

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

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2018

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

TABLE OF CONTENTS

	<u>Page Number</u>
INDEPENDENT AUDITORS' REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION – PART I (UNAUDITED)	
Management's Discussion and Analysis (MD&A).....	4
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	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.....	52
Schedule of the Authority's Proportionate Share of the Net Pension Liability and Notes to Required Supplementary Information – PERS	53
Schedule of Authority Contributions – PERS	54
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Other Governmental Nonmajor Funds – Debt Service Funds	55
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Other Governmental Nonmajor Funds - Debt Service Funds	56
Combining Schedule of Fiduciary Net Position – Agency Funds, Other	57
Combining Schedule of Changes in Reserves – Fiduciary Funds	59
Combining Schedule of Changes in Reserves – Agency Funds, Other.....	60
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	62

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, 2018, and the related notes to the financial statements, which collectively comprise the CRDA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CRDA as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; 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 the 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 opinions on the financial statements that collectively comprise 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 26, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provision of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Mercadieu, P.C.

Certified Public Accountants

June 26, 2019

**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, 2018. 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 \$383.5 million. Net position increased by \$32.2 million compared to the prior year's net position of \$351.3 million mainly as a result of increases in luxury tax revenues and reduction in pension related expenses as a result of the requirements of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Net position in governmental activities increased \$22.3 million, whereas, net position from business-type activities increased \$9.9 million.

Cash, cash equivalents and investments total approximately \$297.5 million, an increase of \$5.9 million from the prior year. The increase 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 \$39.4 million. The net decrease is comprised of debt service paid on outstanding bond issues and a reduction in net pension liability as a result of changes in the State of New Jersey Public Employees' Retirement System ("PERS").

General fund realized revenues were in line with budgeted revenues for the 2018 year. General fund expenditures exceeded budgeted expenditures due to other project costs exceeding budgeted amounts.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of three parts - *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

Government-wide Financial Statements

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

Fund Financial Statements

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

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

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

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

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

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

Government-Wide Financial Analysis

The largest portion of the Authority's net position is its unrestricted component of \$211.9 million which may be used for any Authority purpose, offset by \$37.5 million designated for future project costs. The restricted component of net position represents resources consisting of debt service in the amount of \$47.4 million.

The CRDA holds \$193.1 million in real estate investments. This real estate may be transferred to other entities upon completion of a project.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

	Governmental Activities		Total \$ Change	Total % Change
	2018	2017		
Assets				
Current and other assets	\$ 204,771,806	\$ 219,926,189	\$ (15,154,383)	-7%
Notes receivable	77,452,284	75,348,815	2,103,469	3%
Real estate	111,868,997	112,263,575	(394,578)	0%
Capital assets	2,060,382	2,275,243	(214,861)	-9%
Total assets	\$ 396,153,469	\$ 409,813,822	\$ (13,660,353)	-3%
Deferred outflow of resources				
Pension deferrals	\$ 1,716,025	\$ 2,686,423	\$ (970,398)	-36%
Total deferred outflow of resources	\$ 1,716,025	\$ 2,686,423	\$ (970,398)	-36%
Liabilities				
Other Liabilities	\$ 58,042,180	\$ 38,633,861	\$ 19,408,319	50%
Long-term liabilities	213,398,919	269,935,807	(56,536,888)	-21%
Total liabilities	\$ 271,441,099	\$ 308,569,668	\$ (37,128,569)	-12%
Deferred inflow of resources				
Pension deferrals	\$ 3,131,320	\$ 2,937,415	\$ 193,905	7%
Total deferred outflow of resources	\$ 3,131,320	\$ 2,937,415	\$ 193,905	7%
Net Position				
Net investment in capital assets	\$ 2,060,382	\$ 2,275,243	\$ (214,861)	-9%
Restricted	30,644,959	31,236,497	(591,538)	-2%
Unrestricted	90,591,734	67,481,422	23,110,312	34%
Total net position	\$ 123,297,075	\$ 100,993,162	\$ 22,303,913	22%

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Changes in Net Position

	Governmental Activities		Total \$ Change	Total % Change
	2018	2017		
Revenues				
Fees				
Administrative	\$ 135,517	\$ 137,103	\$ (1,586)	-1%
Hotel room	9,907,257	8,703,109	1,204,148	14%
Sales tax and luxury tax rebate	6,992,552	5,356,045	1,636,507	31%
Parking	18,300,721	16,505,735	1,794,986	11%
Operating				
Grant	11,599,046	13,526,829	(1,927,783)	-14%
Other	911,237	3,347,584	(2,436,347)	-73%
Investment income	6,436,217	7,541,541	(1,105,324)	-15%
Total revenues	<u>\$ 54,282,547</u>	<u>\$ 55,117,946</u>	<u>\$ (835,399)</u>	<u>-2%</u>
Expenses				
General and administrative	\$ 5,936,143	\$ 5,152,191	\$ 783,952	15%
Other	132,081	137,103	(5,022)	-4%
Program costs	6,652,731	8,974,964	(2,322,233)	-26%
Depreciation	229,066	794,993	(565,927)	-71%
Interest on long-term debt	2,099,172	2,602,314	(503,142)	-19%
Community and economic development	12,677,975	14,584,717	(1,906,742)	-13%
Transfers	4,251,466	4,403,202	(151,736)	-3%
Total expenses	<u>\$ 31,978,634</u>	<u>\$ 36,649,484</u>	<u>\$ (4,670,850)</u>	<u>-13%</u>
Increase in net position	<u>\$ 22,303,913</u>	<u>\$ 18,468,462</u>	<u>\$ 3,835,451</u>	<u>21%</u>

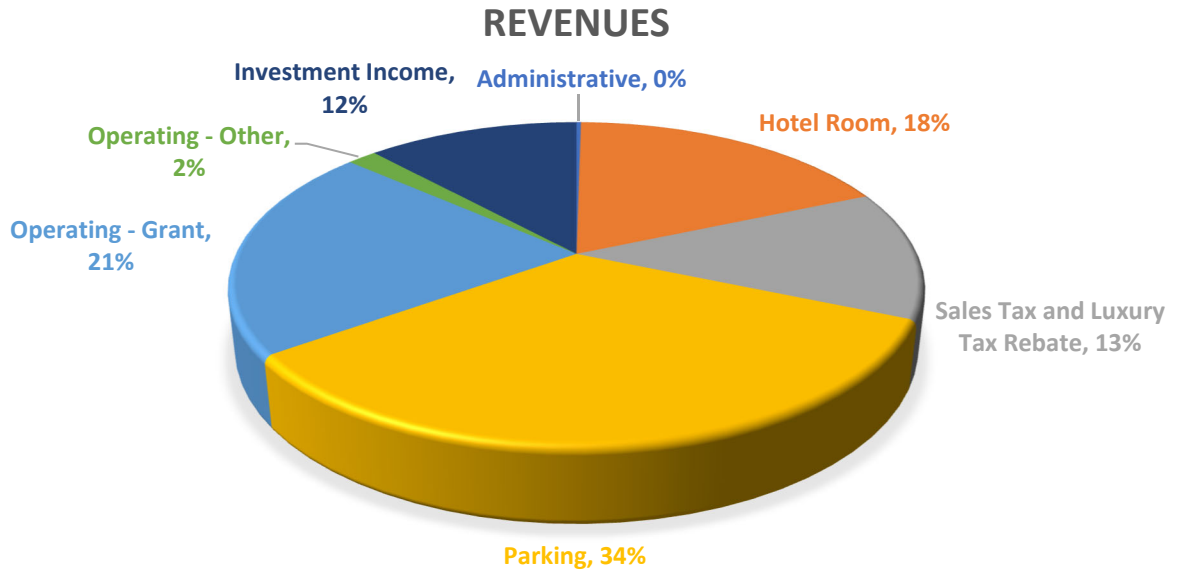
The CRDA's governmental activities net position increased by approximately \$22.3 million during the current fiscal year. The increase was greater than the prior year increase of approximately \$18.5 million. The primary components in the increase from the prior year are 1) increases in hotel room, sales tax and luxury tax rebate, and parking fee revenues offset by decreases in operating and investment income revenues and 2) decreases in program cost, depreciation, interest, community and economic development expenses offset by an increase in general administrative expenses.

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

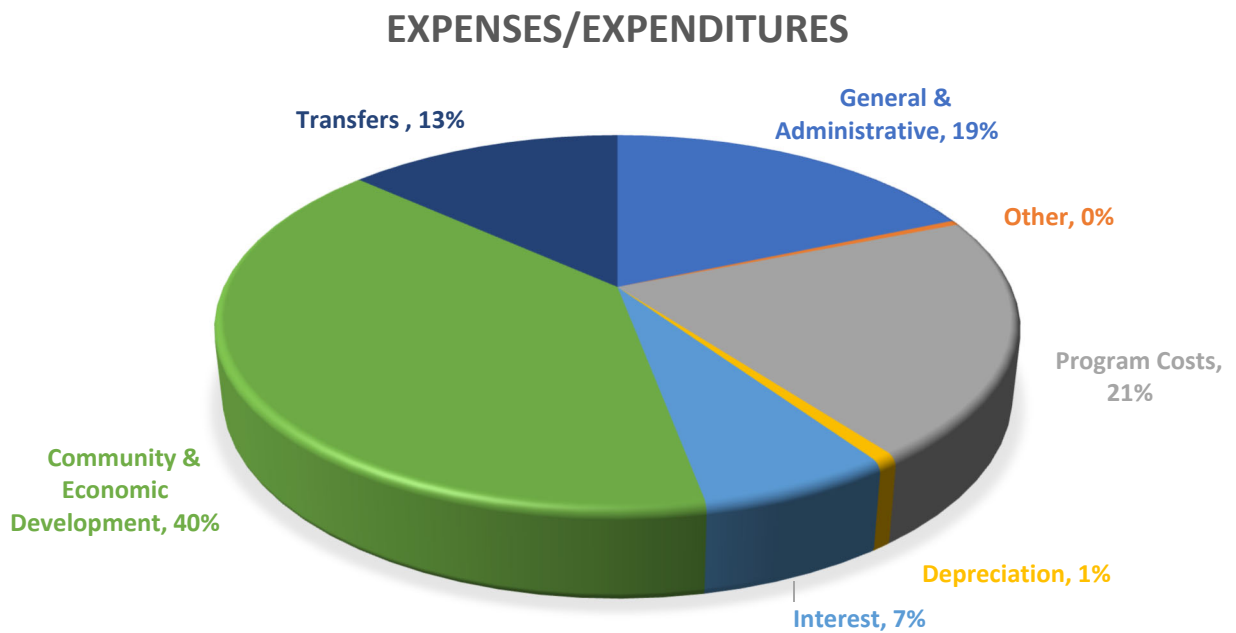
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

2018 REVENUES - GOVERNMENTAL ACTIVITIES



2018 EXPENSES - GOVERNMENTAL ACTIVITIES



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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Governmental Funds Financial Analysis

Governmental funds represent a significant portion of the CRDA's funds. As of the end of 2018, the CRDA's governmental funds reported combined ending fund balances of approximately \$185.8 million, a decrease of \$5.9 million from the prior year. Of this total amount, \$94.5 million is unassigned or available for any CRDA purpose. The remainder of fund balance, or \$91.3 million, is either reserved or committed to indicate that it is not available for new spending, because it has already been restricted to pay debt service (\$32.4 million) and committed for projects (\$58.9 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 investment in capital assets is \$336.8 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 \$193.2 million. See Note F to the basic financial statements for additional information.

