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

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2013

AND

INDEPENDENT AUDITORS' REPORT

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

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Casino Reinvestment Development Authority ("CRDA" or the "Authority"), a component unit of the State of New Jersey, as of and for the year ended December 31, 2013, and the related notes to the financial statements which collectively comprise the CRDA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

(Continued)

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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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 59 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.

Other Information

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

Friedman LLP

February 28, 2014

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2013. It should be read in conjunction with the CRDA's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

On February 1, 2011, the Governor of the State of New Jersey signed legislation that expanded the scope of the Authority's responsibilities to encompass the assumption of all powers, rights, duties, assets and responsibilities of the Atlantic City Convention and Visitors Authority ("ACCVA") subject to the receipt of two enumerated certifications.

On April 1, 2013, the Chairman of the ACCVA provided the first enumerated certification to the Governor acknowledging the cessation of any outstanding bond obligations of the ACCVA. On the same date, the Chairman of the CRDA provided a second enumerated certification to the Governor acknowledging (1) the cessation of any outstanding bond obligations of the ACCVA and (2) the assumption of all debts and statutory responsibilities of the ACCVA by the CRDA.

The assets of the CRDA exceeded its liabilities at the close of the most recent fiscal year by $317 million, an increase in net position of approximately $341.1 million. The increase is substantially comprised of a capital contribution in the amount of $300.7 representing the assets and liabilities of the ACCVA. The assets are comprised of cash, receivables and prepaid expenses, and investments in long-term assets in the amounts of, respectively, $42.0 million, $10.4 million and $389.6 million. The liabilities are comprised of current liabilities, and long-term notes and bonds, in the amounts of, respectively, $48.2 million and $95.3 million. A portion of the overall increase in the amount of $37.0 million reflects an increase in the net position of governmental activities.

Cash and investments total approximately $212.4 million, an increase of $49.5 million from the prior year.

Long-term liabilities increased $70.1 million due primarily to the addition of the Luxury Tax Bond obligations of the ACCVA.

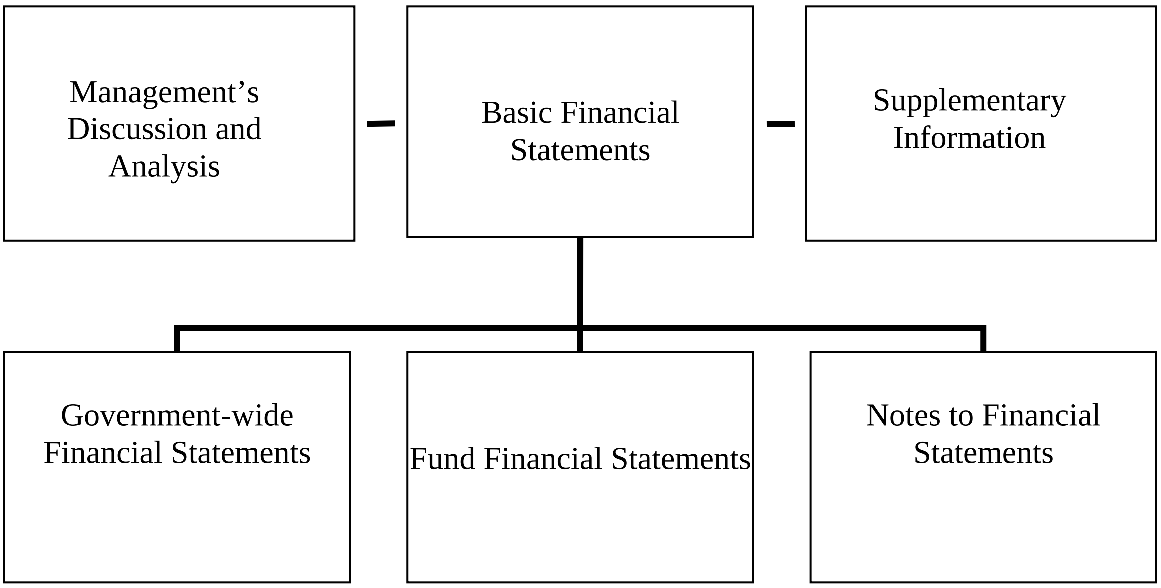
General fund actual revenue was greater than budgeted revenue for the 2013 year due to an increase in sales tax rebate revenues; and general fund operational expenses came in under budget.

Real estate holdings increased to approximately $184.5 million during the fiscal year. The increase is related to the assumption of the ACCVA real estate holdings.

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 Financial Statements

The government-wide financial statements report information about the CRDA as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the CRDA's assets 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 and operation of a garage in the Corridor, and the operations of the Special Improvement District Division and the new Convention Center Division. The Convention Center Division promotes Atlantic City's unique character, boardwalk attractions and appeal as a year-round resort destination through convention development and leisure tourism. The venues of the Convention Center Division include the Atlantic City Convention Center, Historic Boardwalk Hall and West Hall.

Fund Financial Statements

Fund financial statements focus on the current financial information of the *individual parts* of the CRDA, reporting the CRDA's operations in *more detail* than the government-wide statements. Funds are 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 governmental funds statements that explains the relationship (or difference) between them.

- *Proprietary funds statements* are utilized to account for Authority business-type activities. Proprietary funds provide the same information as government-wide financial statements and use the accrual basis of accounting.

- *Fiduciary funds statements* address accounts in which CRDA acts solely as a *trustee or* agent for the benefit of others. The CRDA is the trustee, or *fiduciary,* for casino reinvestment obligations. It is also responsible for other assets that – because of a trust arrangement – can only be used for specific purposes. The CRDA is responsible for ensuring that the assets reported in these funds are only used for their intended purposes. All of the CRDA's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the CRDA's government-wide financial statements because the CRDA cannot use these assets to finance its operations.

The basic financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The financial statements and notes are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

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

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

		Fund Statements	
	Government-Wide 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 position 2) Statement of activities	1) Balance sheet 2) Statement of revenues, expenditures, and changes in fund balance	1) Statement of fiduciary net position 2) Statement of changes in fiduciary net position
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	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-Wide Financial Analysis

	Governmental Activities		Total Percent Change
	2013	2012	
Current and Other Assets	$ 200,068,364	$ 186,789,225	7%
Notes Receivable	118,858,635	118,355,710	0%
Capital Assets	108,584,133	106,927,577	2%
Total Assets	$ 427,511,132	$ 412,072,512	4%
Deferred Outflows of Resources	$ -	$ 3,559,287	-100%
Other Liabilities	$ 28,450,594	$ 26,680,466	7%
Long-Term Liabilities	406,243,900	433,090,692	-6%
Total Liabilities	$ 434,694,494	$ 459,771,158	-5%
Deferred Inflows of Resources	-	-	-
Net Position:			
Net Investment in Capital Assets	$ 5,347,050	$ 5,816,141	-8%
Restricted	33,065,039	33,143,234	0%
Unrestricted	(45,595,451)	(83,098,734)	45%
Total Net Position	$ (7,183,362)	$ (44,139,359)	-84%

The restricted component of net position represents resources that are subject to external restrictions on how they may be used. The restricted component of net position consists of debt service in the amount of $33 million. The remaining balance of the *unrestricted component of net position* includes approximately $38.6 million which may be used for any Authority purpose, and a negative $84.2 million designated for future project costs.

At the end of 2013, the CRDA maintains positive balances in two of three categories of net position. The negative unrestricted component of net position is the result of the prior expenditure of funds for approved projects. The funds were obtained through the issuance of 2004 Hotel Room Fee and 2005 Parking Revenue Fee bonds. Revenues for repayment of these bond issuances did not begin until July 2006. As these revenues continue to be received through the terms of the two bond issues, this negative position will continue to be reduced.

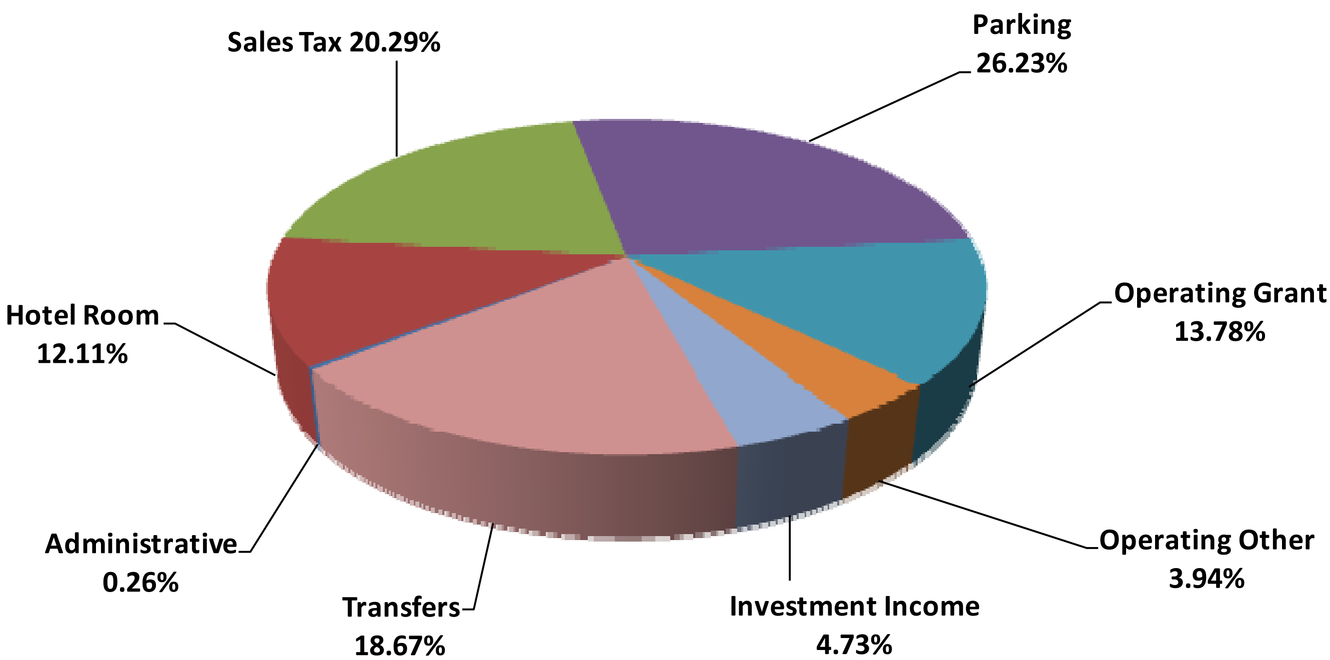
The CRDA holds $103.2 million in real estate investments. This real estate may be transferred to other entities upon completion of a project.

