

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

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

December 31, 2017

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

TABLE OF CONTENTS

	<u>Page Number</u>
INDEPENDENT AUDITORS' REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION - PART I (UNAUDITED)	
Management's Discussion and Analysis (Unaudited).....	4
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position.....	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	16
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities	17
Statement of Net Position - Proprietary Funds	18
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	19
Statement of Cash Flows - Proprietary Funds.....	20
Statement of Net Position - Fiduciary Funds	21
Notes to Financial Statements	22
REQUIRED SUPPLEMENTARY INFORMATION- PART II (UNAUDITED)	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund (Unaudited).....	55
Schedule of the Authority's Proportionate Share of the Net Pension Liability and Notes to Required Supplementary Information – PERS (Unaudited).....	56
Schedule of Authority Contributions – PERS (Unaudited)	57
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Other Governmental Nonmajor Funds - Debt Service Funds	58
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Other Governmental Nonmajor Funds - Debt Service Funds	59
Combining Schedule of Fiduciary Net Position - Agency Funds, Other	60
Combining Schedule of Changes in Reserves - Fiduciary Funds.....	61
Combining Schedule of Changes in Reserves - Agency Funds, Other.....	62
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	63

INDEPENDENT AUDITORS' REPORT

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, 2017, 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 from material misstatement.

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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, 2017, 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.

Report on Comparative Information

The financial statements of the Authority as of and for the year ended December 31, 2016, were audited by other auditors whose report dated May 5, 2017, expressed an unmodified opinion on those financial statements.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Supplementary Information (Continued)

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 15, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Mercedien, P.C.

Certified Public Accountants

June 15, 2018

REQUIRED SUPPLEMENTARY INFORMATION – PART I
(UNAUDITED)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Casino Reinvestment Development Authority's annual financial report presents our discussion and analysis of the CRDA's financial performance during the fiscal year that ended on December 31, 2017. Certain comparative information between the current year and the prior year is presented in this MD&A. It should be read in conjunction with the CRDA's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS OF GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

The assets and deferred outflows of resources of the CRDA exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$351.3 million. Net position increased by \$9.1 million compared to the prior year's net position of \$342.2 million mainly as a result of the requirements of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment to GASB Statement No. 68*. This also resulted in decreases in deferred outflows of resources, deferred inflows of resources and the net pension liability. Net position in governmental activities increased \$18.5 million, whereas, net position from business-type activities decreased \$9.3 million.

Cash, cash equivalents and investments total approximately \$291.6 million, a decrease of \$30 million from the prior year. The decrease is substantially comprised of the funding of debt service payments, an increase in capital assets relating to the Atlantic City Convention Center and Historic Boardwalk Hall.

Long-term liabilities reflect a net decrease \$28.9 million. The net decrease is comprised of debt service paid on outstanding bond issues offset by the issuance of project bonds related to the Impactivate projects.

General fund budgeted revenues exceeded realized revenues for the 2017 year due to reduced Sales Tax override revenues received during the 2017 year.

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 schedules* for non-major governmental funds.

Required Components of CRDA's Annual Financial Report:

- Management's Discussion and Analysis
- Basic Financial Statements, consisting of
 - Government-wide Financial Statements
 - Fund Financial Statements
 - Notes to Financial Statements

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Government-wide Financial Statements

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

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

Fund Financial Statements

Fund financial statements focus on the current financial information of the *individual parts* of the CRDA, reporting the CRDA's operations in *more detail* than the government-wide statements. Funds are 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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

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

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

Governmental Activities Financial Analysis

The largest portion of the Authority's net position is its unrestricted component which may be used for any Authority purpose, and a negative \$66.0 million designated for future project costs. The restricted component of net position represents resources consisting of debt service in the amount of \$31.2 million.

The CRDA holds \$112.3 million in real estate investments. This real estate may be transferred to other entities upon completion of a project.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Governmental Activities Financial Analysis (Continued)

	Governmental Activities		Total \$	Total %
	2017	2016	Change	Change
Assets				
Current and other assets	\$ 219,926,189	\$ 227,657,235	\$ (7,731,046)	-3%
Notes receivable	75,348,815	75,101,746	247,069	0%
Real estate	112,263,575	112,188,017	75,558	0%
Capital assets	2,275,243	2,920,618	(645,375)	-22%
Total assets	\$ 409,813,822	\$ 417,867,616	\$ (8,053,794)	-2%
Deferred outflow of resources				
Pension deferrals	\$ 2,686,423	\$ 4,240,056	\$ (1,553,633)	-37%
Total deferred outflow of resources	\$ 2,686,423	\$ 4,240,056	\$ (1,553,633)	-37%
Liabilities				
Other Liabilities	\$ 38,633,861	\$ 42,019,296	\$ (3,385,435)	-8%
Bonds payable	269,935,807	294,167,589	(24,231,782)	-8%
Total liabilities	\$ 308,569,668	\$ 336,186,885	\$ (27,617,217)	-8%
Deferred inflow of resources				
Pension deferrals	\$ 2,937,415	\$ 3,396,087	\$ (458,672)	-14%
Total deferred outflow of resources	\$ 2,937,415	\$ 3,396,087	\$ (458,672)	-14%
Net Position				
Net investment in capital assets	\$ 2,275,243	\$ 2,920,618	\$ (645,375)	-22%
Restricted	31,236,497	31,879,480	(642,983)	-2%
Unrestricted	67,481,422	47,724,602	19,756,820	41%
Total net position	\$ 100,993,162	\$ 82,524,700	\$ 18,468,462	22%

Changes in Net Position

	Governmental Activities		Total \$	Total %
	2017	2016	Change	Change
Revenues				
Fees				
Administrative	\$ 137,103	\$ 142,884	\$ (5,781)	-4%
Hotel room	8,703,109	8,899,322	(196,213)	-2%
Sales tax and luxury tax rebate	5,356,045	7,458,595	(2,102,550)	-28%
Parking	16,505,735	17,003,485	(497,750)	-3%
Operating				
Grant	13,526,829	13,244,074	282,755	2%
Other	3,347,584	6,007,314	(2,659,730)	-44%
Investment income	7,541,541	4,363,948	3,177,593	73%
Transfers	-	17,164,871	(17,164,871)	-100%
Total revenues	\$ 55,117,946	\$ 74,284,493	\$ (19,166,547)	-26%
Expenses				
General and administrative	\$ 5,152,191	\$ 4,833,578	\$ 318,613	7%
Other	137,103	142,536	(5,433)	-4%
Project costs	8,974,964	6,887,433	2,087,531	30%
Depreciation	794,993	908,399	(113,406)	-12%
Interest on long-term debt	2,602,314	2,510,941	91,373	4%
Community and economic development	14,584,717	16,106,622	(1,521,905)	-9%
Transfers	4,403,202	3,912,777	490,425	13%
Total expenses	\$ 36,649,484	\$ 35,302,286	\$ 1,347,198	4%
Increase in net position	\$ 18,468,462	\$ 38,982,207	\$ (20,513,745)	-53%

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

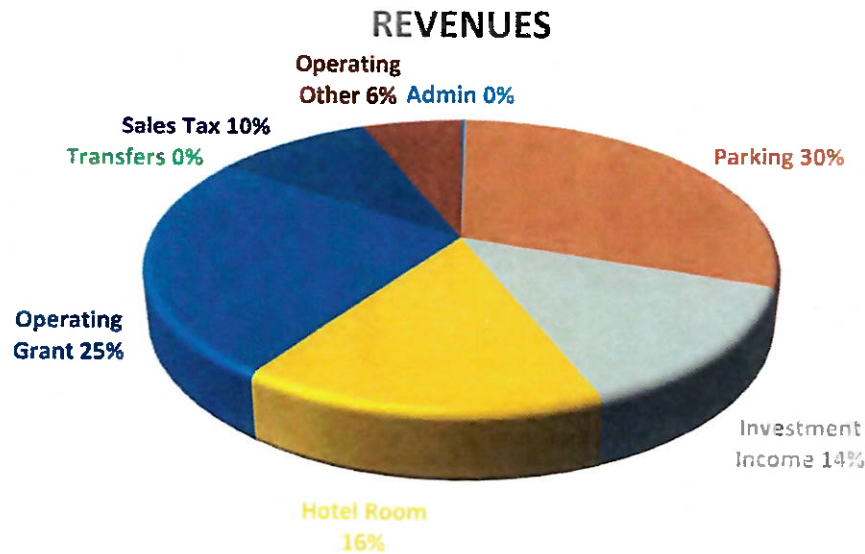
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The CRDA's governmental activities net position increased by approximately \$18.5 million during the current fiscal year. This increase was less than the prior year increase of approximately \$39 million. The primary components in the decrease from the prior year are a decrease in all revenues with the exception of investment income, including a decrease in transfer activity of \$17 million and an increase in project costs.

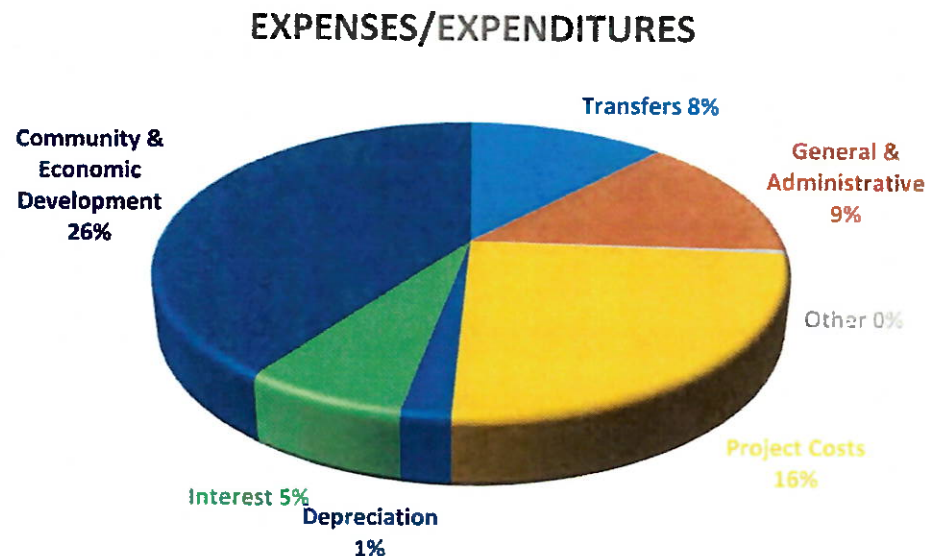
CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

2017 REVENUES - GOVERNMENTAL ACTIVITIES



2017 EXPENSES - GOVERNMENTAL ACTIVITIES



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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Governmental Funds Financial Analysis

Governmental activities represent a significant portion of the CRDA's funds. As of the end of 2017, the CRDA's governmental funds reported combined ending fund balances of approximately \$191.6 million, a decrease of \$8 million from the prior year. Of this total amount, \$69.1 million is unassigned or available for any CRDA purpose. The remainder of fund balance, or \$122.5 million, is either restricted or committed to indicate that it is not available for new spending, because it has already been restricted to pay debt service (\$36 million) or committed for projects (\$86.5 million).

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

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

There are two Special Revenue Funds included in Governmental Funds. The 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 and projects in South Jersey and North Jersey.

