

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

REPORT ON FINANCIAL STATEMENTS
(With Supplementary Information)

FOR THE YEAR ENDED
December 31, 2011

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

DECEMBER 31, 2011

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INDEPENDENT AUDITOR'S REPORT

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 Casino Reinvestment Development Authority ("CRDA"), a component unit of the State of New Jersey, as of and for the year ended December 31, 2011, which collectively comprise the basic financial statements of the CRDA as listed in the table of contents. These financial statements are the responsibility of CRDA's management. Our responsibility is to express an opinion on these financial statements based on our audit.


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

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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the CRDA's financial statements as a whole. The other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

February 17, 2012

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDING DECEMBER 31, 2011

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, 2011. It should be read in conjunction with the CRDA's financial statements, which follow this section.

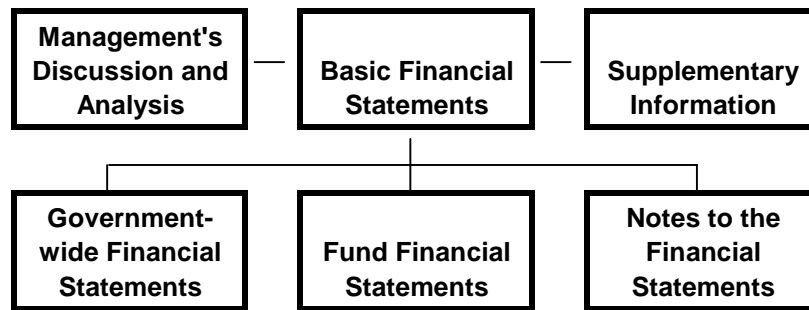
FINANCIAL HIGHLIGHTS

- The liabilities of the CRDA exceeded its assets at the close of the most recent fiscal year by approximately \$50 million, a decrease of approximately \$37 million from the prior year. The change is primarily the result of expense in excess of revenue for the primary governmental unit.
- Cash and investments total approximately \$175 million, a decrease of \$24.5 million from the prior year.
- Long-term liabilities decreased by approximately \$7 million to approximately \$451 million at year end 2011. The decrease is the result of scheduled redemptions of publicly issued debt.
- Real estate holdings increased to approximately \$99.2 million during the fiscal year. The increase is related to Authority road projects and the purchase of an office building for the Authority.
- The nearly completed and soon to be open Corridor Parking Garage, a proprietary fund, reported net assets of \$17 million.
- The Special Improvement District Division (SID), a new proprietary fund, was implemented as a facet of the recently legislated Atlantic City Tourism District. The SID Division is primarily funded by an assessment imposed on commercial properties where the tourism trade predominates in the Atlantic City Tourism District.
- General fund actual revenue was greater than budgeted revenue for the 2011 year due to an increase in tax override revenues. General fund operational expenses increased primarily as the result of the implementation of the recently legislated Atlantic City Tourism District and its associated land use duties.
- A mortgage note receivable in the amount of \$20 million with Headquarters Hotel Associates, L.P., and associated interest receivable in the amount of \$18.1 million was reduced to a current valuation of \$0. An exhaustive evaluation revealed a limited likelihood of repayment. The evaluation is supported by the presence of existing and unpaid developer obligations in a superior lien position to the Authority's mortgage note. The obligations in a superior lien position included significant interest in arrears and currently accrued interest.

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 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, construction and eventual operation of a garage in the Corridor, as well as the operations of the Special Improvement District Division.

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 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 government funds statement 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 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 Statement of revenues, expenditures, and changes in fund balance	2) 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

	Governmental Activities		Total Percentage Change
	2011	2010	
Current and Other Assets	\$ 202,130,331	\$ 247,306,751	-18%
Notes Receivable	97,634,208	119,616,464	-18%
Capital Assets	101,245,718	96,753,927	5%
Total Assets	401,010,257	463,677,142	-14%
Other Liabilities	27,015,000	21,515,772	26%
Long-Term Liabilities	442,199,146	457,756,543	-3%
Total Liabilities	469,214,146	479,272,315	-2%
Net Assets:			
Invested in Capital Assets, Net of Related Debt	2,046,245	88,956	2200%
Restricted	32,923,822	32,214,392	2%
Unrestricted	(103,173,956)	(47,898,521)	-115%
Total Net Assets	\$ (68,203,889)	\$ (15,595,173)	-337%

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 \$33 million. The remaining balance of *unrestricted net assets* includes approximately \$11.4 million which may be used for any Authority purpose, and a negative \$112.5 million designated for future project costs.

At the end of 2011, 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.

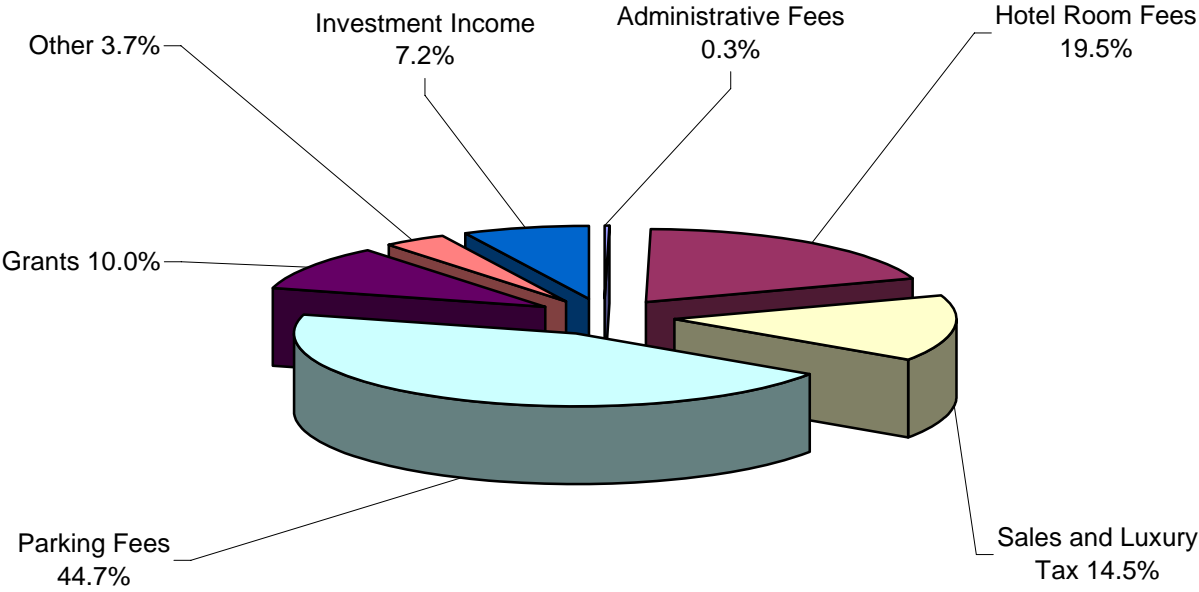
The CRDA holds \$99.2 million in real estate investments. This real estate may be transferred to other entities upon completion of a project.