Changes in Net Position

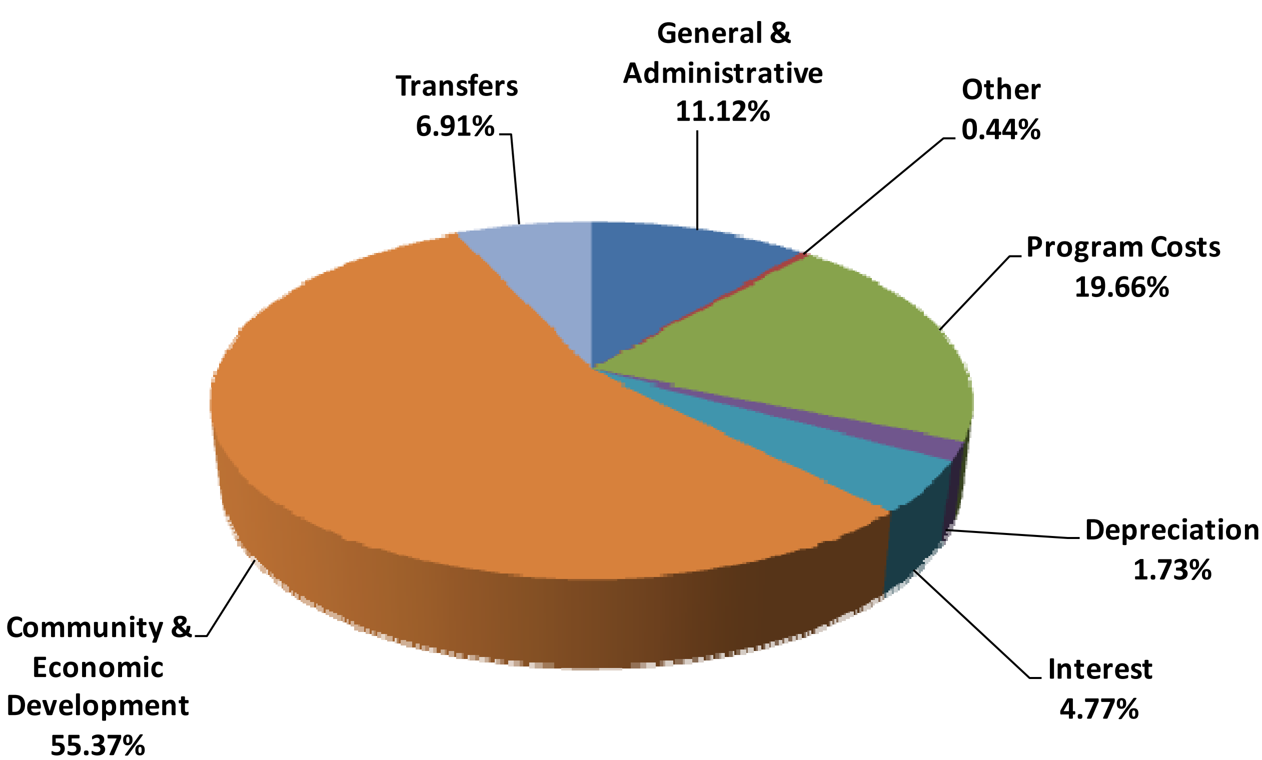
	Governmental Activities 2013	Governmental Activities 2012	Total Percent Change
Revenues			
Fees:			
Administrative	$ 226,501	$ 194,719	16%
Hotel Room	10,736,879	10,501,230	2%
Sales Tax and Luxury Tax Rebate	17,990,438	15,649,377	15%
Parking	23,256,065	25,362,246	-8%
Operating:			
Grant	12,221,304	8,641,058	41%
Other	3,494,892	1,424,581	145%
Investment Income	4,194,744	3,956,538	6%
Transfers	16,551,226	17,314,390	-4%
Total Revenues	$ 88,672,049	83,044,139	7%
Expenses			
General and Administrative	5,751,172	5,600,467	3%
Other	226,818	195,239	16%
Program Costs	10,168,957	2,298,174	342%
Depreciation	892,624	192,418	364%
Interest on Long-Term Debt	2,467,240	2,322,328	6%
Community and Economic Development	28,633,280	47,117,983	-39%
Transfers	3,575,961	1,253,000	185%
Total Expenses	51,716,052	58,979,609	-12%
Increase (Decrease) in Net Position	$ 36,955,997	$ 24,064,530	-54%

The CRDA's net position increased by $37 million during the current fiscal year. The primary components in the increase in net position of governmental activities are (1) continuity in the overall levels of itemized revenue with a notable uptick in sales tax rebate revenues and project processing fees, and (2) an overall decrease in community and economic expenditures, offset partially by an increase in program costs.

2013 REVENUES – GOVERNMENTAL ACTIVITIES



2013 EXPENSES – GOVERNMENTAL ACTIVITIES



Governmental Funds Financial Analysis

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

As of the end of 2013, the CRDA's governmental funds reported combined ending fund balances of $172,260,390, an increase of $10,052,064 for the fiscal year. Of this total amount, $38,591,190 is *unassigned, or* available for any CRDA purpose. The remainder of fund balance, or $133,669,200, is *reserved* to indicate that it is not available for new spending, because it has already been committed to pay debt service ($31,644,536) and for projects ($102,024,664).

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 Atlantic City casino expansion projects. The Hotel Room Fee Fund utilizes hotel room fee revenue and associated issued debt to fund Atlantic City casino expansion projects, 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 $341.4 million (net of accumulated depreciation of $13,368,338) and consists of office furnishings, computers, office equipment, public parking garage, and Convention Center Division capital assets. In addition, CRDA holds an investment in real estate of $184.5 million, 103.2 million of which is 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 of 2005, the CRDA publicly issued tax-exempt Parking Fee Revenue Bonds, Series 2005 A, in the amount of $107,140,000 and taxable Parking Fee Revenue Bonds, Series 2005 B, in the amount of $184,530,000. The Series 2005 A Bonds were issued for the purpose of advance refunding the Authority's tax-exempt Parking Fee Bonds, Series 1997 A, and tax-exempt Parking Fee Revenue Bonds, Series 2001. The Series 2005 B Bonds were issued for the purpose of advance refunding the Authority's Investment Alternative Tax and Subordinated Parking Fee Revenue Bonds, Series 2001, and financing boardwalk revitalization projects or programs which may include property acquisition, façade improvements, parking facilities, new retail and dining venues, improvements to casino boardwalk frontage and/or other economic development projects in Atlantic City.

The CRDA also issues project bonds to casino licensees with terms varying from 25 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.

Luxury tax bond obligations assumed from the ACCVA include the following:

$93,125,000 of Convention Center Luxury Tax Refunding Bonds, Series 1999A, issued by the NJSEA on February 15, 1999, with interest rates varying between 4.25% and 5.125% to refund a portion of the previously issued Luxury Tax Bonds, Series 1992A, and,

$23,085,000 of Convention Center Luxury Tax Refunding Bonds, Series 2004A, issued by the NJSEA on April 12, 2004, with an interest rate of 5.5% to refund on a current basis the NJSEA's previously outstanding Luxury Tax Bonds, Series 1992A.

	2013	2012
Debt outstanding January 1	$ 444,129,888	$ 442,526,465
Additions to Debt	95,094,561	24,216,486
Reduction of Debt	(33,580,672)	(22,613,063)
Debt Outstanding December 31	505,643,777	444,129,888
Plus: Net Unamortized Premium	6,326,042	6,316,456
	$ 511,969,819	$ 450,446,344

Selected Operating Highlights of the Convention Center Division

Number of Attendees

	2013	2012	2011
Boardwalk Hall	277,384	297,512	279,140
Convention Center	323,759	266,931	326,465
	601,143	564,443	605,605

Number of Events

	2013	2012	2011
Boardwalk Hall	35	37	40
Convention Center	90	100	104
	125	137	144

Operating Revenues & Expenses by Facility (000's)

Operating Revenues:	2013	2012	2011
Boardwalk Hall	$ 6,250	$ 6,950	$ 6,746
Convention Center	7,578	7,080	7,865
Marketing Operations	674	703	567
	$ 14,502	$ 14,733	$ 15,178
Operating Expenses:			
Boardwalk Hall	$ 11,102	$ 11,030	$ 10,596
Convention Center	11,704	11,680	12,089
Luxury Tax Reserve	9,328	30,988	9,751
Marketing Operations	10,273	10,304	10,703
	$ 42,407	$ 64,002	$ 43,139

BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION

DECEMBER 31, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 119,420,489	$ 44,634,984	$ 164,055,473
Restricted cash and cash equivalents	-	910,107	910,107
Marketable securities, net of allowance	42,665,251	-	42,665,251
Restricted marketable securities	-	4,798,976	4,798,976
Receivables:			
Notes receivable	118,858,635	-	118,858,635
Accrued interest receivable	16,830,128	-	16,830,128
Accrued parking fees	3,603,908	-	3,603,908
Accrued revenue receivable	3,407,404	-	3,407,404
Accrued marketing fees and luxury taxes	-	12,116,293	12,116,293
Other	14,141,184	2,476,603	16,617,787
Real estate	103,237,083	81,311,000	184,548,083
Capital assets, net of depreciation	5,347,050	336,038,106	341,385,156
Total assets	$ 427,511,132	$ 482,286,069	$ 909,797,201
DEFERRED OUTFLOWS OF RESOURCES			
Debt issuance costs	$ -	$ -	$ -
LIABILITIES			
Interest payable	$ 11,633,012	$ 10,010,415	$ 21,643,427
Deferred revenue	-	3,623,784	3,623,784
Other payables	16,817,582	8,225,572	25,043,154
Litigation reserve	-	21,800,000	21,800,000
Long-term liabilities:			
Due within one year	25,853,082	8,016,151	33,869,233
Due beyond one year	380,390,818	106,369,597	486,760,415
Total liabilities	$ 434,694,494	$ 158,045,519	$ 592,740,013
DEFERRED INFLOWS OF RESOURCES	$ -	$ -	$ -
NET POSITION			
Restricted for:			
Net investment in capital assets	$ 5,347,050	$ 304,055,577	$ 309,402,627
Debt service and project costs	33,065,039	832,000	33,897,039
Statutory requirements	-	5,709,083	5,709,083
Unrestricted	(45,595,451)	13,643,890	(31,951,561)
Total net position	$ (7,183,362)	$ 324,240,550	$ 317,057,188

See notes to financial statements.

