

2005 Annual Report

Mon, March 24, 2008

[Home](#)

[Awards & Recognitions](#)

[Boardwalk Hall](#)

[Convention Development](#)

[Finances](#)

[Media](#)

[Communications/Marketing](#)

[Tourism Development](#)

Welcome

In 2005, Atlantic City began to prove how truly "Always Turned On" the city is, and the media and public took notice. The payoff: increased credibility as a major destination and a record-breaking 35 million visitors - despite skyrocketing gas prices.

Headlines touted, "Atlantic City attracts young, hip visitors," "New projects have Atlantic City on a roll," and "Not your grandmother's Atlantic City," while national television programs such as The Weather Channel chose to highlight the city and the Travel Channel proclaimed Atlantic City's wooden way as one of the Best American Boardwalks.

Entertainment and events at Boardwalk Hall continued to sell out, making it the top-grossing venue of its size worldwide. In addition, a stepped-up calendar of acts at venues such as House of Blues and Borgata gave reviewers a reason to take notice of Atlantic City as a bona fide east coast entertainment Mecca.

Atlantic City's vibrant nightlife got a lift from the late night energy of unusual venues such as The Quarter and Jay Z's 40/40 Club. One reporter on a site visit for an article about entertainment was excited enough to gush to her host, "This is amazing - everywhere I go in Atlantic City there's music or some kind of entertainment. I wish I lived here."

We're happy to be here, too, during such an exciting period of the city's growth. And more people will be able to live here in the future, thanks to the newest segment of Atlantic City's growth, the residential market.

We look forward to announcements about new hotels and casinos, condo projects and shopping district expansions. As each project comes to fruition, we'll welcome their partnership in continuing to create and promote a year-round destination that's second to none.

As always, we welcome your questions, comments and suggestions.

Atlantic City
always turned on™

 [Print This Page](#)



Richard J. Codey
Acting Governor



Mark A. Brown
Chairman of the Board



Jeffery S. Vasser
Executive Director

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Sincerely,

Jeffrey S. Vasser

 [return to top](#)

2005 Annual Report

Mon, March 24, 2008

[Home](#)

[Awards & Recognitions](#)

[Boardwalk Hall](#)

[Convention Development](#)

[Finances](#)

[Media](#)

[Communications/Marketing](#)

[Tourism Development](#)



Awards and Recognitions

 [Print This Page](#)

Once again, the ACCVA garnered a variety of marketing, tourism and development awards, and we don't mind tooting our own horn. Here are some of the ways we've been recognized:

Convention Industry Awards

The Society of Government Meeting Professionals awarded the Sam Gilmer Partnership Award to the ACCVA.

Tourism Development Awards

The American Bus Association honored Atlantic City by naming it the Top Casino Destination.

The Travel Channel listed Atlantic City's Boardwalk as #2 in their Best American Boardwalks category.

Communication Awards

The Jersey Shore Public Relations and Advertising Association awarded the ACCVA with a silver Jasper award in the news release category for a press release resulting in an editorial placement in the Washington Post.

MarCom Creative Awards presented a gold award for Advertorial Writing for the USA Today supplement.

MarCom Creative Awards presented a Gold Award for the "Experience It" DVD.

MarCom Communications presented a gold award in the Media Relations/Publicity category for the Top Tens publicity campaign.

The North American Travel Journalists Association awarded a second place Award of Excellence for Best Overall Press Kit.

The Philadelphia Chapter of Public Relations Society of America awarded a second place award in the Media/Press Kits category.

The New Jersey Chapter of International Association of Business Communicators awarded a second place Award of Merit for the "Experience It" DVD.

The Communicator Awards awarded a first place Award of Distinction for the "Experience It" DVD.

The League of American Communication Professionals (LACP) awarded an Honors Award for the Top Tens publicity campaign.

Boardwalk Hall Awards

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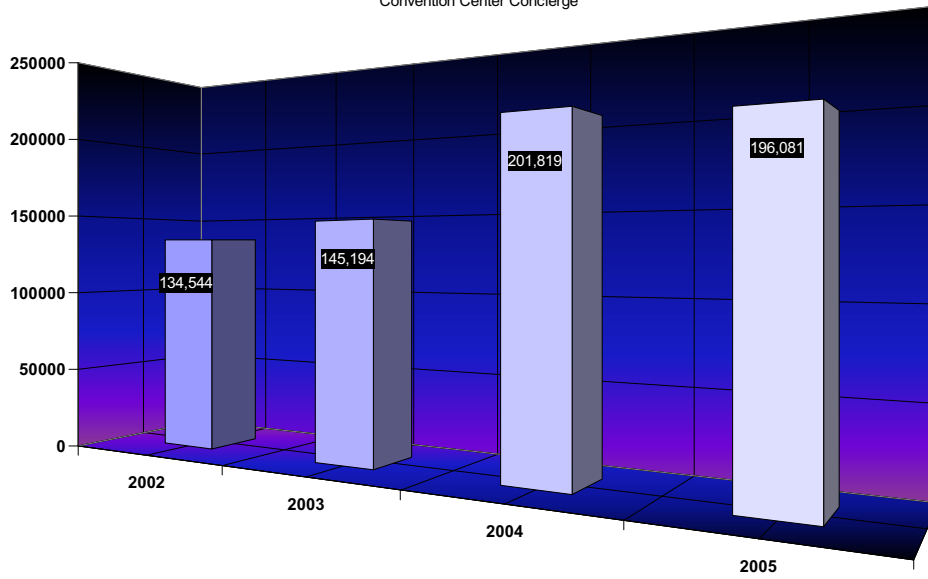
Billboard magazine recognized Boardwalk Hall as the top-grossing mid-sized arena in the world.

Venues Today magazine also recognized Boardwalk Hall as the top-grossing mid-sized arena in the world.

 [return to top](#)

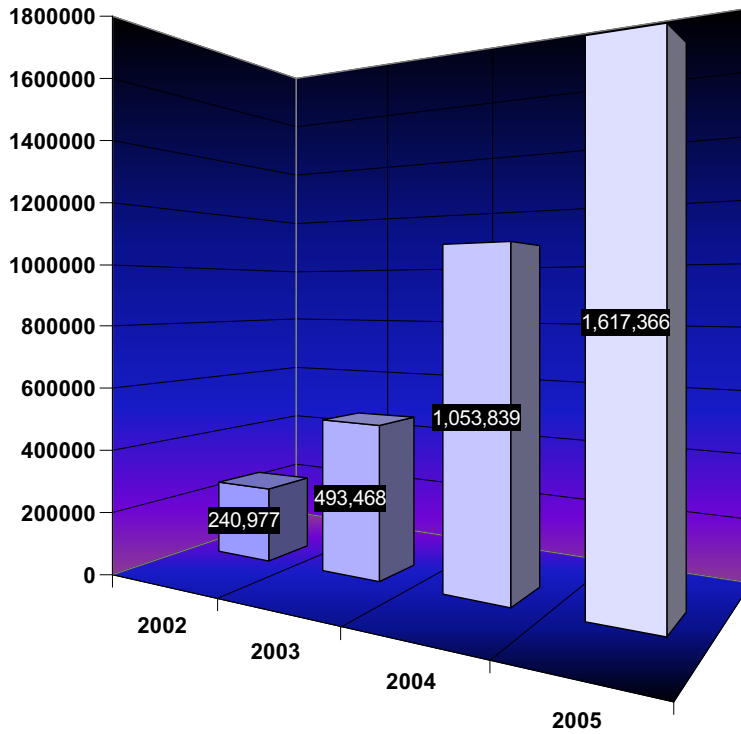
Visitors Served at Information Outlets

Source's: Atlantic City Expressway Visitors Welcome Center
Boardwalk Visitor Information Center
Convention Center Concierge