Long-term Debt

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Long-term Debt (Continued)

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

In November of 2014, the CRDA publicly issued tax-exempt Luxury Tax Revenue Bonds, Series 2014, in the amount of \$241,190,000. The Series 2014 Bonds were issued for the purpose of (1) refunding NJSEA's Convention Center Luxury Tax bonds, 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 3.0% and 7.0%. Such bonds are payable solely from the revenues and other monies derived from projects financed by such bonds, or other monies which may be pledged with respect to such issues.

All bonds issued by the CRDA are special obligations of the CRDA, do not constitute obligations against the general credit of the CRDA, and are not a debt or liability of the State. The following is a summary of outstanding debt at December 31, 2018 and 2017:

	2018	2017
Debt Outstanding as of January 1	\$ 556,013,819	\$ 583,901,046
Additions to debt	353,496	3,087,504
Reductions of debt	<u>(34,315,229)</u>	<u>(30,974,731)</u>
Debt Outstanding as of January 1	522,052,086	556,013,819
Plus: Net unamortized premium	13,975,166	15,536,460
Less: Valuation allowance	<u>(40,058,584)</u>	<u>(40,058,584)</u>
	<u>\$ 495,968,668</u>	<u>\$ 531,491,695</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)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Selected Operating Highlights of the Convention Center Division

Number of Attendees

	2018	2017	2016
Boardwalk Hall	270,576	224,812	223,183
Convention Center	326,109	329,378	319,861
	<u>596,685</u>	<u>554,190</u>	<u>543,044</u>

Number of Events

	2018	2017	2016
Boardwalk Hall	42	40	49
Convention Center	73	75	73
	<u>115</u>	<u>115</u>	<u>122</u>

Operating Revenue & Expenses by Facility

	2018	2017	2016
Operating revenues			
Boardwalk Hall	\$ 7,572,200	\$ 5,304,000	\$ 6,077,000
Convention Center	8,625,600	7,302,000	6,729,000
Marketing operations	112,200	121,000	120,000
	<u>\$ 16,310,000</u>	<u>\$ 12,727,000</u>	<u>\$ 12,926,000</u>
Operating expenses			
Boardwalk Hall	\$ 11,630,600	\$ 9,643,300	\$ 9,468,000
Convention Center	14,236,700	12,516,000	11,806,000
Luxury tax reserve	18,115,700	15,768,000	18,106,000
Marketing operations	6,666,500	3,471,000	3,804,000
	<u>\$ 50,649,500</u>	<u>\$ 41,398,300</u>	<u>\$ 43,184,000</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.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

STATEMENT OF NET POSITION

DECEMBER 31, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 126,696,940	\$ 49,144,399	\$ 175,841,339
RESTRICTED CASH & CASH EQUIVALENTS	-	73,257,912	73,257,912
INVESTMENTS	48,326,221	63,720	48,389,941
RECEIVABLES:			
NOTES RECEIVABLE, NET OF ALLOWANCE	77,452,284	-	77,452,284
ACCRUED INTEREST RECEIVABLE	11,849,710	-	11,849,710
ACCRUED PARKING FEES	3,140,909	-	3,140,909
ACCRUED HOTEL ROOM FEES	2,937,207	-	2,937,207
ACCRUED MARKETING FEES & LUXURY TAXES	-	10,969,549	10,969,549
OTHER	11,820,819	61,318	11,882,137
REAL ESTATE	111,868,997	81,311,000	193,179,997
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	2,060,382	334,745,827	336,806,209
PREPAID BOND INSURANCE PREMIUM	-	1,775,670	1,775,670
TOTAL ASSETS	<u>396,153,469</u>	<u>551,329,395</u>	<u>947,482,864</u>
DEFERRED OUTFLOWS OF RESOURCES			
PENSION DEFERRALS	1,716,025	2,423,001	4,139,026
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 397,869,494</u>	<u>\$ 553,752,396</u>	<u>\$ 951,621,890</u>
LIABILITIES:			
INTEREST PAYABLE	\$ 15,036,146	\$ 2,549,790	\$ 17,585,936
DEFERRED REVENUE	-	4,345,197	4,345,197
OTHER PAYABLES	12,768,026	19,698,841	32,466,867
CURRENT BONDS PAYABLE	30,238,008	4,515,000	34,753,008
LONG-TERM LIABILITIES:			
NET PENSION LIABILITY	4,213,231	5,949,018	10,162,249
LONG-TERM BONDS PAYABLE	209,185,688	252,029,972	461,215,660
TOTAL LIABILITIES	<u>271,441,099</u>	<u>289,087,818</u>	<u>560,528,917</u>
DEFERRED INFLOWS OF RESOURCES	3,131,320	4,421,377	7,552,697
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	<u>274,572,419</u>	<u>293,509,195</u>	<u>568,081,614</u>
NET POSITION			
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT	2,060,382	159,511,855	161,572,237
RESTRICTED FOR:			
DEBT SERVICE	30,644,959	16,814,751	47,459,710
STATUTORY REQUIREMENTS	-	85,534	85,534
UNRESTRICTED	90,591,734	83,831,061	174,422,795
TOTAL NET POSITION	<u>\$ 123,297,075</u>	<u>\$ 260,243,201</u>	<u>\$ 383,540,276</u>

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

STATEMENT OF ACTIVITIES YEAR ENDED DECEMBER 31, 2018

FUNCTIONS/PROGRAMS	NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION					
	EXPENSES	PROGRAM REVENUE		PRIMARY GOVERNMENT		TOTAL
		FEES	OPERATING INCOME	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
PRIMARY GOVERNMENT						
GOVERNMENTAL ACTIVITIES:						
GENERAL AND ADMINISTRATION	\$ 5,936,143	\$ 485,280	\$ -	\$ (5,450,863)	\$ -	\$ (5,450,863)
OTHER	132,081	-	318,883	186,802	-	186,802
PROJECT COSTS	6,652,731	6,992,552	-	339,821	-	339,821
DEPRECIATION	229,066	-	-	(229,066)	-	(229,066)
INTEREST ON LONG-TERM DEBT	2,099,172	-	-	(2,099,172)	-	(2,099,172)
COMMUNITY DEVELOPMENT	12,677,975	28,207,978	11,829,046	27,359,049	-	27,359,049
TOTAL GOVERNMENTAL ACTIVITIES	<u>27,727,168</u>	<u>35,685,810</u>	<u>12,147,929</u>	<u>20,106,571</u>	<u>-</u>	<u>20,106,571</u>
BUSINESS-TYPE ACTIVITIES:						
CONVENTION CENTER DIVISION	46,306,272	16,217,675	-	-	(30,088,597)	(30,088,597)
CORRIDOR PARKING GARAGE	2,416,103	539,435	151,641	-	(1,725,027)	(1,725,027)
SPECIAL IMPROVEMENT DISTRICT	6,639,453	1,414,065	82,866	-	(5,142,522)	(5,142,522)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>55,361,828</u>	<u>18,171,175</u>	<u>234,507</u>	<u>-</u>	<u>(36,956,146)</u>	<u>(36,956,146)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 83,088,996</u>	<u>\$ 53,856,985</u>	<u>\$ 12,382,436</u>	<u>\$ 20,106,571</u>	<u>\$ (36,956,146)</u>	<u>\$ (16,849,575)</u>
GENERAL REVENUES & TRANSFERS:						
LUXURY TAX REVENUE				\$ -	\$ 37,216,660	\$ 37,216,660
MARKETING FEE REVENUE				-	2,845,703	2,845,703
SPORTS WAGERING REVENUE				-	626,926	626,926
INVESTMENT INCOME				6,436,217	1,495,987	7,932,204
OTHER				12,591	-	12,591
TRANSFERS				(4,251,466)	4,681,363	429,897
TOTAL GENERAL REVENUES & TRANSFERS				<u>2,197,342</u>	<u>46,866,639</u>	<u>49,063,981</u>
CHANGES IN FUND BALANCE/NET POSITION				22,303,913	9,910,493	32,214,406
BEGINNING FUND BALANCE/NET POSITION				100,993,162	250,332,708	351,325,870
ENDING FUND BALANCE/NET POSITION				<u>\$ 123,297,075</u>	<u>\$ 260,243,201</u>	<u>\$ 383,540,276</u>

FUND FINANCIAL STATEMENTS

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

BALANCE SHEET – GOVERNMENTAL FUNDS

DECEMBER 31, 2018

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND AC CORRIDOR	HOTEL ROOM FEE	OTHER GOVERNMENTAL FUNDS	
ASSETS					
CASH AND CASH EQUIVALENTS	\$ 98,684,534	\$ 7,371,364	\$ 17,912,169	\$ 2,728,873	\$ 126,696,940
INVESTMENTS	-	48,326,221	-	-	48,326,221
RECEIVABLES:					
ACCRUED INTEREST RECEIVABLE	400,412	-	-	532,522	932,934
ACCRUED PARKING FEES	-	3,140,909	-	-	3,140,909
ACCRUED HOTEL ROOM FEES	-	-	2,937,207	-	2,937,207
OTHER	13,360,445	838,386	(3,312,287)	645,299	11,531,843
	<u>\$ 112,445,391</u>	<u>\$ 59,676,880</u>	<u>\$ 17,537,089</u>	<u>\$ 3,906,694</u>	<u>\$ 193,566,054</u>
LIABILITIES:					
INTEREST PAYABLE	\$ -	\$ 1,444,703	\$ 1,206,700	\$ 1,444,994	\$ 4,096,397
OTHER PAYABLES	1,476,720	1,928,693	-	287,849	3,693,262
	<u>1,476,720</u>	<u>3,373,396</u>	<u>1,206,700</u>	<u>1,732,843</u>	<u>7,789,659</u>
FUND BALANCES:					
RESERVED FUND EQUITY:					
RESERVE FOR DEBT SERVICE	-	30,208,688	-	2,173,851	32,382,539
RESERVE FOR PROJECT COSTS	16,484,830	26,094,796	16,330,389	-	58,910,015
UNRESERVED FUND EQUITY:					
UNASSIGNED	94,483,841	-	-	-	94,483,841
TOTAL FUND BALANCES	<u>110,968,671</u>	<u>56,303,484</u>	<u>16,330,389</u>	<u>2,173,851</u>	<u>185,776,395</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 112,445,391</u>	<u>\$ 59,676,880</u>	<u>\$ 17,537,089</u>	<u>\$ 3,906,694</u>	

