,421,770

NOTES TO FINANCIAL STATEMENTS

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. NATURE OF ORGANIZATION

The Casino Reinvestment Development Authority ("CRDA" or the "Authority") was established under Title 5, Chapter 12, of the New Jersey Statutes Annotated, to provide capital investment funds for economic development and community development projects in Atlantic City and the State of New Jersey. Encouraging business development, creating permanent jobs, and promoting opportunities for business expansion are key facets of the project initiatives.

On February 1, 2011, the Governor of the State of New Jersey signed legislation that redefined the scope of the Authority's responsibilities to encompass (1) the creation of the Atlantic City Tourism District, (2) the establishment of a new Atlantic City Special Improvement District and (3) the assumption of all powers, rights, duties, assets and responsibilities of the Atlantic City Convention and Visitors Authority ("ACCVA"). The Tourism District and Special Improvement District are coextensive.

Within the Atlantic City Tourism District, the Authority shall have jurisdiction to implement initiatives to promote cleanliness, safety and commercial development, institute coordinated public safety improvements, undertake redevelopment projects, adopt a tourism district master plan, and impose land use regulations.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the CRDA have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In its accounting and financial reporting, the CRDA follows the pronouncements of the GASB. The more significant accounting policies established in GAAP and used by the CRDA are discussed below.

Reporting Entity

The financial statements of the CRDA include the accounts of all CRDA's operations. The CRDA, as a component unit of the State of New Jersey, is financially accountable to the State. As set forth in GASB Statement 61, financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose its will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The CRDA, as a component unit, issues separate financial statements from the State of New Jersey.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the CRDA during 2019.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

Governmental activities are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to casinos or applicants who use or directly benefit from services or privileges provided by a given function or segment and interest earned on investments and obligation deposits that are used to fund operation of the governmental fund. Other items not included within program revenues are reported instead as general revenues and interfund transfers.

Government-wide financial statements measure and report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position, revenue, and expenditures as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Similar to the government-wide financial statements, the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities in the current period. For this purpose, the CRDA considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis accounting. However, debt service expenditures are recorded only when payment is due.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Special Revenue Fund parking and hotel room fees, Special Improvement District assessments, Convention Center Division operating revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the CRDA.

Operating expenses for proprietary funds include administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The emphasis of fund financial statements is on major governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds in a single column, regardless of their fund type. Major funds are those that have assets, liabilities, revenues or expenditures equal to ten percent of their fund-type total. The General Fund is always a major fund.

The CRDA reports the following major governmental funds:

The *General Fund* is the CRDA's primary operating fund. It accounts for all financial resources of the CRDA, except those required to be accounted for in another fund.

The special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The *AC Corridor Fund* is used to account for the collection of parking fees as a source of funds to pay for Atlantic City projects on the boardwalk and in the corridor region, for the casino hotel expansion projects, and for debt service on a long-term obligation.

The *Hotel Room Fee Fund* is used to account for the collection of hotel room fee revenue as a source of funds to pay for Atlantic City casino hotel expansion projects, projects in South Jersey and North Jersey, and debt service on a long-term obligation.

Additionally, the CRDA reports the following major proprietary and fiduciary fund types:

Proprietary Funds:

The *Corridor Parking Garage District Fund* is utilized to account for the finances and operation of a garage in the Corridor.

The *Special Improvement District Fund* is utilized to account for the Authority's designated Special Improvement Division ("SID"). The SID's purpose is to serve Atlantic City, the business community and community at large, and to promote an appealing, safe environment that facilitates growth, revitalization and development within the City.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The *Convention Center Division* ("CCD") promotes Atlantic City's unique character, boardwalk attractions and appeal as a year-round resort destination through convention development and leisure tourism. The financial results of the Atlantic City Convention Center, Historic Boardwalk Hall, and West Hall are disclosed through the CCD.

Fiduciary Funds:

The *Reinvestment Fund* is used to account for the receipt of the obligation deposits and donated obligations from licensees, which are available to commit to projects. Obligation deposits and donated obligations are held in this fund until bonds have been issued, direct investment payments have been made for approved projects, or donated funds have been expended. Two-thirds of all interest earned on obligation deposits held in this fund are due to the licensees and one-third is due to the General Fund. All interest earned on the donated obligations is also due to the General Fund.

The *Other Fiduciary Funds* account for projects administered by the Authority and assets held in the Authority's name on behalf of others. Cash, cash equivalents and investments held in these funds are considered restricted in accordance with the terms of the individual contract agreements.

Project costs shown in the Fiduciary Funds reflect costs associated primarily with the donation of real estate upon completion of a project.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgets and Budgetary Accounting

An annual operating budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures in accordance with NJSA 5:12-143. The operating budget adopted annually covers the general fund activity only. The annual operating budget is required to be submitted by the last day of October of each year to the State Treasurer for approval.

Risk of Loss

The Authority purchases commercial insurance policies on an annual basis to handle risks of loss associated with property, auto, liability, workers' compensation, flood damage and employee crime coverage. Any potential liability of the Authority with respect to loss claims would be equal to the deductible associated with the policies and an event that may exceed policy coverage limits.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The CRDA pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. For purposes of the statement of cash flows, CRDA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Interfund Transfers

Interfund transactions are reflected as loans, reimbursements, or transfers. Interfund loans are reported as either "due from" or "due to other funds." Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its cost as a reimbursement. All other interfund transactions are treated as transfers. All interfund activity is eliminated in the government-wide financial statements.

Receivables

Receivables for the Authority pertain to services rendered by the Authority prior to the end of the year for which payment has not been received. Receivables for the Authority are reflected net of an allowance for doubtful accounts. The allowance account is adjusted at the end of every year for estimated bad debt expense.

Prepaid Expenses and Other Assets

Prepaid expenses for the Authority pertain to advance payments made by the Authority for goods to be received or services to be rendered in future years. The goods and/or services are normally received within one year and the expense is recognized. Other assets include deposits given by the Authority.

Investments

Investments are comprised of United States Treasury Bonds, Federated Treasury Obligations and Solar Renewable Energy Credits, and are recorded at fair value.

Notes Receivable

Notes receivable include mortgages, which are stated at unpaid principal balances. Certain mortgages have annual forgiveness provisions over the life of the mortgage. Any unpaid principal balance upon the sale of the property is payable to CRDA. The annual principal amount forgiven is recorded as program expense. Management periodically evaluates whether an allowance for uncollectible notes receivable is required based on the CRDA's past uncollectible loss experience, known and other risks inherent in the note receivable portfolio, adverse situations that may affect each borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. As of December 31, 2019, the provision for uncollectible accounts was approximately \$50,058,584.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets for governmental fund types are not capitalized in the funds used to acquire them. Capital acquisitions are reflected as expenditures in the governmental fund, and the related assets are reported in the government-wide financial statements.

Capital assets are stated at cost less accumulated depreciation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed utilizing the straight-line method, as follows:

<u>Asset</u>	<u>Years</u>
Buildings	35 - 60
Building improvements	10 - 20
Furniture, fixtures and equipment	3 - 20
Leasehold improvements	7 - 15
Movable equipment	5 - 7

It is the policy of the CRDA to capitalize all land, structures and improvements, and equipment, except assets costing less than \$1,000 or \$5,000 for those acquired through the CCD.

Real Estate

Real estate consists of land, land improvements and related acquisition costs, and is recorded at cost. Real estate is held by the CRDA for future development, sale, lease or donation. Real estate that is donated is expensed as a program cost.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that is not contingent on a specific event that is outside the control of the CRDA and its employees, is accrued, as the employees earn the rights to the benefits. An employee who retires within the meaning of the Public Employees' Retirement System and has at least fifteen years of uninterrupted service will receive a lump sum payment as supplemental compensation for sick time that is credited to the employee on the effective date of retirement. The amount of the supplemental compensation shall be calculated at a rate of one-half of the retiring employee's daily rate based upon the average annual base compensation received during the employee's final year of employment, exclusive of any overtime or special payments. The supplemental compensation is capped at \$15,000.00.

In governmental and enterprise funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure/expense and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the government-wide financial statements as a governmental activity.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bonds Payable

The Authority issues tax-exempt private activity bonds to casino licensees. The proceeds from these bond issues are used to provide long-term, low-interest loans to projects approved by the Authority. Such bonds are payable solely from the revenues and other monies derived from projects financed by such bonds. In some cases, the project revenues are derived from CRDA notes receivable. When these revenues are not sufficient to support debt service, a valuation allowance is assigned to both the note receivable and the related project bond. Also included in bonds payable are parking fee revenue bonds (taxable and tax-exempt) and hotel room fee revenue bonds (tax-exempt) issued to the public. Parking fee revenue is applied first to the debt service on the parking fee bonds. Hotel room fee revenue is applied first to debt service on the hotel room fee bonds.

Unearned Revenues

Unearned revenues relate to the fees collected in advance by the Authority for the usage of the Convention Center, Boardwalk Hall and West Hall. These unearned revenues are recognized as revenue once an event occurs. Additional unearned revenues relate to the advance collection of marketing partnership dues for the subsequent year, and are recognized as revenue at the start of the new year.

Net Position

The government-wide financial statements use a net position presentation. Net position is categorized as investment in capital assets, net of related debt, restricted, and unrestricted. Net investment in capital assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted - This category presents external restrictions imposed by creditors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or the enabling legislation for the CRDA.

Unrestricted - This category represents the net position of the Authority not restricted for any project or other purpose.