Changes in Net Assets

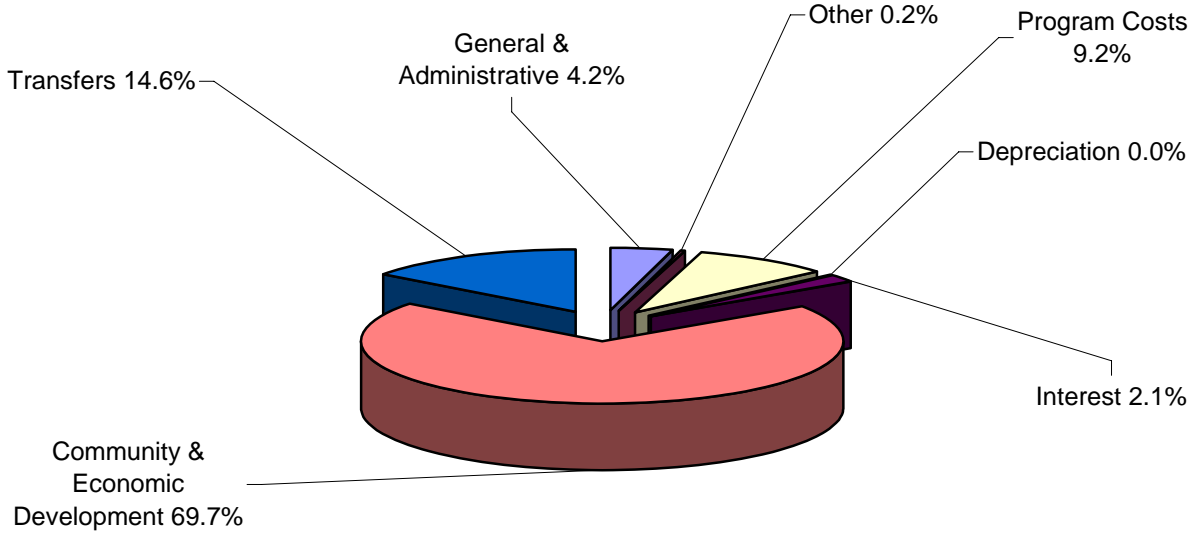
	Governmental Activities		Total Percentage Change
	2011	2010	
Revenues			
Fees:			
Administrative	\$ 161,225	\$ 174,027	-7%
Hotel Room	10,237,128	10,440,707	-2%
Sales Tax	7,622,307	3,227,669	136%
Parking	23,484,141	25,043,347	-6%
Operating:			
Grant	5,249,547	364,967	1338%
Other	1,933,943	796,288	143%
Investment Income	3,797,625	5,676,815	-33%
Total Revenues	52,485,916	45,723,820	15%
Expenses			
General and Administrative	4,408,401	4,166,923	6%
Other	161,960	174,927	-7%
Program Costs	9,692,420	3,645,649	166%
Depreciation	26,260	25,559	3%
Interest on Long-Term Debt	2,156,230	2,199,849	-2%
Community & Economic Development	73,275,626	31,791,776	130%
Transfers	15,373,735	2,702,508	469%
Total Expenses	105,094,632	44,707,191	135%
Increase in Net Assets	\$ (52,608,716)	\$ 1,016,629	-5275%

The CRDA's net assets decreased by \$52.6 million during the current fiscal year. The primary components in the decrease in net assets of governmental activities are transfers to the Corridor Parking Garage, a proprietary fund, and the valuation reduction of the Headquarters Hotel mortgage note in the Corridor Parking Fee Fund, a governmental fund.

2011 REVENUE – GOVERNMENTAL ACTIVITIES



2011 EXPENSES – GOVERNMENTAL ACTIVITIES



Governmental Funds Financial Analysis

Governmental activities represent a significant portion of CRDA's funds.

As of the end of 2011, the CRDA's governmental funds reported combined ending fund balances of \$173,659,756 a decrease of \$29,312,869 for the fiscal year. Of this total amount only \$11,398,286 is *unassigned* or available for any CRDA purpose. The remainder of fund balance or \$162,261,470 is *reserved* to indicate that it is not available for new spending because it has already been committed to pay debt service (\$32,529,574) and for projects (\$129,731,896).

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 utilized 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 \$26,163,276 (net of accumulated depreciation of \$512,549) and consists of office furnishings, computers, office equipment and construction-in-progress. An investment in real estate of \$99,199,473 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 publically 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 publically 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 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.

	<u>2011</u>	<u>2010</u>
Debt outstanding January 1,	\$ 447,832,571	\$ 457,696,519
Additions to Debt	8,885,228	1,822,472
Reduction of Debt	<u>(14,191,334)</u>	<u>(11,686,420)</u>
Debt outstanding December 31,	442,526,465	447,832,571
Plus: Net unamortized Premium	<u>7,482,000</u>	<u>8,726,512</u>
	<u>\$ 450,008,465</u>	<u>\$ 456,559,083</u>

GOVERNMENT - WIDE FINANCIAL STATEMENTS

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Statement of Net Assets
December 31, 2011

	Governmental Activities	Business - Type Activities	Total
Assets			
Cash and cash equivalents	\$ 128,891,127	\$ 3,452,425	\$ 132,343,552
Marketable securities, net of allowance	42,733,856		42,733,856
Receivables:			
Notes receivable	97,634,208		97,634,208
Accrued interest receivable	14,794,926		14,794,926
Accrued revenue receivable	7,179,541	211,686	7,391,227
Prepaid expenses		26,230	26,230
Other	4,373,392		4,373,392
Deferred Costs	4,157,489		4,157,489
Real Estate	99,199,473		99,199,473
Capital assets, net of depreciation	2,046,245	24,117,031	26,163,276
Total Assets	\$ 401,010,257	\$ 27,807,372	\$ 428,817,629
Liabilities			
Interest payable	\$ 10,799,212	\$ 30,741	\$ 10,829,953
Other payables	16,215,788	1,007,950	17,223,738
Long-term liabilities:			
Due within one year	21,865,334	23,746	21,889,080
Due beyond one year	420,333,812	8,511,247	428,845,059
Total Liabilities	\$ 469,214,146	\$ 9,573,684	\$ 478,787,830
Net Assets			
Invested in capital assets, net of related debt	\$ 2,046,245	\$ 15,582,038	\$ 17,628,283
Restricted for:			
Debt Service and Project Costs	32,923,822	1,806,584	34,730,406
Unrestricted	(103,173,956)	845,066	(102,328,890)
Total Net Assets	\$ (68,203,889)	\$ 18,233,688	\$ (49,970,201)

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 Activities
For The Year Ended December 31, 2011