Total Fund Balances - Governmental Funds	\$ 185,776,395
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.	2,060,382
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds.	200,527,033
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.	(259,118,942)
Pension related items are not reported in the funds	(5,947,793)
Total Fund Balances - Governmental Activities	<u>\$ 123,297,075</u>

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, 2018

	MAJOR FUNDS				TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND		OTHER GOVERNMENTAL FUNDS	
		AC CORRIDOR	HOTEL ROOM FEE		
REVENUES					
ADMINISTRATIVE FEES	\$ 135,517	\$ -	\$ -	\$ -	\$ 135,517
INTEREST AND INVESTMENT INCOME	2,374,085	1,126,483	249,688	2,224,570	5,974,826
PARKING FEE REVENUE	-	18,300,721	-	-	18,300,721
HOTEL ROOM FEE REVENUE	-	-	9,907,257	-	9,907,257
TAX OVERRIDE REVENUE	6,992,552	-	-	-	6,992,552
GRANT REVENUE	-	11,599,046	-	-	11,599,046
PROCESSING FEES	349,763	-	-	-	349,763
OTHER INCOME	318,883	230,000	-	-	548,883
	<u>10,170,800</u>	<u>31,256,250</u>	<u>10,156,945</u>	<u>2,224,570</u>	<u>53,808,565</u>
EXPENDITURES					
CURRENT					
SALARIES AND BENEFITS	3,991,204	-	-	-	3,991,204
GENERAL & ADMINISTRATIVE	1,013,294	-	-	-	1,013,294
PROFESSIONAL COSTS	931,645	-	-	-	931,645
PROJECT COSTS	6,652,731	2,536,845	-	857,760	10,047,336
OTHER EXPENDITURES	-	-	-	132,081	132,081
DEBT SERVICE:					
INTEREST EXPENSE	3,665	7,227,859	2,055,511	2,099,172	11,386,207
PRINCIPAL PAYMENTS	-	21,093,080	5,722,889	3,815,229	30,631,198
CAPITAL OUTLAY					
PURCHASE OF CAPITAL ASSETS	13,205	-	-	-	13,205
	<u>12,605,744</u>	<u>30,857,784</u>	<u>7,778,400</u>	<u>6,904,242</u>	<u>58,146,170</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,434,944)</u>	<u>398,466</u>	<u>2,378,545</u>	<u>(4,679,672)</u>	<u>(4,337,605)</u>
OTHER FINANCING SOURCES (USES)					
OTHER RECEIVABLES	116,743	-	-	-	116,743
PAYMENTS RECEIVED ON NOTES	-	-	-	793,329	793,329
OTHER PAYABLES	-	3,751,588	-	(5,948)	3,745,640
CAPITAL-RELATED DEBT ISSUED	-	-	-	119,087	119,087
LOAN DISBURSEMENTS	(2,313,657)	-	-	(119,087)	(2,432,744)
SALE OF REAL ESTATE	394,577	-	-	-	394,577
TRANSFERS FROM OTHER FUNDS	5,032,961	-	-	-	5,032,961
TRANSFERS TO OTHER FUNDS	(4,671,357)	(957,728)	(3,928,247)	272,905	(9,284,427)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,440,733)</u>	<u>2,793,860</u>	<u>(3,928,247)</u>	<u>1,060,286</u>	<u>(1,514,834)</u>
CHANGES IN FUND BALANCE	<u>(3,875,677)</u>	<u>3,192,326</u>	<u>(1,549,702)</u>	<u>(3,619,386)</u>	<u>(5,852,439)</u>
FUND BALANCES JANUARY 1, 2018	114,844,348	53,111,158	17,880,091	5,793,237	191,628,834
FUND BALANCES DECEMBER 31, 2018	<u>\$ 110,968,671</u>	<u>\$ 56,303,484</u>	<u>\$ 16,330,389</u>	<u>\$ 2,173,851</u>	<u>\$ 185,776,395</u>

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

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

YEAR ENDED DECEMBER 31, 2018

Total Net change in fund balances - governmental funds	\$ (5,852,439)
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.	(610,438)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.	464,055
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.	26,766,471
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.	1,522,672
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.	13,592
Change in fund balance of governmental activities	<u>\$ 22,303,913</u>

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

STATEMENT OF NET POSITION – PROPRIETARY FUNDS

DECEMBER 31, 2018

	BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUNDS			
	CONVENTION	CORRIDOR	SPECIAL	TOTAL
	CENTER DIVISION	PARKING GARAGE	IMPROVEMENT DISTRICT	
ASSETS				
CURRENT ASSETS				
CASH AND CASH EQUIVALENTS	\$ 41,802,876	\$ 1,991,852	\$ 5,349,671	\$ 49,144,399
OTHER INVESTMENT	-	63,720	-	63,720
RESTRICTED CASH & CASH EQUIVALENTS	73,257,912	-	-	73,257,912
RECEIVABLES:				
ACCRUED MARKETING FEES & LUXURY TAXES	10,969,549	-	-	10,969,549
ACCRUED ASSESSMENTS, NET OF ALLOWANCES FOR UNCOLLECTIBLES	-	-	39,596	39,596
ACCRUED PARKING REVENUE	-	21,722	-	21,722
TOTAL CURRENT ASSETS	126,030,337	2,077,294	5,389,267	133,496,898
NONCURRENT ASSETS				
PREPAID BOND INSURANCE PREMIUM	1,775,670	-	-	1,775,670
REAL ESTATE	81,311,000	-	-	81,311,000
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	307,326,244	26,973,458	446,125	334,745,827
TOTAL NON-CURRENT ASSETS	390,412,914	26,973,458	446,125	417,832,497
TOTAL ASSETS	516,443,251	29,050,752	5,835,392	551,329,395
DEFERRED OUTFLOW OF RESOURCES				
PENSION DEFERRALS	1,876,838	-	546,163	2,423,001
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 518,320,089	\$ 29,050,752	\$ 6,381,555	\$ 553,752,396
LIABILITIES				
CURRENT LIABILITIES				
INTEREST PAYABLE	\$ 1,872,154	\$ 677,636	\$ -	\$ 2,549,790
CURRENT BONDS PAYABLE	4,515,000	-	-	4,515,000
DEFERRED REVENUE	4,345,197	-	-	4,345,197
OTHER PAYABLES	14,116,352	1,921,163	3,661,326	19,698,841
TOTAL CURRENT LIABILITIES	24,848,703	2,598,799	3,661,326	31,108,828
NONCURRENT LIABILITIES				
NET PENSION LIABILITY	4,608,065	-	1,340,953	5,949,018
LONG-TERM BONDS PAYABLE	233,181,617	18,848,355	-	252,029,972
TOTAL NONCURRENT LIABILITIES	237,789,682	18,848,355	1,340,953	257,978,990
TOTAL LIABILITIES	262,638,385	21,447,154	5,002,279	289,087,818
DEFERRED INFLOW OF RESOURCES				
PENSION DEFERRALS	3,424,765	-	996,612	4,421,377
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	266,063,150	21,447,154	5,998,891	293,509,195
NET POSITION:				
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT	150,940,627	8,125,103	446,125	159,511,855
RESTRICTED FOR:				
DEBT SERVICE	15,982,751	832,000	-	16,814,751
STATUTORY REQUIREMENTS	85,534	-	-	85,534
UNRESTRICTED (DEFICIT)	85,248,027	(1,353,505)	(63,461)	83,831,061
TOTAL NET POSITION	252,256,939	7,603,598	382,664	260,243,201
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	\$ 518,320,089	\$ 29,050,752	\$ 6,381,555	\$ 553,752,396

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, 2018

	BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUNDS			
	CONVENTION CENTER DIVISION	CORRIDOR PARKING GARAGE	SPECIAL IMPROVEMENT DISTRICT	TOTAL
OPERATING REVENUES				
SPECIAL SERVICES	\$ 2,359,240	\$ -	\$ -	\$ 2,359,240
FACILITIES RENTAL	3,450,404	-	-	3,450,404
CONCESSIONS	2,666,747	-	-	2,666,747
ASSESSMENTS, NET	-	-	1,414,065	1,414,065
PARKING REVENUE	1,232,614	539,435	-	1,772,049
OTHER REVENUE	6,508,670	151,641	82,866	6,743,177
TOTAL OPERATING REVENUES	16,217,675	691,076	1,496,931	18,405,682
OPERATING EXPENSES				
SALARIES AND BENEFITS	13,528,387	-	3,054,020	16,582,407
MARKETING EXPENDITURES	8,276,187	-	-	8,276,187
PRODUCTION	3,518,271	-	-	3,518,271
GENERAL & ADMINISTRATIVE	13,578,568	661,762	3,397,522	17,637,852
DEPRECIATION & AMORTIZATION	11,655,798	1,173,510	187,844	13,017,152
TOTAL OPERATING EXPENSES	50,557,211	1,835,272	6,639,386	59,031,869
OPERATING LOSS	(34,339,536)	(1,144,196)	(5,142,455)	(40,626,187)
NONOPERATING REVENUES (EXPENSES)				
LUXURY TAX REVENUE	37,216,660	-	-	37,216,660
MARKETING FEE REVENUE	2,845,703	-	-	2,845,703
SPORTS WAGERING TAX REVENUE	626,926	-	-	626,926
INTEREST INCOME	1,352,047	17,416	126,524	1,495,987
INTEREST EXPENSE	(10,986,055)	(580,831)	(67)	(11,566,953)
LITIGATION SETTLEMENT, NET	15,209,851	-	-	15,209,851
OTHER	27,141	-	-	27,141
TRANSFERS FROM OTHER FUNDS	-	-	4,681,363	4,681,363
	46,292,273	(563,415)	4,807,820	50,536,678
CHANGES IN NET POSITION	11,952,737	(1,707,611)	(334,635)	9,910,491
NET POSITION JANUARY 1, 2018	240,304,202	9,311,209	717,299	250,332,710
NET POSITION DECEMBER 31, 2018	\$ 252,256,939	\$ 7,603,598	\$ 382,664	\$ 260,243,201

