New Jersey Sports and Exposition Authority

(A Component Unit of The State of New Jersey)

Financial Statements and Supplemental Schedules
as of and for the Years Ended
December 31, 2009 and 2008 (as restated), and
Independent Auditors' Report

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of The State of New Jersey)

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INDEPENDENT AUDITORS' REPORT

To the Chair and Members of
New Jersey Sports and Exposition Authority
East Rutherford, New Jersey

We have audited the accompanying consolidated statements of financial position of the New Jersey Sports and Exposition Authority (the "Authority" or "NJSEA"), a component unit of the State of New Jersey, as of December 31, 2009 and 2008, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Authority, as of December 31, 2009 and 2008, and the respective changes in operations and changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note B to the consolidated financial statements, the NJSEA is a component unit of the State of New Jersey. The NJSEA requires significant subsidies from and has material transactions with the State of New Jersey and depends on certain tax revenues that are economically sensitive.

As discussed in Note N to the consolidated financial statements, the Authority changed its method of accounting for certain conduit debt obligations in 2009. The 2008 financial statements have been retrospectively adjusted.

The Management's Discussion and Analysis on pages 3 through 21, the Schedule of Funding Progress-NJSEA Post Retirement Healthcare Plan on page 48, the Seasonal Racing Personnel Retirement Plan ("SRPRP") Schedule of Employer Contributions and Funding Progress on page 49, and the SRPRP Schedule of Actuarial Methods and Assumptions on pages 50 through 52 are not a required part of the consolidated financial statements but are supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we do not express an opinion on it.

Deloitte & Touche LLP

September 7, 2010

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009 AND 2008

Introduction to the Annual Report

This annual report consists of four parts; Management's Discussion and Analysis ("MD&A"), Consolidated Financial Statements, Notes to the Consolidated Financial Statements, and Supplemental Information.

Management's Discussion and Analysis:

- This section of the New Jersey Sports and Exposition Authority's (the "Authority" or "NJSEA"), a component unit of the State of New Jersey, financial statements presents an overview of the Authority's financial performance during the years ended December 31, 2009 and 2008. It provides an assessment of how the Authority's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the other financial statements described below.

The Consolidated Financial Statements include:

- The Consolidated Statements of Financial Position provide information about the nature and amounts of investments in resources (assets) and the obligations to NJSEA creditors (liabilities).

- The Consolidated Statements of Operations and Changes in Net Assets account for all of the current year's revenues and expenses, measure the success of the Authority's operations over the past year and can be used to determine how the Authority has funded its costs.

- The Consolidated Statements of Cash Flows which provide information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

The Notes to the Consolidated Financial Statements provide:

- Information that is essential to understanding the basic consolidated financial statements, such as the Authority's accounting methods and policies.

- Details of contractual obligations, future commitments and contingencies of the Authority.

- Any other events or developing situations that could materially affect the Authority's financial position.

The Required Supplementary Information:

- Includes required supplemental information in accordance with Governmental Accounting Standards Board ("GASB").

The Authority's Business

The Authority is engaged in the business of owning, operating and managing sports, entertainment, wagering, and convention facilities throughout the State of New Jersey (the "State"). It was created as a quasi-governmental instrument of the State not only for the purpose of generating revenues from these activities but also to generate sales tax revenues and provide economic stimulus to the regions surrounding the facilities. Only the result of the Authority's direct activities are discussed in this annual report.

Below is a description of the Authority's separate projects:

The Meadowlands Sports Complex — East Rutherford, New Jersey

Meadowlands Racetrack — consists of a five-level glass enclosed grandstand with seating for approximately 8,000, an outdoor ramp and trackside park for approximately 32,000 additional spectators and 2 restaurants, a one-mile track for both harness and thoroughbred racing, 16 barns and other support buildings for 1,635 horses. Its revenues are generated from commissions on live and simulcast pari-mutuel wagering, parking, admissions, program and concessions sales.

Account Wagering — began operations in October of 2004 as a joint venture with New Jersey Account Wagering, LLC for the purpose of implementing an account wagering system in the State. The Authority operates and manages the system, which allows account holders to make wagers through an internet connection or an automated telephone system. Under the agreement, the Authority began operating an on-line account wagering system and has contributed 70% of start-up costs for the project and accounts for all day-to-day operations in return for 70% of available net project revenues or losses as defined by the agreement.

Giants Stadium — provides approximately 80,200 seats on four levels and includes 20,000 parking spaces adjacent to the stadium. Its revenues are generated from leases and license agreements with the Giants and Jets football franchises and the Red Bulls soccer team, rental of 72 mezzanine level suites, as well as, various college football games, concerts, and other events. In early 2010, Giants Stadium was torn down and replaced by a stadium owned directly by the Giants and Jets football franchises.

Stadium Suites Project — 46 additional luxury suites and club seats (consisting of 6 super suites, 14 terrace suites and 26 tower suites) were constructed onto Giants Stadium in 1998. Under an agreement with the Giants and Jets, net rental revenues from these suites, after expenses and debt service payments, are distributed equally between the Authority and the two franchises. In early 2010, Stadium Suites was demolished along with Giants Stadium as noted above.

Izod Arena — is a 20,000 seat indoor arena with 28 private suites, containing approximately 466 seats, and 4,000 of its own parking spaces. Its revenues are generated from leases and license agreements with the Nets professional basketball team, and other sporting events, family shows, and concerts.

Xanadu Entertainment Facility — a multi-use attraction currently under construction on the Arena site to consist of approximately 5 million square feet of gross space containing entertainment, conference facility, office, restaurant and ancillary retail components.

Other — Additionally, the Sports Complex generates revenues from events such as fairs and outdoor markets held in the Complex's parking lots.

Off-Track Wagering Facility — In November 2007, an Off-Track Wagering facility was placed in service in Woodbridge, NJ consisting of a restaurant operated under an agreement with a third party concessionaire and wagering facilities operated by the Authority.

Monmouth Park Racetrack — Oceanport, New Jersey

Monmouth Park Racetrack — consists of a one-mile oval track for thoroughbred racing, grandstand, and clubhouse seating for 18,000 spectators, 68 luxury open-air boxes and parking for 14,000 vehicles. Support facilities include 40 barns for 1,550 horses and dormitories for approximately 900. Its revenues are generated from commissions on live and simulcast pari-mutuel wagering, parking admissions, program and concessions sales.

Other — Additionally, income is generated from advertising signage located at various locations around the facility.

The Atlantic City Convention Centers — Atlantic City, New Jersey

The Atlantic City Convention Center — consists of a 486,000 square foot contiguous exhibition space, 114,000 square feet of meeting space, and a 648,000 square foot parking garage, which generate rental, parking, concession and other services revenues, such as providing trade show and convention-related labor, electrical, and telecommunication services.

The Historic Boardwalk Hall — is a recently renovated 10,000 to 14,000 seat special events center, which hosts concerts, family shows and various other public events. It is adjoined by the West Hall, which serves as a staging area for Boardwalk Hall events and provides additional parking when necessary.

Marketing Operations — the Atlantic City Visitors' Bureau actively markets the Convention Center and Boardwalk Hall to prospective customers and promotes tourism in the greater Atlantic City area. The operation of the facilities are funded by marketing fees imposed on the hotels in Atlantic City and luxury taxes to the extent of reimbursing marketing fees rebated under an Urban Revitalization Program.

Other — Luxury tax imposed by the State on hotel room rentals, cover charges, drinks, and admissions paid within Atlantic City are paid to the Authority to first make debt payments on bonds issued to construct and renovate the facilities, and then to cover any operating shortfalls.

Control over the Atlantic City Convention Centers was transferred from the Authority to the Atlantic City Convention and Visitors Authority by enacted legislation passed in 2008. The Authority will exclude Atlantic City from its annual report beginning in 2010.

The Greater Wildwoods Convention Center — Wildwood, New Jersey

The Wildwoods Convention Center — consists of a recently constructed facility situated on the boardwalk in Wildwood, New Jersey, consisting of a 72,000 square foot exhibition floor and parking for 700 vehicles. Rental of the space for trade shows, concerts, conventions, and meetings comprise the center's revenues.

Other — Similar to Atlantic City, the towns of Wildwood, North Wildwood, and Wildwood Crest impose a tourism tax on retail sales. Ninety percent of these revenues are provided to the Authority to pay debt related to the convention centers, as well as to operate, maintain and promote the facilities.

NJSEA Insurance Company, Inc. — Vermont

NJSEA Insurance Company — was created by the NJSEA to engage in the business of acting as a pure captive insurance company under Title 8, Chapter 141 insurance statutes of the State of Vermont. NJSEA Insurance's mission is to continue, develop, and improve the insurance and risk management needs as required by the Authority.

Financial Analysis

The following sections will discuss the significant changes in the Authority's financial position for 2009 and 2008. Additionally, an examination of major economic factors and industry trends that have contributed to the Authority's operations are provided. It should be noted that for purposes of this MD&A, summaries of the financial statements and the various exhibits presented include information from the Authority's financial statements, which are prepared in accordance with generally accepted accounting principles ("GAAP").

The Authority made a change in an accounting principle that eliminates the State Contract bonds payable and certain other related assets, liabilities, revenues and expenses from the Authority's consolidated financial statements. These changes are retrospectively reflected in the Authority's 2008 consolidated financial statements and the consolidated financial summaries of the MD&A and are explained in more detail in the accompanying footnotes. (See Note N.)

Highlights (2009)

Total operating revenues decreased from 2008 by approximately $20,673,000 due to lower gross revenues at the Meadowlands and Monmouth Park racetracks of approximately $12,058,000, lower revenues at Off Track Wagering of $614,000, which were offset by a $412,000 increase in Account Wagering revenues. Izod Arena revenues were approximately $6,640,000 lower than in 2008 as a result of fewer events and lower suites revenues. Stadium revenues increased over 2008 by approximately $7,250,000 due to an increase in the number of events. Offsetting the Stadium increase was a reduction in revenue from Stadium Suites of $5,384,000. Finally, the Atlantic City and Wildwood Convention Centers generated $3,639,000 less event revenue from 2008.

Total operating expenses (before depreciation and amortization) were lower than the previous year by $12,546,000 due to the overall drop in events and attendance. Operating expenses at the Meadowlands and Monmouth Park racetracks decreased $8,191,000 due mostly to lower purse expenses directly related to lower racing revenue. Racing expenses in Off-Track Wagering were lower by approximately $301,000 but higher for Account Wagering by $45,000. Stadium expenses increased by approximately $4,656,000 and Arena expenses decreased approximately $6,121,000 due to lower departmental expenses for salary, security and utilities. Stadium expenses increased over 2008 due to more events, particularly Stadium concerts.