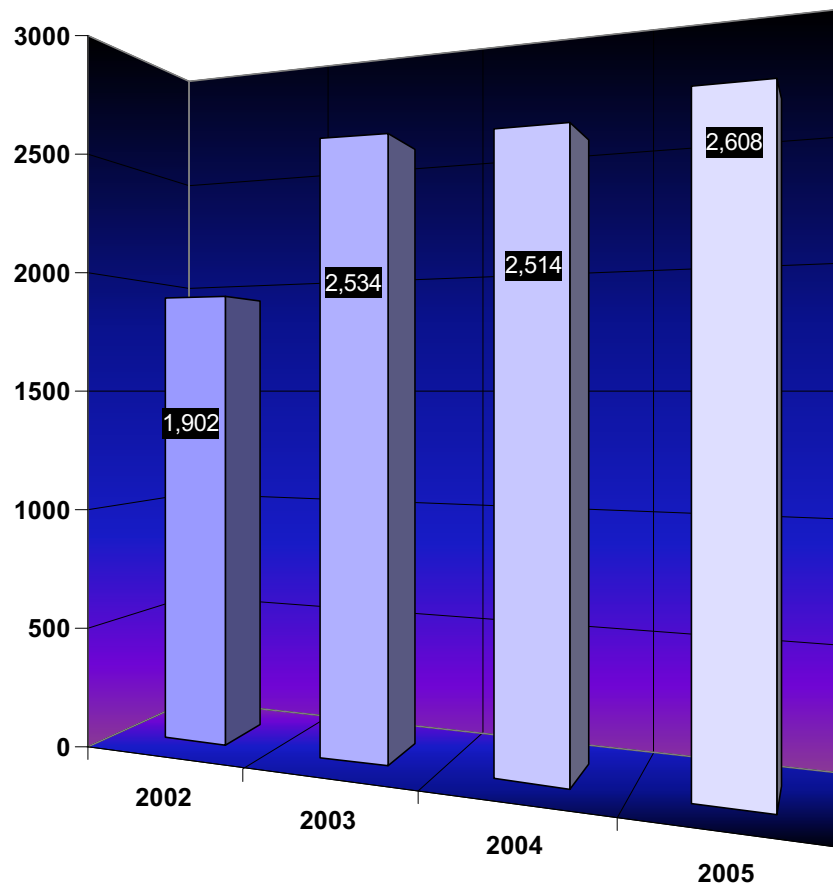
Atlanticcitynj.com Unique Visitors Last 4 Years: 2002 - 2005

Source: www.atlanticcitynj.com



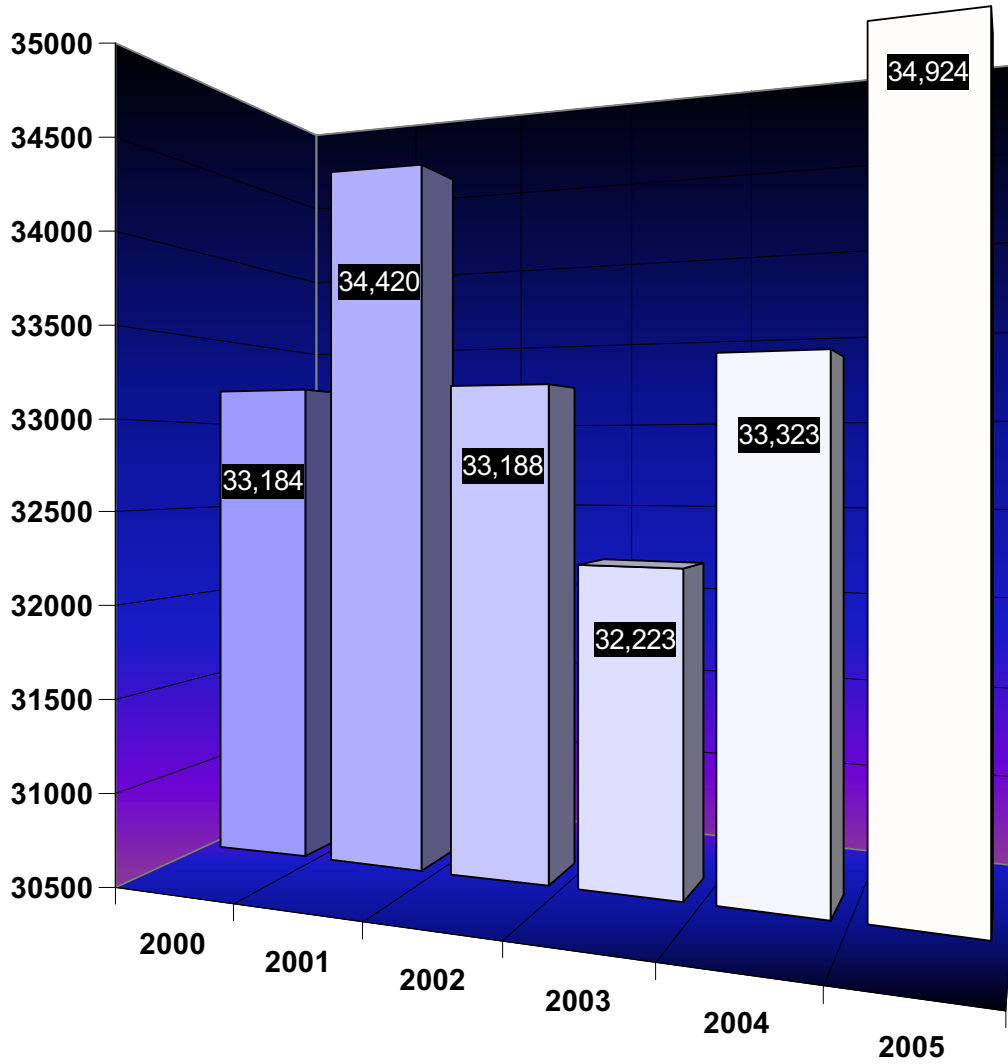
FIT Room Reservations Booked

Source: AC Central Reservations



Annual Visit - Trips to Atlantic City (in thousands)

Source: (SJTA) South Jersey Transportation Authority



2005 Annual Report

Mon, March 24, 2008

[Home](#)

[Awards & Recognitions](#)

[Boardwalk Hall](#)

[Convention Development](#)

[Finances](#)

[Media](#)

[Communications/Marketing](#)

[Tourism Development](#)

Boardwalk Hall

For four years in a row, *Billboard Magazine* ranked Boardwalk Hall as one of the top-grossing venues in the country. In 2005, we proved that the facility is truly a powerhouse in entertainment by becoming the top-grossing mid-sized arena in the world.



[Print This Page](#)

Boardwalk Hall and Atlantic City also proved that they offer a viable venue for sporting events, by successfully hosting the 2005 Smart Ones Skate America international figure skating competition, televised on ABC and ESPN, and the Villanova-Longwood Division I basketball championship, which marked the return of college hoops to the hall after a nine-year absence.

The Skate America event hosted more than 15,000 fans during the four-day competition - the second highest attendance for the event in the last five years. The Villanova game, which provided a neutral site for both teams, drew a crowd of more than 7,000 fans.

A variety of high-profile televised boxing bouts, the NJSIAA High School Wrestling Championships and indoor auto racing rounded out the sports field, while luminaries including Bruce Springsteen, Neil Diamond, Bette Midler, The Eagles and Rod Stewart attracted sell-out crowds.