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

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

		Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Fees	Operating Income	Net Capital Contribution	Governmental Activities	Business-Type Activities	Total
FUNCTIONS / PROGRAMS							
Governmental activities							
General and administrative	$ 5,751,172	$ 2,228,009	$ -	$ -	$ (3,523,163)	$ -	$ (3,523,163)
Other	226,818	-	1,263,384	-	1,036,566	-	1,036,566
Program costs	10,168,957	17,990,438	-	-	7,821,481	-	7,821,481
Depreciation	892,624	-	-	-	(892,624)	-	(892,624)
Interest on long-term debt	2,467,240	-	-	-	(2,467,240)	-	(2,467,240)
Community development	28,633,280	33,992,944	12,451,304	-	17,810,968	-	17,810,968
Total governmental activities	48,140,091	54,211,391	13,714,688	-	19,785,988	-	19,785,988
Business-type activities							
Convention Center Division	48,263,091	14,501,811	-	300,693,466	-	266,932,186	266,932,186
Corridor Parking Garage	2,227,945	522,396	-	-	-	(1,705,549)	(1,705,549)
Special Improvement District	7,567,208	4,421,202	149,028	-	-	(2,996,978)	(2,996,978)
Total business-type activities	58,058,244	19,445,409	149,028	300,693,466	-	262,229,659	262,229,659
Total primary government	$ 106,198,335	$ 73,656,800	$ 13,863,716	$ 300,693,466	19,785,988	262,229,659	282,015,647
General revenues							
Luxury tax revenue					-	36,457,394	36,457,394
Marketing fee revenue					-	6,737,287	6,737,287
Investment income					4,194,744	20,620	4,215,364
Other					-	(2,177,000)	(2,177,000)
Transfers					12,975,265	3,575,961	16,551,226
Total general revenues					17,170,009	44,614,262	61,784,271
Changes in net position					36,955,997	306,843,921	343,799,918
Net position (deficit) - beginning					(44,139,359)	17,396,629	(26,742,730)
Net position (deficit) - ending					$ (7,183,362)	$ 324,240,550	$ 317,057,188

See notes to financial statements.

FUND FINANCIAL STATEMENTS

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

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2013

		Special Revenue Funds		Other	Total
	General Fund	Parking Fee	Hotel Room Fee	Governmental Funds	Governmental Funds
ASSETS					
Cash and cash equivalents	$ 71,240,401	$ 28,031,197	$ 18,508,665	$ 1,640,226	$ 119,420,489
Marketable securities, net of allowance	-	42,664,958	293	-	42,665,251
Receivables:					
Accrued interest receivable	21,976	-	-	135,059	157,035
Accrued parking fees	-	3,603,908	-	-	3,603,908
Accrued revenue receivable	-	-	3,407,404	-	3,407,404
Other	11,722,860	1,444,862	-	786,588	13,954,310
Total assets	$ 82,985,237	$ 75,744,925	$ 21,916,362	$ 2,561,873	$ 183,208,397
LIABILITIES					
Interest payable	$ -	$ 1,051,129	$ 1,831,159	$ 395,167	$ 3,277,455
Other payables	3,956,127	1,525,589	2,152,460	36,376	7,670,552
Total liabilities	3,956,127	2,576,718	3,983,619	431,543	10,948,007
FUND BALANCES					
Restricted fund balance:					
Reserve for debt service	-	30,208,688	-	1,435,848	31,644,536
Reserve for project costs	40,437,920	42,959,519	17,932,743	694,482	102,024,664
Unrestricted	38,591,190	-	-	-	38,591,190
Total fund balances	79,029,110	73,168,207	17,932,743	2,130,330	172,260,390
Total liabilities and fund balances	$ 82,985,237	$ 75,744,925	$ 21,916,362	$ 2,561,873	

Amounts reported for governmental activities in the statement of net position 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 $6,856,086 and the accumulated depreciation is $1,509,036.	5,347,050
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds.	238,955,685
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(423,746,487)
	$ (7,183,362)

See notes to 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

YEAR ENDED DECEMBER 31, 2013

	General Fund	Special Revenue Funds: Parking Fee	Special Revenue Funds: Hotel Room Fee	Other Governmental Funds	Total Governmental Funds
REVENUES					
Administrative fees	$ 226,501	$ -	$ -	$ -	$ 226,501
Interest and investment income	107,301	671,947	3,535	2,197,657	2,980,440
Parking fee revenue	-	23,256,065	-	-	23,256,065
Hotel room fee revenue	-	-	10,736,879	-	10,736,879
Sales and luxury tax rebate revenue	17,990,438	-	-	-	17,990,438
Processing fees	1,891,508	-	-	-	1,891,508
Grant revenue	-	12,221,304	-	-	12,221,304
Other	1,263,384	230,000	-	-	1,493,384
Total revenues	21,479,132	36,379,316	10,740,414	2,197,657	70,796,519
EXPENDITURES					
Current:					
Salaries and benefits	4,199,618	-	-	-	4,199,618
General and administrative	824,634	-	-	-	824,634
Professional services	726,920	-	-	-	726,920
Project costs	10,168,957	7,278,280	2,603,185	98,633	20,149,055
Other	-	-	-	226,818	226,818
Debt service:					
Interest expense	-	12,462,382	3,662,319	1,950,401	18,075,102
Principal	-	20,620,006	4,190,000	1,170,666	25,980,672
Capital outlay:					
Purchase of fixed assets	182,137	119,596	121,800	-	423,533
Total expenditures	16,102,266	40,480,264	10,577,304	3,446,518	70,606,352
Excess (deficiency) of revenues over expenditures	5,376,866	(4,100,948)	163,110	(1,248,861)	190,167
OTHER FINANCING SOURCES (USES)					
Other receivables	23,513	-	-	-	23,513
Payments received on notes	-	-	-	1,171,669	1,171,669
Other payables	245,333	(1,051,270)	-	(178,044)	(983,981)
Capital related debt issued	-	-	-	216,513	216,513
Loan disbursements	(1,150,696)	-	-	(216,513)	(1,367,209)
Purchase of real estate	(38,492)	(2,135,381)	-	-	(2,173,873)
Transfer from other funds	19,910,263	-	-	-	19,910,263
Transfer to other funds	(3,575,961)	-	(3,359,037)	-	(6,934,998)
Total other financing sources and uses	15,413,960	(3,186,651)	(3,359,037)	993,625	9,861,897
Net change in fund balances	20,790,826	(7,287,599)	(3,195,927)	(255,236)	10,052,064
Fund balances, January 1, 2013	58,238,284	80,455,806	21,128,670	2,385,566	162,208,326
Fund balances, December 21, 2013	$ 79,029,110	$ 73,168,207	$ 17,932,743	$ 2,130,330	$ 172,260,390

See notes to 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 STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

Net change in fund balances - total governmental funds	$	10,052,064
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 fiscal period.		1,704,782
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.		1,324,303
The issuance of long-term debt (e.g., bonds, notes payable) provides current financial resources to governmental funds, and the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, these transactions do not affect net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		24,271,487
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 position.		172,027
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.		(568,666)
Change in net position of governmental activities	$	36,955,997

See notes to financial statements.

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

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

DECEMBER 31, 2013

	Business-Type Activities - Enterprise Fund			
	Convention Center Division	Corridor Parking Garage	Special Improvement District	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 41,303,276	$ 908,770	$ 2,422,938	$ 44,634,984
Restricted cash and cash equivalents	910,107	-	-	910,107
Restricted marketable securities	4,798,976	-	-	4,798,976
Accrued marketing fees and luxury taxes	12,116,293	-	-	12,116,293
Assessments receivable, net of allowance	-	15,751	401,293	417,044
Accrued parking revenue	-	71,353	-	71,353
Other	1,945,751	-	42,455	1,988,206
Total current assets	61,074,403	995,874	2,866,686	64,936,963
Noncurrent assets:				
Real estate	81,311,000	-	-	81,311,000
Capital assets, net	302,547,798	32,468,164	1,022,144	336,038,106
Total noncurrent assets	383,858,798	32,468,164	1,022,144	417,349,106
Total assets	$ 444,933,201	$ 33,464,038	$ 3,888,830	$ 482,286,069
LIABILITIES				
Current liabilities:				
Interest payable	$ 9,875,813	$ 133,956	$ 646	$ 10,010,415
Deferred revenue	3,623,784	-	-	3,623,784
Accounts payable	6,447,361	115,563	1,662,648	8,225,572
Current portion of long-term debt	7,990,000	-	26,151	8,016,151
Litigation reserve	21,800,000	-	-	21,800,000
Noncurrent liabilities:				
Long-term debt, net of current portion	87,227,219	19,108,700	33,678	106,369,597
Total liabilities	136,964,177	19,358,219	1,723,123	158,045,519
NET POSITION				
Restricted for:				
Net investment in capital assets	289,733,798	13,359,464	962,315	304,055,577
Debt service and project costs	-	832,000	-	832,000
Restricted for statutory requirements	5,709,083	-	-	5,709,083
Unrestricted	12,526,143	(85,645)	1,203,392	13,643,890
Total net position	307,969,024	14,105,819	2,165,707	324,240,550
Total liabilities and net position	$ 444,933,201	$ 33,464,038	$ 3,888,830	$ 482,286,069

See notes to financial statements.

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

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

YEAR ENDED DECEMBER 31, 2013

	Business-Type Activities - Enterprise Funds			
	Convention Center Division	Corridor Parking Garage	Special Improvement District	Total
Operating revenues				
Special services	$ 6,492,197	$ -	$ -	$ 6,492,197
Facilities rental	3,569,733	-	-	3,569,733
Concessions	1,712,809	-	-	1,712,809
Assessments, net	-	-	4,421,202	4,421,202
Parking revenue	1,568,763	522,396	-	2,091,159
Other	1,158,309	-	149,028	1,307,337
Total operating revenues	14,501,811	522,396	4,570,230	19,594,437
Operating expenses				
Salaries and benefits	14,568,209	-	1,594,929	16,163,138
Marketing expenditures	5,753,304	-	-	5,753,304
Production	1,426,652	-	-	1,426,652
General and administrative	11,240,250	593,440	5,725,314	17,559,004
Depreciation	10,354,190	1,092,570	242,089	11,688,849
Total operating expenses	43,342,605	1,686,010	7,562,332	52,590,947
Operating loss	(28,840,794)	(1,163,614)	(2,992,102)	(32,996,510)
Nonoperating revenues (expenses)				
Luxury tax revenue	36,457,394	-	-	36,457,394
Marketing fee revenue, net	6,737,287	-	-	6,737,287
Interest income	19,157	741	722	20,620
Interest expense	(4,920,486)	(541,935)	(4,876)	(5,467,297)
Other nonoperating expense	(2,177,000)	-	-	(2,177,000)
Transfers from other funds	-	62,603	3,513,358	3,575,961
Total nonoperating revenues (expenses)	36,116,352	(478,591)	3,509,204	39,146,965
Change in reserves	7,275,558	(1,642,205)	517,102	6,150,455
Net position, January 1, 2013	300,693,466	15,748,024	1,648,605	318,090,095
Net position, December 31, 2013	$ 307,969,024	$ 14,105,819	$ 2,165,707	$ 324,240,550

See notes to financial statements.