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

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

YEAR ENDED DECEMBER 31, 2018

	BUSINESS-TYPE ACTIVITIES - MAJOR ENTERPRISE FUNDS			
	CONVENTION	CORRIDOR	SPECIAL	TOTAL
	CENTER DIVISION	PARKING GARAGE	IMPROVEMENT DISTRICT	
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIPTS FROM CUSTOMERS	\$ 17,697,319	\$ -	\$ -	\$ 17,697,319
ASSESSMENTS	-	-	1,425,010	1,425,010
PARKING REVENUE	-	543,672	-	543,672
OTHER REVENUE	-	151,641	85,891	237,532
PAYMENTS TO SUPPLIERS	12,712,469	(633,060)	(3,188,550)	8,890,859
PAYMENTS TO EMPLOYEES	(13,528,387)	-	(2,976,460)	(16,504,847)
PAYMENTS FOR OTHERS	-	(134)	-	(134)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	16,881,401	62,119	(4,654,109)	12,289,411
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
LUXURY TAX REVENUE	(3,273,046)	-	-	(3,273,046)
MARKETING FEE REVENUE	2,875,017	-	-	2,875,017
SPORTS WAGERING REVENUE	267,228	-	-	267,228
LITIGATION SETTLEMENT	15,209,851	-	-	15,209,851
DUE TO/FROM OTHER FUNDS	-	939,727	(3,271,064)	(2,331,337)
TRANSFERS FROM OTHER FUNDS	-	-	4,681,363	4,681,363
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	15,079,050	939,727	1,410,299	17,429,076
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
INTEREST EXPENSE	(11,447,924)	-	(67)	(11,447,991)
PAYMENTS ON BONDS AND NOTES PAYABLE	(4,300,000)	-	-	(4,300,000)
PURCHASE OF CAPITAL ASSETS	(24,191,828)	(128,201)	(218,532)	(24,538,561)
LUXURY TAX REVENUE	15,747,925	-	-	15,747,925
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(24,191,827)	(128,201)	(218,599)	(24,538,627)
CASH FLOWS FROM INVESTING ACTIVITIES				
PROCEEDS FROM SALE OF INVESTMENT	-	161,651	-	161,651
INTEREST	1,275,363	17,416	126,524	1,419,303
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,275,363	179,067	126,524	1,580,954
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,043,987	1,052,712	(3,335,885)	6,760,814
CASH AND CASH EQUIVALENTS - BEGINNING	106,016,801	939,140	8,685,556	115,641,497
CASH AND CASH EQUIVALENTS - ENDING	\$ 115,060,788	\$ 1,991,852	\$ 5,349,671	\$ 122,402,311
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
OPERATING LOSS	\$ (34,339,536)	\$ (1,144,196)	\$ (5,142,455)	\$ (40,626,187)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
DEPRECIATION & AMORTIZATION	11,655,798	1,173,510	187,844	13,017,152
(INCREASE)/DECREASE IN:				
RECEIVABLES, NET	16,801,931	-	3,024	16,804,955
PREPAID EXPENSES & OTHER ASSETS	(25,819)	(1,923)	(425)	(28,167)
ACCRUED ASSESSMENTS	-	-	10,944	10,944
PARKING FEES RECEIVABLE	-	4,237	-	4,237
INCREASE/(DECREASE IN):				
ACCRUED SALARIES & BENEFITS	-	-	77,560	77,560
ACCOUNTS PAYABLE	22,156,655	30,491	243,668	22,430,814
DEFERRED REVENUE AND ADVANCE DEPOSITS	750,135	-	-	750,135
NET PENSION LIABILITY	(117,763)	-	(34,269)	(152,032)
TOTAL ADJUSTMENTS	51,220,937	1,206,315	488,346	52,915,598
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 16,881,401	\$ 62,119	\$ (4,654,109)	\$ 12,289,411

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, 2018

	AGENCY FUNDS		
	REINVESTMENT FUND	OTHER	TOTAL
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 33,154,939	\$ 13,579,828	\$ 46,734,767
RECEIVABLES:			
NOTES RECEIVABLE	-	13,335,769	13,335,769
ACCRUED INTEREST RECEIVABLE	-	182,932	182,932
OBLIGATION RECEIVABLE	1,665,989	-	1,665,989
OTHER	12,903,907	(4,028,805)	8,875,102
EQUITY INVESTMENT	-	606,941	606,941
CAPITAL ASSETS:			
REAL ESTATE	-	28,695,348	28,695,348
TOTAL ASSETS	<u>\$ 47,724,835</u>	<u>\$ 52,372,013</u>	<u>\$ 100,096,848</u>
LIABILITIES			
INTEREST PAYABLE	\$ 98,581	\$ -	\$ 98,581
OTHER PAYABLES	447,792	6,124,365	6,572,157
RESERVES			
OBLIGATIONS PAYABLE	24,780,872	-	24,780,872
DONATION DEPOSITS	22,397,590	-	22,397,590
PROJECT COSTS	-	46,247,648	46,247,648
TOTAL LIABILITIES AND RESERVES	<u>\$ 47,724,835</u>	<u>\$ 52,372,013</u>	<u>\$ 100,096,848</u>

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

NOTES TO FINANCIAL STATEMENTS

A. NATURE OF ORGANIZATION

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

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

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

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the CRDA during 2018.

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

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

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

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

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

Fund Financial Statements

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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:

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 the City.

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

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

Fiduciary Funds:

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

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

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

Use of Estimates

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

Budgets and Budgetary Accounting

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

Risk of Loss

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

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

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Interfund Transfers

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

Receivables

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

Prepaid Expenses and Other Assets

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

Investments

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

Notes Receivable

Notes receivable include mortgages, which are stated at unpaid principal balances. Certain mortgages have annual forgiveness provisions over the life of the mortgage. Any unpaid principal balance upon the sale of the property is payable to CRDA. The annual principal amount forgiven is recorded as program expense. Management periodically evaluates whether an allowance for uncollectible notes receivable is required based on the CRDA's past uncollectible loss experience, known and other risks inherent in the note receivable portfolio, adverse situations that may affect each borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. As of December 31, 2018, the provision for uncollectible accounts was approximately \$40,058,584.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

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

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

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.

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

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bonds Payable

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

Unearned Revenues

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

Net Position

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

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

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

Fund Balance Reserves

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

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

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

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves (Continued)

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

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

Luxury Tax

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

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

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

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Marketing Fees

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

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

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

Revenue and Expense Recognition

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

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

Deferred Outflows/Inflows of Resources

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

Rounding

Some statements/schedules in the financial 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, 2018, the Authority's book balance was \$295,834,019. As of December 31, 2018, the Authority's bank balance of \$302,884,129 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. 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, 2018, the Authority had the following investments:

<u>Description</u>	<u>Maturity</u>	<u>Fair Value Level</u>	<u>Fair Value</u>
U.S. Treasury Obligations	May 2019	\$ 48,326,221	Level 1
Solar Renewal Energy Credits ("SREC")	Nonexpiring	\$ 63,720	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.

There were no transfers in or out of Levels 1, 2 or 3 during 2018.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENT (CONTINUED)

Investments (Continued)

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

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

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

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

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

D. NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

Notes receivable within the Debt Service Fund consist of loans with terms varying from 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, 2018:

	Balance December 31, 2017			Additions	Repayments	Balance December 31, 2018	
General Fund							
Steel Pier	\$	15,376,729	\$	609,399	\$	505,687	\$ 15,480,441
Atlantic County Improvement Authority		-		2,674,000		-	2,674,000
Total General Fund	\$	15,376,729	\$	3,283,399	\$	505,687	\$ 18,154,441
Other Governmental Funds							
Christopher Columbus Homes	\$	1,958,274	\$	-	\$	96,134	\$ 1,862,140
Marcal		7,244,568		-		-	7,244,568
North Jersey Municipal Loan Program		38,494,724		-		114,448	38,380,276
Northwest		6,653		-		6,653	-
Sheraton Hotel		10,000,000		-		-	10,000,000
South Jersey Municipal Loan Program		960,465		-		90,365	870,100
Vermont Plaza		20,700,000		-		-	20,700,000
Best of Bass Pro		11,152,393		-		485,630	10,666,763
Impactivate		9,513,593		118,987		-	9,632,580
Subtotal		100,030,670		118,987		793,230	99,356,427
Allowance		(40,058,584)		-		-	(40,058,584)
Total Other Governmental Funds	\$	59,972,086	\$	118,987	\$	793,230	\$ 59,297,843
Other Agency Funds							
AC Supermarket	\$	786,620	\$	-	\$	78,695	\$ 707,925
Carolina Gardens		35,644		-		-	35,644
Chelsea Westside		-		-		167	(167)
Teachers & Firefighters Home Loans		6,250		-		-	6,250
3-2-1 Police Loan		164,726		-		30,262	134,464
John Brooks Recovery Center		683,737		316,263		-	1,000,000
Beach at South Inlet		1,846,036		10,777,492		1,223,528	11,400,000
City of AC Prop Acq Loan		-		51,653		-	51,653
Total Other Agency Funds	\$	3,523,013	\$	11,145,408	\$	1,332,652	\$ 13,335,769

F. CAPITAL ASSETS

Capital asset balances and activities for the year ended December 31, 2018, were as follows:

	Balance December 31, 2017			Additions	Deletions	Balance December 31, 2018	
Governmental Funds							
Furniture & Equipment	\$	5,091,393	\$	160,206	\$	(146,000)	\$ 5,105,599
Building		2,210,287		-		-	2,210,287
Accumulated Depreciation		(5,026,438)		(229,066)		-	(5,255,504)
Net, Governmental Funds		2,275,242		(68,860)		(146,000)	2,060,382
Proprietary Funds							
Buildings		431,715,351		21,860,163		-	453,575,514
Furniture & Equipment		69,390,319		1,745,914		(6,715)	71,129,518
Garage		34,580,935		-		-	34,580,935
Leasehold Improvements		8,095,672		667,530		-	8,763,202
Accumulated Depreciation		(220,288,651)		(13,017,152)		2,461	(233,303,342)
Net, Proprietary Funds		323,493,626		11,256,455		(4,254)	334,745,827
Entity-wide Total	\$	325,768,868	\$	11,187,595	\$	(150,254)	\$ 336,806,209

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

NOTES TO FINANCIAL STATEMENTS

G. INTERFUND RECEIVABLES/PAYABLES

Interfund receivables and payables balances at December 31, 2018, were as follows:

Fund	Interfund Receivable			Interfund Payable		
	Miscellaneous	Interest	Fees	Miscellaneous	Interest	Fees
General	\$ 14,537,591	\$ 431,296	\$ 776	\$ (1,997,660)	\$ (30,883)	\$ (404,982)
AC Corridor	931,523	-	-	-	(93,136)	-
Hotel Room Fee	-	-	-	(3,312,287)	-	-
Other Governmental	2,762,956	-	404,982	(2,521,864)	-	(776)
Convention Center Division	7,756,462	-	-	(16,573,308)	-	-
Corridor Parking Garage	30,384	-	-	(2,126,802)	-	-
Special Improvement District	45,869	-	-	(3,011,539)	-	-
Reinvestment	13,126,480	30,883	-	(262,405)	-	-
Other Agency	29,182	-	-	(9,414,581)	(338,160)	-
	<u>\$ 39,220,446</u>	<u>\$ 462,179</u>	<u>\$ 405,758</u>	<u>\$ (39,220,446)</u>	<u>\$ (462,179)</u>	<u>\$ (405,758)</u>

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

H. OBLIGATION DEPOSITS

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

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

2018 obligations and donation account activity are summarized below:

	Reinvestment Fund Reserves	
	Obligations Payable	Donation Deposits
Beginning Balance January 1, 2018	\$ 28,899,120	\$ 32,926,460
Obligation Deposits	7,116,397	-
Direct Investments	(3,559,360)	-
Direct Donation	(1,181,554)	-
Transfer to Bond Trustee	(6,374,642)	-
Bonds Issued	(119,089)	-
Grants to Agency and Debt Service Funds	-	(10,528,870)
Ending Balance December 31, 2018	<u>\$ 24,780,872</u>	<u>\$ 22,397,590</u>

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

NOTES TO FINANCIAL STATEMENTS

I. LONG-TERM DEBT

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

Public Issuance – Parking Fee and Hotel Room Fee Revenue Bonds

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

Public Issuance – Luxury Tax Revenue Bonds

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

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

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

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

I. LONG-TERM DEBT (CONTINUED)

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; and (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, 2018, \$23,085,000 of the defeased bonds remain outstanding until their maturity in March 2022.