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

Capital Assets and Debt Administration

Capital Assets

The CRDA's capital assets net of depreciation is \$325.8 million (net of accumulated depreciation) and consists of office furnishings, computers, office equipment, public parking garage, and Convention Center Division capital assets. In addition, CRDA holds an investment in real estate of \$193.6 million. See Note F to the basic financial statements for additional information on capital assets.

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 Exposition 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.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Capital Assets and Debt Administration (Continued)

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

The CRDA also issues project bonds to casino licensees with terms varying from 7 to 50 years at interest rates varying between 2.3% 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. In some cases, the project revenues are derived from CRDA notes receivable. When these revenues are not sufficient to support debt service, a valuation allowance is assigned to both the note receivable and the related project bond.

All bonds issued by the CRDA are special obligations of the CRDA, do not constitute obligations against the general credit of the CRDA, and are not a debt or liability of the State. The following is a summary of outstanding debt at December 31, 2017 and 2016:

	2017	2016
Debt Outstanding as of January 1	\$ 583,901,046	\$ 603,744,276
Additions to debt	3,087,504	8,141,219
Reductions of debt	(30,974,731)	(27,984,449)
Debt Outstanding as of January 1	556,013,819	583,901,046
Plus: Net unamortized premium	15,536,460	16,789,415
Less: Valuation allowance	(40,058,584)	(40,058,584)
	<u>\$ 531,491,695</u>	<u>\$ 560,631,877</u>

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Selected Operating Highlights of the Convention Center Division

Number of Attendees:

	2017	2016	2015
Boardwalk Hall	224,812	223,183	267,175
Convention Center	329,378	319,861	313,687
	<u>554,190</u>	<u>543,044</u>	<u>580,862</u>

Number of Events:

	2017	2016	2015
Boardwalk Hall	40	49	42
Convention Center	75	73	88
	<u>115</u>	<u>122</u>	<u>130</u>

Operating Revenue & Expenses by Facility

	2017	2016	2015
Operating revenues			
Boardwalk Hall	\$ 5,304,000	\$ 6,077,000	\$ 6,684,000
Convention Center	7,302,000	6,729,000	6,968,000
Marketing operations	121,000	120,000	124,000
	<u>\$ 12,727,000</u>	<u>\$ 12,926,000</u>	<u>\$ 13,776,000</u>
Operating expenses			
Boardwalk Hall	\$ 9,643,000	\$ 9,468,000	\$ 11,386,000
Convention Center	12,516,000	11,806,000	12,255,000
Luxury tax reserve	15,768,000	18,106,000	17,447,000
Marketing operations	3,471,000	3,804,000	5,701,000
	<u>\$ 41,398,000</u>	<u>\$ 43,184,000</u>	<u>\$ 46,789,000</u>

Financial Contact

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

STATEMENT OF NET POSITION

DECEMBER 31, 2017

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 136,367,464	\$ 30,869,158	\$ 167,236,622
RESTRICTED CASH & CASH EQUIVALENTS	-	84,772,339	84,772,339
INVESTMENTS	39,521,989	97,170	39,619,159
RECEIVABLES:			
NOTES RECEIVABLE, NET OF ALLOWANCE	75,348,815	-	75,348,815
ACCRUED INTEREST RECEIVABLE	10,632,101	-	10,632,101
ACCRUED PARKING FEES	2,504,034	-	2,504,034
ACCRUED HOTEL ROOM FEES	2,543,280	-	2,543,280
ACCRUED MARKETING FEES & LUXURY TAXES	-	10,089,212	10,089,212
OTHER	28,357,321	8,153,989	36,511,310
REAL ESTATE	112,263,575	81,311,000	193,574,575
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	2,275,243	323,493,626	325,768,869
PREPAID BOND INSURANCE PREMIUM	-	1,844,406	1,844,406
TOTAL ASSETS	409,813,822	540,630,900	950,444,722
DEFERRED OUTFLOWS OF RESOURCES			
PENSION DEFERRALS	2,686,423	3,793,190	6,479,613
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 412,500,245	\$ 544,424,090	\$ 956,924,335
LIABILITIES:			
INTEREST PAYABLE	\$ 13,654,414	\$ 2,004,792	\$ 15,659,206
DEFERRED REVENUE	-	3,595,058	3,595,058
OTHER PAYABLES	19,494,239	15,043,026	34,537,265
NET PENSION LIABILITY	5,485,208	7,745,032	13,230,240
CURRENT BONDS PAYABLE	29,149,374	4,782,748	33,932,122
LONG-TERM BONDS PAYABLE	240,786,433	256,773,140	497,559,573
TOTAL LIABILITIES	308,569,668	289,943,796	598,513,464
DEFERRED INFLOWS OF RESOURCES	2,937,415	4,147,586	7,085,001
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	\$ 311,507,083	\$ 294,091,382	\$ 605,598,465
NET POSITION			
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT	\$ 2,275,243	\$ 212,224,968	\$ 214,500,211
RESTRICTED FOR:			
DEBT SERVICE	31,236,497	16,628,109	47,864,606
STATUTORY REQUIREMENTS	-	167,060	167,060
UNRESTRICTED (DEFICIT)	67,481,422	21,312,571	88,793,993
TOTAL NET POSITION	\$ 100,993,162	\$ 250,332,708	\$ 351,325,870

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, 2017

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
	EXPENSES	FEES	OPERATING INCOME	PRIMARY GOVERNMENT		
				GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT						
GOVERNMENTAL ACTIVITIES						
GENERAL AND ADMINISTRATION	\$ 5,152,181	\$ 1,550,733	\$ -	\$ (3,001,458)	\$ -	\$ (3,001,458)
OTHER	137,103	-	1,703,954	1,566,851	-	1,566,851
PROJECT COSTS	8,074,964	5,356,045	-	(3,618,819)	-	(3,618,819)
DEPRECIATION	784,993	-	-	(794,993)	-	(794,993)
INTEREST ON LONG-TERM DEBT	2,602,314	-	-	(2,602,314)	-	(2,602,314)
COMMUNITY DEVELOPMENT	14,584,717	25,208,844	13,756,829	24,380,956	-	24,380,956
TOTAL GOVERNMENTAL ACTIVITIES	32,246,282	32,115,622	15,480,783	15,330,123		15,330,123
BUSINESS-TYPE ACTIVITIES						
CONVENTION CENTER DIVISION	52,467,420	12,630,811	-	-	(39,830,609)	(39,830,609)
CORRIDOR PARKING GARAGE	2,433,430	631,245	178,488	-	(1,623,697)	(1,623,697)
SPECIAL IMPROVEMENT DISTRICT	5,849,481	1,616,741	82,564	-	(4,150,176)	(4,150,176)
TOTAL BUSINESS-TYPE ACTIVITIES	60,750,331	14,884,797	261,052	-	(45,604,482)	(45,604,482)
TOTAL PRIMARY GOVERNMENT	\$ 92,996,613	\$ 47,000,419	\$ 15,721,835	\$ 15,330,123	\$ (45,604,482)	\$ (30,274,359)
GENERAL REVENUES & TRANSFERS						
LUXURY TAX REVENUE	\$ -	\$ 28,431,566	\$ 28,431,566			
MARKETING FEE REVENUE	-	2,960,206	2,960,206			
INVESTMENT INCOME	5,931,148	408,771	6,399,919			
OTHER	1,010,393	-	1,610,393			
TRANSFERS	(4,403,202)	4,403,202	-			
TOTAL GENERAL REVENUES & TRANSFERS	3,138,339	36,263,745	39,402,084			
CHANGES IN FUND BALANCE/NET POSITION	18,408,402	(9,340,737)	9,127,725			
BEGINNING FUND BALANCE/NET POSITION	82,524,700	259,673,445	342,198,145			
ENDING FUND BALANCE/NET POSITION	\$ 100,993,162	\$ 250,332,708	\$ 351,325,870			

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, 2017

	MAJOR FUNDS			OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND AC CORRIDOR	HOTEL ROOM FEE		
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 99,499,847	\$ 13,779,093	\$ 16,748,399	\$ 6,340,125	\$ 136,367,464
INVESTMENTS	-	39,521,989	-	-	39,521,989
RECEIVABLES:					
ACCRUED INTEREST RECEIVABLE	116,640	-	-	115,523	232,163
ACCRUED PARKING FEES	-	2,504,034	-	-	2,504,034
ACCRUED HOTEL ROOM FEES	-	-	2,543,280	-	2,543,280
OTHER	19,822,801	231,522	-	7,897,280	27,951,603
	<u>\$ 119,439,288</u>	<u>\$ 56,036,638</u>	<u>\$ 19,291,679</u>	<u>\$ 14,352,928</u>	<u>\$ 209,120,533</u>
LIABILITIES:					
INTEREST PAYABLE	\$ -	\$ 900,773	\$ 1,347,531	\$ 983,199	\$ 3,231,503
OTHER PAYABLES	4,594,940	2,024,707	64,057	7,576,492	14,260,196
	<u>4,594,940</u>	<u>2,925,480</u>	<u>1,411,588</u>	<u>8,559,691</u>	<u>17,491,699</u>
FUND BALANCES:					
RESTRICTED FOR DEBT SERVICE	-	30,208,688	-	5,793,237	36,001,925
COMMITTED FOR PROJECT COSTS	40,670,554	22,902,470	17,880,091	-	81,453,115
UNASSIGNED	74,173,794	-	-	-	74,173,794
TOTAL FUND BALANCES	<u>114,844,348</u>	<u>53,111,158</u>	<u>17,880,091</u>	<u>5,793,237</u>	<u>191,628,834</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 119,439,288</u>	<u>\$ 56,036,638</u>	<u>\$ 19,291,679</u>	<u>\$ 14,352,928</u>	

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

Capital assets, net of AD used in governmental activities & are not financial resources and therefore are not reported in the funds.	\$ 2,275,243
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds.	198,418,046
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.	(285,368,577)
Pension related items are not reported in the funds	(5,960,384)
	<u>\$ 100,993,162</u>