SMG, which operates both Boardwalk Hall and the Convention Center for the ACCVA, will continue to attract A-list entertainers and capitalize on the city's growing reputation as the East Coast's entertainment center. At the same time, SMG and the ACCVA will continue to actively seek additional prestigious sports events to take advantage of the facilities, locale and excitement of Atlantic City.



[return to top](#)

2005 Annual Report

Mon, March 24, 2008

[Home](#)

[Awards & Recognitions](#)

[Boardwalk Hall](#)

[Convention Development](#)

[Finances](#)

[Media](#)

[Communications/Marketing](#)

[Tourism Development](#)

Convention Center Development

 [Print This Page](#)

Convention Center: [Development](#) | [Operations](#) | [Services](#)

In a year when actual business held at the Atlantic City Convention Center remained relatively flat, the ACCVA's Convention Development Department planted seeds to grow business in future years.

In all, the Convention Center hosted 56 conventions and tradeshows and 19 public shows, which were attended by 233,985 delegates. Delegate spending of nearly \$150 million generated economic impact of \$328.5 million, created more than 4,000 jobs and provided state income tax, direct sales tax and local luxury tax of more than \$12 million.

Several new public shows such as the Chopperfest and Celebration of the Suds Beer Festival successfully drew crowds of fans. New tradeshows also moved to Atlantic City to cultivate future success and growth, including the Action Expo, Tri-State Camping Conference, AC Furniture and Accessories Mart and Stanley Atlantic City Western and English Market, which all hope to return annually for many years to come.

Most significant, though, was a reorganization of priorities and personnel within the department, with moves designed to maximize the sales staff's ability to generate interest from new geographic areas and new segments of the meetings market. The moves were designed to develop new future business and to enhance Atlantic City's reputation in the marketplace while continuing to broaden reach.

A new initiative was also implemented to complement the AC Meetings Express program, which was designed to target meeting planners and assist with filling mid-week rooms on a short-term basis. The meetinac.com Web site further positions the ACCVA as a one-stop shop for meeting planners and presents the Total Meeting Resource concept.

The Convention Development Department's aggressive approach, along with growth in the city's non-gaming attractions and anticipated construction of as many as 5,000 new hotel rooms within the next few years, should bear fruit in the form of new business for future years.

 [return to top](#)

Atlantic City
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 [1996-2005 Economic Impact Results: Atlantic Convention Facilities \(PDF\)](#)

2005 Annual Report

Mon, March 24, 2008

[Home](#)

[Awards & Recognitions](#)

[Boardwalk Hall](#)

[Convention Development](#)

[Finances](#)


[Media](#)

[Communications/Marketing](#)

[Tourism Development](#)

Financial Numbers

 [Print This Page](#)

 [Click here \(PDF\)](#) to read Atlantic City Convention Center's Financial Statements for the years ending December 31, 2005 and 2004 and Independent Auditor's Report

 Articles in PDF format where indicated ([requires Acrobat Reader](#))

***Atlantic City Convention
Center Authority***

*Financial Statements for the Years Ended
December 31, 2005 and 2004, and
Independent Auditors' Report*

ATLANTIC CITY CONVENTION CENTER AUTHORITY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2-10
FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004:	
Statements of Net Assets	11
Statements of Revenues, Expenses, and Changes in Net Assets	12
Statements of Cash Flows	13
Notes to Financial Statements	14-20

INDEPENDENT AUDITORS' REPORT

To the Chair and Members of the Board of
Atlantic City Convention Center Authority
Atlantic City, New Jersey

We have audited the accompanying statements of net assets of Atlantic City Convention Center Authority (the "Authority"), a component unit of the New Jersey Sports and Exposition Authority ("NJSEA"), as of December 31, 2005 and 2004, and the related statements of revenues, expenses, and changes in net assets and of cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Authority's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

March 31, 2006

ATLANTIC CITY CONVENTION CENTER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction to the annual report

This annual report consists of three parts: Management's Discussion and Analysis, Financial Statements and Notes to the Financial Statements.

Management's Discussion and Analysis

This section of the Atlantic City Convention Center Authority's (the "Authority") financial statements, Management's Discussion and Analysis ("MD&A"), presents an overview of the Authority's operations and financial performance during the years ended December 31, 2005 and 2004. It provides an assessment of how the Authority's financial 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.

Financial Statements of the Authority

All of the Authority's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board ("GASB"), Statement No. 34. Accrual of revenues and expenses are taken into account regardless of when cash is received or paid. Capital assets are capitalized at cost and depreciated over their useful lives.

The financial statements offer short- and long-term financial information about the Authority's activities and consist of a Statements of Net Assets, Statements of Revenues, Expenses and Changes in Net Assets, and Statements of Cash Flows.

The Statements of Net Assets and the Statements of Revenues, Expenses and Changes in Net Assets report information on all Authority assets, liabilities, revenues, and expenses in a manner similar to that used by most private-sector companies. These two statements also report the Authority's net assets and changes in net assets. One can think of the Authority's net assets – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases or decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. Net assets increase both when revenues exceed expenses and when the Authority's assets increase without a corresponding increase to the authority's liabilities.

The Statements of Cash Flows present information about the Authority's relevant sources and uses of cash for the year. It is prepared in a manner that summarizes (1) cash flows from operations, (2) non-capital financing activities, (3) capital and related financing activities, and (4) investing activities. Additionally, non-cash transactions that have an effect on the entity's financial position are also presented in the Statement of Cash Flows. Specifically, the Statement of Cash Flows, along with related disclosures and information on other financial statements, can be useful in assessing the following:

- Ability of an entity to generate future cash flows
- Ability of an entity to pay its debt as the debt matures
- Need to seek outside financing

- Reasons for differences between cash flows from operations and operating income
- Effect on an entity's financial position of cash and non-cash transactions from investing, capital, and financing activities

The Notes to the Financial Statements

This section of the Authority's financial statements provide information that is essential to understanding the basic financial statements, such as the Authority's accounting methods and policies. The notes also contain details of contractual obligations, future commitments and contingencies of the Authority along with any other events or developing situations that could materially affect the Authority's financial position.

The Authority's Business

The Authority was established to promote the tourist, resort, convention, and casino industries in addition to operating and maintaining the Atlantic City Convention Center, the Historic Boardwalk Hall, and the West Hall.

- The Atlantic City Convention & Visitors Authority serves as the destination's principal marketing arm, stimulating economic growth through convention, business and leisure tourism development. The Atlantic City Convention & Visitors Authority is funded primarily through marketing fees, which are imposed on hotels in Atlantic City.
- The New Jersey Sports and Exposition Authority ("NJSEA") is the owner and, through the Atlantic City Convention Center Authority, has engaged SMG, to provide management services for the Atlantic City Convention Center, Boardwalk Hall, and West Hall.
- The Atlantic City Convention Center consists of 486,000 square feet of contiguous exhibition space, 45 meeting rooms with 114,000 square feet of meeting space, and a 1,500 space parking garage. The facility serves an integral role in the fabric of the hospitality community by offering an anchor facility for conventions, trade shows, corporate meetings and consumer shows. The facility produces economic impact to the community by attracting exhibitors and attendees to the region, where their spending produces revenue streams for area businesses and residents.
- The Historic Boardwalk Hall is a modern special event center able to compete with the nation's finest arenas for major entertainment and sporting events. The Boardwalk Hall offers the opportunity to provide the local community with a venue for activities, broadening the diversity and attractiveness for residents and visitors alike.
- West Hall was constructed in 1978 to augment the Historic Boardwalk Hall as an expanded convention facility. The facility is currently used to stage events held in Boardwalk Hall and provides additional parking for the same.
- The Convention Center, Historic Boardwalk Hall, and the West Hall operate at a deficit, seeking to attract visitors and business to this marketplace through a competitive rate structure. These facilities are also a significant generator of indirect revenue in the form of increased tax generation. Luxury taxes imposed by the State on hotel room rentals, cover charges, drinks and admissions paid within Atlantic City are paid to NJSEA to first make debt payments on bonds issued to construct and renovate the facilities, and then transferred to the Atlantic City Convention Center, the Historic Boardwalk Hall, and the West Hall to cover the operational deficits and capital expenditures of the facilities.

