

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

REPORT OF FINANCIAL STATEMENTS
(With Supplementary Information)

FOR THE YEAR ENDED
December 31, 2009

**CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
ATLANTIC COUNTY, NEW JERSEY**

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**ALLIANCE OF
GOVERNMENTAL
AUDITORS, LLC**

CPAs, PC
PO Box 548, Mays Landing, NJ 08330
609-625-0999 FAX 609-625-2421

A JOINT VENTURE OF
SWARTZ & CO.,LLC &
TRACEY HEUN BRENNAN & CO.

Independent Auditor's Report

The Chairman and Members of the Board
Casino Reinvestment Development Authority
Atlantic City, NJ 08401

Members:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Casino Reinvestment Development Authority (the "CRDA" or the "Authority"), a component unit of the State of New Jersey, as of and for the year ended December 31, 2009, which collectively comprise the basic financial statements of the CRDA as listed in the table of contents. These basic financial statements are the responsibility of CRDA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the CRDA as of December 31, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis information is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to tests and other auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Alliance of Governmental Auditors, LLC

Alliance of Governmental Auditors, LLC

February 5, 2010

Required Supplemental Information

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MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDING DECEMBER 31, 2009

This section of the Casino Reinvestment and 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, 2009. It should be read in conjunction with the CRDA's financial statements, which follow this section.

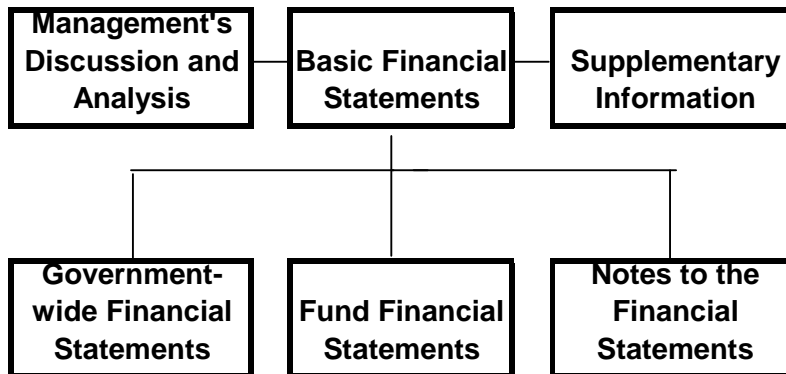
FINANCIAL HIGHLIGHTS

- The liabilities of the CRDA exceeded its assets at the close of the most recent fiscal year by approximately \$17 million, a decrease of approximately \$29 million from the prior year. The decrease is primarily the result of a \$17 million capital grant for road improvements and a reduction in community and economic development expenses.
- Cash and investments total approximately \$209.4 million, which is comparable to the prior year balance of \$210 million.
- Long-term liabilities decreased by approximately \$12 million to approximately \$469 million at year end 2009. The decrease is the result of scheduled redemptions of publicly issued debt.
- Real estate holdings increased to approximately \$89.6 million during the fiscal year, as real estate was purchased primarily for Authority road projects.
- General fund actual revenue was more than budgeted revenue for the 2009 year due to additional funding received from the South Jersey Transportation Authority for Authority road projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and a section that presents *combining statements* for non major governmental funds.

Required Components of CRDA's Annual Financial Report



The basic financial statements include two kinds of statements that present different views of the CRDA:

- *Government-wide financial statements* that provide both *long-term* and *short-term* information about the CRDA's *overall* financial status.
- *Fund financial statements* that focus on individual parts of the CRDA.

Government-wide Statements

The government-wide statements report information about the CRDA as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the CRDA's assets 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.

CRDA's government-wide financial statements have only one category, *governmental activities*. All of CRDA's operations and programs are included here, including the administration of projects and community and economic development.

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 an accounting method that CRDA uses to keep track of specific sources of revenue and spending for particular purposes.

The CRDA has two fund groupings, governmental 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 government funds statement that explains the relationship (or difference) between them.
- *Fiduciary fund statements* address accounts in which CRDA acts solely as a *trustee or agent* for the benefits of others. The CRDA is the trustee, or *fiduciary*, for casino reinvestment obligations. It is also responsible for other assets that – because of trust arrangements – 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 assets and a statement of changes in fiduciary net assets. 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 a section of *supplementary information* that further explains and supports the information in the financial statements.

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

Major Features of CRDA's Government-wide and Fund Financial Statements

| | Government-wide Statements | Fund Statements | |
|---|--|--|---|
| | | Governmental Funds | Fiduciary Funds |
| Scope | Entire CRDA operation (except fiduciary funds) | The activities of the CRDA that are not fiduciary (governmental activities) | Instances in which the CRDA is the trustee or agent for other's resources, such as the casino reinvestment obligations. |
| Required financial statements | 1) Statement of net assets 2) Statement of activities | 1) Balance sheet 2) Statement of revenues, expenditures, and changes in fund balance | 1) Statement of fiduciary net assets 2) Statement of changes in fiduciary net assets |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus |
| Type 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 |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues 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 year, regardless of when cash is received or paid |

Government-wide Financial Analysis

| | Net Assets | | Total Percentage Change |
|---|-------------------------|---------------------|-------------------------------|
| | Governmental Activities | | |
| | <u>2009</u> | <u>2008</u> | |
| Current and other assets | \$ 255,950,043 | 257,104,213 | 0% |
| Notes receivable | 126,720,575 | 119,431,121 | 6% |
| Capital assets | <u>89,730,464</u> | <u>83,924,660</u> | <u>7%</u> |
| Total assets | <u>472,401,082</u> | <u>460,459,994</u> | <u>3%</u> |
| Other liabilities | 19,521,199 | 24,481,872 | -20% |
| Long-term liabilities | <u>469,491,685</u> | <u>481,708,345</u> | <u>-3%</u> |
| Total Liabilities | <u>489,012,884</u> | <u>506,190,217</u> | <u>-3%</u> |
| Net Assets: | | | |
| Invested in capital assets, net of related debt | 94,595 | 73,670 | 28% |
| Restricted | 32,285,209 | 32,252,957 | 0% |
| Unrestricted | <u>(48,991,606)</u> | <u>(78,056,850)</u> | <u>-37%</u> |
| Total net assets | <u>\$ (16,611,802)</u> | <u>(45,730,223)</u> | <u>-64%</u> |

Restricted net assets represent resources that are subject to external restrictions on how they may be used. The restricted assets consist of debt service in the amount of \$32 million. The remaining balance of *unrestricted net assets* includes approximately \$19.4 million which may be used for any Authority purpose, and a negative \$68.4 million designated for future project costs.

At the end of 2009, the CRDA maintains positive balances in two of three categories of net assets. The negative unrestricted net assets balance resulted from expenditures for approved projects from funds obtained from 2004 and 2005 bond issues. Revenues for these projects began to be received in July 2006.

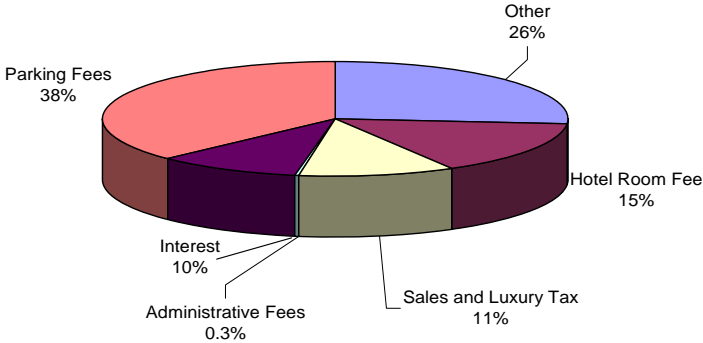
The CRDA holds \$89.6 million in real estate investments. This real estate may be transferred to other entities upon completion of a project.

