New Jersey Sports and Exposition Authority

Financial Statements and Supplemental Schedules as of and for the Years Ended December 31, 2008 and 2007, and Independent Auditors' Report

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

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Deloitte.

Deloitte & Touche LLP
100 Kimball Drive
Parsippany, NJ 07054-0319
USA

Tel: +1 973 602 6000
Fax: +1 973 602 5050
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

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

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, 2008 and 2007, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. We also audited the financial information included in Schedules A, B, and C. These consolidated financial statements and schedules are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements and schedules 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 financial statements and schedules, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement and schedule presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2008 and 2007, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note B to the consolidated financial statements, the Authority has prepared the accompanying Schedules A, B, and C based on a comprehensive basis of accounting in accordance with the requirements of State law and Authority bond resolutions, which differ in some respects from accounting principles that are generally accepted in the United States of America. The differences between Schedules A, B, and C and the consolidated financial statements are described in Note B.

As such, in our opinion, because of the effects of the differences between the two bases of accounting referred to in the preceding paragraph, Schedules A, B and C do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the assets, liabilities and fund balances of the Authority at December 31, 2008 and 2007, or its revenues and expenses and changes in fund balances for the years then ended.

However, in our opinion, Schedules A, B and C present fairly, in all material respects, the assets, liabilities and fund balances of the Authority at December 31, 2008 and 2007, and its revenue and expenses and changes in fund balances for the years then ended, in accordance with the requirements of State law and Authority bond resolutions as described in Note B.

The Management's Discussion and Analysis on pages 3 through 20, the Schedule of Funding Progress-NJSEA Post Retirement Healthcare Plan on page 53, the Seasonal Racing Personnel Retirement Plan ("SRPRP") Schedule of Employer Contributions and Funding Progress on page 54, and the SRPRP Schedule of Actuarial Methods and Assumptions on pages 55 and 56 are not a required part of the consolidated financial statements but are supplemental information required by the Governmental Accounting Standards Board ("GASB"). Such supplemental information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management of the Authority regarding the methods of measurement and presentation of this supplemental information. However, we did not audit such information and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements and Schedules A, B and C taken as a whole. The supplemental information presented in Schedules D, E, F, G, H, I, and J is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. This supplemental information is the responsibility of the Authority's management. The supplemental information presented in Schedules D, E, F, G, H, I, and J have been subjected to the auditing procedures applied in our audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Deloitte & Touche LLP

February 8, 2010

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") financial statements presents an overview of the Authority's financial performance during the years ended December 31, 2008 and 2007. 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, or "Combining Statements of Assets, Liabilities and Fund Balances" which provide information about the nature and amounts of investments in resources (assets) and the obligations to New Jersey Sports and Exposition Authority creditors (liabilities).

- The Consolidated Statements of Operations and Changes in Net Assets, or "Combining Statements of Revenues and Expenses," and the "Combining Statements of Changes in Fund Balance" which 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 Supplemental Information:

- Includes required supplemental information in accordance with Governmental Accounting Standards Board ("GASB"), and special presentations of the Authority's financial information in accordance with the requirements of State Law and Authority Bond Resolution requirements.

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.

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.

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. As of October 2007, the Devils Hockey team was no longer a tenant of the Arena.

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.

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. The Authority and the NJSEA Insurance Company are component units of the State of New Jersey and Vermont, respectively.

Financial Analysis

The following sections will discuss the significant changes in the Authority's financial position for 2008 and 2007. 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").

Highlights (2008)

Total operating revenues decreased from 2007 by approximately $4,915,000 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. Operating costs at Giants Stadium and the Arena were down from 2007 by $7,000,000. Net operating income at these two venues, accordingly, increased over 2007 by $1,957,000. 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.

Highlights (2007)

Total operating revenues increased from 2006 by approximately $1,732,000, due primarily to increased Arena revenues of approximately $4,634,000 from additional events replacing professional hockey events, revenues from account wagering and off-track wagering operations of approximately $15,800,000 offset almost entirely by a decrease in revenues at the racetracks reflecting a declining horse racing industry. Additionally, operating revenues were lower at the Stadium and Stadium Suites by $2,660,000 and $276,000 lower at the Convention Centers.

Total operating expenses (before depreciation and amortization) were higher than the previous year by $28,240,000 due to required contractual expenses of the entertainment facility project, and generally higher salary, special event and utility and fixed overhead costs. Operating expenses at the Racetracks increased by approximately $19,119,000 due to additional costs related to the Breeder's Cup special event and higher operating costs from account wagering and the first partial year of operations for the off-track wagering facility. The Stadium expenses decreased by approximately $3,369,000 due to fewer events and no debt service costs for the Stadium Suites. Arena expenses increased approximately $1,605,000 due to more family show and concert events held. The Convention Centers' operating expenses increased by approximately $584,000 due generally to higher event related costs. Additionally, depreciation and amortization expense increased by $12,655,000, due to the accelerated depreciation of the existing stadium and its anticipated demolition upon completion of the new Jets-Giants Stadium currently under construction.

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.

As illustrated below the Authority's liabilities exceeded its assets by $81,709,000 in 2008:

Condensed Consolidated Statements of Financial Position (Balance Sheet)

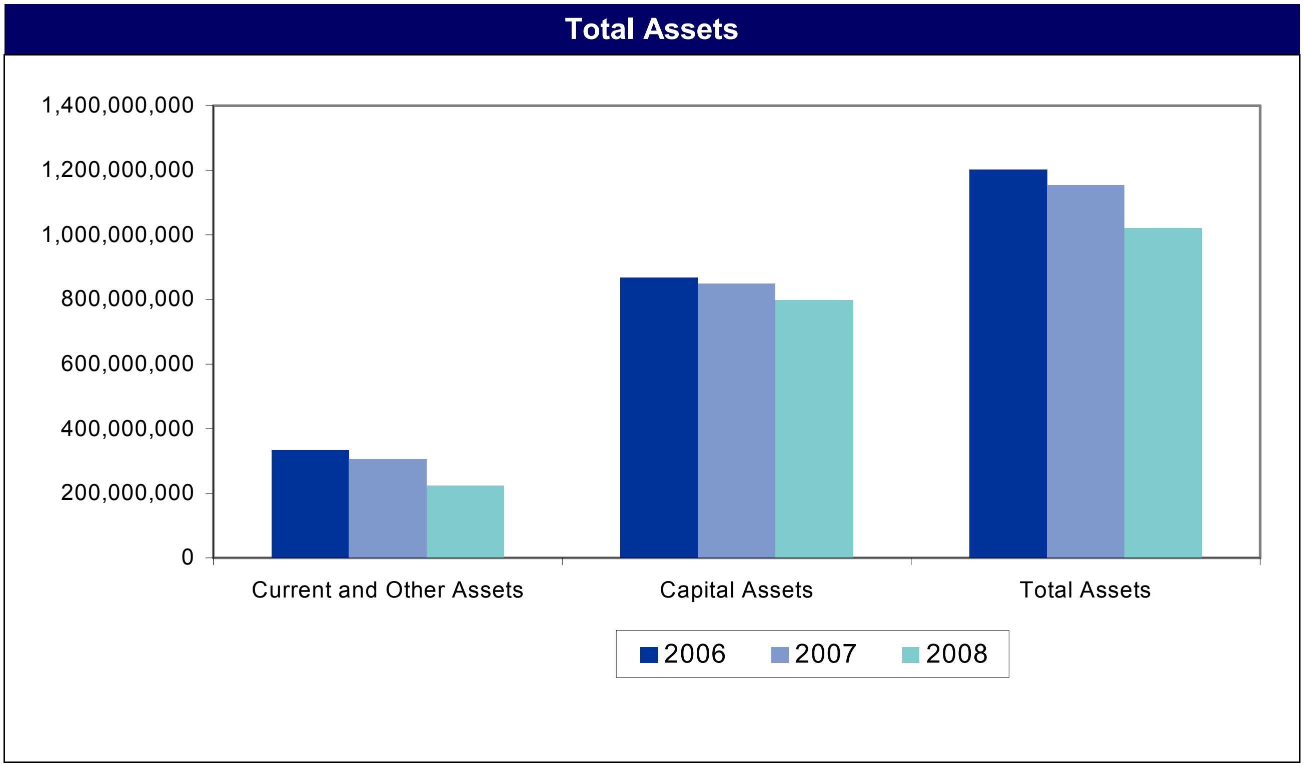
	December 31, 2008	2007	2006
Current and Other Assets	$ 223,187,000	$ 305,518,000	$ 334,309,000
Capital Assets	797,073,000	848,905,000	868,377,000
Total Assets	1,020,260,000	1,154,423,000	1,202,686,000
Current and Other Liabilities	(316,012,000)	(343,785,000)	(334,372,000)
Long-Term Liabilities	(785,957,000)	(776,619,000)	(788,392,000)
Total Liabilities	(1,101,969,000)	(1,120,404,000)	(1,122,764,000)
Net Assets	$ (81,709,000)	$ 34,019,000	$ 79,922,000

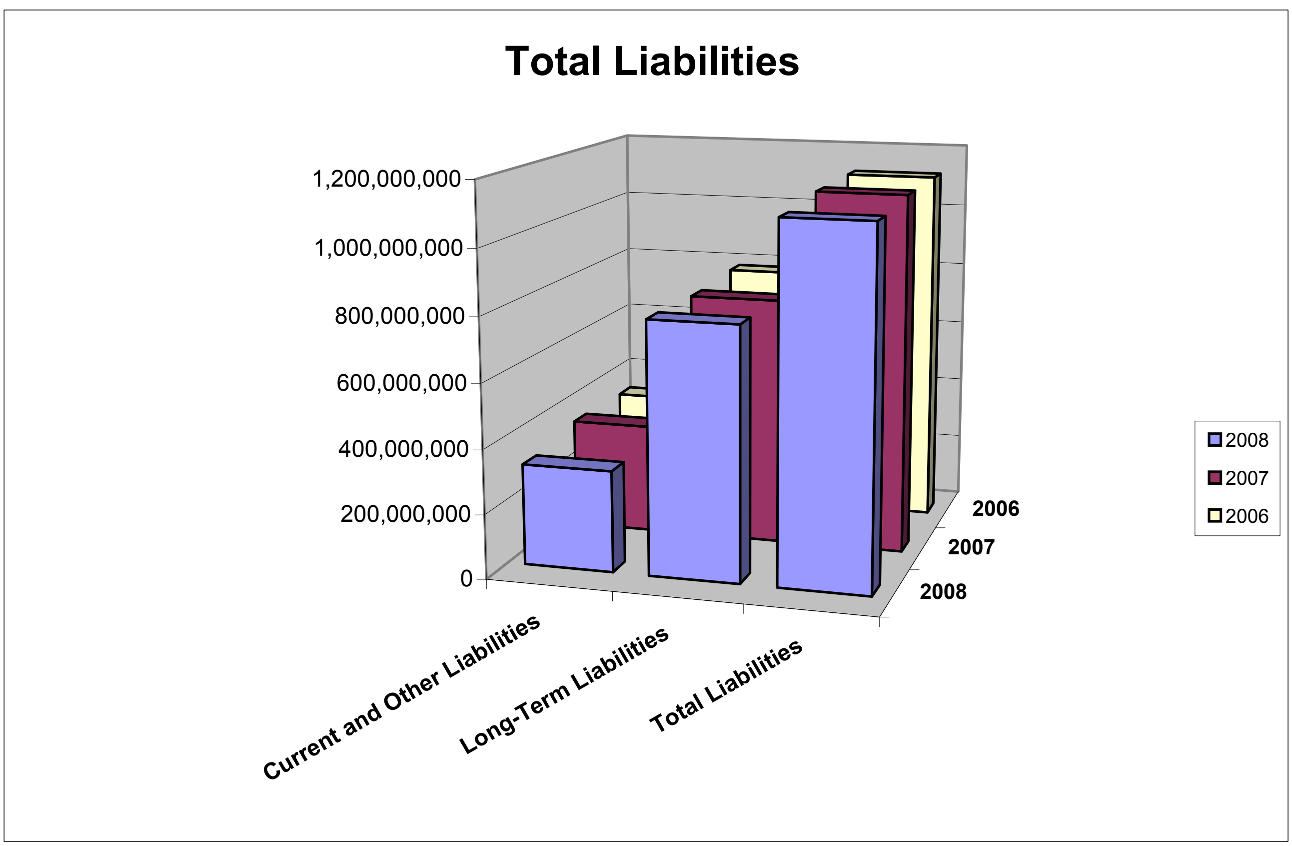
Significant changes in Assets in 2008 include:

- 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 net reduction in net investment in facilities of $51,832,000.
- A decrease of approximately $11,248,000 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.

Significant changes in Assets in 2007 include:

- A decrease in cash and cash equivalents of approximately $41,378,000 due primarily to increased operating expenses, capital additions and maintenance reserve charges and principal repayment and refinancing of debt.
- Net investment in facilities decreased approximately $19,472,000 due to accelerated depreciation expenses related to the retirement of the stadium offset by capital improvement project additions.
    - An increase of approximately $11,341,000 in accounts receivable due primarily to NJ Transit reimbursements receivable related to the installation of a rail line and terminal at the complex.
    - Accelerated depreciation of the existing stadium due to anticipated closure and demolition in the year 2010.


Total Assets
1,400,000,000
1,200,000,000
1,000,000,000
800,000,000
600,000,000
400,000,000
200,000,000
0
Current and Other Assets
Capital Assets
Total Assets
2006
2007
2008


Total Liabilities
1,200,000,000
1,000,000,000
800,000,000
600,000,000
400,000,000
200,000,000
0
Current and Other Liabilities
Long-Term Liabilities
Total Liabilities
2006
2007
2008
2008
2007
2006

Total Liabilities decreased in 2008 by approximately $18,435,000 and was due primarily to:

- A reduction in deferred revenues 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 $22,280,000 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 change in the accounting treatment for these costs (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 $16,845,000 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 $4,430,000.

Total Liabilities decreased in 2007 by approximately $2,359,000 and was due primarily to:

- Net re-financing of debt and principal paid on bonds and notes payable of approximately $7,080,000.

- Offset by an increase in accounts payable and accrued expenses of approximately $10,824,000 due mainly to expenditures being administered for the Rail Project.

Condensed Consolidated Statements of Operations and Changes in Net Assets

	Years Ended December 31, 2008	2007	2006
Operating Revenues	$ 281,053,000	$ 285,968,000	$ 284,236,000
Operating Expenses Excluding Depreciation	(294,670,000)	(315,244,000)	(287,004,000)
Operating Revenues Net of Operating Expenses	(13,617,000)	(29,276,000)	(2,768,000)
Depreciation and Amortization Expense	(72,244,000)	(76,925,000)	(64,270,000)
Operating Loss	(85,861,000)	(106,201,000)	(67,038,000)
Non Operating Income and Expenses:			
Luxury Tax, Marketing Fee and Tourism Tax	38,396,000	37,823,000	38,455,000
State Contract Payments and Appropriations	26,165,000	27,315,000	30,549,000
Interest and Other Expenses	(122,674,000)	(32,356,000)	(26,010,000)
Loss Before Contributed Capital	(143,974,000)	(73,419,000)	(24,044,000)
Contributed Capital	28,246,000	27,516,000	21,635,000
Decrease in Net Assets	$ (115,728,000)	$ (45,903,000)	$ (2,409,000)

While the Consolidated Balance Sheets show the financial position or net assets, the Consolidated Statements of Revenues, Expenses and Changes in Net Assets provide answers as to the nature and source of these changes.

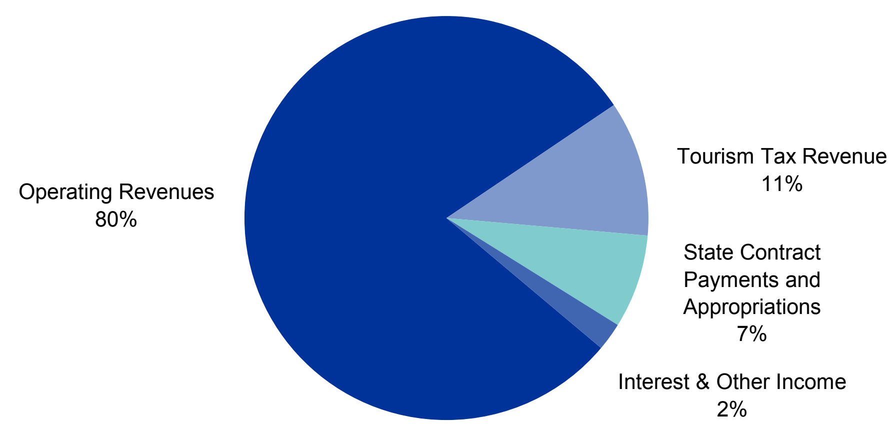
Increases in Net Assets consist of:

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

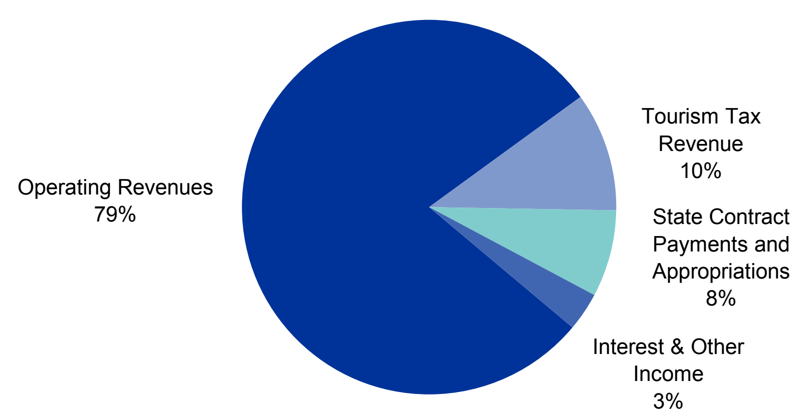
- State Contract Payments, Contributed Capital and State Appropriations that are principal debt payments serviced by the State on bonds issued by the Authority for major acquisition, capital, and renovation projects.