<u>Functions / Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Fees</u>	<u>Operating Income</u>	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Governmental Activities						
General and Administrative	\$ 4,408,401	\$ 453,584	\$	\$ (3,954,817)	\$	\$ (3,954,817)
Other	161,960		130,251	(31,709)		(31,709)
Program Costs	9,692,420	7,622,307		(2,070,113)		(2,070,113)
Depreciation	26,260			(26,260)		(26,260)
Interest on long - term debt	2,156,230			(2,156,230)		(2,156,230)
Community Development	73,275,626	33,721,269	6,760,880	(32,793,477)		(32,793,477)
Total governmental activities	<u>\$ 89,720,897</u>	<u>\$ 41,797,160</u>	<u>\$ 6,891,131</u>	<u>\$ (41,032,606)</u>	<u>\$ -</u>	<u>\$ (41,032,606)</u>
Business - Type Activities						
Corridor Parking Garage	\$	\$	\$	\$ -	\$ -	\$ -
Special Improvement District	3,510,968	3,258,679	83,623	(168,666)	(168,666)	(168,666)
Total Business - Type Activities	<u>3,510,968</u>	<u>3,258,679</u>	<u>83,623</u>	<u>(168,666)</u>	<u>(168,666)</u>	<u>(168,666)</u>
Total Primary Government	<u>\$ 93,231,865</u>	<u>\$ 45,055,839</u>	<u>\$ 6,974,754</u>	<u>\$ (41,032,606)</u>	<u>\$ (168,666)</u>	<u>\$ (41,201,272)</u>
General Revenues						
Investment income			\$	\$ 3,797,625	\$ 8	\$ 3,797,633
Transfers				(15,373,735)	15,373,735	-
Capital contributions					326,103	326,103
Total general revenues				<u>(11,576,110)</u>	<u>15,699,846</u>	<u>4,123,736</u>
Changes in net assets				<u>(52,608,716)</u>	<u>15,531,180</u>	<u>(37,077,536)</u>
Net Assets (Deficit) - beginning				<u>(15,595,173)</u>	<u>2,702,508</u>	<u>(12,892,665)</u>
Net Assets (Deficit) - ending				<u>\$ (68,203,889)</u>	<u>\$ 18,233,688</u>	<u>\$ (49,970,201)</u>

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Balance Sheet
Governmental Funds
December 31, 2011**

	General Fund	Special Revenue Funds		Other Governmental Funds	Total Governmental Funds
		Parking Fee	Hotel Room Fee		
Assets					
Cash and cash equivalents	\$ 34,912,803	\$ 66,610,289	\$ 26,003,532	\$ 1,364,503	\$ 128,891,127
Marketable securities, net of allowance		42,733,563	293		42,733,856
Receivables:					
Accrued interest receivable	16,278			132,188	148,466
Accrued revenue receivable		3,578,620	3,600,921		7,179,541
Other	2,498,735	124		1,423,575	3,922,434
Total Assets	\$ 37,427,816	\$ 112,922,596	\$ 29,604,746	\$ 2,920,266	\$ 182,875,424
Liabilities					
Interest payable	\$	\$ 1,213,785	\$ 2,035,659	\$ 227,889	\$ 3,477,333
Other payables	1,830,973	3,790,010	92,222	25,130	5,738,335
Total Liabilities	1,830,973	5,003,795	2,127,881	253,019	9,215,668
Fund Balances					
Restricted fund balance:					
Reserve for debt service		30,208,688		2,320,886	32,529,574
Reserve for project costs	24,198,557	77,710,113	27,476,865	346,361	129,731,896
Unrestricted fund balance:					
Unassigned	11,398,286	-	-	-	11,398,286
Total Fund Balances	35,596,843	107,918,801	27,476,865	2,667,247	173,659,756
Total Liabilities and Fund Balances	\$ 37,427,816	\$ 112,922,596	\$ 29,604,746	\$ 2,920,266	

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.

The cost of the assets is \$2,470,237 and the accumulated depreciation is \$423,992.

2,046,245

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

216,088,588

Long - term liabilities, including bonds and capital leases payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(459,998,478)

Net assets (Deficit) of governmental activities

\$ (68,203,889)

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 Balances
Governmental Funds
For the Year Ended December 31, 2011

	General Fund	Special Revenue Funds		Other Governmental Funds	Total Governmental Funds
		Parking Fee	Hotel Room Fee		
REVENUES					
Administrative fees	\$ 161,225	\$	\$	\$	\$ 161,225
Interest and investment income	265,982	721,082	5,897	1,791,345	2,784,306
Parking fee revenue		23,484,141			23,484,141
Hotel room fee revenue			10,237,128		10,237,128
Sales and luxury tax rebate revenue	7,622,307				7,622,307
Processing fees	292,359				292,359
Grant revenue		4,258,994		990,553	5,249,547
Other	130,251	1,511,333			1,641,584
Total Revenues	8,472,124	29,975,550	10,243,025	2,781,898	51,472,597
EXPENDITURES					
Current:					
Salaries and benefits	2,905,581				2,905,581
General and administrative	718,307				718,307
Professional services	784,513				784,513
Project costs	9,692,420	17,151,270	95,163	270,742	27,209,595
Other				161,960	161,960
Debt Service:					
Interest expense		14,141,162	4,071,319	1,639,391	19,851,872
Principal		8,740,578	3,800,000	1,650,756	14,191,334
Capital Outlay					
Purchase of Fixed Assets	23,619				23,619
Total Expenditures	14,124,440	40,033,010	7,966,482	3,722,849	65,846,781
Excess (deficiency) of revenues over expenditures	(5,652,316)	(10,057,460)	2,276,543	(940,951)	(14,374,184)
OTHER FINANCING SOURCES (USES)					
Payments received on notes	2,201,149			873,868	3,075,017
Other receivables	(291,951)				(291,951)
Other payables	715,000	2,710,744		(5,534)	3,420,210
Payments on note payable		(640,000)			(640,000)
Capital related debt issued		462,575			462,575
Loan disbursements	(105,817)			(990,553)	(1,096,370)
Purchase of real estate	(3,575,917)	(918,514)			(4,494,431)
Transfer to other funds	(11,091,404)	(4,282,331)			(15,373,735)
Total other financing sources and uses	(12,148,940)	(2,667,526)	-	(122,219)	(14,938,685)
Net change in fund balance	(17,801,256)	(12,724,986)	2,276,543	(1,063,170)	(29,312,869)
Fund balance, January 1, 2011	53,398,099	120,643,787	25,200,322	3,730,417	202,972,625
Fund balance, December 31, 2011	\$ <u>35,596,843</u>	\$ <u>107,918,801</u>	\$ <u>27,476,865</u>	\$ <u>2,667,247</u>	\$ <u>173,659,756</u>

The accompanying notes are an integral part of these financial statements

**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 the Statement of Activities
For the Year Ended December 31, 2011**

Total Net Change in Fund Balance - Governmental Funds	\$	(29,312,869)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.		
		4,491,790
Revenues in the statement of activities that do not provide financial resources are not reported as revenue in the funds.		
		1,013,316
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.		
		11,505,517
Disbursements on long - term notes receivable consume current financial resources of government fund, and principal payments received on notes receivable provide current financial resources to governmental funds. These transactions do not affect net assets.		
		(1,686,696)
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.		
		(38,619,774)
Change in net assets of governmental activities	\$	<u><u>(52,608,716)</u></u>

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 Net Assets
Proprietary Funds
December 31, 2011

	Business-Type Activities - Enterprise Fund		
	Corridor Parking Garage	Special Improvement District	Total
Assets			
Current assets:			
Cash	\$ 1,837,325	\$ 1,615,100	\$ 3,452,425
Assessments receivable		211,686	211,686
Prepaid expenses		26,230	26,230
Noncurrent assets:			
Construction in progress	23,600,753		23,600,753
Fixed Assets		604,835	604,835
Less: accumulated depreciation		(88,557)	(88,557)
Total noncurrent assets	<u>23,600,753</u>	<u>516,278</u>	<u>24,117,031</u>
Total Assets	\$ <u>25,438,078</u>	\$ <u>2,369,294</u>	\$ <u>27,807,372</u>
Liabilities			
Current liabilities:			
Interest Payable	\$ 30,741		\$ 30,741
Accounts Payable		1,007,950	1,007,950
Non - current liabilities:			
Due within one year	-	23,746	23,746
Due beyond one year	8,422,653	88,594	8,511,247
Total Liabilities	<u>8,453,394</u>	<u>1,120,290</u>	<u>9,573,684</u>
Net Assets			
Restricted for:			
Invested in Capital Assets Net of Related Debt	15,178,100	403,938	15,582,038
Debt Service	1,806,584		1,806,584
Unrestricted	-	845,066	845,066
Total Net Assets	<u>16,984,684</u>	<u>1,249,004</u>	<u>18,233,688</u>
Total Liabilities and Net Assets	\$ <u>25,438,078</u>	\$ <u>2,369,294</u>	\$ <u>27,807,372</u>