Financial Analysis

The following sections will discuss the significant changes in the Authority's financial position for 2005. 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.

Highlights

Operating revenues and expenses declined \$462,000 and \$874,000 respectively from 2004 resulting in a favorable variance in operations of \$412,000. Promotional reimbursement revenues, which are associated with the Joint Marketing Agreement with South Jersey Transportation Authority ("SJTA"), declined \$362,000 and were offset by a corresponding decline in marketing expenses of \$458,000 for advertising related to this agreement. Expenses for contract services declined \$495,000 primarily due to a reduction in expenses related to the Miss America Pageant.

The Authority's net assets increased \$411,000 in 2005. The Authority's total assets increased \$947,000 to approximately \$14,943,000 in 2005. This increase was primarily due to an increase in cash and cash equivalents of the Marketing Operations in 2005. Offsetting a major part of the cash increase is a payable to the State of New Jersey ("state") in the amount of \$1,073,000. This amount represents the balance of Marketing Fee revenue, which is due back to the State under the CRDA Urban Revitalization Program. The increase in total assets, and more specifically cash, resulted in a \$411,000 increase in net assets for the year.

Boardwalk Hall's net operating performance increased \$765,000 in 2005 primarily due to a decrease in salaries and wages. The Convention Center's net operating performance decreased \$1,207,000 in 2005 as a result of higher utilities costs of \$590,000 and an increase in costs associated with higher salary and benefit costs of \$293,000. Professional fees increased \$308,000 due to ongoing legal matters.

The cancellation of the Miss America Pageant resulted in a loss of revenue to Boardwalk Hall of \$786,000 offset by a corresponding decrease in expenses of \$691,000 resulting in a net decrease of \$95,000 in operating performance. The Marketing Operations had a corresponding reduction in expenses of \$721,000 related to the cancellation of the pageant. Overall the effect of the loss of the Miss America Pageant resulted in a net profit to the Authority of \$626,000.

The East Coast Hockey League franchise vacancy resulted in a net increase of \$85,000 in operating performance for Boardwalk Hall. In 2005, the expenses related to the league decreased \$182,000 over 2004; however, revenues declined \$96,000 compared to 2004.

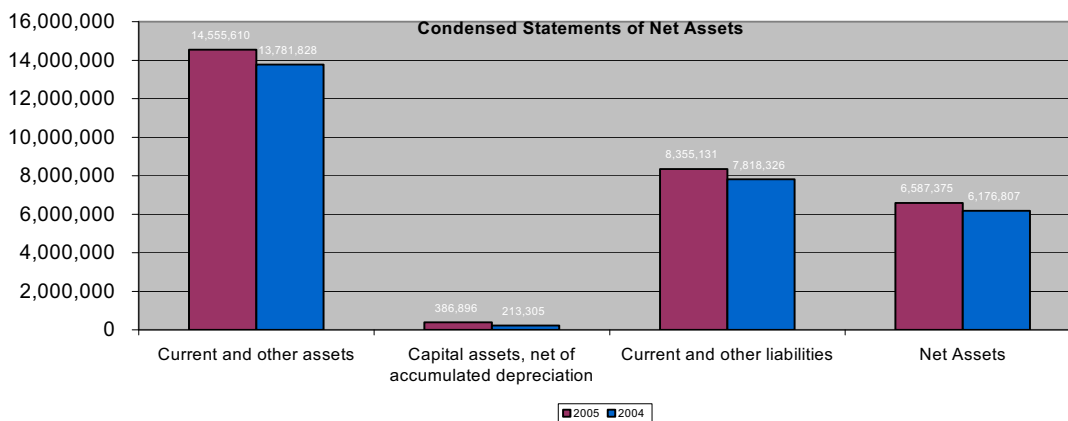
Financial Summaries

The following exhibits and 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:

EXHIBIT 1

Condensed Statements of Net Assets

	December 31, 2005	December 31, 2004	December 31, 2003
Current assets	\$ 14,555,610	\$ 13,781,828	\$ 11,059,154
Capital assets, net of accumulated depreciation	<u>386,896</u>	<u>213,305</u>	<u>255,066</u>
Total assets	14,942,506	13,995,133	11,314,220
Current and other liabilities	<u>(8,355,131)</u>	<u>(7,818,326)</u>	<u>(6,699,368)</u>
Net assets	<u><u>\$ 6,587,375</u></u>	<u><u>\$ 6,176,807</u></u>	<u><u>\$ 4,614,852</u></u>



Current assets increased \$774,000 dollars in 2005 to \$14,556,000 as a net result of Marketing Operations' \$1,197,000 increase, and Boardwalk Hall and Convention Centers' \$423,000 decrease in current assets.

Generally, the Authority's assets consist of cash and cash equivalents, receivables from the State of New Jersey, the NJSEA and customers, and capital assets. Capital assets consist of computers, equipment, and furniture and fixtures. The Authority's liabilities consist of accounts payable, payable to the State of New Jersey, accrued expenses, and deferred revenue.

EXHIBIT 2

Condensed Statements of Revenues, Expenses and Changes in Net Assets

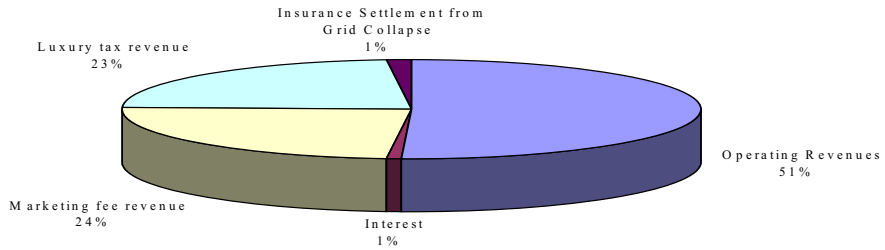
	Year Ended December 31, 2005	Year Ended December 31, 2004	Year Ended December 31, 2003
Operating revenues	\$ 16,324,000	\$ 16,785,753	\$ 14,215,578
Operating expenses	<u>(31,870,384)</u>	<u>(32,744,441)</u>	<u>(32,712,454)</u>
Operating loss	<u>(15,546,384)</u>	<u>(15,958,688)</u>	<u>(18,496,876)</u>
Nonoperating income:			
Luxury tax revenue	7,447,694	7,538,431	10,308,368
Marketing fee revenue	7,756,226	9,899,943	9,362,657
Insurance settlement from Grid Collapse	454,790	0	0
Interest income	<u>298,242</u>	<u>82,269</u>	<u>63,734</u>
Total nonoperating income	<u>15,956,952</u>	<u>17,520,643</u>	<u>19,734,759</u>
Increase in net assets	<u>\$ 410,568</u>	<u>\$ 1,561,955</u>	<u>\$ 1,237,883</u>

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

Sources of revenue consisted of:

- Operating revenues, the total revenues generated at the Convention Center, Boardwalk Hall, the West Hall, and the Marketing Operations Segment.
- Luxury tax revenue, received from NJSEA for the operating deficit of the Convention Center, Boardwalk Hall, and the West Hall.
- Marketing fee revenue, collected from the State, to promote the destination of Atlantic City.