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, 2017

	MAJOR FUNDS			OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND AC CORRIDOR	HOTEL ROOM FEE		
REVENUES					
ADMINISTRATIVE FEES	\$ 137,103	\$ -	\$ -	\$ -	\$ 137,103
INTEREST AND INVESTMENT INCOME	1,265,945	1,169,719	83,255	2,437,354	4,956,273
PARKING FEE REVENUE	-	16,505,735	-	-	16,505,735
HOTEL ROOM FEE REVENUE	-	-	8,703,109	-	8,703,109
TAX OVERRIDE REVENUE	5,356,045	-	-	-	5,356,045
GRANT REVENUE	-	13,526,829	-	-	13,526,829
PROCESSING FEES	1,413,630	-	-	-	1,413,630
OTHER INCOME	1,703,954	230,000	-	-	1,933,954
	9,876,677	31,432,283	8,786,364	2,437,354	52,532,678
EXPENDITURES					
CURRENT					
SALARIES AND BENEFITS	3,662,998	-	-	-	3,662,998
GENERAL & ADMINISTRATIVE	882,311	-	-	-	882,311
PROFESSIONAL COSTS	606,882	-	-	-	606,882
PROJECT COSTS	8,974,964	3,321,586	30,017	857,761	13,184,328
OTHER EXPENDITURES	-	-	-	137,103	137,103
DEBT SERVICE					
INTEREST EXPENSE	-	8,079,655	2,295,698	2,085,475	12,460,828
PRINCIPAL PAYMENTS	-	20,109,563	5,504,365	1,705,357	27,319,285
CAPITAL OUTLAY					
PURCHASE OF CAPITAL ASSETS	149,618	-	-	-	149,618
	14,276,773	31,510,804	7,830,080	4,785,696	58,403,353
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,400,096)	(78,521)	956,284	(2,348,342)	(5,870,675)
OTHER FINANCING SOURCES (USES)					
OTHER RECEIVABLES	(118,406)	-	-	-	(118,406)
PAYMENTS RECEIVED ON NOTES	863	-	-	2,699,022	2,699,885
OTHER PAYABLES	(820,000)	(140,116)	-	(5,949)	(966,065)
CAPITAL-RELATED DEBT ISSUED	-	-	-	3,087,503	3,087,503
LOAN DISBURSEMENTS	200,807	-	-	(2,688,862)	(2,488,055)
PURCHASE OF REAL ESTATE	(66,957)	(8,602)	-	-	(75,559)
TRANSFERS FROM OTHER FUNDS	-	-	-	-	-
TRANSFERS TO OTHER FUNDS	(4,403,202)	-	-	-	(4,403,202)
TOTAL OTHER FINANCING SOURCES (USES)	(5,206,895)	(148,718)	-	3,091,714	(2,263,899)
CHANGE IN FUND BALANCES	(9,606,991)	(227,239)	956,284	743,372	(8,134,574)
FUND BALANCES JANUARY 1, 2017	124,451,339	53,338,397	16,923,807	5,049,865	199,763,408
FUND BALANCES DECEMBER 31, 2017	\$ 114,844,348	\$ 53,111,158	\$ 17,880,091	\$ 5,793,237	\$ 191,628,834

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, 2017

Total net change in fund balances - governmental funds	\$	(8,134,574)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount by which capital outlays exceeds depreciation in the current period.		(569,816)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.		974,873
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.		25,197,847
Disbursements on long-term notes receivable consume current financial resources of government funds, and principal payments received on notes receivable provide current financial resources to government funds. These transactions do not affect net position.		(93,424)
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.		1,093,556
Change in fund balance of governmental activities	<u>\$</u>	<u>18,468,462</u>

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

STATEMENT OF NET POSITION – PROPRIETARY FUNDS DECEMBER 31, 2017

	BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUNDS			
	CONVENTION CENTER DIVISION	CORRIDOR PARKING GARAGE	SPECIAL IMPROVEMENT DISTRICT	TOTAL
ASSETS				
CURRENT ASSETS				
CASH AND CASH EQUIVALENTS	\$ 21,244,462	\$ 939,140	\$ 8,685,556	\$ 30,869,158
OTHER INVESTMENT	-	97,170	-	97,170
RESTRICTED CASH & CASH EQUIVALENTS	84,772,339	-	-	84,772,339
RECEIVABLES:				
ACCRUED MARKETING FEES & LUXURY TAXES	10,089,212	-	-	10,089,212
ACCRUED ASSESSMENTS, NET OF ALLOWANCES FOR UNCOLLECTIBLES	-	-	50,540	50,540
ACCRUED PARKING REVENUE	-	25,959	-	25,959
OTHER	7,612,261	164,734	300,495	8,077,490
TOTAL CURRENT ASSETS	123,718,274	1,227,003	9,036,591	133,981,868
NONCURRENT ASSETS				
PREPAID BOND INSURANCE PREMIUM	1,844,406	-	-	1,844,406
REAL ESTATE	81,311,000	-	-	81,311,000
CAPITAL ASSETS, NET OF DEPRECIATION	294,931,222	28,146,968	415,436	323,493,626
TOTAL NON-CURRENT ASSETS	378,086,628	28,146,968	415,436	406,649,032
TOTAL ASSETS	501,804,902	29,373,971	9,452,027	540,630,900
DEFERRED OUTFLOW OF RESOURCES				
PENSION DEFERRALS	2,938,176	-	855,014	3,793,190
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 504,743,078	\$ 29,373,971	\$ 10,307,041	\$ 544,424,090
LIABILITIES				
CURRENT LIABILITIES				
INTEREST PAYABLE	\$ 1,907,987	\$ 96,805	\$ -	\$ 2,004,792
DEFERRED REVENUE	3,595,058	-	-	3,595,058
CURRENT BONDS PAYABLE	4,300,000	482,748	-	4,782,748
OTHER PAYABLES	7,016,366	1,117,604	6,909,056	15,043,026
	16,819,411	1,697,157	6,909,056	25,425,624
NET PENSION LIABILITY	5,999,243	-	1,745,789	7,745,032
LONG-TERM BONDS PAYABLE	238,407,533	18,365,607	-	256,773,140
TOTAL NONCURRENT LIABILITIES	244,406,776	18,365,607	1,745,789	264,518,172
TOTAL LIABILITIES	261,226,187	20,062,764	8,654,845	289,943,796
DEFERRED INFLOW OF RESOURCES				
PENSION DEFERRALS	3,212,689	-	934,897	4,147,586
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	264,438,876	20,062,764	9,589,742	294,091,382
NET POSITION				
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT	202,510,919	9,298,613	415,436	212,224,968
RESTRICTED FOR: DEBT SERVICE	15,796,109	832,000	-	16,628,109
STATUTORY REQUIREMENTS	167,060	-	-	167,060
UNRESTRICTED (DEFICIT)	21,830,114	(819,406)	301,863	21,312,571
TOTAL NET POSITION	240,304,202	9,311,207	717,299	250,332,708
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	\$ 504,743,078	\$ 29,373,971	\$ 10,307,041	\$ 544,424,090

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, 2017

	BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUNDS			
	CONVENTION CENTER DIVISION	CORRIDOR PARKING GARAGE	SPECIAL IMPROVEMENT DISTRICT	TOTAL
OPERATING REVENUES:				
SPECIAL SERVICES	\$ 5,458,708	\$ -	\$ -	\$ 5,458,708
FACILITIES RENTAL	3,943,411	-	-	3,943,411
CONCESSIONS	809,709	-	-	809,709
ASSESSMENTS, NET	-	-	1,616,741	1,616,741
PARKING REVENUE	1,666,320	631,245	-	2,297,565
OTHER REVENUE	758,663	178,488	82,564	1,019,715
TOTAL OPERATING REVENUES	12,636,811	809,733	1,699,305	15,145,849
OPERATING EXPENSES:				
SALARIES AND BENEFITS	13,618,821	-	2,695,355	16,314,176
MARKETING EXPENDITURES	8,373,308	-	-	8,373,308
PRODUCTION	498,918	-	-	498,918
GENERAL & ADMINISTRATIVE	8,263,535	679,089	2,919,663	11,862,287
DEPRECIATION & AMORTIZATION	10,553,116	1,173,510	234,088	11,960,714
TOTAL OPERATING EXPENSES	41,307,698	1,852,599	5,849,106	49,009,403
OPERATING LOSS	(28,670,887)	(1,042,866)	(4,149,801)	(33,863,554)
NONOPERATING REVENUES (EXPENSES):				
LUXURY TAX REVENUE	28,431,566	-	-	28,431,566
MARKETING FEE REVENUE, NET	2,960,206	-	-	2,960,206
INTEREST INCOME	396,903	8,272	63,596	468,771
INTEREST EXPENSE	(11,159,722)	(580,831)	(375)	(11,740,928)
LITIGATION SETTLEMENT	-	-	-	-
OTHER	-	-	-	-
TRANSFERS FROM OTHER FUNDS	-	-	4,403,202	4,403,202
	20,628,953	(572,559)	4,466,423	24,522,817
CHANGES IN NET POSITION	(8,041,934)	(1,615,425)	316,622	(9,340,737)
NET POSITION, JANUARY 1, 2017	248,346,136	10,926,632	400,677	259,673,445
NET POSITION, DECEMBER 31, 2017	\$ 240,304,202	\$ 9,311,207	\$ 717,299	\$ 250,332,708

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, 2017

	BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUNDS			
	CONVENTION CENTER DIVISION	CORRIDOR PARKING GARAGE	SPECIAL IMPROVEMENT DISTRICT	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS FROM CUSTOMERS	\$ 12,576,466	\$ -	\$ -	\$ 12,576,466
ASSESSMENTS	-	-	1,638,014	1,638,014
PARKING REVENUE	-	612,722	-	612,722
OTHER REVENUE	-	178,488	82,564	261,052
PAYMENTS TO SUPPLIERS	(5,185,876)	(731,685)	(3,775,351)	(9,692,912)
PAYMENTS TO EMPLOYEES	(13,775,619)	-	(2,657,794)	(16,433,413)
PAYMENTS FOR OTHERS	-	(79,528)	-	(79,528)
NET CASH USED FOR OPERATING ACTIVITIES	(6,385,029)	(20,003)	(4,712,567)	(11,117,599)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
LUXURY TAX REVENUE	(3,008,953)	-	-	(3,008,953)
MARKETING FEE REVENUE	2,354,011	-	-	2,354,011
DUE TO/FROM OTHER FUNDS	-	(873,720)	1,722,136	848,416
TRANSFERS FROM OTHER FUNDS	-	-	4,403,202	4,403,202
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	(654,942)	(873,720)	6,125,338	4,596,676
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
INTEREST EXPENSE	(11,613,325)	(580,630)	(375)	(12,194,330)
PAYMENTS ON BONDS AND NOTES PAYABLE	(4,135,000)	-	-	(4,135,000)
PURCHASE OF CAPITAL ASSETS	(13,938,314)	(74,247)	21,832	(13,990,729)
LUXURY TAX REVENUE	15,748,325	-	-	15,748,325
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(13,938,314)	(655,077)	21,457	(14,571,934)
CASH FLOWS FROM INVESTING ACTIVITIES				
PROCEEDS FROM SALE OF INVESTMENT	-	192,852	-	192,852
INTEREST	348,378	8,272	63,596	420,246
NET CASH PROVIDED BY INVESTING ACTIVITIES	348,378	201,124	63,596	613,098
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,629,907)	(1,347,676)	1,497,824	(20,479,759)
CASH AND CASH EQUIVALENTS - BEGINNING	126,646,708	2,286,816	7,187,732	136,121,256
CASH AND CASH EQUIVALENTS - ENDING	\$ 106,016,801	\$ 939,140	\$ 8,685,556	\$ 115,641,497
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:				
OPERATING LOSS	\$ (28,670,887)	\$ (1,042,866)	\$ (4,149,801)	\$ (33,863,554)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
DEPRECIATION & AMORTIZATION	10,553,116	1,173,510	234,088	11,960,714
(INCREASE)/DECREASE IN:				
RECEIVABLES, NET	654,494	-	-	654,494
PREPAID EXPENSES & OTHER ASSETS	(1,284,340)	(2,230)	30,924	(1,255,646)
ACCRUED ASSESSMENTS	-	-	21,272	21,272
PARKING FEES RECEIVABLE	-	(18,523)	-	(18,523)
INCREASE/(DECREASE) IN:				
ACCRUED SALARIES & BENEFITS	-	-	37,562	37,562
ACCOUNTS PAYABLE	13,729,081	(129,894)	(418,293)	13,180,894
DEFERRED REVENUE AND ADVANCE DEPOSITS	242,841	-	-	242,841
NET PENSION LIABILITY	(1,609,334)	-	(468,319)	(2,077,653)
TOTAL ADJUSTMENTS	22,285,858	1,022,863	(562,766)	22,745,955
NET CASH USED FOR OPERATING ACTIVITIES	\$ (6,385,029)	\$ (20,003)	\$ (4,712,567)	\$ (11,117,599)