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

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2013

	Business-Type Activities - Enterprise Fund			
	Convention Center Division	Corridor Parking Garage	Special Improvement District	Total
Cash flows from operating activities				
Receipts from customers	$ 15,512,486	$ -	$ -	$ 15,512,486
Assessments	-	-	4,247,627	4,247,627
Parking revenue	-	513,772	-	513,772
Other revenue	-	-	149,028	149,028
Payments to suppliers	(13,643,188)	(534,702)	(5,250,286)	(19,428,176)
Payments for others	-	3,434		3,434
Payments to employees	(15,014,676)	-	(1,524,705)	(16,539,381)
Net cash used in operating activities	(13,145,378)	(17,496)	(2,378,336)	(15,541,210)
Cash flows from noncapital financing activities				
Luxury tax revenue	18,742,014	-	-	18,742,014
Marketing fee revenue	4,317,470	-	-	4,317,470
Transfers to other funds	-	-	543,396	543,396
Transfers from other funds	-	-	3,513,358	3,513,358
Net cash provided by noncapital financing activities	23,059,484	-	4,056,754	27,116,238
Cash flows from capital and related financing activities				
Interest expense	(4,750,888)	(497,928)	(5,184)	(5,254,000)
Construction in progress		(1,753,078)	-	(1,753,078)
Issuance of long-term debt		1,753,078	-	1,753,078
Payments on notes payable	(7,600,000)	-	(24,709)	(7,624,709)
Purchase of capital assets	(4,968,414)	-	(294,375)	(5,262,789)
Luxury tax revenue	12,350,888			12,350,888
Net cash used in capital and related financing activities	(4,968,414)	(497,928)	(324,268)	(5,790,610)
Cash flows from investing activities				
Interest	19,200	741	722	20,663
Net cash provided by investing activities	19,200	741	722	20,663
Net increase (decrease) in cash and cash equivalents	4,964,892	(514,683)	1,354,872	5,805,081
Cash balance, January 1, 2013	37,248,491	1,423,453	1,068,066	39,740,010
Cash balance, December 31, 2013	$ 42,213,383	$ 908,770	$ 2,422,938	$ 45,545,091
Reconciliation of operating loss to net cash used in operating activities				
Operating loss	$ (28,840,794)	$ (1,163,614)	$ (2,992,102)	$ (32,996,510)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	10,354,190	1,092,570	242,089	11,688,849
(Increase)/decrease in:				
Receivables, net	(2,352,779)	-	-	(2,352,779)
Prepaid expenses	(158,436)	(8,750)	(27,030)	(194,216)
Accrued assessments	-	-	(173,575)	(173,575)
Parking fee receivable	-	(8,624)	-	(8,624)
Increase/(decrease) in:				
Accrued salaries and benefits	-	-	70,224	70,224
Accounts payable	6,903,796	70,922	502,058	7,476,776
Deferred revenue and advance deposits	948,645	-	-	948,645
Net cash used in operating activities	$ (13,145,378)	$ (17,496)	$ (2,378,336)	$ (15,541,210)

See notes to financial statements.

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

STATEMENT OF NET POSITION - FIDUCIARY FUNDS

DECEMBER 31, 2013

	Reinvestment Fund	Other	Total
ASSETS			
Cash and cash equivalents	$ 230,972,814	$ 6,844,111	$ 237,816,925
Receivables:			
Notes receivable	-	1,540,159	1,540,159
Obligations receivable	8,309,089	-	8,309,089
Accrued interest receivable	-	3,905	3,905
Other	89	5,661,826	5,661,915
Capital assets:			
Real estate	-	17,001,349	17,001,349
Total assets	$ 239,281,992	$ 31,051,350	$ 270,333,342
LIABILITIES			
Interest payable	$ 40,433	$ -	$ 40,433
Other payables	6,406,010	6,445,384	12,851,394
RESERVES			
Obligations payable	177,679,427	-	177,679,427
Direct investment deposits	443,432	-	443,432
Donation deposits	54,712,690	-	54,712,690
Project costs	-	24,605,966	24,605,966
Total liabilities and reserves	239,281,992	31,051,350	270,333,342
NET POSITION	-	-	-
Total liabilities, reserves and net position	$ 239,281,992	$ 31,051,350	$ 270,333,342

See notes to financial statements.

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

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2013

	Reinvestment Fund	Other	Total
ADDITIONS			
Transfer from reinvestment funds and other governmental funds	$ -	$ 13,448,397	$ 13,448,397
Obligation deposits	35,234,673	-	35,234,673
Accrued obligations	718,704	-	718,704
Retail and luxury tax remittance	-	28,602,209	28,602,209
Interest on notes	-	49,655	49,655
Other income	-	4,061	4,061
Total additions	35,953,377	42,104,322	78,057,699
DEDUCTIONS			
Direct investments	18,652,265	-	18,652,265
Direct donations:			
Transfers to other funds	3,619,285	-	3,619,285
Other	9,829,112	-	9,829,112
Bonds issued	1,969,561	-	1,969,561
Credits	23,380,497	-	23,380,497
Bond trustee escrow	12,975,421	-	12,975,421
Transfer to General Fund	16,551,225	-	16,551,225
Grants and donations	-	11,030,431	11,030,431
Retail and luxury tax distributions	-	28,602,209	28,602,209
Total deductions	86,977,366	39,632,640	126,610,006
Change in reserves	(51,023,989)	2,471,682	(48,552,307)
Net position, January 1, 2013	-	-	-
Net position, December 31, 2013	$ -0-	$ -0-	$ -0-

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1 - NATURE OF ORGANIZATION

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

On February 1, 2011, the Governor of the State of New Jersey signed legislation that expanded the scope of the Authority's responsibilities to encompass (1) the creation of the Atlantic City Tourism District, (2) the assumption of all functions, powers and duties of the Atlantic City Special Improvement District and (3) the assumption of all powers, rights, duties, assets and responsibilities of the Atlantic City Convention and Visitors Authority ("ACCVA") subject to the receipt of two enumerated certifications.

On April 1, 2013, the Chairman of the ACCVA provided the first enumerated certification to the Governor acknowledging the cessation of any outstanding bond obligations of the ACCVA. On the same date, the Chairman of the CRDA provided a second enumerated certification to the Governor acknowledging (1) the cessation of any outstanding bond obligations of the ACCVA and (2) the assumption of all debts and statutory responsibilities of the ACCVA.

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity

The financial statements of the CRDA include the accounts of all CRDA's operations. The CRDA, as a component unit of the State of New Jersey, is financially accountable to the State. As set forth in GASB Statement 14, financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose its will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The CRDA, as a component unit, issues separate financial statements from the State of New Jersey.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the CRDA during 2013. Governmental activities are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

Fund Financial Statements

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

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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

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

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

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

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)
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 the casino hotel expansion projects, and for debt service on a long-term obligation.

The hotel room fee fund is used to account for the collection of hotel room fee revenue as a source of funds to pay for Atlantic City casino hotel expansion projects, 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 District Fund* is utilized to account for the finances and operation of a garage in the Corridor.

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)
Fund Financial Statements (Continued)

Proprietary Funds (Continued):

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

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

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

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

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

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Notes Receivable

Notes receivable include mortgages, which are stated at unpaid principal balances. Certain mortgages have annual forgiveness provisions over the life of the mortgage. Any unpaid principal balance upon the sale of the property is payable to CRDA. The annual principal amount forgiven is recorded as program expense. Management periodically evaluates whether an allowance for uncollectible notes receivable is required based on the CRDA's past uncollectible loss experience, known and other risks inherent in the note receivable portfolio, adverse situations that may affect each borrower's ability to repay, estimated value of any underlying collateral and current economic conditions. As of December 31, 2013, a provision for uncollectible accounts was not required.

Capital Assets

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

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

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

It is the policy of the CRDA to capitalize all land, structures and improvements, and equipment, except assets costing less than $400.

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.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that is attributable to services already rendered, and that is not contingent on a specific event that is outside the control of the CRDA and its employees, is accrued, as the employees earn the rights to the benefits.

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 government-wide financial statements as a governmental activity.

Bonds Payable

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

Deferred Revenues

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

Litigation Reserve

The litigation reserve is related to the Tax Benefits Guaranty between PB Historic Renovations, LLC and the New Jersey Sports and Exposition Authority ("NJSEA") as Managing Member of Historic Boardwalk Hall, LLC (see Note 16).

Net Position

The government-wide financial statements use a net position presentation. Net position is categorized as net investment in capital assets; restricted; and unrestricted.

Net investment in capital assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

- Non-spendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual restraints.

- Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and do not lapse at year-end.

- Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed.

- Unassigned - Includes positive fund balance amounts within the General Fund which have not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Luxury Tax

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

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

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

Marketing Fees

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

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

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Expense Recognition

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

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

Effect of New Governmental Accounting Standards Board Pronouncements

The Authority has not completed the process of evaluating the impact that will result from implementing GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The primary objective of this Statement is to amend paragraph 137 of Statement 68 that requires, at transition, a government to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

The provisions of this Statement are effective for reporting periods beginning after June 15, 2014 and are required to be applied simultaneously with the provisions of Statement 68.

The Authority has not completed the process of evaluating the impact that will result from implementing GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The primary objective of this Statement is the mandatory recognition of a liability, when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on a previously extended nonexchange guarantee.

The provisions of this Statement are effective for reporting periods beginning after June 15, 2013. Earlier application is encouraged.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Effect of New Governmental Accounting Standards Board Pronouncements (Continued)
The Authority has completed the process of evaluating the impact that will result from implementing GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. A disposal of a government's operations results in the removal of specific activities of a government.

The provisions of this Statement are effective for government combinations and disposals of government operations occurring in financial statements for periods beginning after December 15, 2013. Early application is encouraged. The Authority has presented its 2013 financial statements in conformity with the provisions of this Statement.

The Authority has not completed the process of evaluating the impact that will result from implementing GASB Statement No. 68, *Accounting and Reporting for Pension Plans – an Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (jointly referred to as trusts below) that meet certain criteria.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Effect of New Governmental Accounting Standards Board Pronouncements (Continued)
The Authority has not completed the process of evaluating the impact that will result from implementing GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of GASB Statements No. 25*, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* and No. 50, *Pension Disclosures,* as they relate to pension plans that are administered through trusts or equivalent arrangements (jointly referred to as trusts below) that meet certain criteria.

The scope of this Statement addresses accounting and financial reporting for the activities of pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013.