Changes in Net Assets

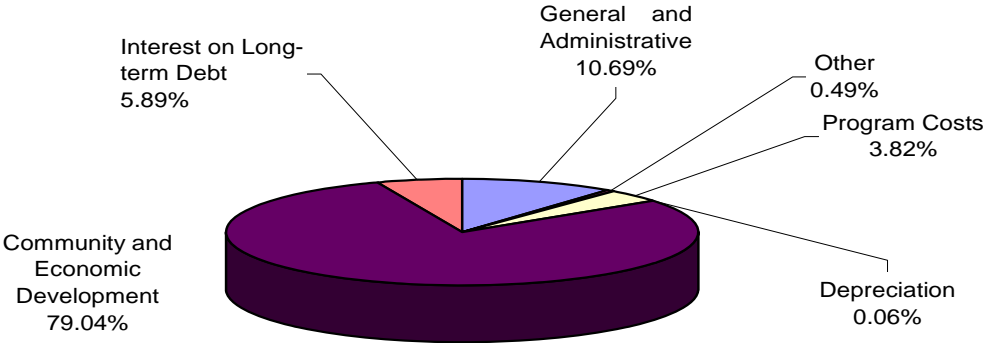
| | Governmental Activities | | Total |
|-------------------------------------|-------------------------|--------------------|----------------------|
| | <u>2009</u> | <u>2008</u> | Percentage Change |
| Revenues | | | |
| Fees: | | | |
| Administrative | \$ 195,619 | 290,607 | -32.7% |
| Hotel room | 10,705,339 | 12,226,028 | -12.4% |
| Sales tax | 7,441,114 | 6,023,502 | 23.5% |
| Parking | 25,833,820 | 29,040,528 | -11.0% |
| Operating: | | | |
| Grant | 17,000,000 | - | 100.0% |
| Other | 1,208,000 | 1,081,320 | 11.7% |
| Investment income | 6,945,436 | 13,989,507 | -50.4% |
| Total revenues | 69,329,328 | 62,651,492 | 10.7% |
| Expenses | | | |
| General and Administrative | 4,300,173 | 4,407,264 | -2.4% |
| Other | 196,628 | 291,717 | -32.6% |
| Program Costs | 1,537,299 | 5,421,424 | -71.6% |
| Depreciation | 25,653 | 26,470 | -3.1% |
| Interest on long-term debt | 2,367,749 | 3,090,998 | -23.4% |
| Community & Economic Development | 31,783,404 | 56,699,593 | -43.9% |
| Total expenses | 40,210,906 | 69,937,466 | -42.5% |
| Increase in net assets | \$ 29,118,422 | (7,285,974) | 499.7% |

The CRDA's net assets increased by \$29.1 million during the current fiscal year. This increase is due the receipt of a \$17 million capital grant for road improvements and a reduction in community and economic development expenses.

Revenues



Expenses



Governmental Funds Financial Analysis.

Governmental activities represent 100% of CRDA's governmental funds. CRDA has no proprietary or business-type activities.

As of the end of 2009, the CRDA's governmental funds reported combined ending fund balances of \$215,025,900 an increase of \$2,322,396 for the fiscal year. Of this total amount only \$7,445,326 is *unreserved*, or available for any CRDA purpose. The remainder of fund balance or \$207,580,574 is *reserved* to indicate that it is not available for new spending because it has already been committed to pay debt service (\$33,299,377) and for projects (\$174,281,197).

The Governmental Funds are comprised of the General Fund, Special Revenue Fund 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 additionally fund community and economic development projects.

There are two Special Revenue Funds included in Governmental Funds. The Parking Fee Revenue 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 A.C casino expansion projects. The Hotel Room Fee Fund utilizes hotel room fee revenue and associated issued debt to fund Atlantic City casino expansion projects, advances to the New Jersey Sports and Exhibition Authority for horse racing purse enhancements 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

The CRDA's investment in capital assets is \$94,595 (net of accumulated depreciation of \$393,660) and consists of office furnishings, computers, and office equipment. An investment in real estate of \$89,635,869 is also held for authorized projects.

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 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.

In March 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 Revenue 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.

The CRDA also issues project bonds to casino licensees with terms varying from 35 to 50 years at interest rates varying between 4.0% 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.

| | <u>2009</u> | <u>2008</u> |
|-------------------------------|-----------------------|-----------------------|
| Debt outstanding January 1, | \$ 468,008,448 | \$ 484,260,401 |
| Additions to Debt | 1,906,468 | 2,174,546 |
| Reduction of Debt | <u>(12,218,397)</u> | <u>(18,426,499)</u> |
| Debt outstanding December 31, | 457,696,519 | 468,008,448 |
| Plus: Net unamortized Premium | <u>10,041,394</u> | <u>11,416,305</u> |
| | <u>\$ 467,737,913</u> | <u>\$ 479,424,753</u> |

GOVERNMENT - WIDE FINANCIAL STATEMENTS

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Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Statement of Net Assets
December 31, 2009

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| Assets | |
| Cash and cash equivalents | \$ 137,565,688 |
| Restricted cash | 32,285,209 |
| Marketable securities, net of allowance | 39,608,396 |
| Receivables: | |
| Notes receivable | 126,720,575 |
| Accrued interest receivable | 29,782,912 |
| Accrued revenue | 7,341,926 |
| Other | 3,922,194 |
| Deferred costs | 5,443,718 |
| Real Estate | 89,635,869 |
| Capital assets, net of depreciation | 94,595 |
| Total Assets | <u><u>472,401,082</u></u> |
| Liabilities | |
| Interest payable | 9,942,838 |
| Other payables | 9,578,361 |
| Long-term liabilities: | |
| Due within one year | 11,098,582 |
| Due in more than one year | 458,393,103 |
| Total Liabilities | <u><u>489,012,884</u></u> |
| Net Assets | |
| Investment in capital assets, net of related debt | 94,595 |
| Restricted for: | |
| Debt service | 32,285,209 |
| Unrestricted | (48,991,606) |
| Total Net Assets | <u><u>\$ (16,611,802)</u></u> |

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Statement of Activities
For The Year Ended December 31, 2009**

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenue</u> | | | <u>Net (Expense) Revenue and Changes in Net Assets</u> | |
|-------------------------------|----------------------|------------------------|-----------------------------|------------------------|--|---------------------|
| | | <u>Fees</u> | <u>Operating Income</u> | <u>Capital Grants</u> | <u>Governmental Activities</u> | <u>Total</u> |
| Governmental Activities | | | | | | |
| General and Administration | \$ 4,300,173 | 1,171,777 | | | (3,128,396) | (3,128,396) |
| Other | 196,628 | | 161,842 | | (34,786) | (34,786) |
| Program costs | 1,537,299 | 7,441,114 | | | 5,903,815 | 5,903,815 |
| Depreciation | 25,653 | | | | (25,653) | (25,653) |
| Interest on long-term debt | 2,367,749 | | | | (2,367,749) | (2,367,749) |
| Community development | 31,783,405 | 36,539,159 | 70,000 | 17,000,000 | 21,825,754 | 21,825,754 |
| Total governmental activities | <u>\$ 40,210,907</u> | <u>45,152,050</u> | <u>231,842</u> | <u>17,000,000</u> | <u>22,172,985</u> | <u>22,172,985</u> |
| | | | | General revenues: | | - |
| | | | | Investment Income | 6,945,436 | 6,945,436 |
| | | | | Total general revenues | 6,945,436 | 6,945,436 |
| | | | | Changes in net assets | 29,118,421 | 29,118,421 |
| | | | | Net assets - beginning | (45,730,223) | (45,730,223) |
| | | | | Net assets - ending | <u>\$ (16,611,802)</u> | <u>(16,611,802)</u> |

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

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Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Balance Sheet
Governmental Funds
December 31, 2009

| | General Fund | Special Revenue Fund | | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------|-------------------|--------------------------|--------------------------|
| | | Parking Fee | Hotel Room Fee | | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 59,779,565 | 84,866,782 | 23,794,597 | 1,409,953 | 169,850,897 |
| Marketable securities, net of allowance | | 39,608,103 | 293 | | 39,608,396 |
| Receivables: | | | | | |
| Accrued interest receivable | 173,643 | | | 190,115 | 363,758 |
| Accrued parking fees | | 3,770,469 | | | 3,770,469 |
| Accrued hotel room fees | | | 3,571,457 | | 3,571,457 |
| Other | 1,636,876 | | | 2,118,709 | 3,755,585 |
| Total Assets | <u>61,590,084</u> | <u>128,245,354</u> | <u>27,366,347</u> | <u>3,718,777</u> | <u>220,920,562</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Interest payable | | 1,268,579 | 2,221,159 | 167,028 | 3,656,766 |
| Other payables | 866,758 | 1,189,858 | 65,327 | 115,953 | 2,237,896 |
| Total Liabilities | <u>866,758</u> | <u>2,458,437</u> | <u>2,286,486</u> | <u>282,981</u> | <u>5,894,662</u> |
| Fund Balances: | | | | | |
| Reserved fund equity: | | | | | |
| Reserve for debt service | | 30,208,688 | | 3,090,689 | 33,299,377 |
| Reserve for project costs | 53,278,000 | 95,578,229 | 25,079,861 | 345,107 | 174,281,197 |
| Unreserved fund equity: | | | | | |
| Undesignated | 7,445,326 | | | | 7,445,326 |
| Total Fund Balances | <u>60,723,326</u> | <u>125,786,917</u> | <u>25,079,861</u> | <u>3,435,796</u> | <u>215,025,900</u> |
| Total liabilities and fund balances | \$ <u>61,590,084</u> | <u>128,245,354</u> | <u>27,366,347</u> | <u>3,718,777</u> | |

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

94,595

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

251,385,925

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

(483,118,222)

Net assets of governmental activities

\$ (16,611,802)