Project Bonds – Casino Pool Bonds

The CRDA also issues project bonds to casino licensees with terms varying from 7 to 50 years, at interest rates varying between 3.0% and 7.0%. Such bonds are payable solely from the revenues and other monies derived from projects financed by such bonds, or other monies which may be pledged with respect to such issues. All bonds issued by the CRDA are special obligations of the CRDA, do not constitute obligations against the general credit of the CRDA, and are not a debt or liability of the State. 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	15,982,751
Balance, December 31, 2018	<u>\$ 46,191,439</u>

The following is a summary of the CRDA's long-term debt transactions for the year ended December 31, 2018:

	Publicly Issued Bonds	Project Bonds	Total
Debt outstanding December 31, 2017	\$ 420,240,000	\$ 135,773,819	\$ 556,013,819
Additions to Debt	-	353,496	353,496
Reductions of Debt	(30,500,000)	(3,815,229)	(34,315,229)
Debt outstanding December 31, 2018	389,740,000	132,312,086	522,052,086
Net Unamortized Premium Allowance	13,975,166	-	13,975,166
	-	(40,058,584)	(40,058,584)
	<u>\$ 403,715,166</u>	<u>\$ 92,253,502</u>	<u>\$ 495,968,668</u>

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

NOTES TO FINANCIAL STATEMENTS

I. LONG-TERM DEBT (CONTINUED)

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

	Parking Fee Revenue Bond Principal	Parking Fee Revenue Bond Interest	Total
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	16,880,000	2,457,819	19,337,819
2024-2025	36,575,000	2,023,613	38,598,613
Total	\$ 118,490,000	\$ 22,891,239	\$ 141,381,239

	Hotel Room Fee Bond Principal	Hotel Room Fee Bond Interest	Total
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	6,930,000	948,650	7,878,650
2024-2025	14,970,000	767,119	15,737,119
Total	\$ 46,335,000	\$ 8,885,464	\$ 55,220,464

	Convention Center Luxury Tax Revenue Bond Principal	Convention Center Luxury Tax Revenue Bond Interest	Total
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	5,435,000	10,312,325	15,747,325
2024-2028	31,265,000	47,485,150	78,750,150
2029-2033	39,680,000	39,062,000	78,742,000
2034-2038	49,920,000	28,820,825	78,740,825
2039-2043	64,335,000	14,406,000	78,741,000
2044	14,965,000	785,663	15,750,663
Total	\$ 224,915,000	\$ 184,545,863	\$ 409,460,863

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

NOTES TO FINANCIAL STATEMENTS

I. LONG-TERM DEBT (CONTINUED)

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

	Project Bond Principal	Project Bond Interest	Total
2019	\$ 5,193,008	\$ 7,450,871	\$ 12,643,879
2020	1,831,000	3,055,101	4,886,101
2021	1,903,905	2,982,217	4,886,122
2022	1,979,828	2,906,353	4,886,181
2023-2027	16,959,184	12,236,413	29,195,597
2028-2032	57,096,749	10,653,770	67,750,519
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	13,046,518	1,033,179	14,079,697
Total	<u>\$ 132,312,086</u>	<u>\$ 60,756,465</u>	<u>\$ 193,068,551</u>

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

NOTES TO FINANCIAL STATEMENTS

J. PROJECT AND DIRECT INVESTMENT COMMITMENTS

During 2018, CRDA commitments decreased by \$62 million. As of December 31, 2018, 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	11,158,084
AC Corridor Bond Pledge	1,487,498
Boardwalk Lighting	1,609,042
Pacific Avenue/Midtown	49,134
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	4,087,850
Resorts Meeting Space Expansion	937,248
Impactivate	652,189
Beach at South Inlet	2,993,058
Tropicana B'walk Enhancement & Property Revitalization	219,999
Harrah's Non-Gaming Amenities	72,772
Bally's Atlantic City Hotel Room Improvements	45,056
Atlantic City Demolition Project	98,347
Pacific Avenue Midtown Redevelopment	1,000,000
Subtotal: Atlantic City	<u>27,436,162</u>
South Jersey	
Caesar's Hotel Expansion	2,644,335
Harrah's Hotel Expansion	8,351,096
Resorts Hotel Expansion	5,132,933
Subtotal: South Jersey	<u>16,128,364</u>
Total at December 31, 2018	<u>\$ 43,564,526</u>

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

NOTES TO FINANCIAL STATEMENTS

K. GENERAL FUND DONATIONS

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

	2018
Travelers Assistance Program	\$ 11,878
Marketplace Project (Block 157)	6,916
AC Demolition Program	76,980
Absecon Lighthouse Grant	61,046
Live Nation Public-Private Partnership	2,500,000
Challenge AC Triathlon	34,890
Boardwalk Repairs	700,000
Tourism District Class II Officers	104,167
2018 AC Race Series	25,000
Wm Morris/International Management	1,865,000
Comcast/NBC Universal	554,514
Summer Concert Series	122,000
Broadway on the Boardwalk	120,329
Summer Concert Series/609 Event Productions	147,861
2018 Air Show	50,000
Save Lucy Committee Marketing	25,000
Boardwalk Pavilions	146,000
Other	101,150
	<u>\$ 6,652,731</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, 2018, the following represents the components of the General Fund balances committed for project costs.

	2018
Reserve for Absecon Lighthouse	\$ 24,884
Reserve for Travelers Assistance Program	18,960
Reserve for Downtown Revitalization	80,000
Reserve for Tourism Market Expansion	26,330
Reserve for Tourism Maintenance	25,000
Reserve for Steel Pier	31,212
Reserve for Marketplace Project (Block 157)	675,271
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	1,538,736
Reserve for Marketplace Construction	3,966,375
Reserve for Community Development	65,136
Reserve for Jewish Family Services	55,228
Reserve for Absecon Lighthouse Grant	101,971
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 Challenge AC Triathlon	1,270,625
Reserve for 2017 Summer Entertainment	2,500
Reserve for Comcast/NBC Universal	2,445,486
Reserve for Summer Concert Series	3,000
Reserve for Broadway on the Boardwalk	4,671
Reserve for Summer Concert Series/609 Event Productions	1,989
Reserve for Tourism District Class II Officers	250,000
Reserve for Save Lucy Committee Marketing	50,000
Reserve for Flex Fields Project	957,728
Reserve for JTD Realty Settlement	1,200,000
Reserve for NJDCA AC Project Office	1,350,000
Reserve for Tennessee Avenue Streetscape	1,000,000
Reserve for Ingame E-Sports Inc PPP	700,000
	<u>\$ 16,484,830</u>

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

M. COMMITMENTS AND CONTINGENCIES

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

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

In June of 2000, the NJSEA formed The Historic Boardwalk Hall, LLC ("HBH LLC"), a limited liability company in the State of New Jersey for the purpose of financing and operating the Historic East Hall on the Atlantic City Boardwalk ("East Hall"). The LLC, which assumes the leasehold interest and contractual obligations of the Authority, admitted an investing member on September 14, 2000, through capital contributions. Of the contributed capital already received, \$326,034 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 are available to Tiers 1 and 2 members upon reaching age 60, and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit are available to Tier 4 members upon reaching age 62, and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit, and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for 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, 2018 and 2017, were \$513,378 and \$589,434, respectively, equal to the required contributions for each year. The Authority's total payroll for the years ended December 31, 2018 and 2017, was \$5,018,733 and \$5,322,452; covered payroll was \$3,901,339 and \$3,661,815, for PERS, respectively.

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

At December 31, 2018 and 2017, the Authority reported a liability of \$10,162,251 and \$13,230,240, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2017, which was rolled forward to June 30, 2018. 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, 2018, the Authority's proportion was 0.0516125400%, which was a decrease of 0.0052222899 from its proportion measured as of June 30, 2017. For the years ended December 31, 2018, the Authority recognized full accrual pension expense of \$510,362 in the financial statements. At December 31, 2018, 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)

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 193,796	\$ 52,400	\$ 311,526	\$ -
Changes in assumptions	1,674,571	3,249,348	2,665,437	2,655,665
Net difference between projected and actual investment earnings on pension plan investments	-	95,322	90,089	-
Changes in proportion and differences between Authority contributions and proportionate share of Agency contributions subsequent to the measurement	2,013,969	4,155,627	3,412,560	4,429,336
	256,689	-	194,002	-
	<u>\$ 4,139,025</u>	<u>\$ 7,552,697</u>	<u>\$ 6,673,614</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
2019	\$ 3,137,303
2020	(1,846,234)
2021	(2,687,523)
2022	(1,687,304)
2023	(586,604)
	<u>\$ (3,670,362)</u>

The total 2018 pension liability was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to the June 30, 2018, 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%

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, 2011 to June 30, 2014. 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.

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

NOTES TO FINANCIAL STATEMENTS

N. PENSION PLANS (CONTINUED)

Mortality Rates

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for males and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, tables provide for future improvements in mortality from the base year 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service requirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disability Mortality Table (set back 3 years for males and set forward 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, 2018) 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, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
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 asset	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%
	100.00%	

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

N. PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 5.66% and 5.00% as of June 30, 2018 and 2017, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.00%, and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and 2017, 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 50% 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 June 30, 2046. 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.

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, 2018, 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 (4.66 percent) or 1 percentage-point higher (6.66 percent) than the current rate:

	At 1% Decrease (4.66%)	At current discount rate	At 1% increase (6.66%)
Authority proportionate share of net pension liability	\$ 12,777,861	\$ 10,162,251	\$ 7,967,923

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, 2018 are as follows:

Collective deferred outflows of resources	\$ 4,684,852,302
Collective deferred inflows of resources	\$ 7,646,736,226
Collective net pension liability	\$19,689,501,539
Authority's Proportion	0.0516125400%

The average of the expected remaining service lives of all plan members is 5.63 and 5.48 years for 2018 and 2017, respectively.