Highlights (2008)

Total operating revenues decreased from 2007 by approximately $4,916,000 due primarily to lower gross revenues at the Meadowlands and Monmouth Park racetracks of approximately $12,404,000, which was offset by a $1,789,000 increase in Account Wagering revenues and approximately $13,398,000 in Off Track Wagering revenues. Combined revenues at Giants Stadium and the Izod Arena were approximately $5,043,000 lower combined due primarily to drop in sporting events from the loss of Devils hockey and Seton Hall basketball, offset somewhat by more family shows. Finally, $2,173,000 less event revenue was generated at Atlantic City and Wildwood Convention Centers.

Total operating expenses (before depreciation and amortization) were lower than the previous year by $20,574,000 due to one-time 2007 contractual expenses of approximately $15,800,000 at the entertainment facility project not re-occurring in 2008. Operating expenses at the Meadowlands and Monmouth Park racetracks decreased $10,995,000 due mostly to lower purse expenses directly related to lower racing revenue. This was offset by higher racing expenses in Account Wagering of approximately $1,857,000 and an $8,524,000 increase in expenses at the Off Track Wagering facility reflecting the first full year of operation. Stadium and Arena expenses decreased approximately $7,000,000 due to the loss of Devils hockey offset by the cost of more family shows and by higher event expenses and overhead costs at the Stadium. Accelerated depreciation continued in 2008 from anticipated close of Giant Stadium in 2009.

Financial Summaries

The following tables provide a condensed summary and basic explanation of the changes in the financial statements described above, which are also presented in full detail in this annual report.

Condensed Consolidated Statements of Financial Position (Balance Sheet)

	December 31, 2009	2008 (as restated)	2007 (as restated)
Current and Other Assets	$ 144,072,000	$ 183,632,000	$ 265,373,000
Capital Assets	767,758,000	797,073,000	848,905,000
Total Assets	911,830,000	980,705,000	1,114,278,000
Current and Other Liabilities	220,328,000	237,342,000	277,587,000
Long-Term Liabilities	152,486,000	155,657,000	167,330,000
Total Liabilities	372,814,000	392,999,000	444,917,000
Net Assets	$ 539,016,000	$ 587,706,000	$ 669,361,000

Significant changes in Assets in 2009 include:

- A decrease in cash and cash equivalents of approximately $26,274,000 due primarily to a continued decrease in revenues.
- The Authority accelerated its depreciation on its assets related to Giants Stadium to bring the net book value to zero as of December 31, 2009. A new stadium owned by the Giants and Jets football teams will replace Giant Stadium in early 2010. The effect of accelerated depreciation resulted in a reduction in net investment in facilities. Offsetting this reduction were additions due from purchases and transfers from other assets. The net reduction in capital and other assets was $42,306,000.
- A decrease of approximately $4,285,000 in accounts receivable due primarily to the general decline in revenues.
- Due from the State of New Jersey increased by $3,990,000 primarily as a result of an increase in marketing fees receivable.

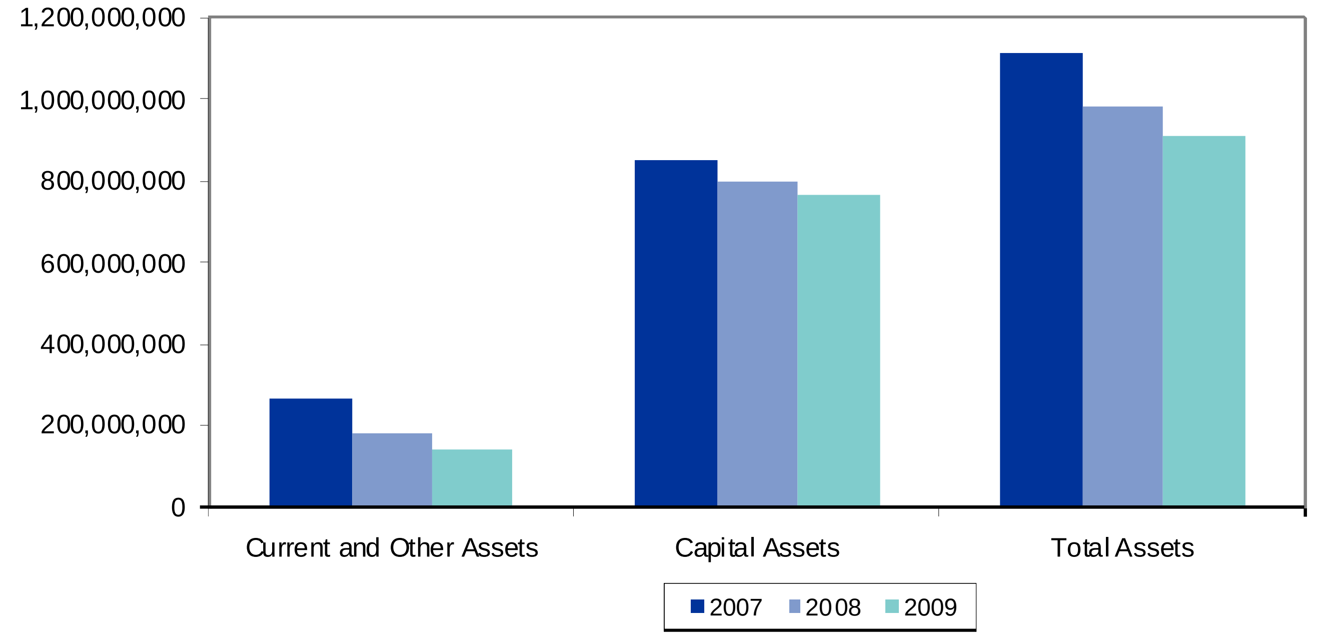
Significant changes in Assets in 2008 include:

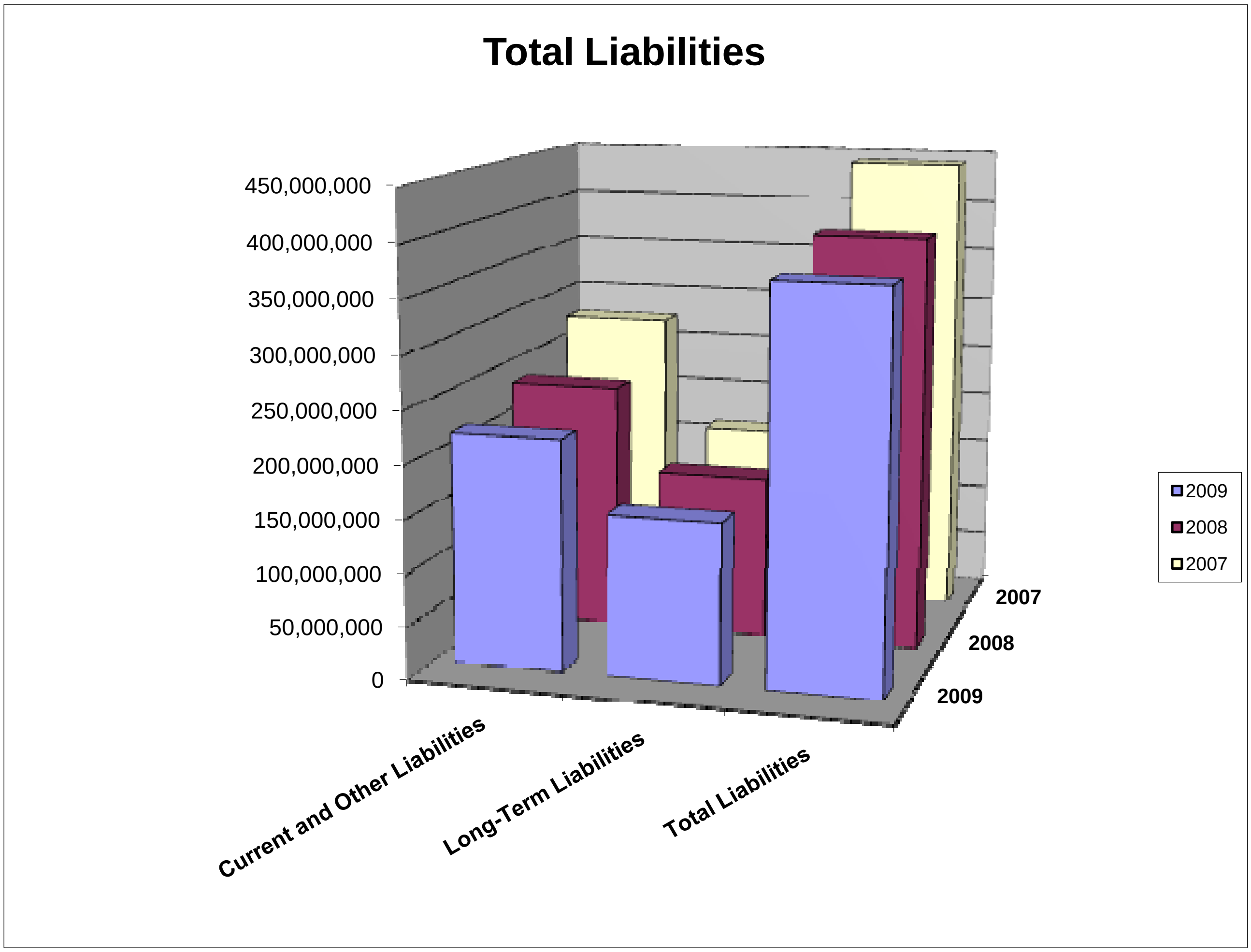
- A decrease in cash and cash equivalents of approximately $43,770,000 due primarily to a continued decrease in racing revenues, principal repayments and refinancing costs and normal maintenance reserve charges.
- The Authority accelerated its depreciation on its assets related to Giants Stadium due to the demolition of the building planned in 2010. The effect of accelerated depreciation plus an offset from

capital improvement additions resulted in a reduction in net investment in facilities and other assets of $55,077,000.

- Restricted long – term investments declined by $20,999,000. Government Insurance Contracts related to a specific debt service reserve fund were sold.
- A decrease of approximately $11,247,000 in accounts receivable due primarily to the receipts of NJ Transit reimbursements related to the installation of a rail line and terminal at the complex.
- Due from the State of New Jersey dropped by $2,016,000.

Total Assets





Total Liabilities decreased in 2009 by approximately $20,185,000 and was due primarily to:

- A decrease of $25,184,000 in deferred revenue resulting from the loss of the Stadiums Suites business for 2010 and the recognition of Xanadu revenue.