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Year Ended December 31, 2009

| | General Fund | Special Revenue Fund | | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------|-------------------|--------------------------------|--------------------------------|
| | | Parking Fee | Hotel Room Fee | | |
| REVENUES | | | | | |
| Administrative fees | \$ 195,619 | | | | 195,619 |
| Interest and investment income | 1,466,190 | 1,039,836 | 39,207 | 2,086,887 | 4,632,120 |
| Parking revenue | | 25,833,820 | | | 25,833,820 |
| Hotel room fee revenue | | | 10,705,339 | | 10,705,339 |
| Sales and luxury tax rebate revenue | 7,441,114 | | | | 7,441,114 |
| Grant revenue | 17,000,000 | | | | 17,000,000 |
| Processing fees | 976,158 | | | | 976,158 |
| Other | 277,161 | 70,000 | | - | 347,161 |
| Total revenues | <u>27,356,242</u> | <u>26,943,656</u> | <u>10,744,546</u> | <u>2,086,887</u> | <u>67,131,331</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Salaries and benefits | 3,243,179 | | | | 3,243,179 |
| General & administrative | 723,338 | | | | 723,338 |
| Professional services | 333,656 | | | | 333,656 |
| Project Costs | 1,537,299 | 10,839,624 | 2,263,222 | 4,798 | 14,644,943 |
| Other | | 513,028 | | 161,868 | 674,896 |
| Debt Service: | | | | | |
| Interest expense | | 14,776,213 | 4,442,319 | 1,850,910 | 21,069,442 |
| Principal | | 7,136,037 | 3,445,000 | 1,637,360 | 12,218,397 |
| Notes payable | | 640,000 | | | 640,000 |
| Capital outlay | | | | | |
| Purchase of Fixed Assets | 46,579 | | | | 46,579 |
| Total expenditures | <u>5,884,051</u> | <u>33,904,902</u> | <u>10,150,541</u> | <u>3,654,936</u> | <u>53,594,430</u> |
| Excess (deficiency) of revenues over expenditures | 21,472,191 | (6,961,246) | 594,005 | (1,568,049) | 13,536,901 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Payments received on notes | 434,257 | | | 930,944 | 1,365,201 |
| Capital related debt issued | | 1,906,468 | | - | 1,906,468 |
| Loan disbursements | (8,658,267) | | | - | (8,658,267) |
| Purchase of real estate | (2,332,125) | (3,495,782) | | | (5,827,907) |
| Total other financing sources and uses | <u>(10,556,135)</u> | <u>(1,589,314)</u> | <u>-</u> | <u>930,944</u> | <u>(11,214,505)</u> |
| Net change in fund balance | 10,916,056 | (8,550,560) | 594,005 | (637,105) | 2,322,396 |
| Fund Equity, January 1, 2009 | <u>49,807,270</u> | <u>134,337,477</u> | <u>24,485,856</u> | <u>4,072,901</u> | <u>212,703,504</u> |
| Fund Equity, December 31, 2009 | <u>\$ 60,723,326</u> | <u>125,786,917</u> | <u>25,079,861</u> | <u>3,435,796</u> | <u>215,025,900</u> |

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combined Statement of Revenues, Expenditures and Changes in Fund Equity
to the Statement of Activities
For The Year Ended December 31, 2009**

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

| | | |
|--|----|------------|
| Net change in fund balances - total governmental funds | \$ | 2,322,396 |
| 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 is the amount by which capital outlays exceeds depreciation in the current period. | | 5,848,833 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | 2,313,316 |
| 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 assets. 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. | | 11,862,608 |
| Disbursements on long-term notes receivable consume current financial resources of governmental funds, and principal payments received on notes receivable provide current financial resources to governmental funds. These transactions do not affect net assets. | | 7,334,747 |
| 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. | | (563,479) |
| Change in net assets of governmental activities | \$ | 29,118,421 |

The accompanying notes are an integral part of these financial statements

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Statement of Revenues, Expenditures and Changes in Fund Equity
Budget and Actual - General Fund Type
For The Year Ended December 31, 2009

| | <u>Budget</u> | <u>Actual</u> | <u>Variance - Budget to Actual</u> |
|-------------------------------------|---------------------|-------------------|--|
| REVENUES: | | | |
| Administrative fees | \$ 296,145 | 195,619 | (100,526) |
| Interest and investment income | 5,117,539 | 1,466,190 | (3,651,349) |
| Sales and luxury tax rebate revenue | 7,670,965 | 7,441,114 | (229,851) |
| Processing fees | 1,009,520 | 976,158 | (33,362) |
| Grant revenue | | 17,000,000 | 17,000,000 |
| Other | 100,000 | 277,161 | 177,161 |
| | <u>14,194,169</u> | <u>27,356,242</u> | <u>13,162,073</u> |
| EXPENDITURES: | | | |
| Salaries and benefits | 3,399,649 | 3,243,179 | 156,470 |
| General & administrative | 881,237 | 723,338 | 157,899 |
| Professional services | 397,000 | 333,656 | 63,344 |
| Capital Outlay - Fixed Assets | 130,450 | 46,579 | 83,871 |
| Project Costs | | 1,537,299 | (1,537,299) |
| | <u>\$ 4,808,336</u> | <u>5,884,051</u> | <u>(1,075,715)</u> |

There were no modifications to the adopted budget

The accompanying notes are an integral part of these financial statements

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2009**

| | | <u>Total</u> |
|---------------------------------------|----|---------------------------|
| Assets | | |
| Cash and cash equivalents | \$ | 314,320,469 |
| Receivables: | | |
| Notes receivable | | 5,318,443 |
| Accrued interest receivable | | 20,675 |
| Obligations receivable | | 11,189,916 |
| Other | | 5,399,188 |
| Capital Assets: | | |
| Real Estate | | 10,201,799 |
| | | <u>346,450,490</u> |
| Total Assets | | <u><u>346,450,490</u></u> |
| Liabilities | | |
| Interest payable | | 1,001,360 |
| Other payables | | 14,825,345 |
| Reserves: | | |
| Obligations payable | | 282,644,759 |
| Direct investment deposits | | 1,936,506 |
| Donation deposits | | 25,399,897 |
| Project costs | | 20,642,623 |
| | | <u>346,450,490</u> |
| Total Liabilities and Reserves | | <u><u>346,450,490</u></u> |
| Net Assets: | | |
| Total Net Assets | \$ | <u><u>-</u></u> |

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2009**

| | Total |
|------------------------------------|----------------|
| ADDITIONS: | |
| Obligation deposits | \$ 50,788,670 |
| Transfer from reinvestment | 14,084,521 |
| Retail and luxury tax rebate | 27,495,380 |
| Interest on notes | 236,266 |
| Other income | 506 |
| Total Additions | 92,605,343 |
| DEDUCTIONS: | |
| Direct investments | 20,660,409 |
| Direct donations: | |
| Transfers to other fiduciary funds | 239,686 |
| Other | 13,844,835 |
| Accrued obligations | 1,209,847 |
| Bonds issued | 1,906,468 |
| Credits | 3,136 |
| Grants and donations | 17,637,082 |
| Retail and luxury tax rebate | 27,495,380 |
| Total deductions | 82,996,843 |
| NET CHANGE IN RESERVES | 9,608,500 |
| Net assets - beginning | |
| Net assets - ending | \$ _____ |

The accompanying notes are an integral part of these financial statements

1. Summary of Significant Accounting Policies

The financial statements of the Casino Reinvestment Development Authority (CRDA) have been prepared in conformity with accounting principals generally accepted in the United States of America 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 Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the CRDA are discussed below.

Reporting Entity

The CRDA's financial statements include the accounts of all of 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 Government Accounting Standards Board (GASB) 14, financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose 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: Fund Accounting

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non fiduciary activities of the CRDA during 2009. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 the operation of the governmental fund. Other items not properly included within program revenues are reported instead as *general revenues*. There was \$6,945,436 in general revenues during 2009.

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

Measurement focus, basis of accounting and financial statement presentation

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

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2009

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 accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Parking fees, hotel room fees, 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.

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 *parking fee 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 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, advances to the New Jersey Sports and Exhibition Authority for horse racing purse enhancements, projects in South Jersey and North Jersey and debt service on a long-term obligation.

Additionally, the CRDA reports the following fiduciary fund types:

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 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 contracts and agreements.

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.

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.

Fixed Assets

Fixed assets, consisting primarily of furniture and equipment, are carried at cost less accumulated depreciation of \$94,595 at December 31, 2009. The CRDA depreciates its assets using the straight-line method over the estimated useful lives, generally seven years for office equipment and furniture and fixtures and five years for computer equipment.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the certain reported amounts and disclosures. Actual results could differ from those estimates.

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 deductibles associated with the policies and an event that may exceed policy coverage limits.

Notes Receivable

Notes receivable includes 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 the CRDA. The annual principal amount forgiven is recorded as forgiveness of debt.

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 effect each borrower's ability to repay, estimated value of any underlying collateral and current economic conditions. As of December 31, 2009, a provision for uncollectible accounts was not required.

Bonds Payable

The Authority issues tax-exempt private activity bonds and taxable bonds to casino licensees. The proceeds from these bond issues are used to provide long-term, low-interest, loans to businesses, certain 501 (c) (3) non-profit activities, and other projects. Also included in bonds payable are parking fee revenue bonds and hotel room fee revenue bonds 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.