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, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2011

	Business-Type Activities - Enterprise Fund		
	Corridor Parking Garage	Special Improvement District	Total
Operating Revenues:			
Assessments	\$ -	\$ 3,258,679	\$ 3,258,679
Other		83,623	83,623
Total Operating Revenues	<u>-</u>	<u>3,342,302</u>	<u>3,342,302</u>
Operating Expenses:			
Salaries and Benefits		1,201,348	1,201,348
General and administrative		2,081,063	2,081,063
Project costs		140,000	140,000
Depreciation		88,557	88,557
Total Operating Expenses	<u>-</u>	<u>3,510,968</u>	<u>3,510,968</u>
Operating Income	-	(168,666)	(168,666)
Nonoperating Revenues (Expenses):			
Capital contributions		326,103	326,103
Interest	8		8
Transfers from other funds	14,282,167	1,091,567	15,373,734
	<u>14,282,175</u>	<u>1,249,004</u>	<u>15,531,179</u>
Net assets, January 1, 2011	<u>2,702,509</u>		<u>2,702,509</u>
Net assets, December 31, 2011	<u>\$ 16,984,684</u>	<u>\$ 1,249,004</u>	<u>\$ 18,233,688</u>

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 Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Business-Type Activities - Enterprise Fund		
	Corridor Parking Garage	Special Improvement District	Total
Cash flows from operating activities			
Assessments	\$ -	\$ 3,046,993	\$ 3,046,993
Other revenue		83,623	83,623
Payments to suppliers		(1,885,201)	(1,885,201)
Payments to employees		(1,152,086)	(1,152,086)
Net cash provided by (used for) operating activities	<u>-</u>	<u>93,329</u>	<u>93,329</u>
Cash flows from noncapital financing activities			
Transfers from other funds	14,312,909	1,688,164	16,001,073
Net cash provided by (used for) noncapital financing activities	<u>14,312,909</u>	<u>1,688,164</u>	<u>16,001,073</u>
Cash flows from capital and related financing activities			
Construction in progress	(20,898,245)		(20,898,245)
Purchase of Capital assets		(166,393)	(166,393)
Issuance of long term debt	8,422,653		8,422,653
Net cash provided by (used for) capital and related financing activities	<u>(12,475,592)</u>	<u>(166,393)</u>	<u>(12,641,985)</u>
Cash flows from investing activities			
Interest	8	-	8
Net cash provided by (used for) investing activities	<u>8</u>	<u>-</u>	<u>8</u>
Net increase (decrease) in cash and cash equivalents	1,837,325.00	1,615,100.00	3,452,425.00
Cash balance, January 1, 2011	-	-	-
Cash balance, December 31, 2011	<u>\$ 1,837,325.00</u>	<u>\$ 1,615,100.00</u>	<u>\$ 3,452,425.00</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ -	\$ (168,666.00)	\$ (168,666.00)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	88,557.00	88,557.00
(Increase) / decrease in:			
Prepaid expenses		(26,230.00)	(26,230.00)
Accounts receivable		(211,686.00)	(211,686.00)
Increase / (decrease) in:			
Accrued salaries & benefits		49,261.00	49,261.00
Accounts payable		362,093.00	362,093.00
Total adjustments	<u>-</u>	<u>261,995.00</u>	<u>261,995.00</u>
Net cash provided by (used for) operating activities	<u>\$ -</u>	<u>\$ 93,329.00</u>	<u>\$ 93,329.00</u>

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 Changes in Fiduciary Net Assets
Fiduciary Funds
December 31, 2011

	<u>Reinvestment Funds</u>	<u>Other</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 306,916,206	\$ 11,621,333	\$ 318,537,539
Receivables:			
Notes receivable		4,684,114	4,684,114
Obligations receivable	9,416,535		9,416,535
Accrued interest receivable		94,535	94,535
Other	5,457,504	5,374,137	10,831,641
Capital assets:			
Real estate		12,258,057	12,258,057
Total Assets	\$ <u>321,790,245</u>	\$ <u>34,032,176</u>	\$ <u>355,822,421</u>
Liabilities			
Interest payable	\$ 781,780		\$ 781,780
Other payables	1,900,784	11,220,712	13,121,496
Reserves			
Obligations payable	260,197,659		260,197,659
Direct investment deposits	1,415,181		1,415,181
Donation deposits	57,494,841		57,494,841
Project costs		22,811,464	22,811,464
Total Liabilities and Reserves	\$ <u>321,790,245</u>	\$ <u>34,032,176</u>	\$ <u>355,822,421</u>
Net Assets	-	-	-
Total Liabilities Reserves and Net Assets	\$ <u>321,790,245</u>	\$ <u>34,032,176</u>	\$ <u>355,822,421</u>

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 Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2011

	<u>Reinvestment Funds</u>	<u>Other</u>	<u>Total</u>
Additions			
Transfer from (to) reinvestment funds and other governmental funds	\$	\$ 9,507,812	\$ 9,507,812
Obligation deposits	45,650,308		45,650,308
Retail and luxury tax remittance		23,733,298	23,733,298
Interest on notes		112,026	112,026
Other income		352	352
Total Additions	<u>45,650,308</u>	<u>33,353,488</u>	<u>79,003,796</u>
Deductions			
Direct Investments	7,917,786		7,917,786
Direct donations:			
Transfers to other fiduciary funds	3,595,639		3,595,639
Other	6,902,726		6,902,726
Accrued obligations	933,285		933,285
Bonds issued	8,885,228		8,885,228
Credits	4,629,750		4,629,750
Bond Trustee Escrow	6,748,908		6,748,908
Grants and donations		7,523,064	7,523,064
Retail and luxury tax distributions		23,733,298	23,733,298
Total Deductions	<u>39,613,322</u>	<u>31,256,362</u>	<u>70,869,684</u>
Change in reserves	6,036,986	2,097,126	8,134,112
Net assets January 1, 2011	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, December 31, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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 2011. 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 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 and interfund transfers*.

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.

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 proprietary fund and 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
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

1. Summary of Significant Accounting Policies - Continued

Measurement focus, basis of accounting and financial statement presentation - Continued

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, Special Improvement District Assessments, 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 proprietary and fiduciary fund types:

Proprietary Funds:

The *Corridor Garage Fund* is utilized to account for the financing, construction and eventual operation of a garage in the Corridor. The costs of operation and debt service will be recovered by fees and/or charges.

The *Special Improvement District Fund* is utilized to account for the Authority's designated Special Improvement District (SID). The SID's purpose is to serve the community at large, the business community, and the City of Atlantic City to promote an appealing and 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
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

1. Summary of Significant Accounting Policies - Continued

Measurement focus, basis of accounting and financial statement presentation - Continued

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 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. 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 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.

**CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

1. Summary of Significant Accounting Policies - Continued

Measurement focus, basis of accounting and financial statement presentation - Continued

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, 2011, 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.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the CRDA, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

1. Summary of Significant Accounting Policies - Continued

Measurement focus, basis of accounting and financial statement presentation - Continued

Fund Balance Reserves

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, CRDA has classified governmental fund balances as follows;

- Non-spendable – Includes fund balance amounts that cannot be spent either because it is 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.
- 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 does 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 within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

2. Investments

As of December 31, 2011, the Authority had the following investments:

	<u>Maturities</u>		<u>Fair Value</u>
Marketable Securities	various	\$	42,733,856
Certificates of Deposit	2/15/2012		68,289

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.

**CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

2. Investment - Continued

Interest Rate Risk - Continued

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, 2011, \$450,381,092 of the Authority's bank balance of \$450,881,092 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.

4. Notes Receivable

As of December 31, 2011, the Parking Fee Revenue Fund includes a note receivable in the amount of \$8,600,000,000 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%, was 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.

**CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

5. Fixed Assets

Summary of changes in fixed assets for the year ended December 31, 2011:

	<u>Balance December 31, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2011</u>
Governmental Funds				
Furniture & Equipment	\$ 508,175	\$ 23,619	\$ (21,487)	\$ 510,307
Building		1,959,930		1,959,930
Accumulated Depreciation	(419,219)	(26,260)	21,487	(423,992)
Net, Governmental Funds	<u>88,956</u>	<u>1,957,289</u>	<u>-</u>	<u>2,046,245</u>
Proprietary Funds				
Furniture & Equipment		604,835		604,835
Construction in Progress	2,702,508	20,898,245		23,600,753
Accumulated Depreciation		(88,557)		(88,557)
Net, Proprietary Funds	<u>2,702,508</u>	<u>21,414,523</u>	<u>-</u>	<u>24,117,031</u>
Entity-wide Total	<u>\$ 2,791,464</u>	<u>\$ 23,371,812</u>	<u>\$ -</u>	<u>\$ 26,163,276</u>

6. Interfund Receivables/Payables

The following is a summary of interfund receivables and payables at December 31, 2011:

	<u>Due to (due from) General</u>	<u>Due to (due from) Reinvestment</u>	<u>Due to (due from) AC Corridor</u>	<u>Due to (due from) Hotel Room Fee</u>	<u>Due to (due from) Deregulation</u>	<u>Due to (due from) Debt Service Fund</u>	<u>Due to (due from) Agency Fund</u>	<u>Due to (due from) SID Fund</u>	<u>Net Total</u>
Interest	\$ 16,278	\$ (12,201)	\$ (2,642)	\$ (1,435)					-
Administrative fees	25,091					(25,091)			-
Miscellaneous	107,762	5,457,505	(133,816)	(90,787)			(4,743,945)	(596,719)	-
Deregulation Funds		(346,361)			346,361				-
Total	<u>\$ 149,131</u>	<u>\$ 5,098,943</u>	<u>\$ (136,458)</u>	<u>\$ (92,222)</u>	<u>\$ 346,361</u>	<u>\$ (25,091)</u>	<u>\$ (4,743,945)</u>	<u>\$ (596,719)</u>	<u>\$ -</u>

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

**CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

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.
- c. 2011 Obligations and Donations account activity is summarized below:

<u>Obligation Deposits</u>	
Beginning Balance	\$ 249,977,816
Obligation deposits	45,650,308
Direct investments	(7,660,709)
Direct donations	(9,706,412)
Transfer to donations	(7,215,993)
Transfer to bond trustee	(6,748,908)
Bonds issued	(8,885,228)
Credits	(4,629,750)
Obligations receivable	9,416,535
Ending Balance	<u>260,197,659</u>
<u>Direct Investment Deposit</u>	
Beginning Balance	1,672,262
Disbursements	(257,081)
Ending Balance	<u>1,415,181</u>
<u>Donation Deposits</u>	
Beginning Balance	51,070,797
Transfers from obligations	7,215,993
Grants to Agency and Debt Service Funds	(791,949)
Ending Balance	<u>57,494,841</u>
Grand Total	<u>\$ 319,107,681</u>

**CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

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 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. Accordingly, due to a lack of revenues generated Helrich Plaza bondholders received only a portion of amounts due under the bonds in 2011. The bond holders of the Vermont Plaza project and the Sheraton Headquarters Hotel are not currently receiving principal or interest payments.

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	\$ 22,055,775
\$184.5 million Parking Fee Revenue Bonds	7,728,959
Atlantic City Boardwalk Convention Center Project Bonds	423,954
Balance December 31, 2011	<u>\$ 30,208,688</u>

**CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

8. Bonds Payable - Continued

The following is a summary of the CRDA's long-term debt transactions for the year ended December 31, 2011:

	<u>Publicly Issued Bonds</u>	<u>Project Bonds</u>	<u>Total</u>
Debt Outstanding December 31, 2010	\$ 344,445,000	\$ 103,387,571	\$ 447,832,571
Additions to Debt		8,885,228	8,885,228
Reductions of Debt	(12,350,000)	(1,841,334)	(14,191,334)
Debt Outstanding December 31, 2011	<u>332,095,000</u>	<u>110,431,465</u>	<u>442,526,465</u>
Net Unamortized Premium	<u>7,482,000</u>		<u>7,482,000</u>
Net Debt	<u>\$ 339,577,000</u>	<u>\$ 110,431,465</u>	<u>\$ 450,008,465</u>
Amounts due within one year	<u>\$ 21,220,000</u>	<u>\$ 645,334</u>	<u>\$ 21,865,334</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 21,220,000	\$ 16,883,317	\$ 38,103,317
2013	24,605,000	15,720,955	40,325,955
2014	25,360,000	14,452,878	39,812,878
2015	22,010,000	13,252,286	35,262,286
2016	22,975,000	12,097,823	35,072,823
2017-2021	117,980,000	41,261,598	159,241,598
2022-2025	97,945,000	10,856,199	108,801,199
Total	<u>\$ 332,095,000</u>	<u>\$ 124,525,056</u>	<u>\$ 456,620,056</u>

**CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

8. Bonds Payable - Continued

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 645,334	\$ 3,705,190	\$ 4,350,524
2013	659,815	3,678,724	4,338,539
2014	673,617	3,651,712	4,325,329
2015	1,210,662	3,625,213	4,835,875
2016	1,261,577	3,574,297	4,835,874
2017-2021	7,150,881	17,029,491	24,180,372
2022-2026	6,296,514	15,440,116	21,736,630
2027-2031	54,569,673	14,013,942	68,583,615
2032-2036	6,969,048	7,389,560	14,358,608
2037-2041	6,136,220	6,240,523	12,376,743
2042-2046	24,187,913	2,059,801	26,247,714
2047-2050	670,211	47,104	717,315
Total	<u>\$ 110,431,465</u>	<u>\$ 80,455,673</u>	<u>\$ 190,887,138</u>

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 \$633,333 as of December 31, 2011, 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.

**CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

10. Project and Direct Investment Commitments

a. During 2011, the CRDA commitments decreased by \$25.3 million.