Fund Balance Reserves

In accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the CRDA has classified governmental fund balances as follows:

- Non-spendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual restraints.
- Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves (Continued)

- Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and do not lapse at year end.
- Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.
- Unassigned - Includes positive fund balance amounts within the General Fund which have not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the Authority to generally consider restricted amounts to have been reduced first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the Authority's policy that committed amounts be reduced first, followed by assigned amounts, then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

Luxury Tax

Pursuant to N.J.S.A. 40:48-8.15 et seq. (the "Luxury Tax Act"), the City of Atlantic City has, by Ordinance No. 18 of 1982, imposed a 3% tax on the sale of alcoholic beverages by the drink in restaurants, bars, hotels and other similar establishments, and a 9% tax on cover charges or other similar charges made to any patron of such an establishment, the hiring of hotel rooms, and the sale of tickets for admission to theaters, exhibitions and other places of amusement.

On January 13, 1992, amendments to the Luxury Tax Act were adopted which authorized the State to transfer the proceeds of the luxury tax to the NJSEA. Luxury Tax proceeds were deposited into a revenue fund and subsequently transferred to other funds to tax debt service on the Luxury Tax Bonds and fund the operating deficits and capital expenditures for Boardwalk Hall, the West Hall, the Convention Center, and certain marketing operations as of 2006.

In January 2010, the State began transferring the luxury tax proceeds directly to the bond trustee in order to reserve an amount sufficient to fulfill the debt service requirements and pay the debt service on the Luxury Tax Bonds. As the debt service requirements are fulfilled on an annual basis, the bond trustee forwards the balance of the luxury tax receipts to the Authority to fund the capital expenditures, operating deficits, and working capital and maintenance reserve requirements of the CCD.

In the fourth quarter of 2014, the Authority issued \$241 million of Series 2014 Luxury Tax Revenue Bonds to refinance existing bonds, fund new money capital projects and the settlement of a litigation matter.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Marketing Fees

The New Jersey legislature adopted a bill that authorized the State of New Jersey to impose marketing fees of \$2.00 per occupied casino room and \$1.00 per non-occupied casino room on hotels in Atlantic City. The proceeds from the fees collected pursuant to this legislation are paid into a special fund established and held by the State on behalf of the Authority.

In accordance with the CRDA Urban Revitalization Act ("URA"), N.J.S.A.5:12-173.9 et seq., part of the fee is redirected to hotel properties with approved projects. The redirected amounts ("rebates") are subtracted from marketing fee revenue. Certain hotel properties in the City of Atlantic City have URA projects for which they receive rebates of the marketing fees imposed on them and collected by the State of New Jersey. The amount of the rebate, in any given year, equals the incremental luxury taxes collected for the URA project over its base year, which is the year immediately preceding the project's final approval. The calculation is performed annually by the New Jersey Department of Taxation (the "Department").

The Department calculates and certifies the rebates within the first 120 days of the subsequent year. The amounts are subject to review and audit by the Department. If the certification is not finalized prior to the completion of the Authority's annual audit report, any difference between the accrued rebate and the final rebate is recorded in the subsequent year when the amounts become known.

Revenue and Expense Recognition

The CRDA classifies its revenues and expenses as operating or non-operating in the statement of activities in the accompanying basic financial statements. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. Operating expenses are all expense transactions incurred other than those related to capital and non-capital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Non-operating revenues include activities that have the characteristics of non-exchange transactions. Revenues from non-exchange transactions, as well as investment income, are considered non-operating since these are investing, capital, or non-capital financing activities.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Division has one item that qualifies for reporting in this category, deferred amounts related to pensions. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Division has one item that qualifies for reporting in this category, which is deferred amounts related to pensions.

Rounding

Some statements/schedules in the financial statements may have dollar differences due to rounding adjustments.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENT

Deposits with Financial Institutions

Custodial Credit Risk, with respect to deposits, is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority believes that due to the dollar amounts of cash deposits and the limits of the Federal Deposit Insurance Corporation ("FDIC") insurance, it is impractical to insure all bank deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. As of December 31, 2019, the Authority's book balance was \$281,916,370. As of December 31, 2019, the Authority's bank balance of \$286,026,711 was partially insured by the FDIC in the amount of \$750,000 or \$250,000 for each depository. Cash and cash equivalents include various checking and money market accounts, and U.S. obligations with maturities of ninety days or less.

Concentration of Credit Risk - There is no limit on the amount the Authority may invest in any one issuer.

Investments

At December 31, 2019, the Authority had the following investments:

<u>Description</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Fair Value Level</u>
U.S. Treasury Obligations	May 2020	\$ 48,337,148	Level 1
Solar Renewal Energy Credits ("SREC")	Nonexpiring	\$ 65,600	Level 2

GASB 72 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement.) The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets.

Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

The U.S. Treasury Obligations were repurchased in May 2020 upon maturity. There were no transfers in or out of Levels 1, 2 or 3 during 2019.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENT (CONTINUED)

Investments (Continued)

Interest Rate Risk - The "Securities Purchase Contract" between the CRDA and the licensees prescribes the types of investments allowed in the Reinvestment Fund. The Securities Purchase Contract requires that all investments be as follows:

Direct obligations of or obligations unconditionally guaranteed by the United States or direct obligations of or obligations unconditionally guaranteed by any state of the United States. If the latter is chosen, the securities must be rated in any of the two highest rating categories by a nationally recognized service.

Repurchase agreements that are collateralized by direct obligations of or obligations unconditionally guaranteed by the United States. The collateral must have a market value at all times equal to the repurchase price and must be perfected for the benefit of the CRDA.

Units of the New Jersey Cash Management Fund, invested by the State Division of Investments, consisting of short-term obligations of the U.S. government and certain of its agencies, commercial paper, certificates of deposit, repurchase agreements and banker's acceptances.

Certificates of deposit issued by a bank, trust company, national banking association, savings and loan association, or other financial institution that are fully and continuously secured by direct obligations of, or obligations unconditionally guaranteed by, the United States. The securities underlying the certificates of deposit must have a market value at all times equal to the principal amount of such certificates of deposits and must be held in such a manner as they may be required to provide a perfected security interest for the benefit of the CRDA.

D. NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

Notes receivable within the Debt Service Fund consist of loans with terms varying from 7 to 40 years at interest rates varying between 0.0% and 6.7%. Repayments of notes receivable are secured by mortgages. See Note E for details.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

E. NOTES RECEIVABLE

Notes receivable consist of the following as of December 31, 2019:

	Balance				Balance
	December 31, 2018	Additions	Repayments	Write-offs	
General Fund					
Steel Pier	\$ 15,480,441	\$ 467,020	\$ 494,021	\$ -	\$ 15,453,440
Atlantic County Improvement Authority	2,674,000	-	-	-	2,674,000
Total General Fund	\$ 18,154,441	\$ 467,020	\$ 494,021	\$ -	\$ 18,127,440
Other Governmental Funds					
Christopher Columbus Homes	\$ 1,862,140	\$ -	\$ 100,496	\$ -	\$ 1,761,644
Marcal	7,244,568	-	1,855,919	-	5,388,649
North Jersey Municipal Loan Program	38,380,276	-	6,180,556	-	32,199,720
Sheraton Hotel	10,000,000	-	-	-	10,000,000
South Jersey Municipal Loan Program	870,100	-	98,561	-	771,539
Vermont Plaza	20,700,000	-	-	-	20,700,000
Best of Bass Pro	10,666,763	-	591,391	-	10,075,372
Impactivate	9,632,580	140,786	-	-	9,773,366
Subtotal	99,356,427	140,786	8,826,923	-	90,670,290
Allowance	(50,058,584)	-	-	-	(50,058,584)
Total Other Governmental Funds	\$ 49,297,843	\$ 140,786	\$ 8,826,923	\$ -	\$ 40,611,706
Total Governmental Activities	\$ 67,452,284	\$ 607,806	\$ 9,320,944	\$ -	\$ 58,739,146
Other Agency Funds					
AC Supermarket	\$ 707,925	\$ -	\$ 81,342	\$ -	\$ 626,583
Carolina Gardens	35,644	-	-	35,644	-
Chelsea Westside	(167)	-	-	-	(167)
Teachers and Firefighters Home Loans	6,250	-	-	6,250	-
3-2-1 Police Loan	134,464	-	13,349	-	121,115
John Brooks Recovery Center	1,000,000	2,600,000	-	-	3,600,000
Beach at South Inlet	11,400,000	-	-	-	11,400,000
City of AC Prop Acq Loan	51,653	-	-	-	51,653
Sencit Liberty Apartments	-	4,450,000	-	-	4,450,000
Total Other Agency Funds	\$ 13,335,769	\$ 7,050,000	\$ 94,691	\$ 41,894	\$ 20,249,184

F. CAPITAL ASSETS

Capital asset balances and activities for the year ended December 31, 2019, were as follows:

	Balance			Balance
	December 31, 2018	Additions	Deletions	
Governmental Activities				
Furniture and Equipment	\$ 5,105,599	\$ 126,153	\$ (24,054)	\$ 5,207,698
Building	2,210,287	-	-	2,210,287
Accumulated Depreciation	(5,255,504)	(229,356)	2,733	(5,482,127)
Net, Governmental Activities	2,060,382	(103,203)	(21,321)	1,935,858
Business-Type Activities				
Buildings	453,575,514	18,145,532	-	471,721,046
Furniture and Equipment	71,129,518	2,025,820	(57,917)	73,097,421
Garage	34,580,935	-	-	34,580,935
Leasehold Improvements	8,763,202	397,457	-	9,160,659
Accumulated Depreciation	(233,303,342)	(14,183,059)	14,960	(247,471,441)
Net, Business-Type Activities	334,745,827	6,385,750	(42,957)	341,088,620
Entity-wide Total	\$ 336,806,209	\$ 6,282,547	\$ (64,278)	\$ 343,024,478