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

N. PENSION PLANS (CONTINUED)

Deferred Compensation Plan

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

O. CERTAIN LITIGATION MATTERS

HBH LLC Claim

During the fourth quarter of 2014, the CRDA, statutory successor-in-interest to the New Jersey Sports and Exposition Authority ("NJSEA"), reached a settlement in a lawsuit involving the NJSEA's obligation, as the managing member of HBH LLC, to pay tax liabilities of approximately \$100,000,000 owed to the Internal Revenue Service by PB Historic Renovations, LLC, the investor member of HBH LLC. The CRDA settled the tax liability claim for \$60,000,000, which was funded by its issuance of Series 2014 Luxury Tax Revenue Bonds. CRDA pursued legal malpractice claims against the NJSEA's tax counsel on the transaction. In 2018, the CRDA settled the malpractice claims for \$15,236,992, net of attorneys' fees and expenses, which was recognized in full in the 2018 financial statements.

Birnbaum Claim

In this condemnation actions, CRDA v. Birnbaum, et al, the property owner is represented by the Institute for Justice ("IJ"), a Washington D.C. based institute which challenges condemnations around the United States and litigated the seminal U.S. Supreme Court condemnation case Kelo v. City of New London. On behalf of the property owner in CRDA v. Birnbaum, the IJ directly challenged CRDA's right to acquire property for purposes of tourism development. In an August 2014 decision, the New Jersey Supreme Court rejected the property's owner challenge and ruled that CRDA has abundant authority to acquire properties for tourism purposes. The court subsequently reversed itself and denied CRDA the right to condemn and CRDA restored the property to the Owner. The New Jersey Superior Court Appellate Division issued an opinion on February 15, 2019 affirming the trial court opinion. Counsel for the property owner filed applications in the Appellate Division and the trial court for counsel fees totaling \$313,458.44. The Appellate Division remanded the motion for fees to the trial court for a determination. CRDA has opposed the fee application on several basis, including that the statute allowing for fees is only applicable when the property owner incurs the fees and here the property owner has not incurred a loss.

Williams Claim

In August 2016, Robert Williams ("Plaintiff") filed a lawsuit against defendants, CRDA, and two of its employees, Daniel Mack, and Rosalind Kincaid (collectively, "Defendants"), claiming retaliation and race discrimination under the New Jersey Law Against Discrimination (the "LAD"). Plaintiff is Caucasian.

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

NOTES TO FINANCIAL STATEMENTS

O. CERTAIN LITIGATION MATTERS (CONTINUED)

Mr. Mack and Ms. Kincaid are African-American. Plaintiff amended his Complaint in March 2018 to add a cause of action for disability discrimination also in violation of the LAD. Plaintiff was formerly employed as General Maintenance Manager in CRDA's Special Improvement Division ("SID"). In or about March 2015, Daniel Mack, the SID General Maintenance Supervisor, complained to Rosalind Kincaid, the Authority's then Human Resource Director, that Plaintiff made disparaging, inappropriate and offensive comments to and about him in the workplace. After confronting Plaintiff about his conduct and suspending him pending an investigation, CRDA received a letter from Plaintiff's attorney alleging Mack created a hostile work environment against Plaintiff. CRDA retained outside legal counsel to conduct an independent investigation. Counsel's investigation confirmed that Plaintiff had made disparaging, inappropriate and offensive comments to Mack and others in the workplace, which were in violation of its policies. The investigators did not find that Mack had acted inappropriately in any way or that he otherwise violated CRDA policy. As a result of the investigation's findings, CRDA terminated Plaintiff's employment.

Plaintiff filed this lawsuit seeking compensatory damages, including lost wages, benefits and emotional distress, punitive damages, attorneys' fees and costs. Although Plaintiff filed a motion to extend discovery which remains pending, discovery closed May 30, 2018. Defendants filed a motion for summary judgment motion on February 8, 2019. This matter is presently scheduled for trial on July 22, 2019 pending the outcome of the summary judgment motion.

P. ECONOMIC DEPENDENCE

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

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

Q. POLLUTION REMEDIATION OBLIGATIONS

Potential Pollution Remediation Obligation

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

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

NOTES TO FINANCIAL STATEMENTS

Q. POLLUTION REMEDIATION OBLIGATIONS (CONTINUED)

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

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

R. SEGMENT INFORMATION

The 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, 2018					
	Boardwalk Center Operations	New Center	Marketing Operations	Luxury Tax Reserve Fund	Elimination Entries	Combined December 31, 2018
ASSETS						
Total current assets	\$ 5,459,815	\$ 6,181,577	\$ 4,833,829	\$ 109,555,116	\$ -	\$ 126,030,337
Total noncurrent assets	-	-	33,632	390,379,282	-	390,412,914
Total assets	5,459,815	6,181,577	4,867,461	499,934,398	-	516,443,251
Pension Deferrals	-	-	1,876,838	-	-	1,876,838
Total assets and deferred outflow of resources	\$ 5,459,815	\$ 6,181,577	\$ 6,744,299	\$ 499,934,398	\$ -	\$ 518,320,089
LIABILITIES						
Total current liabilities	\$ 5,459,815	\$ 6,181,577	\$ 477,532	\$ 12,729,779	\$ -	\$ 24,848,703
Long-term debt, net of current portion	-	-	4,608,066	233,181,616	-	237,789,682
Total Liabilities	5,459,815	6,181,577	5,085,598	245,911,395	-	262,638,385
Pension deferrals	-	-	3,424,765	-	-	3,424,765
Total liabilities and deferred inflow of resources	\$ 5,459,815	\$ 6,181,577	\$ 8,510,363	\$ 245,911,395	\$ -	\$ 266,063,150
NET POSITION						
Total net position	\$ -	\$ -	\$ (1,766,064)	\$ 254,023,003	\$ -	\$ 252,256,939

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

NOTES TO FINANCIAL STATEMENTS

R. SEGMENT INFORMATION (CONTINUED)

	Statement of Revenue, Expenses and Changes in Net Position					
	December 31, 2018					
	Boardwalk Center Operations	New Center	Marketing Operations	Luxury Tax Reserve Fund	Elimination Entries	Combined December 31, 2018
OPERATING REVENUES:						
Special Services	\$ 1,652,458	\$ 706,782	\$ -	\$ -	\$ -	\$ 2,359,240
Facilities Rental	1,703,390	1,747,015	-	-	-	3,450,404
Concessions	1,076,298	1,590,449	-	-	-	2,666,747
Promotion, Reimbursement Fees	648,382	315,082	-	-	-	963,463
Parking Revenue	235,771	996,843	-	-	-	1,232,614
Other Revenue	2,255,876	3,269,452	112,174	-	(92,296)	5,545,207
Total Operating Revenues	7,572,175	8,625,622	112,174	-	(92,296)	16,217,675
OPERATING EXPENSES:						
Salaries and Benefits	5,805,703	6,730,495	992,188	-	-	13,528,387
Marketing Expenditures	893,876	73,564	808,747	6,500,000	-	8,276,187
Production	1,637,017	1,881,253	-	-	-	3,518,271
General & Administrative	3,293,989	5,551,396	4,823,279	2,200	(92,296)	13,578,568
Depreciation & Amortization	-	-	42,310	11,613,488	-	11,655,798
Total Operating Expenses	11,630,586	14,236,708	6,666,525	18,115,688	(92,296)	50,557,211
Operating Loss	(4,058,411)	(5,611,086)	(6,554,351)	(18,115,688)	-	(34,339,536)
NONOPERATING REVENUES (EXPENSES)						
Luxury Tax Revenue	4,048,198	5,597,185	-	27,571,277	-	37,216,660
Marketing Fee Revenue	-	-	2,845,703	-	-	2,845,703
Sports Wagering Revenue	-	-	626,926	-	-	626,926
Litigation Settlement-Net	-	-	-	15,209,851	-	15,209,851
Other	-	-	-	27,141	-	27,141
Interest Income	10,213	13,901	50,145	1,277,787	-	1,352,047
Interest Expense	-	-	-	(10,986,055)	-	(10,986,055)
Total Nonoperating Revenues (Expenses)	4,058,411	5,611,086	3,522,775	33,100,002	-	46,292,273
CHANGE IN NET POSITION	-	-	(3,031,577)	14,984,314	-	11,952,737
BEGINNING NET POSITION	-	-	1,265,513	239,038,689	-	240,304,202
ENDING NET POSITION	\$ -	\$ -	\$ (1,766,064)	\$ 254,023,003	\$ -	\$ 252,256,939

	Statement of Cash Flows					
	December 31, 2018					
	Boardwalk Center Operations	New Center	Marketing Operations	Luxury Tax Reserve Fund	Capital Transfers	Combined December 31, 2018
Net cash (used in) provided by operating activities	\$ (1,915,203)	\$ (3,622,482)	\$ (1,770,542)	\$ (2,200)	\$ 24,191,828	\$ 16,881,401
Net Cash provided by (used in) noncapital financing activities	2,580,716	2,427,455	3,142,245	6,928,633	-	15,079,050
Net cash used in capital and related financing activities	-	-	-	-	(24,191,828)	(24,191,828)
Net cash provided by investing activities	10,213	13,901	50,144	1,201,105	-	1,275,363
Net (decrease) increase in cash and cash equivalents	675,726	(1,181,126)	1,421,847	8,127,538	-	9,043,986
Cash balance January 1, 2018	3,176,135	2,480,707	3,528,026	96,831,933	-	106,016,801
Cash balance December 31, 2018	\$ 3,851,861	\$ 1,299,581	\$ 4,949,873	\$ 104,959,471	\$ -	\$ 115,060,787

**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, 2018

	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
REVENUES			
ADMINISTRATIVE FEES	\$ 144,000	\$ 135,517	\$ (8,483)
INTEREST AND INVESTMENT INCOME	938,000	2,374,085	1,436,085
TAX OVERRIDE REVENUE	8,000,000	6,992,552	(1,007,448)
PROCESSING FEES	180,000	349,763	169,763
OTHER INCOME	1,042,000	318,883	(723,117)
	<u>10,304,000</u>	<u>10,170,800</u>	<u>(133,200)</u>
EXPENDITURES			
CURRENT			
SALARIES AND BENEFITS	3,915,657	3,991,204	(75,547)
GENERAL & ADMINISTRATIVE	989,262	1,013,294	(24,032)
PROFESSIONAL COSTS	1,195,000	931,645	263,355
PURCHASE OF FIXED ASSETS	460,062	13,205	446,857
INTEREST EXPENSE	-	3,665	(3,665)
PROJECT COSTS	-	6,652,732	(6,652,732)
	<u>6,559,981</u>	<u>12,605,745</u>	<u>(6,045,764)</u>
EXCESS OF REVENUES OVER(UNDER) EXPENDITURES	<u>3,744,019</u>	<u>(2,434,945)</u>	<u>(6,178,964)</u>
OTHER FINANCING SOURCES (USES)			
OTHER RECEIVABLES	-	116,743	116,743
LOAN DISBURSEMENTS	-	(2,313,657)	(2,313,657)
SALE OF REAL ESTATE	-	394,577	394,577
TRANSFERS FROM OTHER FUNDS	-	5,032,962	5,032,962
TRANSFERS TO OTHER FUNDS	(4,971,357)	(4,671,357)	300,000
TOTAL OTHER FINANCING SOURCES AND USES	<u>(4,971,357)</u>	<u>(1,440,732)</u>	<u>3,530,625</u>
NET CHANGE IN FUND BALANCE	(1,227,338)	(3,875,677)	(2,648,339)
FUND BALANCE JANUARY 1, 2018	114,844,348	114,844,348	-
FUND BALANCE DECEMBER 31, 2018	<u>\$ 113,617,010</u>	<u>\$ 110,968,671</u>	<u>\$ (2,648,339)</u>