As of December 31, 2011, CRDA had outstanding commitments as follows:

<u>Project</u>	<u>Outstanding Commitments</u>	<u>Project</u>	<u>Outstanding Commitments</u>
Atlantic City		South Jersey	
Northeast Inlet Redevelopment	\$ 6,265,761	Camden Project Fund	\$ 9,400,000
Bally's Hope Loan Program	999,424	SJ Transportation and Green Projects	2,865,585
Convention Center East Hall	4,384,099	Shepherd's Farm Housing	371,408
AC/Brigantine Connector Road	42,264,736	EHT Route 40 Corridor	2,945,285
Virginia Avenue Improvements	4,474,674	SJ Regional Fire Training Center	952,451
Atlantic Avenue Façade Program	701,565	Caesar's Hotel Expansion	14,649,241
North Carolina Avenue Improvements	328,530	Harrah's Hotel Expansion	9,960,110
2nd Ward Façade	256,126	Resorts Hotel Expansion	5,791,804
Carolina Gardens	758,594	Transportation Master Plan	103,119
Cityscape	23,769	SJ Workforce Housing Loan Fund	20,000,000
AC Housing Fund	16,552,766	SJ Food Access Initiative Project	2,000,000
Maine Avenue Project	6,499,685	SJT & Land Use Program	1,000,000
Tax Certificate Acquisitions	5,322	AC International Inspection Services	4,000,000
Dwayne Harris Memorial Ballfield	34,318	Aviation Research & Technology Park	2,394,021
AC Corridor Bond Pledge	136,715,866		
Hope VI Housing	2,806,823	Total South Jersey	<u>76,433,024</u>
2nd Ward Housing	1,298,066		
Corridor Parking Garage	11,977,347	North Jersey	
Atlantic City Economic Development	1,018,879	Long Branch Project	955,801
Fresh Food Market	314,637	South Amboy Project	7,142,185
Lighthouse District Park Project	2,524,375	North Project Fund	44,125,807
Vision 2000 Foreclosure	237,646	NJSEA Purse Enhancements	31,542,504
AC National Guard Armory	51,294	NJ Food Access Initiative Project	5,000,000
Vermont Plaza	444,480	Newark Teachers Village	10,000,000
Atlantic Cape Community College	5,000,000	Liberty Science Center	4,000,000
Roosevelt Beach Pavilion	148,655	Newark Marriot	6,000,000
Community Development Grants	500,000		
AC Demolition Project	984,444	Total North Jersey	<u>108,766,297</u>
Boardwalk Lighting	1,876,000		
SE Inlet Transportation Improvements	3,235,571	NJSBMWE Set Aside	<u>11,420,302</u>
Total Atlantic City	<u>\$ 252,683,452</u>	Total Commitments December 31, 2011	<u>\$ 449,303,075</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.

**CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

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	\$ 135,834
Bus Terminal	1,000,000
Bus Transit Planning	3,153
South Inlet Transportation Improvements	8,052,755
Atlantic-Pacific Avenues One-Way	210,706
Transportation Master Plan	137,887
Community Development Grants	109,778
Capital Expenditure Assessment	11,230
Engineering Assessment / ACCVA	22,421
Boardwalk Lighting	8,656
Total	<u>\$ 9,692,420</u>

13. General Fund Balances Reserved for Project Costs

Reserved:	
Reserve for Absecon Lighthouse	\$ 94,147
Reserve for Urban Lab Project	8,743
Reserve for AC Transportation & Green Projects	8,223,213
Reserve for AC Traffic Operations Center	21,394
Reserve for AC Int'l Airport Apron Expansion	65,665
Reserve for Bus Transit Planning	122,770
Reserve for Atlantic-Pacific Avenues One Way	883,505
Reserve for Boardwalk Hall Lighting	500,000
Reserve for Travelers Assistance Program	92,000
Reserve for Community Development Grants	90,222
Reserve for Capital Expenditure Assessment	13,770
Reserve for ACCVA Engineering Assessment	81,786
Reserve for Boardwalk Lighting	1,342
Reserve for Downtown Revitalization	10,000,000
Reserve for South Inlet Transportation Improvements	4,000,000
Total	<u>\$ 24,198,557</u>

**CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

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 is 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.shtml>.

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 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 6.5% of covered payroll. The Authority's contributions to PERS for the years ending December 31, 2011, 2010 and 2009 were \$231,286, \$198,704, and \$174,971, respectively, equal to the required contributions for each year. The Authority's total payroll for the years ended December 31, 2011, 2010 and 2009 was \$2,756,444, \$2,090,500, and \$2,321,350; covered payroll was \$2,756,444, \$2,039,903, and \$2,208,711 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.

**CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

16. 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 8).

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. 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 \$98 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.

21. Deferred Compensation

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all eligible regular 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.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, have been removed from the books and accounts of the Authority as they are no longer the property or rights of the Authority.

**CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

22. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between December 31, 2011 through February 17, 2012 the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to attention of the Authority that require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Budget to Actual</u>
REVENUES			
Administrative fees	\$ 180,033	\$ 161,225	\$ (18,808)
Interest and investment income	586,767	265,982	(320,785)
Sales and luxury tax rebate revenue	5,300,000	7,622,307	2,322,307
Processing fees	302,000	292,359	(9,641)
Other	100,000	130,251	30,251
Total Revenues	<u>6,468,800</u>	<u>8,472,124</u>	<u>2,003,324</u>
EXPENDITURES			
Current:			
Salaries and benefits	3,739,609	2,905,581	834,028
General and administrative	986,598	718,307	268,291
Professional services	924,000	784,513	139,487
Project costs	5,300,000	9,692,420	(4,392,420)
Capital Outlay:			
Fixed Assets	549,500	23,619	525,881
Depreciation	27,500		27,500
Total Expenditures	<u>11,527,207</u>	<u>14,124,440</u>	<u>(2,597,233)</u>
Excess (deficiency) of revenues over expenditures	(5,058,407)	(5,652,316)	(593,909)
OTHER FINANCING SOURCES (USES)			
Payments received on notes		2,201,149	2,201,149
Other receivables		(291,951)	(291,951)
Other Payables		715,000	715,000
Loan disbursements		(105,817)	(105,817)
Purchase of real estate		(3,575,917)	(3,575,917)
Transfers to Other Funds		(11,091,404)	(11,091,404)
Total other financing sources and uses	<u>-</u>	<u>(12,148,940)</u>	<u>(12,148,940)</u>
Net change in fund balance	(5,058,407)	(17,801,256)	(12,742,849)
Fund balance, January 1, 2011	53,398,099	53,398,099	-
Fund balance, December 31, 2011	<u>\$ 48,339,692</u>	<u>\$ 35,596,843</u>	<u>\$ (12,742,849)</u>

OTHER SUPPLEMENTARY INFORMATION

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Balance Sheet - Nonmajor Governmental Funds
Debt Service Funds
December 31, 2011