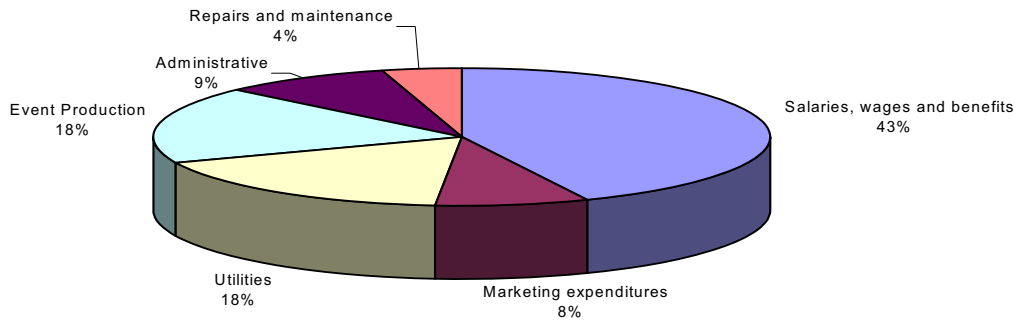
Sources of Revenue 2005



Sources of expenses consisted of:

- Operating expenses, all of the costs associated with promoting the destination of Atlantic City and operating the facilities, except for costs of a capital nature that are depreciated.
- Depreciation expenses, recognizes the cost of capital assets, such as equipment and furniture and fixtures over their estimated useful lives, which is usually between three and five years.

Operating Expenses



Operating Highlights

Attendance

	2005	2004	2003
Boardwalk Hall	260,894	337,095	401,963
Convention Center	<u>469,297</u>	<u>536,981</u>	<u>487,111</u>
	<u><u>730,191</u></u>	<u><u>874,076</u></u>	<u><u>889,074</u></u>

Events

	2005	2004	2003
Boardwalk Hall	64	95	100
Convention Center	<u>180</u>	<u>207</u>	<u>224</u>
	<u><u>244</u></u>	<u><u>302</u></u>	<u><u>324</u></u>

**Operating Revenues & Expenses
by Facility (000's)**

	2005	2004	2003
Operating Revenues:			
Boardwalk Hall	\$ 4,676	\$ 4,855	\$ 4,441
Convention Center	10,801	10,721	9,288
Marketing Operations	<u>847</u>	<u>1,210</u>	<u>487</u>
	<u><u>\$ 16,324</u></u>	<u><u>\$ 16,786</u></u>	<u><u>\$ 14,216</u></u>
Operating Expenses:			
Boardwalk Hall	\$ 8,850	\$ 10,523	\$ 11,157
Convention Center	14,801	13,514	13,757
Marketing Operations	<u>8,220</u>	<u>8,707</u>	<u>7,798</u>
	<u><u>\$ 31,871</u></u>	<u><u>\$ 32,744</u></u>	<u><u>\$ 32,712</u></u>

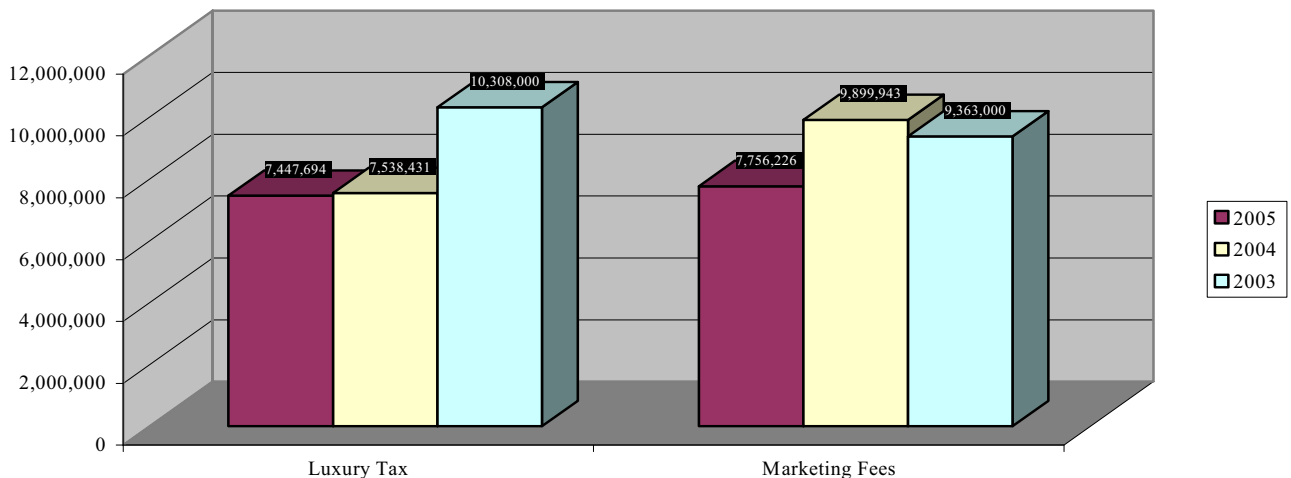
Operating revenues for the Authority decreased \$462,000 primarily due to a decline in promotional reimbursement-regional marketing revenue of \$424,000. This revenue is a reimbursement of marketing costs associated with the Joint Marketing Agreement with SJTA. The facility rental income for Boardwalk Hall and the Convention Center increased \$147,000 due to an increase in arena rentals and an increase in space rental at Boardwalk Hall. This increase was offset by a decrease in parking fees at both facilities due to a decrease in the number of attendees.

Operating expenses for the Authority decreased \$874,000 in 2005. Salaries overall declined \$299,000 primarily due to a decline in Boardwalk Hall salaries of \$864,000. This decline is related to the cancellation of the Miss America Pageant and fewer family style events. The decrease in Boardwalk Hall salaries is offset by an increase in salaries for the Convention Center and Marketing Operations of \$293,000 and \$273,000 respectively, due to higher salary and benefit costs. The decrease in the promotion reimbursement revenue from SJTA noted above resulted in a corresponding decline in marketing expenses of \$458,000 for advertising related to this agreement. Expenses for contract services declined \$495,000 primarily due to a reduction in expenses related to the Miss America Pageant. Professional fees for the Authority increased \$225,000 primarily due to ongoing legal matters.

Nonoperating Highlights (000's)

	2005	2004	2003
Nonoperating Revenues			
Interest Income	\$ 298	\$ 83	\$ 64
Insurance Settlement from Grid Collapse	455	0	0
Luxury Tax	7,448	7,538	10,308
Marketing Fees	<u>7,756</u>	<u>9,900</u>	<u>9,363</u>
	<u>\$ 15,957</u>	<u>\$ 17,521</u>	<u>\$ 19,735</u>

Nonoperating Revenues



Luxury tax revenue is received from NJSEA from the available Luxury Tax receipts to cover the operating deficit of the Atlantic City Convention Center, the Boardwalk Hall, and the West Hall. The Luxury tax requirements decreased by \$90,000 or approximately one percent (1%).

Marketing fee revenue decreased \$2,144,000 or 22% in 2005 as a result of the implementation of the CRDA Urban Revitalization Program. Interest increased from 2004 by \$215,000 due to the increase in cash and cash equivalents of the Authority.