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

G. INTERFUND RECEIVABLES/PAYABLES

Interfund receivables and payables balances at December 31, 2019, were as follows:

Fund	Interfund Receivable			Interfund Payable		
	Miscellaneous	Interest	Fees	Miscellaneous	Interest	Fees
General	\$ 2,795,125	\$ 131,098	\$ 7,600	\$ (140,782)	\$ -	\$ -
AC Corridor	-	-	-	(151,229)	(8,805)	-
Hotel Room Fee	-	-	-	(1,625,258)	-	-
Other Governmental	1,292,852	-	-	(1,556,264)	-	(7,600)
Convention Center Division	2,929,897	-	-	(3,644,452)	-	-
Corridor Parking Garage	37,955	-	-	(47,038)	-	-
Special Improvement District	871	-	-	(220,980)	-	-
Reinvestment	1,903,572	-	-	(36,064)	(116,140)	-
Other Agency	220,501	-	-	(1,758,705)	(6,153)	-
	<u>\$ 9,180,774</u>	<u>\$ 131,098</u>	<u>\$ 7,600</u>	<u>\$ (9,180,774)</u>	<u>\$ (131,098)</u>	<u>\$ (7,600)</u>

Interfund balances represent short-term loans between funds. All interfund balances are expected to be repaid within one year.

H. OBLIGATION DEPOSITS

Obligation deposits collected from the licensees are held in the Reinvestment Fund until the CRDA's Board of Directors approves projects. Subsequent to approval of a project, when disbursements for a project are to be made, obligation deposits are disbursed as either bonds payable or direct investment reimbursements. If the approved project is designated as a donation project, the funds are initially reclassified from obligation deposits to donation deposits. Donation deposits are disbursed to the Agency Funds as donations to temporarily restricted assets when disbursements for the project are required. The obligation deposits set aside for the New Jersey Development Authority for Small Businesses, Minorities and Women Enterprises can be used to purchase bonds of the New Jersey Development Authority.

Current obligations represent amounts incurred by licensees under the CRDA statute and are based upon 1.25% of their gross revenues. Payments are due quarterly on April 15, July 15, October 15 and January 15 for the preceding quarter. For financial reporting purposes, amounts outstanding are also recorded as current obligations receivable with an offsetting reserve as accrued investment obligations.

2019 obligations and donation account activity are summarized below:

	Reinvestment Fund Reserves	
	Obligations Payable	Donation Deposits
Beginning Balance January 1, 2019	\$ 24,780,872	\$ 22,397,590
Obligation Deposits	2,908,754	-
Direct Investments	(937,249)	-
Direct Donation	(449,672)	-
Transfer to Bond Trustee	(1,487,498)	-
Bonds Issued	(140,786)	-
Obligations Receivable	(1,236,170)	-
Grants to Agency and Debt Service Funds	-	(10,229,629)
Ending Balance December 31, 2019	<u>\$ 23,438,251</u>	<u>\$ 12,167,961</u>

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

I. LONG-TERM DEBT

The CRDA has utilized two types of debt, publicly issued bonds and project bonds, which are issued solely to the Atlantic City casino licensees.

Public Issuance – Parking Fee and Hotel Room Fee Revenue Bonds

On March 23, 2005, the CRDA issued \$291,670,000 in Parking Fee Revenue Bonds, Series 2005A (tax exempt), in the amount of \$107,140,000, with interest rates varying between 5.00% and 5.25%, the proceeds of which were used to refund \$68,405,000 of the previously issued Parking Fee Revenue Bonds, Series 1997A, and \$43,205,000 of the previously issued Parking Fee Revenue Bonds, Series 2001A. Series 2005B, in the amount of \$184,530,000, were taxable bonds with interest rates varying between 4.61% and 5.46%, the proceeds of which were used to refund \$68,405,000 of the previously issued Investment Alternative Tax and Subordinated Parking Fee Revenue Bonds, Series 2001B, and to fund projects on the Atlantic City Boardwalk and at the casinos. The bonds are payable from Parking Fee Revenues, certain pledged Investment Alternative Taxes, and an additional contractual parking charge to be remitted by the casinos. In October of 2004, the CRDA issued \$93,000,000 of tax-exempt Hotel Room Fee Revenue Bonds (Series 2004), with interest rates varying between 5% and 5.25%. The proceeds of these bonds were used to fund projects in North and South Jersey as well as the Atlantic City casino expansion projects. These bonds are payable solely from hotel room fees.

Public Issuance – Luxury Tax Revenue Bonds

On April 1, 2013, the CRDA assumed all assets, debts and statutory responsibilities of the ACCVA. Accordingly, the Authority is bound by all terms and conditions of the NJSEA Convention Center Luxury Tax Bond Resolutions inclusive of a Pledged Property Agreement. The Pledged Property Agreement encumbers the luxury tax revenue with a lien as security for the NJSEA bond holders. The State transfers the luxury tax revenue directly to the bond trustee in order to reserve an amount sufficient to fulfill the debt service requirements on the Luxury Tax Bonds. As the debt service requirements are fulfilled on an annual basis, the bond trustee forwards the balance of the luxury tax receipts to the Authority to fund the capital expenditures, operating deficits, and working capital and maintenance reserve requirements of the CCD.

On February 15, 1999, the NJSEA issued \$128,270,000 of Convention Center Luxury Tax Refunding Bonds (Series 1999A), with interest rates varying between 4.25% and 5.125%, the proceeds of which were used to refund a portion of the previously issued Luxury Tax Bonds, Series 1992A. On April 12, 2004, the NJSEA issued \$23,085,000 of Convention Center Luxury Tax Refunding Bonds (Series 2004A), with an interest rate of 5.5%, the proceeds of which were used to refund on a current basis the NJSEA's previously outstanding Luxury Tax Bonds, Series 1992A. In 2014, the aggregate principal amounts of \$54,450,000 and \$23,085,000 were refunded by the CRDA as part of the Series 2014 Luxury Tax Revenue Bond issuance totaling \$241,190,000. As of December 31, 2019, \$8,055,000 and \$23,085,000 of the defeased bonds remain outstanding in escrow until their maturities in September 2020 and March 2022, respectively.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

I. LONG-TERM DEBT (CONTINUED)

The payment, when due (other than by reason of acceleration or optional redemption), of principal and interest on these bonds is secured by a guaranty policy issued by the Municipal Bond Insurance Association.

On November 1, 2014, CRDA issued \$241,190,000 in Luxury Tax Revenue Bonds, Series 2014, with interest rates varying between 2% and 5%. The Series 2014 bonds were issued for the purposes of (i) refunding the outstanding NJSEA bonds in the amount of \$77,535,000; (ii) providing funding for new projects; (iii) funding the debt service reserve requirement for the Series 2014 bonds; (iv) paying the costs of issuance of the Series 2014 bonds; and (v) funding the settlement of a litigation matter otherwise paid from luxury tax residuals.

Project Bonds – Casino Pool Bonds

The CRDA also issues project bonds to casino licensees with terms varying from 7 to 50 years, at interest rates varying between 3.0% and 7.0%. Such bonds are payable solely from the revenues and other monies derived from projects financed by such bonds, or other monies which may be pledged with respect to such issues. All bonds issued by the CRDA are special obligations of the CRDA, do not constitute obligations against the general credit of the CRDA, and are not a debt or liability of the State.

Bond Issue	Debt Reserve Amount
\$107 million Parking Fee Revenue Bonds	\$ 22,055,775
\$184.5 million Parking Fee Revenue Bonds	7,728,959
Atlantic City Boardwalk Convention Center Project Bonds	423,954
Total AC Corridor Reserve	30,208,688
\$241.2 million Luxury Tax Revenue Bonds	16,256,169
Balance, December 31, 2019	<u>\$ 46,464,857</u>

The following is a summary of the CRDA's long-term debt transactions for the year ended December 31, 2019:

	Publicly Issued Bonds	Project Bonds	Total
Debt outstanding December 31, 2018	\$ 389,740,000	\$ 132,312,086	\$ 522,052,086
Additions to Debt	-	140,752	140,752
Reductions of Debt	(29,560,000)	(7,855,919)	(37,415,919)
Debt outstanding December 31, 2019	360,180,000	124,596,919	484,776,919
Net Unamortized Premium Allowance	12,999,397	-	12,999,397
	-	(50,058,584)	(50,058,584)
	<u>\$ 373,179,397</u>	<u>\$ 74,538,335</u>	<u>\$ 447,717,732</u>

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

I. LONG-TERM DEBT (CONTINUED)

The following tables reflect the scheduled debt service for the publicly issued revenue bonds:

	Parking Fee Revenue Bond		Total
	Principal	Interest	
2020	\$ 14,435,000	\$ 4,981,550	\$ 19,416,550
2021	15,200,000	4,196,551	19,396,551
2022	16,005,000	3,355,580	19,360,580
2023	16,880,000	2,457,819	19,337,819
2024	17,800,000	1,511,055	19,311,055
2025	18,775,000	512,558	19,287,558
Total	\$ 99,095,000	\$ 17,015,113	\$ 116,110,113