	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 and cash equivalents	\$ 21	\$	\$ 156,245	\$ 1,353	\$	\$ 732,779	\$	\$ 59,173	\$	\$ 414,932	\$ 1,364,503
Receivables:											
Accrued interest receivable	820		789		34,340	45,718		37,809	18,250	28,802	132,188
Other		346,361					1,035,912		6,962		1,423,575
Total Assets	<u>\$ 841</u>	<u>\$ 346,361</u>	<u>\$ 157,034</u>	<u>\$ 1,353</u>	<u>\$ 34,340</u>	<u>\$ 778,497</u>	<u>\$ 1,035,912</u>	<u>\$ 96,982</u>	<u>\$ 25,212</u>	<u>\$ 443,734</u>	<u>\$ 2,920,266</u>
Liabilities											
Interest payable	\$ 1,123	\$	\$ 5,487	\$	\$	\$ 98,651	\$	\$ 33,434	\$ 16,206	\$ 72,988	\$ 227,889
Other payables			40			9,468		4,375	2,044	9,203	25,130
Total Liabilities	<u>1,123</u>	<u>-</u>	<u>5,527</u>	<u>-</u>	<u>-</u>	<u>108,119</u>	<u>-</u>	<u>37,809</u>	<u>18,250</u>	<u>82,191</u>	<u>253,019</u>
Fund Balances											
Restricted fund balance:											
Reserve for debt service	(282)	-	151,507	1,353	34,340	670,378	1,035,912	59,173	6,962	361,543	2,320,886
Reserve for project costs		346,361									346,361
Total Fund Balances	<u>(282)</u>	<u>346,361</u>	<u>151,507</u>	<u>1,353</u>	<u>34,340</u>	<u>670,378</u>	<u>1,035,912</u>	<u>59,173</u>	<u>6,962</u>	<u>361,543</u>	<u>2,667,247</u>
Total Liabilities and Fund Balances	<u>\$ 841</u>	<u>\$ 346,361</u>	<u>\$ 157,034</u>	<u>\$ 1,353</u>	<u>\$ 34,340</u>	<u>\$ 778,497</u>	<u>\$ 1,035,912</u>	<u>\$ 96,982</u>	<u>\$ 25,212</u>	<u>\$ 443,734</u>	<u>\$ 2,920,266</u>

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds - Debt Service Funds
For the Year Ended December 31, 2011

	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 Governmental Funds
REVENUES											
Interest and investment income	\$ 4,051	\$ 376	\$ 11,327	\$ 1	\$ 87	\$ 641,018	\$ 3,939	\$ 453,824	\$ 111,038	\$ 565,684	\$ 1,791,345
Grant revenue				990,553							990,553
Total Revenues	<u>4,051</u>	<u>376</u>	<u>11,327</u>	<u>990,554</u>	<u>87</u>	<u>641,018</u>	<u>3,939</u>	<u>453,824</u>	<u>111,038</u>	<u>565,684</u>	<u>2,781,898</u>
EXPENDITURES											
Project costs							270,742				270,742
Other			734			40,271		52,500	12,430	56,025	161,960
Debt Service:											
Interest expense	4,598		11,119			602,179		401,205	98,522	521,768	1,639,391
Principal	48,563		24,875			338,892			70,461	1,167,965	1,650,756
Total Expenditures	<u>53,161</u>	<u>-</u>	<u>36,728</u>	<u>-</u>	<u>-</u>	<u>981,342</u>	<u>270,742</u>	<u>453,705</u>	<u>181,413</u>	<u>1,745,758</u>	<u>3,722,849</u>
Excess (deficiency) of revenues over expenditures	(49,110)	376	(25,401)	990,554	87	(340,324)	(266,803)	119	(70,375)	(1,180,074)	(940,951)
OTHER FINANCING SOURCES (USES)											
Payments received on notes	26,052		41,570			342,038			70,460	393,748	873,868
Other payables						(5,949)				415	(5,534)
Loan disbursements				(990,553)							(990,553)
Total other financing sources and uses	<u>26,052</u>	<u>-</u>	<u>41,570</u>	<u>(990,553)</u>	<u>-</u>	<u>336,089</u>	<u>-</u>	<u>-</u>	<u>70,460</u>	<u>394,163</u>	<u>(122,219)</u>
Net change in fund balance	(23,058)	376	16,169	1	87	(4,235)	(266,803)	119	85	(785,911)	(1,063,170)
Fund balance, January 1, 2011	22,776	345,985	135,338	1,352	34,253	674,613	1,302,715	59,054	6,877	1,147,454	3,730,417
Fund balance, December 31, 2011	<u><u>(282)</u></u>	<u><u>346,361</u></u>	<u><u>151,507</u></u>	<u><u>1,353</u></u>	<u><u>34,340</u></u>	<u><u>670,378</u></u>	<u><u>1,035,912</u></u>	<u><u>59,173</u></u>	<u><u>6,962</u></u>	<u><u>361,543</u></u>	<u><u>2,667,247</u></u>

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Net Assets - Fiduciary Funds, Other
December 31, 2011

	<u>Delaware Avenue</u>	<u>Land Banking</u>	<u>Virginian Acquisition</u>	<u>2nd Ward Façade</u>	<u>Pacific Avenue Redevelopment</u>
Assets					
Cash	\$	\$	\$	\$	\$
Temporarily restricted assets:					
Real estate		1,196,804	803,030	36,811	
Notes receivable					
Accrued interest receivable					
Other receivables					
Total Assets	<u>\$ -</u>	<u>\$ 1,196,804</u>	<u>\$ 803,030</u>	<u>\$ 36,811</u>	<u>\$ -</u>
Liabilities					
Other Liabilities	\$	\$	\$	\$	\$
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reserves					
Reserve for temporarily restricted assets	-	1,196,804	803,030	36,811	-
Total Liabilities and Reserves	<u>-</u>	<u>1,196,804</u>	<u>803,030</u>	<u>36,811</u>	<u>-</u>
Net Assets	-	-	-	-	-
Total Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Net Assets - Fiduciary Funds, Other
December 31, 2011

	<u>Cityscape</u>	<u>SE Inlet Transportation Improvements</u>	<u>Virginia Avenue</u>	<u>Carolina Gardens</u>	<u>Pennsylvania Avenue</u>
Assets					
Cash	\$	\$	\$	\$	\$
Temporarily restricted assets:					
Real estate	66,583	187,085	133,266	823,704	22,062
Notes receivable				35,644	
Accrued interest receivable					
Other receivables				7,984	
Total Assets	<u>\$ 66,583</u>	<u>\$ 187,085</u>	<u>\$ 133,266</u>	<u>\$ 867,332</u>	<u>\$ 22,062</u>
Liabilities					
Other Liabilities	\$	\$	\$	\$	\$
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reserves					
Reserve for temporarily restricted assets	66,583	187,085	133,266	867,332	22,062
Total Liabilities and Reserves	<u>66,583</u>	<u>187,085</u>	<u>133,266</u>	<u>867,332</u>	<u>22,062</u>
Net Assets	-	-	-	-	-
Total Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Net Assets - Fiduciary Funds, Other
December 31, 2011