- 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.

2008 Revenues



2007 Revenues



Decreases in Net Assets consist of:

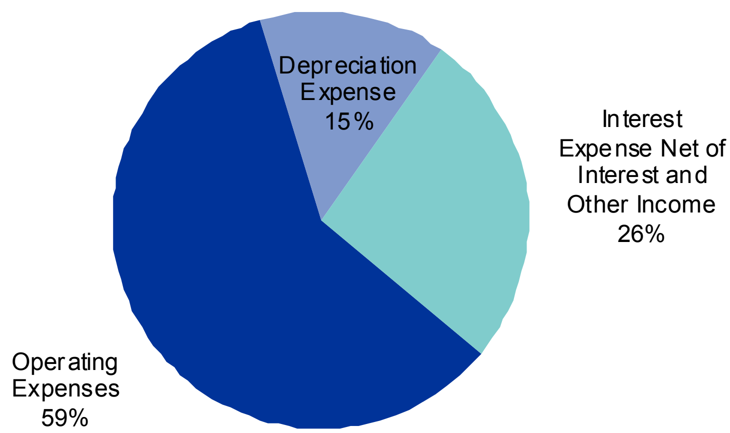
- Operating expenses, which represent the costs associated with running the facilities except for fixed asset acquisitions and capital maintenance costs that are depreciated.

- 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.

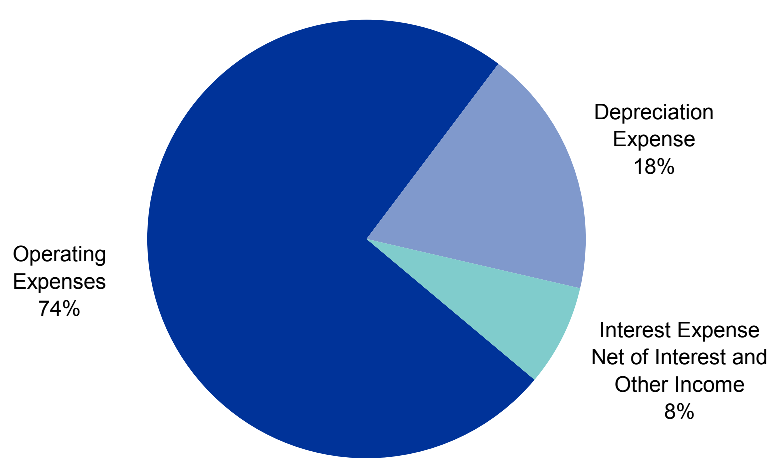
- Interest expense and other, which is the interest paid and accrued on the Authority's debt net of interest income generated on cash reserves held in cash and short-term investments.

- Other income and expenses, which are not directly related to operations, and often, may be non-recurring in nature.

2008 Expenses



2007 Expenses



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 $4,681,000 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 Highlights (2007–2006)

- Operating revenues net of operating expenses at the Meadowlands and Monmouth Park Racetracks including Account Wagering and the newly launched Woodbridge Off-Track Wagering facility was approximately $19,084,000 lower than in 2006 due to approximately $15,800,000 lower revenues from significantly lower live and simulcast attendance and handle at the Racetracks, and an approximate $8,000,000 increase in expenses related largely to The Breeder's Cup special event, only partially offset by net income of approximately $4,700,000 from Account wagering and Off-Track Wagering operations.

- Operating revenues net of operating expenses at Giants Stadium was $23,613,000 in 2007, approximately $709,000 higher than in 2006, which was due to higher Stadium Suite Revenues, offset by a decrease in parking revenues due to construction at the complex.

- Operating revenues net of operating expenses at the Arena was approximately $3,030,000 higher than in 2006 due mainly to higher income from family shows and concerts that replaced NHL events.

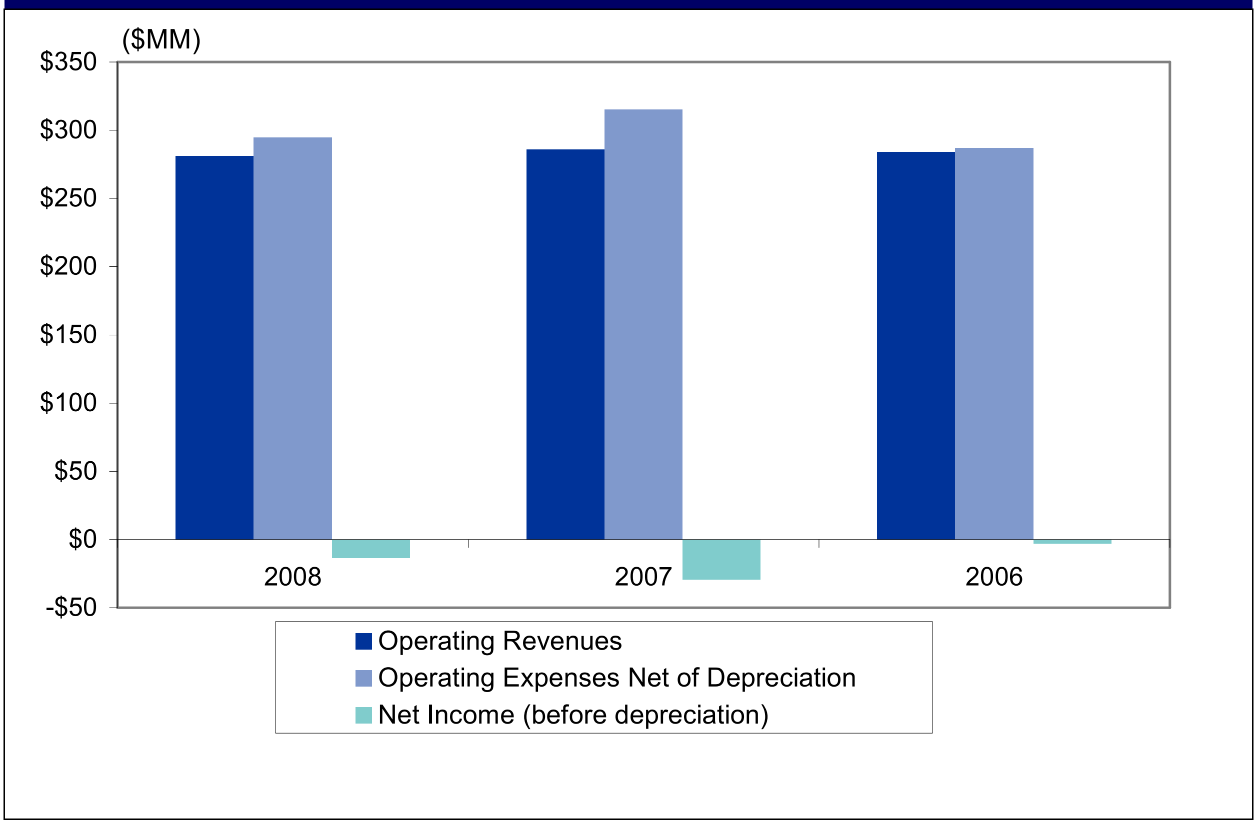
- Operating revenues net of operating expenses at the Atlantic City and Wildwoods Convention Centers decreased in 2007 by approximately $860,000 due primarily to lower event revenues.

- Operating revenue net of operating expenses at the Entertainment facility was lower by approximately $12,193,000 due to a contractually required purchase of land for the project of approximately $15,000,000 offset by normal lease revenue recognition and interest earned.

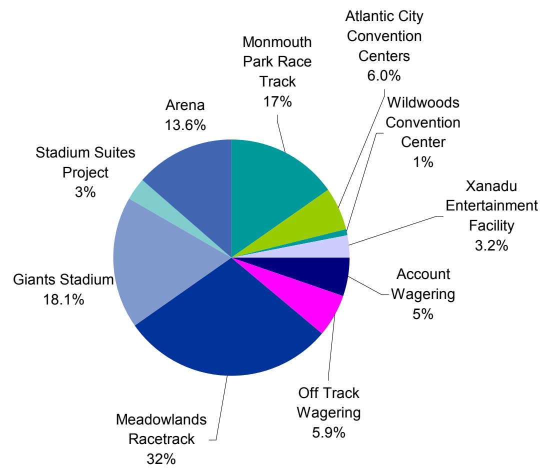
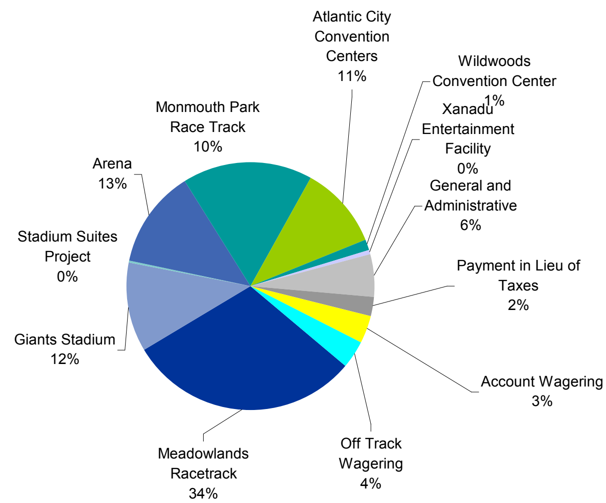
- Due to the anticipated demolition of the existing stadium, depreciation expense is approximately $12,655,000 higher than in 2006 and will be accelerated to reflect the complete depreciation of the Stadium facility by 2010.

- During 2007 general and administrative expenses decreased by approximately $2,000,000 due to the voluntary separation agreement which resulted in lower head count for 2007.

Consolidated Revenues, Expenses and Operating Income



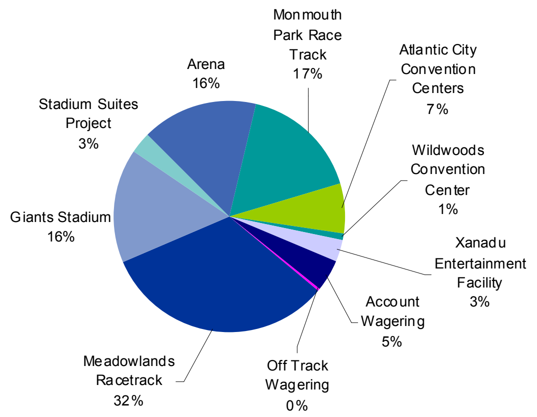
Operating Revenues and Expenses by Facility 2008

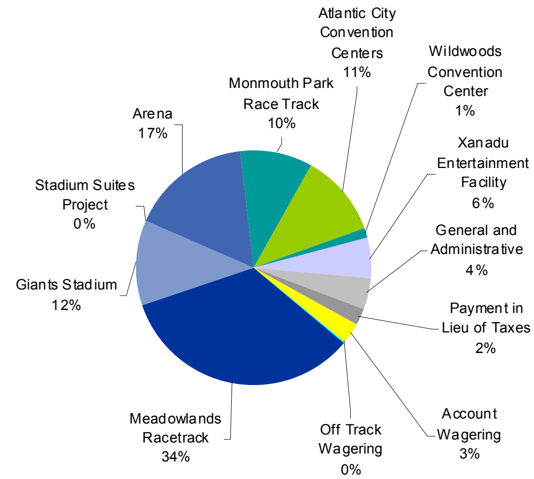
Operating Revenues	Expenses by Facility
	

Meadowlands Racetrack	$81,725,200	Meadowlands Racetrack	$89,031,900
Giants Stadium	50,896,000	Giants Stadium	34,432,100
Stadium Suites Project	8,859,600	Stadium Suites Project	1,175,000
Arena	38,340,000	Arena	37,235,500
Monmouth Park Racetrack	42,421,000	Monmouth Park Racetrack	50,504,000
Atlantic City Convention Center	16,852,000	Atlantic City Convention Center	31,786,000
Wildwoods Convention Center	2,030,000	Wildwoods Convention Center	4,110,000
Xanadu Entertainment Facility	8,889,000	Xanadu Entertainment Facility	1,041,000
Account Wagering	14,562,000	General and Administrative	16,537,000
Off Track Wagering	16,478,000	Payment in Lieu of Taxes	7,270,000
		Account Wagering	10,796,400
Total Operating Revenue	$281,052,800	Off Track Wagering	10,751,800
		Total Operating Expenses Before Depreciation and amortization	$294,670,700

Operating Revenues and Expenses by Facility 2007

Operating Revenues	Expenses by Facility





Meadowlands Racetrack	$92,657,700
Giants Stadium	46,997,100
Stadium Suites Project	9,343,000
Arena	47,281,700
Monmouth Park Racetrack	43,892,000
Atlantic City Convention Center	18,776,000
Wildwoods Convention Center	2,279,000
Xanadu Entertainment Facility	8,889,000
Account Wagering	12,772,900
Off Track Wagering	3,080,100
Total Operating Revenue	$285,968,500

Meadowlands Racetrack	$94,857,000
Giants Stadium	31,447,000
Stadium Suites Project	1,280,600
Arena	47,220,000
Monmouth Park Racetrack	55,674,200
Atlantic City Convention Center	31,477,000
Wildwoods Convention Center	4,013,000
Xanadu Entertainment Facility	16,849,000
General and Administrative	14,604,200
Payment in Lieu of Taxes	6,654,000
Account Wagering	8,939,000
Off Track Wagering	2,228,300
Total Operating Expenses Before Depreciation and amortization	$315,243,300

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 2008, rising unemployment and decreasing disposable income led to some declines in live racing, sporting and entertainment events income. Offsetting this were large increases in account and off-track wagering. Live racing at the Meadowlands and Monmouth Park tracks have been on a decline for a number of years due somewhat to the slowing economy but mostly due to increased competition. A slumping stock market resulted in a decline in consumers' willingness to spend as much as in 2007 on discretionary items, such as entertainment and gaming.

Lower interest rates have enabled the Authority to lower its cost of borrowing. The Authority took advantage of these lower rates by refinancing a substantial amount if its debt, although the Authority incurred some one-time charges to refund its debt.

In 2008, there were changes in some accounting standards that had a negative impact on the Authority's profitability. Project costs for environmental cleanup are now recognized immediately instead of on a pay as you go basis. In 2007, the Authority began the recognition of the actuarial liability for certain post retirement benefits, which were formerly expensed when paid.

Overall, the recession that began in October 2007 has had a deleterious impact on the Authority's operations in 2008; 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, which is generated from broadcasts of races transmitted 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		
	2008	2007	2006
Live Race Days	289	265	277
Attendance	1,962,952	2,202,291	2,376,524
Live Handle	$ 106,002,662	$ 140,071,248	$ 144,454,091
Reception Handle	377,907,807	455,843,177	494,411,442
On-Track Handle	483,910,469	595,914,425	638,865,533
Transmission Handle	687,678,580	689,729,239	616,994,152
Account Wagering Handle	89,448,200	76,588,900	60,978,700
Off-Track Wagering Facility	95,819,600	18,123,700	-
Total Handle	$ 1,356,856,849	$ 1,380,356,264	$ 1,316,838,385

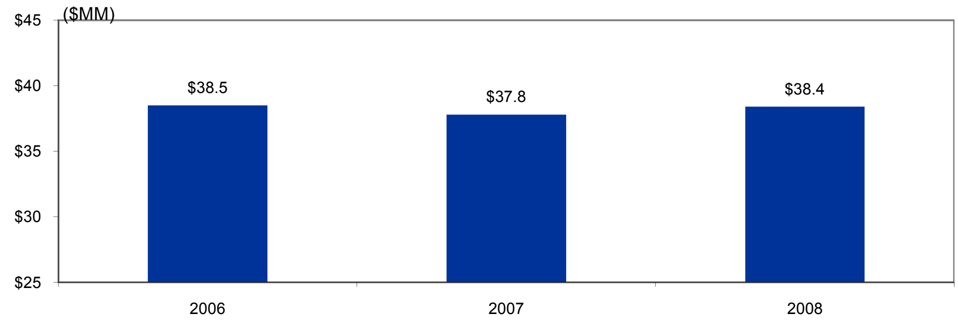
Stadium and Arena

Stadium and Arena events also partly depend on the level of attendance that can be generated in terms of the amount of parking, concessions and admission revenues that can be collected. However, as can be seen on the following page, 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

Stadium and Arena	2008	2007	2006
Number of Events	217	258	267
Total Attendance	3,215,400	3,771,500	4,112,000
Net Revenue from Events	$ 24,195,700	$ 21,442,700	$ 21,125,400

Luxury Tax, Marketing Fee and Tourism Tax



Atlantic City and Wildwood

The Atlantic City and Wildwoods Convention Centers also 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

	2008	2007	2006
Atlantic City and Wildwoods Convention Centers			
Number of Event Days	613	668	688
Total Attendance	875,695	899,100	988,436
Net Revenue from Events	$ 6,003,647	$ 6,489,487	$ 7,130,500

There was a substantial decrease in the number of Event Days due to less scheduled events in the Convention Center and the loss of events at the Historic Boardwalk Hall. Although, there was a decrease in Event Days, profitability before fixed costs increased due to fewer smaller events held and more major events, as well as expenses lowered due to continuous efforts to control costs.