- Decrease in accounts payable and accrued expenses of $1,705,000 due to the reduction of expenses and from lower event volume.

- A increase in other current and long term liabilities of $5,330,000 due to the accrual of fixed assets and other expenses.

- A reduction on long-term debt due from principal payments on bonds and notes payable of approximately $6,229,000.

- An increase in accrued employee benefits of $4,165,000 due to higher estimated liability for workers compensation and health care costs.

Total Liabilities decreased in 2008 by approximately $51,918,000 and was due primarily to:

- A reduction in deferred revenues and advanced ticket sales of approximately $23,932,000 due to recognition of annual entertainment facility land lease revenue of approximately $8,900,000 and fewer advance ticket sales for upcoming events.

- An increase in other liabilities of $25,753,000 mostly resulting from the accrual of $27,846,000 for the pension withdrawal liability (see Note J to the financial statements), and the recognition of remediation liability of $2,350,000 due to the adoption of GASB Statement No. 49 (see Note K to the financial statements). Offsetting this is a reduction to liabilities of $7,916,000 due primarily to the completion of development and construction projects.

- Accrued employee benefits increased by $10,490,000 mostly due to an increase in actuarial estimated value of future employee benefits payable of approximately $6,590,000.

- Reduction of payables and accrued expenses of $16,844,000 due to payments of $10,824,000 related to the administration of the Rail Project and fewer event related accruals

- Net re-financing of debt and principal paid on bonds and notes payable of approximately $44,474,000. Much of the debt repayment was Sport Complex debt that was refunded by State Contract debt, which was removed from the Authority's financial statements.

- A reduction in interest payable of $2,910,000.

Condensed Consolidated Statements of Operations and Changes in Net Assets

	Years Ended December 31, 2009	2008 (as restated)	2007 (as restated)
Operating Revenues	$ 260,380,000	$ 281,053,000	$ 285,969,000
Operating Expenses Excluding Depreciation	(282,124,000)	(294,670,000)	(315,244,000)
Operating Revenues Net of Operating Expenses	(21,744,000)	(13,617,000)	(29,275,000)
Depreciation and Amortization Expense	(58,756,000)	(70,955,000)	(75,667,000)
Operating Loss	(80,500,000)	(84,572,000)	(104,942,000)
Non Operating Income and Expenses:			
Luxury Tax, Marketing Fee and Tourism Tax	35,772,000	38,396,000	37,823,000
Interest and Other Expenses	(3,962,000)	(36,070,000)	(2,556,000)
Change in Net Assets	$ (48,690,000)	$ (82,246,000)	$ (69,675,000)

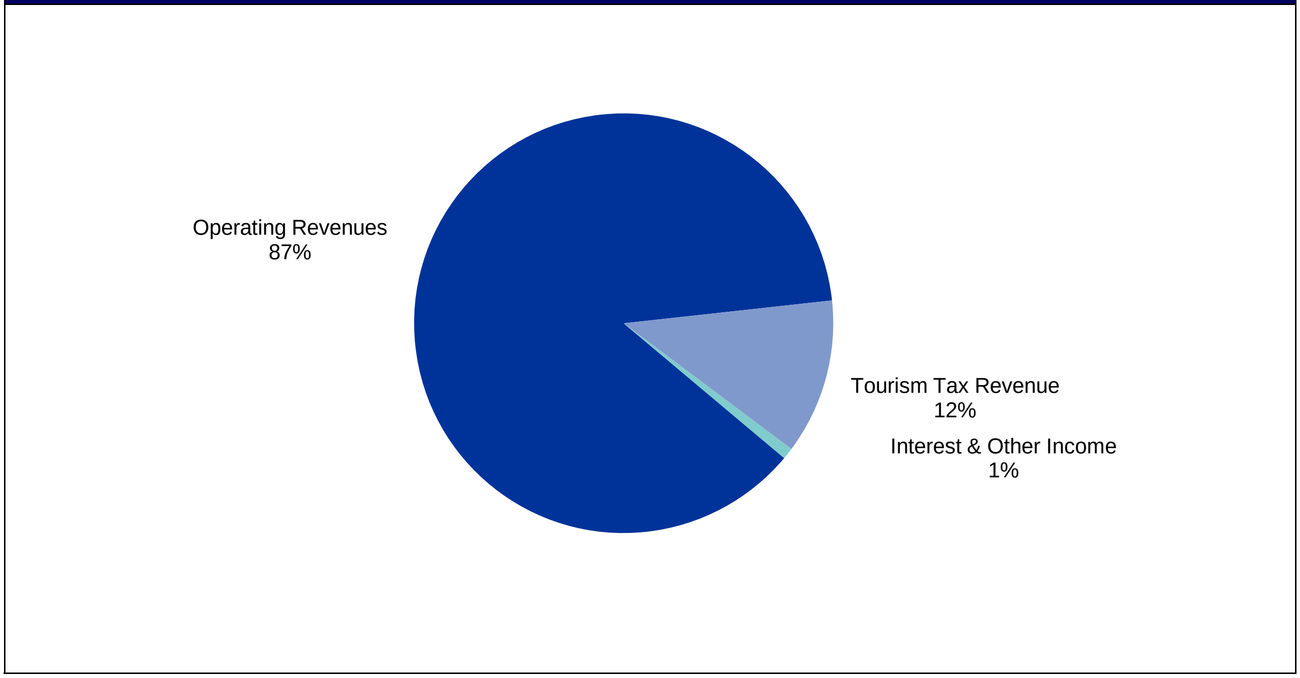
While the Consolidated Statements of Financial Position show the financial position or net assets, the Consolidated Statements Operations and Changes in Net Assets provide answers as to the nature and source of these changes.

Increases in Net Assets consist of:

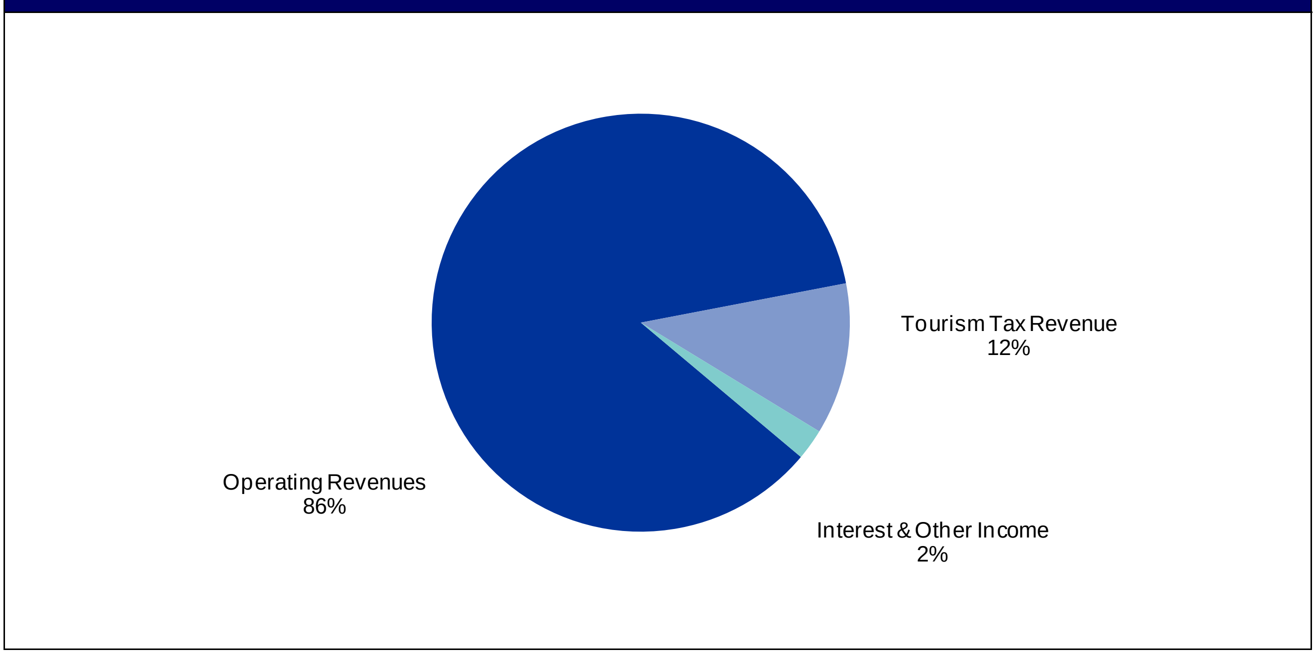
- Operating revenues, which are the total revenues generated at all the facilities.

- Luxury tax, marketing fee and tourism tax revenues are funds collected by the State for construction, development, operation, and promotion of the Atlantic City and Wildwoods Convention Centers as well as to repay the debt incurred on these projects.