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 are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

2. Investments

As of December 31, 2009, the Authority had the following investments:

| | <u>Maturities</u> | <u>Fair Value</u> |
|-----------------------|-------------------|-------------------|
| Marketable Securities | various | \$ 39,608,396 |
| CD | 2/17/2010 | 68,814 |

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 rating 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 bankers’ acceptances.

Certificates of deposit issued by a bank, trust company, national banking association, savings and loan association or other financial institution that is 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 deposit, 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.

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

3. Cash

Custodial Credit Risk – Deposits. Custodial credit risk 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 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, 2009, \$483,957,746 of the Authority’s bank balance of \$485,904,621 was exposed to custodial credit risk.

Cash and cash equivalents included various checking and money market accounts, and U.S. obligations with maturities of three months or less. \$32,285,209 of the CRDA’s cash is reserved for debt service.

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2009

4. Notes Receivable

As of December 31, 2009, the Parking Fee Revenue Fund includes a note receivable in the amount of \$8,600,000 due from the New Jersey Sports and Exposition Authority (NJSEA), a component unit included in the State of New Jersey’s comprehensive annual report. This note, which bears interest at 5.773%, is due on February 10, 2010 or such longer term as shall be required for repayment of the loan and interest thereon from NJSEA’s “Available Cash Flow” as defined in the note.

Remaining notes receivable within the Parking Fee Revenue Fund and the debt service fund consist of loans with terms varying from 15 to 40 years at interest rates varying between 3.4% and 8.5%. Repayment of notes receivable are secured by mortgages.

5. Fixed Assets

Summary of changes in fixed assets for the year ended December 31, 2009:

| | Other Capital Assets Furniture and Equipment | Accumulated Depreciation | Net |
|---------------------------|--|-----------------------------|---------------|
| Balance January 1, 2009 | \$ 798,151 | (724,481) | 73,670 |
| Increases | 46,579 | (25,654) | 20,925 |
| Decreases | <u>(356,475)</u> | <u>356,475</u> | <u>-</u> |
| Balance December 31, 2009 | <u>\$ 488,255</u> | <u>(393,660)</u> | <u>94,595</u> |

6. Interfund Receivables/Payables

The following is a summary of interfund receivables and payables at December 31, 2009:

| | Due to (due from) General | Due to (due from) Reinvestment | Due to (due from) AC Corridor | Due to (due from) Hotel Room Fee | Due to (due from) Deregulation | Due to (due from) Debt Service Fund | Due to (due from) Agency Fund |
|---------------------|---------------------------------|--------------------------------------|--|---|--------------------------------------|--|--|
| Interest | \$ 142,217 | (99,808) | (30,319) | (11,989) | | | (101) |
| Administrative fees | 118,005 | | | | | (118,005) | |
| Miscellaneous | | 672,074 | (618,736) | (53,338) | | | |
| Deregulation Funds | | <u>(345,107)</u> | | | 345,107 | | |
| | <u>\$ 260,222</u> | <u>227,159</u> | <u>(649,055)</u> | <u>(65,327)</u> | <u>345,107</u> | <u>(118,005)</u> | <u>(101)</u> |

The interfunds are the result of timing issues. They will be eliminated in the subsequent year.

7. Obligation Deposits

- a. 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 New Jersey Development Authority for Small Businesses, Minorities and Women Enterprises (NJSBMWE) can be used to purchase bonds of the New Jersey Development Authority.
- b. 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.

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2009

- c. 2009 Obligations and Donations account activity is summarized below:

| <u>Obligation deposits</u> | |
|--|-----------------------|
| Beginning Balance | \$ 267,626,266 |
| Obligation deposits | 38,388,908 |
| Direct investments | (20,389,342) |
| Direct donations | (11,833,539) |
| Transfer to donations | (427,845) |
| Bonds issued | (1,906,468) |
| Credits | (3,136) |
| Obligations receivable | - |
| Ending balance | <u>271,454,844</u> |
| <u>Direct Investment Deposit</u> | |
| Beginning Balance | 2,207,573 |
| Disbursements | <u>(271,067)</u> |
| Ending Balance | <u>1,936,506</u> |
| <u>Donation Deposits</u> | |
| Beginning balance | 27,223,034 |
| Transfers from obligations | 427,845 |
| Grants to Agency and Debt Service Funds | (2,250,982) |
| Ending balance | <u>25,399,897</u> |
| | <u>\$ 298,791,247</u> |

8. Bonds Payable

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

On March 23, 2005 the CRDA issued \$291,670,000 in Parking Fee Revenue Bonds. Series 2005A in the amount of \$107,140,000 were tax exempt bonds, with interest rates varying between 5% 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 Atlantic City casino expansion projects. These bonds are payable solely from hotel room fees.

Casino Pool Bonds

The CRDA also issues project bonds to casino licensees with terms varying from 35 to 50 years at interest rates varying between 4.0% 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. Accordingly, due to a lack of revenues generated Helrich Plaza bondholders received only a portion of amounts due under the bonds in 2009. The bond holders of the Vermont Plaza project and the Sheraton Headquarters Hotel are not currently receiving principal or interest payments.

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2009

The CRDA has a debt service reserve set up for the following bond issues:

| <u>Bond Issue</u> | <u>Amount</u> |
|---|----------------------|
| \$107 million Parking Fee Revenue Bonds | \$ 22,055,755 |
| \$184.5 million Parking Fee Revenue Bonds | 7,728,959 |
| Atlantic City Boardwalk Convention Center Project Bonds | 423,954 |
| Balance at December 31, 2009 | \$ <u>30,208,668</u> |

One half of the debt service reserve fund requirement for the 2005 Parking Fee Revenue Bonds has been invested through a Reserve Fund Forward Delivery Agreement with Merrill Lynch Capital Services, Inc. The Agreement provides a guaranteed rate of return of 4.475% and converts to cash on each future bond payment date.

The entire debt service reserve fund requirement for the Hotel Room Fee Revenue Bonds is funded by a surety bond.

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2009

The following is a summary of the CRDA's long-term debt transactions for the year ended December 31, 2009:

| | | Publicly Issued Bonds | Project Bonds | Total |
|------------------------------|----|--------------------------|--------------------|--------------------|
| Debt outstanding 12/31/08 | \$ | 365,800,000 | 102,208,448 | 468,008,448 |
| Additions to Debt | | | 1,906,468 | 1,906,468 |
| Reduction of Debt | | (10,440,000) | (1,778,397) | (12,218,397) |
| Debt outstanding 12/31/09 | | 355,360,000 | 102,336,519 | 457,696,519 |
| Net Unamortized Premium | | 10,041,394 | | 10,041,394 |
| | | <u>365,401,394</u> | <u>102,336,519</u> | <u>467,737,913</u> |
| Amounts due within one year: | \$ | <u>10,915,000</u> | <u>183,582</u> | <u>11,098,582</u> |

The following table reflects scheduled debt service for publicly issued revenue bonds:

| Calendar Year | | Principal | Interest |
|------------------|----|--------------------|--------------------|
| 2010 | \$ | 10,915,000 | 18,309,075 |
| 2011 | | 12,350,000 | 17,731,447 |
| 2012 | | 21,220,000 | 16,883,317 |
| 2013 | | 24,605,000 | 15,720,955 |
| 2014 | | 25,360,000 | 14,452,878 |
| 2015-2019 | | 121,130,000 | 53,832,419 |
| 2020-2024 | | 113,330,000 | 22,931,055 |
| 2025 | | 26,450,000 | 704,433 |
| Total | \$ | <u>355,360,000</u> | <u>160,565,579</u> |

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2009

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

| Calendar Year: | Principal | Interest |
|----------------|----------------|------------|
| 2010 | \$ 183,582 | 3,613,820 |
| 2011 | 191,531 | 3,604,687 |
| 2012 | 449,107 | 3,595,927 |
| 2013 | 457,043 | 3,576,005 |
| 2014 | 464,082 | 3,555,756 |
| 2015-2019 | 5,427,308 | 17,224,611 |
| 2020-2024 | 6,730,396 | 15,921,524 |
| 2025-2029 | 22,689,842 | 14,776,891 |
| 2030-2034 | 34,924,253 | 9,778,045 |
| 2035-2039 | 3,384,083 | 6,941,819 |
| 2040-2044 | 25,279,503 | 4,639,369 |
| 2045-2049 | 2,155,789 | 216,774 |
| | | |
| Total | \$ 102,336,519 | 87,445,228 |

9. Note Payable

During 2002, the CRDA purchased certain real estate from the Housing Authority and Urban Redevelopment Agency of the City of Atlantic City for \$7,200,000. The CRDA financed \$6,400,000 through a non-interest bearing note to the seller that is payable in ten equal annual installments of \$640,000 commencing October 21, 2002. The note, which totals \$1,753,772 as of December 31, 2009, is recorded in the accompanying statement of net assets, net of unamortized discount. Interest was imputed at 5%, which approximates the CRDA's effective borrowing rate. The note is secured by a first money mortgage on the real estate.