	Hotel Room Fee Bond		Total
	Principal	Interest	
2020	\$ 5,945,000	\$ 1,960,719	\$ 7,905,719
2021	6,255,000	1,640,469	7,895,469
2022	6,585,000	1,303,419	7,888,419
2023	6,930,000	948,650	7,878,650
2024	7,295,000	575,244	7,870,244
2025	7,675,000	191,875	7,866,875
Total	\$ 40,685,000	\$ 6,620,376	\$ 47,305,376

	Convention Center Luxury Tax Revenue Bond		Total
	Principal	Interest	
2020	\$ 4,695,000	\$ 11,052,325	\$ 15,747,325
2021	4,930,000	10,817,575	15,747,575
2022	5,175,000	10,571,075	15,746,075
2023	5,435,000	10,312,325	15,747,325
2024	5,710,000	10,040,575	15,750,575
2025-2029	32,735,000	46,011,825	78,746,825
2030-2034	41,580,000	37,165,300	78,745,300
2035-2039	52,425,000	26,313,525	78,738,525
2040-2044	67,715,000	11,028,413	78,743,413
Total	\$ 220,400,000	\$ 173,312,938	\$ 393,712,938

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

I. LONG-TERM DEBT (CONTINUED)

The following table reflects the scheduled debt service for the project bonds:

	Project Bond Principal	Project Bond Interest	Total
2020	\$ 5,168,055	\$ 8,146,453	\$ 13,314,508
2021	1,903,905	2,816,888	4,720,793
2022	1,979,828	2,741,024	4,720,852
2023	8,484,845	2,416,825	10,901,670
2024	5,228,623	2,334,624	7,563,247
2025-2029	24,564,548	10,868,160	35,432,708
2030-2034	38,644,214	8,152,458	46,796,672
2035-2039	8,200,200	5,513,840	13,714,040
2040-2044	6,888,489	4,036,463	10,924,951
2045-2049	1,139,162	3,227,776	4,366,938
2050-2054	10,065,051	2,440,604	12,505,655
2055	12,330,000	334,760	12,664,760
Total	\$ 124,596,919	\$ 53,029,874	\$ 177,626,793

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

J. PROJECT AND DIRECT INVESTMENT COMMITMENTS

During 2019, CRDA commitments decreased by \$13.7 million. As of December 31, 2019, CRDA had outstanding commitments as follows:

Project	Outstanding Commitments
Atlantic City	
Northeast Inlet Redevelopment	\$ 756,158
Virginia Avenue Icon	34,491
North Carolina Avenue Improvements	115,561
Carolina Gardens	651,011
AC Housing Fund	7,403,617
Boardwalk Lighting	1,159,371
Pacific Avenue/Midtown	49,134
South Inlet Mixed Use Development	1,271,218
Single Point of Entry	100,000
Caesars Non-Gaming Amenities	19,990
Tropicana Boardwalk Enhancements	70,824
Pacific Avenue Midtown Redevelopment	1,487,850
Impactivate	11,402
Tropicana B'walk Enhancement and Property Revitalization	219,999
Harrah's Non-Gaming Amenities	72,772
Bally's Atlantic City Hotel Room Improvements	45,056
Atlantic City Demolition Project	98,347
Pacific Avenue Midtown Redevelopment	2,153
Sencit Liberty Apartments	122,375
Subtotal: Atlantic City	<u>13,691,329</u>
South Jersey	
Caesar's Hotel Expansion	2,644,335
Harrah's Hotel Expansion	8,351,096
Resorts Hotel Expansion	5,132,933
Subtotal: South Jersey	<u>16,128,364</u>
Total at December 31, 2019	<u>\$ 29,819,693</u>

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

K. GENERAL FUND DONATIONS

Donations from the General Fund for project costs are included as expenditures within the statement of revenues, expenditures and changes in fund balances – budget and actual – general fund and consisted of the following:

	2019
Travelers Assistance Program	\$ 11,347
AC Demolition Program	660,427
Absecon Lighthouse Grant	35,304
Comcast/NBC Universal	540,750
Tourism District Class II Officers	96,075
Save Lucy Committee Marketing	25,000
E-Sports and Gaming Entertainment Events	479,030
AC Beer Week	30,000
Boardwalk Summer Concert Series	170,083
Broadway on the Boardwalk	249,928
Mardis Gras AC	175,000
Chicken Bone Beach Jazz Concert Series	150,000
Tribute Tuesday Concerts	75,000
Holiday Heroes Safe Ride Program and Herotini Mocktail Challenge	20,000
2019 Atlantic City Race Series	34,038
Kentucky Avenue Renaissance	25,600
2019 Atlantic City Air Show	150,225
Summer Concert Series at Gardners Basin	149,986
2019 Latino Festival	39,310
South Jersey Indian Association 2019 India Day Mela and Parade	10,000
Stockton University 2019 Summer Youth Program	3,630
Other - Record Sale of Real Estate	31,380
	<u>\$ 3,634,452</u>

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

L. GENERAL FUND BALANCES COMMITTED FOR PROJECT COSTS

As of December 31, 2019, the following represents the components of the General Fund balances committed for project costs.

	2019
Reserve for Travelers Assistance Program	\$ 89,613
Reserve for Downtown Revitalization	80,000
Reserve for Tourism Maintenance	25,000
Reserve for Steel Pier	18,825
Reserve for Marketplace Project (Block 157)	628,043
Reserve for Street Lighting	227,886
Reserve for AC Demolition Program	878,008
Reserve for Marketplace Construction	3,141,375
Reserve for Community Development	65,136
Reserve for Jewish Family Services	55,227
Reserve for Absecon Lighthouse Grant	66,667
Reserve for AC National Guard Armory	33,556
Reserve for Route 40 Corridor	125,000
Reserve for Challenge AC Triathlon	1,270,625
Reserve for Comcast/NBC Universal	1,904,736
Reserve for Tourism District Class II Officers	153,925
Reserve for Save Lucy Committee Marketing	25,000
Reserve for NJDCA AC Project Office	924,889
Reserve for Tennessee Avenue Streetscape	1,000,000
Reserve for Ingame E-Sports Inc PPP	220,970
Reserve for Boardwalk Summer Concerts	4,917
Reserve for Broadway on the Boardwalk	72
Reserve for ACPD Neighborhood Coordination Officers	1,500,000
Reserve for Atlantic County Police Academy Instructors	135,000
Reserve for Atlantic City Contact Center	200,000
Reserve for Tourism District Class II Officers	250,000
Reserve for JCC 2019 AC Race Series	962
Reserve for Chicken Bone Beach Historic Foundation School	175,000
Reserve for Atlantic City Boardwalk Holocaust Memorial	500,000
Reserve for 2019 Atlantic City Air Show	2,625
Reserve for Visitor Profile Study	58,000
Reserve for Boys and Girls Club Youth Center	450,000
Reserve for Stockton University 2019 Summer Youth Program	128,370
Reserve for Atlantic City Demolition Project	1,000,000
Reserve for Tourism District Public Restroom Renovations	350,000
Reserve for Live Nation Beach Concerts/Festival	1,800,000
Reserve for Atlantic City Afterschool/Youth Enrichment Programs	650,000
	<u>\$ 33,139,428</u>

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

M. COMMITMENTS AND CONTINGENCIES

On October 10, 1997, the CRDA entered into a Parking Fee Agreement with the South Jersey Transportation Authority ("SJTA"), which is a component unit included in the State of New Jersey's comprehensive annual report. Pursuant to the Agreement, a portion of parking fees from marina parking facilities used in conjunction with any new licensed casino hotel construction and located on land in the Marina District of Atlantic City, will be payable to SJTA. The maximum amount payable to SJTA under the Parking Fee Agreement is an amount sufficient to amortize \$65,000,000 of SJTA bonds issued to finance the Atlantic City Expressway Connector Project and certain costs of issuance. The maximum annual remittance to SJTA is the lesser of the Marina Parking Fees or the amount released by the Trustee of the Parking Fee Revenue Bonds after the semi-annual debt service. The CRDA's payment obligations are subordinate to the lien on the Marina Parking Fees of the Parking Fee Revenue Bonds (see Note I).

Since April 2013, the Authority is also a party to an ongoing agreement with New Jersey Transit. As long as rail service is provided to the Atlantic City Convention Center, New Jersey Transit is entitled to a share of the revenue of the garage at the convention center. An annual lump-sum amount of \$190,000 satisfies this agreement.

In June of 2000, the NJSEA formed The Historic Boardwalk Hall, LLC ("HBH LLC"), a limited liability company in the State of New Jersey for the purpose of financing and operating the Historic East Hall on the Atlantic City Boardwalk ("East Hall"). The HBH LLC, which assumes the leasehold interest and contractual obligations of the Authority, admitted an investing member on September 14, 2000, through capital contributions. Of the contributed capital already received, \$333,344 is held in escrow and can only be used to restore or repair the organ at East Hall.

N. PENSION PLANS

Public Employees' Retirement System

All full-time employees of the Authority are covered by the State of New Jersey Public Employees' Retirement System ("PERS"), which is a cost sharing multiple-employer defined benefit pension plan administered by the New Jersey Division of Pension and Benefits (the "Division"). The plan has a board of trustees that is primarily responsible for its administration. According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the PERS. These reports may be accessed on the internet at:

<https://www.state.nj.us/treasury/pensions/annual-reports.shtml>

Or the reports can be obtained by writing to:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295, Trenton, New Jersey, 08625-0295

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

N. PENSION PLANS (CONTINUED)

Plan Description

The PERS was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State local jurisdiction.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008.
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010.
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011.
5	Members who were eligible to enroll on or after June 28, 2011.