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

	2008	2007	2006
Luxury Tax	$ 27,608,000	$ 27,977,000	$ 27,282,000
Marketing Fee	7,452,000	6,508,000	7,999,000
Tourism Tax	3,336,000	3,338,000	3,174,000
Totals	$ 38,396,000	$ 37,823,000	$ 38,455,000

Capital Assets

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.

	December 31, 2006	Additions	Transfers and Deletions	December 31, 2007
Meadowlands Sports Complex	$ 734,070,000	$ 25,720,000	$ 10,996,000	$ 770,786,000
Monmouth Park Racetrack	74,811,000	26,215,000	-	101,026,000
Historic Boardwalk Hall	196,907,000	1,649,000	-	198,556,000
Atlantic City Convention Center	335,277,000	2,383,000	-	337,660,000
Wildwoods Convention Center	77,484,000	206,000	-	77,690,000
Giant Stadium South Side Suites	46,735,000	22,000	-	46,757,000
	1,465,284,000	56,195,000	10,996,000	1,532,475,000
Leasehold Rights	25,000,000	-	-	25,000,000
Construction-in-Progress	10,996,000	-	(10,996,000)	-
Total Capital Assets	1,501,280,000	56,195,000		1,557,475,000
Less Accumulated Depreciation	(632,903,000)	(75,667,000)	-	(708,570,000)
Capital Assets Net of Accumulated Depreciation	$ 868,377,000	$ (19,472,000)	$ -	$ 848,905,000

Additions to capital assets during 2007 consisted of normal purchases and improvement of infrastructure, mechanical systems, as well as various safety system upgrades.

A new back paddock building at the Meadowlands Racetrack and an extensive renovation of the facilities and track at Monmouth Park was completed in 2007 at a cost of approximately $40,000,000.

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

Due to the anticipated demolition of the existing stadium, the depreciation was accelerated in order to completely depreciate the facility by 2010.

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 and 2007
(In Thousands)

	2008	2007
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents (Notes B-9 and D)	$ 119,581	$ 149,360
Restricted cash and cash equivalents (Notes B-9 and D)	8,375	22,366
Restricted investments (Note D)	4,797	4,740
Accrued interest receivable	-	521
Due from State of New Jersey (Notes A and B-8)	16,998	19,014
Receivables (net of allowance for doubtful accounts of $896 in 2008 and $896 in 2007)	25,625	36,872
Total Current Assets	175,376	232,873
LONG-TERM ASSETS:		
Restricted long - term investments (Note D)	-	20,999
Investment in facilities (Notes B-5 and E)	797,073	848,905
Other assets (Note B-10)	47,811	51,646
TOTAL ASSETS	$ 1,020,260	$ 1,154,423
LIABILITIES AND NET ASSETS		
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 44,909	$ 61,753
Interest payable on bonds and notes	16,926	18,405
Deferred revenue	126,276	140,107
Advanced ticket sales	3,930	14,031
Accrued employment benefits	22,037	11,547
Unclaimed tickets	4,026	4,027
Other current liabilities	48,385	55,302
Current portion of bonds payable (Notes F and H)	49,523	38,614
Total Current Liabilities	316,012	343,786
LONG-TERM LIABILITIES:		
Other long term liabilities (Note J and K)	29,197	-
Long - term portion of notes payable (Note G)	8,600	8,600
Long - term portion of bonds payable (Notes F and H)	748,160	768,018
Total Liabilities	1,101,969	1,120,404
NET ASSETS:		
Invested in capital assets, net of related debt	47,201	42,274
Restricted for debt service	13,172	32,431
Unrestricted (deficit)	(142,082)	(40,686)
Total Net Assets (Deficit)	(81,709)	34,019
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	$ 1,020,260	$ 1,154,423

See notes to consolidated financial statements.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
YEARS ENDED DECEMBER 31,2008 AND 2007
(In Thousands)

	2008	2007
OPERATING REVENUES:		
Racetracks	$ 155,185	$ 152,403
Stadium	59,756	56,340
Arena	38,340	47,282
Convention Centers	18,883	21,055
Entertainment Facilities	8,889	8,889
Total Operating Revenues	281,053	285,969
OPERATING EXPENSES:		
Racetracks	161,084	161,699
Stadium	35,606	32,727
Arena	37,236	47,220
Convention Centers	35,897	35,491
Entertainment Facilities	1,041	16,849
General and administrative	16,537	14,604
Depreciation and amortization (Notes B-5 and E)	72,244	76,925
Payment in lieu of taxes (Note B-6)	7,269	6,654
Total Operating Expenses	366,914	392,169
Operating Loss	(85,861)	(106,200)
NONOPERATING INCOME AND (EXPENSES):		
Other (expenses) and interest income	(29,257)	11,851
Luxury tax, marketing fund and tourism tax revenues (Notes A and C)	38,396	37,823
State contract payments and appropriations (Note A)	26,165	27,315
Interest expense (Note F) and loss on refinancing	(93,417)	(44,208)
Total Non-Operating (Expenses) / Income	(58,113)	32,781
LOSS BEFORE CONTRIBUTIONS	(143,974)	(73,419)
CAPITAL CONTRIBUTIONS (Note B-7)	28,246	27,516
CHANGE IN NET ASSETS	(115,728)	(45,903)
NET ASSETS, BEGINNING OF YEAR	34,019	79,922
NET ASSETS, END OF YEAR (DEFICIT)	$ (81,709)	$ 34,019

See notes to consolidated financial statements.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007
(In Thousands)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 791,672	$ 828,268
Payments to horsemen, bettors and franchises	(600,568)	(641,799)
Payments to suppliers	(153,487)	(144,751)
Payments to employees	(68,369)	(76,513)
Net cash used in operating activities	(30,752)	(34,795)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Luxury tax, marketing fee and tourism tax revenues	28,061	24,770
Net cash provided by non-capital financing activities	28,061	24,770
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal payments of bonds and notes	(300,986)	(220,769)
Issuance of bonds and notes	298,039	213,689
Additions to investment in facilities	(19,124)	(56,185)
Loss on refinancing	(70,256)	-
Interest paid on bonds and notes	(39,659)	(43,706)
State Contract receipts for payment of principal and interest on bonds	52,195	52,968
Luxury tax revenues	12,350	12,348
Net cash used in capital and related financing activities	(67,441)	(41,655)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sale of investments	21,033	-
Purchase of investments	-	(222)
Interest on investments	5,329	10,524
Net cash provided by investing activities	26,362	10,302
NET DECREASE IN CASH AND CASH EQUIVALENTS	(43,770)	(41,378)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	171,726	213,104
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 127,956	$ 171,726
RECONCILATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$ (85,861)	$ (106,200)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	72,244	76,925
Decrease (increase) in assets:		
Receivables and other assets	17,621	(12,595)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(16,845)	10,824
Advanced ticket sales and other liabilities	(12,035)	(240)
Deferred revenues	(5,876)	(3,509)
Net cash used in operating activities	$ (30,752)	$ (34,795)

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 (see Note F, "State Contract Bonds"). 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.

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. **Reconciliation of the Consolidated Financial Statements Prepared in Accordance with Accounting Principles Generally Accepted in the United States of America to Schedules Prepared Pursuant to Sports Complex, State Contract and Luxury Tax Bond Resolutions** — The Authority also prepares financial statements, included in Schedules A, B, and C, which follow the notes to the Consolidated Financial Statements, in accordance with the provisions of the Sports Complex, State Contract, and Luxury Tax Bond Resolutions which differ from the financial statements prepared in accordance with generally accepted accounting principles, as follows: (1) depreciation and amortization is not provided; (2) capital expenditures

funded from the Operating Fund or Maintenance Reserve Fund are not capitalized; (3) certain expenses are accounted for as a distribution of revenue; (4) certain receipts deposited in or transferred to the Revenue Fund are recognized as revenue in the year received rather than when earned; (5) contributions from the State for principal payments on State Contract Bonds are recognized as revenue when received; and (6) interest expense on bonds is recognized when transferred to the debt service funds in accordance with the Bond Resolutions.

Reconciliation of Bond Resolution Excess of Revenues Over Expenses to the Change in Net Assets on the Consolidated Statements of Operations, and Changes in Net Assets:

	Years Ended December 31,	
	2008	2007
	(In thousands)	
Excess of revenues over expenses	$ 78,226	$ 74,265
Interest expense and loss on refinancing	(93,417)	(44,208)
Depreciation and amortization	(72,244)	(76,925)
Payment in lieu of tax	(7,269)	(6,654)
State Contract payments	2,215	102
Stadium Suites license revenue	(2,711)	(3,283)
Other income and other expense	(29,417)	1,911
Xanadu payments	8,889	8,889
Change in net assets	$ (115,728)	$ (45,903)

Amounts recorded in accordance with the Bond Resolution financial statements vary from financial statements prepared in accordance with accounting principles generally accepted in the United States of America as disclosed in the reconciliation above.

3. **Revenues** — The revenues of the Authority are deposited into the Revenue Funds and transferred to the Operating Funds, Debt Service Funds and other funds on a monthly basis as required by the Bond Resolutions. All interfund accounts have been eliminated.

   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.

   Non-operating revenues: State contract payments received for interest are recognized over the period when interest on bonds is earned. Revenues from restricted-purpose State and/or other State agency grants are recognized when awarded and recorded in a purpose-specific fund.

   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.

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. **Capital Contributions** — Capital contributions represent funds received from the State to pay principal on the State Contract Bonds and funds received from other authorities. Amounts received to pay interest on State Contract Bonds and direct appropriations are treated as non-operating revenue.

8. **Distributions** — Each month, after appropriate transfers to the designated funds as specified by the Bond Resolutions, any excess balance remains in the Revenue Fund. At year-end the excess, if any, will be transferred to the Maintenance Reserve Fund to be used for other projects of the Authority.

   In accordance with the Act, to the extent not required for any such projects, and not required to repay any obligations incurred by the Authority to the State, any balance remaining is to be deposited in the General Fund of the State of New Jersey.

9. **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 $2.0 million received from the State for the Camden project (Note L); $1.3 million for organ restoration at Board Hall (Note L); State contract bonds $5.1 million; and $4.8 million for Pitney Bowes tax credit.

10. **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. Costs incurred for the Rutgers Project are also included in other assets and will be amortized as principal payments are made on the related State Contract Bonds.

11. **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.

12. **Interest Rate Swap Agreements** — The Authority entered into interest rate swap agreements to modify interest rates on certain outstanding debt. Premiums received from options to exercise an interest rate swap in the future and net interest expenditures resulting from these agreements are recorded in the financial statements. The interest differential to be received or paid under these interest rate swap agreements is accrued annually over the life of the agreement as an adjustment to the interest expense of the related bonds. (See Note F.)

13. **Valuation of Investments** — Guaranteed investment contracts, 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 recorded fair market value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*.

14. **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.

15. **Recent Accounting Pronouncements** —The Authority has completed the process of evaluating the impact that will result from implementing GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations that previously may not have been required to be recognized, have been recognized earlier than in the past, or are no longer able to be capitalized as a component of a capital project. Pollution remediation obligations occur when any one of the following obligating events take place: the Authority is in violation of a pollution prevention-related permit or license; an imminent threat to public health due to pollution exists; the Authority is named by a regulator as a responsible or potentially responsible party to participate in remediation; the Authority voluntarily commences or legally obligates itself to commence remediation efforts; or the Authority is named or there is evidence to indicate that it will be named in a lawsuit that compels participation in remediation activities. The Statement is effective for fiscal periods beginning after December 15, 2007. In 2008, the Authority estimated a provision of $2,350,000 for pollution cleanup. (See Note K.) The Authority does not have objective and verifiable information to apply the provisions of GASB Statement No.49 to periods prior to 2008.

The Authority has completed the process of reviewing the footnote disclosures as required by GASB Statement No. 50, *Pension Disclosures*, and has presented all necessary disclosures in Notes to the Financial Statements (See Note J). The reporting changes required by this Statement amend applicable note disclosures and required supplementary information of GASB Statement Nos. 25 and 27. The requirements for this Statement are for financial statements for periods beginning after June 15, 2007.

The Authority has not completed the process of evaluating the impact that will result from implementing GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets.* The Authority is therefore unable to disclose the impact GASB Statement No. 51 will have on its financial position, results of operations, and cash flows when such Statement is adopted. 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 has not 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 is therefore unable to disclose the impact GASB Statement No. 53 will have on its financial position results of operations, and cash flows when such Statement is adopted. 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, 2008, there were no outstanding derivative agreements. (See Note F.)

The Authority has not 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 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 Government Accounting Standards Board issued GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The hierarchy for generally accepted accounting principles establishes what literature or authority that preparers of financial statements should use. The requirements of this Statement will help guide preparers of financial statements for state and local governments to apply all relevant accounting principles found in GASB literature. The Statement is effective immediately and is not expected to change current practice. The Authority is in compliance.

The Government Accounting Standards Board issued GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. This Statement will incorporate into the GASB literature certain guidance found in the AICPA Statements on Auditing Standards. The Statement addresses three issues not included in the authoritative literature that establishes accounting standards: related party transactions, going concern considerations and subsequent events. The Authority expects that the Statement will improve reporting but will not materially affect current practice. The Statement is effective immediately. The Authority is in compliance.

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*. This Statement is intended to improve consistency in the measurement and financial reporting of other postemployment retirement benefits ("OPEB") such as retiree health insurance. This Statement amends Statement No. 43, *Financial Reporting for Postretirement Benefit Plans other Than Pension Plans*, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Authority will determine if the provisions of Statement No. 57 related to the use and reporting of alternative measurement methods will be applicable for its OPEB plan and financial statement disclosures issued for 2009.

The Government Accounting Standards Board issued GASB Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies.* This Statement is intended to improve consistency in the measurement and financial reporting of OPEB such as retiree health insurance. The Authority has determined that this Statement is not applicable.

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:

	December 31,			
	2008 (In thousands)		2007 (In thousands)	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Cash and cash equivalents:				
Cash on hand	$ 5,164	$ -	$ 3,596	$ -
Demand deposits	(1,824)	5,334	1,630	9,723
N.J. Cash management fund	122,160	122,160	152,390	152,390
Repurchase agreement	2,456	2,456	11,662	11,662
Certificates of deposits	-	-	2,448	2,448
Total cash and cash equivalents	$ 127,956	$ 129,950	$ 171,726	$ 176,223

	December 31,	
	2008	2007
	(In thousands) Cost	
Investments: (Note B-13)		
Guaranteed investment contracts	$ -	$ 20,999
Treasury Bills	4,797	4,740
Total investments	$ 4,797	$ 25,739

At December 31, 2008 and 2007, $8,375,000 and $22,366,000 of cash and cash equivalents, respectively, and $4,797,000 and $25,739,000 of investments, respectively, were restricted for a designated use.

The various Bond Resolutions of the Authority specify the institutions and types of investments that can be made with the money available for investment. A general description of those investments is the following: (a) direct obligations of or obligations guaranteed by the United States; (b) bonds or obligations of any state of the United States or of any agency, instrumentality or local governmental unit of any such state; (c) bonds, debentures or other evidence of indebtedness issued or guaranteed by any agency or corporation created pursuant to an Act of Congress; (d) new housing authority bonds; (e) certificates of deposit; (f) commercial paper; (g) repurchase agreements; (h) State of New Jersey Cash Management Fund; and (i) guaranteed investment contracts.

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, 2008 and 2007, all demand deposits were collateralized.