10. Project and Direct Investment Commitments

- a. During 2009, the Authority committed approximately \$30.5 million in current and future obligations to finance direct investment and other projects.

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2009

As of December 31, 2009, CRDA had outstanding commitments as follows:

| | |
|--|--------------|
| Atlantic City | |
| Northeast Inlet Redevelopment | \$ 5,694,035 |
| Bally's Hope Loan Program | 999,424 |
| NJIT Housing Technology Demonstration Park | 550,525 |
| Convention Center East Hall | 28,882,507 |
| Habitat for Humanity | 15,472 |
| AC/Brigantine Connector Road | 45,849,588 |
| Virginia Avenue Improvements | 4,479,467 |
| Atlantic Avenue Façade Program | 701,565 |
| North Carolina Avenue Improvements | 367,119 |
| 2nd Ward Façade | 281,242 |
| Pennsylvania Avenue Homes | 100,666 |
| Carolina Gardens | 855,202 |
| Cityscape | 38,643 |
| AC Housing Fund | 17,187,024 |
| Maryland Avenue Façade | 11,438 |
| AC Homeowners Program | 42,799 |
| Maine Avenue Project | 6,499,685 |
| Boys & Girls Club | 186,360 |
| Tax Certificate Acquisitions | 51,077 |
| Venice Park Bulkhead | 1,934,972 |
| Dwayne Harris Memorial Ballfield | 474,558 |
| Reliance Health Relocation | 29,093 |
| Hope VI On-Site Project | 78,221 |
| Pete Pallitto Field Project | 6,523 |
| AC Corridor Bond Pledge | 145,620,862 |
| Hope VI Housing | 3,406,908 |
| 2nd Ward Housing | 1,268,973 |
| Main Street AC | 250 |
| Stockton Campus Project | 40,000 |
| Corridor Parking Garage | 20,400,000 |
| Healthplex | 57,316 |
| Atlantic City Economic Development | 129,674 |
| AC Traffic Operations Center | 35 |
| Fresh Food Market | 314,637 |

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2009

| | |
|--|-----------------------|
| Atlantic City (Continued) | |
| Pacific Avenue Development | 3,030 |
| SE Inlet Transportation Improvements | 37,900 |
| Lighthouse District Park Project | 107,642 |
| Vision 2000 Foreclosure | 237,646 |
| AC National Guard Armory | 1,000,124 |
| The Walk | 4,500,000 |
| Vermont Plaza | 1,800,000 |
| Atlantic Cape Community College | 5,000,000 |
| | <hr/> |
| Total Atlantic City | <u>299,242,202</u> |
| South Jersey | |
| Agricultural Loan Program | 232,096 |
| Woodbine Airport | 64,544 |
| Gateway Village | 480,521 |
| Camden Project Fund | 9,400,000 |
| A.C. Boys & Girls Club | 140,649 |
| SJ Transportation and Green Projects | 784,986 |
| Shepherd's Farm Housing | 667,598 |
| EHT Route 40 Corridor | 2,945,285 |
| SJ Regional Fire Training Center | 1,386,429 |
| Greater Trenton Area YMCA | 5,525,000 |
| Caesar's Hotel Expansion | 14,649,241 |
| Harrah's Hotel Expansion | 10,750,147 |
| Resorts Hotel Expansion | 5,791,804 |
| Pinnacle Hotel Expansion | 19,935,667 |
| Transportation Master Plan | 584,366 |
| Workforce Housing Development | 15,600 |
| SJ Workforce Housing Loan Fund | 20,000,000 |
| SJ Food Access Initiative Project | 2,000,000 |
| SJT & Land Use Program | 1,000,000 |
| AC International Inspection Services | 4,000,000 |
| | <hr/> |
| Total South Jersey: | <u>100,353,933</u> |
| North Jersey | |
| Long Branch Project | 1,455,985 |
| South Amboy Project | 7,142,185 |
| North Project Fund | 42,233,618 |
| NJSEA Purse Enhancements | 34,161,618 |
| NJ Food Access Initiative Project | 5,000,000 |
| | <hr/> |
| Total North Jersey: | <u>89,993,406</u> |
| NJSBMWE Set Aside | <u>17,713,755</u> |
| Total Commitments at December 31, 2009 | <u>\$ 507,303,296</u> |

11. Program Costs / Release of Temporarily Restricted Assets

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

12. General Fund Donations

Donations from the general fund are included as expenses within the Statement of Revenues, Expenses, and Changes in Fund Equity and consisted of the following:

| | |
|---|--------------|
| Absecon Lighthouse | \$ 6,598 |
| Bus Terminal | 1,000,000 |
| AC Traffic Operations Center | 13,077 |
| Bus Transit Planning | 66,118 |
| South Inlet Transportation Improvements | 2,242 |
| Atlantic-Pacific Avenues One-Way | 449,260 |
| | <hr/> |
| Total: | \$ 1,537,295 |

13. General Fund Balances Reserved for Project Costs

Reserved:

| | |
|---|---------------|
| Reserve for Absecon Lighthouse | \$ 262,309 |
| Reserve for Urban Lab Project | 8,743 |
| Reserve for Corridor Parking Garage | 10,000,000 |
| Reserve for AC Transportation & Green Projects | 5,341,930 |
| Reserve for AC Traffic Operations Center | 21,394 |
| Reserve for AC Int'l Airport Apron Expansion | 541,733 |
| Reserve for Bus Transit Planning | 198,881 |
| Reserve for South Inlet Transportation Improvements | 34,664,772 |
| Reserve for Atlantic-Pacific Avenues One Way | 2,050,739 |
| Reserve for Transportation Master Plan | 187,500 |
| | <hr/> |
| Total reserved | \$ 53,278,001 |

14. Pension Plan

Description of Plans

All required employees of the Authority are covered by the Public Employees' Retirement System cost-sharing multiple-employer defined benefit pension plan which has been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). 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 Public Employees Retirement System. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

The Public Employees' Retirement System 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 Public Employees' Retirement System 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 or local jurisdiction.

Funding Policy

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. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 5.5% of covered payroll. The Authority's contributions to PERS for the years ending December 31, 2009, 2008 and 2007 were \$174,971, \$114,032, and \$80,368, respectively, equal to the required contributions for each year.

The Authority's total payroll for the years ended December 31, 2009, 2008 and 2007 was \$2,321,350, \$2,638,955, and \$2,488,065; covered payroll was \$2,208,711, \$2,232,983, and \$2,118,753, for PERS.

15. Fidelity Bond

The CRDA has a \$1,000,000 Honesty Blanket Bond supplied by Zurich-American Insurance Group covering all of its employees.

16. Commitments and Contingencies

The CRDA occupies office space in Atlantic City. The facility was leased on a month to month basis, which expired on November 30, 2007. The lease included an option to renew for additional periods of twelve months each. The renewal was signed and the lease has been extended through October 31, 2010. Future minimum lease payments as of December 31, 2009 are as follows:

2010 \$177,120

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 8). Other payables on the Statement of Net Assets and Community and Economic Development expenses on the accompanying Statement of Activities include \$411,495 payable to SJTA in connection with this obligation.

17. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The Authority maintains commercial insurance coverage for property, liability and surety bonds. The Authority is also a member of a Joint Insurance Fund. There has been no significant decrease in insurance coverage and there have been no claims in excess of coverage.

18. Pending Litigation

There is currently litigation pending against the CRDA for various matters. The amounts to be paid by the CRDA cannot be determined at this time.

19. Economic Dependence

The CRDA has a significant economic dependence upon the casino industry in Atlantic City and the casino alternative tax that is remitted to the Authority through the State of New Jersey.

20. Deficit in Restricted Project Costs

There is a deficit in the Net Assets on the Statement of Net Assets due to a deficit in net assets restricted for project costs. This has occurred because the Hotel Room Fee Special Revenue Fund has expended over \$96 million to date and revenue has only been received in this fund beginning in July 2006. It is projected that sufficient funds will be generated to offset the projected expenditures.