Service retirement benefits of 1/55th of final average salary for each year of service credit are available to Tiers 1 and 2 members upon reaching age 60, and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit are available to Tier 4 members upon reaching age 62, and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit, and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

Contributions

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

N. PENSION PLANS (CONTINUED)

Contributions (Continued)

due in the fiscal year ended June 30, 2012, and will be adjusted by the rate of return on the actuarial value of assets.

Covered employees are required by PERS to contribute 7.5% of their annual compensation. CRDA is required by State statute to contribute the remaining amounts necessary to pay benefits when due. Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each individual employer of the State and local groups of the plan. To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and non-employer. The allocation percentages for each group as of June 30, 2019, are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2019.

The Authority's contributions to PERS for the year ended December 31, 2019, was \$531,233, equal to the required contributions for each year. The Authority's covered payroll was \$4,028,322 for PERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the Authority reported a liability of \$9,840,608, for its proportionate share of the net pension liability. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2019, the Authority's proportion was 0.0546139643%, which was a decrease of 0.0030014243% from its proportion measured as of June 30, 2018. For the year ended December 31, 2019, the Authority recognized full accrual pension expense of \$533,737 in the financial statements. At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 176,626	\$ 43,471
Changes of assumptions	982,621	3,415,644
Net difference between projected and actual investment earnings on pension plan investments	-	155,338
Changes in proportion	1,164,752	2,704,053
Authority contributions subsequent to the measurement date	265,618	-
	<u>\$ 2,589,617</u>	<u>\$ 6,318,506</u>

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

N. PENSION PLANS (CONTINUED)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31,	PERS
2020	\$ 1,975,073
2021	(3,003,700)
2022	(2,003,481)
2023	(902,781)
2024	(59,618)
	<u>\$ (3,994,507)</u>

Actuarial Assumptions

The total 2019 pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to the June 30, 2019, measurement date. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PERS</u>
Inflation: Price	2.75%
Inflation: Wage	3.25%
Salary Increases through 2026 (based on years of service)	2.00-6.00%
Salary Increases: Thereafter (based on years of service)	3.00-7.00%
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions the emerging liability may be higher or lower than anticipated. The more the expectation deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree Mortality Table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree Mortality Table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

N. PENSION PLANS (CONTINUED)

Mortality Rates (Continued)

improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019), is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees, and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. The single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019, based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

N. PENSION PLANS (CONTINUED)

Discount Rate (Continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability as of December 31, 2019, calculated using the discount rate as disclosed above as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.28 percent) or 1 percentage point higher (7.28 percent) than the current rate:

	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
Authority proportionate share of net pension liability	\$ 12,430,287	\$ 9,840,608	\$ 7,658,436

Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all eligible employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. The Authority is in compliance with this legislation. These assets are not the legal property of the Authority and are not subject to claims of the Authority's general creditors. Because the Authority has little administrative involvement and does not perform the investing function of this plan, the assets and related liabilities are not shown on the statement of net position.

O. CERTAIN LITIGATION MATTERS

Birnbaum Claim

In this condemnation action, CRDA v. Birnbaum, et al, the property owner is represented by the Institute for Justice ("IJ"), a Washington D.C. based institute which challenges condemnations around the United States and litigated the seminal U.S. Supreme Court condemnation case Kelo v. City of New London. On behalf of the property owner in CRDA v. Birnbaum, the IJ directly challenged CRDA's right to acquire property for purposes of tourism development. In an August 2014 decision, the New Jersey Supreme Court rejected the property's owner challenge and ruled that CRDA has abundant authority to acquire properties for tourism purposes. The court subsequently reversed itself and denied CRDA the right to condemn and CRDA restored the property to the Owner. The

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

O. CERTAIN LITIGATION MATTERS (CONTINUED)

The New Jersey Superior Court Appellate Division issued an opinion on February 15, 2019, affirming the trial court opinion. Counsel for the property owner filed applications in the Appellate Division and the trial court for counsel fees totaling \$313,458.44. The Appellate Division remanded the motion for fees to the trial court for a determination. CRDA has opposed the fee application on several bases, including that the statute allowing for fees is only applicable when the property owner incurs the fees and here the property owner has not incurred a loss.

Williams Claim

In August 2016, Robert Williams (“Plaintiff”) filed a lawsuit against defendants, the Casino Reinvestment Development Authority (the “Authority”) and two of its employees, Daniel Mack and Rosalind Kincaid (collectively, “Defendants”), claiming retaliation and race discrimination under the New Jersey Law Against Discrimination (the “LAD”). Plaintiff is Caucasian. Mr. Mack and Ms. Kincaid are African-American. Plaintiff amended his Complaint in March 2018, to add a cause of action for disability discrimination also in violation of the LAD.

Plaintiff was formerly employed as the General Maintenance Manager in the Authority’s Special Improvement Division (“SID”). In or about March 2015, Daniel Mack, the SID General Maintenance Supervisor, complained to Rosalind Kincaid, the Authority’s Human Resource Director, that Plaintiff made disparaging, inappropriate and offensive comments to and about him in the workplace. After confronting Plaintiff about his conduct and suspending him pending an investigation, the Authority received a letter from Plaintiff’s attorney alleging that Mack created a hostile work environment against him. The Authority retained outside legal counsel to conduct an investigation. Counsel’s investigation confirmed that Plaintiff had made disparaging, inappropriate and offensive comments to Mack and others in the workplace, which were in violation of its policies. The investigators did not find that Mack had acted inappropriately in any way or that he otherwise violated Authority policy. As a result of the investigation’s findings, the Authority terminated Plaintiff’s employment.

Plaintiff filed this lawsuit seeking compensatory damages, including lost wages, benefits and emotional distress, punitive damages, attorneys’ fees and costs. Plaintiff filed a motion to extend discovery, which Defendants opposed, a few weeks before the May 30, 2018, discovery end date. On May 25, 2018, Defendants filed a motion for summary judgment seeking to dismiss all of Plaintiff’s claims. On June 12, 2018, Plaintiff filed a cross-motion for summary judgment on the reverse race discrimination claim. The Court heard oral argument on Defendants’ summary judgment motion and Plaintiff’s motion to extend discovery on February 8, 2019.

On June 27, 2019, the court granted Defendants’ motion for summary judgment on all counts and dismissed Plaintiff’s Complaint with prejudice. The Court denied Plaintiff’s motion to extend discovery and his cross-motion for summary judgment on the reverse race discrimination claim. On August 12, 2019, Plaintiff filed a Notice of Appeal of the Court’s order granting summary judgment in favor of Defendants. Plaintiff’s appeal is currently pending.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

P. ECONOMIC DEPENDENCE

During May 2016, P.L. 106, c.5 known as the "Casino Property Tax Stabilization Act," (the "Law") was enacted into law. This Law exempts casino gaming properties, beginning with calendar year 2016, and the next succeeding nine tax years, from local property taxes contingent upon the casinos entering into Payment in Lieu of Tax agreements with the City of Atlantic City. The Law also amends the CRDA Act and reallocates future investment alternative tax obligations (net of existing CRDA contractual and bond commitments) previously collected by the CRDA, to pay debt service on Atlantic City bonds issued prior to the effective date of the Law.

Additionally, the Law also abolished the Atlantic City Alliance ("ACA"), an organization funded principally by the casino industry to promote and market Atlantic City and removes the CRDA's right to impose a fee upon casino licensees in the event that the ACA fails to perform its obligations under the agreement entered into with the CRDA prior to enactment of the Law. Under the agreement, the ACA provided \$30 million annually toward marketing and promoting Atlantic City. Under the Law, these funds and future annual reduced amounts thereof will be reallocated to Atlantic City to support annual municipal budgets through 2026. The ACA has transferred to the CRDA certain tangible and intangible property for use in possible future marketing and promotional efforts.

Q. POLLUTION REMEDIATION OBLIGATIONS

Potential Pollution Remediation Obligation

The Authority was engaged in discussions with South Jersey Industries ("SJI") in connection with a potential acquisition by the Authority of an assemblage of approximately 6 acres comprised of 14 environmentally contaminated parcels located within the Tourism District (owned by various parties).

A proposed structure would require SJI to undertake all necessary remediation of the contamination of the outlying parcels which are owned by other private parties.

The proposed public-private partnership has stalled due to additional potential environmental issues that have emerged, including the potential allegation that some of the environmental contamination at the SJI site emanated from the former operations at the Atlantic City Convention Center, now owned and operated by the Authority. No formal notice or demand for environmental contribution has been made by SJI or any other party. The Authority maintains pollution liability policies of insurance and has to put its insurers on notice of a potential claim(s).

R. SEGMENT INFORMATION

The CCD has three responsibilities: operation of the Boardwalk Hall, operation of the Convention Center, and promoting tourism through its Marketing Operations. The following table illustrates how these three operations contribute to the operating results of the CCD. All payments made and received between segments that are recorded as revenues and expenses are eliminated in the combined financial statements.