The guaranteed investment contract is an investment agreement with a bank that provides the Authority with a fixed rate of return credited to a specific Debt Service Reserve Account. At December 31, 2008 and 2007, $0 and $20,999,000, respectively, was collateralized with U.S. government obligations that have, as a minimum, an aggregate value of 103% of the investment contract that is held in escrow by a third-party bank in the name of the Authority. Treasury bills of $4,797,000 and $4,740,000 for the years ended December 31, 2008 and 2007, 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, 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

	Balance December 31, 2006	Additions	Transfers/ Deletions	Balance December 31, 2007
		(In thousands)		
Land	$ 171,770	$ 20,471	$ -	$ 192,241
Buildings	1,055,307	-	10,770	1,066,077
Machinery and equipment	190,905	34,625	226	225,756
Land improvements	47,302	1,099	-	48,401
Leasehold rights	25,000	-	-	25,000
Construction-in-progress	10,996	-	(10,996)	-
	1,501,280	56,195	-	1,557,475
Less accumulated depreciation	(632,903)	(75,667)	-	(708,570)
	$ 868,377	$ (19,472)	$ -	$ 848,905

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 asset life of assets related to the Stadium facility have been accelerated to be fully depreciated in the year ending December 31, 2010, in anticipation of that facility's demolition as a result of a new stadium to be constructed on the complex. Assets related to the current Stadium Facility include the cost of constructing the original building and south side suites as well as furniture, fixtures and certain equipment in the building.

F. BONDS PAYABLE

Bonds payable consist of the following:

	Date Issued	Original Amount	Balance December 31, 2008	2007
			(In thousands)	
Revenue Bonds				
Sports Complex Refunding Revenue Bonds, 1993 Series A $30,350,000 Serial Bonds 5.00% – 5.125% due 2008 through 2016; $14,990,000 Term Bonds , 5.20%, due 2017-2020; $18,425,000 Term Bonds, 5.2%, due 2021-2024	12/1/1993	$ 63,765	$ -	$ 44,720
Sports Complex Subordinated Refunding Revenue Bonds, 1993 Series A (Federally Taxable) Term Bonds 6.875%, due 2008-2017	12/1/1993	32,875	-	27,610
Wildwood Revenue Bonds, series 1996A 2.5% due 2008 through 2016	9/6/1996	3,400	2,178	2,178
State Contract Bonds				
State Contract Bonds, 1992 Series A, $46,955,000 Serial Bonds, 5.50% – 6.50% ; $177,045,000 Term Bonds, 6.00% – 6.50%, due 2013 to 2021	3/2/1992	224,000	6,120	7,135
State Contract Bonds, 1992 Series C, $209,990,000 Variable rates due 2008 through 2024	11/19/1992	209,990	-	167,370
State Contract Bonds, 1998 Series A $57,810,000, Serial Bonds 4.00% – 5.50% due 2008 through 2019; $28,855,000 Term Bonds 4.50% due 2024	12/15/1998	86,665	56,990	59,485
State Contract Bonds, 1998 Series B $13,665,000 Serial Bonds 4.96% – 5.77% due through 2008 (Federally Taxable)	12/15/1998	13,665	-	405
State Contract Bonds, 1999 Series A $49,915,000 Serial Bonds 6.00% – 7.00% due 2008 through 2014 (Federally Taxable)	6/15/1999	49,915	40,180	40,180
State Contract Bonds, 2000 Series A $82,520,000 Serial Bonds 4.75% – 6.00% due 2008 through 2020	2/1/2000	82,520	14,225	47,725
State Contract Bonds, 2000 Series B $39,380,000 Serial Bonds 7.00% – 7.375% due 2008 through 2014 (Federally Taxable)	2/1/2000	39,380	14,385	18,510

	Date Issued	Original Amount	Balance December 31, 2008	2007
			(In thousands)	
State Contracts Bonds (Continued)				
State Contract Bonds, 2000 Series C $12,325,000 Serial Bonds 4.25% – 5.00% due 2008 through 2011	12/1/2000	$ 12,325	$ 3,275	$ 4,275
State Contract Bonds, 2000 Series D $12,295,000 Serial Bonds 6.5% due 2008 through 2010 (Federally Taxable)	12/1/2000	12,295	2,265	3,775
State Contract Bonds, 2002 Series A $15,800,000 Serial Bonds 4.00% – 4.60% due 2008 through 2012	1/1/2002	15,800	3,365	4,115
State Contract Bonds, 2002 Series B $120,590,000 Variable Rate Bonds due 2008 through 2021	4/23/2002	120,590	-	12,435
State Contract Bonds, 2003 Series A $26,570,000 Term Bonds 2.0% – 5.0% due 2008 through 2024	11/20/2003	26,570	23,015	24,115
State Contract Bonds, 2005 Series A $40,875,000 Term Bonds 3.60% – 5.0% due 2008 through 2026	11/15/2005	40,875	28,540	29,621
State Contract Bonds, 2007 Series A $20,460,000 Fixed Rate Bonds 4.0% - 5.0% due 2008 through 2024	10/23/2007	20,460	19,605	20,460
State Contract Bonds, 2007 Series B $189,475,000 Variable Rate Bonds due 2008 through 2024	4/18/2007	189,475	-	189,475
State Contract Bonds, 2007 Series B $189,475,000 Fixed Rate Remarketed Bonds, 5.976% due 2008 through 2024	5/31/2008	182,475	182,475	-
State Contract Bonds, 2008 Series A $96,915,000 Term Bonds 6.076% due 2009 through 2023	4/23/2008	96,915	96,915	-
State Contract Bonds, 2008 Series B $198,205,000 Term Bonds 3.0% - 5.0% due 2009 through 2024	9/5/2008	198,205	198,205	-
State Contract Bonds, 2008 Series C $9,820,000 Term Bonds 4.5% - 4.7% due 2009 through 2012	9/5/2008	9,820	9,820	-
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	96,945	102,935
Total Bonds Payable			821,588	829,609
Less original issue discount and deferred loss on refunding			(23,905)	(22,977)
			$ 797,683	$ 806,632

Sports Complex Refunding Revenue Bonds 1993 Series A — Senior Lien — The Authority issued $63,765,000 of Sports Complex Refunding Revenue Bonds, 1993 Series A (the "Senior Lien Bonds"). The Senior Lien bonds were issued by the Authority for the purposes of: (1) refunding $63,790,000 aggregate principal amount of the Authority's Sports Complex Bonds, 1978 Series (the "Refunded Bonds"); and (2) paying the costs of the authorization, issuance, sale, execution and delivery of the 1993 Senior Lien Bonds. On July 1, 2005, the Authority defeased $2,500,000 of Sports Complex Refunding Revenue Bonds, 1993 Series A (the "Senior Lien Bonds") in connection with a restructuring of the Authority's outstanding debt as a result of the Xanadu Project.

These Senior Lien Bonds are direct and general obligations of the Authority. The Sports Complex Revenue Bond Resolution pledges the net revenues of the Sports Complex as security for the Senior Lien Bonds. In addition, a debt service reserve requirement in the amount of $4,001,322 at December 31, 2007, is insured with a Surety Bond issued by the MBIA Insurance Corporation as additional security for the bondholders. In accordance with the Bond Resolution, principal and interest on outstanding Senior Lien Bonds are transferred from the Revenue Fund to the Debt Service Fund. The Senior Lien Bonds are not a debt or a liability of the State of New Jersey or any political subdivision of the State other than the Authority.

On April 23, 2008, the Authority defeased $43,025,000 of the 1993 Series A Senior Lien bonds with the proceeds of State Contract 2008A Bond.

Sports Complex Subordinated Refunding Revenue Bonds 1993 Series A — Junior Lien — Concurrently with the issuance of the Senior Lien Bonds, the Authority issued $32,875,000 of Sports Complex Subordinated Refunding Revenue Bonds, 1993 Series A (the "Junior Lien Bonds"). The Junior Lien Bonds were issued by the Authority for the purposes of: (1) paying a promissory note of the Authority with an outstanding principal amount of $29,345,000 at the time of payment which was originally issued to finance the acquisition of the club box suites at the football stadium, which is part of the Sports Complex; (2) financing certain improvements to the club box suites; and (3) paying the costs of the authorization, issuance, sale, execution and delivery of the 1993 Junior Lien Bonds.

These Junior Lien Bonds are direct and general obligations of the Authority. The Sports Complex Subordinated Bond Resolution pledges the net revenues of the Sports Complex as security for the Junior Lien Bonds. However, such pledge of the net revenues is subject to, and junior in all respects to, the pledge of the Sports Complex Revenue Bond Resolution of such amounts as security for the payment of the 1993 Senior Lien Bonds.

The payment, when due (other than for reason of acceleration or optional redemption) of principal and interest on these bonds is insured with a policy issued by the Municipal Bond Investors Assurance Corporation. In addition, a debt service reserve requirement in the amount of $3,890,688 at December 31, 2007, is insured with a Surety Bond issued by the MBIA Insurance Corporation as additional security for the bondholders. In accordance with the Bond Resolutions, principal and interest on outstanding Junior Lien Bonds are transferred from the Revenue Fund to the Debt Service Fund. The Junior Lien Bonds are not a debt or a liability of the State of New Jersey or any political subdivision of the State other than the Authority.

In April 23, 2008, the Authority defeased $25,610,000 of the 1993 Series A Junior Lien bonds with the proceeds from the State Contract 2008A Bond.

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 2007 and 2008, there was not enough available revenue after the above-mentioned expenses to make full payment on debt service for these Revenue Bonds.

State Contract Bonds — The State Contract Bonds are special obligations of the Authority, payable solely from the State Contract (see Note A) and other pledged property. Notwithstanding the pledge affected by the Resolution, all amounts payable under the State Contract by the Treasurer of the State shall be subject to and dependent upon annual appropriations by the New Jersey State Legislature. The State Legislature has no legal obligation to make any such appropriations.

None of the Authority's revenues, rents, fees, rates, charges, or other income and receipts derived from the operations or ownership of any of its projects is pledged or assigned to the payment of or interest on the State Contract Bonds unless specifically stipulated in the bond agreements.

1992 Series A — The Authority issued $224,000,000 of State Contract Bonds, 1992 Series A, in connection with a restructuring of the Authority's outstanding debt. The bond proceeds were applied to: (1) advance refund in full the Authority's Sports Complex Subordinated Bonds, 1985 Series; (2) purchase zero interest rate SLUGS to fund certain principal and interest on the Authority's State Guaranteed Bonds, 1992 Series; (3) pay certain costs of the Capital Improvement Program for the Meadowlands Sports Complex and Monmouth Park; (4) pay a portion of the costs of the Rutgers Project; and (5) pay costs of specific feasibility studies.

In December 1998, the Authority transferred funds, from proceeds of 1998 Series A and B State Contract Bonds (See 1998 Series A and B), to an escrow agent to secure the advance refunding of $25,235,000 of these bonds.

In April 2002, the Authority transferred funds, from proceeds of 2002 Series B and C State Contract Bonds (See 2002 Series B), to an escrow agent to secure the advance refunding of $120,590,000 of these bonds.

Additionally, on July 1, 2005, the Authority defeased $8,575,000 of 1992 Series A State Contract Bonds, in connection with restructuring of the Authority's outstanding debt as a result of the Xanadu Project.

On October 23, 2007, the Authority purchased $38,085,000 of 1992 Series A State Contract Bonds with proceeds from the issuance of 2007 Series B State Contract Bonds.

1992 Series C — The Authority issued $209,990,000 of State Contract Bonds, 1992 Series C to provide funds to pay a portion of the cost of the Authority's Convention Center Project.

The State Contract Bonds 1992, Series C were issued at a variable rate of interest. Effective November 12, 1992, the Authority entered into an interest rate swap agreement for $209,990,000 of the State Contract Bonds 1992, Series C for the term of the Bonds. Based on the swap agreement, the Authority owes a fixed overall effective rate of interest of 5.86% to the counter party to the swap inclusive of fees for liquidity facility and remarketing. In return, the counter party owes the Authority a variable rate. The objective of the swap agreement was to effectively fix the Authority's borrowing costs and maximize proceeds to fund construction costs (See Interest Rates and Disclosure Requirements for Derivatives).

The payment, when due (other than by reason of acceleration or optional redemption), of principal and interest on these bonds is secured by a debt service reserve of $20,999,000 set aside from the proceeds of the bond sale. In addition, a guaranty policy issued by the Municipal Bond Investors Assurance Corporation provides additional security for the bondholders.

In September 2008, the Authority refunded $162,345,000 of the 1992 Series C Bonds with the issuance of the 2008 Series B Bonds.

1998 Series A and B — On December 30, 1998, the Authority issued $86,665,000 of State Contract Bonds, 1998 Series A and $13,665,000 of State Contract Bonds, 1998 Series B to provide funds to (1) advance refund a portion of the Authority's outstanding State Contract Bonds, 1992 Series A; (2) advance refund all of the Authority's outstanding Monmouth Park Refunding Revenue Bonds, 1994 Series A; (3) pay or reimburse the Authority for certain capital expenditures incurred in connection with 1998 and 1999 Sports Complex capital projects costs; and (4) pay the costs of issuance of the Bonds.

Pursuant to the State Contract the debt service related to the refunding of the Monmouth Park Bonds will be funded by Monmouth Park Revenue (as defined). To the extent that sufficient amounts in the Monmouth Park Revenue Fund are available after payment of operating expenses but prior to funding the Maintenance Reserve and payments in lieu of taxes, the Authority must make a monthly transfer to the State Contract Debt Service Fund. Consequently, the Authority will account for these Monmouth Park Related State Contract Bonds separately within the Monmouth Park Fund. This debt was transferred to State Contract Bond Funds effective 2006 and all debt previously paid by Monmouth Park Revenue is now being paid by State Appropriations.

Additionally, on July 1, 2005, the Authority defeased $2,845,000 of 1998 Series A State Contract Bonds, in connection with a restructuring of the Authority's outstanding debt as a result of the Xanadu Project.

On October 23, 2007, the Authority defeased $17,875,000 of 1998 Series A State Contract Bonds with the issuance of the 2007 Series B Bonds

Additionally, as of March 2008 the 1998 B Bonds have been paid in full.

1999 Series A — On June 1, 1999, the Authority issued $49,915,000 of State Contract Bonds, 1999 Series A to provide funds to: (1) pay or reimburse the Authority for amounts expended by the

Authority to pay a portion of the cost of the East Hall Project; and (2) pay the costs of issuance of the 1999 Series A Bonds.

In accordance with a funding agreement between the Authority, the Casino Reinvestment Development Authority ("CRDA") and the Treasurer of the State of New Jersey future receipts of the CRDA will be used to pay, or reimburse the Treasurer for debt service on these bonds if and when any receipts (as defined) are received and available. Such CRDA funds, however, are not guaranteed, pledged, assigned or secured by the Authority.

2000 Series A and B — On February 1, 2000, the Authority issued $82,520,000 of Series A and $39,380,000 of Series B State Contract Bonds to pay: (1) costs of the Wildwoods Convention Center Project; (2) pay or reimburse the Authority for certain capital expenditures incurred in connection with 1999 Sports Complex Capital Projects; (3) fund the Lease Buyout Project to exercise an equipment purchase option of HVAC and Energy Equipment installed at the Sports Complex and initially leased by the Authority in 1996; and (4) pay costs of issuance of the 2000 Series A and B Bonds. On October 23, 2007, the Authority defeased $21,620,000 of 2000 Series A Bonds.

Additionally, in September 2008, the Authority defeased $31,210,000 of the 2000 Series A Bonds with the issuance of the 2008 Series B Bonds.

2000 Series C and D — On December 1, 2000, the Authority issued $12,325,000 of Series C and $12,295,000 of Series D State Contract Bonds to pay: (1) costs of the 2000 Sports Complex Project related to capital improvement and maintenance; (2) costs of the Monmouth Racetrack Project related to installing a new heating and cooling system; and (3) costs of issuance of the 2000 Series C and D Bonds.

Pursuant to the State Contract, debt service related to the Monmouth Racetrack Project will be funded by Monmouth Park Revenue (as defined). To the extent that sufficient amounts in the Monmouth Park Revenue Fund are available after payment of operating expenses but prior to funding the Maintenance Reserve and payments in lieu of taxes, the Authority must make a monthly transfer to the State Contract Debt Service Fund. Consequently, the Authority will account for these Monmouth Park Related State Contract Bonds separately within the Monmouth Park Fund. This debt was transferred to State Contract Bond Funds effective 2006 and all debt previously paid by Monmouth Park Revenue is now being paid by State Appropriations.

On October 23, 2007, the Authority refunded $2,865,000 of the 2000 Series C Bonds with the proceeds from the 2007 B Bonds.

2002 Series A — On January 1, 2002, the Authority issued $15,800,000 of Series A State Contract Bonds to pay: (1) for certain capital expenditures incurred in connection with 2001 Sports Complex Capital Projects; (2) for certain expenditures incurred in connection with the Rutgers Projects; and (3) pay cost of issuance of the 2002 Series A Bonds. On October 23, 2007, the Authority defeased $4,760,000 of 2002 Series A Bonds.