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, 2017**

	AGENCY FUNDS		
	REINVESTMENT FUND	OTHER	TOTAL
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 57,436,572	\$ 17,561,665	\$ 74,998,237
RECEIVABLES:			
NOTES RECEIVABLE	-	3,523,014	3,523,014
ACCRUED INTEREST RECEIVABLE	-	19,378	19,378
OBLIGATION RECEIVABLE	1,819,931	-	1,819,931
OTHER	22,538,369	6,373,135	28,911,504
CAPITAL ASSETS:			
REAL ESTATE	-	28,819,707	28,819,707
TOTAL ASSETS	<u>\$ 81,794,872</u>	<u>\$ 56,296,899</u>	<u>\$ 138,091,771</u>
LIABILITIES			
INTEREST PAYABLE	\$ 128,365	\$ -	\$ 128,365
OTHER PAYABLES	19,840,913	19,855,133	39,696,046
RESERVES:			
OBLIGATIONS PAYABLE	28,899,134	-	28,899,134
DONATION DEPOSITS	32,926,460	-	32,926,460
PROJECT COSTS	-	36,441,766	36,441,766
TOTAL LIABILITIES AND RESERVES	<u>\$ 81,794,872</u>	<u>\$ 56,296,899</u>	<u>\$ 138,091,771</u>

See notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

A. NATURE OF ORGANIZATION

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

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

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

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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 2017. Governmental activities are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

Fund Financial Statements

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

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net position, 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.

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

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

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

period. For this purpose, the CRDA considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under the accrual basis accounting. However, debt service expenditures are recorded only when payment is due.

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 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 nonmajor funds in a single column, regardless of their fund type. Major funds are those that have assets, liabilities, revenues or expenditures equal to ten percent of their fund-type total. The General Fund is always a major fund.

The CRDA reports the following major governmental funds:

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

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

The 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, projects in South Jersey and North Jersey, and debt service on a long-term obligation.

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

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

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Proprietary Funds:

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

The *Special Improvement District Fund* is utilized to account for the Authority's designated Special Improvement 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 Atlantic City.

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

Fiduciary Funds:

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

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

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

Use of Estimates

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

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

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

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

Risk of Loss

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

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.

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

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

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

Notes Receivable

Notes receivable include mortgages, which are stated at unpaid principal balances. Certain mortgages have annual forgiveness provisions over the life of the mortgage. Any unpaid principal balance upon the sale of the property is payable to CRDA. The annual principal amount forgiven is recorded as program expense. Management periodically evaluates whether an allowance for uncollectible notes receivable is required based on the CRDA's past uncollectible loss experience, known and other risks inherent in the note receivable portfolio, adverse situations that may affect each borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. As of December 31, 2017, the provision for uncollectible accounts was \$40,058,584.

Capital Assets

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real Estate

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

Compensated Absences

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

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

Bonds Payable

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

Unearned Revenues

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

Net Position

The government-wide financial statements use a net position presentation. Net position is categorized as investment in capital assets, net of related debt and restricted for debt service; restricted; and unrestricted (deficit). 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.

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

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

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

NOTES TO FINANCIAL STATEMENTS

B. 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 New Jersey Sports and Exposition Authority ("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.

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.

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

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.

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

NOTES TO FINANCIAL STATEMENTS

B. 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.

Deferred Outflows/Inflows of Resources

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

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

Rounding

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

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

NOTES TO FINANCIAL STATEMENTS

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENT

Deposits with Financial Institutions

Custodial Credit Risk, with respect to deposits, is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority believes that due to the dollar amounts of cash deposits and the limits of the Federal Deposit Insurance Corporation ("FDIC") insurance, it is impractical to insure all bank deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. As of December 31, 2017, the Authority's book balance was \$327,007,198. As of December 31, 2017, the Authority's bank balance of \$332,564,092 was partially insured by the FDIC in the amount of \$250,000 in each depository. Balances above the FDIC insurance amount are insured by the Government Unit Deposit Protection Act ("GUDPA"). Cash and cash equivalents include various checking and money market accounts, and U.S. obligations with maturities of ninety days or less.

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

Investments

At December 31, 2017, the Authority had the following investments:

Description	Maturity	Fair Value Level	Fair Value
U.S. Treasury Obligations	May 2018	\$ 39,521,989	Level 1
Solar Renewal Energy Credits ("SREC")	Nonexpiring	\$ 97,170	Level 2

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENT (CONTINUED)

Investments (Continued)

There were no transfers in or out of Levels 1, 2 or 3 during 2017.

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

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

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

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

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

D. NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

Notes receivable within the Debt Service Fund consist of loans with terms varying from 15 to 40 years at interest rates varying between 0.0% and 6.7%. Repayments of notes receivable are secured by mortgages. See Note E for details.

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

NOTES TO FINANCIAL STATEMENTS

E. NOTES RECEIVABLE

Notes receivable consist of the following as of December 31, 2017:

	Balance December 31, 2016	Additions	Repayments	Balance December 31, 2017
General Fund				
Steel Pier	\$ 15,119,503	\$ 471,062	\$ 213,836	\$ 15,376,729
Total General Fund	15,119,503	471,062	213,836	15,376,729
Other Agency Fund				
John Brooks Recovery Center	591,090	92,647	-	683,737
Beach at South Inlet	-	1,846,036	-	1,846,036
Total Agency Fee Fund	591,090	1,938,683	-	2,529,773
Other Governmental Funds				
Christopher Columbus Homes	2,050,233	-	91,959	1,958,274
Marcal	8,115,279	-	870,711	7,244,568
North Jersey Municipal Loan Program	38,594,083	-	99,359	38,494,724
Northwest	10,785	-	4,132	6,653
Sheraton Hotel	10,000,000	-	-	10,000,000
South Jersey Municipal Loan Program	1,037,349	-	76,884	960,465
Vermont Plaza	20,700,000	-	-	20,700,000
Best of Bass Pro	11,667,179	-	514,786	11,152,393
Impactivate	7,865,920	3,362,802	1,715,129	9,513,593
Total Other Governmental Funds	100,040,828	3,362,802	3,372,960	100,030,670
Allowance	(40,058,584)	-	-	(40,058,584)
	\$ 75,101,747	\$ 3,833,864	\$ 3,586,796	\$ 75,348,815

F. CAPITAL ASSETS

Capital asset balances and activities for the year ended December 31, 2017, were as follows:

	Balance December 31, 2016	Additions	Deletions	Balance December 31, 2017
Governmental Funds				
Furniture & Equipment	\$ 4,941,775	\$ 149,618	\$ -	\$ 5,091,393
Building	2,210,287	-	-	2,210,287
Accumulated Depreciation	(4,231,445)	(794,993)	-	(5,026,438)
Net, Governmental Funds	2,920,618	(645,375)	-	2,275,243
Proprietary Funds				
Land	81,311,000	-	-	81,311,000
Buildings	422,138,891	9,576,460	-	431,715,351
Furniture & Equipment	66,737,177	2,788,987	(135,845)	69,390,319
Garage	34,580,935	-	-	34,580,935
Leasehold Improvements	6,699,217	1,396,455	-	8,095,672
Accumulated Depreciation	(208,425,751)	(11,935,205)	72,304	(220,288,651)
Net, Proprietary Funds	403,041,469	1,826,697	(63,541)	404,804,626
Government-wide Total	\$ 405,962,087	\$ 1,181,322	\$ (63,541)	\$ 407,079,869

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

NOTES TO FINANCIAL STATEMENTS

G. INTERFUND RECEIVABLES/PAYABLES

Fund	Interest	Fees	Miscellaneous	Total
Due to (Due From) General	\$ 116,640	\$ 455,596	\$ 14,738,057	\$ 15,310,294
Due to (Due From) Reinvestment	(73,938)	-	2,772,612	2,698,674
Due to (Due From) AC Corridor	(42,701)	-	211,475	168,774
Due to (Due From) Hotel Room Fee	(34,039)	-	(30,017)	(64,056)
Due to (Due From) Det Service	-	(470,850)	(1,055,441)	(1,526,290)
Due to (Due From) Garage	-	-	(1,080,905)	(1,080,905)
Due to (Due From) SID	-	-	(6,236,735)	(6,236,735)
Due to (Due From) ERD	-	-	(8,739,260)	(8,739,260)
Due to (Due From) Agency	-	-	(2,175,791)	(2,175,791)
Due to (Due From) Convention Center	-	-	1,645,296	1,645,296
Net Total	\$ (34,039)	\$ (15,253)	\$ 49,292	\$ -

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

H. OBLIGATION DEPOSITS

Obligation deposits collected from the licensees are held in the Reinvestment Fund until the CRDA's governing members approve 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. 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 Economic Development Authority.

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

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

NOTES TO FINANCIAL STATEMENTS

H. OBLIGATION DEPOSITS (CONTINUED)

2017 obligations and donation account activity are summarized below:

	Reinvestment Fund Reserves	
	Obligations Payable	Donation Deposits
Beginning Balance January 1, 2017	\$ 46,684,440	\$ 36,471,077
Obligation Deposits	9,181,556	-
Direct Investments	(2,569,856)	-
Direct Donation	(14,954,800)	-
Transfer to Bond Trustee	-	-
Bonds Issued	(6,354,716)	-
Transfer to General Fund	(3,087,504)	-
Grants to Agency and Debt Service Funds	-	(3,544,617)
Ending Balance December 31, 2017	<u>\$ 28,899,120</u>	<u>\$ 32,926,460</u>

I. LONG-TERM DEBT

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

Public Issuance - Parking Fee and Hotel Room Fee Revenue Bonds

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

Public Issuance - Luxury Tax Revenue Bonds

On April 1, 2013, the CRDA assumed all assets, debts and statutory responsibilities of the ACCVA. Accordingly, the Authority is bound by all terms and conditions of the NJSEA Convention Center Luxury Tax Bond Resolutions inclusive of a Pledged Property Agreement. The Pledged Property Agreement encumbers the luxury tax revenue with a lien as security for the NJSEA bond holders.

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

NOTES TO FINANCIAL STATEMENTS

I. LONG-TERM DEBT (CONTINUED)

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.

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

On November 1, 2014, CRDA issued \$241,190,000 in Luxury Tax Revenue Bonds, Series 2014 with interest rates varying between 2% and 5%. The Series 2014 bonds were issued for the purposes of (i) refunding the outstanding NJSEA bonds in the amount of \$77,535,000; (ii) providing funding for new projects; (iii) funding the debt service reserve requirement for the Series 2014 bonds; (iv) paying the costs of issuance of the Series 2014 bonds; and (v) funding the settlement of a litigation matter otherwise paid from luxury tax residuals. As of December 31, 2017, \$23,085,000 of the defeased bonds remain outstanding until their maturity in March 2022.