These payments typically include office rent, telephone, and marketing expenses that Marketing Operations pays to Boardwalk Hall and the Convention Center. The following financial information represents the statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows of the CCD.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

R. SEGMENT INFORMATION (CONTINUED)

	Statement of Net Position					
	December 31, 2019					
	Boardwalk Center Operations	New Center	Marketing Operations	Luxury Tax Reserve Fund	Elimination Entries	Combined December 31, 2019
ASSETS						
Total current assets	\$ 9,829,470	\$ 4,017,026	\$ 6,899,058	\$ 88,613,386	\$ -	\$ 109,358,940
Total noncurrent assets	-	-	55,142	397,755,406	-	397,810,548
Total assets	9,829,470	4,017,026	6,954,200	486,368,792	-	507,169,488
Pension Deferrals	-	-	1,174,260	-	-	1,174,260
Total assets and deferred outflows of resources	\$ 9,829,470	\$ 4,017,026	\$ 8,128,460	\$ 486,368,792	\$ -	\$ 508,343,748
LIABILITIES						
Total current liabilities	\$ 9,829,470	\$ 4,017,026	\$ 516,463	\$ 6,753,366	\$ -	\$ 21,116,325
Long-term debt, net of current portion	-	-	4,462,218	227,991,844	-	232,454,062
Total Liabilities	9,829,470	4,017,026	4,978,681	234,745,210	-	253,570,387
Pension deferrals	-	-	2,865,122	-	-	2,865,122
Total liabilities and deferred inflows of resources	\$ 9,829,470	\$ 4,017,026	\$ 7,843,803	\$ 234,745,210	\$ -	\$ 256,435,509
NET POSITION						
Total net position	\$ -	\$ -	\$ 284,657	\$ 251,623,582	\$ -	\$ 251,908,239

	Statement of Revenue, Expenses and Changes in Net Position					
	December 31, 2019					
	Boardwalk Center Operations	New Center	Marketing Operations	Luxury Tax Reserve Fund	Elimination Entries	Combined December 31, 2019
OPERATING REVENUES:						
Special Services	\$ 1,084,910	\$ 1,003,948	\$ -	\$ -	\$ -	\$ 2,088,858
Facilities Rental	1,498,096	1,828,345	-	-	-	3,326,441
Concessions	1,068,999	1,781,429	-	-	-	2,850,428
Promotion, Reimbursement Fees	632,743	383,675	-	-	-	1,016,418
Parking Revenue	176,065	1,147,717	-	-	-	1,323,782
Other Revenue	1,931,486	3,165,623	263,341	-	(90,000)	5,270,450
Total Operating Revenues	6,392,299	9,310,737	263,341	-	(90,000)	15,876,377
OPERATING EXPENSES:						
Salaries and Benefits	5,854,018	7,068,341	1,147,183	-	-	14,069,542
Marketing Expenditures	982,973	68,915	1,782,634	7,835,119	-	10,669,641
Production	1,800,575	2,068,016	288	-	-	3,868,879
General and Administrative	4,073,122	6,378,124	1,354,098	981,088	(90,000)	12,696,432
Depreciation and Amortization	-	-	9,232	12,820,563	-	12,829,795
Total Operating Expenses	12,710,688	15,583,396	4,293,435	21,636,770	(90,000)	54,134,289
Operating Loss	(6,318,389)	(6,272,659)	(4,030,094)	(21,636,770)	-	(38,257,912)
NONOPERATING REVENUES (EXPENSES)						
Luxury Tax Revenue	6,308,229	6,260,536	-	28,379,530	-	40,948,295
Marketing Fee Revenue	-	-	4,384,990	-	-	4,384,990
Sports Wagering Revenue	-	-	1,544,397	-	-	1,544,397
Interest Income	10,160	12,123	151,428	1,664,707	-	1,838,418
Interest Expense	-	-	-	(10,806,888)	-	(10,806,888)
Total Nonoperating Revenues (Expenses)	6,318,389	6,272,659	6,080,815	19,237,349	-	37,909,212
CHANGE IN NET POSITION	-	-	2,050,721	(2,399,421)	-	(348,700)
BEGINNING NET POSITION	-	-	(1,766,064)	254,023,003	-	252,256,939
ENDING NET POSITION	\$ -	\$ -	\$ 284,657	\$ 251,623,582	\$ -	\$ 251,908,239

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

R. SEGMENT INFORMATION (CONTINUED)

	Statement of Cash Flows					Combined December 31, 2019
	December 31, 2019					
	Boardwalk Center Operations	New Center	Marketing Operations	Luxury Tax Reserve Fund	Capital Transfers	
Net cash (used in) provided by operating activities	\$ (2,139,924)	\$ (8,459,540)	\$ (5,901,655)	\$ (9,998,002)	\$ 20,314,050	\$ (6,185,071)
Net Cash provided by (used in) non-capital financing activities	6,225,774	8,615,175	5,929,387	(11,022,730)	-	9,747,606
Net cash used in capital and related financing activities	-	-	-	-	(20,314,050)	(20,314,050)
Net cash provided by investing activities	10,160	12,123	151,428	1,732,455	-	1,906,166
Net (decrease) increase in cash and cash equivalents	4,096,010	167,758	179,160	(19,288,277)	-	(14,845,349)
Cash balance January 1, 2019	3,851,861	1,299,581	4,949,874	104,959,471	-	115,060,788
Cash balance December 31, 2019	\$ 7,947,871	\$ 1,467,339	\$ 5,129,034	\$ 85,671,194	\$ -	\$ 100,215,439

S. SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Authority operates. Due to the impact of New Jersey Governor Phil Murphy's numerous Executive Orders beginning in March 2020, which among other things mandated statewide stay-at-home practices and closure of all non-essential retail businesses, including casinos, it is reasonably possible that certain revenues, including but not limited to Luxury Taxes, Event Revenues and Sales Tax Rebates will decrease, expenses related to COVID-19 mitigation response will be incurred, accounts receivable will increase and related collections will be adversely impacted. It is unknown how long these conditions will last and what the complete financial affect will be to the Authority.

There is pending legislation in the New Jersey legislature that would provide relief to the New Jersey Casino Industry in the form of Special Revenue Tax forgiveness for varying lengths of time. Some of these special revenue taxes are dedicated to the debt service of CRDA Public Bonds. There is also language in the pending legislation that would allow CRDA to use or redirect any funds under its purview, notwithstanding that such funds may be dedicated to other purposes, to replace the amounts from the Special Revenue Taxes for the payment of any bonds secured by their proceeds. The legislation has been introduced and subsequently amended, but has not been passed by the Legislature. In fact, the proposed legislation has now stalled, and it is unclear when, if at all, it will advance and whether it will again be amended. Accordingly, it is not clear at this time how this legislation, if enacted into law, will affect the CRDA.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II
(UNAUDITED)**

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND (UNAUDITED)

YEAR ENDED DECEMBER 31, 2019

	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES			
ADMINISTRATIVE FEES	\$ 144,000	\$ 94,520	\$ (49,480)
INTEREST AND INVESTMENT INCOME	2,100,000	2,647,494	547,494
TAX OVERRIDE REVENUE	9,300,000	14,836,536	5,536,536
PROCESSING FEES	230,000	596,473	366,473
OTHER INCOME	1,115,000	357,835	(757,165)
	<u>12,889,000</u>	<u>18,532,858</u>	<u>5,643,858</u>
EXPENDITURES			
CURRENT			
SALARIES AND BENEFITS	4,231,835	3,902,805	329,030
GENERAL AND ADMINISTRATIVE	1,346,207	1,005,828	340,379
PROFESSIONAL COSTS	1,130,000	1,365,742	(235,742)
PURCHASE OF FIXED ASSETS	295,303	102,099	193,204
INTEREST EXPENSE	-	2,512	(2,512)
PROJECT COSTS	-	3,634,452	(3,634,452)
	<u>7,003,345</u>	<u>10,013,438</u>	<u>(3,010,093)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>5,885,655</u>	<u>8,519,420</u>	<u>2,633,765</u>
OTHER FINANCING SOURCES (USES)			
OTHER RECEIVABLES	-	79,636	79,636
OTHER PAYABLES	-	(191,991)	(191,991)
LOAN PAYMENTS	-	492,720	492,720
PURCHASE OF REAL ESTATE	-	(1,168,358)	(1,168,358)
TRANSFERS FROM OTHER FUNDS	-	1,633,681	1,633,681
TRANSFERS TO OTHER FUNDS	(5,584,561)	(5,584,561)	-
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(5,584,561)</u>	<u>(4,738,873)</u>	<u>845,688</u>
NET CHANGE IN FUND BALANCE	301,094	3,780,547	3,479,453
FUND BALANCE JANUARY 1, 2019	110,968,671	110,968,671	-
FUND BALANCE DECEMBER 31, 2019	<u>\$ 111,269,765</u>	<u>\$ 114,749,218</u>	<u>\$ 3,479,453</u>

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PERS

LAST TEN YEARS

	PERS - Last 10 Fiscal Years									
	Years Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013*	2012*	2011*	2010*
Authority's proportion of the net pension liability	0.0546139643%	0.0516125400%	0.0568348299%	0.0655714054%	0.0800336799%	0.0912972062%	N/A	N/A	N/A	N/A
Authority's proportionate share of net pension liability	\$ 9,840,608	\$ 10,162,251	\$ 13,230,240	\$ 19,420,370	\$ 17,965,957	\$ 17,093,334	N/A	N/A	N/A	N/A
Authority's covered-employee payroll	3,901,339	3,661,815	4,508,345	5,760,666	5,180,757	5,257,232	\$ 5,180,757	\$ 5,442,341	\$ 5,612,725	\$ 5,612,725
Authority's proportionate share of net pension liability as a % of payroll	252.24%	277.52%	325.18%	430.76%	311.87%	273.84%	N/A	N/A	N/A	N/A
Total pension liability	22,660,133	21,900,013	25,491,767	32,441,255	34,502,183	35,671,161	N/A	N/A	N/A	N/A
Plan fiduciary net position	12,819,525	11,737,761	12,261,527	13,020,885	16,536,226	18,577,827	N/A	N/A	N/A	N/A
Plan fiduciary net position as a % of total pension liability	56.57%	53.60%	48.10%	40.14%	47.93%	52.08%	N/A	N/A	N/A	N/A

*The Casino Reinvestment Development Authority and the Atlantic City Convention Center merged in 2013. For years prior to the merge we combined data for both entities. The amounts presented for each fiscal year were determined as of the previous fiscal year end.