	<u>General Development</u>	<u>Donation Loans</u>	<u>3-2-1 Police Loan</u>	<u>Chelsea Westside</u>	<u>A.C. Supermarket</u>
Assets					
Cash	\$ 5,774	\$	\$	\$ 6,873,493	\$
Temporarily restricted assets:					
Real estate				262,354	6,163,011
Notes receivable		2,814,999	546,454	57,035	1,207,802
Accrued interest receivable		90,005	1,244		3,286
Other receivables		652,552	4,394,333		319,268
Total Assets	<u>\$ 5,774</u>	<u>\$ 3,557,556</u>	<u>\$ 4,942,031</u>	<u>\$ 7,192,882</u>	<u>\$ 7,693,367</u>
Liabilities					
Other Liabilities	\$ 5,774	\$	\$ 21,520	\$ 6,451,352	\$
Total Liabilities	<u>5,774</u>	<u>-</u>	<u>21,520</u>	<u>6,451,352</u>	<u>-</u>
Reserves					
Reserve for temporarily restricted assets	-	3,557,556	4,920,511	741,530	7,693,367
Total Liabilities and Reserves	<u>5,774</u>	<u>3,557,556</u>	<u>4,942,031</u>	<u>7,192,882</u>	<u>7,693,367</u>
Net Assets					
Total Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Net Assets - Fiduciary Funds, Other
December 31, 2011

	<u>NEI Consensual Acquisition</u>	<u>Teachers and Firefighters Home Loans</u>	<u>Retail and Luxury Tax</u>	<u>Bally's Warehouse Project</u>	<u>Chesapeake Gardens Senior Homes</u>
Assets					
Cash	\$	\$	\$ 4,742,066	\$	\$
Temporarily restricted assets:					
Real estate	213,476			71,574	151,383
Notes receivable		22,180			
Accrued interest receivable					
Other receivables					
Total Assets	<u>\$ 213,476</u>	<u>\$ 22,180</u>	<u>\$ 4,742,066</u>	<u>\$ 71,574</u>	<u>\$ 151,383</u>
Liabilities					
Other Liabilities	\$	\$	\$ 4,742,066	\$	\$
Total Liabilities	<u>-</u>	<u>-</u>	<u>4,742,066</u>	<u>-</u>	<u>-</u>
Reserves					
Reserve for temporarily restricted assets	213,476	22,180	-	71,574	151,383
Total Liabilities and Reserves	<u>213,476</u>	<u>22,180</u>	<u>4,742,066</u>	<u>71,574</u>	<u>151,383</u>
Net Assets	-	-	-	-	-
Total Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Net Assets - Fiduciary Funds, Other
December 31, 2011

	<u>Lighthouse District Park Project</u>	<u>Total</u>
Assets		
Cash	\$	\$ 11,621,333
Temporarily restricted assets:		
Real estate	2,126,914	12,258,057
Notes receivable		4,684,114
Accrued interest receivable		94,535
Other receivables		5,374,137
Total Assets	<u>\$ 2,126,914</u>	<u>\$ 34,032,176</u>
Liabilities		
Other Liabilities	\$	\$ 11,220,712
Total Liabilities	<u>-</u>	<u>11,220,712</u>
Reserves		
Reserve for temporarily restricted assets	2,126,914	22,811,464
Total Liabilities and Reserves	<u>2,126,914</u>	<u>34,032,176</u>
Net Assets	-	-
Total Net Assets	<u>\$ -</u>	<u>\$ -</u>

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, 2011

	<u>Delaware Avenue</u>	<u>Land Banking</u>	<u>Virginian Acquisition</u>	<u>2nd Ward Façade</u>	<u>Pacific Avenue Redevelopment</u>
Additions					
Transfer from (to) reinvestment funds and other governmental funds	\$	\$	\$	\$ 21,177	\$
Retail and luxury tax remittance					
Interest on notes					
Other income					
Total Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,177</u>	<u>-</u>
Deductions					
Grants and donations	43,888			21,177	26,970
Retail and luxury tax distributions					
Total Deductions	<u>43,888</u>	<u>-</u>	<u>-</u>	<u>21,177</u>	<u>26,970</u>
Change in reserves	(43,888)	-	-	-	(26,970)
Net assets January 1, 2011	-	-	-	-	-
Net assets, December 31, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2011

	<u>Cityscape</u>	<u>SE Inlet Transportation Improvements</u>	<u>Virginia Avenue</u>	<u>Carolina Gardens</u>	<u>Pennsylvania Avenue</u>
Additions					
Transfer from (to) reinvestment funds and other governmental funds	\$ 1,640	\$ 121	\$ -	\$ 1,884	\$ -
Retail and luxury tax remittance					
Interest on notes					
Other income					
Total Additions	<u>1,640</u>	<u>121</u>	<u>-</u>	<u>1,884</u>	<u>-</u>
Deductions					
Grants and donations	1,640	121	-	1,682	-
Retail and luxury tax distributions					
Total Deductions	<u>1,640</u>	<u>121</u>	<u>-</u>	<u>1,682</u>	<u>-</u>
Change in reserves	-	-	-	202	-
Net assets January 1, 2011	-	-	-	-	-
Net assets, December 31, 2011	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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, 2011

	<u>General Development</u>	<u>General Donations</u>	<u>Donation Loans</u>	<u>3-2-1 Police Loan</u>	<u>Chelsea Westside</u>
Additions					
Transfer from (to) reinvestment funds and other governmental funds	\$	\$ 6,902,726	\$	\$	\$
Retail and luxury tax remittance			43,840	27,444	
Interest on notes				352	
Other income					
Total Additions	<u>-</u>	<u>6,902,726</u>	<u>43,840</u>	<u>27,796</u>	<u>-</u>
Deductions					
Grants and donations		6,902,726		23,182	41,148
Retail and luxury tax distributions					
Total Deductions	<u>-</u>	<u>6,902,726</u>	<u>-</u>	<u>23,182</u>	<u>41,148</u>
Change in reserves	-	-	43,840	4,614	(41,148)
Net assets January 1, 2011	-	-	-	-	-
Net assets, December 31, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2011

	<u>A.C. Supermarket</u>	<u>NEI Consensual Acquisition</u>	<u>Teachers and Firefighters Home Loans</u>	<u>Virginia Avenue Icon</u>	<u>Retail and Luxury Tax</u>
Additions					
Transfer from (to) reinvestment funds and other governmental funds	\$	\$	\$	\$ 2,336	\$
Retail and luxury tax remittance					23,733,298
Interest on notes	40,742				
Other income					
Total Additions	<u>40,742</u>	<u>-</u>	<u>-</u>	<u>2,336</u>	<u>23,733,298</u>
Deductions					
Grants and donations			7,180	2,336	
Retail and luxury tax distributions					23,733,298
Total Deductions	<u>-</u>	<u>-</u>	<u>7,180</u>	<u>2,336</u>	<u>23,733,298</u>
Change in reserves	40,742	-	(7,180)	-	-
Net assets January 1, 2011	-	-	-	-	-
Net assets, December 31, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2011

	<u>Bally's Warehouse Project</u>	<u>Chesapeake Gardens Senior Homes</u>	<u>Lighthouse District Park Project</u>	<u>Total</u>
Additions				
Transfer from (to) reinvestment funds and other governmental funds	\$	\$	\$ 2,577,928	\$ 9,507,812
Retail and luxury tax remittance				23,733,298
Interest on notes				112,026
Other income				352
Total Additions	<u>-</u>	<u>-</u>	<u>2,577,928</u>	<u>33,353,488</u>
Deductions				
Grants and donations			451,014	7,523,064
Retail and luxury tax distributions				23,733,298
Total Deductions	<u>-</u>	<u>-</u>	<u>451,014</u>	<u>31,256,362</u>
Change in reserves	-	-	2,126,914	2,097,126
Net assets January 1, 2011	-	-	-	-
Net assets, December 31, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>