EXHIBIT 3

Capital Assets

	Balance, December 31, 2004	Additions	Balance, December 31, 2005
Computer equipment	\$ 497,585	\$ 33,212	\$ 530,797
Furniture, fixtures and equipment	<u>420,412</u>	<u>220,749</u>	<u>641,161</u>
Total at cost	917,997	253,961	1,171,958
Less accumulated depreciation	<u>(704,692)</u>	<u>(80,370)</u>	<u>(785,062)</u>
Capital assets, net	<u>\$ 213,305</u>	<u>\$ 173,591</u>	<u>\$ 386,896</u>

At the end of 2005, the Authority had invested \$386,896 in net capital assets, at a cost of \$1,171,958 net of accumulated depreciation of \$785,062.

Capital asset additions during 2005 consisted substantially of the Pacific Avenue office renovations, outside banners for the Convention Center, and website upgrades. The Authority considers any asset with a value over \$5,000 and an estimated useful life over three years, a depreciable asset. Capital assets are depreciated using straight-line over three or five years

Budgetary Controls

The Authority adopts Operating and Capital Plans, which 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.

Contacting the Authority's Financial Management

This financial report is designed to provide our board of directors, customers, investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance at the Atlantic City Convention and Visitors Authority, 2314 Pacific Avenue, Atlantic City, NJ 08401, or visit our website at: www.atlanticcitynj.com.

ATLANTIC CITY CONVENTION CENTER AUTHORITY

STATEMENTS OF NET ASSETS DECEMBER 31, 2005 AND 2004

	2005	2004
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 4)	\$10,279,173	\$ 8,327,360
Due from the State of New Jersey—marketing fees (Note 3)	874,603	1,467,796
Due from New Jersey Sports and Exposition Authority (Note 3)	1,609,917	1,699,175
Receivables, net of allowance for doubtful accounts of \$143,247 in 2005 and \$110,098 in 2004	993,090	1,329,352
Prepaid expenses and other assets	<u>798,827</u>	<u>958,145</u>
Total current assets	14,555,610	13,781,828
CAPITAL ASSETS—Net of accumulated depreciation (Note 5)	<u>386,896</u>	<u>213,305</u>
TOTAL	<u>\$14,942,506</u>	<u>\$13,995,133</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 5,151,147	\$ 4,437,176
Payable to State of New Jersey	<u>1,072,682</u>	<u> </u>
Total current liabilities	6,223,829	4,437,176
DEFERRED REVENUE	<u>2,131,302</u>	<u>3,381,150</u>
Total liabilities	<u>8,355,131</u>	<u>7,818,326</u>
NET ASSETS:		
Invested in capital assets	386,896	213,305
Unrestricted	<u>6,200,479</u>	<u>5,963,502</u>
Total net assets	<u>6,587,375</u>	<u>6,176,807</u>
TOTAL	<u>\$14,942,506</u>	<u>\$13,995,133</u>

See notes to financial statements.

ATLANTIC CITY CONVENTION CENTER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
OPERATING REVENUES:		
Special services	\$ 6,444,424	\$ 6,395,610
Facilities rental	4,662,948	4,516,191
Parking	1,814,322	1,960,839
Concessions	1,639,900	1,526,131
Promotion reimbursement	1,202,024	1,527,587
Other	<u>560,382</u>	<u>859,395</u>
Total operating revenues	<u>16,324,000</u>	<u>16,785,753</u>
OPERATING EXPENSES:		
Salaries, wages, and benefits	13,702,588	14,001,506
Marketing expenditures	2,584,791	3,007,708
Utilities	5,538,737	5,069,039
Contract services	3,678,157	4,173,443
Insurance	924,695	1,044,611
Repairs and maintenance	1,281,239	1,160,934
Supplies	554,835	642,248
Professional fees	542,542	317,945
Management fees	785,130	773,396
Bad debt expense	76,888	61,081
Parking participation	190,000	190,000
Depreciation	80,370	93,355
Grid collapse	157,647	340,106
Production	813,030	859,564
Other	<u>959,735</u>	<u>1,009,505</u>
Total operating expenses	<u>31,870,384</u>	<u>32,744,441</u>
OPERATING LOSS	<u>(15,546,384)</u>	<u>(15,958,688)</u>
NONOPERATING REVENUE:		
Interest	298,242	82,269
Insurance settlement from grid collapse	454,790	-
Marketing fee revenue (Note 3)	7,756,226	9,899,943
Luxury tax revenue (Note 3)	<u>7,447,694</u>	<u>7,538,431</u>
Total nonoperating revenue	<u>15,956,952</u>	<u>17,520,643</u>
INCREASE IN NET ASSETS	410,568	1,561,955
NET ASSETS—Beginning of year	<u>6,176,807</u>	<u>4,614,852</u>
NET ASSETS—End of year	<u>\$ 6,587,375</u>	<u>\$ 6,176,807</u>

See notes to financial statements.

ATLANTIC CITY CONVENTION CENTER AUTHORITY

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 15,387,972	\$ 18,486,922
Payments to suppliers	(17,354,027)	(17,226,560)
Payments to employees	<u>(13,540,256)</u>	<u>(15,873,253)</u>
Net cash used in operating activities	<u>(15,506,311)</u>	<u>(14,612,891)</u>
CASH FLOWS FROM NONCAPITAL ACTIVITIES:		
Insurance settlement from grid collapse	454,790	
Luxury tax revenue	7,536,952	7,481,792
Marketing fee revenue	<u>9,422,101</u>	<u>9,952,346</u>
Net cash provided by noncapital financing activities	<u>17,413,843</u>	<u>17,434,138</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES—Additions to capital assets		
	<u>(253,961)</u>	<u>(51,594)</u>
CASH FLOWS FROM INVESTING ACTIVITIES—Interest collected		
	<u>298,242</u>	<u>82,269</u>
INCREASE IN CASH AND CASH EQUIVALENTS		
	1,951,813	2,851,922
CASH AND CASH EQUIVALENTS—Beginning of year		
	<u>8,327,360</u>	<u>5,475,438</u>
CASH AND CASH EQUIVALENTS—End of year		
	<u>\$ 10,279,173</u>	<u>\$ 8,327,360</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$(15,546,384)	\$(15,958,688)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	80,370	93,355
(Increase) decrease in assets:		
Receivables—net	336,262	(24,515)
Prepays and other assets	159,318	157,999
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	713,971	(606,726)
Deferred revenues	<u>(1,249,848)</u>	<u>1,725,684</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (15,506,311)</u>	<u>\$ (14,612,891)</u>

See notes to financial statements.

ATLANTIC CITY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2005 AND 2004

1. BACKGROUND AND AUTHORIZING LEGISLATION

Chapter 459 of P.L. 1981, approved on January 12, 1982, and amended effective January 13, 1992, created the Atlantic City Convention Center Authority (the "Authority"). The Authority is responsible for the promotion, operation, and maintenance of the existing Atlantic City Convention Center, as well as the new convention center, which opened in May 1997. In addition, the Authority, through its marketing operations, promotes tourism into the greater Atlantic City area. The Authority consists of seven board members, of which six public members are appointed by the governor of the State of New Jersey, with the advice and consent of the Senate, and the president of the New Jersey Sports and Exposition Authority (the "sports authority"), who shall be an ex-officio member.