2002 Series B — On April 23, 2002, the Authority issued $120,590,000 of Series B State Contract Bonds. The net proceeds from the refunding will be used to pay: (1) the current refunding of $120,590,000 of 1992 Series A State Contract Bonds; (2) a required Hedge Payment; (3) and issuance costs of the 2002 Series B Bonds.

The Bonds were issued under an Interest Rate Exchange (or swap) Agreement, in compliance with an agreement the Authority entered into on April 5, 1999, under the International Swap and

Derivatives Association ("ISDA") Master Agreement where the Authority pays predetermined fixed rates in exchange for variable rates of interest with the counter party. (See Interest Rates and Disclosure Requirements for Derivatives.)

In an effort to lower the Authority's borrowing costs and protect against rising interest rates, effective January 29th 2002, the Authority entered into two Swap Agreements with respect to the 2002 Refunding Series Bonds.

Additionally, on July 1, 2005, the Authority defeased $19,265,000 of 2002 Series B 1-2 State Contract Bonds, in connection with a restructuring of the Authority's outstanding debt as a result of the Xanadu Project.

On October 23, 2007 the Authority redeemed $75,400,000 of 2002 Series B 1-2 State Contract Bonds.

Additionally, in April 2008, the Authority refunded $6,940,000 of the 2002 Series B-1 Bonds and $5,395,000 of the 2002 Series B-2 Bonds with the proceeds of the State Contract 2008 Series A Bond.

2003 Series A — On November 20, 2003, the Authority issued $26,570,000 of Series A State Contract Bonds to (1) refund the Authority's 1993 Series A State Contract Bonds; and (2) pay certain costs of issuance of the 2003 Series A Bonds. Although the Authority recognizes an economic loss on debt refinancing of approximately $1,232,000, which will be amortized over the life of the bond issue, a present value savings of future debt service payments of approximately $2,112,000 was realized.

2005 Series A — On November 16, 2005, the Authority issued $40,875,000 of Series A State Contract Bonds to fund all costs of (1) the capital program for the Monmouth Racetrack Project and (2) the Sports Complex Project and (3) to pay for certain costs of issuance of the 2005 Series A Bonds.

On October 23, 2007, the Authority refunded $9,875,000 of the 2005 Series A Bonds with the proceeds from the 2007 B Bonds.

2007 Series A – On April 18, 2007, the Authority issued $20,460,000 Series A State Contract Bonds to fund (1) the acquisition of a practice, training and operations facility site for the New York Jets and (2) pay certain costs of issuance of the 2007 Series A Bonds.

2007 Series B – On October 23, 2007, the Authority issued $189,475,000 Series B State Contract Bonds, at variable rates, (1) refund a portion of 1992 Series A, 1998 Series A, 2000 Series A, 2000 Series C, and 2005 Series A State Contract Bonds (2) Redeem 2002 Series B-1 and B-2 Bonds (3) Defease a portion of the Authority's Senior Lien Refunding Revenue Bonds (4) pay related premium and transaction costs of refunding, redemption and defeasance and (5) pay costs of issuance of the 2007 Series B Bonds.

In May 2008, the 2007 Series B Bond was converted into the Remarketed Bonds (fixed rate 5.976%) $182,475,000 was split between 2007 Sub Series B-1 with the amount of $61,000,000, B-2 with the amount of $60,700,000, and B-3 with the amount of $60,775,000.

2008 Series A – On April 23, 2008 the Authority issued $96,915,000 Series A State Contract Bonds to (1)redeem the Authority's 2002 Series B-1 and B-2 State Contract Bonds (2) currently refund and redeem the Authority's 1993 Series A Refunding Revenue Bonds (Senior Lien) and Subordinated Refunding Revenue Bonds (Junior Lien), (3) pay the costs of the termination of a Swap Agreement and (4) pay the costs of issuance of the Offered Bonds. The economic loss on this refinancing was approximately $2,799,000. In addition to this, the cost for terminating the swap agreement was $11,624,000.

2008 Series B and C – On September 5, 2008 the Authority issued $198,205,000 Series B and $9,820,000 Series C State Contract Bonds to (1) refund all of the 1992 Series C and a portion of the 2000 Series A State Contract Bonds (2) pay the cost of terminating an existing Swap Agreement and (3) pay the costs of issuance of the Offered Bonds. The cost of terminating the swap agreement was $37,676,000; however, offsetting this was an economic savings of $36,961,000, which is the present value of future debt service payments.

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 Rates and Disclosure Requirements for Derivatives — The Authority had entered into two Interest Rate Exchange (or Swap) Agreements in 1992 and 2002, with the issuance of the 1992 Series C, and the 2002 Series B-1 and B-2 Bonds, respectively. During 2008 the Authority voluntarily terminated these agreements and made termination payments in the amount of $37,676,000, and $11,547,000 for the 1992 Series C and 2002 Series B-1, B-2 Swap Agreements, respectively. (See 2008 Series A, B, C notes above).

The following table shows the status of the Swap agreements as of December 31, 2008:

Issuer Series	Notional Amounts (000's)	Effective Date	Synthetic Fixed Rate	Fair Values (000's)	Counter Party	Credit Rating	Variable Rate Received	Swap Termination Date
1992 C	$0.00	11/12/92	5.86 %	$0.00	AIG	AAA	Floating Rate on bonds	Terminated 09/05/08
2002 B-1, 2	$0.00	1/29/02	4.50	$0.00	Merrill Lynch	AAA	The lesser of the weighte average of the BMA Index or 70% of the 1-Month USD-LIBOR	Terminated 04/23/08

The following table summarizes these transactions for 2007.

Issuer Series	Notional Amounts (000's)	Effective Date	Synthetic Fixed Rate	Fair Values (000's)	Counter Party	Credit Rating	Variable Rate Received	Swap Termination Date
1992 C	$ 167,370	11/12/92	5.86 %	$ 40,421	AIG	AAA	Floating Rate on bonds	9/1/2024
2002 B-1, 2	120,590	1/29/02	4.50	9,436	Merrill Lynch	AAA	The lesser of the weighted average of the BMA Index or 70% of the 1-Month USD-LIBOR	3/1/2021

Interest Costs — Interest costs for the years 2008 and 2007 were $44,194,000 and $44,208,000, respectively.

G. NOTES PAYABLE

Notes payable consist of the following:

	Date Issued	Original Amount	Balance December 31, 2008	Balance December 31, 2007
			(In thousands)	
Loan from the Casino Reinvestment Development Authority, 4.06% interest through June 2, 1997 then 5.773% thereafter, due February 10, 2007	2/10/1997	$ 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 State Contract	Principal Luxury Tax	Wildwood	Total	Interest	Total
2009	$ 43,080	$ 6,260	$ 183	$ 49,523	$ 41,873	$ 91,396
2010	61,100	6,540	188	67,828	41,491	109,319
2011	56,055	6,880	192	63,127	38,701	101,828
2012	43,585	7,225	197	51,007	35,306	86,313
2013	38,280	7,600	202	46,082	32,444	78,526
2014-2018	222,000	44,180	1,216	267,396	123,559	390,955
2019–2023	189,995	41,345	-	231,340	55,312	286,652
2024–2027	45,285	8,600	-	53,885	6,923	60,808
	$ 699,380	$ 128,630	$ 2,178	$ 830,188	$ 375,609	$ 1,205,797

I. REFUNDED BONDS

At December 31, 2008 and 2007, the Authority had $95,560,000 and $68,130,000, respectively, of bonds outstanding, which are secured by investments held by various escrow agents. The escrow accounts meet the criteria under accounting principles generally accepted in the United States of America for an in-substance defeasance and, accordingly, the assets and obligations are not reflected on the 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, PO Box 295, Trenton, NJ 08625. The payroll for employees covered by PERS for the years ended December 31, 2008 and 2007, was $12,701,751 and $12,218,611, respectively. The Authority's total payroll for the years ended 2008 and 2007 was $68,368,993 and $76,512,468, respectively. Establishment of or amendments to PERS pension plans are done through New Jersey legislation.

All Authority salaried employees are required as a condition of employment to be members of PERS. A member may retire on a service retirement allowance as early as age 60; no minimum service requirement must be established. The formula for benefits is an annual allowance in the amount equal to years of service, divided by 55, times the final average salary. Final average salary means the average of the salaries received by the member for the last three years of creditable membership service preceding retirement or the highest three fiscal years of membership service, whichever provides the larger benefit. Benefits fully vest on reaching 10 years of service. Vested employees may retire at or after age 55 and receive reduced retirement benefits; unless the employee has obtained 25 years of service prior to retirement, which permits full benefit payments. The System also provides death and disability benefits. Benefits are established by State statute.

Covered Authority employees are required by PERS to contribute 5% of defined salary. The Authority is required by State Statute to contribute the remaining amounts necessary to pay benefits when due. The PERS on the recommendation of an actuary, who makes an annual actuarial valuation, certifies the amount of the Authority's contribution each year. 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 employee contributions required for the years ended December 31, 2008, 2007 and 2006 were $714,244 (5.35%), $653,927 (5.35%), and $918,872 (5.0%), respectively. Employer contributions for 2008, 2007 and 2006 were $858,677, $594,478 and $256,703, respectively, equal to the required contributions for the year. These increases are based upon State of New Jersey law, Chapter 108, P.L. 2003, which calls for the return of employer pension contributions on a phase in basis with 20% of the actuarially calculated amount for 2005 being due and payable, increasing to 40% for 2006, 60% for 2007, 80% for 2008, and until 100% of the actuarially calculated amount is due in 2009.

Other Benefits — The Authority has established a separate defined benefit pension plan for selected seasonal racing personnel (See note below: Pension Plan for Seasonal Racing Personnel.) Annual pension expense was approximately $89,649, $69,202, and $69,230 for 2008, 2007, and 2006, respectively. In addition, salaried employees of the Authority are eligible for participation in a section 401(k) deferred compensation plan, the New Jersey Sports and Exposition Authority Savings and Investment Plan. The Authority contributed a maximum of 4% of the employee's salary up to the IRS maximum less the portion attributable to the State pension plan (PERS). Annual expense for this plan was $560,785, $436,991 and $475,274 for 2008, 2007 and 2006, respectively. Annual employee contributions were $1,421,468, $1,041,616, and $1,091,783 for 2008, 2007, and 2006, respectively. The annual expense amounts and employee contributions include employer expense and employee contributions of union local 137 (Mutuel). (See Mass Withdrawal Liability Note below.)

Additionally, some Sports Authority employees are participants in certain pension plans administered by local unions and contributions are made in accordance with terms of the union agreements of those employees. There are about 26 active unions consisting of 47 separate bargaining agreements participating in their own pension plans in accordance with each specific union agreement and based on each of the applicable union job trades. The total combined employer contributions for all participating unions in 2008, 2007 and 2006 were $4,267,230, $3,842,997 and $3,483,882, respectively, and equal to the required contribution for each year.

Union plan financial statements may be obtained by writing to the relevant address in the following table.

Local 137 (Window Washers, Mutuels, Admis.,07W, Jockey Room, Box Office)
1012 Haddenfield Rd Suite 106
Cherry Hill, NJ 08002

Local 5 (Masons)
830 Bear Tavern Rd
PO Box 1028
West Trenton, NJ 08628

Local 711 (Painters)
C/O Vaccaro & Assoc.
PO Box 447
Absecon, NJ 08201

Local 164 (Electricians)
205 Robin Rd Suite 330
Paramus, NJ 07652

Local 68 (HVAC)
Benefits Dept.
11 Fairfield Pl
West Caldwell, NJ 07006

Local 15 (NJ Carpenters Fund)
Raritan Plaza 2 - 3rd Fl
Fieldcrest Ave Edison, NJ 08837

NJ Local 4 (Masons)
14 Plog Rd Suite 2
Fairfield, NJ 07004

Local 472 (Laborers, Parking))
700 Raymond Blvd
Newark, NJ 07105

Local 631 (Security)
United Workers Union
6 South Second Ave
Hammonton, NJ 08037

Local 560 (Teamsters)
707 Summit Ave Station - 3rd Fl
Union City, NJ 07087

Local 592 (Special Laborers, NJBLS)
3218 Kennedy Blvd
Jersey, City, NJ 07306

Local 483 (Iron Workers)
12 Edison Place
South Plainfield, NJ 07081

Local 825 (Operating Engineers)
65 Springfield Ave
Springfield, NJ 07081

Local 14 (Plumbers)
150 Main St
Lodi, NJ 07644

Local 1430 (CCTV)
901 N. Broadway - Suite 15
North White Plains, NY 10603

Local 1412 (Security EMT)
163 Washington Ave 2nd Fl
Belleville, NJ 07109

Local 1430 (I.B.E.W.)
901 N. Broadway - Suite 16
North White Plains, NY 10603

Local 469 (Teamsters)
3400 State Highway 35
Hazlet, NJ 07730

Local 9 (Plumbers)
830 Bear Tavern Rd
West Trenton, NJ 08628

Local 2250 (Carpenters)
Raritan Plaza 2 PO Box 7818
Edison, NJ 08818

Local 400 (Electricians)
C/O I.E. Shaffer & Co.
830 Bear Tavern Rd
West Trenton, NJ 08628

Local 632 (Stagehands I.A.T.S.E)
55 West 39th St - 5th Fl
New York, NY 10018

Local 621 (United Workers of America)
PO Box 147
Island Park, NY 11558

Mass withdrawal liability and annual payments related to Local 137 — During 2007, the Authority withdrew from the pension plan of Local 137 (Mutuels) causing a mass withdrawal termination for that plan. Based upon this termination, the Authority is obligated to make annual payments to satisfy the employer's contribution. In addition, the Authority opted to include the union in the 401k plan whereby the Authority contributes a 2% match. The amounts contributed by the Authority and the employees were $505,226 and $133,405 for 2008, and $62,318 and $6,986 for 2007, respectively.

The amount of the Authority's obligation, based on actuarial estimates, is $28 million and is recognized in the 2008 financial statements. The Authority will make an annual cash payment to cover this liability of $1.2 million.

Pension Plan for Seasonal Racing Personnel — In May 2007, the Governmental Accounting Standards Board issued Statement No. 50, *Pension Disclosures*. The Statement more closely aligns the financial reporting requirements for pensions with those for post retirement benefits. The New Jersey Sports and Exposition Authority Seasonal Racing Personnel Retirement Plan ("SRPRP") is a single employer, defined benefit plan administered by the Authority and managed by Bank of America NA. The Authority issues a publicly available financial report that includes financial statements and required supplementary information ("RSI") for SRPRP. That report may be obtained by writing to the NJSEA, 50 State Route 120, East Rutherford, NJ 07073.

Funding Policy: Contribution requirements for the plan members and the Authority are established and are outlined in the NJSEA Seasonal Racing Personnel Retirement Trust Agreement. Employees contribute 3% of total annual pay if they become a member before age 35; 4% at age 35 to 45; 5% after age 45. The authority contributes any remaining minimum required contribution as determined by Actuarial Valuation. Employer contributions totaled $89,649, $69,202, and $69,230 for the years ended December 31, 2008, 2007, and 2006, respectively. Employee contributions were $51,747, $48,575, and $52,560 for the years ended December 31, 2008, 2007, and 2006, respectively.

Annual Pension Cost and Net Pension Obligation related to SRPRP:

The Authority's annual pension cost and net pension obligation to SRPRP for the current year were as follows:

($ In thousands)	**2008**
Annual Required Contribution	$ 89.6
Interest on Net Pension Obligation	-
Adjustment to ARC	-
Annual Pension Cost	89.6
Contribution Made	89.6
Increase/(Decrease) in net pension obligation	0.0
Net Pension Obligation Beginning of Year	0.0
Net Pension Obligation End of Year	$ -

($ In thousands) **Year Ended**	**Annual Pension Cost**	**Percentage of Annual Pension Cost Paid**	**Net Pension Obligation**
December 31, 2008	$ 89.6	100%	-
December 31, 2007	69.2	100%	-
December 31, 2006	69.2	100%	-

Funded Status and Funding Progress related to SRPRP:

As of January 1, 2009, the most recent actuarial validation date, the plan was 62.5% funded. The actuarial accrued liability for benefits was $2,365,000, and the actuarial value of assets was $1,479,000, resulting in an unfunded actuarial accrued liability (“UAAL”) of $886,000. The covered payroll (annual payroll of active employees covered by the plan) was $1,420,000, and the ratio of the UAAL to the covered payroll was 62.4%.

The schedule of funding progress, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions:

The actuarial cost method used in the valuation is the aggregate cost method. Actuarial assumptions included a 5.75% interest rate, and salary increases of 4.5% per year. The actuarial value of assets is equal to the assets’ market value.

Post-employment Retirement Benefits — In June 2004 the Governmental Accounting Standards Board (“GASB”) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, which establishes new accounting standards for recording Postretirement Benefits Other Than Pensions (“OPEB”). The requirement applies to any state or local government employer that provides OPEB. The OPEB provided by the Authority is health benefits. Although the Authority would be required to implement GASB Statement No. 45 for the year ended December 31, 2007, early implementation as of December 31, 2006 was elected by the Authority. Prior to the implementation of GASB Statement No. 45, the Authority’s postretirement benefits were accounted for on a pay as-you-go basis.