SUPPLEMENTAL INFORMATION

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**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Balance Sheet: Nonmajor Governmental Funds - Debt Service Funds
December 31, 2009**

| | Jacobs Family Terrace | Deregulation | Northwest Inlet | Vermont Plaza | Sheraton Hotel | South Jersey Municipal Loan Program | South Jersey Agricultural Loan Program | Marcal Project | Christopher Columbus Homes | North Jersey Municipal Loan Program | Total Nonmajor Governmental Funds |
|--|-----------------------------|----------------|--------------------|------------------|-------------------|--|---|-------------------|----------------------------------|--|--|
| Assets | | | | | | | | | | | |
| Cash, cash equivalents and investments | \$ 29,070 | | 128,795 | 1,351 | | 719,566 | | 58,857 | | 472,314 | 1,409,953 |
| Marketable securities, net of allowance | | | | | | | | | | | - |
| Interest receivable | | | 1,454 | | | 88,692 | | 37,809 | 19,275 | 42,885 | 190,115 |
| Other receivable | | 345,107 | | | 34,036 | | 1,732,877 | | 6,689 | | 2,118,709 |
| Total Assets | <u>29,070</u> | <u>345,107</u> | <u>130,249</u> | <u>1,351</u> | <u>34,036</u> | <u>808,258</u> | <u>1,732,877</u> | <u>96,666</u> | <u>25,964</u> | <u>515,199</u> | <u>3,718,777</u> |
| Liabilities | | | | | | | | | | | |
| Accounts payable and accrued liabilities | 269 | | 80 | | | 10,023 | | 4,375 | 2,159 | 99,047 | 115,953 |
| Interest payable | 4,812 | | 7,121 | | | 104,545 | | 33,434 | 17,116 | | 167,028 |
| Total Liabilities | <u>5,081</u> | <u>-</u> | <u>7,201</u> | <u>-</u> | <u>-</u> | <u>114,568</u> | <u>-</u> | <u>37,809</u> | <u>19,275</u> | <u>99,047</u> | <u>282,981</u> |
| Fund Equity and Other Reserves | | | | | | | | | | | |
| Reserved | 23,989 | 345,107 | 123,048 | 1,351 | 34,036 | 693,690 | 1,732,877 | 58,857 | 6,689 | 416,152 | 3,435,796 |
| Total Fund Equity | <u>23,989</u> | <u>345,107</u> | <u>123,048</u> | <u>1,351</u> | <u>34,036</u> | <u>693,690</u> | <u>1,732,877</u> | <u>58,857</u> | <u>6,689</u> | <u>416,152</u> | <u>3,435,796</u> |
| Total Liabilities and Fund Equity | <u>\$ 29,070</u> | <u>345,107</u> | <u>130,249</u> | <u>1,351</u> | <u>34,036</u> | <u>808,258</u> | <u>1,732,877</u> | <u>96,666</u> | <u>25,964</u> | <u>515,199</u> | <u>3,718,777</u> |

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Revenues, Expenditures and Changes in Fund Equity: Nonmajor Governmental Funds - Debt Service Fund:
For the Year Ended December 31, 2009**

| | Jacobs Family Terrace | Deregulation | Northwest Inlet | Vermont Plaza | Sheraton Hotel | South Jersey Municipal Loan Program | South Jersey Agricultural Loan Program | Marcal Project | Christopher Columbus Homes | North Jersey Municipal Loan Program | Total Nonmajor Governmental Funds |
|--|-----------------------------|----------------|--------------------|------------------|-------------------|--|---|-------------------|----------------------------------|--|--|
| Revenues: | | | | | | | | | | | |
| Interest and investment income | \$ 18,729 | 2,296 | 16,121 | 2 | 824 | 681,994 | 42,028 | 501,869 | 117,589 | 705,435 | 2,086,887 |
| | <u>18,729</u> | <u>2,296</u> | <u>16,121</u> | <u>2</u> | <u>824</u> | <u>681,994</u> | <u>42,028</u> | <u>501,869</u> | <u>117,589</u> | <u>705,435</u> | <u>2,086,887</u> |
| Expenditures: | | | | | | | | | | | |
| Program costs | | | | | | | 4,798 | | | | 4,798 |
| Other expenditures | 1,558 | | 1,010 | | | 60,783 | | 52,500 | 13,105 | 67,672 | 196,628 |
| Debt Service: | | | | | | | | | | | |
| Interest expense | 18,220 | | 14,595 | | | 636,596 | | 448,957 | 103,876 | 628,666 | 1,850,910 |
| Principal | 125,316 | | 19,651 | | | 304,385 | | | 64,475 | 1,123,533 | 1,637,360 |
| | <u>145,094</u> | <u>-</u> | <u>35,256</u> | <u>-</u> | <u>-</u> | <u>1,001,764</u> | <u>4,798</u> | <u>501,457</u> | <u>181,456</u> | <u>1,819,871</u> | <u>3,689,696</u> |
| Excess of revenues over (under) expenditures | (126,365) | 2,296 | (19,135) | 2 | 824 | (319,770) | 37,230 | 412 | (63,867) | (1,114,436) | (1,602,809) |
| Other Financing Sources (Uses): | | | | | | | | | | | |
| Payments received on notes | 119,564 | | 21,195 | | | 288,173 | | | 64,476 | 437,536 | 930,944 |
| Other payables | | | | | | (5,453) | | | | 40,213 | 34,760 |
| Loan disbursements | | | | | | | | | | | - |
| | <u>119,564</u> | <u>-</u> | <u>21,195</u> | <u>-</u> | <u>-</u> | <u>282,720</u> | <u>-</u> | <u>-</u> | <u>64,476</u> | <u>477,749</u> | <u>965,704</u> |
| Net change in fund balances | (6,801) | 2,296 | 2,060 | 2 | 824 | (37,050) | 37,230 | 412 | 609 | (636,687) | (637,105) |
| Fund Equity January 1, 2009 | 30,790 | 342,811 | 120,988 | 1,349 | 33,212 | 730,740 | 1,695,647 | 58,445 | 6,080 | 1,052,839 | 4,072,901 |
| Fund Equity December 31, 2009 | \$ <u>23,989</u> | <u>345,107</u> | <u>123,048</u> | <u>1,351</u> | <u>34,036</u> | <u>693,690</u> | <u>1,732,877</u> | <u>58,857</u> | <u>6,689</u> | <u>416,152</u> | <u>3,435,796</u> |

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2009**

| | Reinvestment funds | Other | Total |
|-----------------------------|---------------------------------------|-------------------|--------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 300,740,577 | 13,579,892 | 314,320,469 |
| Receivables: | | | |
| Notes receivable | | 5,318,443 | 5,318,443 |
| Accrued interest receivable | | 20,675 | 20,675 |
| Obligations receivable | 11,189,916 | | 11,189,916 |
| Other | 693,166 | 4,706,022 | 5,399,188 |
| Capital Assets: | | | |
| Real Estate | | 10,201,799 | 10,201,799 |
| | Total Assets | 33,826,831 | 346,450,490 |
| | 312,623,659 | 33,826,831 | 346,450,490 |
| Liabilities | | | |
| Interest payable | 1,001,360 | | 1,001,360 |
| Other payables | 1,641,137 | 13,184,208 | 14,825,345 |
| Reserves | | | |
| Obligations payable | 282,644,759 | | 282,644,759 |
| Direct investment deposits | 1,936,506 | | 1,936,506 |
| Donation deposits | 25,399,897 | | 25,399,897 |
| Project costs | | 20,642,623 | 20,642,623 |
| | Total Liabilities and Reserves | 33,826,831 | 346,450,490 |
| | 312,623,659 | 33,826,831 | 346,450,490 |
| Net Assets | | | |
| | Total Net Assets | | |
| | \$. | | |

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2009

| | Reinvestment Funds | Other | Total |
|------------------------------------|-----------------------|-------------------|-------------------|
| ADDITIONS: | | | |
| Obligation deposits | \$ 50,788,670 | | 50,788,670 |
| Transfer from reinvestment | | 14,084,521 | 14,084,521 |
| Retail and luxury tax rebate | | 27,495,380 | 27,495,380 |
| Interest on notes | | 236,266 | 236,266 |
| Other income | | 506 | 506 |
| Total Additions | <u>50,788,670</u> | <u>41,816,673</u> | <u>92,605,343</u> |
| DEDUCTIONS: | | | |
| Direct investments | 20,660,409 | | 20,660,409 |
| Direct donations: | | | |
| Transfers to other fiduciary funds | 239,686 | | 239,686 |
| Other | 13,844,835 | | 13,844,835 |
| Accrued obligations | 1,209,847 | | 1,209,847 |
| Bonds issued | 1,906,468 | | 1,906,468 |
| Credits | 3,136 | | 3,136 |
| Grants and donations | | 17,637,082 | 17,637,082 |
| Retail and luxury tax rebate | | 27,495,380 | 27,495,380 |
| Total deductions | <u>37,864,381</u> | <u>45,132,462</u> | <u>82,996,843</u> |
| NET CHANGE IN RESERVES | 12,924,289 | (3,315,789) | 9,608,500 |
| Net assets - beginning | - | - | - |
| Net assets - ending | <u>\$ -</u> | <u>-</u> | <u>-</u> |