Effective November 12, 1992, the operations of the Authority were combined with the operations of the Sports Authority. On July 10, 1995, the Sports Authority and the Authority jointly entered into an operating agreement with Spectacor Management Group ("SMG"), which is subject to renewal periodically, whereby SMG will operate the facilities previously operated by the Authority. The Authority continues to operate its marketing division.

On June 26, 2000, the Sports 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 partially financing and operating the renovated Historic Boardwalk Hall. The Sports Authority, as managing member, has designated that the Authority continue operating, maintaining, and promoting the Boardwalk Hall for the LLC.

The West Hall was constructed in 1978 to augment the Historic Boardwalk Hall as an expanded convention facility. The facility is currently used to stage events held in the Boardwalk Hall and provides additional parking.

On March 15, 2001, the Casino Reinvestment Development Authority ("CRDA") established the Urban Revitalization Program. The purpose of the program is to facilitate the development of entertainment-retail districts for the city of Atlantic City and promote revitalization of other urban areas in the state. In the program, marketing fees will be redirected back to hotel properties in Atlantic City with capital projects approved by CRDA. The program was implemented in 2005.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 ("ARBs") of the committee on accounting procedure issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

Reporting Entity—The Authority is a component unit of the Sports Authority, which is a component unit of the state of New Jersey. The GASB establishes the criteria used in determining which organizations should be included in financial statements. Generally accepted accounting principles require the inclusion of the transactions of government organizations for which an organization 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.

The Authority's financial statements are included in the Sports Authority's December 31, 2005 and 2004, consolidated financial statements.

Revenues and Expenses—Revenues of the Authority related to the usage of the Boardwalk Hall, West Hall, and the Convention Center are recognized when a convention or an event occurs. Expenses are allocated on a show-by-show basis. Overhead and maintenance costs are expensed as incurred.

Deferred Revenues—Deferred revenues relate to the fees collected in advance by the Authority for the usage of the Convention Center, Boardwalk Hall, and West Hall. Such revenues will be recognized once an event occurs. Deferred revenues also relate to the advance collection of marketing partnership dues for the subsequent year.

Capital Assets—Depreciation is based on the estimated useful lives of the capital assets using the straight-line method. Computer equipment, furniture and fixtures, and improvements are depreciated over three to five years. Improvements, repairs, and maintenance that significantly extend the life of an asset are capitalized. Fixed assets are stated at historical cost. Other repairs and maintenance are charged to expense when incurred. The cost of the Historic Boardwalk Hall and the Convention Center are recorded in the financial statements of the Sports Authority.

Accumulated Vacation Time—Salaried employees of the Authority 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 lump-sum payment of their accumulated vacation time.

Cash and Cash Equivalents—Cash and cash equivalents include short-term investments, which generally mature within 90 days, and 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.

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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Postemployment—The Authority has not yet adopted or evaluated the impact that will result from adopting GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Post Retirement Benefits Other Than Pensions*, which takes effect in 2006.

Reclassifications—The 2004 financial statements contain certain reclassifications which have been made to conform to the classifications used in 2005.

3. LUXURY TAX AND MARKETING FEES

Pursuant to NJSA 40:48.21A, the state treasurer directs the luxury tax collected by the state of New Jersey to the Sports Authority. The Sports Authority will utilize these funds to pay the debt service on the bonds issued by the Sports Authority for construction of the Convention Center and to fund any deficit at year-end to the extent available.

Luxury tax funds for the years ended December 31, 2005 and 2004, were used as follows:

	2005	2004
Luxury tax collected	\$ 26,247,000	\$ 21,322,000
Interest earned on collected funds	245,000	286,000
Debt service payments	(12,242,000)	(12,021,000)
Operating deficit	(7,448,000)	(7,538,000)
Funds to be used for maintenance items	<u>(3,505,000)</u>	<u>(2,361,000)</u>
Luxury tax excess (deficit)	<u>\$ 3,297,000</u>	<u>\$ (312,000)</u>

The luxury tax deficit was funded by the Sports Authority from the maintenance reserve/working capital fund, which was created to fund future debt service payments and operating deficits.

Effective March 1, 1992, New Jersey legislature adopted a bill, which authorized the Authority to impose fees ("Marketing Fees") on hotels in Atlantic City. The proceeds from the fees collected pursuant to this legislation are collected by the state of New Jersey and paid into a special fund established and held by the Authority. The Authority recognizes Marketing Fees as revenue when the fees are assessed. Expenses are recognized as liabilities when incurred.

4. CASH AND CASH EQUIVALENTS

The components of cash and cash equivalents as of December 31, 2005 and 2004, are as follows:

	2005		2004	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Demand deposits	\$ 3,763,939	\$ 3,924,118	\$3,649,074	\$4,825,769
State of New Jersey Cash Management Fund	<u>6,515,234</u>	<u>6,515,234</u>	<u>4,678,286</u>	<u>4,878,286</u>
Total cash and cash equivalents	<u>\$10,279,173</u>	<u>\$10,439,352</u>	<u>\$8,327,360</u>	<u>\$9,704,055</u>

The Board of Directors of the Atlantic City Convention Center Authority adopted a policy specifying the institutions and types of investments that can be made with funds available for investment. A general description of those investments is the following: (a) direct obligations of, or obligations guaranteed by, the United States of America; (b) bonds or obligations of any state of the United States of America or of any agency, instrumentality, or local governmental unit of any such state in which the obligations are rated in the top two rating categories by Moody's Investors' Service, Inc. ("Moody's") and Standard and Poor's Corporation ("S&P"); (c) direct obligations of the state of New Jersey; (d) certificates of deposit and bankers' acceptances which are rated in the top two categories by Moody's and S&P; (e) commercial paper, except those issued by bank holding companies, rated in the top category by the Moody's and S&P; and (f) the state of New Jersey Cash Management Fund.

The State of New Jersey 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 Investment Council. Securities in the Cash Management Fund are insured, registered or held by the division or its agent in the Cash Management Fund's name.

All demand deposits of any depository must be fully secured by lodging collateral security of obligations secured by the United States of America with the bank. At December 31, 2005, the Authority's demand deposits were fully secured by collateral security lodged with the Sports Authority's bank.

5. CAPITAL ASSETS

Capital assets at December 31, 2005 and 2004, consist of the following:

	2004	Additions	2005
Computer equipment	\$ 497,585	\$ 33,212	\$ 530,797
Furniture, fixtures, and equipment	<u>420,412</u>	<u>220,749</u>	<u>641,161</u>
Total at cost	917,997	253,961	1,171,958
Less accumulated depreciation	<u>(704,692)</u>	<u>(80,370)</u>	<u>(785,062)</u>
Capital assets—net of accumulated depreciation	<u>\$ 213,305</u>	<u>\$ 173,591</u>	<u>\$ 386,896</u>

These amounts represent capital costs incurred by the Authority. The costs of the Historic Boardwalk Hall and the Convention Center are recorded on the financial statements of the Sports Authority. The Authority considers any asset with a value over \$5,000 and an estimated useful life over three years a capital asset. All assets are depreciated using the straight-line method over three or five years.

6. PENSION PLANS

The Public Employees' Retirement System of the State of New Jersey ("PERS"), a multiple-employer public retirement system, covers salaried employees of the Authority. The payroll for employees covered by PERS for the years ended December 31, 2005 and 2004, was \$2,833,231 and \$2,704,425, respectively. The Authority's total payroll for the years ended December 31, 2005 and 2004, was \$3,246,650 and \$3,099,349, respectively.

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

Covered Authority employees are required by PERS to contribute a percentage of their salary based on their age at the time of their enrollment. The Authority is required by State statute to contribute the remaining amounts necessary to pay benefits when due. PERS certifies the amount of the Authority's contribution each year on the recommendation of an actuary who makes an annual actuarial valuation. The valuation is a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary, and interest.