2009 Revenues

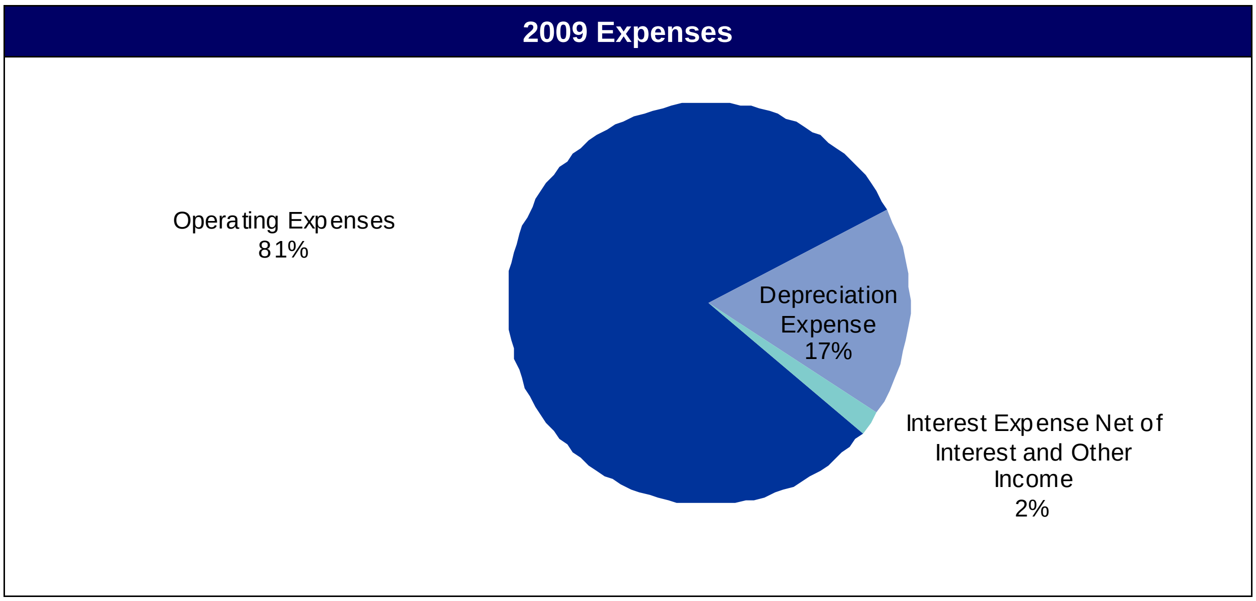


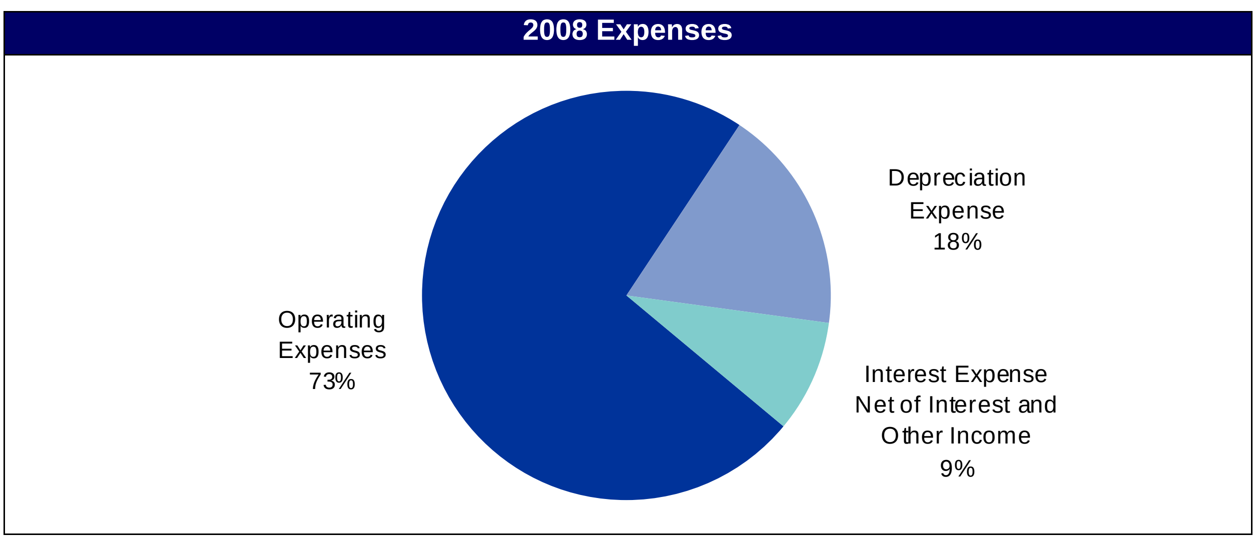
2008 Revenues



Decreases in Net Assets consist of:

- Operating expenses, which represent the costs associated with running the facilities except for fixed asset acquisitions and capital maintenance costs that are depreciated.
- Depreciation expense which recognizes the cost of capital assets, such as buildings, equipment and improvements, over the life of the asset, usually between 2 and 60 years, and an accelerated basis with regards to the Stadium.
- Interest expense and other, which is the interest paid and accrued on the Authority's debt net of interest income generated on cash reserves held in cash and short-term investments.
- Other income and expenses, which are not directly related to operations, and often, may be non-recurring in nature.





Operating Highlights (2009–2008)

- Racing operating revenues net of operating expenses including Account Wagering and the Woodbridge Off-Track Wagering facility were approximately $3,812,000 lower than in the previous year. The reduction in net revenue was entirely due to live racing. Off-Track Wagering and Account Wagering net revenues experienced a slight improvement over 2008. The live racing reductions were due to a decline in attendance of 6.0%. Live on-track handle declined in 2009 from 2008 by 15.0%. Operating expenses at the tracks declined by 5.0%.

- Stadium operating revenues net of operating expenses excluding Stadium Suites were $2,594,000 higher in 2009 over 2008. This was due to more events, particularly concerts, and due to lower non-event salary and security expenses. Offsetting the Stadium increase in net revenues was a reduction of $4,894,000 in Stadium Suites net revenue.

- Operating revenues net of operating expenses at the Izod Arena were approximately $519,000 lower in 2009 than in 2008. This was the result of fewer events and lower sponsorship and suites revenues. Salaries, security and utility expenses declined in 2009 as a result of fewer events offsetting the revenue declines.

- Revenues from Atlantic City Convention Center and Boardwalk Hall were down from 2008 by $3,121,000, offset by a $76,000 increase in Marketing Operations. The net decline was due to fewer events in 2009. The Wildwoods Convention Center revenues net of operating expenses fell from 2008 by $1,444,000 due to the reduction in attendance in events.

- General and Administrative expenses were approximately $4,210,000 lower than the previous year due primarily to the reduction in headcount.

- Depreciation expenses declined by $12,199,000 due primarily to Stadium assets being fully depreciated as of December 31, 2009.

Operating Highlights (2008–2007)

- Racing operating revenues net of operating expenses including Account Wagering and the Woodbridge Off-Track Wagering facility were approximately $3,398,000 higher than in the previous year. This was due primarily to an approximate $4,806,000 increase in account wagering and off track wagering net income. Monmouth Park experienced $5,170,000 in lower expenses versus 2007. Lower expenses at Monmouth were due to the elimination of the Breeder's Cup event in 2008. These lower expenses were offset by $1,471,000 of decreased net racing revenues at the racetrack. Overall racing revenue at the tracks decreased $12,404,000 from 2007 due to the decline in live and reception handles.

- Operating revenues net of operating expenses at Giants Stadium were approximately $914,000 higher due to normal parking and rent increases at professional football events offset by higher security and utility costs over the prior year.

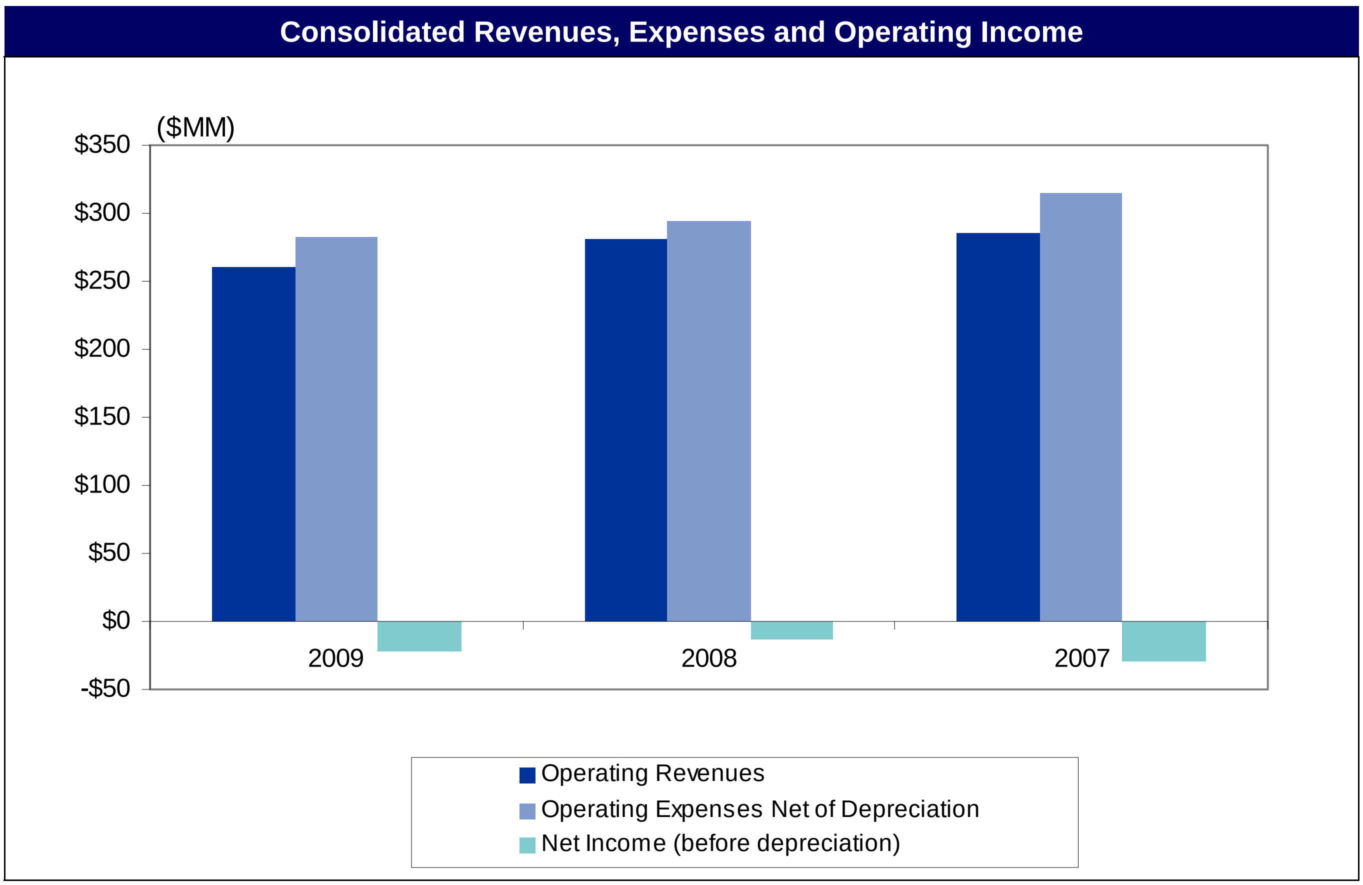
- Operating revenues net of operating expenses at Izod Arena were approximately $1,043,000 higher than in 2007 due primarily to cost savings from professional hockey events no longer being held and additional family show and concert events. These were offset by lower luxury suite rental revenues.

- Operating revenues net of operating expenses at the Atlantic City and Wildwoods Convention Centers decreased in 2008 by approximately $2,579,000 due primarily to lower event revenues.