Project Bonds – Casino Pool Bonds

The CRDA also issued 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.

Bond Issue	Debt Reserve Amount
\$107 million Parking Fee Revenue Bonds	\$ 22,055,775
\$184.5 million Parking Fee Revenue Bonds	7,728,959
Atlantic City Boardwalk Convention Center Project Bonds	423,954
Total AC Corridor Reserve	30,208,688
\$241.2 million Luxury Tax Revenue Bonds	15,796,109
Balance, December 31, 2017	<u>\$ 46,004,797</u>

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

NOTES TO FINANCIAL STATEMENTS

I. LONG-TERM DEBT (CONTINUED)

The following is a summary of the CRDA's long-term debt transactions for the year ended December 31, 2017:

	Publically Issued Bonds	Project Bonds	Total
Debt outstanding December 31, 2016	\$ 449,275,000	\$ 134,626,046	\$ 583,901,046
Additions to Debt	-	3,087,504	3,087,504
Reductions of Debt	(29,035,000)	(1,939,731)	(30,974,731)
Debt outstanding December 31, 2017	420,240,000	135,773,819	556,013,819
Net Unamortized Premium	15,536,460	-	15,536,460
Allowance	-	(40,058,584)	(40,058,584)
	<u>\$ 435,776,460</u>	<u>\$ 95,715,235</u>	<u>\$ 531,491,695</u>

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

	Parking Fee Revenue Bond Principal	Parking Fee Revenue Bond Interest	Total
2018	\$ 20,835,000	\$ 6,942,009	\$ 27,777,009
2019	19,395,000	5,876,126	25,271,126
2020	14,435,000	4,981,550	19,416,550
2021	15,200,000	4,196,551	19,396,551
2022	16,005,000	3,355,580	19,360,580
2023-2025	53,455,000	4,481,432	57,936,432
Total	<u>\$ 139,325,000</u>	<u>\$ 29,833,248</u>	<u>\$ 169,158,248</u>

	Hotel Room Fee Bond Principal	Hotel Room Fee Bond Interest	Total
2018	\$ 5,365,000	\$ 2,554,232	\$ 7,919,232
2019	5,650,000	2,265,088	7,915,088
2020	5,945,000	1,960,719	7,905,719
2021	6,255,000	1,640,469	7,895,469
2022	6,585,000	1,303,419	7,888,419
2023-2025	21,900,000	1,715,769	23,615,769
Total	<u>\$ 51,700,000</u>	<u>\$ 11,439,696</u>	<u>\$ 63,139,696</u>

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

NOTES TO FINANCIAL STATEMENTS

I. LONG-TERM DEBT (CONTINUED)

	Luxury Tax Revenue Bond Principal	Luxury Tax Revenue Bond Interest	Total
2018	\$ 4,300,000	\$ 11,447,925	\$ 15,747,925
2019	4,515,000	11,232,925	15,747,925
2020	4,695,000	11,052,325	15,747,325
2021	4,930,000	10,817,575	15,747,575
2022	5,175,000	10,571,075	15,746,075
2023-2027	29,860,000	48,888,225	78,748,225
2028-2032	37,790,000	40,951,500	78,741,500
2033-2037	47,645,000	31,099,563	78,744,563
2038-2042	61,125,000	17,615,063	78,740,063
2043-2044	29,180,000	2,317,613	31,497,613
Total	\$ 229,215,000	\$ 195,993,789	\$ 425,208,789

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

	Project Bond Principal	Project Bond Interest	Total
2018	\$ 3,432,122	\$ 4,338,287	\$ 7,770,409
2019	1,760,886	3,163,736	4,924,622
2020	1,830,965	3,093,710	4,924,675
2021	1,903,905	3,020,826	4,924,731
2022	1,979,828	2,944,962	4,924,790
2023-2027	18,555,326	12,236,413	30,791,739
2028-2032	59,196,749	10,653,770	69,850,519
2033-2037	7,201,180	6,906,553	14,107,733
2038-2042	7,134,977	5,474,692	12,609,669
2043-2047	4,244,261	4,256,038	8,500,299
2048-2052	15,721,476	3,801,278	19,522,754
2053-2055	12,812,144	1,033,179	13,845,323
Total	\$ 135,773,819	\$ 60,923,444	\$ 196,697,263

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

NOTES TO FINANCIAL STATEMENTS

J. PROJECT AND DIRECT INVESTMENT COMMITMENTS

During 2017, CRDA commitments decreased by \$30.6 million. As of December 31, 2017, CRDA had outstanding commitments as follows:

Project	Outstanding Commitments
Atlantic City	
Northeast Inlet Redevelopment	\$ 756,158
Virginia Avenue Icon	34,491
North Carolina Avenue Improvements	115,561
Carolina Gardens	651,011
AC Housing Fund	12,308,084
AC Corridor Bond Pledge	47,510,278
Boardwalk Lighting	1,609,042
Pacific Avenue/Midtown	49,134
Harrah's Conference Center	134,834
South Inlet Mixed Use Development	1,277,850
Single Point of Entry	100,000
Caesars Non-Gaming Amenities	19,990
Tropicana Boardwalk Enhancements	70,824
Pacific Avenue Midtown Redevelopment	4,404,163
Resorts Meeting Space Expansion	1,940,728
Impactivate	771,277
Borgata Nightclub Expansion	1,000,000
Beach at South Inlet	13,153,962
Tropicana B'walk Enhancement & Property Revitalization	219,999
Harrah's Non-Gaming Amenities	939,828
Bally's Atlantic City Hotel Room Improvements	359,570
Atlantic City Demolition Project	150,000
Pacific Avenue Midtown Redevelopment	1,000,000
Sub-total: Atlantic City	<u>88,576,784</u>
South Jersey	
Caesar's Hotel Expansion	2,965,616
Harrah's Hotel Expansion	8,635,242
Resorts Hotel Expansion	5,348,877
Sub-total: South Jersey	<u>16,949,735</u>
Total at December 31, 2017	<u><u>\$ 105,526,519</u></u>

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

NOTES TO FINANCIAL STATEMENTS

K. GENERAL FUND RESERVES

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

	Year Ended December 31, 2017
Travelers Assistance Program	\$ 14,973
South Inlet Transportation Improvements	1,649
Community Dev. Grants	15,038
Miss America Pageant	4,075,000
Tourism District Maintenance	14,600
Marketplace Project (Block 157)	92,019
AC Demolition Program	102,735
Challenge AC	150,000
AC Inlet Neighborhood Strategy Area	16,915
Single Point of Entry	1,082,128
Absecon Lighthouse Grant	36,983
Live Nation Public-Private Partnership	2,988,280
Save Lucy Committee	25,000
AC Nights TV Program	39,812
Garden State Film Festival	75,000
2017 Air Show	50,000
Tourism District Class II Officers	145,833
2017 Summer Entertainment	49,000
	<u><u>\$ 8,974,965</u></u>

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

NOTES TO FINANCIAL STATEMENTS

L. GENERAL FUND BALANCES COMMITTED FOR PROJECT COSTS

As of December 31, 2017, the following represents the components of the General Fund balances committed for project costs.

	December 31, 2017
Reserve for Absecon Lighthouse	\$ 24,884
Reserve for Travelers Assistance Program	30,838
Reserve for Downtown Revitalization	80,000
Reserve for Tourism Market Expansion	26,330
Reserve for Community Dev. Grants/Events	65,136
Reserve for Miss America Pageant	942,000
Reserve for Tourism Maintenance	25,000
Reserve for Boardwalk Repairs	700,000
Reserve for Steel Pier	31,212
Reserve for Marketplace Project (Block 157)	682,187
Reserve for Street Lighting	227,886
Reserve for AC Ballet	4,254
Reserve for Garden State Film Festival	5,822
Reserve for AC Demolition Program	965,716
Reserve for Challenge AC	55,515
Reserve for Marketplace Construction	9,531,375
Reserve for Jewish Family Services	55,228
Reserve for Live Nation Public-Private Partnership	5,011,721
Reserve for AC Nights TV Program	66,188
Reserve for AC National Guard Armory	33,556
Reserve for AC DevCo P3	177,021
Reserve for Route 40 Corridor	125,000
Reserve for AEG Live	1,935,000
Reserve for Stockton University Atlantic City Campus Project	17,000,000
Reserve for Stockton Aviation Research Technical Park	2,674,000
Reserve for Absecon Lighthouse Grant	63,017
Reserve for Tourism District Class II Officers	104,168
Reserve for 2017 Summer Entertainment	2,500
Reserve for 2018 AC Race Series	25,000
	<u>\$ 40,670,554</u>

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

NOTES TO FINANCIAL STATEMENTS

M. COMMITMENTS AND CONTINGENCIES

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

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

In June of 2000, the NJSEA formed The Historic Boardwalk Hall, LLC ("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 NJSEA, admitted an investing member on September 14, 2000, through capital contributions. Of the contributed capital already received, \$940,651 is held in escrow and can only be used to restore or repair the organ at East Hall.

N. PENSION PLANS

Public Employees' Retirement System

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

<http://www.state.nj.us/treasury/pensions/gasb-notices.shtml>

Or the reports can be obtained by writing to:

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

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

NOTES TO FINANCIAL STATEMENTS

N. PENSION PLANS (CONTINUED)

Plan Description

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

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits are vested after ten years of service, except for medical benefits, which are vested after 25 years of service or under the disability provisions of PERS.

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

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

Contributions

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 7.06% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS.

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

NOTES TO FINANCIAL STATEMENTS

N. PENSION PLANS (CONTINUED)

Contributions (Continued)

Covered employees are required by PERS to pay a certain percentage of defined salary. CRDA is required by State statute to contribute the remaining amounts necessary to pay benefits when due. PERS certifies the amount of CRDA's 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 Authority's contributions to PERS for the years ended December 31, 2017 and 2016, were \$589,434 and \$582,527, respectively, equal to the required contributions for each year. The Authority's total payroll for the years ended December 31, 2017 and 2016, was \$5,322,452 and \$5,166,879; covered payroll was \$4,068,593 and \$4,508,345 for PERS, respectively.

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

At December 31, 2017 and 2016, the Authority reported a liability of \$13,230,240 and \$19,420,370, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2016, which was rolled forward to June 30, 2017. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. At June 30, 2017, the Authority's proportion was 0.0568348299%, which was a decrease of 0.0087365755 from its proportion measured as of June 30, 2016. For the year ended December 31, 2017, the Authority recognized full accrual pension expense of (\$3,181,023) in the financial statements. At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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

NOTES TO FINANCIAL STATEMENTS

N. PENSION PLANS (CONTINUED)

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

	2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 311,526	\$ -
Changes in assumptions	2,665,437	2,655,665
Net difference between projected and actual investment earnings on pension plan investments	90,089	-
Changes in proportion	3,412,560	4,429,336
	<u>\$ 6,479,612</u>	<u>\$ 7,085,001</u>

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

	PERS
2018	\$ 311,452.68
2019	469,989.64
2020	284,789.69
2021	(378,771.03)
2022	(82,071.98)
	<u>\$ 605,389.00</u>

The total 2017 pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to the June 30, 2017, measurement date. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	PERS
Inflation	2.25%
Salary Increases: Through 2026 (based on age)	1.65 - 4.15%
Salary Increases: Thereafter (based on age)	2.65 - 5.15%
Investment rate of return	7.00%

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

NOTES TO FINANCIAL STATEMENTS

N. PENSION PLANS (CONTINUED)

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

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2016. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions the emerging liability may be higher or lower than anticipated. The more the expectation deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. Post-retirement mortality rates were based on the RP-200 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (setback 3 years for males and setback 1 year for females).