The Authority has completed the process of evaluating the impact that will result from implementing GASB Statement No. 66, *Technical Corrections — 2012*. The Authority has concluded that the adoption of GASB Statement No. 66 has no impact on its financial position, results from operations and cash flows. This Statement removes the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type, amending GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. This requires governments to base their decisions about governmental fund type usage for risk financing activities on the guidance in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Effect of New Governmental Accounting Standards Board Pronouncements (Continued)
In addition, Statement No. 66 amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Statement No. 66 modifies specific guidance on accounting for:

- Operating lease payments that vary from a straight-line basis.
- The difference between the initial investment, or purchase price, and the principal amount of a purchased loan or group of loans.
- Servicing fees related to mortgage loans sold when the stated service fee rate differs significantly from a current or normal servicing fee rate.

This guidance is designed to eliminate uncertainty regarding the application of GASB Statement No. 13, *Accounting for Operating Leases With Scheduled Rent Increases*, and provide guidance consistent with requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

The Authority has completed the process of evaluating the impact that will result from implementing GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement reclassifies and recognizes certain items currently reported as assets and liabilities as one of four financial statement elements:

- Deferred outflows of resources.
- Outflows of resources.
- Deferred inflows of resources.
- Inflows of resources.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The Authority has presented its financial statements in conformity with the provisions of this Statement.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Effect of New Governmental Accounting Standards Board Pronouncements (Continued)
The Authority has completed the process of evaluating the impact that will result from implementing GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions — an Amendment of GASB Statement No. 53.* The Authority has concluded that the adoption of GASB Statement No. 64 has no impact on its financial position, results from operations and cash flows. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011.

The Authority has completed the process of evaluating the impact that will result from implementing GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* The Authority has presented its financial statements in conformity with the provisions of this Statement. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

The Authority has completed the process of evaluating the impact that will result from implementing GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. This Statement is designed to improve financial reporting for governmental entities by improving financial statement guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This Statement is effective for periods beginning after June 15, 2012.

Subsequent Events
These financial statements were approved by management and available for issuance on February 28, 2014. Management has evaluated subsequent events through this date.

3 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits with Financial Institutions
Custodial Credit Risk, with respect to deposits, is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority believes that due to the dollar amounts of cash deposits and the limits of the 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, 2013, $408,775,979 of the Authority's bank balance of $409,025,979 was uninsured and uncollateralized, and, therefore, exposed to custodial credit risk.

Cash and cash equivalents include various checking and money market accounts, and U.S. obligations with maturities of three months or less.

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

Investments
As of December 31, 2013, the Authority had the following investments:

	Maturities	Fair Value
Marketable securities	Various	$47,464,227

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

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

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

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

3 - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Investments (Continued)

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

4 - NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

As of December 31, 2013, the Parking Fee Revenue Fund includes a note receivable in the amount of $8,600,000 due from the 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 February 20, 2010 or such longer term as shall be required for the 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% and 6.7%. Repayments of notes receivable are secured by mortgages. See Note 5 for details.

5 - NOTES RECEIVABLE

Notes receivable consist of the following as of December 31, 2013:

	Balance, December 31, 2012	Additions	Repayments	Write-offs	Balance, December 31, 2013
General Fund					
Ventnor Note Receivable	$ 4,863	$ -	$ -	$ 3,601	$ 1,262
Steel Pier	6,223,073	1,461,682	-	-	7,684,755
Total General Fund	6,227,936	1,461,682	-	3,601	7,686,017
Parking Fee Fund					
NJSEA	8,600,000	-	-	-	8,600,000
Total Parking Fee Fund	8,600,000	-	-	-	8,600,000
Other Governmental Funds					
Christopher Columbus Homes	2,379,846	-	77,001	-	2,302,845
Marcal	10,250,000	-	250,000	-	10,000,000
North Jersey Municipal Loan Program	47,043,850	216,513	429,480	-	46,830,883
Northwest	77,242	-	30,989	-	46,253
Sheraton Hotel	10,000,000	-	-	-	10,000,000
South Jersey Municipal Loan Program	10,976,836	-	384,199	-	10,592,637
Vermont Plaza	22,800,000	-	-	-	22,800,000
Total Governmental Funds	103,527,774	216,513	1,171,669	-	102,572,618
Total	$ 118,355,710	$ 1,678,195	$1,171,669	$ 3,601	$ 118,858,635

6 - CAPITAL ASSETS

Capital asset balances and activities for the year ended December 31, 2013 were as follows:

	Balance, December 31, 2012	Additions	Deletions	Balance, December 31, 2013
Governmental Funds				
General Fund				
Furniture and equipment	$ 4,437,752	$ 422,808	$ -	$ 4,860,560
Building	1,994,799	725	-	1,995,524
Accumulated depreciation	(616,410)	(892,624)	-	(1,509,034)
Net, Governmental Funds	5,816,141	(469,091)	-	5,347,050
Proprietary Funds				
Building	-	304,161,054	-	304,161,054
Furniture and equipment	1,263,311	5,574,243	-	6,837,551
Garage	32,619,963	1,753,048	-	34,373,011
Leasehold improvements	-	2,525,791	-	2,525,791
Accumulated depreciation	(1,105,729)	(10,753,575)	-	(11,859,304)
Net, Proprietary Funds	32,777,545	303,260,561	-	336,038,106
Entity-wide Total	$ 38,593,686	$302,791,470	$ -	$341,385,156

7 - INTERFUND RECEIVABLES/PAYABLES

Interfund receivables and payables balances at December 31, 2013 were as follows:

	Interest	Administrative Fees	Miscellaneous	Total
Due to (due from) General	$ 21,976	$ 36,357	$ 2,288,289	$ 2,346,622
Due to (due from) Reinvestment	(18,642)	-	(1,579,272)	(1,597,914)
Due to (due from) AC Corridor	(2,018)	-	1,579,272	1,577,254
Due to (due from) Hotel Room Fee	(1,316)	-	(1,164)	(2,480)
Due to (due from) Debt Service Fee	-	(36,357)	-	(36,357)
Due to (due from) Agency Fund	-	-	-	-
Due to (due from) Corridor Garage	-	-	62,603	62,603
Due to (due from) SID	-	-	(173,728)	(173,728)
Due to (due from) CCD	-	-	(2,176,000)	(2,176,000)
Net Total	$ -0-	$ -0-	$ -0-	$ -0-

8 - 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 the 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. 2013 obligations and donations account activity is summarized below:

	Reinvestment Fund			
	Obligations Payable	Direct Investment Deposits	Donation Deposits	Total
Beginning balance, January 1, 2013	$ 236,638,187	$ 685,099	$ 46,536,252	$ 283,859,538
Obligation deposits	35,953,377	-	-	35,953,377
Direct investments	(18,410,598)	-	-	(18,410,598)
Direct donations	(5,162,384)	-	-	(5,162,384)
Transfers (to) from donations	(16,540,068)	-	16,540,068	-
Transfer to General Fund	(16,473,608)	-	(77,617)	(16,551,225)
Transfer to bond trustee	(12,975,421)	-	-	(12,975,421)
Bonds issued	(1,969,561)	-	-	(1,969,561)
Credits	(23,380,497)	-	-	(23,380,497)
Disbursements	-	(241,667)	-	(241,667)
Grants to Agency and Debt Service Funds	-	-	(8,286,013)	(8,286,013)
Ending balance, December 31, 2013	$ 177,679,427	$ 443,432	$ 54,712,690	$ 232,835,549

9 - LONG-TERM DEBT

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

<u>Public Issuance - CRDA</u>
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 the Atlantic City casino expansion projects. These bonds are payable solely from hotel room fees.

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

On February 15, 1999, the NJSEA issued $128,270,000 of Convention Center Luxury Tax Refunding Bonds (Series 1999A), with interest rates varying between 4.25% and 5.125%, the proceeds of which were used to refund a portion of the previously issued Luxury Tax Bonds, Series 1992A.

On April 12, 2004, the NJSEA issued $23,085,000 of Convention Center Luxury Tax Refunding Bonds (Series 2004A), with an interest rate of 5.5%, the proceeds of which were used to refund on a current basis the NJSEA's presently outstanding Luxury Tax Bonds, Series 1992A.

9 - LONG-TERM DEBT (Continued)

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

Casino Pool Bonds - CRDA
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. 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:

Bond Issue	Amount
$107 million Parking Fee Revenue Bonds	$ 22,055,775
$184.5 million Parking Fee Revenue Bonds	7,728,959
Atlantic City Boardwalk Convention Center Project Bonds	423,954
Balance, December 31, 2013	$ 30,208,688

The following is a summary of the CRDA's long-term debt transactions for the year ended December 31, 2013:

	Publicly Issued Bonds	Project Bonds	Total
Debt outstanding, December 31, 2012	$ 310,875,000	$133,254,888	$444,129,888
Additions to debt	93,125,000	1,969,561	95,094,561
Reductions of debt	(32,205,000)	(1,375,672)	(33,580,672)
Debt outstanding, December 31, 2013	371,795,000	133,848,777	505,643,777
Net unamortized premium	6,326,042	-	6,326,042
Net debt	$ 378,121,042	$ 133,848,777	$ 511,969,819

9 - LONG-TERM DEBT (Continued)

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

Year	Parking Fee Revenue Bond Principal	Parking Fee Revenue Bond Interest	Total
2014	$ 20,960,000	$ 10,900,559	$ 31,860,559
2015	17,390,000	9,925,467	27,315,467
2016	18,125,000	9,013,817	27,138,817
2017	19,795,000	8,018,978	27,813,978
2018	20,835,000	6,942,009	27,777,009
2019-2023	81,915,000	20,867,624	102,782,624
2024-2025	36,575,000	2,023,613	38,598,613
	$ 215,595,000	$ 67,692,067	$ 283,287,067

Year	Hotel Room Fee Revenue Bond Principal	Hotel Room Fee Revenue Bond Interest	Total
2014	$ 4,400,000	$ 3,552,319	$ 7,952,319
2015	4,620,000	3,326,819	7,946,819
2016	4,850,000	3,084,007	7,934,007
2017	5,105,000	2,825,878	7,930,878
2018	5,365,000	2,554,232	7,919,232
2019-2023	31,365,000	8,118,345	39,483,345
2024-2025	14,970,000	767,119	15,737,119
	$ 70,675,000	$ 24,228,719	$ 94,903,719

9 - LONG-TERM DEBT (Continued)

Year	Convention Center Luxury Tax Revenue Bond Principal	Convention Center Luxury Tax Revenue Bond Interest	Total
2014	$ 7,990,000	$ 4,401,663	$ 12,391,663
2015	8,395,000	3,992,175	12,387,175
2016	8,815,000	3,572,425	12,387,425
2017	9,260,000	3,131,675	12,391,675
2018	9,720,000	2,668,675	12,388,675
2019-2023	41,345,000	4,718,462	46,063,462
	$ 85,525,000	$ 22,485,075	$108,010,075

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

Year	Principal	Interest	Total
2014	$ 509,606	$ 3,661,776	$ 4,171,382
2015	1,487,241	3,640,625	5,127,866
2016	1,546,379	3,581,487	5,127,866
2017	1,607,929	3,519,937	5,127,866
2018	1,671,993	3,455,874	5,127,867
2019-2022	9,416,459	16,222,872	25,639,331
2023-2027	27,249,522	14,504,321	41,753,843
2028-2032	38,382,056	12,395,375	50,777,431
2033-2037	7,348,135	9,191,007	16,539,142
2038-2042	23,856,820	7,322,939	31,179,759
2043-2047	5,041,682	2,473,210	7,514,892
2048-2052	15,730,955	1,603,028	17,333,983
	$133,848,777	$ 81,572,451	$215,421,228

Note Payable - CCD

On February 10, 1997, the ACCVA received the proceeds of an $8,600,000 loan from the CRDA. These funds constitute subordinated debt payable from the Luxury Tax Revenues. The proceeds were used to pay for the costs of the Convention Center Project as provided for in the project budget. Interest was calculated at 4.06% per annum through June 2, 1997. The rate was adjusted to 5.773% per annum on June 3, 1997 due to replacement bonds issued by the CRDA to redeem its Bond Anticipation Notes. The term of the loan is 10 years or such longer term as shall be required for repayment of the loan and the interest thereon from Available Cash Flow as defined in the agreement.