The New Jersey Sports and Exposition Authority’s Postretirement Healthcare Plan (the “Plan”) is a single employer plan which provides certain group medical and prescription drug benefits for retirees (and for eligible dependents and, for a limited period of time, surviving spouses). Contributions towards part of the costs of these benefits are required of the retirees. Retiree contributions towards the cost of the benefit are a flat dollar amount that varies depending on Medicare eligibility and dependant coverage. The Authority, based upon Board approval, may elect at any time to amend the plan and funding provisions. An actuarial valuation of these benefits was performed by a specialist to determine the annual cost applicable to the retiree medical benefits for retired employees and their eligible dependents. The Authority does not issue stand alone financial statements for this OPEB Plan.

The Authority has elected to amortize, over 30 years, the Unfunded Actuarial Accrued Liability (“UAAL”) as a level dollar amount over an open 30-year period and not to fund the UAAL in advance of when benefits are due. The UAAL relating to OPEB benefits is approximately $23.1 million and $22.2 million as of December 31, 2008 and 2007, respectively. The Authority is not required by law or contractual agreement to provide funding for post-employment retirement benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible beneficiaries/dependents. During the years ended December 31, 2008 and 2007, the Authority paid $668,000 and $681,000 on behalf of the Plan.

The Authority’s annual OPEB cost (expense) for the year ended December 31, 2008 and 2007 was $1,894,000 and $1,823,000, respectively, and was calculated based on the annual required contribution ("ARC") of the employer of $1,927,000 and $1,847,000, respectively. The ARC is an amount that was actuarially determined by using the Projected Unit Credit Method, which is one of the accepted actuarial cost methods in accordance with the parameters of GASB Statement No. 45.

The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. Under this method, non-asset related actuarial gains/losses, as they occur, reduce/increase future Normal Costs and UAAL amortization payments. The following table shows the elements of the Authority's annual OPEB cost for the year, the amount actually paid, and changes in the Authority's net OPEB obligation to the plan for the years ended December 31, 2008 and December 31, 2007.

(Dollars In thousands)	2008	2007
Annual Required Contribution ("ARC")	$ 1,927	$ 1,847
Interest on the net OPEB obligation	137	80
Adjustment to ARC	(170)	(104)
Annual OPEB cost	1,894	1,823
Payments made	(668)	(681)
Increase in net OPEB obligation	1,226	1,142
Net OPEB obligation — Beginning of year	2,740	1,598
Net OPEB obligation — End of year	$ 3,966	$ 2,740

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the years ended December 31, 2008, 2007 and 2006, were as follows:

	(Dollars In thousands)		
Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Paid	Net OPEB Obligation
December 31, 2008	$ 1,894	35 %	$ 3,966
December 31, 2007	1,823	37 %	2,740
December 31, 2006	2,096	24 %	1,598

The Authority's funded status of the Plan is as follows:

			(Dollars In thousands)				
Year Ended	Valuation Date	Actuarial Value of Assets {a}	Actuarial Accrued Liability (AAL) {b}	Unfunded Actuarial Accrued Liability (UAAL) {c}={b}-{a}	Funded Ratio {a}/{c}	Covered Payroll {d}	Ratio of UAAL to Covered Payroll {c}/{d}
12/31/2008	12/31/2008	$ -	$ 23,083	$ 23,083	-	$ 12,702	182%
12/31/2007	12/31/2007	-	22,183	22,183	-	12,218	182%
12/31/2006	1/1/2006	-	22,555	22,555	-	17,624	128%

Actuarial Methods and Assumptions Used in Valuations: The OPEB-specific actuarial assumptions used in the December 31, 2008, OPEB actuarial valuations are as follows:

Valuation Date	December 31, 2008
Actuarial Cost Method	Projected Unit Credit Method
Discount Rate	5%
Per-Capita Retiree Contributions	Retiree contributions are not assumed to increase

Medical and prescription drug benefits are provided through fully insured contracts with Horizon Blue Cross Blue Shield of New Jersey. This does not include a reimbursement of Medicare Part B premium. Benefits vest after twenty-five years of service or, for employees hired prior to January 1, 1993, after attainment of age 60 with ten years of service or attainment of age 55 and age plus years of service equal or exceed 75.

The following premiums are used for all non-Medicare and Medicare eligible retirees and dependents with basic medical coverage.

Monthly Rates used for the years ended 2008 and 2007:

	Medical		Prescription Drug*	
For 2009				
Age	**Retiree**	**Dependent**	**Retiree**	**Dependent**
55	$ 378.44	$ 420.07	$ 73.07	$ 81.11
60	454.26	504.23	87.70	97.35
65	292.47	324.64	144.38	160.26
70	339.08	376.38	167.39	185.80
75	383.63	425.83	189.38	210.21
80	419.38	465.51	207.03	229.80
85	438.61	486.86	216.52	240.34

	Medical		Prescription Drug*	
For 2008				
Age	**Retiree**	**Dependent**	**Retiree**	**Dependent**
55	$ 340.94	$ 378.44	$ 65.83	$ 73.07
60	409.24	454.26	79.01	87.70
65	263.49	292.47	130.07	144.38
70	305.48	339.08	150.80	167.39
75	345.61	383.63	170.61	189.38
80	377.82	419.38	186.51	207.03

*The Authority has elected to apply for the retiree drug subsidy under Medicare Part D; consistent with GASB No. 45 the above prescription drug claims are not reduced nor do the liabilities reflect any anticipated retiree drug subsidy refund.

Health Care Cost Trend Rates (“HCCTR”): Covered medical and prescription drug expenses are assumed to increase by the following percentages based upon the most recent actuarial valuation which contained the following:

Years Ending	Annual Rates of Increase
2009	11.0 %
2010	10.0
2011	9.0
2012	8.0
2013	7.0
2014	6.0
2015 and later	5.0

Mortality: Mortality rates are based on the sex-distinct RP-2000 Combined Healthy Mortality Table (without projection and collar adjustment). Sample rates are as follows:

Age	Male	Female
20	0.0345 %	0.0191 %
30	0.0444	0.0264
40	0.1079	0.0706
50	0.2138	0.1676
60	0.6747	0.5055
70	2.2206	1.6742
80	6.4368	4.5879
90	18.3408	13.1668

Sports Authority salaried employees hired before January 1, 1993, who retire on or after age 60, with a minimum of 10 years of full-time salaried service or have a combined number of full time service and age totaling 75, with the Authority, are eligible to continue certain specified benefits subject to any required contributions. Medical benefits available to active employees will be available to eligible retirees who are not yet eligible for Medicare. The Authority will also, at its discretion, make available medical benefits to supplement Medicare coverage. The Authority accounts for these benefits on a pay as you go basis and paid approximately $668,000 (for 84 retirees), $681,000 (for 87 retirees) and $497,550 (for 71 retirees) in 2008, 2007 and 2006, respectively.

K. DISCLOSURE RELATING TO POLLUTION REMEDIATION COSTS

Effective 2008, pollution remediation costs were recognized as a liability on the Consolidated Statements of Financial Position, and an operating expense provision was made in the Consolidated Statements of Operations and Changes in Net Assets in accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* The remediation involves current and future activities related to testing, recovery, and cleanup of soil, subsurface water and ground level streams at various Authority sites. Contaminated sites include Meadowlands-Xanadu , the new stadium area, and the Meadowlands and Monmouth race tracks. The Authority estimates current and future expenses to be $4,379,000. In 2008 and 2007, payments of $294,000 and $1,735,000, respectively, were made related to remediation totaling $2,029,000, and charged to the Statements of Operations and Changes in Net Assets in each respective year. A provision for the expense for estimated future cost of $2,350,000 was made in 2008. Estimated recovery related from remediation reduces the measurement of this liability. There is no expected remediation recovery on the above sites.

Methods and assumptions used included historical data and engineering estimates. The pollution remediation liability is an estimate and is subject to changes resulting from price increases or reductions, technology, or changes in applicable laws and regulations.

L. COMMITMENTS AND CONTINGENCIES

A portion of the Authority's operating revenues is attributable to leasing of the Sports Complex facilities for various sporting events, trade shows and other expositions. Rental income is a flat fee per event or a percentage of ticket sales. Rental income, under these leases, was approximately $19,865,000 and $20,805,000 for the years ended December 31, 2008 and 2007, respectively.

The Authority has license agreements with the major sport franchises that play in the Arena and the Stadium which expire at various dates. There are options in the agreements that allow for earlier termination.

The Authority is exposed to risks of losses related to injuries to employees. The Authority has established a risk management program to account for and finance its uninsured risks of loss related to workmen's compensation. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Claims are based on actuarial valuation.

Workmen's compensation claims liability, claims incurred and claims paid are provided below.

Reconciliation of Workmen's Compensation Claims Liabilty
For the Years Ended December 31

	2008	2007
Claims at January 1st	$ 11,547,108	$ 9,417,000
Claims Incurred	6,621,108	4,195,075
Claims Paid	2,355,412	2,064,967
Claims at December 31st	$ 15,812,804	$ 11,547,108

On June 26, 2000, the Authority formed The Historic Boardwalk Hall, L.L.C. (the "LLC"), a limited liability company in the State of New Jersey for the purpose of financing and operating the Historic East Hall of the Atlantic City Boardwalk Convention Center (the "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 $1,263,000 is being held in escrow and can only be used to restore or repair the organ at the Historic Boardwalk Hall. Subject to a notice issued by a governmental agency, an expense has been recorded in the 2004 financial statements.

On March 1, 2001, the New Jersey Sports and Exposition Authority entered into an agreement leasing the convention center for a term of 99 years for a single payment equal to the appraised value of the convention center, at that date, and concurrently leasing-back the property for a term of 35 years. The major portion of the proceeds received have been invested to sufficiently fund the

Sports Authority's future lease payments and exercise its option to repurchase the initial lease in 26 years without having to provide any additional funds. Repurchase options are also available after 10 and 20 years. The Sports Authority's payment obligations are additionally secured by contingent State Contract Bonds ($100,000,000) and legally available luxury tax and convention center revenues, as defined. Upon entering this transaction the Sports Authority received a cash payment of approximately $7,945,000.

On June 30, 2005, the Authority entered into a ground lease and related project agreements for development of Meadowlands Xanadu, an approximately 5.0 million square mixed-use project on approximately 104 acres at the Meadowlands Sports Complex. Through March 2006, the Authority received pre-payments of ground rent in the amount of $160,000,000. In 2005, the Authority used $26,800,000 of the prepaid ground rent to purchase the wetland mitigation bank rights on the Empire Tract. The Authority also used $37,190,000 to defease tax-exempt bonds attributable to the Meadowlands Xanadu Project site. Expenses associated with the project that were previously deferred were expensed in 2005. For GAAP purposes revenue will be realized by amortizing the upfront payment over 18 years. The redeveloper for the project is an affiliate of Colony Capital, LLC. As of December31, 2008, the facility has not begun operations.

Pursuant to the Stadium Project Ground Lease and Development Agreement, dated December 21, 2006, between New Meadowlands Stadium Company, LLC ("NMSCO") and the Authority a new stadium and ancillary development will be jointly owned and operated by the Giants and Jets. Both teams will pay for the cost of construction of the stadium and share in all operating revenues. The Authority has entered into a long-term lease with the NMSCO prior to commencing the construction of the stadium and related development. Upon completion of the new stadium the existing Giants stadium will be demolished.

At year-end approximately $2,004,000 in current assets and liabilities was related to funds received from the State to administer the Aquarium Project. The activity in the fund created for this purpose has no effect on the Authority's revenues or expenses.

In May 2004, the Authority entered into a Grant and Donation Agreement (the "agreement") with the Casino Reinvestment Development Authority ("CRDA") and the 12 casinos operating in Atlantic City whereby the casinos have paid the Authority $34,000,000 through year-end 2007 for purse enhancement at the Meadowlands, Monmouth Park and Freehold racetracks. In addition, the casinos authorized CRDA to approve donations in the amount of $62,000,000 from the casinos' North Jersey obligations fund to further support this purse enhancement. In turn, the Authority has guaranteed certain purse payments through year-end 2007 to the various horsemen associations. To the extent that revenue and these purse supplements do not meet the guarantee, the Authority will pay the amounts. In 2007, the Authority made payments totaling $7,300,000.

In August 2008, the Authority entered into an agreement with the Casino Association of New Jersey ("CANJ"), whereby CANJ will make quarterly and periodic payments totaling $90,000,000 through November 15, 2011. In return the Authority will use the funds for purse enhancements, including racetrack and horsemen employee benefits and other Authorized Uses.

In 2004, the Authority organized the NJSEA Insurance Company as a captive insurance company in Vermont for the purpose of insuring and reinsuring various types of risk, including but not limited to those required by the Federal Terrorism Insurance Act. The Company is a wholly owned subsidiary of the Authority and insures the Authority for a maximum of $300,000,000.

The Authority has entered into a Management and Funding Agreement with New Jersey Transit ("NJT") and the New Jersey Department of Transportation ("NJDOT") for the design and construction of a railroad and roadway improvement project at the Sports Complex. The proposed project is 2.3 miles of heavy rail link from NJT's Passaic Valley line through the Sports Complex terminating at a passenger rail station centrally located between the Meadowlands Racetrack, Giants Stadium, the Meadowlands Xanadu Project, and the Arena. New Jersey Transit has initially received a $150,000,000 grant from the Port Authority of New York and New Jersey to support the project. Contracts awarded through December 31, 2008, amount to approximately $182,000,000. The NJ DOT and NJT have agreed to fund the difference of $32,000,000.

On June 14, 2004, the Authority entered into a Participation agreement to license and operate an account wagering system in New Jersey pursuant to the Off-Track and Account Wagering Act (P.L. 201, c.199) and the regulations promulgated by the New Jersey Racing Commission. Under the agreement the Authority began operating an on-line account wagering system and has contributed 70% of start-up costs for the project, appointed an Operating Board and conducts and account for all day-to-day operations in return for 70% of available net project revenues or losses as defined by the agreement. These operations are included in the Sports Complex Funds. In October 2007, the Authority commenced operations of an off-track wagering facility in Woodbridge, NJ. The Authority, under State Legislation, has the right to build a total of nine off-track wagering facilities.

M. SUBSEQUENT EVENTS

On October 21, 2009, the Authority undertook a project consisting of construction of a new storm water basin and to purchase equipment for the project in order to alleviate storm water runoff at Monmouth Park Racetrack. The total cost for the equipment and the project is estimated at $26,600,000, which includes capitalized interest, debt service and administrative expenses, and will be financed through loans from the New Jersey Environmental Infrastructure Trust and the New Jersey Department of Environmental Protection. The Borough of Oceanport will apply for the project loan (not to exceed $23,500,000), and the Authority will apply for the equipment loan (not to exceed $850,000) with the above financing authorities. The Authority will pay the Borough a special assessment that is substantially similar to the Borough's loan repayment schedule, and will manage the project at its own cost. The project will begin in 2010 and will take two years to complete. Repayment on the loans will begin in 2010 and end in 2029.

The Authority has entered into a lease for a 35,000 square foot facility to open an Off-Track Wagering facility in Bayonne, NJ. The average rent on the property is $950,000 per year over a 20-year initial term. The Authority's leasehold improvement costs are not known at this time.

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NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

SCHEDULE OF FUNDING PROGRESS – NJSEA POSTRETIREMENT HEALTHCARE PLAN
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2008

Valuation Date	Actuarial Value of Assets {a}	Actuarial Accrued Liability (AAL) {b}	Unfunded Actuarial Accrued Liability (UAAL) {c}={b}-{a}	Funded Ratio {a}/{c}	Covered Payroll {d}	Ratio of UAAL to Covered Payroll {c}/{d}
12/31/2008	$ -	$ 23,083	$ 23,083	-	$ 12,702	182%
12/31/2007	-	22,183	22,183	-	12,218	182
1/1/2006	-	22,555	22,555	-	17,624	128

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

SCHEDULE OF EMPLOYER CONTRIBUTIONS AND FUNDING PROGRESS – SEASONAL RACING PERSONNEL RETIREMENT PLAN REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) FOR THE YEAR ENDED DECEMBER 31, 2008

Actuarial Valuation Date	Annual Required Contribution (ARC)	Percentage of ARC Contributed from Employer (%)	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Unfunded Actuarial Accrued Liability (UAAL) (2)-(1)	(4) Funded Ratio (%) (1)/(2)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (%) (3)/(5)
January 1, 2009	$ 147.3	100.0 %	$ 1,479.0	$ 2,365.0	$ 886.0	62.5 %	$ 1,420.0	62.4 %
January 1, 2008	89.6	100.0	1,581.0	2,020.0	439.0	78.3	1,427.0	30.8
January 1, 2007	69.2	100.0	1,376.0	1,715.0	340.0	80.2	1,380.0	24.6
January 1, 2006	69.2	100.0	1,280.0	1,641.0	361.0	78.0	1,301.0	27.7
January 1, 2005	63.8	100.0	1,108.0	1,467.0	359.0	75.5	1,264.0	28.4

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

SEASONAL RACING PERSONNEL RETIREMENT PLAN
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF ACTUARIAL METHODS AND ASSUMPTIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

A. ACTUARIAL METHODS

Actuarial Cost Method — Aggregate

The actuarial cost method used in the valuation is the aggregate cost method. Under this method, the excess of the Actuarial Present Value of the Projected Benefits of the group included in the Actuarial Valuation, over the Valuation Assets, is allocated, as a level percentage of earnings, over the earnings of the group between valuation date and assumed retirement. This allocation is performed for the group as a whole, not as a sum of individual allocations.