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees, and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017, are summarized in the following table:

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

NOTES TO FINANCIAL STATEMENTS

N. PENSION PLANS (CONTINUED)

Long-Term Rate of Return (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real estate	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of the current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

NOTES TO FINANCIAL STATEMENTS

N. PENSION PLANS (CONTINUED)

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

The following presents the Authority's proportionate share of the net pension liability as of December 31, 2017, calculated using the discount rate as disclosed above as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (4.00 percent) or 1 percentage-point higher (6.00 percent) than the current rate:

	At 1% Decrease (4.00%)	At Current Discount Rate (5.00%)	At 1% Increase (6.00%)
Authority's proportionate share of net pension liability	\$ 16,413,011	\$ 13,230,240	\$ 10,578,598

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information of the Local Group

Collective balances at the end of the current measurement period, June 30, 2017, are as follows:

Collective deferred outflows of resources	\$6,424,455,842
Collective deferred inflows of resources	\$5,700,625,981
Collective net pension liability	\$23,278,401,588
Authority's Proportion	0.0568348299%

The average of the expected remaining service lives of all plan members is 5.48 and 5.57 years for 2017 and 2016, respectively.

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.

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

NOTES TO FINANCIAL STATEMENTS

O. LITIGATION MATTERS

HBH LLC Claim

During the fourth quarter of 2014, the CRDA, as statutory successor-in-interest to the NJSEA, reached a settlement in a lawsuit involving the NJSEA's obligation, as the managing member of Historic Boardwalk Hall, LLC ("HBH LLC"), to pay tax liabilities owed to the Internal Revenue Service ("IRS") by PB Historic Renovations, LLC, the investor member of HBH LLC. The settlement of \$60,000,000 was funded by the Series 2014 Luxury Tax Revenue Bonds issued by the CRDA. CRDA is pursuing claims against the professional service provider that advised NJSEA on the transaction and is currently in final and binding arbitration. To date, a final decision has not been rendered.

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 was 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.

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

NOTES TO FINANCIAL STATEMENTS

O. LITIGATION MATTERS (CONTINUED)

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. As a result of such reallocation, PB Historic Renovations, LLC was liable to the IRS for approximately \$120 million.

Real Estate Development Claim

In a matter pending in the Superior Court of New Jersey Law Division the Authority is a defendant and counter-claimant. This matter stems from the Authority's acquisition of a property under which it paid just compensation in the form of a land swap. The land swap was subject to a development agreement under which the grantee was required to develop the swapped land within certain parameters and within a specific time frame. The developer failed to perform its obligations under the development agreement and sued CRDA based on the developer's allegation that CRDA thwarted the developer's efforts to comply with the agreement. While it is not possible to predict at this time how this matter will resolve, the Authority has offered to settle the matter for \$1,000,000 as part of an ongoing mediation before a retired Superior Court Judge. Trial is scheduled for September 2018.

ACCC Claim

Another matter concerning the pension plan withdrawal liability of the United Association Journeyman Plumbers and Pipefitters Local 322 union is based upon an alleged underfunded vested benefits liability ("UVB") for plan year November 1, 2013 through October 31, 2014. During that period, the NJSEA owned and operated the Atlantic City Convention Center, except for the period April 1, 2013 through December 31, 2013, during which time the Authority operated the Center pursuant to The Tourism District Act, P.L. 2011, c. 18 (the "Act"). Pursuant to the Act, the Authority took over all of the assets, rights, powers, duties and liabilities of the NJSEA with respect to the Center and its operations. NJSEA was obligated by contract to pay for any underfunded pension liabilities for UA Local 322. The Pension Plan claims underfunding in the amount of \$198,963. The Authority is attempting to compromise the claim for less than the foregoing amount.

HUD Claims

The CRDA is also a defendant in multiple cases with the U.S. Department of Housing and Urban Development ("HUD") regarding condemnation activities, resident relocation and property acquisitions. Each case is currently pending or otherwise impossible to reasonably estimate an outcome or potential exposure liability that the CRDA faces on these claims.

P. ECONOMIC DEPENDENCE

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

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

NOTES TO FINANCIAL STATEMENTS

P. ECONOMIC DEPENDENCE (CONTINUED)

Additionally, the Law also abolished the Atlantic City Alliance ("ACA"), an organization funded principally by the casino industry to promote and market Atlantic City and removes the CRDA's right to impose a fee upon casino licensees in the event that the ACA fails to perform its obligations under the agreement entered into with the CRDA prior to enactment of the Law. Under the agreement, the ACA provided \$30 million annually toward marketing and promoting Atlantic City. Under the Law, these funds and future annual reduced amounts thereof will be reallocated to Atlantic City to support annual municipal budgets through 2023. The ACA has transferred to the CRDA certain tangible and intangible property for use in possible future marketing and promotional efforts.

Q. POLLUTION REMEDIATION MATTERS

Closed Pollution Remediation Obligation

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 CRDA 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 CRDA's pollution remediation obligations. The estimated obligation was \$670,000 at December 31, 2017. 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 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.

Potential Pollution Remediation Obligation

The Authority has engaged in discussions with South Jersey Industries ("SJI") in connection with a potential acquisition by the Authority of an assemblage of approximately 6 acres comprised of 14 environmentally contaminated parcels located within the Tourism District (owned by various parties). The contemplated acquisition is expected to be accomplished through either the exercise of CRDA's condemnation powers or negotiated purchase and sale. The Authority may enter into a public private partnership with SJI, which owns almost 50% of the 6-acre assemblage. A proposed structure would require SJI to undertake all necessary remediation of the contamination of the outlying parcels which are owned by other private parties.

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

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

NOTES TO FINANCIAL STATEMENTS

R. 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. The following financial information represents the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows of the Convention Center Division.

Statement of Net Position December 31, 2017						
	Boardwalk Center Operations	New Center	Marketing Operations	Luxury Tax Reserve Fund	Elimination Entries	Combined December 31, 2017
ASSETS						
Total current assets	\$ 4,137,033	\$ 4,143,459	\$ 12,809,181	\$ 105,891,688	\$ (3,263,087)	\$ 123,718,274
Total noncurrent assets	-	-	75,942	378,010,686	-	378,086,628
Total assets	4,137,033	4,143,459	12,885,123	483,902,374	(3,263,087)	501,804,902
Pension deferrals	-	-	-	2,938,176	-	2,938,176
Total assets and deferred outflow of resources	\$ 4,137,033	\$ 4,143,459	\$ 12,885,123	\$ 486,840,550	\$ (3,263,087)	\$ 504,743,078
LIABILITIES						
Total current liabilities	\$ 4,137,033	\$ 4,143,459	\$ 5,274,500	\$ 6,527,506	\$ (3,263,087)	\$ 16,819,411
Long-term debt, net of current portion	-	-	-	244,406,776	-	244,406,776
Total liabilities	4,137,033	4,143,459	5,274,500	250,934,282	(3,263,087)	261,226,187
Pension deferrals	-	-	-	3,212,689	-	3,212,689
Total liabilities and deferred inflow of resources	\$ 4,137,033	\$ 4,143,459	\$ 5,274,500	\$ 254,146,971	\$ (3,263,087)	\$ 264,438,876
NET POSITION						
Total net position	\$ -	\$ -	\$ 7,610,623	\$ 232,693,579	\$ -	\$ 240,304,202

Statement of Revenues, Expenses, and Changes in Net Position Year Ended December 31, 2017						
	Boardwalk Center Operations	New Center	Marketing Operations	Luxury Tax Reserve Fund	Elimination Entries	Combined December 31, 2017
OPERATING REVENUES:						
SPECIAL SERVICES	\$ 2,340,187	\$ 3,118,521	\$ -	\$ -	\$ -	\$ 5,458,708
FACILITIES RENTAL	1,845,335	2,098,076	-	-	-	3,943,411
CONCESSIONS	343,308	466,401	-	-	-	809,709
ASSESSMENTS, NET	383,557	149,068	117,975	-	-	650,600
PARKING REVENUE	240,977	1,425,343	-	-	-	1,666,320
OTHER REVENUE	150,626	44,575	2,882	-	(90,000)	108,063
TOTAL OPERATING REVENUES	5,303,990	7,301,984	120,837	-	(90,000)	12,636,811
OPERATING EXPENSES						
SALARIES AND BENEFITS	5,173,970	6,565,749	1,879,102	-	-	13,618,821
MARKETING EXPENDITURES	500,846	109,259	763,203	7,000,000	-	8,373,308
PRODUCTION	285,497	213,421	-	-	-	498,918
GENERAL & ADMINISTRATIVE	3,682,867	5,627,601	801,131	(1,758,164)	(90,000)	8,263,535
DEPRECIATION & AMORTIZATION	-	-	27,411	10,525,705	-	10,553,116
TOTAL OPERATING EXPENSES	9,643,280	12,516,030	3,470,847	15,767,541	(90,000)	41,307,698
OPERATING LOSS	(4,339,290)	(5,214,046)	(3,350,010)	(15,767,541)	-	(28,670,887)
NONOPERATING REVENUES (EXPENSES)						
LUXURY TAX REVENUE	4,333,047	5,210,086	387,209	18,501,224	-	28,431,566
MARKETING FEE REVENUE	-	-	2,980,206	-	-	2,980,206
INTEREST INCOME	6,243	3,960	2,595	384,105	-	396,903
INTEREST EXPENSE	-	-	-	(11,159,722)	-	(11,159,722)
TOTAL NONOPERATING EXPENSES	4,339,290	5,214,046	3,350,010	7,725,607	-	20,628,953
CHANGE IN NET POSITION	-	-	-	(8,041,934)	-	(8,041,934)
BEGINNING NET POSITION	-	-	7,610,623	240,735,513	-	248,346,136
ENDING NET POSITION	\$ -	\$ -	\$ 7,610,623	\$ 232,693,579	\$ -	\$ 240,304,202

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

NOTES TO FINANCIAL STATEMENTS

R. SEGMENT INFORMATION (CONTINUED)

Statement of Cash Flows						
Year Ended December 31, 2017						
	Boardwalk Center Operations	New Center	Marketing Operations	Luxury Tax Reserve Fund	Capital Transfers	Elimination Entries
						Combined December 31, 2017
Net cash (used in) provided by operating activities	\$ (4,320,972)	\$ (5,526,795)	\$ (3,413,779)	\$ (7,002,200)	\$ 13,878,717	\$ -
Net cash provided by (used in) noncapital financing activities	4,807,015	6,090,650	6,054,011	(17,606,618)	-	-
Net cash used in capital and related financing activities	-	-	(59,597)	-	(13,878,717)	-
Net cash provided by investing activities	6,243	3,960	2,595	335,580	-	-
Net (decrease) in cash and cash equivalents	492,288	567,815	2,583,230	(24,273,238)	-	-
Cash balance January 1, 2017	2,683,849	1,912,892	844,796	121,105,171	-	-
Cash balance December 31, 2017	\$ 3,176,135	\$ 2,480,707	\$ 3,526,026	\$ 96,831,933	\$ -	\$ -
						\$ 106,016,801