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

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

LAST TEN YEARS

	PERS - Last 10 Fiscal Years									
	Years Ended June 30,									
	2018	2017	2016	2015	2014	2013*	2012*	2011*	2010*	2009*
Authority's proportion of the net pension liability	0.0516125400%	0.0568348299%	0.0655714054%	0.0800336799%	0.0912972062%	N/A	N/A	N/A	N/A	N/A
Authority's proportionate share of net pension liability	10,162,251	13,230,240	19,420,370	17,965,957	17,093,334	N/A	N/A	N/A	N/A	N/A
Authority's covered-employee payroll	3,661,815	4,068,593	4,508,345	5,760,666	5,180,757	5,257,232	5,180,757	5,442,341	5,612,725	5,426,236
Authority's proportionate share of net pension liability as a % of payroll	277.52%	325.18%	430.76%	311.87%	273.84%	N/A	N/A	N/A	N/A	N/A
Total pension liability	21,900,012.85	25,491,766.52	32,441,254.89	34,502,183.29	35,671,161.07	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position	11,737,760.99	12,261,526.57	13,020,885.36	16,536,225.94	18,577,827.08	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a % of total pension liability	53.60%	48.10%	40.14%	47.93%	52.08%	N/A	N/A	N/A	N/A	N/A

*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.

N/A = Information no 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 5.39% to 4.90% as of the measurement date of June 30, 2015.
- The discount rate changed from the measurement date of June 30, 2015 of 4.90% to 3.98% as of the measurement date of June 30, 2016.
- The discount rate changed from the measurement date of June 30, 2016 of 3.98% to 5.00% as of the measurement date of June 30, 2017.
- The discount rate changed from the measurement date of June 30, 2017 of 5.00% to 5.66% as of the measurement date of June 30, 2018.

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

SCHEDULE OF AUTHORITY CONTRIBUTIONS – PERS (UNAUDITED)

LAST TEN YEARS

	PERS - Last 10 Fiscal Years									
	Years Ended June 30,									
	2018	2017	2016	2015	2014	2013*	2012*	2011*	2010*	2009*
Contractually required contribution	\$ 513,378	\$ 589,434	\$ 582,527	\$ 688,075	\$ 752,641	\$ 659,358	\$ 559,528	\$ 629,453	\$ 616,727	\$ 500,943
Contributions in relation to the contractually required contribution	\$ 513,378	\$ 589,434	\$ 582,527	\$ 688,075	\$ 752,641	\$ 659,358	\$ 559,528	\$ 629,453	\$ 616,727	\$ 500,943
Agency's covered employee payroll	\$ 3,901,339	\$ 3,661,815	\$ 4,068,593	\$ 4,508,345	\$ 5,760,666	\$ 5,180,757	\$ 5,257,232	\$ 5,180,757	\$ 5,442,341	\$ 5,612,725
Contributions as a % of covered employee payroll	13.16%	16.10%	14.32%	15.26%	13.07%	12.73%	10.64%	12.15%	11.33%	8.93%

*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, 2018

	CHRISTOPHER COLUMBUS HOMES	MARCAL	NORTH JERSEY MUNICIPAL LOAN PROGRAM	NORTHWEST	SHERATON HOTEL	SOUTH JERSEY MUNICIPAL LOAN PROGRAM	BEST OF BASS PRO SHOPS	VERMONT PLAZA	IMPACTIVATE	TOTAL OTHER GOVERNMENTAL FUNDS
ASSETS										
CASH AND CASH EQUIVALENTS	\$ 879,760	\$ 265,262	\$ 776,014	\$ 26,148	\$ -	\$ 778,417	\$ -	\$ 3,272	\$ -	\$ 2,728,873
ACCRUED INTEREST RECEIVABLE	13,851	26,086	126,652	(1,860)	-	5,510	26,668	-	335,615	532,522
OTHER RECEIVABLE	(303,255)	(142,058)	254,972	-	34,340	(200)	786,281	-	15,219	645,299
	<u>\$ 590,356</u>	<u>\$ 149,290</u>	<u>\$ 1,157,638</u>	<u>\$ 24,288</u>	<u>\$ 34,340</u>	<u>\$ 783,727</u>	<u>\$ 812,949</u>	<u>\$ 3,272</u>	<u>\$ 350,834</u>	<u>\$ 3,906,694</u>
LIABILITIES										
INTEREST PAYABLE	\$ 14,404	\$ 23,067	\$ 88,241	\$ -	\$ -	\$ 14,633	\$ 1,132,090	\$ -	\$ 172,559	\$ 1,444,994
OTHER PAYABLES	-	-	287,869	(20)	-	-	-	-	-	287,849
	<u>14,404</u>	<u>23,067</u>	<u>376,110</u>	<u>(20)</u>	<u>-</u>	<u>14,633</u>	<u>1,132,090</u>	<u>-</u>	<u>172,559</u>	<u>1,732,843</u>
FUND BALANCES:										
RESTRICTED FOR DEBT SERVICE	575,952	126,223	781,528	24,308	34,340	769,094	(319,141)	3,272	178,275	2,173,851
TOTAL FUND BALANCES	<u>575,952</u>	<u>126,223</u>	<u>781,528</u>	<u>24,308</u>	<u>34,340</u>	<u>769,094</u>	<u>(319,141)</u>	<u>3,272</u>	<u>178,275</u>	<u>2,173,851</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 590,356</u>	<u>\$ 149,290</u>	<u>\$ 1,157,638</u>	<u>\$ 24,288</u>	<u>\$ 34,340</u>	<u>\$ 783,727</u>	<u>\$ 812,949</u>	<u>\$ 3,272</u>	<u>\$ 350,834</u>	<u>\$ 3,906,694</u>

CASINO REINVESTMENT DEVELOPMENT AUTHORITY

(A Component Unit of the State of New Jersey)

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

YEAR ENDED DECEMBER 31, 2018

	CHRISTOPHER COLUMBUS HOMES	MARCAL	NORTH JERSEY MUNICIPAL LOAN PROGRAM	NORTHWEST	SHERATON HOTEL	SOUTH JERSEY MUNICIPAL LOAN PROGRAM	BEST OF BASS PRO SHOPS	VERMONT PLAZA	IMPACTIVATE	TOTAL OTHER GOVERNMENTAL FUNDS
REVENUES										
INTEREST AND INVESTMENT INCOME	\$ 85,238	\$ 354,748	\$ 547,779	\$ 116	\$ 516,838	\$ 64,825	\$ 327,318	\$ 1,911	\$ 325,797	\$ 2,224,570
TOTAL REVENUES	85,238	354,748	547,779	116	516,838	64,825	327,318	1,911	325,797	2,224,570
EXPENDITURES										
PROJECT COSTS	-	-	-	-	-	-	857,760	-	-	857,760
OTHER EXPENDITURES	9,533	36,223	86,325	-	-	-	-	-	-	132,081
DEBT SERVICE:										
INTEREST EXPENSE	86,423	276,815	529,444	-	516,838	87,797	334,883	-	266,972	2,099,172
PRINCIPAL	-	-	-	-	-	-	-	2,100,000	1,715,229	3,815,229
TOTAL EXPENDITURES	95,956	313,038	615,769	-	516,838	87,797	1,192,643	2,100,000	1,982,201	6,904,242
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,718)	41,710	(67,990)	116	-	(22,972)	(865,325)	(2,098,089)	(1,656,404)	(4,679,672)
OTHER FINANCING SOURCES (USES)										
PAYMENTS RECEIVED ON NOTES	96,133	-	114,448	6,653	-	90,465	485,630	-	-	793,329
OTHER PAYABLES	-	-	-	-	-	(5,948)	-	-	-	(5,948)
CAPITAL-RELATED DEBT ISSUED	-	-	-	-	-	-	-	-	119,087	119,087
LOAN DISBURSEMENTS	-	-	-	-	-	-	-	-	(119,087)	(119,087)
TRANSFER TO OTHER FUND	272,905	-	-	-	-	-	-	-	-	272,905
TOTAL OTHER FINANCING SOURCES	369,038	-	114,448	6,653	-	84,517	485,630	-	-	1,060,286
NET CHANGE IN FUND BALANCE	358,320	41,710	46,458	6,769	-	61,545	(379,695)	(2,098,089)	(1,656,404)	(3,619,386)
FUND BALANCE JANUARY 1, 2018	217,632	84,513	735,070	17,539	34,340	707,549	60,554	2,101,361	1,834,679	5,793,237
FUND BALANCE DECEMBER 31, 2018	\$ 575,952	\$ 126,223	\$ 781,528	\$ 24,308	\$ 34,340	\$ 769,094	\$ (319,141)	\$ 3,272	\$ 178,275	\$ 2,173,851

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

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

DECEMBER 31, 2018

	AC INLET NSA	AC SUPERMARKET	BALLY'S WAREHOUSE PURCHASE	CAROLINA GARDENS	CHELSEA WESTSIDE	CHESAPEAKE GARDENS SENIOR HOMES	CITYSCAPE	DONATION LOANS	GENERAL DEVELOPMENT
ASSETS									
CASH AND CASH EQUIVALENTS	\$ -	\$ 266,035	\$ -	\$ -	\$ 6,154,936	\$ -	\$ -	\$ -	\$ 1,281,077
NOTES RECEIVABLE	-	707,925	-	35,644	(167)	-	-	-	-
ACCRUED INTEREST RECEIVABLE	-	1,904	-	-	-	-	-	-	-
OTHER	-	774,072	-	7,984	(21,724)	-	-	-	(1,359,247)
REAL ESTATE	1,954,335	6,163,011	71,574	822,615	262,355	151,383	42,449	-	-
	<u>\$ 1,954,335</u>	<u>\$ 7,912,947</u>	<u>\$ 71,574</u>	<u>\$ 866,243</u>	<u>\$ 6,395,400</u>	<u>\$ 151,383</u>	<u>\$ 42,449</u>	<u>\$ -</u>	<u>\$ (78,170)</u>
LIABILITIES									
OTHER PAYABLES	\$ -	\$ -	\$ -	\$ -	\$ 5,686,770	\$ -	\$ -	\$ -	\$ -
RESERVES:									
RESTRICTED FOR OTHER PURPOSES	1,954,335	7,912,947	71,574	866,243	708,630	151,383	42,449	-	(78,170)
TOTAL LIABILITIES, RESERVES AND NET POSITION	<u>\$ 1,954,335</u>	<u>\$ 7,912,947</u>	<u>\$ 71,574</u>	<u>\$ 866,243</u>	<u>\$ 6,395,400</u>	<u>\$ 151,383</u>	<u>\$ 42,449</u>	<u>\$ -</u>	<u>\$ (78,170)</u>