Under this method, the Actuarial Gains or Losses, as they occur, reduce or increase the future Normal Costs.

Actuarial Asset Valuation Method — The asset valuation technique determines valuation assets as the market value of assets.

B. ACTUARIAL ASSUMPTIONS

Interest rates — funding (1)	5.75 %
Current liability — segmented rates (3)	5.32 % 6.45 % 6.69 %
Accumulation rate for employee contribution accounts:	5.00 %
Mortality for healthy participants:	
Funding	RP — 2000 Mortality Table for males and females.
Current liability	Optional 2009 Combined Tables as prescribed by PPA
Disability mortality:	
Funding	Mortality Table for Disabled Participants receiving Social Security Disability Benefit Payments in 1974.
Current liability	Optional 2009 Combined Tables as prescribed by PPA.
Salary increases:	4.5% per year
Withdrawal	Crocker Sarason T-1 which ranges from 4.89% at age 25 to 0% at age 50.
Disability	One-half of the 1944 Railroad Retirement Board Disability rates.

B. ACTUARIAL ASSUMPTIONS (CONTINUED)

Retirement:

Age	Rate	Age	Rate
55	$ 0.0160	60	$ 0.0185
56	0.0165	61	0.0190
57	0.0170	62	0.1000
58	0.0175	63	0.0280
59	0.0180	64	0.0300
		65+	1.0000

Terminated Vested Participants assumed to retire at age 65.

Marriage assumption: 100% of members are assumed to be married with females 3 years younger than males.

Expense provision: None

Form of Payment (2): Annuity purchased at retirement date.

Changes in methods and assumptions:

(1) The funding interest rate was changed from 6.5% to 5.75%.

(2) The form of payment assumption was changed from Life annuity to Annuity purchased at retirement date.

(3) The RPA'94 Current Liability interest rate was changed from segments of 5.31%, 5.92%, and 6.43% to segments of 5.32%, 6.45%, and 6.69%. This change was made so that the rates correspond with PPA regulations.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY **SCHEDULE A**

COMBINING STATEMENTS OF REVENUES AND EXPENSES
YEARS ENDED DECEMBER 31, 2008 AND 2007
(Pursuant to Various Bond Resolutions)
(In Thousands)

	December 31, 2008									December 31, 2007
	Sports Complex Funds	Xanadu Project Funds	Stadium Suites Project	Monmouth Park Funds	Atlantic City Convention Center Funds	Luxury Tax Funds	State Contract Funds	Wildwood Convention Center Funds	Total Funds	Total Funds
REVENUES FROM OPERATIONS:										
Meadowlands Racetrack	$ 81,725	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 81,725	$ 92,658
Monmouth Park Racetrack	-	-	-	42,421	-	-	-	-	42,421	43,892
Stadium	50,896	-	-	-	-	-	-	-	50,896	46,997
Stadium Suites Project	-	-	8,373	-	-	-	-	-	8,373	8,211
Arena	38,340	-	-	-	-	-	-	-	38,340	47,282
Account Wagering	14,562	-	-	-	-	-	-	-	14,562	12,773
Off-Track Wagering	16,478	-	-	-	-	-	-	-	16,478	3,080
Atlantic City Convention Centers	-	-	-	-	16,853	-	-	-	16,853	18,775
Wildwood Convention Center	-	-	-	-	-	-	-	2,030	2,030	2,279
Entertainment (Xanadu) Complex	-	-	-	-	-	-	-	-	-	-
	202,000	-	8,373	42,421	16,853	-	-	2,030	271,678	275,947
EXPENSES FROM OPERATIONS:										
Meadowlands Racetrack	89,032	-	-	-	-	-	-	-	89,032	94,858
Monmouth Racetrack	-	-	-	50,504	-	-	-	-	50,504	55,674
Stadium	34,432	-	-	-	-	-	-	-	34,432	31,447
Stadium Suites Project	-	-	685	-	-	-	-	-	685	656
Arena	37,236	-	-	-	-	-	-	-	37,236	47,220
Account Wagering	10,796	-	-	-	-	-	-	-	10,796	8,939
Off-Track Wagering	10,752	-	-	-	-	-	-	-	10,752	2,228
Atlantic City Convention Centers	-	-	-	-	31,787	-	-	-	31,787	31,477
Wildwood Convention Center	-	-	-	-	-	-	-	4,110	4,110	4,013
Entertainment (Xanadu) Complex	-	1,041	-	-	-	-	-	-	1,041	16,849
	182,248	1,041	685	50,504	31,787	-	-	4,110	270,375	293,361
EXCESS (DEFICIENCY) FROM OPERATIONS	19,753	(1,041)	7,688	(8,083)	(14,934)	-	-	(2,080)	1,303	(17,414)
OTHER INCOME, EXPENSES AND TRANSFERS:										
General and administrative expenses	(11,807)	-	-	-	(3,943)	-	-	(1,737)	(17,487)	(15,553)
Interest income and other	4,154	901	236	182	156	493	1,696	182	8,000	13,847
Other expense	(6,590)	-	-	(300)	-	-	-	-	(6,890)	(1,826)
Luxury tax, marketing fee and tourism tax revenues	-	-	-	-	7,452	27,608	-	3,336	38,396	37,823
State contract payments	-	-	-	-	-	-	47,516	4,679	52,195	54,728
Stadium Suites distribution	2,709	-	-	-	-	-	-	-	2,709	2,660
Transfers	10,000	(20,000)	-	10,000	11,808	(11,808)	-	-	-	-
EXCESS OF REVENUES OVER EXPENSES (Note B)	18,218	(20,140)	7,925	1,799	539	16,293	49,212	4,380	78,226	74,265
OPERATING FUND BALANCES, BEGINNING OF YEAR	-	-	-	-	7,908	-	-	1,000	8,908	7,599
TOTAL REVENUE AVAILABLE FOR DISTRIBUTION	$ 18,218	$ (20,140)	$ 7,925	$ 1,799	$ 8,447	$ 16,293	$ 49,212	$ 5,380	$ 87,134	$ 81,864
DISTRIBUTION TO (FROM) AS FOLLOWS (Note B):										
Operating fund balances, end of year	$ -	$ -	$ -	$ -	$ 8,447	$ -	$ -	$ 1,000	$ 9,447	$ 8,908
Debt service funds	-	-	-	-	-	12,757	49,212	4,679	66,648	78,394
Maintenance reserve funds	12,643	(20,140)	(201)	461	-	3,536	-	(329)	(4,031)	(20,072)
Payment in lieu of tax funds (Note B)	5,575	-	-	1,338	-	-	-	30	6,943	6,654
Partner distribution	-	-	8,126	-	-	-	-	-	8,126	7,980
State Contract Bonds debt service	-	-	-	-	-	-	-	-	-	-
Total Revenues Distributed	$ 18,218	$ (20,140)	$ 7,925	$ 1,799	$ 8,447	$ 16,293	$ 49,212	$ 5,380	$ 87,134	$ 81,864

See notes to consolidated financial statements.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY **SCHEDULE B**

COMBINING STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES
DECEMBER 31, 2008 AND 2007
(Pursuant to the various Bond Resolutions)
(In Thousands)

	December 31, 2008									December 31, 2007
	Sports Complex Funds	Xanadu Project Fund	Stadium Suites Project	Monmouth Park Funds	Atlantic City Convention Center Funds	Luxury Tax Funds	State Contract Funds	Wildwood Convention Center Funds	Total Funds	Total Funds
ASSETS										
Cash and cash equivalents (Notes B and D)	$ 52,051	$ 30,778	$ 1,987	$ 4,141	$ 8,178	$ 14,799	$ -	$ 7,647	$ 119,581	$ 149,359
Restricted cash and cash equivalents (Notes B and D)	1,252	38	-	-	-	1,929	5,156	-	8,375	22,366
Restricted investments (Note D)	-	-	-	-	-	4,797	-	-	4,797	25,739
Accrued interest receivable	-	-	-	-	-	-	-	-	-	521
Luxury tax, marketing fee and tourism tax receivable (Notes A and C)	-	-	-	-	2,579	3,985	-	536	7,100	9,115
Receivables	23,915	-	-	3,486	888	-	-	45	28,334	39,533
Interfund receivables	13,535	1,865	-	2,613	332	495	-	-	18,840	17,014
Investment in facilities	516,371	-	44,018	46,267	827	259,215	350,536	66,826	1,284,060	1,285,349
Other assets (Note B)	14,263	-	755	253	1,322	1,507	2,884	52	21,036	23,584
	$ 621,387	$ 32,681	$ 46,760	$ 56,760	$ 14,126	$ 286,727	$ 358,576	$ 75,106	$ 1,492,123	$ 1,572,580
LIABILITIES AND FUND BALANCES										
Accounts payable and accrued expenses	$ 48,105	$ 831	$ 894	$ 8,085	$ 3,143	$ 4,797	$ -	$ 602	$ 66,457	$ 61,129
Interfund payables	5,774	-	4	-	757	-	12,304	-	18,839	17,014
Interest payable on bonds and notes	-	-	-	-	-	8,058	-	235	8,293	11,203
Deferred revenue	28,294	-	-	2,408	2,508	-	-	24	33,234	43,764
Other liabilities	-	-	-	-	-	20,609	-	-	20,609	34,940
Notes payable (Note G)	-	-	-	-	-	8,600	-	-	8,600	8,600
Bonds payable (Note F)	-	-	-	-	-	160,210	645,625	15,753	821,588	829,609
Unamortized original issue discount	-	-	-	-	-	1,614	1,538	(16)	3,136	(1,935)
Fund balance (deficit)	539,214	31,850	45,862	46,267	7,718	82,839	(300,891)	58,508	511,367	568,256
	$ 621,387	$ 32,681	$ 46,760	$ 56,760	$ 14,126	$ 286,727	$ 358,576	$ 75,106	$ 1,492,123	$ 1,572,580

See notes to consolidated financial statements.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY **SCHEDULE C**

STATEMENTS OF CHANGES IN FUND BALANCES
YEARS ENDED DECEMBER 31, 2008 AND 2007
(Pursuant to Various Bond Resolutions)
(In Thousands)

	December 31, 2008									December 31, 2007
	Sports Complex Funds	Xanadu Project Fund	Stadium Suites Project	Monmouth Park Funds	Atlantic City Convention Center Funds	Luxury Tax Funds	State Contract Funds	Wildwood Convention Center Funds	Total Funds	Total Funds
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	$ 469,075	$ 51,990	$ 45,862	$ 53,187	$ 7,545	$ 78,389	$ (167,847)	$ 30,055	$ 568,256	$ 573,055
Excess of revenues over expenses	8,218	(140)	7,925	(8,201)	539	16,293	49,212	4,380	78,226	74,265
Interest income on restricted debt service funds	-	-	-	-	-	-	-	-	-	0
Interest on bonds and notes	-	-	-	-	-	(6,767)	(83,716)	(2,389)	(92,872)	(49,897)
Maintenance charges	(9,335)	-	-	(2,537)	(366)	(4,954)	-	(130)	(17,322)	(12,013)
Payment in lieu of taxes (Note B)	(5,575)	-	-	(1,665)	-	-	-	(30)	(7,270)	(6,654)
Write-off and amortization of bond discount and issuance costs	(1,804)	-	-	-	-	(122)	(1,087)	(168)	(3,181)	(2,520)
Interfund transfers	78,635	(20,000)	-	5,483			(96,163)	26,790	(5,255)	-
Amortization of costs on the Rutgers and Higher Education Projects	-	-	-	-	-	-	(1,289)	-	(1,289)	-
Partners distribution	-	-	(7,925)	-	-	-	-	-	(7,925)	(7,980)
FUND BALANCE (DEFICIT), END OF YEAR	$ 539,214	$ 31,850	$ 45,862	$ 46,267	$ 7,718	$ 82,839	$ (300,890)	$ 58,508	$ 511,368	$ 568,256

See notes to consolidated financial statements.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY **SCHEDULE D**

COMBINING STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE
SPORTS COMPLEX FUNDS
(pursuant to the Sports Complex Revenue Bond Resolutions)
(In Thousands)

	December 31, 2008 Construction Funds	Revenue/ Operating Fund	Operating Fund	Debt Service Fund	Subordinated Indebtedness Fund	Subordinated Loan Fund	Main-tenance Reserve Fund	Payment in Lieu of Taxes Fund	Total Sports Complex Funds	December 31, 2007 Total Sports Complex Funds
ASSETS										
Cash and cash equivalents	$ -	$ 20,355	$ -	$ -	$ -	$ -	$ 30,741	$ 955	$ 52,051	$ 53,129
Restricted cash and cash equivalents	-	1,252	-	-	-	-	-	-	1,252	243
Restricted investments	-	-	-	-	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-	-	-	-	-
Receivables	-	23,915	-	-	-	-	-	-	23,915	33,995
Interfund receivables (payables)	-	13,535	-	-	-	-	-	-	13,535	7,262
Investment in facilities	516,371	-	-	-	-	-	-	-	516,371	516,371
Other assets	-	14,263	-	-	-	-	-	-	14,263	16,431
	$ 516,371	$ 73,320	$ -	$ -	$ -	$ -	$ 30,741	$ 955	$ 621,387	$ 627,431
LIABILITIES AND FUND BALANCE										
Accounts payable and accrued expenses	$ -	$ 45,026	$ -	$ -	$ -	$ -	$ 3,079	$ -	$ 48,105	$ 36,039
Interfund payables	-	-	-	-	-	-	5,774	-	5,774	-
Interest payable on bonds and notes	-	-	-	-	-	-	-	-	-	2,100
Deferred revenue	-	28,294	-	-	-	-	-	-	28,294	37,663
Other liabilities	-	-	-	-	-	-	-	-	-	11,547
Bonds payable	-	-	-	-	-	-	-	-	-	72,330
Unamortized original issue discount	-	-	-	-	-	-	-	-	-	(1,323)
Fund balance	516,371	-	-	-	-	-	21,888	955	539,214	469,075
	$ 516,371	$ 73,320	$ -	$ -	$ -	$ -	$ 30,741	$ 955	$ 621,387	$ 627,431
CHANGES TO FUND BALANCE										
Balance, beginning of year	$ 449,540	$ -	$ -	$ -	$ -	$ -	$ 18,580	$ 955	$ 469,075	$ 412,337
Revenues:										
Racetrack	-	81,725	-	-	-	-	-	-	81,725	92,658
Stadium	-	50,896	-	-	-	-	-	-	50,896	46,997
Arena	-	38,340	-	-	-	-	-	-	38,340	47,282
Interest earned and other	-	4,154	-	-	-	-	-	-	4,154	5,217
Interest transferred	-	-	-	-	-	-	-	-	-	-
Stadium Suites distribution	-	2,709	-	-	-	-	-	-	2,709	2,660
Account Wagering	-	14,562	-	-	-	-	-	-	14,562	12,773
Off-Track Wagering	-	16,478	-	-	-	-	-	-	16,478	3,080
Other	-	-	-	-	-	-	-	-	-	-
Operating Expenses:	-	-	-	-	-	-	-	-	-	
Racetrack	-	(89,033)	-	-	-	-	-	-	(89,033)	(94,858)
Stadium	-	(34,432)	-	-	-	-	-	-	(34,432)	(31,447)
Arena	-	(37,236)	-	-	-	-	-	-	(37,236)	(47,220)
Account Wagering	-	(10,796)	-	-	-	-	-	-	(10,796)	(8,939)
Off-Track Wagering	-	(10,752)	-	-	-	-	-	-	(10,752)	(2,228)
General and administration	-	(11,807)	-	-	-	-	-	-	(11,807)	(9,788)
Other	-	(6,590)	-	-	-	-	-	-	(6,590)	(1,935)
Interfund transfers	68,635	(8,218)	-	-	-	-	12,643	5,575	78,635	60,485
Principal paid and accrued on bonds	-	-	-	-	-	-	-	-	-	-
Amortization of bond issuance costs	(1,804)	-	-	-	-	-	-	-	(1,804)	(622)
Interest paid and accrued	-	-	-	-	-	-	-	-	-	(4,475)
Maintenance charges	-	-	-	-	-	-	(9,335)	-	(9,335)	(7,867)
Payments in lieu of tax	-	-	-	-	-	-	-	(5,575)	(5,575)	(5,035)
Balance, end of year	$ 516,371	$ -	$ -	$ -	$ -	$ -	$ 21,888	$ 955	$ 539,214	$ 469,075