10 - PROJECT AND DIRECT INVESTMENT COMMITMENTS

During 2013, CRDA commitments decreased by $34,959,785. As of December 31, 2013, CRDA had outstanding commitments as follows:

Project	Outstanding Commitments	Project	Outstanding Commitments
Atlantic City		**South Jersey**	
Northeast Inlet Redevelopment	$ 729,037	EHT Route 40 Corridor	$ 2,908,010
AC/Brigantine Connector Road	41,244,880	SJ Regional Fire Training Center	952,451
Virginia Avenue Improvements	3,609,739	Caesar's Hotel Expansion	14,649,241
Atlantic Avenue Façade Program	701,565	Harrah's Hotel Expansion	9,502,572
North Carolina Avenue Improvements	124,454	Resorts Hotel Expansion	5,791,804
2nd Ward Façade	391,676	AC Int'l Airport Inspection Services	60,806
Carolina Gardens	733,991	Aviation Research & Technology Park	2,778,306
AC Housing Fund	29,049,464	Sub-total: South Jersey	36,643,190
Maine Avenue Project	6,499,685		
AC Corridor Bond Pledge	109,196,682		
Hope VI Housing	1,609,335		
2nd Ward Housing	1,298,066		
Corridor Garage	1,291,300		
Lighthouse District Park Project	1,577,634		
Atlantic Cape Community College	3,512,370		
Community Development Grants	190,560		
Boardwalk Lighting	1,855,557		
Best of Bass Pro	12,330,000		
Atlantic Avenue Facades	817,498		
AC Inlet Neighborhood Strategy Area	159,005		
Main Street/Atlantic Avenue	47,292		
Pacific Avenue/Midtown	70,762	**North Jersey**	656,001
Harrah's Conference Center	41,724,553	Long Branch Project	24,125,732
Issac Cole Plaza Reclamation	87,669	NJSEA Purse Enhancements	500,000
South Inlet Mixed Use Development	8,398,032	Newark Teachers Village	92,432
Capital Expenditure Assessment	15,000	Liberty Science Center	
Lighthouse Park Project	21,351	Sub-total: North Jersey	25,374,165
Single Point of Entry	100,000		
Downtown Revitalization	100,000		
Sub-total: Atlantic City	$ 267,487,157	Total Commitments, December 31, 2013	$329,504,512

11 - GENERAL FUND DONATIONS

Donations from the General Fund for project costs are included as expenses within the Statement of Revenues, Expenditures, and Changes in Fund Balances and consisted of the following:

Absecon Lighthouse	$ 2,221
Bus Terminal	840,794
Atlantic-Pacific Avenues One-Way	299,807
Travelers Assistance Program	1,530
Capital Expenditure Assessment	2,100
Downtown Revitalization	319
South Inlet Transportation Improvements	448,658
LEAD AC Tomorrow	3,648
Marketplace Analysis	92,133
Winter Decorations Project	34,202
Tourism Market Expansion	211,491
The Walk (Phase 2)	4,980,273
2013 Entertainment for Seniors	28,665
Miss America Pageant	2,341,720
Tourism District Maintenance	55,230
Marketplace Project (Block 157)	150,306
Street Lighting	260,925
AC Demolition Program	317,801
AC Ballet	50,759
Garden State Film Festival	29,075
Columbus Statue Relocation	17,300
Total	$ 10,168,957

12 - GENERAL FUND BALANCES RESERVED FOR PROJECT COSTS

Reserved for:	
Absecon Lighthouse	$ 80,453
Atlantic-Pacific Avenues One-Way	582,971
Travelers Assistance Program	86,177
Capital Expenditure Assessment	763
ACCVA Engineering Assessment	81,786
Downtown Revitalization	3,256,742
South Inlet Transportation Improvements	3,580,725
Marketplace Analysis	20,367
Citywide Traveler Signage	300,000
Winter Decorations Project	62,593
Tourism Market Expansion	309,204
Bus Shelters	46,600
Business Information Portal	15,000
Community Entertainment Grants	118,487
Community Capital Grants	500,000
Augmented Code Enforcement	130,000
Boardwalk Hall Lighting	814,704
Miss America Pageant	2,633,280
Tourism Maintenance	944,770
Boardwalk Pavilion	154,000
REMI Software	29,070
Boardwalk Repairs	700,000
Steel Pier	2,849,304
Marketplace Project (Block 157)	5,219,323
LEAD AC Tomorrow	21,800
Urban Land Institute Conference	200,000
Street Lighting	239,075
AC Ballet	79,241
Garden State Film Festival	270,925
Corridor Groundwater Oversight	15,000
AC Demolition Program	2,682,199
Challenge AC	750,000
Columbus Statue Relocation	86,986
Marketplace Construction	9,531,375
Insurance Agency Services	45,000
AC Int'l Marketing	2,000,000
AC Inlet Neighborhood Strategy Area	2,000,000
Total	$ 40,437,920

13 - 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 9).

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

In June of 2000, the NJSEA formed The Historic Boardwalk Hall, LLC ("LLC"), a limited liability company in the State of New Jersey for the purpose of financing and operating the Historic East Hall on the Atlantic City Boardwalk ("East Hall"). The LLC, which assumes the leasehold interest and contractual obligations of the Authority, admitted an investing member on September 14, 2000 through capital contributions. Of the contributed capital already received, $910,107 is held in escrow and can only be used to restore or repair the organ at East Hall.

14 - RELATED PARTY

The ACCVA recognized an opportunity to support appropriate benevolent causes, with specific attention given to attracting a greater diversity of visitors to and investment in the destination, fostering quality partnerships in and around the region, and identifying and assisting worthy individuals and organizations in the greater Atlantic City area. To forward these initiatives, the ACCVA created the Atlantic City Convention & Visitors Authority Foundation, Inc. ("Foundation") in 2004. The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"). Contributions to it are deductible under Section 170 of the Code. It is further classified as a public charity under Code Section 509(a)(3).

Although the Foundation has been in existence since 2004, most of the expenditures were made on its behalf by the ACCVA through 2007 in the form of loans to be repaid. Most of the expenditures pertained to reporting and filing fees, legal services, consulting services, and general start-up costs. As of December 31, 2013, the Authority and the ACCVA had been reimbursed by the Foundation for all of the expenditures made on its behalf.

15 - PENSION PLANS

Public Employees' Retirement System

All full-time employees of the Authority are covered by the Public Employees' Retirement System ("PERS") 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 PERS. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrprts.shtml.

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

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 6.64% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS.

All of Marketing Operations' salaried employees are required as a condition of employment to be members of PERS. A member may retire on a service retirement allowance as early as age 60; no minimum service requirement must be established. The formula for benefits is an annual allowance in the amount equal to years of service, divided by 55, times the final average salary. Final average salary means the average of the salaries received by the member for the last three years of creditable membership service preceding retirement or the highest three fiscal years of membership service, whichever provides the larger benefit. Benefits fully vest on reaching 10 years of service. Vested employees may retire at or after age 55 and receive reduced retirement benefits. The system also provides death and disability benefits. Benefits are established by State statute.

15 - PENSION PLANS (Continued)

Public Employees' Retirement System (Continued)

Covered Marketing Operations' employees are required by PERS to pay a certain percentage of defined salary. Marketing Operations is required by State statute to contribute the remaining amounts necessary to pay benefits when due. PERS certifies the amount of Marketing Operations' contribution each year on the recommendation of an actuary who makes an annual actuarial valuation. The valuation is a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary, and interest. The most recent valuation was issued in July 2012 for the year ended December 31, 2013.

CRDA

The Authority's contributions to PERS for the years ended December 31, 2013, 2012, and 2011 were $215,741, $197,833 and $231,286, respectively, equal to the required contributions for each year. The Authority's total payroll for the years ended December 31, 2013, 2012 and 2011 was $3,970,865, $3,788,363, and $2,756,444; covered payroll was $3,333,272, $3,261,199, and $2,756,444 for PERS, respectively.

CCD

The contribution requirements of Plan members and the Division are established and may be amended by the Board of Trustees of the Plan. The covered employee contributions required for the years ended December 31, 2013, 2012, and 2011 were $199,082 (6.6%), $196,412 (6.6%), and $181,030 (5.7%), respectively. The employees made the contributions for 2013, 2012, and 2011. The employer contributions for 2013, 2012, and 2011 were $363,611, $361,695, and $367,009, respectively.

All eligible employees of Service Management Group ("SMG") may participate in a Section 401(k) deferred compensation plan. SMG's employer contributions were $38,996, $38,082, and $32,698 for the years ended December 31, 2013, 2012 and 2011, respectively. SMG's total payroll for the years ended December 31, 2013, 2012, and 2011 was $6,808,404, $7,007,932, and $7,077,092, respectively.

15 - PENSION PLANS (Continued)

Deferred Compensation Plan

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

Union contracts

Additionally, some of the Authority's employees are participants in certain pension plans administered by local unions and contributions are made in accordance with terms of union agreements of those employees. There are four active unions participating in their own pension plans in accordance with each specific union agreement and based on each of the applicable union job trades. The total combined contributions for all participating unions were $223,764, $243,555, and $233,012 in 2013, 2012, and 2011, respectively. The total combined payroll for all participating unions was $1,753,731, $2,018,879, and $1,859,296 in 2013, 2012, and 2011, respectively.