REQUIRED SUPPLEMENTARY INFORMATION - PART II
(UNAUDITED)

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND (UNAUDITED)
YEAR ENDED DECEMBER 31, 2017**

	BUDGET (UNAUDITED)	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES			
ADMINISTRATIVE FEES	\$ 184,297	\$ 137,103	\$ (47,194)
INTEREST AND INVESTMENT INCOME	375,000	1,265,945	890,945
TAX OVERRIDE REVENUE	10,000,000	5,356,045	(4,643,955)
PROCESSING FEES	137,500	1,413,630	1,276,130
OTHER INCOME	900,000	1,703,954	803,954
	11,596,797	9,876,677	(1,720,120)
EXPENDITURES			
CURRENT			
SALARIES AND BENEFITS	3,334,425	3,662,998	(328,573)
GENERAL & ADMINISTRATIVE	984,312	995,322	(11,010)
PROFESSIONAL COSTS	1,612,400	493,871	1,118,529
CAPITAL OUTLAY - FIXED ASSETS	109,000	149,618	(40,618)
PROGRAM COSTS	-	8,974,964	(8,974,964)
	6,040,137	14,276,773	(8,236,636)
EXCESS OF REVENUES OVER(UNDER) EXPENDITURES	5,556,660	(4,400,096)	(9,956,756)
OTHER FINANCING SOURCES(USES)			
PAYMENTS RECEIVED ON NOTES	-	863	863
OTHER RECEIVABLES	-	(118,406)	(118,406)
OTHER PAYABLES	-	(820,000)	(820,000)
LOAN DISBURSEMENTS	-	200,807	200,807
PURCHASE (SALE) OF REAL ESTATE	-	(66,957)	(66,957)
TRANSFERS FROM OTHER FUNDS	(2,500,000)	-	2,500,000
TRANSFERS TO OTHER FUNDS	(4,703,202)	(4,403,202)	300,000
TOTAL OTHER FINANCING SOURCES AND USES	(7,203,202)	(5,206,895)	1,996,307
NET CHANGE IN FUND BALANCE	(1,646,542)	(9,606,991)	(7,960,449)
FUND BALANCE JANUARY 1, 2017	126,732,633	124,451,339	(2,281,294)
FUND BALANCE DECEMBER 31, 2017	\$ 125,086,091	\$ 114,844,348	\$ (10,241,743)

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

**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PERS (UNAUDITED)
LAST TEN YEARS**

	PERS - Last 10 Fiscal Years				Years Ended June 30					
	2017	2016	2015	2014	2013*	2012*	2011*	2010*	2009*	2008*
Authority's proportion of the net pension liability	0.0568348295%	0.065714054%	0.0830336799%	0.0912972062%	NA	NA	NA	NA	NA	NA
Authority's proportionate share of net pension liability	13,230,240	15,410,370	17,905,957	17,053,334	NA	NA	NA	NA	NA	NA
Authority's covered-employee payroll	4,068,593	4,508,345	5,760,686	6,242,196	5,257,232	5,180,757	5,442,341	5,612,725	5,426,236	5,170,190
Authority's proportionate share of net pension liability as a % of payroll	325.16%	430.76%	311.67%	273.84%	NA	NA	NA	NA	NA	NA
Total pension liability	23,481,780.52	33,441,254.85	34,552,183.29	35,671,151.07	NA	NA	NA	NA	NA	NA
Pers liability net position	12,761,526.57	13,029,885.96	16,536,228.94	18,577,827.08	NA	NA	NA	NA	NA	NA
Pers liability net position as a % of total pension liability	48.10%	40.14%	47.80%	52.08%	NA	NA	NA	NA	NA	NA

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

NA = Information not available

Notes to the Required Supplementary Information

- There were no benefit changes.
- The discount rate changed from the measurement date of June 30, 2014, of 5.30% to 4.90% as of the measurement date of June 30, 2015.
- The discount rate changed from the measurement date of June 30, 2015, of 4.90% to 3.88% as of the measurement date of June 30, 2016.
- The discount rate changed from the measurement date of June 30, 2016, of 3.88% to 5.00% as of the measurement date of June 30, 2017.

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

SCHEDULE OF THE AUTHORITY CONTRIBUTIONS – PERS (UNAUDITED)
LAST TEN YEARS

	2017	2016	2015	2014	Years Ended June 30		2013*	2012*	2011*	2010*	2009*	2008*
Contractually required contribution	\$ 589,434.00	\$ 582,527.00	\$ 688,075.00	\$ 752,641.00	\$ 859,358.00	\$ 559,528.00	\$ 629,403.00	\$ 816,727.00	\$ 500,943.00	\$ 459,772.00	\$ 459,772.00	\$ 459,772.00
Contributions in relation to the contractually required contribution	589,434.00	582,527.00	688,075.00	752,641.00	859,358.00	559,528.00	629,403.00	816,727.00	500,943.00	459,772.00	459,772.00	459,772.00
Agency's covered employee payroll	3,661,615.00	4,068,563.00	4,508,345.00	5,700,656.00	5,180,757.00	5,257,239.00	5,180,757.00	5,442,341.00	5,612,725.00	5,426,290.00	5,426,290.00	5,426,290.00
Contributions as a % of covered employee payroll	16.10%	14.32%	15.26%	13.07%	12.73%	10.64%	12.15%	11.33%	8.93%	7.94%	7.94%	7.94%

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

SUPPLEMENTARY INFORMATION

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

COMBINING BALANCE SHEET – OTHER GOVERNMENTAL NON-MAJOR FUNDS – DEBT SERVICE FUNDS
DECEMBER 31, 2017

	CHRISTOPHER COLUMBUS HOMES	MARCAL	NORTH JERSEY MUNICIPAL LOAN PROGRAM	NORTHWEST	SHERATON HOTEL	SOUTH JERSEY MUNICIPAL LOAN PROGRAM	BEST OF BASS PRO SHOPS	VERMONT PLAZA	IMPACT/ATE	TOTAL OTHER GOVERNMENTAL FUNDS
ASSETS										
CASH AND CASH EQUIVALENTS	\$ -	\$ 2,626,927	\$ 2,837,049	\$ 17,957	\$ -	\$ 957,101	\$ -	\$ 1,304	\$ -	\$ 6,340,125
ACCRUED INTEREST RECEIVABLE	14,566	28,958	12,321	(187)	-	7,055	-	-	52,780	115,523
OTHER RECEIVABLE	421,237	1,221,372	-	-	34,340	-	2,016,438	2,100,000	2,103,893	7,987,290
	\$ 435,803	\$ 3,777,267	\$ 2,849,370	\$ 17,520	\$ 34,340	\$ 964,156	\$ 2,016,438	\$ 2,101,304	\$ 2,156,673	\$ 14,352,928
LIABILITIES										
INTEREST PAYABLE	\$ 14,404	\$ 23,068	\$ 88,241	\$ -	\$ -	\$ 14,633	\$ 797,207	\$ -	\$ 45,645	\$ 983,190
OTHER PAYABLES	203,767	3,069,686	2,026,059	(19)	-	241,674	1,158,677	-	276,348	7,576,499
	218,171	3,092,754	2,114,300	(19)	-	256,307	1,255,884	-	321,994	8,559,689
FUND BALANCES										
RESTRICTED FOR DEBT SERVICE	217,632	84,513	735,070	17,539	34,340	707,549	60,554	2,101,361	1,834,679	5,793,237
TOTAL FUND BALANCES	217,632	84,513	735,070	17,539	34,340	707,549	60,554	2,101,361	1,834,679	5,793,237
TOTAL LIABILITIES AND FUND BALANCES	\$ 435,803	\$ 3,777,267	\$ 2,849,370	\$ 17,520	\$ 34,340	\$ 964,156	\$ 2,016,438	\$ 2,101,361	\$ 2,156,673	\$ 14,352,928

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – OTHER GOVERNMENTAL
NON-MAJOR FUNDS – DEBT SERVICE FUNDS
YEAR ENDED DECEMBER 31, 2017**

	CHRISTOPHER COLUMBUS HOMES	MARCAZ	NORTH JERSEY MUNICIPAL LOAN PROGRAM	NORTHWEST	SHERATON HOTEL	SOUTH JERSEY MUNICIPAL LOAN PROGRAM	BEST OF PASS PRO SHOPS	VERMONT PLAZA	IMPACTNATE	TOTAL OTHER GOVERNMENTAL FUNDS
REVENUES										
INTEREST AND INVESTMENT INCOME	\$ 89,293	\$ 368,813	\$ 614,492	\$ 51	\$ 516,839	\$ 63,533	\$ 342,975	\$ 4	\$ 441,444	\$ 2,437,354
TOTAL REVENUES	89,293	368,813	614,492	51	516,839	63,533	342,975	4	441,444	2,437,354
EXPENDITURES										
PROJECT COSTS	-	-	-	-	-	-	857,761	-	-	857,761
OTHER EXPENDITURES	10,004	40,213	86,888	-	-	-	-	-	-	137,103
DEBT SERVICE:										
INTEREST EXPENSE	86,423	304,655	530,151	-	516,839	87,797	334,883	-	224,727	2,085,475
PRINCIPAL	-	1,705,357	-	-	-	-	-	-	-	1,705,357
TOTAL EXPENDITURES	96,427	2,050,225	617,037	-	516,839	87,797	1,192,644	-	224,727	4,785,686
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,134)	(1,681,412)	(2,635)	51	-	(24,264)	(849,669)	4	216,717	(2,348,342)
OTHER FINANCING SOURCES (USES)										
PAYMENTS RECEIVED ON NOTES	91,960	870,711	89,359	4,133	-	76,784	514,786	-	1,041,288	2,088,022
OTHER PAYABLES	-	-	-	-	-	(5,945)	-	-	-	(5,949)
CAPITAL RELATED DEBT ISSUED	-	-	-	-	-	-	-	-	3,087,503	3,087,503
LOAN DISBURSEMENTS	-	-	-	-	-	-	-	-	(2,688,862)	(2,688,862)
TOTAL OTHER FINANCING SOURCES	91,960	870,711	89,359	4,133	-	70,839	514,786	-	1,452,930	3,091,714
NET CHANGE IN FUND BALANCE	84,826	(810,701)	96,724	4,184	-	46,571	(334,883)	4	1,658,647	743,372
FUND BALANCE, JANUARY 1, 2017	132,806	895,214	638,346	13,355	34,340	560,978	395,437	2,101,357	178,032	5,049,865
FUND BALANCE, DECEMBER 31, 2017	\$ 217,632	\$ 84,513	\$ 735,070	\$ 17,539	\$ 34,340	\$ 707,549	\$ 60,554	\$ 2,101,361	\$ 1,834,679	\$ 5,793,237