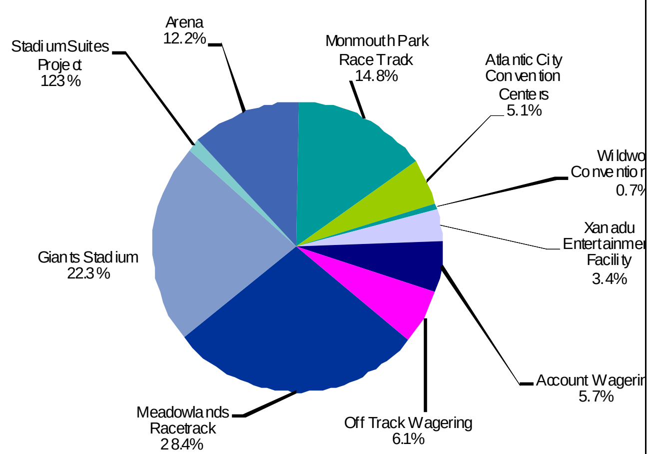
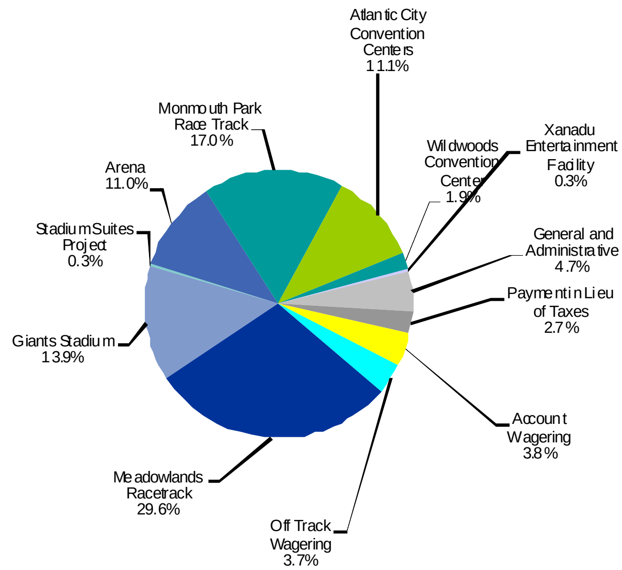
- General and Administrative expenses were approximately $1,933,000 higher than in the previous year due primarily to normal salary and fringe increases, several vacant salaried positions being filled, higher legal costs and higher data processing costs.

- Depreciation expenses declined by $4,712,000 due primarily to more assets becoming fully depreciated in the previous year.

- Revenues net of expenses at the entertainment facility project increased approximately $15,808,000 due primarily to one-time charges in 2007 not re-occurring.



Operating Revenues and Expenses by Facility 2009

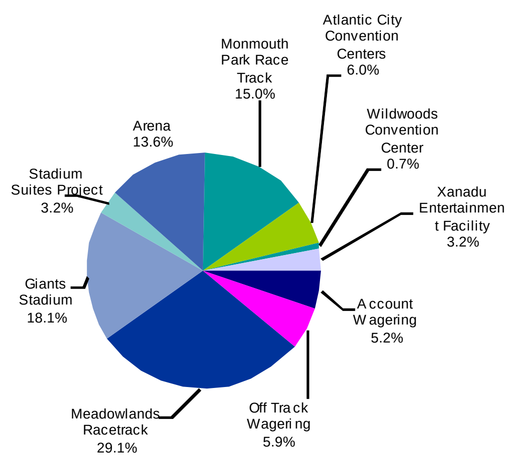
Operating Revenues	Expenses by Facility
	

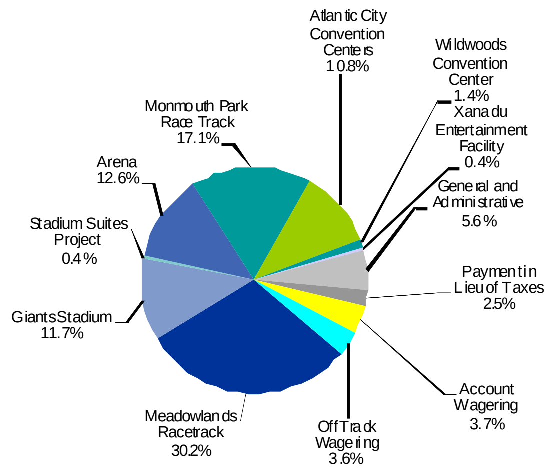
Meadowlands Racetrack	$ 73,461,000
Giants Stadium	58,146,000
Stadium Suites Project	3,476,000
Arena	31,700,000
Monmouth Park Racetrack	38,627,000
Atlantic City Convention Center	13,353,000
Wildwoods Convention Center	1,890,000
Xanadu Entertainment Facility	8,889,000
Account Wagering	14,974,000
Off Track Wagering	15,864,000
Total Operating Revenue	$ 260,380,000

Meadowlands Racetrack	$ 83,449,000
Giants Stadium	39,088,000
Stadium Suites Project	686,000
Arena	31,115,000
Monmouth Park Racetrack	47,896,000
Atlantic City Convention Center	31,332,000
Wildwoods Convention Center	5,414,000
Xanadu Entertainment Facility	937,000
General and Administrative	13,310,000
Payment in Lieu of Taxes	7,605,000
Account Wagering	10,841,000
Off Track Wagering	10,451,000
Total Operating Expenses Before Depreciation and amortization	$ 282,124,000

Operating Revenues and Expenses by Facility 2008

Operating Revenues	Expenses by Facility





Meadowlands Racetrack	$81,725,200
Giants Stadium	50,896,000
Stadium Suites Project	8,859,600
Arena	38,340,000
Monmouth Park Racetrack	42,421,000
Atlantic City Convention Center	16,852,000
Wildwoods Convention Center	2,030,000
Xanadu Entertainment Facility	8,889,000
Account Wagering	14,562,000
Off Track Wagering	16,478,000
Total Operating Revenue	$281,052,800

Meadowlands Racetrack	$89,031,900
Giants Stadium	34,432,100
Stadium Suites Project	1,175,000
Arena	37,235,500
Monmouth Park Racetrack	50,504,000
Atlantic City Convention Center	31,786,000
Wildwoods Convention Center	4,110,000
Xanadu Entertainment Facility	1,041,000
General and Administrative	16,537,000
Payment in Lieu of Taxes	7,270,000
Account Wagering	10,796,400
Off Track Wagering	10,751,800
Total Operating Expenses Before Depreciation and amortization	$294,670,700

Economic Conditions

The Authority's business spans several industries that are affected by many different economic forces in different ways. In order to achieve maximum efficiency and success in its operations, the Authority must identify economic trends and continually implement strategies to adapt to changing economic conditions.

In 2009, unemployment dropped slightly, however, consumer spending on sporting and entertainment remain lower than in previous years. Live racing continued its downward trend in terms of less attendance and less per capita spending. Offsetting this is strength in the account and off-track wagering segments. Higher gasoline prices and reduced spending on business meetings affected Atlantic City revenues negatively.

Giants Stadium revenues boosted operating results in 2009. The new Giants and Jets Stadium opened in 2010, and this will result in revenue losses for the Authority. Since the new stadium is owned by the Giants and Jets, the Authority will no longer earn event income. However, the Authority will collect land lease income.

The election of a new Governor and his administration, coupled with the affects of the severe deficits facing the State of New Jersey, has affected the decisions and direction the Authority has taken and will take in the future.

Overall, the recession that began in October 2007 has had a deleterious impact on the Authority's operations in 2008 and 2009; however, the Authority has taken steps to mitigate the impact on its operations.

Racing

Live racing revenues depend upon the level of attendance and size of wager the Authority can attract. Both of these factors can be attributed to the quality of racehorses, which in turn is a result of the size of the purses paid to horsemen. The Authority's racetracks compete with other spectator activities and other forms of gaming such as lotteries and casinos. As can be seen below, total attendance has been declining and causing a decrease in live and simulcast wagers made at the facilities (On-Track handle). Additionally, the flattening of the simulcast transmission handle, generated from broadcasts of races to other tracks and gaming facilities, reflects a maximization of simulcast locations capable of receiving broadcasts throughout the United States. Account Wagering, which has over 5,000 accounts, and the development of Off-Track Wagering facilities are beginning to compensate slowly for the weakening being experienced but also contributes to a decrease of On-Track handle and related revenues.

Racing Statistics

	Meadowlands and Monmouth Park Racetracks		
	2009	2008	2007
Live Race Days	287	289	265
Attendance	1,843,383	1,962,952	2,202,291
Live Handle	$ 90,448,150	$ 106,002,662	$ 140,071,248
Reception Handle	320,489,288	377,907,807	455,843,177
On-Track Handle	410,937,438	483,910,469	595,914,425
Transmission Handle	617,119,423	687,678,580	689,729,239
Account Wagering Handle	92,498,797	89,448,200	76,588,900
Off-Track Wagering Facility	91,361,091	95,819,600	18,123,700
Total Handle	$ 1,211,916,749	$ 1,356,856,849	$ 1,380,356,264

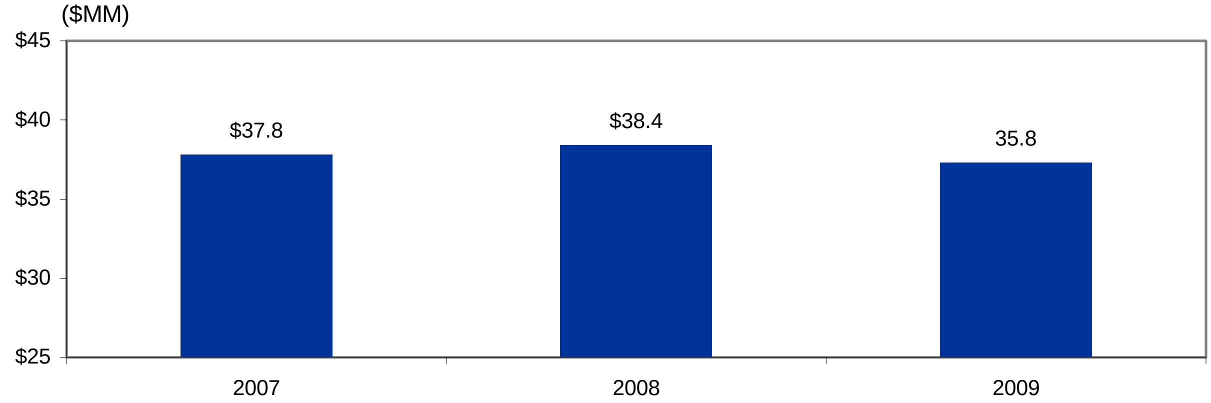
Stadium and Arena

Stadium and Arena revenues partly depend on the level of attendance. Attendance determines the level of parking, concessions and admission revenues that is collected. However, as can be seen below, years with higher attendance and number of events were not necessarily more profitable. This is largely due to the variable nature of rental fees, participation agreements, and guaranteed payments that event-promoters and tenants negotiate for a given utilization of the facilities. These factors are often dictated by market factors such as comparable competing facilities, interest in the event, and regional economic conditions.