16 - PENDING LITIGATION

The Historic Boardwalk Hall, LLC was formed as a limited liability company under the laws of the State of New Jersey on June 26, 2000, for the purpose of holding the subleasehold interest in East Hall and developing, rehabilitating and maintaining East Hall as a special events center.

On September 14, 2000, PB Historic Renovations, LLC was admitted as the investor member. The managing member is the NJSEA. NJSEA, as managing member, signed a "Tax Benefits Guaranty" whereby Historic Boardwalk Hall, LLC agreed to pay PB Historic Renovations, LLC for any reduction in projected tax benefits as a result of an IRS challenge; for any additional tax liability as a result of an IRS challenge; for any interest and penalties imposed by the IRS; for an amount sufficient to compensate PB Historic Renovations, LLC for reasonable third-party legal and administrative expenses related to such a challenge; and an amount sufficient to pay any federal income tax liability owed by PB Historic Renovations, LLC.

The IRS performed an audit on the returns of Historic Boardwalk Hall, LLC for the years 2000 through 2002 and determined that all separately stated partnership items reported by Historic Boardwalk Hall, LLC on its returns for the subject years should be reallocated from PB Historic Renovations, LLC to the NJSEA.

In June 2005, Historic Boardwalk Hall, LLC protested and requested a conference with the IRS Appeals Office. After several conferences with the IRS Appeals Office in 2006, no settlement was reached. In February 2007, a petition to the U.S. Tax Court was filed. The matter was heard before the U.S. Tax Court in April 2009 and a favorable decision for Historic Boardwalk Hall, LLC was entered by the U.S. Tax Court in January 2011. The decision stated that there were no penalties due from Historic Boardwalk Hall, LLC for the applicable taxable years.

The IRS filed a notice of appeal to the U.S. Tax Court in March 2011. Subsequently, the United States Court of Appeals for the Third Circuit in August 2012 reversed the U.S. Tax Court decision. The United States Court of Appeals specifically ruled that PB Historic Renovations, LLC was not a bona fide partner in Historic Boardwalk Hall, LLC and affirmed the reallocation by the IRS of all separately stated partnership items to NJSEA for the subject years. Further, the United States Supreme Court denied certiorari to Historic Boardwalk Hall, et al. v. United States Court of Appeals for the Third Circuit in May 2013.

16 - PENDING LITIGATION (Continued)

The CRDA, as successor to the ACCVA, affirms the valuation of the previously established litigation reserve in the amount of $21,800,000 based on the obligations of the Tax Benefits Guaranty. The litigation reserve is recorded as an accrued liability in the CRDA's financial statements as of December 31, 2013.

A Pledged Property Agreement currently encumbers the luxury tax revenue with a lien as security for the NJSEA bond holders. After debt service requirements are fulfilled on an annual basis, the remaining luxury tax revenues provide the source of funds for the litigation reserve.

In addition, there is a reasonable possibility that the CRDA's prospective luxury tax revenues have exposure to an additional liability under the Third Circuit's decision, but any such amount cannot be determined at the current time.

17 - 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.

18 - DEFICIT IN RESTRICTED PROJECT COSTS

There is a deficit in the unrestricted net position on the government-wide Statement of Net Position due to a deficit in the net assets restricted for project costs in the Hotel Room Fee Fund. This has occurred because the Hotel Room Fee Special Revenue Fund has expended over $110 million to date, and revenue has only been received in this fund beginning in July 2006. It is projected that sufficient funds will eventually be generated to offset the projected expenditures.

19 - POLLUTION REMEDIATION OBLIGATIONS

A pollution remediation obligation is an obligation to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. The Authority is responsible for pollution remediation activities at several sites that have soil contaminated with petroleum, hydrocarbons, and/or metals. The State of New Jersey provides oversight of the Authority's pollution remediation obligations. The estimated obligation was $1,389,059 at December 31, 2013, and is included as a liability on the government-wide Statement of Net Position. There were no pollution remediation outlays for the year ended December 31, 2013. Pollution remediation obligations are measured based on outlays expected to be incurred to settle all estimable remediation efforts. Pollution remediation obligations are measured at the current value of reasonable and supportable assumptions about future events that may affect the eventual settlement of the obligations. Pollution remediation obligations are measured using the expected cash flow technique, which measures the obligation as the sum of probability-weighted amounts in a range of possible cash flows. Estimates are based on all currently available information, as well as the facts and circumstances of each situation, but may change due to price changes, changes in laws or regulations, changes in remediation technologies, or as additional information becomes available.

20 - CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 2, during the year ended December 31, 2013, the CRDA adopted a new accounting standard issued by the GASB, resulting in a change in accounting principles. In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, loan fees previously reported as deferred outflows of resources on the Statement of Net Position were expensed in full during the year ended December 31, 2013. The change in accounting principles resulted in additional expense of $3,559,287 on the Statement of Activities and $935,274 on the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds for the year ended December 31, 2013.

21 - SEGMENT INFORMATION

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

	Year Ended December 31, 2013					
	Boardwalk Hall	Convention Center	Marketing Operations	Luxury Tax Reserve Fund	Elimination Entries	Combined December 31, 2013
Operating Revenues:						
Special services	$ 3,265,194	$ 3,239,384	$ -	$ -	$ (12,381)	$ 6,492,197
Facilities rental	1,543,126	2,026,607	-	-	-	3,569,733
Parking	186,403	1,382,360	-	-	-	1,568,763
Concessions	923,669	789,140	-	-	-	1,712,809
Promotion reimbursement and fees	159,128	63,747	665,628	-	-	888,503
Other	334,420	76,588	8,798	-	(150,000)	269,806
Total operating revenues	6,411,940	7,577,826	674,426	-	(162,381)	14,501,811
Operating Expenses:						
Salaries, wages and benefits	4,529,652	5,186,691	4,851,866	-	-	14,568,209
Marketing expenditures	1,168,217	21,564	4,575,904	-	(12,381)	5,753,304
Utilities	1,180,482	2,753,070	129,611	-	-	4,063,163
Contract services	1,053,871	1,480,387	31,111	-	-	2,565,369
Insurance	430,978	461,054	14,982	-	-	907,014
Repairs and maintenance	793,584	919,576	129,391	-	-	1,842,551
Supplies	122,872	200,808	88,827	-	-	412,507
Professional fees	297,751	48,241	233,540	4,310	-	583,842
Management fees	212,558	212,558	-	-	-	425,116
Bad debt expense	28,936	9,017	20,655		-	58,608
Parking participation	-	190,000	-	-	-	190,000
Depreciation	-	-	95,287	10,258,903	-	10,354,190
Production	1,250,947	175,705	-	-	-	1,426,652
Other	32,319	45,559	264,202	-	(150,000)	192,080
Total operating expenses	11,102,167	11,704,230	10,435,376	10,263,213	(162,381)	43,342,605
Operating loss	(4,690,227)	(4,126,404)	(9,760,950)	(10,263,213)	-	(28,840,794)

21 - SEGMENT INFORMATION (Continued)

	Year Ended December 31, 2013					
	Boardwalk Hall	Convention Center	Marketing Operations	Luxury Tax Reserve Fund	Elimination Entries	Combined December 31, 2013
Non-operating income and expense						
Luxury tax revenue	$ 4,690,153	$ 4,126,257	$ 3,023,123	$ 24,617,861	$ -	$ 36,457,394
Marketing fee revenue, net	-	-	6,189,717	-	-	6,189,717
Marketing fee rebates - prior year	-	-	547,570	-	-	547,570
Interest income	74	147	540	18,396	-	19,157
Interest expense	-	-	-	(4,920,486)	-	(4,920,486)
Other non-operating income (expenses)	-	-	-	(2,177,000)	-	(2,177,000)
	4,690,227	4,126,404	9,760,950	17,538,771		36,116,352
Change in net position	-	-	-	7,275,559	-	7,275,559
Net position - Beginning of year	-	-	7,610,623	293,082,843	-	300,693,466
Net position - end of year	$ -0-	$ -0-	$ 7,610,623	$ 300,358,402	$ -0-	$307,969,025

22 - GOVERNMENT MERGER

As fully disclosed in Note 1, the CRDA assumed all powers, rights, duties, assets and responsibilities of the ACCVA. As a result of implementing GASB No. 69, the CRDA has accepted the ACCVA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of the merger date of April 1, 2013 at the carrying values as reported in the December 31, 2012 audited financial statements.

The amounts recognized as a result of the merger were as follows:

Current Assets	$ 52,440,491
Capital Assets	388,682,742
Other Assets	935,274
Total Assets	$ 442,058,507
Current Liabilities	$ 46,012,283
Long-term Liabilities	95,352,758
Total Liabilities	141,365,041
Net Position	
Invested in Capital Assets	286,957,742
Restricted in Statutory Requirements	5,921,638
Unrestricted	7,814,086
Total Net Position	300,693,466
Total Liabilities and Net Position	$ 442,058,507

As a result of the merger, there were no significant adjustments made in order to bring into conformity the individual accounting policies or to adjust for impairment of capital assets.

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

YEAR ENDED DECEMBER 31, 2013

	Budget	Actual	Variance
REVENUES			
Administrative fees	$ 246,135	$ 226,501	$ (19,634)
Interest and investment income	84,850	107,301	22,451
Sales and luxury tax rebate revenue	7,429,821	17,990,438	10,560,617
Processing fees	303,643	1,891,508	1,587,865
Other	100,000	1,263,384	1,163,384
Total revenues	8,164,449	21,479,132	13,314,683
EXPENDITURES			
Current			
Salaries and benefits	4,812,800	4,199,618	613,182
General and administrative	1,201,008	824,634	376,374
Professional services	1,034,250	726,920	307,330
Project costs	-	10,168,957	(10,168,957)
Capital outlay			
Purchase of fixed assets	72,117	182,137	(110,020)
Total expenditures	7,120,175	16,102,266	(8,982,091)
Excess of revenues over expenditures	1,044,274	5,376,866	4,332,592
OTHER FINANCING SOURCES (USES)			
Other receivables	-	23,513	23,513
Other payables	-	245,333	245,333
Loan disbursements	-	(1,150,696)	(1,150,696)
Purchase of real estate	-	(38,492)	(38,492)
Transfer from other funds	2,251,000	19,910,263	17,659,263
Transfer to other funds	(1,570,000)	(3,575,961)	(2,005,961)
Total other financing sources and uses	681,000	15,413,960	14,732,960
Net change in fund balance	1,725,274	20,790,826	19,065,552
Fund balance, January 1, 2013	58,238,284	58,238,284	-
Fund balance, December 31, 2013	$ 59,963,558	$ 79,029,110	$ 19,065,552