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

COMBINING SCHEDULE OF FIDUCIARY NET POSITION – AGENCY FUNDS, OTHER
DECEMBER 31, 2017

	AC REET NSA	AC SUPERMARKET	BALLY'S WAREHOUSE PURCHASE	CARDONA GARDENS	CHELSEA WESTSIDE	CHESAPEAKE GARDENS SENIOR HOMES	CITYCARE	DOMATION LOANS	GENERAL DEVELOPMENT
ASSETS									
CASH AND CASH EQUIVALENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,481,452	\$ -	\$ -	\$ 1,928,629
NOTES RECEIVABLE	-	786,620	-	35,644	-	-	-	-	-
ACCRUED INTEREST RECEIVABLE	-	2,122	-	-	-	-	-	-	-
OTHER	-	107,114	-	7,984	39,885	-	-	115,242	-
REAL ESTATE	1,654,335	6,183,011	71,574	833,704	262,384	151,383	66,583	-	-
	<u>\$ 1,654,335</u>	<u>\$ 7,089,867</u>	<u>\$ 71,574</u>	<u>\$ 867,332</u>	<u>\$ 713,691</u>	<u>\$ 151,383</u>	<u>\$ 66,583</u>	<u>\$ 115,242</u>	<u>\$ 1,928,629</u>
LIABILITIES									
OTHER PAYABLES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,264,861	\$ -	\$ -	\$ 1,910,491
RESERVES	-	-	-	-	-	-	-	-	-
RESTRICTED FOR OTHER PURPOSES	1,984,305	7,089,867	71,574	867,332	778,830	151,383	66,583	80,319	7,146
TOTAL LIABILITIES AND RESERVES	<u>\$ 1,984,305</u>	<u>\$ 7,089,867</u>	<u>\$ 71,574</u>	<u>\$ 867,332</u>	<u>\$ 778,830</u>	<u>\$ 151,383</u>	<u>\$ 66,583</u>	<u>\$ 115,242</u>	<u>\$ 1,928,629</u>
	LAND BANKING	LIGHTHOUSE DISTRICT PARK PROJECT	MARKETPLACE LAND ACQUISITION	NET CONSENSUS ACQUISITIONS	PENNSYLVANIA AVENUE	RETAIL LOBBY TAX REBATES	2ND WARD FACADE	S INLET LAND ACQUISITION	SE INLET TRANSPORTATION IMPROVEMENTS
ASSETS									
CASH AND CASH EQUIVALENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,153,584	\$ -	\$ -	\$ -
REAL ESTATE	1,196,804	3,346,582	7,900,000	213,476	22,052	-	36,811	5,718,247	187,085
	<u>\$ 1,196,804</u>	<u>\$ 3,346,582</u>	<u>\$ 7,900,000</u>	<u>\$ 213,476</u>	<u>\$ 22,052</u>	<u>\$ 9,153,584</u>	<u>\$ 36,811</u>	<u>\$ 5,718,247</u>	<u>\$ 187,085</u>
LIABILITIES									
OTHER PAYABLES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,153,584	\$ -	\$ -	\$ -
RESERVES	-	-	-	-	-	-	-	-	-
RESTRICTED FOR OTHER PURPOSES	1,196,804	3,346,582	7,900,000	213,476	22,052	-	36,811	5,718,247	187,085
TOTAL LIABILITIES AND RESERVES	<u>\$ 1,196,804</u>	<u>\$ 3,346,582</u>	<u>\$ 7,900,000</u>	<u>\$ 213,476</u>	<u>\$ 22,052</u>	<u>\$ 9,153,584</u>	<u>\$ 36,811</u>	<u>\$ 5,718,247</u>	<u>\$ 187,085</u>
	TEACHERS & FIREFIGHTERS HOME LOANS	3-2-1 POLICE LOAN	VIRGINIA AVENUE	VIRGINIAN ACQUISITION	JOHN BROOKS RECOVERY CENTER	BEACH AT SOUTH INLET	TOTAL AGENCY FUNDS		
ASSETS									
CASH AND CASH EQUIVALENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,561,685		
NOTES RECEIVABLE	6,250	164,726	-	-	643,737	1,848,037	3,523,014		
ACCRUED INTEREST RECEIVABLE	-	(820)	-	-	-	18,095	18,378		
OTHER	-	4,925,910	-	-	-	-	6,373,135		
REAL ESTATE	-	-	133,266	444,030	728,000	-	21,879,800		
	<u>\$ 6,250</u>	<u>\$ 5,090,797</u>	<u>\$ 133,266</u>	<u>\$ 444,030</u>	<u>\$ 1,411,737</u>	<u>\$ 1,864,132</u>	<u>\$ 56,296,899</u>		
LIABILITIES									
OTHER PAYABLES	\$ -	\$ 2,395,278	\$ -	\$ -	\$ -	\$ -	\$ 19,895,133		
RESERVES	-	-	-	-	-	-	-		
RESTRICTED FOR PROJECT COSTS	6,250	2,693,519	133,266	444,030	1,411,737	1,864,132	35,441,790		
TOTAL LIABILITIES AND RESERVES	<u>\$ 6,250</u>	<u>\$ 5,089,797</u>	<u>\$ 133,266</u>	<u>\$ 444,030</u>	<u>\$ 1,411,737</u>	<u>\$ 1,864,132</u>	<u>\$ 56,296,899</u>		

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

**COMBINING SCHEDULE OF CHANGES IN RESERVES – FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2017**

	REINVESTMENT FUND	OTHER	TOTAL
ADDITIONS:			
OBLIGATION DEPOSITS	\$ 10,219,995	\$ -	\$ 10,219,995
ACCRUED OBLIGATIONS	(1,038,430)	-	(1,038,430)
TRANSFER FROM REINVESTMENT	-	18,476,429	18,476,429
TAX REMITTANCES	-	20,553,953	20,553,953
INTEREST ON NOTES	-	49,429	49,429
OTHER	-	53,253	53,253
TOTAL ADDITIONS	9,181,565	39,133,064	48,314,629
DEDUCTIONS:			
DIRECT INVESTMENTS	2,569,856	-	2,569,856
DIRECT DONATIONS:			
TRANSFERS TO OTHER FUNDS	13,582,929	-	13,582,929
OTHER	4,916,483	-	4,916,483
BONDS ISSUED	3,087,504	-	3,087,504
BOND TRUSTEE ESCROW	6,354,716	-	6,354,716
GRANTS AND DONATIONS	-	14,492,218	14,492,218
TAX DISTRIBUTIONS	-	20,553,953	20,553,953
TOTAL DEDUCTIONS	30,511,488	35,046,171	65,557,659
NET CHANGE IN RESERVES	(21,329,923)	4,086,893	(17,243,030)
TOTAL RESERVES - JANUARY 1, 2017	83,155,517	32,354,873	115,510,390
TOTAL RESERVES - DECEMBER 31, 2017	\$ 61,825,594	\$ 36,441,766	\$ 98,267,360

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

**COMBINING SCHEDULE OF CHANGES IN RESERVES – AGENCY FUNDS, OTHER
YEAR ENDED DECEMBER 31, 2017**

	AC MEYER NEA	AC SUPERMARKET	RAV / V/S WAREHOUSE PURCHASE	CAROLINA GARDENS	CHELSEA WESTSIDE	CHRISTOPHER GARDENS SENIOR HOMES	CITYSCAPE	DONATION LOANS	GENERAL DEVELOPMENT
Additions									
Transfer from (to) reinvestment funds and other governmental funds	\$ -	\$ -	\$ -	\$ 1,380	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on notes	-	25,632	-	-	53,083	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-
Total Additions	-	25,632	-	1,380	53,083	-	-	-	-
Deductions									
Grants and donations	-	-	-	1,395	-	-	-	2,600	-
Total Deductions	-	-	-	1,395	-	-	-	2,600	-
Change in reserves	-	25,632	-	-	53,083	-	-	(2,600)	-
Total reserves - beginning of the year	1,804,705	7,802,235	71,574	807,370	726,747	151,305	66,500	82,979	7,140
Total reserves - end of the year	\$ 1,804,705	\$ 7,827,867	\$ 71,574	\$ 807,370	\$ 779,830	\$ 151,305	\$ 66,500	\$ 80,379	\$ 7,140
	GENERAL DONATIONS	LAND BANKING	LIGHTHOUSE DISTRICT PARK PROJECT	MARKETPLACE LAND ACQUISITION	NEJ CONSENSUS ACQUISITIONS	PENNSYLVANIA AVENUE	RETAIL/LUXURY TAX REBATES	2ND WARD FACADE	SEILET LAND ACQUISITION
Additions									
Transfer from (to) reinvestment funds and other governmental funds	\$ 13,560,348	\$ -	\$ (472)	\$ 1,372,192	\$ -	\$ -	\$ -	\$ -	\$ 254,976
Tax Rebates	-	-	-	-	-	-	22,553,053	-	-
Interest on notes	(403)	-	-	-	-	-	-	-	-
Total Additions	13,559,945	-	(472)	1,372,192	-	-	22,553,053	-	254,976
Deductions									
Grants and donations	13,562,046	-	-	-	-	-	-	-	83,643
Tax Distributions	-	-	-	-	-	-	22,553,053	-	-
Total Deductions	13,562,046	-	-	-	-	-	22,553,053	-	83,643
Change in reserves	-	-	(472)	1,372,192	-	-	-	-	171,333
Total reserves - beginning of the year	-	1,796,804	3,347,454	5,827,808	213,476	22,002	-	36,811	5,516,514
Total reserves - end of the year	\$ -	\$ 1,796,804	\$ 3,346,982	\$ 7,200,000	\$ 213,476	\$ 22,002	\$ -	\$ 36,811	\$ 5,718,247
	SEILET TRANSPORTATION IMPROVEMENTS	TEACHERS & FIREFIGHTERS HOMELOANS	3-2-1 POLICE LOAN	VIRGINIA AVE HOMES	VIRGINIA AVE ICON	VIRGINIAN ACQUISITION	JOHN BROOKS RECOVERY CENTER	BEACH AT SOUTH ALETT	TOTAL AGENCY FUNDS
Additions									
Transfer from (to) reinvestment funds and other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ 214	\$ -	\$ 1,411,737	\$ 1,846,037	\$ 19,475,426
Tax Rebates	-	-	5,105	-	-	-	-	18,095	21,503,951
Interest on notes	-	-	120	-	-	-	-	-	41,420
Other income	-	-	5,275	-	-	-	-	-	13,253
Total Additions	-	-	5,275	-	214	-	1,411,737	1,864,132	20,533,050
Deductions									
Grants and donations	-	-	14,253	-	214	-	-	-	14,420,278
Tax Distributions	-	-	-	-	-	-	-	-	22,553,053
Total Deductions	-	-	14,253	-	214	-	-	-	36,973,331
Change in reserves	-	-	(9,078)	-	-	-	1,411,737	1,864,132	(16,440,281)
Total reserves - beginning of the year	187,080	6,250	3,632,857	133,260	-	444,020	-	-	39,354,873
Total reserves - end of the year	\$ 187,080	\$ 6,250	\$ 3,623,779	\$ 133,260	\$ -	\$ 444,020	\$ 1,411,737	\$ 1,864,132	\$ 22,914,592