See accompanying auditors' report

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Net Assets - Fiduciary Funds, Other
December 31, 2009**

| | <u>Delaware Avenue</u> | <u>Land Banking</u> | <u>Virginian Acquisition</u> | <u>Northeast Inlet Infill</u> | <u>2nd Ward Façade</u> | <u>Pacific Avenue Redevelopment</u> | <u>Subtotal</u> |
|---|----------------------------|-------------------------|----------------------------------|-----------------------------------|----------------------------|---|------------------|
| Assets | | | | | | | |
| Temporarily restricted assets: | | | | | | | |
| Real estate | \$ 43,888 | 1,196,804 | 803,030 | | 36,811 | 26,970 | 2,107,503 |
| Total Assets | <u>43,888</u> | <u>1,196,804</u> | <u>803,030</u> | <u>-</u> | <u>36,811</u> | <u>26,970</u> | <u>2,107,503</u> |
| Liabilities | | | | | | | |
| Other payables | | | | | | | - |
| Total Liabilities | | | | | <u>-</u> | | <u>-</u> |
| Reserves | | | | | | | |
| Reserve for temporarily restricted assets | 43,888 | 1,196,804 | 803,030 | | 36,811 | 26,970 | 2,107,503 |
| Total Liabilities and Reserves | <u>43,888</u> | <u>1,196,804</u> | <u>803,030</u> | <u>-</u> | <u>36,811</u> | <u>26,970</u> | <u>2,107,503</u> |
| Net Assets | | | | | | | |
| Total Net Assets | <u>\$</u> | | | | | | |

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Net Assets - Fiduciary Funds, Other
December 31, 2009**

| | <u>Cityscape</u> | <u>SE Inlet Transportation Improvements</u> | <u>Virginia Avenue</u> | <u>Prior Subtotal</u> | <u>Subtotal</u> |
|---|-----------------------------|---|----------------------------|---------------------------|--------------------------|
| Assets | | | | | |
| Temporarily restricted assets: | | | | | |
| Real estate | \$ 66,583 | 187,085 | 133,266 | 2,107,503 | 2,494,437 |
| Total Assets | <u>66,583</u> | <u>187,085</u> | <u>133,266</u> | <u>2,107,503</u> | <u>2,494,437</u> |
| Liabilities | | | | | |
| Other payables | | | | - | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Reserves | | | | | |
| Reserve for temporarily restricted assets | 66,583 | 187,085 | 133,266 | 2,107,503 | 2,494,437 |
| Total Liabilities and Reserves | <u>66,583</u> | <u>187,085</u> | <u>133,266</u> | <u>2,107,503</u> | <u>2,494,437</u> |
| Net Assets | | | | | |
| Total Net Assets | \$ <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> |

See accompanying auditors' report

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Net Assets - Fiduciary Funds, Other
December 31, 2009**

| | Carolina Gardens | Pennsylvania Avenue | Prior Subtotal | Subtotal |
|---|---------------------|------------------------|-------------------|------------------|
| Assets | | | | |
| Temporarily restricted assets: | | | | |
| Real estate | \$ 823,502 | 22,062 | 2,494,437 | 3,340,001 |
| Notes receivable | 35,644 | | - | 35,644 |
| Other receivables | 7,984 | | - | 7,984 |
| Total Assets | <u>867,130</u> | <u>22,062</u> | <u>2,494,437</u> | <u>3,383,629</u> |
| Liabilities | | | | |
| Other payables | | | - | - |
| Total Liabilities | | | | |
| Reserves | | | | |
| Reserve for temporarily restricted assets | 867,130 | 22,062 | 2,494,437 | 3,383,629 |
| Total Liabilities and Reserves | <u>867,130</u> | <u>22,062</u> | <u>2,494,437</u> | <u>3,383,629</u> |
| Net Assets | | | | |
| Total Net Assets | <u>\$</u> | | | |

See accompanying auditors' report

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Net Assets - Fiduciary Funds, Other
December 31, 2009**

| | General Development | General Donations | Donation Loans | 3-2-1 Police Loan | Prior Subtotal | Subtotal |
|---|------------------------|----------------------|-------------------|----------------------|-------------------|-------------------|
| Assets | | | | | | |
| Cash | \$ 5,416 | | | | | 5,416 |
| Temporarily restricted assets: | | | | | | |
| Real estate | | | | | 3,340,001 | 3,340,001 |
| Notes receivable | | | 2,814,999 | 969,802 | 35,644 | 3,820,445 |
| Accrued interest receivable | | | 11,085 | 2,326 | | 13,411 |
| Other receivables | | | 627,608 | 3,941,695 | 7,984 | 4,577,287 |
| Total Assets | <u>5,416</u> | <u> </u> | <u>3,453,692</u> | <u>4,913,823</u> | <u>3,383,629</u> | <u>11,756,560</u> |
| Liabilities | | | | | | |
| Other payables | 5,416 | | | 33,445 | | 38,861 |
| Total Liabilities | <u>5,416</u> | <u> </u> | <u> </u> | <u>33,445</u> | <u> </u> | <u>38,861</u> |
| Reserves | | | | | | |
| Reserve for temporarily restricted assets | | | 3,453,692 | 4,880,378 | 3,383,629 | 11,717,699 |
| Total Liabilities and Reserves | <u>5,416</u> | <u> </u> | <u>3,453,692</u> | <u>4,913,823</u> | <u>3,383,629</u> | <u>11,756,560</u> |
| Net Assets | | | | | | |
| Total Net Assets | <u>\$</u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

See accompanying auditors' report

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Net Assets - Fiduciary Funds, Other
December 31, 2009**

| | Chelsea Westside | Carnegie Plaza | A.C. Supermarket | Prior Subtotal | Subtotal |
|---|---------------------|-------------------|---------------------|-------------------|-------------------|
| Assets | | | | | |
| Cash | \$ 6,884,156 | | | 5,416 | 6,889,572 |
| Temporarily restricted assets: | | | | | |
| Real estate | 262,354 | | 6,163,011 | 3,340,001 | 9,765,366 |
| Notes receivable | 125,910 | | 1,335,548 | 3,820,445 | 5,281,903 |
| Accrued interest receivable | | | 7,264 | 13,411 | 20,675 |
| Other receivables | 24,596 | | 104,139 | 4,577,287 | 4,706,022 |
| Total Assets | <u>7,297,016</u> | <u>-</u> | <u>7,609,962</u> | <u>11,756,560</u> | <u>26,663,538</u> |
| Liabilities | | | | | |
| Other liabilities | 6,455,027 | | | 38,861 | 6,493,888 |
| Total Liabilities | <u>6,455,027</u> | <u>-</u> | <u>-</u> | <u>38,861</u> | <u>6,493,888</u> |
| Reserves | | | | | |
| Reserve for temporarily restricted assets | 841,989 | | 7,609,962 | 11,717,699 | 20,169,650 |
| Total Liabilities and Reserves | <u>7,297,016</u> | <u>-</u> | <u>7,609,962</u> | <u>11,756,560</u> | <u>26,663,538</u> |
| Net Assets | | | | | |
| Total Net Assets | <u>\$</u> | | | | |

See accompanying auditors' report

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Net Assets - Fiduciary Funds, Other
December 31, 2009**

| | NEI Consensual Acquisition | Teachers and Firefighters Home Loans | Virginia Avenue Icon | Prior Subtotal | Subtotal |
|---|----------------------------------|--|-------------------------|-------------------|-------------------|
| Assets | | | | | |
| Cash | | | | 6,889,572 | 6,889,572 |
| Temporarily restricted assets: | | | | | |
| Real estate | 213,476 | | | 9,765,366 | 9,978,842 |
| Notes receivable | | 36,540 | | 5,281,903 | 5,318,443 |
| Accrued interest receivable | | | | 20,675 | 20,675 |
| Other receivables | | | | 4,706,022 | 4,706,022 |
| Total Assets | <u>213,476</u> | <u>36,540</u> | <u>-</u> | <u>26,663,538</u> | <u>26,913,554</u> |
| Liabilities | | | | | |
| Other liabilities | | | | 6,493,888 | 6,493,888 |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,493,888</u> | <u>6,493,888</u> |
| Reserves | | | | | |
| Reserve for temporarily restricted assets | 213,476 | 36,540 | | 20,169,650 | 20,419,666 |
| Total Liabilities and Reserves | <u>213,476</u> | <u>36,540</u> | <u>-</u> | <u>26,663,538</u> | <u>26,913,554</u> |
| Net Assets | | | | | |
| Total Net Assets | <u>\$</u> | <u></u> | <u></u> | <u></u> | <u></u> |

See accompanying auditors' report

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Net Assets - Fiduciary Funds, Other
December 31, 2009**

| | Retail and Luxury Tax | Bally's Warehouse Project | Chesapeake Gardens Senior Homes | Prior Subtotal | Total Fiduciary Funds Other |
|---|-----------------------------|---------------------------------|---------------------------------------|-------------------|-----------------------------------|
| Assets | | | | | |
| Cash | \$ 6,690,320 | | | 6,889,572 | 13,579,892 |
| Temporarily restricted assets: | | | | | |
| Real estate | | 71,574 | 151,383 | 9,978,842 | 10,201,799 |
| Notes receivable | | | | 5,318,443 | 5,318,443 |
| Accrued interest receivable | | | | 20,675 | 20,675 |
| Other receivables | | | | 4,706,022 | 4,706,022 |
| Total Assets | <u>6,690,320</u> | <u>71,574</u> | <u>151,383</u> | <u>26,913,554</u> | <u>33,826,831</u> |
| Liabilities | | | | | |
| Other liabilities | 6,690,320 | | | 6,493,888 | 13,184,208 |
| Total Liabilities | <u>6,690,320</u> | <u>-</u> | <u>-</u> | <u>6,493,888</u> | <u>13,184,208</u> |
| Reserves | | | | | |
| Reserve for temporarily restricted assets | | 71,574 | 151,383 | 20,419,666 | 20,642,623 |
| Total Liabilities and Reserves | <u>6,690,320</u> | <u>71,574</u> | <u>151,383</u> | <u>26,913,554</u> | <u>33,826,831</u> |
| Net Assets | | | | | |
| Total Net Assets | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