N/A = Information not available. This schedule reports information for those years subsequent to the adoption of GASB Statement No. 68. All ten years' presentation will be made as appropriate information becomes available in future years.

Notes to the Required Supplementary Information

- There were no benefit changes.
- The discount rate changed from the measurement date of June 30, 2014 of 5.39% to 4.90% as of the measurement date of June 30, 2015.
- The discount rate changed from the measurement date of June 30, 2015 of 4.90% to 3.98% as of the measurement date of June 30, 2016.
- The discount rate changed from the measurement date of June 30, 2016 of 3.98% to 5.00% as of the measurement date of June 30, 2017.
- The discount rate changed from the measurement date of June 30, 2017 of 5.00% to 5.66% as of the measurement date of June 30, 2018.
- The discount rate changed from the measurement date of June 30, 2018 of 5.66% to 6.28% as of the measurement date of June 30, 2019.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PERS

LAST TEN YEARS

	PERS - Last 10 Fiscal Years									
	Years Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013*	2012*	2011*	2010*
Contractually required contribution	\$ 531,233	\$ 513,378	\$ 589,434	\$ 582,527	\$ 688,075	\$ 752,641	\$ 659,358	\$ 559,528	\$ 629,453	\$ 616,727
Contributions in relation to the contractually required contribution	531,233	513,378	589,434	582,527	688,075	752,641	659,358	559,528	629,453	616,727
Agency's covered-employee payroll	4,028,322	3,901,339	3,661,815	4,068,593	4,508,345	5,760,666	5,180,757	5,257,232	5,180,757	5,442,341
Contributions as a % of covered-employee payroll	13.19%	13.16%	16.10%	14.32%	15.26%	13.07%	12.73%	10.64%	12.15%	11.33%

SUPPLEMENTARY INFORMATION

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

COMBINING BALANCE SHEET – OTHER GOVERNMENTAL NON-MAJOR FUNDS – DEBT SERVICE FUNDS

DECEMBER 31, 2019

	CHRISTOPHER COLUMBUS HOMES	MARCAL	NORTH JERSEY MUNICIPAL LOAN PROGRAM	NORTHWEST	SHERATON HOTEL	SOUTH JERSEY MUNICIPAL LOAN PROGRAM	BEST OF BASS PRO SHOPS	VERMONT PLAZA	IMPACTIVATE	TOTAL OTHER GOVERNMENTAL FUNDS
ASSETS										
CASH AND CASH EQUIVALENTS	\$ 724,770	\$ 98,116	\$ 1,219,487	\$ 26,715	\$ 34,600	\$ 891,452	\$ 820,669	\$ 3,326	\$ 59,086	\$ 3,878,221
ACCRUED INTEREST RECEIVABLE	13,104	22,675	239,541	(1,860)	-	3,059	-	-	607,215	883,734
OTHER RECEIVABLE	(43,940)	29,289	(177,069)	-	-	(42,231)	37,685	-	(74,746)	(271,012)
	<u>\$ 693,934</u>	<u>\$ 150,080</u>	<u>\$ 1,281,959</u>	<u>\$ 24,855</u>	<u>\$ 34,600</u>	<u>\$ 852,280</u>	<u>\$ 858,354</u>	<u>\$ 3,326</u>	<u>\$ 591,555</u>	<u>\$ 4,490,943</u>
LIABILITIES										
INTEREST PAYABLE	\$ 14,404	\$ 17,158	\$ 59,935	\$ -	\$ -	\$ 14,633	\$ 1,466,973	\$ -	\$ 313,809	\$ 1,886,912
OTHER PAYABLES	-	-	287,869	(20)	-	-	-	-	-	287,849
	<u>14,404</u>	<u>17,158</u>	<u>347,804</u>	<u>(20)</u>	<u>-</u>	<u>14,633</u>	<u>1,466,973</u>	<u>-</u>	<u>313,809</u>	<u>2,174,761</u>
FUND BALANCES:										
RESTRICTED FOR DEBT SERVICE	679,530	132,922	934,155	24,875	34,600	837,647	(608,619)	3,326	277,746	2,316,182
TOTAL FUND BALANCES	<u>679,530</u>	<u>132,922</u>	<u>934,155</u>	<u>24,875</u>	<u>34,600</u>	<u>837,647</u>	<u>(608,619)</u>	<u>3,326</u>	<u>277,746</u>	<u>2,316,182</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 693,934</u>	<u>\$ 150,080</u>	<u>\$ 1,281,959</u>	<u>\$ 24,855</u>	<u>\$ 34,600</u>	<u>\$ 852,280</u>	<u>\$ 858,354</u>	<u>\$ 3,326</u>	<u>\$ 591,555</u>	<u>\$ 4,490,943</u>

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – OTHER GOVERNMENTAL NON-MAJOR FUNDS – DEBT SERVICE FUNDS

YEAR ENDED DECEMBER 31, 2019

	CHRISTOPHER COLUMBUS HOMES	MARCAL	NORTH JERSEY MUNICIPAL LOAN PROGRAM	NORTHWEST	SHERATON HOTEL	SOUTH JERSEY MUNICIPAL LOAN PROGRAM	BEST OF BASS PRO SHOPS	VERMONT PLAZA	IMPACTIVATE	TOTAL OTHER GOVERNMENTAL FUNDS
REVENUES										
INTEREST AND INVESTMENT INCOME	\$ 98,545	\$ 299,495	\$ 446,610	\$ 567	\$ 517,099	\$ 63,736	\$ 311,776	\$ 54	\$ 344,009	\$ 2,081,891
TOTAL REVENUES	98,545	299,495	446,610	567	517,099	63,736	311,776	54	344,009	2,081,891
EXPENDITURES										
PROJECT COSTS	-	-	-	-	-	-	857,761	-	-	857,761
OTHER EXPENDITURES	9,040	33,557	63,232	-	-	-	-	-	-	105,829
DEBT SERVICE:										
INTEREST EXPENSE	86,423	259,239	430,356	-	516,839	87,796	334,884	-	244,538	1,960,075
PRINCIPAL	-	1,855,919	6,000,000	-	-	-	-	-	-	7,855,919
TOTAL EXPENDITURES	95,463	2,148,715	6,493,588	-	516,839	87,796	1,192,645	-	244,538	10,779,584
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,082	(1,849,220)	(6,046,978)	567	260	(24,060)	(880,869)	54	99,471	(8,697,693)
OTHER FINANCING SOURCES (USES)										
PAYMENTS RECEIVED ON NOTES	100,496	1,855,919	6,180,556	-	-	98,561	591,391	-	-	8,826,923
OTHER PAYABLES	-	-	3,448	-	-	(5,948)	-	-	-	(2,500)
CAPITAL-RELATED DEBT ISSUED	-	-	-	-	-	-	-	-	140,786	140,786
LOAN DISBURSEMENTS	-	-	-	-	-	-	-	-	(140,786)	(140,786)
TRANSFER TO OTHER FUND	-	-	15,601	-	-	-	-	-	-	15,601
TOTAL OTHER FINANCING SOURCES (USES)	100,496	1,855,919	6,199,605	-	-	92,613	591,391	-	-	8,840,024
NET CHANGE IN FUND BALANCE	103,578	6,699	152,627	567	260	68,553	(289,478)	54	99,471	142,331
FUND BALANCE JANUARY 1, 2019	575,952	126,223	781,528	24,308	34,340	769,094	(319,141)	3,272	178,275	2,173,851
FUND BALANCE DECEMBER 31, 2019	\$ 679,530	\$ 132,922	\$ 934,155	\$ 24,875	\$ 34,600	\$ 837,647	\$ (608,619)	\$ 3,326	\$ 277,746	\$ 2,316,182

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

COMBINING SCHEDULE OF FIDUCIARY NET POSITION – AGENCY FUNDS, OTHER (Page 1 of 2)

DECEMBER 31, 2019

	AC INLET NSA	AC SUPERMARKET	BALLY'S WAREHOUSE PURCHASE	CAROLINA GARDENS	CHELSEA WESTSIDE	CHESAPEAKE GARDENS SENIOR HOMES	CITYSCAPE	SENCIT LIBERTY APARTMENTS	GENERAL DEVELOPMENT
ASSETS									
CASH AND CASH EQUIVALENTS	\$ -	\$ 1,141,920	\$ -	\$ -	\$ 479,329	\$ -	\$ -	\$ -	\$ 1,367,298
NOTES RECEIVABLE	-	626,583	-	-	(167)	-	-	4,450,000	-
ACCRUED INTEREST RECEIVABLE	-	1,680	-	-	-	-	-	-	-
OTHER	-	8,580	-	-	-	-	-	-	(1,343,667)
REAL ESTATE	1,953,135	6,163,011	71,574	822,614	262,355	151,383	42,449	-	-
	<u>\$ 1,953,135</u>	<u>\$ 7,941,774</u>	<u>\$ 71,574</u>	<u>\$ 822,614</u>	<u>\$ 741,517</u>	<u>\$ 151,383</u>	<u>\$ 42,449</u>	<u>\$ 4,450,000</u>	<u>\$ 23,631</u>
LIABILITIES									
OTHER PAYABLES	\$ -	\$ -	\$ -	\$ -	\$ 850	\$ -	\$ -	\$ -	\$ -
RESERVES:									
RESTRICTED FOR OTHER PURPOSES	1,953,135	7,941,774	71,574	822,614	740,667	151,383	42,449	4,450,000	23,631
TOTAL LIABILITIES, RESERVES AND NET POSITION	<u>\$ 1,953,135</u>	<u>\$ 7,941,774</u>	<u>\$ 71,574</u>	<u>\$ 822,614</u>	<u>\$ 741,517</u>	<u>\$ 151,383</u>	<u>\$ 42,449</u>	<u>\$ 4,450,000</u>	<u>\$ 23,631</u>