	LAND BANKING	LIGHTHOUSE DISTRICT PARK PROJECT	MARKETPLACE LAND ACQUISITION	NEI CONSENSUAL ACQUISITIONS	PENNSYLVANIA AVENUE	RETAIL/LUXURY TAX REBATES	2ND WARD FAÇADE	S INLET LAND ACQUISITION	SE INLET TRANSPORTATION IMPROVEMENTS
ASSETS									
CASH AND CASH EQUIVALENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,823,709	\$ -	\$ -	\$ -
OTHER	-	-	-	-	-	(5,409,385)	-	-	-
REAL ESTATE	1,195,843	3,346,982	7,300,000	213,476	22,062	-	180	5,718,247	185,325
	<u>\$ 1,195,843</u>	<u>\$ 3,346,982</u>	<u>\$ 7,300,000</u>	<u>\$ 213,476</u>	<u>\$ 22,062</u>	<u>\$ 414,324</u>	<u>\$ 180</u>	<u>\$ 5,718,247</u>	<u>\$ 185,325</u>
LIABILITIES									
OTHER PAYABLES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 414,324	\$ -	\$ -	\$ -
RESERVES:									
RESTRICTED FOR OTHER PURPOSES	1,195,843	3,346,982	7,300,000	213,476	22,062	-	180	5,718,247	185,325
TOTAL LIABILITIES, RESERVES AND NET POSITION	<u>\$ 1,195,843</u>	<u>\$ 3,346,982</u>	<u>\$ 7,300,000</u>	<u>\$ 213,476</u>	<u>\$ 22,062</u>	<u>\$ 414,324</u>	<u>\$ 180</u>	<u>\$ 5,718,247</u>	<u>\$ 185,325</u>

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

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

DECEMBER 31, 2018

	TEACHERS & FIREFIGHTERS HOME LOANS	3-2-1 POLICE LOAN	VIRGINIA AVENUE	VIRGINIAN ACQUISITION	JOHN BROOKS RECOVERY CENTER	BEACH AT SOUTH INLET	CITY OF AC PROP ACQ LOAN	TOTAL AGENCY FUNDS
ASSETS								
CASH AND CASH EQUIVALENTS	\$ -	\$ 54,071	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,579,828
NOTES RECEIVABLE	6,250	134,464	-	-	1,000,000	11,400,000	51,653	13,335,769
ACCRUED INTEREST RECEIVABLE	-	(8)	-	-	-	181,036	-	182,932
OTHER	-	1,979,495	-	-	-	-	-	(4,028,805)
EQUITY INVESTMENT	-	-	-	-	-	606,941	-	606,941
REAL ESTATE	-	-	73,481	444,030	728,000	-	-	28,695,348
	<u>\$ 6,250</u>	<u>\$ 2,168,022</u>	<u>\$ 73,481</u>	<u>\$ 444,030</u>	<u>\$ 1,728,000</u>	<u>\$ 12,187,977</u>	<u>\$ 51,653</u>	<u>\$ 52,372,013</u>
LIABILITIES								
OTHER PAYABLES	\$ -	\$ 23,271	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,124,365
RESERVES:								
RESTRICTED FOR OTHER PURPOSES	6,250	2,144,751	73,481	444,030	1,728,000	12,187,977	51,653	46,247,648
TOTAL LIABILITIES, RESERVES AND NET POSITION	<u>\$ 6,250</u>	<u>\$ 2,168,022</u>	<u>\$ 73,481</u>	<u>\$ 444,030</u>	<u>\$ 1,728,000</u>	<u>\$ 12,187,977</u>	<u>\$ 51,653</u>	<u>\$ 52,372,013</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, 2018

	REINVESTMENT FUND	OTHER	TOTAL
ADDITIONS:			
OBLIGATION DEPOSITS	\$ 7,270,339	\$ -	\$ 7,270,339
ACCRUED OBLIGATIONS	(153,942)	-	(153,942)
TRANSFER FROM REINVESTMENT	-	11,289,442	11,289,442
TAX REMITTANCES	-	21,114,281	21,114,281
INTEREST ON NOTES	-	318,068	318,068
TOTAL ADDITIONS	7,116,397	32,721,791	39,838,188
DEDUCTIONS:			
DIRECT INVESTMENTS	3,559,360	-	3,559,360
DIRECT DONATIONS:			
TRANSFERS TO OTHER FUNDS	1,611,515	-	1,611,515
OTHER	10,098,923	-	10,098,923
BONDS ISSUED	119,089	-	119,089
BOND TRUSTEE ESCROW	6,374,642	-	6,374,642
GRANTS AND DONATIONS	-	1,801,628	1,801,628
TAX DISTRIBUTIONS	-	21,114,281	21,114,281
TOTAL DEDUCTIONS	21,763,529	22,915,909	44,679,438
NET CHANGE IN RESERVES	(14,647,132)	9,805,882	(4,841,250)
TOTAL RESERVES - JANUARY 1, 2018	61,825,594	36,441,766	98,267,360
TOTAL RESERVES - DECEMBER 31, 2018	\$ 47,178,462	\$ 46,247,648	\$ 93,426,110

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

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

YEAR ENDED DECEMBER 31, 2018

	AC INLET NSA	AC SUPERMARKET	BALLY'S WAREHOUSE PURCHASE	CAROLINA GARDENS	CHELSEA WESTSIDE	CHESAPEAKE GARDENS SENIOR HOMES	CITYSCAPE	DONATION LOANS	GENERAL DEVELOPMENT
Additions									
Transfer from (to) reinvestment funds and other governmental funds	\$ -	\$ -	\$ -	\$ (587)	\$ (190,197)	\$ -	\$ (12,347)	\$ (80,313)	\$ (92,714)
Interest on notes	-	24,080	-	-	118,997	-	-	-	7,396
Other income	-	-	-	-	-	-	-	-	-
Total Additions	-	24,080	-	(587)	(71,200)	-	(12,347)	(80,313)	(85,318)
Deductions									
Grants and donations	-	-	-	502	-	-	11,787	-	-
Total Deductions	-	-	-	502	-	-	11,787	-	-
Change in reserves	-	24,080	-	(1,089)	(71,200)	-	(24,134)	(80,313)	(85,318)
Total reserves - beginning of the year	1,954,335	7,888,867	71,574	867,332	779,830	151,383	66,583	80,313	7,148
Total reserves - end of the year	\$ 1,954,335	\$ 7,912,947	\$ 71,574	\$ 866,243	\$ 708,630	\$ 151,383	\$ 42,449	\$ -	\$ (78,170)

	GENERAL DONATIONS	LAND BANKING	LIGHTHOUSE DISTRICT PARK PROJECT	MARKETPLACE LAND ACQUISITION	NEI CONSENSUAL ACQUISITIONS	PENNSYLVANIA AVENUE	RETAIL/LUXURY TAX REBATES	2ND WARD FAÇADE	S INLET LAND ACQUISITION
Additions									
Transfer from (to) reinvestment funds and other governmental funds	\$ 1,190,519	\$ (518)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (26,000)	\$ -
Tax Remittances	-	-	-	-	-	-	21,114,281	-	-
Interest on notes	-	-	-	-	-	-	-	-	-
Total Additions	1,190,519	(518)	-	-	-	-	21,114,281	(26,000)	-
Deductions									
Grants and donations	1,190,519	443	-	-	-	-	-	10,631	-
Tax Distributions	-	-	-	-	-	-	21,114,281	-	-
Total Deductions	1,190,519	443	-	-	-	-	21,114,281	10,631	-
Change in reserves	-	(961)	-	-	-	-	-	(36,631)	-
Total reserves - beginning of the year	-	1,196,804	3,346,982	7,300,000	213,476	22,062	-	36,811	5,718,247
Total reserves - end of the year	\$ -	\$ 1,195,843	\$ 3,346,982	\$ 7,300,000	\$ 213,476	\$ 22,062	\$ -	\$ 180	\$ 5,718,247

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

COMBINING SCHEDULE OF CHANGES IN RESERVES – AGENCY FUNDS, OTHER (Page 2 of 2)

YEAR ENDED DECEMBER 31, 2018

	SE INLET TRANSPORTATION IMPROVEMENTS	TEACHERS & FIREFIGHTERS HOME LOANS	3-2-1 POLICE LOAN	VIRGINIA AVE HOMES	VIRGINIAN ACQUISITION	JOHN BROOKS RECOVERY CENTER	BEACH AT SOUTH INLET	CITY OF AC PROP ACQ LOAN	TOTAL AGENCY FUNDS
Additions									
Transfer from (to) reinvestment funds and other governmental funds	\$ (9,000)	\$ -	\$ -	\$ (18,221)	\$ -	\$ 316,263	\$ 10,160,904	\$ 51,653	\$ 11,289,442
Tax Remittances	-	-	4,654	-	-	-	162,941	-	21,114,281
Interest on notes	-	-	-	-	-	-	-	-	318,068
Other income	-	-	-	-	-	-	-	-	-
Total Additions	(9,000)	-	4,654	(18,221)	-	316,263	10,323,845	51,653	32,721,791
Deductions									
Grants and donations	(7,240)	-	553,422	41,564	-	-	-	-	1,801,628
Tax Distributions	-	-	-	-	-	-	-	-	21,114,281
Total Deductions	(7,240)	-	553,422	41,564	-	-	-	-	22,915,909
Change in reserves	(1,760)	-	(548,768)	(59,785)	-	316,263	10,323,845	51,653	9,805,882
Total reserves - beginning of the year	187,085	6,250	2,693,519	133,266	444,030	1,411,737	1,864,132	-	36,441,766
Total reserves - end of the year	\$ 185,325	\$ 6,250	\$ 2,144,751	\$ 73,481	\$ 444,030	\$ 1,728,000	\$ 12,187,977	\$ 51,653	\$ 46,247,648

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information, of the Casino Reinvestment Development Authority (the "Authority"), as of and for the year ended December 31, 2018, and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 26, 2019.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Mercedien, P.C.
Certified Public Accountants

June 26, 2019