Stadium and Arena Events

	2009	2008	2007
Stadium and Arena			
Number of Events	201	217	258
Total Attendance	3,326,500	3,215,400	3,771,500
Net Revenue from Events	$ 25,112,000	$ 24,195,700	$ 21,442,700

Luxury Tax, Marketing Fee and Tourism Tax



Atlantic City and Wildwood

The Atlantic City and Wildwoods Convention Centers depend heavily on the number and size of events they can attract, and also rely on the performance of the tourism and gaming industries with which they coexist. Details of event statistics are presented below.

Convention Center Events

Atlantic City and Wildwoods Convention Centers	**2009**	**2008**	**2007**
Number of Event Days	569	613	668
Total Attendance	750,066	875,695	899,100
Net Revenue from Events	$ 5,629,018	$ 6,003,647	$ 6,489,487

Similarly, luxury tax, marketing fee and tourism tax revenues rely heavily upon tourism, hospitality, and gaming industries in the region. For that reason, marketing and promotion of the convention centers are important for continued growth.

	2009	**2008**	**2007**
Luxury Tax	$26,374,000	$ 27,608,000	$ 27,977,000
Marketing Fee	6,265,000	7,452,000	6,508,000
Tourism Tax	3,133,000	3,336,000	3,338,000
Totals	$35,772,000	$ 38,396,000	$ 37,823,000

Capital Assets

At the end of 2009, the Authority had a net investment in capital assets of $767,758,000 at a total capital cost of $1,606,039,000 net of accumulated depreciation of $838,281,000 as shown below.

	December 31, 2008	Additions	Transfers and Deletions	December 31, 2009
Meadowlands Sports Complex	$ 780,621,000	$ 23,571,000	$ -	$ 804,192,000
Monmouth Park Racetrack	104,514,000	3,063,000	-	107,577,000
Historic Boardwalk Hall	200,861,000	-	-	200,861,000
Atlantic City Convention Center	340,116,000	2,321,000	-	342,437,000
Wildwoods Convention Center	77,820,000	66,000	-	77,886,000
Giant Stadium South Side Suites	46,757,000	-	-	46,757,000
	1,550,689,000	29,021,000	-	1,579,710,000
Leasehold Rights	25,000,000	-	-	25,000,000
Construction-in-Progress	909,000	1,149,000	(729,000)	1,329,000
Total Capital Assets	1,576,598,000	30,170,000	(729,000)	1,606,039,000
Less Accumulated Depreciation	(779,525,000)	(58,756,000)	-	(838,281,000)
Capital Assets Net of Accumulated Depreciation	$ 797,073,000	$ (28,586,000)	$ (729,000)	$ 767,758,000

Additions to capital assets during 2009 consisted of normal purchases and improvement of infrastructure, mechanical systems, as well as various safety system upgrades. The total cost for Giant Stadium and the equivalent amount of accumulated depreciation remain on the books, but will be removed in 2010.

Due to the anticipated demolition of the existing stadium, the depreciation was accelerated in order to completely depreciate the facility by 2009.

At the end of 2008, the Authority had a net investment in capital assets of $797,073,000 at a total capital cost of $1,576,598,000 net of accumulated depreciation of $779,525,000 as shown below.

	December 31, 2007	Additions	Transfers and Deletions	December 31, 2008
Meadowlands Sports Complex	$ 770,786,000	$ 9,835,000	$ -	$ 780,621,000
Monmouth Park Racetrack	101,026,000	3,488,000	-	104,514,000
Historic Boardwalk Hall	198,556,000	2,305,000	-	200,861,000
Atlantic City Convention Center	337,660,000	2,456,000	-	340,116,000
Wildwoods Convention Center	77,690,000	130,000	-	77,820,000
Giant Stadium South Side Suites	46,757,000	-	-	46,757,000
	1,532,475,000	18,214,000	-	1,550,689,000
Leasehold Rights	25,000,000	-	-	25,000,000
Construction-in-Progress	-	909,000	-	909,000
Total Capital Assets	1,557,475,000	19,123,000	-	1,576,598,000
Less Accumulated Depreciation	(708,570,000)	(70,955,000)	-	(779,525,000)
Capital Assets Net of Accumulated Depreciation	$ 848,905,000	$ (51,832,000)	$ -	$ 797,073,000

Additions to capital assets during 2008 consisted of normal purchases and improvement of infrastructure, mechanical systems, as well as various safety system upgrades.

The Leasehold Rights refer to the Authority's right to rent the Club Box level suites during events at Giants Stadium.

Budgetary Controls

The Authority adopts operating and capital plans that are approved by its Board of Directors prior to the start of each new year. Budgets are a measure of the Authority's financial performance and accountability and are reviewed and revised, although not formally, on a monthly basis throughout the year.

Conclusion

This section of the Annual Report has been provided to assist readers in getting a general overview of the Authority's business, financial position and fiscal accountability for the funds it generates and receives. If you should have questions about any information in this report, you are requested to contact the New Jersey Sports and Exposition Authority, Finance Department, 50 State Route 120, East Rutherford, NJ 07073.

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NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A component unit of the State of New Jersey)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 and 2008
(In Thousands)

ASSETS	**2009**	**2008 (as restated)**
Current Assets:		
Cash and cash equivalents (Notes B-7 and D)	$ 95,016	$ 119,581
Restricted cash and cash equivalents (Notes B-7 and D)	6,666	8,375
Restricted investments (Notes B-7 and D)	4,797	4,797
Due from State of New Jersey (Note A)	11,090	7,100
Receivables (net of allowance for doubtful accounts of $1,093 in 2009 and $896 in 2008)	21,340	25,625
	$ 138,909	$ 165,478
Long-Term Assets:		
Investment in facilities (Notes B-5 and E)	767,758	797,073
Other assets (Note B-8)	5,163	18,154
TOTAL ASSETS	$ 911,830	$ 980,705
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Current Liabilities:		
Accounts payable and accrued expenses	$ 43,204	$ 44,909
Interest payable on bonds and notes	8,716	8,293
Deferred revenue	101,092	126,276
Advanced ticket sales	4,015	3,930
Accrued employment benefits	26,202	22,037
Unclaimed tickets	6,956	4,026
Other current liabilities	23,605	21,611
Current portion of bonds payable (Notes F, H and I)	6,538	6,260
	220,328	237,342
Long - Term Liabilities:		
Other long term liabilities (Notes J and K)	32,533	29,197
Long - term portion of notes payable (Note G)	8,600	8,600
Long - term portion of bonds payable (Notes F, H, I and N)	111,353	117,860
TOTAL LIABILITIES	372,814	392,999
NET ASSETS (DEFICIT):		
Invested in capital assets, net of related debt	645,155	691,107
Restricted for statutory requirements	11,463	13,172
Unrestricted (deficit)	(117,602)	(116,573)
	539,016	587,706
TOTAL LIABILITIES AND NET ASSETS	$ 911,830	$ 980,705

See notes to consolidated financial statements.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A component unit of the State of New Jersey)

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands)

	2009	2008 (as restated)
OPERATING REVENUES:		
Racetracks	$ 142,926	$ 155,185
Stadium	61,622	59,756
Arena	31,700	38,340
Convention Centers	15,243	18,883
Entertainment Facilities	8,889	8,889
Total operating revenues	260,380	281,053
OPERATING EXPENSES:		
Racetracks	152,637	161,084
Stadium	39,774	35,606
Arena	31,115	37,236
Convention Centers	37,729	35,897
Entertainment Facilities	937	1,041
General and administrative	12,327	16,537
Depreciation and amortization (Notes B-5 and E)	58,756	70,955
Payment in lieu of taxes (Note B-6)	7,605	7,269
Total operating expenses	340,880	365,625
Operating Loss	(80,500)	(84,572)
NONOPERATING INCOME AND (EXPENSES):		
Other income and (other expenses)	2,614	(29,257)
Luxury tax, marketing fee and tourism tax revenues (Note C)	35,772	38,396
Interest expense (Notes F and H)	(6,576)	(6,813)
Total non-operating income	31,810	2,326
CHANGE IN NET ASSETS	(48,690)	(82,246)
NET ASSETS, BEGINNING OF YEAR	587,706	669,952
NET ASSETS, END OF YEAR	$ 539,016	$ 587,706

See notes to consolidated financial statements.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A component unit of the State of New Jersey)

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008
(In Thousands)

	2009	2008 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 713,316	$ 791,672
Payments to horsemen,bettors and franchises	(525,531)	(600,568)
Payments to suppliers	(154,880)	(153,487)
Payments to employees	(66,722)	(68,369)
Net cash used in operating activities	(33,817)	(30,752)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Luxury tax, marketing fee and tourism tax revenues	19,969	28,061
Net cash provided by non-capital financing acitivities	19,969	28,061
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments of bonds and notes	(6,260)	(5,990)
Additions to investment in facilities	(13,344)	(19,124)
Interest paid on bonds and notes	(6,091)	(6,360)
Luxury tax revenues	12,351	12,350
Net cash used in capital and related financing acitivities	(13,344)	(19,124)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	918	5,329
Net cash provided by investing activities	918	5,329
NET DECREASE IN CASH AND CASH EQUIVALENTS	(26,274)	(16,486)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	127,956	144,442
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 101,682	$ 127,956
RECONCILATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$ (80,500)	$ (84,572)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	58,756	70,955
Change in allowance for doubtful accounts	197	-
Decrease (increase) in assets:		
Receivables and other assets	2,111	17,621
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(1,705)	(16,845)
Advanced ticket sales and other liabilities	12,511	(12,035)
Deferred revenues	(25,187)	(5,876)
Net cash used in operating activities	$ (33,817)	$ (30,752)

See notes to consolidated financial statements.

A. AUTHORIZING LEGISLATION

The New Jersey Sports and Exposition Authority (the "Authority" or "NJSEA") was created by the laws of the State of New Jersey of 1971, Chapter 137, enacted May 10, 1971, as supplemented and amended (the "Act"). It is constituted as an instrumentality of the State, exercising public and essential governmental functions. The Act empowers the Authority to own and operate various projects, located in the State of New Jersey, including stadiums and other buildings and facilities for athletic contests, horse racing, and other spectator sporting events, trade shows, and other expositions.