OTHER SUPPLEMENTARY INFORMATION

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

COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS -
DEBT SERVICE FUNDS

DECEMBER 31, 2013

	Christopher Columbus Homes	Marcal Project	North Jersey Municipal Loan Program	Northwest Inlet	Sheraton Hotel	South Jersey Municipal Loan Program	South Jersey Agricultural Loan Program	Vermont Plaza	Total Other Governmental Funds
ASSETS									
Cash and cash equivalents	$ -	$ 59,256	$ 734,608	$ 129,894	$ -	$ 715,114	$ -	$ 1,354	$ 1,640,226
Receivables:									
Accrued interest receivable	17,129	36,009	39,924	694	-	41,303	-	-	135,059
Other	15,356	42,410	-	-	34,340	-	694,482	-	786,588
Total assets	$ 32,485	$ 137,675	$ 774,532	$ 130,588	$ 34,340	$ 756,417	$ 694,482	$ 1,354	$ 2,561,873
LIABILITIES									
Interest payable	$ 21,255	$ 57,728	$ 215,194	$ 2,318	$ -	$ 98,672	$ -	$ -	$ 395,167
Other payables	1,919	4,167	21,424	19	-	8,847	-	-	36,376
Total liabilities	23,174	61,895	236,618	2,337	-	107,519	-	-	431,543
FUND BALANCE									
Restricted for:									
Reserve for debt service	9,311	75,780	537,914	128,251	34,340	648,898	-	1,354	1,435,848
Reserve for project costs	-	-	-	-	-	-	694,482	-	694,482
Total fund balance	9,311	75,780	537,914	128,251	34,340	648,898	694,482	1,354	2,130,330
Total liabilities and fund balance	$ 32,485	$ 137,675	$ 774,532	$ 130,588	$ 34,340	$ 756,417	$ 694,482	$ 1,354	$ 2,561,873

See notes to financial statements.

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

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
OTHER GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS

YEAR ENDED DECEMBER 31, 2013

	Christopher Columbus Homes	Marcal Project	North Jersey Municipal Loan Program	Northwest Inlet	Sheraton Hotel	South Jersey Municipal Loan Program	South Jersey Agricultural Loan Program	Vermont Plaza	Total Other Governmental Funds
REVENUES									
Interest and investment income	$ 104,363	$ 442,045	$ 1,046,635	$ 4,915	$ -	$ 599,699	$ -	$ -	$ 2,197,657
Total revenues	104,363	442,045	1,046,635	4,915	-	599,699	-	-	2,197,657
EXPENDITURES									
Project costs	-	-	-	-	-	-	98,633	-	98,633
Other	11,692	51,146	129,027	317	-	34,636	-	-	226,818
Debt service:									
Interest expense	92,814	390,856	896,271	5,451	-	565,009	-	-	1,950,401
Principal	74,448	233,476	424,525	40,927	-	397,290	-	-	1,170,666
Total expenditures	178,954	675,478	1,449,823	46,695	-	996,935	98,633	-	3,446,518
Excess (deficiency) of revenues over expenditures	(74,591)	(233,433)	(403,188)	(41,780)	-	(397,236)	(98,633)	-	(1,248,861)
OTHER FINANCING SOURCES (USES)									
Payments received on notes	77,001	250,000	429,480	30,989	-	384,199	-	-	1,171,669
Other payables	-	-	(172,095)	-	-	(5,949)	-	-	(178,044)
Capital-related debt issued	-	-	216,513	-	-	-	-	-	216,513
Loan disbursements	-	-	(216,513)	-	-	-	-	-	(216,513)
Transfer to other funds	-	-	-	-	-	-	-	-	-
Total other financing sources and uses	77,001	250,000	257,385	30,989	-	378,250	-	-	993,625
Net change in fund balance	2,410	16,567	(145,803)	(10,791)	-	(18,986)	(98,633)	-	(255,236)
Fund balance, January 1, 2013	6,901	59,213	683,717	139,042	34,340	667,884	793,115	1,354	2,385,566
Fund balance, December 31, 2013	$ 9,311	$ 75,780	$ 537,914	$ 128,251	$ 34,340	$ 648,898	$ 694,482	$ 1,354	$ 2,130,330

See notes to financial statements.

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

COMBINING STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS, OTHER

DECEMBER 31, 2013

	AC Inlet NSA	A.C. Supermarket	Bally's Warehouse Project	Carolina Gardens	Chelsea Westside	Chesapeake Gardens Senior Homes	Cityscape	Donation Loans	General Development	Land Banking	Lighthouse District Park Project
ASSETS											
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ 6,836,068	$ -	$ -	$ -	$ 7,595	$ -	$ -
Real estate	1,794,858	6,163,011	71,574	823,704	262,354	151,383	66,583	2,150,000	-	1,196,804	3,207,590
Notes receivable	-	1,076,594	-	35,644	5,467	-	-	-	-	-	-
Accrued interest receivable	-	2,923	-	-	-	-	-	-	-	-	-
Other receivables	-	525,217	-	7,984	-	-	-	600,959	-	-	-
Total assets	1,794,858	7,767,745	71,574	867,332	7,103,889	151,383	66,583	2,750,959	7,595	1,196,804	3,207,590
LIABILITIES											
Other liabilities	-	-	-	-	6,406,004	-	-	88	7,595	-	-
RESERVES											
Project costs	1,794,858	7,767,745	71,574	867,332	697,885	151,383	66,583	2,750,871	-	1,196,804	3,207,590
Total liabilities and reserves	1,794,858	7,767,745	71,574	867,332	7,103,889	151,383	66,583	2,750,959	7,595	1,196,804	3,207,590
NET POSITION	-	-	-	-	-	-	-	-	-	-	-
Total liabilities, reserve, and net position	$1,794,858	$ 7,767,745	$ 71,574	$ 867,332	$ 7,103,889	$ 151,383	$ 66,583	$ 2,750,959	$ 7,595	$ 1,196,804	$ 3,207,590

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See notes to financial statements.

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

COMBINING STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS, OTHER

DECEMBER 31, 2013

	NEI Consensual Acquisition	Pennsylvania Avenue	Retail Luxury Tax Rebates	2nd Ward Façade	S Inlet Land Acquisition	SE Inlet Transportation Improvements	Teachers and Firefighters Home Loans	3-2-1 Police Loan	Virginia Avenue	Virginia Ave. ICON	Virginian Acquisition	Total
ASSETS												
Cash and cash equivalents	$ -	$ -	$ 448	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,844,111
Real estate	213,476	22,062	-	36,811	76,758	187,085	-	-	133,266	-	444,030	17,001,349
Notes receivable	-	-	-	-	-	-	10,000	412,454	-	-	-	1,540,159
Accrued interest receivable	-	-	-	-	-	-	-	982	-	-	-	3,905
Other receivables	-	-	-	-	-	-	-	4,527,666	-	-	-	5,661,826
Total assets	213,476	22,062	448	36,811	76,758	187,085	10,000	4,941,102	133,266	-	444,030	31,051,350
LIABILITIES												
Other liabilities	-	-	448	-	-	-	-	31,249	-	-	-	6,445,384
												-
RESERVES												-
Project costs	213,476	22,062	-	36,811	76,758	187,085	10,000	4,909,853	133,266	-	444,030	24,605,966
Total liabilities and reserves	213,476	22,062	448	36,811	76,758	187,085	10,000	4,941,102	133,266	-	444,030	31,051,350
NET POSITION	-	-	-	-		-	-	-	-	-	-	-
Total liabilities, reserves, and net position	$ 213,476	$ 22,062	$ 448	$ 36,811	$ 76,758	$ 187,085	$ 10,000	$ 4,941,102	$ 133,266	$ -0-	$ 444,030	$ 31,051,350

See notes to financial statements.

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

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - AGENCY FUNDS, OTHER

YEAR ENDED DECEMBER 31, 2013

	AC Inlet NSA	A.C. Supermarket	Bally's Warehouse Project	Carolina Gardens	Chelsea Westside	Chesapeake Gardens Senior Homes	Cityscape	Donation Loans	General Donations	Land Banking	Lighthouse District Park Project
ADDITIONS											
Transfer from (to) reinvestment funds and other governmental funds	$ 1,839,795	$ -	$ -	$ 2,594	$ -	$ -	$ 2,622	$ -	$ 9,829,112	$ -	$ 1,336,087
Retail and luxury tax remittance	-	-	-	-	-	-	-	-	-	-	-
Interest on notes	-	36,100	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	3,848	-	-	-	-	-	-
Total additions	1,839,795	36,100	-	2,594	3,848	-	2,622	-	9,829,112	-	1,336,087
DEDUCTIONS											
Grants and donations	46,137	-	-	2,594	21,253	-	2,622	101,324	9,829,112	-	283,687
Retail and luxury tax distributions	-	-	-	-	-	-	-	-	-	-	-
Total deductions	46,137	-	-	2,594	21,253	-	2,622	101,324	9,829,112	-	283,687
Change in reserves	1,793,658	36,100	-	-	(17,405)	-	-	(101,324)	-	-	1,052,400
Net position, January 1, 2013	-	-	-	-	-	-	-	-	-	-	-
Net position, December 31, 2013	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-

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See notes to financial statements.

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

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - AGENCY FUNDS, OTHER

YEAR ENDED DECEMBER 31, 2013

	NEI Consensual Acquisition	Pennsylvania Avenue	Retail Luxury Tax Rebates	2nd Ward Façade	S Inlet Land Acquisition	SE Inlet Transportation Improvements	Teachers and Firefighters Home Loans	3-2-1 Police Loan	Virginia Avenue	Virginia Ave. ICON	Virginian Acquisition	Total
ADDITIONS												
Transfer from (to) reinvestment funds and other governmental funds	$ -	$ -	$ -	$ 234,007	$ 201,967	$ -	$ -	$ -	$ -	$ 2,213	$ -	$ 13,448,397
Retail and luxury tax remittance	-	-	28,602,209	-	-	-	-	-	-	-	-	28,602,209
Interest on notes	-	-	-	-	-	-	-	13,555	-	-	-	49,655
Other income	-	-	-	-	-	-	-	213	-	-	-	4,061
Total additions	-	-	28,602,209	234,007	201,967	-	-	13,768	-	2,213	-	42,104,322
DEDUCTIONS												
Grants and donations	-	-	-	234,007	125,209	-	5,000	18,273	-	2,213	359,000	11,030,431
Retail and luxury tax distributions	-	-	28,602,209	-	-	-	-	-	-	-	-	28,602,209
Total deductions	-	-	28,602,209	234,007	125,209	-	5,000	18,273	-	2,213	359,000	39,632,640
Change in reserves	-	-	-	-	76,758	-	(5,000)	(4,505)	-	-	(359,000)	2,471,682
Net position, January 1, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Net position, December 31, 2013	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-

See notes to financial statements.