	LAND BANKING	LIGHTHOUSE DISTRICT PARK PROJECT	MARKETPLACE LAND ACQUISITION	NEI CONSENSUAL ACQUISITIONS	PENNSYLVANIA AVENUE	RETAIL/LUXURY TAX REBATES	2ND WARD FAÇADE	S INLET LAND ACQUISITION	SE INLET TRANSPORTATION IMPROVEMENTS
ASSETS									
CASH AND CASH EQUIVALENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 835,515	\$ -	\$ -	\$ -
OTHER	-	-	-	-	-	(421,191)	-	-	-
REAL ESTATE	1,195,843	3,346,982	7,300,000	213,476	22,062	-	180	5,718,247	185,325
	<u>\$ 1,195,843</u>	<u>\$ 3,346,982</u>	<u>\$ 7,300,000</u>	<u>\$ 213,476</u>	<u>\$ 22,062</u>	<u>\$ 414,324</u>	<u>\$ 180</u>	<u>\$ 5,718,247</u>	<u>\$ 185,325</u>
LIABILITIES									
OTHER PAYABLES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 414,324	\$ -	\$ -	\$ -
RESERVES:									
RESTRICTED FOR OTHER PURPOSES	1,195,843	3,346,982	7,300,000	213,476	22,062	-	180	5,718,247	185,325
TOTAL LIABILITIES, RESERVES AND NET POSITION	<u>\$ 1,195,843</u>	<u>\$ 3,346,982</u>	<u>\$ 7,300,000</u>	<u>\$ 213,476</u>	<u>\$ 22,062</u>	<u>\$ 414,324</u>	<u>\$ 180</u>	<u>\$ 5,718,247</u>	<u>\$ 185,325</u>

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

COMBINING SCHEDULE OF FIDUCIARY NET POSITION – AGENCY FUNDS, OTHER (Page 2 of 2)

DECEMBER 31, 2019

	TEACHERS AND FIREFIGHTERS HOME LOANS	3-2-1 POLICE LOAN	VIRGINIA AVENUE	VIRGINIAN ACQUISITION	JOHN BROOKS RECOVERY CENTER	BEACH AT SOUTH INLET	CITY OF AC PROP ACQ LOAN	TOTAL AGENCY FUNDS
ASSETS								
CASH AND CASH EQUIVALENTS	\$ -	\$ 2,061,357	\$ -	\$ -	\$ -	\$ 216,163	\$ -	\$ 6,101,582
NOTES RECEIVABLE	-	121,115	-	-	3,600,000	11,400,000	51,653	20,249,184
ACCRUED INTEREST RECEIVABLE	-	512	-	-	-	367,210	-	369,402
OTHER	-	3,408	-	-	-	-	-	(1,752,870)
EQUITY INVESTMENT	-	-	-	-	-	3,600,000	-	3,600,000
REAL ESTATE	-	-	73,481	444,030	728,000	-	-	28,694,147
	<u>\$ -</u>	<u>\$ 2,186,392</u>	<u>\$ 73,481</u>	<u>\$ 444,030</u>	<u>\$ 4,328,000</u>	<u>\$ 15,583,373</u>	<u>\$ 51,653</u>	<u>\$ 57,261,445</u>
LIABILITIES								
OTHER PAYABLES	\$ -	\$ 30,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 445,887
RESERVES:								
RESTRICTED FOR OTHER PURPOSES	-	2,155,679	73,481	444,030	4,328,000	15,583,373	51,653	56,815,558
TOTAL LIABILITIES, RESERVES AND NET POSITION	<u>\$ -</u>	<u>\$ 2,186,392</u>	<u>\$ 73,481</u>	<u>\$ 444,030</u>	<u>\$ 4,328,000</u>	<u>\$ 15,583,373</u>	<u>\$ 51,653</u>	<u>\$ 57,261,445</u>

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – AGENCY FUNDS, OTHER (Page 1 of 2)

YEAR ENDED DECEMBER 31, 2019

	AC INLET NSA	AC SUPERMARKET	BALLY'S WAREHOUSE PURCHASE	CAROLINA GARDENS	CHELSEA WESTSIDE	CHESAPEAKE GARDENS SENIOR HOMES	CITYSCAPE	SENCIT LIBERTY APARTMENTS	GENERAL DEVELOPMENT
Additions									
Transfer from (to) reinvestment funds and other governmental funds	\$ (438)	\$ -	\$ -	\$ (7,985)	\$ (92,713)	\$ -	\$ -	\$ 4,450,000	\$ 92,715
Interest on notes	-	28,827	-	-	124,750	-	-	-	9,086
Total Additions	(438)	28,827	-	(7,985)	32,037	-	-	4,450,000	101,801
Deductions									
Grants and donations	762	-	-	35,644	-	-	-	-	-
Total Deductions	762	-	-	35,644	-	-	-	-	-
Change in net position	(1,200)	28,827	-	(43,629)	32,037	-	-	4,450,000	101,801
Total net position - beginning of the year	1,954,335	7,912,947	71,574	866,243	708,630	151,383	42,449	-	(78,170)
Total net position - end of the year	\$ 1,953,135	\$ 7,941,774	\$ 71,574	\$ 822,614	\$ 740,667	\$ 151,383	\$ 42,449	\$ 4,450,000	\$ 23,631

	GENERAL DONATIONS	LAND BANKING	LIGHTHOUSE DISTRICT PARK PROJECT	MARKETPLACE LAND ACQUISITION	NEI CONSENSUAL ACQUISITIONS	PENNSYLVANIA AVENUE	RETAIL/LUXURY TAX REBATES	2ND WARD FAÇADE	S INLET LAND ACQUISITION
Additions									
Transfer from (to) reinvestment funds and other governmental funds	\$ 2,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Remittances	-	-	-	-	-	-	35,211,622	-	-
Total Additions	2,150	-	-	-	-	-	35,211,622	-	-
Deductions									
Grants and donations	2,150	-	-	-	-	-	-	-	-
Tax Distributions	-	-	-	-	-	-	35,211,622	-	-
Total Deductions	2,150	-	-	-	-	-	35,211,622	-	-
Change in net position	-	-	-	-	-	-	-	-	-
Total net position - beginning of the year	-	1,195,843	3,346,982	7,300,000	213,476	22,062	-	180	5,718,247
Total net position - end of the year	\$ -	\$ 1,195,843	\$ 3,346,982	\$ 7,300,000	\$ 213,476	\$ 22,062	\$ -	\$ 180	\$ 5,718,247

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – AGENCY FUNDS, OTHER (Page 2 of 2)

YEAR ENDED DECEMBER 31, 2019

	SE INLET TRANSPORTATION IMPROVEMENTS	TEACHERS AND FIREFIGHTERS HOME LOANS	3-2-1 POLICE LOAN	VIRGINIA AVE HOMES	VIRGINIAN ACQUISITION	JOHN BROOKS RECOVERY CENTER	BEACH AT SOUTH INLET	CITY OF AC PROP ACQ LOAN	TOTAL AGENCY FUNDS
Additions									
Transfer from (to) reinvestment funds and other governmental funds	\$ -	\$ -	\$ 1,950	\$ -	\$ -	\$ 2,600,000	\$ 2,993,059	\$ -	\$ 10,038,738
Tax Remittances	-	-	-	-	-	-	-	-	35,211,622
Interest on notes	-	-	8,978	-	-	-	402,337	-	573,978
Total Additions	-	-	10,928	-	-	2,600,000	3,395,396	-	45,824,338
Deductions									
Grants and donations	-	6,250	-	-	-	-	-	-	44,806
Tax Distributions	-	-	-	-	-	-	-	-	35,211,622
Total Deductions	-	6,250	-	-	-	-	-	-	35,256,428
Change in net position	-	(6,250)	10,928	-	-	2,600,000	3,395,396	-	10,567,910
Total net position - beginning of the year	185,325	6,250	2,144,751	73,481	444,030	1,728,000	12,187,977	51,653	46,247,648
Total net position - end of the year	\$ 185,325	\$ -	\$ 2,155,679	\$ 73,481	\$ 444,030	\$ 4,328,000	\$ 15,583,373	\$ 51,653	\$ 56,815,558

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

To the Honorable Chairman and Members of the Board
of the Casino Reinvestment Development Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, of the Casino Reinvestment Development Authority (the "Authority"), as of and for the year ended December 31, 2019, and the related notes to the basic financial statements, which collectively comprises the Authority's basic financial statements, and have issued our report thereon dated July 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mercedien, P.C.
Certified Public Accountants

July 21, 2020

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None reported.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

None reported.