The Authority has no stockholders or equity holders, and all bond proceeds, revenues, or other cash received must be applied for specific purposes in accordance with the provisions of the Act, and related bond resolutions, for the security of the bondholders. The Authority's Board consists of the President of the Authority, the State Treasurer, and a member of the New Jersey Meadowlands Commission, appointed by the Governor, who are members ex officio, and eleven members appointed by the Governor with the advice and consent of the State Senate.

On January 13, 1992, the New Jersey legislature adopted Chapter 375 of P.L. 1991, which approved the issuance of bonds, State Contract Bonds, by the Authority, pursuant to a contract between the Authority and the State Treasurer. The contract requires the Treasurer to provide funds from the General Fund of the State necessary to pay the debt service on the bonds, subject to and dependent upon annual appropriations by the State Legislature. On November 24, 1998, the contract was restated and amended to expand the scope of projects eligible for the issuance of bonds to include the Wildwoods Convention Center project. In 2009, the Authority made a change in an accounting principle for State Contract Bonds. Accordingly the assets, liabilities, revenue and expenses related to the State Contract Bonds have been removed from the Authority's financial statements for years ended December 31, 2009 and 2008. These changes are retrospectively reflected in the Authority's 2008 consolidated financial statements (See Note N.) The State Contract Bonds will now be reported directly by the State.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. **General** — In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board ("GASB"). In addition, the Authority follows the pronouncements of all applicable Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions and Accounting Research Bulletins ("ARB") of the Committee on Accounting Procedure issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The financial statements include the accounts of the Authority including Monmouth Park Racetrack, the Atlantic City Convention Center Authority (the "Convention Center Authority") Wildwoods Convention Center and the NJSEA Insurance Company.

2. **Revenues** —The Authority promotes certain events held at the Arena and Stadium. The gross revenues and expenses of these events are reflected in the financial statements. The Authority defines operating revenues and expenses as being directly or indirectly related to facilities and events. Operating revenues related to ticket sales, events, and advertising are recognized when tickets are used or after events take place. Operating expenses include salaries, insurance,

depreciation, etc., and are expenses to run events and support the facilities. All other revenue and expenses are defined as non-operating.

3. **Non-operating revenues and expenses** —Non-operating revenues: State payments received related to Luxury and Tourism taxes collected; interest revenue earned on investments; interest expense; and nonrecurring expense.

   Non-operating expenses are recognized in the accounting period in which the liability is incurred.

4. **Reporting Entity** — The GASB establishes the criteria used in determining which organizations should be included in the Authority's financial statements. Accounting principles generally accepted in the United States of America require the inclusion of the transactions of government organizations for which the Authority is financially accountable.

   The extent of financial accountability is based upon several criteria including: appointment of a voting majority, imposition of will, financial benefit to or burden on a primary government and financial accountability as a result of fiscal dependency. As a result of the Authority's operating agreement with the Convention Center Authority and the above criteria, the Convention Center Authority's financial statements are included in the Authority's annual report.

   On February 23, 1998, the Authority assumed the assets and liabilities and undertook the existing operations of the Wildwoods Convention Center. As a result, the Authority includes the financial statements of the Wildwoods Convention Center in its annual report. The assets and liabilities were recorded at fair value and the difference was recorded to net assets, invested in capital facilities.

   The Authority is a component unit included in the State of New Jersey's comprehensive annual financial report. The NJSEA requires significant subsidies from and has material transactions with the State of New Jersey and depends on certain tax revenues that are economically sensitive.

5. **Investment in Facilities** — Investment in facilities is stated at cost, which includes all costs during the construction period for acquisition of land, rights of way, acquisition cost of acquiring facilities, surveys, engineering costs, roads, construction costs and additions to facilities, administrative and financial expenses and interest during construction net of interest income earned on the unexpended funds, including debt service reserve funds net of accumulated depreciation. Depreciation is computed by the straight-line method based on estimated useful lives of the related assets.

6. **Payment in Lieu of Taxes** — In accordance with a provision of the enabling Act, properties and income of the Authority are exempt from taxation. However, payments in lieu of taxes are made to municipalities to compensate for loss of tax revenues by reason of acquisition of real property by the Authority.

7. **Cash and Cash Equivalents** — Cash and cash equivalents include short-term investments that are carried at cost, which approximates market. The Authority considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Restricted cash and equivalent are cash and short-term investments that are required for a specific purpose related to restrictions that may be contained in bond resolutions.

   Restricted cash, cash equivalents and investments includes $3.5 million for the NJSEA captive insurance company, $2.0 million received from the State for the Camden project (Note L); $1.2 million for organ restoration at Boardwalk Hall (Note L); and $4.8 million for Atlantic City investments held for Historic Boardwalk Hall.

8. **Other Assets** — Other assets include deferred issuance costs incurred to issue debt, including but not limited to, legal and accounting costs. These costs have been deferred and are being amortized over the life of the issuance on a straight-line basis. Other assets also include prepaid expense and prepaid insurance.

9. **Accumulated Vacation Time** — Salaried employees of the Authority, the Convention Center Authority and the Wildwoods Convention Center may accumulate vacation time up to a maximum of their total vacation time for one year. This accumulated vacation time must be used within one year of the year earned. Upon termination of employment, salaried employees are entitled to receive a maximum lump sum payment of their accumulated vacation time.

10. **Valuation of Investments** — State and local government securities, repurchase agreements, and certificates of deposit are investments in nonparticipating investment contracts which management concludes are not significantly affected by the impairment of the credit standing of the Authority or other factors. Credit ratings for these investments are not available. These investments are at recorded fair market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools.*

11. **Principles of Consolidation** — The consolidated financial statements consist of the accounts of the Authority including Monmouth Park Racetrack, the Atlantic City Convention Center Authority (the "Convention Center Authority") Wildwoods Convention Center and the NJSEA Insurance Company. All significant related group transactions have been eliminated for consolidation purposes.

12. **Use of Estimates** — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

13. **Recent Accounting Pronouncements** — The Authority has completed the process of evaluating the impact that will result from implementing GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets.* This statement amends GASB Statement 34, paragraphs 19-21, and GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, paragraphs 9e, 16, and 18 and relates to the recognition and recording of intangible assets as capital assets in the statement of net assets. The requirements of this Statement are for financial statements for periods beginning after June 15, 2009. The Authority concluded that the adoption of GASB 51 has no material impact on its financial position and results from operations.

    The Authority has completed the process of evaluating the impact that will result from implementing GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.* The Authority has concluded that adoption of GASB Statement No. 53 will have no impact on its financial position, results of operations, and cash flows. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments, and addresses hedge accounting requirements. This statement is effective for financial statements for periods beginning after June 15, 2009. As of December 31, 2009, the Authority had no outstanding derivative agreements.

    The Authority has completed the process of evaluating the impact that will result from implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Authority concluded that the adoption of GASB 54 has no impact on its financial position and results from operations. The Statement governs the presentation of fund balances, which in total is the difference between assets and liabilities, into amounts that are non-spendable and amounts that can be spent. This Statement is effective for financial statements for periods beginning after June 15, 2010.

The Authority has not completed the process of evaluating the impact that will result from implementing GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.* The Authority is, therefore, unable to disclose what the impact GASB Statement No. 57 will have on its financial position, results of operations, and cash flows when such statement is adopted. This statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions*, and Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement clarifies actuarially determined OPEB measures reported by an agent multiple-employer OPEB plan and its participating employers. Those measures should be determined by a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirement. This statement is effective for financial statements for periods beginning after June 15, 2011.

The Authority has not completed the process of evaluating the impact that will result from implementing GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies.* The Authority is therefore unable to disclose the impact GASB Statement No. 58 will have on its financial position, results of operations, and cash flows when such statement is adopted. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The Statement was issued in December 2009 and is effective for financial statements for periods beginning after June 15, 2009.

C. LUXURY TAX, MARKETING FEES, AND TOURISM TAX

1. **Luxury Tax** — Pursuant to NJSA. 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 the 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 Act were adopted which authorized the Authority to undertake the Convention Center Project (see Note A) and authorized the State to transfer the proceeds of the Luxury Tax to the Authority. Luxury Tax proceeds are deposited into the Revenue Fund and transferred to other funds to pay debt service on the Luxury Tax Bonds and fund the operating deficit and capital expenditures for the Convention Center Project and certain marketing operations as of 2006.

   On July 18, 2008, the Governor of the State of New Jersey signed legislation authorizing the transfer of the Atlantic City Convention Center Project from the Authority to the Atlantic City Convention and Visitors Authority, which was renamed from the Atlantic City Convention Center Authority in the same legislation. The Authority believes there will be no financial impact. Beginning January 1, 2010, the Authority will discontinue reflecting the Atlantic City Convention Center in its Consolidated Financial Statements.

2. **Marketing Fees** — The New Jersey legislature adopted a bill that authorized the Convention Center Authority to impose marketing fees of $3.00 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 Convention Center Authority. In 2006, through the legislation of an Urban Revitalization Program, part of this fee is redirected to hotel properties meeting the identified criteria.

3. **Tourism Tax** — Upon transfer of the Wildwoods Convention Center from the Greater Wildwood Tourism Improvement and Development Authority ("GWTIDA") on February 23, 1998 (see Note A), the Authority assumed the right to receive 90% of the proceeds of a 2% tourism related retail receipts tax pursuant to NJSA 40:54D-1 et. Seq. (the "Tourism Improvement and Development District Law") for the construction and promotion of a new convention center facility and the operation, maintenance and promotion of the existing center. The remaining 10% of the funds generated by the tax is allocated to GWTIDA for its continuing promotion of tourism in the area. The tax is imposed and collected by ordinance and with the cooperation of the municipalities in the Greater Wildwoods (i.e., North Wildwood, Wildwood and Wildwood Crest).

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The components of cash, cash equivalents and investments are as follows (in thousands):

	December 31,			
	2009		2008	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Cash and cash equivalents:				
Cash on hand	$ 4,753	$ -	$ 5,164	$ -
Demand deposits	3,143	7,945	(1,824)	5,334
N.J. Cash management fund	93,786	91,536	122,160	122,160
Repurchase agreement	-	-	2,456	2,456
Total cash and cash equivalents	$ 101,682	$ 99,481	$ 127,956	$ 129,950

	December 31,	
	2009 Cost	2008 Cost
Investments (Note B-13):		
Guaranteed investment contracts	$ -	$ -
Treasury bills	4,797	4,797
Total investments	$ 4,797	$ 4,797

At December 31, 2009 and 2008, $6,666,000 and $8,375,000 of cash and cash equivalents, respectively, and $4,797,000 and $4,797,000 of investments, respectively, were restricted.