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

SCHEDULE E

COMBINING STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES
STADIUM SUITES PROJECT FUNDS
(Pursuant to the Loan Agreement)
(In Thousands)

	December 31, 2008						December 31, 2007
ASSETS	Construction Fund	Revenue/ Operating Fund	Interest Reserve Fund	Maintenance Reserve Fund	Excess Cash Flow Fund	Total Stadium Suites Project Funds	Total Stadium Suites Project Funds
Restricted cash and cash equivalents	$ -	$ 894	$ -	$ 1,093	$ -	$ 1,987	$ 2,908
Interfund receivables	-	-	-	-	-	-	824
Investment in facilities	44,018	-	-	-	-	44,018	44,018
Other assets	755	-	-	-	-	755	755
	$ 44,773	$ 894	$ -	$ 1,093	$ -	$ 46,760	$ 48,505
LIABILITIES AND FUND BALANCE							
Accounts payable and accrued expenses	$ -	$ 894	$ -	$ -	$ -	$ 894	$ 2,643
Interfund payable	-	-	-	4	-	4	-
Interest payable on bonds and notes	-	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-
Fund balance	44,773	-	-	1,089	-	45,862	45,862
	$ 44,773	$ 894	$ -	$ 1,093	$ -	$ 46,760	$ 48,505
CHANGES TO FUND BALANCE							
Balance, beginning of year	$ 44,773	$ -	$ -	$ 1,089	$ -	$ 45,862	$ 45,884
License fees	-	8,374	-	-	-	8,374	8,211
Principal paid and accrued on notes	-	-	-	-	-	-	-
Interest earned and other	-	170	-	66	-	236	425
Interest transferred	-	66	-	(66)	-	-	-
Operating expenses	-	(685)	-	-	-	(685)	(656)
Interest paid and accrued	-	-	-	-	-	-	-
Interfund transfers	-	-	-	-	-	-	-
Maintenance reserve charges	-	-	-	-	-	-	(22)
Partner distribution	-	(7,925)	-	-	-	(7,925)	(7,980)
Balance, end of year	$ 44,773	$ -	$ -	$ 1,089	$ -	$ 45,862	$ 45,862

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY **SCHEDULE F**

COMBINING STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE
MONMOUTH PARK FUNDS
(pursuant to the State Contract Bond Resolutions)
(In Thousands)

	December 31, 2008							December 31, 2007
ASSETS	Construction Funds	Revenue/ Operating Fund	Operating Fund	Debt Service Fund	Maintenance Reserve Fund	Payment In Lieu Of Tax Fund	Total Monmouth Park Funds	Total Monmouth Park Funds
Cash and cash equivalents	$ -	$ 3,780	$ -	$ -	$ -	$ 361	$ 4,141	$ 13,164
Restricted cash and cash equivalents	-	-	-	-	-	-	-	
Restricted investments	-	-	-	-	-	-	-	
Accrued interest receivable	-	$ -	-	-	-	-	-	
Receivables	-	3,486	-	-	-	-	3,486	4,642
Interfund receivables (payables)	-	2,378	-	-	596	(361)	2,613	(466)
Investment in facilities	46,267	-	-	-	-	-	46,267	46,267
Other assets	-	253	-	-	-	-	253	102
	$ 46,267	$ 9,897	$ -	$ -	$ 596	$ -	$ 56,760	$ 63,709
LIABILITIES AND FUND BALANCE								
Accounts payable and accrued expenses	$ -	$ 7,489	$ -	$ -	$ 596	$ -	$ 8,085	$ 7,738
Interest payable on bonds and notes	-	-	-	-	-	-	-	0
Other liabilities	-	2,408	-	-	-	-	2,408	2,784
Fund balance (deficit)	46,267	-	-	-	-	-	46,267	53,187
	$ 46,267	$ 9,897	$ -	$ -	$ 596	$ -	$ 56,760	$ 63,709
CHANGES TO FUND BALANCE								
Balance, beginning of year	$ 46,267	$ -	$ -	$ -	$ 6,602	$ 318	$ 53,187	$ 50,637
Revenue:								
Racetrack	-	42,421	-	-	-	-	42,421	43,892
Interest earned	-	182	-	-	-	9	191	1,221
Interest transferred	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-
Operating expenses:	-	-	-	-	-	-	-	
Racing	-	(50,504)	-	-	-	-	(50,504)	(55,674)
General and administrative	-	(300)	-	-	-	-	(300)	(300)
Interfund transfers	-	8,201	-	-	(4,065)	1,338	5,474	15,000
Principal paid and accrued	-	-	-	-	-	-	-	
on bonds and notes	-	-	-	-	-	-	-	-
Amortization of bond discount	-	-	-	-	-	-	-	
and bond issuance costs	-	-	-	-	-	-	-	-
Interest paid and accrued on debt	-	-	-	-	-	-	-	-
Maintenance charges	-	-	-	-	(2,537)	-	(2,537)	-
Payment in lieu of taxes	-	-	-	-	-	(1,665)	(1,665)	(1,589)
Balance, end of year	$ 46,267	$ -	$ -	$ -	$ -	$ -	$ 46,267	$ 53,187

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY **SCHEDULE G**

COMBINING STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE
LUXURY TAX FUNDS
(pursuant to the Luxury Tax and State Contract Bond Resolutions)
(In Thousands)

	December 31, 2008							December 31, 2007
ASSETS	Convention Center Project Fund	East Hall Project Fund	Luxury Tax Revenue Fund	Debt Service Funds	Operating Fund	Working Capital Maintenance Reserve Fund	Total Luxury Tax Funds	Total Luxury Tax Funds
Cash and cash equivalents	$ -	$ -	$ 13,506	$ 1,280	$ -	$ 13	$ 14,799	$ 17,267
Investments	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	666	-	1,263	1,929	2,123
Restricted investments	-	-	-	-	-	4,797	4,797	4,740
Accrued interest receivable	-	-	-	-	-	-	-	-
Luxury tax and marketing fee receivable	-	-	3,985	-	-	-	3,985	5,329
Receivables	-	-	-	-	-	-	-	-
Interfund receivables (payables)	-	-	(17,491)	6,112	-	11,874	495	6,761
Investment in facilities	160,232	98,983	-	-	-	-	259,215	259,215
Other assets	1,307	200	-	-	-	-	1,507	1,681
	$ 161,539	$ 99,183	$ -	$ 8,058	$ -	$ 17,947	$ 286,727	$ 297,116
LIABILITIES AND FUND BALANCE								
Accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ -	$ 4,797	$ 4,797	$ 4,740
Interest payable on bonds and notes	-	-	-	8,058	-	-	8,058	8,556
Interfund payables	-	-	-	-	-	-	-	8,356
Other liabilities	-	-	-	-	-	20,609	20,609	20,609
Notes Payable	8,600	-	-	-	-	-	8,600	8,600
Bonds payable	120,030	40,180	-	-	-	-	160,210	166,200
Unamortized original issue discount	1,905	(291)	-	-	-	-	1,614	1,666
Fund balance (deficit)	31,004	59,294	-	-	-	(7,459)	82,839	78,389
	$ 161,539	$ 99,183	$ -	$ 8,058	$ -	$ 17,947	$ 286,727	$ 297,116
CHANGES TO FUND BALANCE (DEFICIT)								
Balance, beginning of year	$ 25,054	$ 59,376	$ -	$ -	$ -	$ (6,041)	$ 78,389	$ 70,775
Luxury tax collections	-	-	27,608	-	-	-	27,608	27,977
Transfer to/from funds	-	-	(27,879)	12,567	12,239	3,073	-	-
Amortization of bond discount	-	-	-	-	-	-	-	-
and issuance costs	(40)	(82)	-	-	-	-	(122)	(122)
Capital contributions	-	-	-	-	-	-	-	-
Interest earned	-	-	271	190	-	33	494	1,127
Interest transferred	-	-	-	-	-	-	-	-
Maintenance charges	-	-	-	-	-	(4,954)	(4,954)	(3,550)
Principal paid and accrued on bonds	5,990	-	-	(5,990)	-	-	-	-
Interest paid and accrued on bonds	-	-	-	(6,767)	-	-	(6,767)	(7,033)
Other income (expense)	-	-	-	-	-	-	-	-
Operating deficit	-	-	-	-	(12,239)	430	(11,809)	(10,785)
Balance, end of year	$ 31,004	$ 59,294	$ -	$ -	$ -	$ (7,459)	$ 82,839	$ 78,389

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY **SCHEDULE H**

COMBINING STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE
STATE CONTRACT FUNDS
(pursuant to the State Contract Bond Resolutions)
(In Thousands)

	December 31, 2008																December 31, 2007
	Project Funds							Debt Service Funds									
ASSETS	Convention Center Project Account	Capital Improvement Programs Accounts	Rutgers Project Account	Higher Education Project Account	Feasibility Studies Project Account	State Contract Bond Refunding Account	Bond Refunding Account	2003A & 2005A & 2007B Series A	1992 Series A	1992 Series C	1998 Series A & B	2000 Series A,B,C,D	2002 Series A,B,C	Debt Service Reserve Account 92 Series C	Credit Obligation Account	Total State Contract Funds	Total State Contract Funds
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,432
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-	36	5,120	-	-	-	-	-	-	5,156	-
Restricted investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,999
Accrued interest receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	521
Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund receivables (payables)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment in facilities	171,607	147,456	31,170	-	303	-	-	-	-	-	-	-	-	-	-	350,536	351,825
Other assets	-	924	212	-	1	-	1,747	-	-	-	-	-	-	-	-	2,884	3,376
	$ 171,607	$ 148,380	$ 31,382	$ -	$ 304	$ -	$ 1,747	$ 36	$ 5,120	$ -	$ -	$ -	$ -	$ -	$ -	$ 358,576	$ 388,153
LIABILITIES AND FUND BALANCE																	
Accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,959
Interfund Payable	-	-	-	-	-	-	7,148	36	5,120	-	-	-	-	-	-	12,304	8,658
Interest payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	312
Bonds payable	-	72,569	30,417	-	203	-	542,436	-	-	-	-	-	-	-	-	645,625	546,246
Unamortized original issue discount	-	(789)	(16)	-	(1)	-	2,344	-	-	-	-	-	-	-	-	1,538	(2,175)
Fund balances (deficits)	171,607	76,600	981	-	102	-	(550,181)	-	-	-	-	-	-	-	-	(300,891)	(167,847)
	$ 171,607	$ 148,380	$ 31,382	$ -	$ 304	$ -	$ 1,747	$ 36	$ 5,120	$ -	$ -	$ -	$ -	$ -	$ -	$ 358,576	$ 388,153
CHANGES TO FUND BALANCE (DEFICIT)																	
Balance, beginning of year	$ 5,776	$ 58,113	$ (245)	$ -	$ 73	$ -	$ (253,842)	$ -	$ 1,070	$ -	$ -	$ -	$ (312)	$ 21,520	$ -	$ (167,847)	$ (132,550)
Transfer to/from debt service	162,345	4,158	368	-	19	-	(308,462)	21,000	1,424	12,018	5,123	10,698	1,396	(6,251)	739	(95,425)	(50,485)
Contributed capital	-	-	-	-	-	-	48,586	-	(1,070)	-	-	-	-	-	-	47,516	50,044
Amortization of bond discount	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
and issuance costs	(1,539)	311	(8)	-	(5)	-	154	-	-	-	-	-	-	-	-	(1,087)	(493)
Amortization of investment in facilities	-	-	(1,289)	-	-	-	-	-	-	-	-	-	-	-	-	(1,289)	(1,258)
Interest earned	-	-	-	-	-	-	-	74	114	-	-	-	-	1,508	-	1,696	2,733
Interest transferred	-	-	-	-	-	-	1,696	(74)	(114)	-	-	-	-	(1,508)	-	-	-
(Loss) / gain on refinancing	-	-	-	-	-	-	(58,730)	-	-	-	-	-	-	-	-	(58,730)	(8,014)
Principal paid and accrued on bonds	5,025	14,018	2,155	-	15	-	20,417	(10,036)	(1,015)	(5,025)	(2,900)	(6,635)	(750)	(15,269)	-	-	-
Interest paid and accrued on debt	-	-	-	-	-	-	-	(10,964)	(409)	(6,993)	(2,223)	(4,063)	(334)	-	-	(24,986)	(27,085)
Credit obligation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(739)	(739)	(739)
Balance, end of year	$ 171,607	$ 76,600	$ 981	$ -	$ 102	$ -	$ (550,181)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (300,891)	$ (167,847)

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

SCHEDULE I

COMBINING STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE
ATLANTIC CITY CONVENTION CENTER AUTHORITY
(In Thousands)

	December 31, 2008				December 31, 2007
	Boardwalk Hall	Convention Center	Visitor's Authority	Total	Total
ASSETS					
Cash and cash equivalents	$ 1,347	$ 1,555	$ 5,276	$ 8,178	$ 8,872
Marketing fee receivable	-	-	2,579	2,579	3,436
Receivables	481	378	29	888	831
Interfund receivables	-	332	-	332	2,633
Investment in facilities	-	-	827	827	827
Other assets	227	541	554	1,322	1,112
	$ 2,055	$ 2,806	$ 9,265	$ 14,126	$ 17,711
LIABILITIES AND FUND BALANCE					
Accounts payable and accrued expenses	$ 807	$ 1,396	$ 940	$ 3,143	$ 4,090
Interfund payables	576	-	181	757	$ -
Deferred revenue	672	1,410	426	2,508	6,076
Fund balance	-	-	7,718	7,718	7,545
	$ 2,055	$ 2,806	$ 9,265	$ 14,126	$ 17,711
CHANGES TO FUND BALANCE					
Balance, beginning of year	$ -	$ -	$ 7,545	$ 7,545	$ 6,599
Revenues	6,476	9,611	766	16,853	18,775
Interest earned and other	68	11	77	156	352
Luxury tax and marketing fees	4,296	4,638	10,326	19,260	17,702
Operating Expenses	(8,905)	(12,252)	(10,630)	(31,787)	(31,477)
General and administration	(1,935)	(2,008)	-	(3,943)	(4,043)
Maintenance charges	-	-	(366)	(366)	(363)
Balance, end of year	$ -	$ -	$ 7,718	$ 7,718	$ 7,545

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY **SCHEDULE J**

COMBINING STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE
WILDWOOD CONVENTION CENTER
(In Thousands)

	December 31, 2008				December 31, 2007
	Project Fund	Debt Service Fund	Revenue/ Operating Fund	Total	Total
ASSETS					
Cash and cash equivalents	$ 7,509	$ -	$ 138	$ 7,647	$ 8,546
Restricted investments	-	$ -	$ -		
Tourism tax receivable	-	-	536	536	350
Accrued interest receivable	-	-	-		
Receivables	-	-	45	45	65
Interfund receivable (payable)	(7,527)	-	7,527	-	-
Investment in facilities	63,655	-	3,171	66,826	66,826
Other Assets	13	-	39	52	127
	$ 63,650	$ -	$ 11,456	$ 75,106	$ 75,914
LIABILITIES AND FUND BALANCES					
Accounts payable and accrued expenses	$ -	$ -	$ 602	$ 602	$ 869
Deferred revenue	-	-	24	24	25
Interest payable	-	-	235	235	235
Bonds payable	13,575	-	2,178	15,753	44,833
Unamortized original issue discount	(16)	-	-	(16)	(103)
Fund balance	50,091	-	8,417	58,508	30,055
	$ 63,650	$ -	$ 11,456	$ 75,106	$ 75,914
CHANGES TO FUND BALANCE					
Balance, beginning of year	$ 21,179	$ -	$ 8,876	$ 30,055	$ 27,921
Operating revenues	-	-	2,030	2,030	2,279
Interest earned and other	-	-	182	182	385
Tourism tax	-	-	3,336	3,336	3,338
State contract payments	-	4,679	-	4,679	4,684
Operating expenses	-	-	(4,110)	(4,110)	(4,013)
Amortization of bond discount and	-	-	-		
issuance costs	(168)	-	-	(168)	(25)
Interest paid on debt	-	(2,389)	-	(2,389)	(2,551)
Principal paid and accrued on bonds	2,290	(2,290)	-	-	-
Interfund transfer	26,790	-	-	26,790	-
General and administration	-	-	(1,737)	(1,737)	(1,722)
Maintenance charges	-	-	(130)	(130)	(211)
Payment in lieu of taxes	-	-	(30)	(30)	(30)
Balance, end of year	$ 50,091	$ -	$ 8,417	$ 58,508	$ 30,055