See accompanying auditors' report

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Changes in Fiduciary Net Assets - Fiduciary Funds, Other
For the Year Ended December 31, 2009

| | <u>Delaware Avenue</u> | <u>Land Banking</u> | <u>Virginian Acquisition</u> | <u>Northeast Inlet Infill</u> | <u>2nd Ward Façade</u> | <u>Pacific Avenue Redevelopment</u> | <u>Subtotal</u> |
|---|----------------------------|-------------------------|----------------------------------|-----------------------------------|----------------------------|---|-----------------|
| Additions | | | | | | | |
| Transfer from (to) reinvestment funds and other governmental funds | \$ | | | | 18,085 | | 18,085 |
| Total Additions | | - | - | - | 18,085 | - | 18,085 |
| Deductions | | | | | | | |
| Grants and donations | | 12,667 | | 140,491 | 18,085 | | 171,243 |
| Total Deductions | | 12,667 | - | 140,491 | 18,085 | - | 171,243 |
| Change in reserves | | (12,667) | - | (140,491) | - | - | (153,158) |
| Net assets - beginning of the year | | - | - | - | - | - | - |
| Net assets - end of the year | \$ | - | - | - | - | - | - |

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Changes in Fiduciary Net Assets - Fiduciary Funds, Other
For the Year Ended December 31, 2009

| | <u>Cityscape</u> | <u>SE Inlet Transportation Improvements</u> | <u>Virginia Avenue</u> | <u>Prior Subtotal</u> | <u>Subtotal</u> |
|--|------------------|---|----------------------------|---------------------------|-----------------|
| Additions | | | | | |
| Transfer from reinvestment funds and other governmental funds | \$ 17,023 | 97,744 | | 18,085 | 132,852 |
| Total Additions | <u>17,023</u> | <u>97,744</u> | - | <u>18,085</u> | <u>132,852</u> |
| Deductions | | | | | |
| Grants and donations | 16,398 | 61,196 | | 171,243 | 248,837 |
| Total Deductions | <u>16,398</u> | <u>61,196</u> | - | <u>171,243</u> | <u>248,837</u> |
| Change in reserves | 625 | 36,548 | - | (153,158) | (115,985) |
| Net assets - beginning of the year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net assets - end of the year | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> |

See accompanying auditors' report

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Changes in Fiduciary Net Assets - Fiduciary Funds, Other
For the Year Ended December 31, 2009

| | <u>Carolina Gardens</u> | <u>Pennsylvania Avenue</u> | <u>Prior Subtotal</u> | <u>Subtotal</u> |
|--|-----------------------------|--------------------------------|---------------------------|------------------|
| Additions | | | | |
| Transfer from reinvestment funds and other governmental funds | \$ 104,584 | | 132,852 | 237,436 |
| Interest on notes | <u>1,306</u> | | | <u>1,306</u> |
| Total Additions | <u>105,890</u> | <u>-</u> | <u>132,852</u> | <u>238,742</u> |
| Deductions | | | | |
| Grants and donations | <u>1,118,096</u> | | <u>248,837</u> | <u>1,366,933</u> |
| Total Deductions | <u>1,118,096</u> | <u>-</u> | <u>248,837</u> | <u>1,366,933</u> |
| Change in reserves | (1,012,206) | - | (115,985) | (1,128,191) |
| Net assets - beginning of the year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net assets - end of the year | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> |

See accompanying auditors' report

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Changes in Fiduciary Net Assets - Agency Funds, Other
For the Year Ended December 31, 2009

| | <u>General Development</u> | <u>General Donations</u> | <u>Donation Loans</u> | <u>3-2-1 Police Loan</u> | <u>Prior Subtotal</u> | <u>Subtotal</u> |
|--|--------------------------------|------------------------------|---------------------------|------------------------------|---------------------------|-----------------|
| Additions | | | | | | |
| Transfer from reinvestment funds and other governmental funds | \$ | 13,844,836 | | | 237,436 | 14,082,272 |
| Interest on notes | | | 71,865 | 117,537 | 1,306 | 190,708 |
| Other income | | | | 506 | | 506 |
| Total Additions | - | 13,844,836 | 71,865 | 118,043 | 238,742 | 14,273,486 |
| Deductions | | | | | | |
| Grants and donations | | 13,844,836 | | 26,528 | 1,366,933 | 15,238,297 |
| Total Deductions | - | 13,844,836 | - | 26,528 | 1,366,933 | 15,238,297 |
| Change in reserves | - | - | 71,865 | 91,515 | (1,128,191) | (964,811) |
| Net assets - beginning of the year | | | | | - | - |
| Net assets - end of the year | \$ | - | - | - | - | - |

See accompanying auditors' report

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Changes in Fiduciary Net Assets - Agency Funds, Other
For the Year Ended December 31, 2009

| | Chelsea Westside | Carnegie Plaza | A.C. Supermarket | Prior Subtotal | Subtotal |
|--|---------------------|-------------------|---------------------|-------------------|-------------|
| Additions | | | | | |
| Transfer from reinvestment funds and other governmental funds | \$ | | | 14,082,272 | 14,082,272 |
| Interest on notes | | | 45,558 | 190,708 | 236,266 |
| Other income | | | | 506 | 506 |
| Total Additions | - | - | 45,558 | 14,273,486 | 14,319,044 |
| Deductions | | | | | |
| Grants and donations | 147,067 | 2,242,289 | | 15,238,297 | 17,627,653 |
| Total Deductions | 147,067 | 2,242,289 | - | 15,238,297 | 17,627,653 |
| Change in reserves | (147,067) | (2,242,289) | 45,558 | (964,811) | (3,308,609) |
| Net assets - beginning of the year | - | - | - | - | - |
| Net assets - end of the year | \$ - | - | - | - | - |

See accompanying auditors' report

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Changes in Fiduciary Net Assets - Agency Funds, Other
For the Year Ended December 31, 2009

| | NEI Consensual Acquisition | Teachers and Firefighters Home Loans | Virginia Avenue Icon | Prior Subtotal | Subtotal |
|--|----------------------------------|--|-------------------------|-------------------|-------------|
| Additions | | | | | |
| Transfer from reinvestment funds and other governmental funds | \$ | | 2,249 | 14,082,272 | 14,084,521 |
| Interest on notes | | | | 236,266 | 236,266 |
| Other income | | | | 506 | 506 |
| Total Additions | - | - | 2,249 | 14,319,044 | 14,321,293 |
| Deductions | | | | | |
| Grants and donations | | 7,180 | 2,249 | 17,627,653 | 17,637,082 |
| Total Deductions | - | 7,180 | 2,249 | 17,627,653 | 17,637,082 |
| Change in reserves | - | (7,180) | - | (3,308,609) | (3,315,789) |
| Net assets - beginning of the year | | | | - | - |
| Net assets - end of the year | \$ - | - | - | - | - |

See accompanying auditors' report

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Changes in Fiduciary Net Assets - Agency Funds, Other
For the Year Ended December 31, 2009

| | Retail and Luxury Tax | Bally's Warehouse Project | Chesapeake Gardens Senior Homes | Prior Subtotal | Total |
|---|-----------------------------|---------------------------------|---------------------------------------|-------------------|-------------------|
| Additions | | | | | |
| Transfer from (to) reinvestment funds and other governmental funds | \$ | | | 14,084,521 | 14,084,521 |
| Retail and luxury tax remittance | 27,495,380 | | | - | 27,495,380 |
| Interest on notes | | | | 236,266 | 236,266 |
| Other income | | | | 506 | 506 |
| Total Additions | <u>27,495,380</u> | <u>-</u> | <u>-</u> | <u>14,321,293</u> | <u>41,816,673</u> |
| Deductions | | | | | |
| Retail and luxury tax distributions | 27,495,380 | | | | 27,495,380 |
| Grants and donations | | | | 17,637,082 | 17,637,082 |
| Total Deductions | <u>27,495,380</u> | <u>-</u> | <u>-</u> | <u>17,637,082</u> | <u>45,132,462</u> |
| Change in reserves | - | - | - | (3,315,789) | (3,315,789) |
| Net assets - beginning of the year | | | | - | - |
| Net assets - end of the year | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

See accompanying auditors' report