Restricted cash, cash equivalents and investments includes $3.5 million for the NJSEA captive insurance company, $2.0 million received from the State for the Camden project (Note L); $1.2 million for organ restoration at Boardwalk Hall (Note L); and $4.8 million for Atlantic City investments held for Historic Boardwalk Hall.

All demand deposits and certificates of deposit, except deposits held by the Trustee, of any depository must be fully secured by lodging collateral security of obligations secured by the United States with the Trustee or bank designated by the Trustee. At December 31, 2009 and 2008, all demand deposits were collateralized.

Treasury bills of $4,797,000 and $4,797,000 for the years ended December 31, 2009 and 2008, respectively, represent investments held on behalf of the Historic Boardwalk Hall.

Repurchase agreements represent investments whereby the Authority transfers cash to a financial institution in exchange for securities. The financial institution agrees to repurchase the same securities at an agreed upon price at a future date. These investments are collateralized at a premium and held by the financial institution in the name of the Authority.

The N.J. Cash Management Fund is a money market fund managed by the State of New Jersey Division of Investments. P.L. 1950, c. 270 and subsequent legislation permit the Division to invest in a variety of securities, including, in the case of short-term investments, obligations of the U.S. Government and certain of its agencies, commercial paper, certificates of deposit, repurchase agreements, bankers' acceptances, and loan participation notes. All such investments must fall within the guidelines set forth by the regulations of the State of New Jersey, State Investment Council. Securities in the N. J. Cash Management Fund are insured or registered, or securities held by the Division or its agent in the N. J. Cash Management Fund's name.

E. INVESTMENT IN FACILITIES

	Balance December 31, 2008	Additions	Transfers/ Deletions	Balance December 31, 2009
		(In thousands)		
Land	$ 192,241	$ 6,219	$ -	$ 198,460
Buildings	1,067,132	1,598	-	1,068,730
Machinery and equipment	241,178	9,779	-	250,957
Land improvements	50,138	11,425	-	61,563
Leasehold rights	25,000	-	-	25,000
Construction-in-progress	909	1,149	(729)	1,329
	1,576,598	30,170	(729)	1,606,039
Less accumulated depreciation	(779,525)	(58,756)	-	(838,281)
	$ 797,073	$ (28,586)	$ (729)	$ 767,758

	Balance December 31, 2007	Additions	Transfers/ Deletions	Balance December 31, 2008
		(In thousands)		
Land	$ 192,241	$ -	$ -	$ 192,241
Buildings	1,066,077	1,055	-	1,067,132
Machinery and equipment	225,756	15,422	-	241,178
Land improvements	48,401	1,737	-	50,138
Leasehold rights	25,000	-	-	25,000
Construction-in-progress	-	909	-	909
	1,557,475	19,123	-	1,576,598
Less accumulated depreciation	(708,570)	(70,955)	-	(779,525)
	$ 848,905	$ (51,832)	$ -	$ 797,073

Asset lives used in the calculation of depreciation are generally as follows:

Buildings	35–60 years
Machinery and equipment	2–20 years
Land improvements	10–20 years
Leasehold rights	24 years

The Authority considers any asset acquired or improvement made to any building or facility, with a value over $1,000 and an estimated useful life over one year, a depreciable capital asset.

The useful life of assets related to the Stadium Facility were shortened, and the remaining book value of the Stadium was fully depreciated by December 31, 2009. This decision was made in anticipation of that facility's demolition and the construction of the new stadium. Assets related to the current Stadium Facility include the cost of construction of the original building, the south side suites, furniture, fixtures and equipment.

F. BONDS PAYABLE

Bonds payable consist of the following (in thousands):

	Date Issued	Original Amount	Balance December 31, 2009	Balance December 31, 2008 (as restated)
Wildwood Revenue Bonds 1996, Series A, 2.5% due 2008 through 2016	9/6/1996	3,400	2,178	2,178
Luxury tax bonds:				
Convention Center Luxury Tax Bonds 2004, Series A, $23,085,000 Serial Bonds 5.50%, due 2008 through 2022	4/12/2004	23,085	23,085	23,085
Convention Center Luxury Tax Refunding Bonds 1999, Series A, $128,270,000 Serial Bonds 4.25%–5.125%, due 2008 through 2020	2/15/1999	128,270	90,685	96,945
Total bonds payable			115,948	122,208
Add original issue premium			1,943	1,912
			$ 117,891	$ 124,120

Wildwoods Revenue Bonds 1996 Series A — The Authority assumed these bonds on February 23, 1998 as an obligation and liability of the Wildwoods Convention Center. The bonds were authorized by the Greater Wildwoods Tourism Improvement and Development Authority and issued to the City of Wildwood in the amount of $3,400,000 for the acquisition of the Wildwoods Convention Center in 1996.

On November 8, 1999, the Authority entered into The Omnibus Intergovernmental Agreement with the City of Wildwood, the Borough of Wildwood Crest, the City of North Wildwood, the Greater Wildwoods Tourism Improvement and Development Authority and the Treasurer of the State of New Jersey. This agreement restated the original terms and conditions of the Authority's assigned obligation under the bonds and replaced the previous Bond Resolution. Under the terms of the new agreement, repayment of principal and interest is to be funded by the Available Revenues of the Wildwoods Convention Center after payment of operating expenses, funding of the maintenance reserve fund and payments in lieu of taxes. Should available revenues be insufficient to provide the required debt service amount any unpaid portion accrues to the following year to be funded by that year's available revenues. If it should be deemed necessary, the Authority may request an express separate appropriation from the State Treasurer to cover any shortfall. The Authority does not pledge the revenues, rents fees, rates, charges or other income derived from operations or ownership of any of its other projects, to the repayment of these bonds. In 2008 and 2009, there was not enough available revenue after the above-mentioned expenses to make full payment on debt service for these Revenue Bonds.

Convention Center Luxury Tax Bonds — *1999 Series* — On March 16, 1999, the Authority issued $128,270,000 of Convention Center Luxury Tax Refunding Bonds, Series 1999, to provide funds to the Authority to: (1) fund an escrow, the proceeds of which are to be used for the purpose of advance refunding a portion of 1992 Luxury Tax Bonds, Series A; and (2) to pay certain costs incurred in connection with the issuance of the 1999 Luxury Tax Bonds.

The repayment of these bonds will be payable solely from the proceeds of a luxury tax levied and collected in the city of Atlantic City, New Jersey, and other pledged property pursuant to the Convention Center Luxury Tax Bond Resolution.

2004 Series — On April 12, 2004, the Authority issued $23,085,000 of Convention Center Luxury Tax Refunding Bonds, Series 2004, to (1) refund on a current basis the Authority's presently outstanding Convention Center Luxury Tax Bonds, 1992 Series A; and (2) pay certain costs incurred in connection with the issuance of the 2004 Luxury Tax Bonds.

The 2004 Luxury Tax Bonds are special obligations of the Authority and are payable solely from the proceeds of a luxury tax levied and collected in the city of Atlantic City, New Jersey, and paid to the Authority and from other pledged property under the resolution.

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 MBIA.

Interest Costs — Interest costs for the years 2009 and 2008 were $6,576,000 and $6,813,000, respectively.

G. NOTES PAYABLE

Notes payable consist of the following (in thousands):

	Date Issued	Original Amount	Balance December 31, 2009	Balance December 31, 2008
Loan from the Casino Reinvestment Development Authority, 4.06% interest through June 2, 1997 then 5.773% thereafter, due February 10, 2007	February 10, 1997	$ 8,600	$ 8,600	$ 8,600
Total notes payable			$ 8,600	$ 8,600

On February 10, 1997, the Authority received the proceeds of an $8,600,000 loan from the Casino Reinvestment Development Authority ("CRDA"). These funds constitute subordinated debt payable from the Luxury Tax Revenues. The proceeds were used to pay for the costs of the Convention Center

Project as provided for in the project budget. The interest was calculated at 4.06% per annum through June 2, 1997. The rate was adjusted to 5.773% per annum on June 3, 1997 due to replacement bonds being issued by CRDA to pay its Bond Anticipation Notes. The term of the loan is 10 years or such longer term as shall be required for repayment of the loan and the interest thereon from Available Cash Flow as defined in the agreement.

H. MATURITIES ON BONDS AND NOTES

Principal and interest payments to be funded to the trustees on outstanding bonds and notes (in thousands) during the next five years and thereafter are as follows:

	Principal Luxury Tax	Wildwood	Total	Interest	Total
2010	$ 6,540	$ 188	$ 6,728	$ 5,809	$ 12,537
2011	6,880	192	7,072	5,474	12,546
2012	7,225	197	7,422	5,121	12,543
2013	7,600	202	7,802	4,751	12,553
2014	7,990	207	8,197	4,361	12,558
2015–2019	46,395	1,192	47,587	15,346	62,933
2020–2024	31,140	-	31,140	2,919	34,059
	$ 113,770	$ 2,178	$ 115,948	$ 43,781	$ 159,729

I. STATE CONTRACT BONDS

The New Jersey Sports and Exposition Authority issued State Contract Bonds to fund various capital improvements of the Authority on behalf of the State of New Jersey. These bonds were previously recorded as liabilities on the Authority's financial statements as permitted under Interpretation No. 2 of the Governmental Accounting Standards Board, as an allowable method for recording conduit debt.

None of the Authority's revenues, rents, fees, rates, charges or other income and receipts derived by the Authority from its operation or ownership of any of its projects are pledged or assigned to the payment of the principal or redemption price of and interest on such bonds. The State Contract Bonds are paid solely by the State of New Jersey.

The principal amount outstanding on the State Contract Bonds at December 31, 2009 and 2008 is $656,300,000 and $699,380,000, respectively. These amounts are excluded from the consolidated financial statements of the Authority.

J. PENSION, RETIREMENT, AND DEFERRED COMPENSATION PLANS

Plan Description and Employer and Employee Contributions — Salaried employees of the Authority, the Convention Center Authority and Wildwoods Convention Center are covered by the Public Employees' Retirement System of the State of New Jersey ("PERS"), a cost-sharing multiple-employer defined benefit public employee retirement system. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing PERS at the following address: Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625. The payroll for employees covered by PERS for the years ended December 31, 2009 and 2008 was $12,911,417 and $12,701,751, respectively. The Authority's total payroll for the years ended 2009 and 2008 was $66,720,620 and $68,368,993,