The employee contributions required for the years ended December 31, 2005 and 2004, were \$193,648 (6.8%) and \$129,418 (4.8%), respectively. The employees made the contribution for 2005 and 2004. The employer contributions for 2005 and 2004 were \$53,844 and \$20,604, respectively.

All eligible employees of SMG may participate in a section 401(k) deferred compensation plan. The Authority contributes a maximum of 66-2/3 of the first 5% of the employee's salary for 2005 and 2004. Annual expense for this plan was \$67,803 and \$64,672 for 2005 and 2004, respectively.

Additionally, some Authority's employees are participants in certain pension plans administered by local unions and contributions are made in accordance with terms of union agreements of those employees. There are four active unions participating in their own pension plans in accordance with each specific union agreement and based on each of the applicable union job trades. The total combined contributions for all participating unions in 2005 was \$220,604.

7. COMMITMENTS AND CONTINGENCIES

- A. A portion of the Authority's operating revenues are attributable to leasing of the Atlantic City Convention Center and Historic Boardwalk Hall facilities for various conventions, trade shows, sporting events, and other expositions. Rental income is a fee based on square foot of utilization, flat fee per event, or a percentage of ticket sales. Rental income, under these leases, was approximately \$4,812,948 and \$4,516,191 for the years ended December 31, 2005 and 2004, respectively.

- B. The Authority is the subject of, or a party to, various pending or threatened legal actions involving outside interests. The Authority believes that any ultimate liability arising from these actions should not have a material effect on its financial position or operations.
- C. On May 14, 2001, The Historic Boardwalk Hall, L.L.C. entered into a three-year license agreement with two one-year options with operators of an East Coast Hockey League franchise to play in Boardwalk Hall. The Authority, per agreement, guaranteed revenue to the hockey franchise for the first three years of the contract. Net ticket sales of full season tickets, partial season tickets, and group sales tickets of 20 or more are guaranteed at \$720,000 for the first hockey season, \$540,000 for the second hockey season, and \$360,000 for the third hockey season. This guarantee covered the three years ended December 31, 2003, and the Authority supplemented the shortfalls during this period. The Authority made no payments to the hockey franchise to cover shortfalls for the years ended December 31, 2005 and 2004, respectively. The Historic Boardwalk Hall extended the contract, dated July 1, 2004, for one additional year, and there were no provisions for a guaranteed revenue source under the terms and conditions of the extension. The hockey franchise did not renew the contract and left the area at the conclusion of the 2005 season.
- D. In September 1999, the Authority entered into a joint advertising and marketing agreement with the South Jersey Transportation Authority ("SJTA"). The term of the agreement was for the year ended December 31, 1999, with three one-year renewals ended December 31, 2002. Total cost was \$300,000 for the first year and \$400,000 for the remaining three years, for a total of \$1,500,000. On September 20, 2001, the Authority's board approved, in principle, a three-year extension of this agreement at \$400,000 per year or \$1,200,000. The Authority was notified in November that the SJTA was terminating the agreement effective December 15, 2005.
- E. The Authority is a party to an ongoing agreement with New Jersey Transit. As long as rail service is operated to the Atlantic City Convention Center, New Jersey Transit is entitled to a share of the revenue of the garage at the convention center. An annual lump-sum amount of \$190,000 would satisfy this agreement. The payments were \$190,000 for 2005 and 2004.

8. INFORMATION ON AUTHORITY OPERATIONS BY OPERATING SEGMENT

The Authority has three responsibilities: operation of the Boardwalk Convention Center, operation of the New Convention Center, and promoting tourism through its marketing operations. The following table illustrates how these three operations contribute to the operating results of the Authority.

	Year Ended December 31, 2005				Year Ended December 31, 2004					
	Boardwalk Center Operations	New Center	Marketing Operations	Elimination Entries	Combined December 31, 2005	Boardwalk Center Operations	New Center	Marketing Operations	Elimination Entries	Combined December 31, 2004
OPERATING REVENUES:										
Special services	\$ 2,367,220	\$ 4,088,270	\$ -	\$ (11,066)	\$ 6,444,424	\$ 3,243,194	\$ 3,893,281	\$ -	\$ (740,865)	\$ 6,395,610
Facilities rental	1,357,155	3,305,793	-	-	4,662,948	1,251,629	3,264,562	-	-	4,516,191
Parking	165,278	1,649,044	-	-	1,814,322	177,786	1,783,053	-	-	1,960,839
Concessions	429,670	1,210,230	810,156	-	1,639,900	502,247	1,023,884	-	-	1,526,131
Promotion reimbursement and fees	244,532	147,336	36,714	(150,000)	1,202,024	225,422	130,453	1,171,712	(150,000)	1,527,587
Other	273,299	400,369	-	-	560,382	345,927	625,546	37,922	-	859,395
Total operating revenues	4,837,154	10,801,042	846,870	(161,066)	16,324,000	5,746,205	10,720,779	1,209,634	(890,865)	16,785,753
OPERATING EXPENSES:										
Salaries, wages and benefits	3,869,118	5,516,699	4,316,771	(3,160)	13,702,588	4,733,301	5,224,024	4,044,181	(738,323)	14,001,506
Marketing expenditures	180,760	6,555	2,400,636	(7,906)	2,584,791	150,281	2,175	3,593,575	(2,542)	3,007,708
Utilities	1,946,958	3,443,529	156,156	-	5,538,737	2,048,228	2,853,699	169,654	-	5,069,039
Contract services	915,714	2,033,445	728,998	-	3,678,157	1,295,494	1,906,227	971,722	-	4,173,443
Insurance	1,080	898,062	25,553	-	924,695	9,667	1,010,129	24,815	-	1,044,611
Repairs and maintenance	323,979	761,699	195,561	-	1,281,239	276,423	692,258	192,253	-	1,160,934
Supplies	112,332	345,639	96,864	-	554,835	165,534	385,532	91,182	-	642,248
Professional fees	41,875	430,920	69,747	-	542,542	70,146	123,100	124,699	-	317,945
Management fees	392,565	392,565	-	-	785,130	386,698	386,698	-	-	773,396
Environmental										
Bad debts expense	29,750	42,204	4,934	-	76,888	1,482	57,386	2,213	-	61,081
Parking participation		190,000	-	-	190,000		190,000			190,000
Depreciation			80,370	-	80,370			93,355		93,355
Grid Collapse	157,647				157,647	340,106				340,106
Production	506,170	306,860			813,030	603,971	255,593			859,564
Other	372,007	432,788	304,940	(150,000)	959,735	441,885	427,135	290,485	(150,000)	1,009,505
Total operating expenses	8,849,955	14,800,965	8,380,530	(161,066)	31,870,384	10,523,216	13,513,956	9,598,134	(890,865)	32,744,441
OPERATING LOSS	(4,012,801)	(3,999,923)	(7,533,660)	-	(15,546,384)	(4,777,011)	(2,793,177)	(8,388,500)	-	(15,958,688)
NONOPERATING INCOME:										
Interest	70,353	39,887	188,002	-	298,242	19,462	12,295	50,512	-	82,269
Insurance settlement from Grid Collapse	454,790				454,790					
Marketing fee revenue (Note 3)			7,756,226		7,756,226			9,899,943		9,899,943
Luxury tax revenue (Note 3)	3,487,658	3,960,036			7,447,694	4,757,549	2,780,882			7,538,431
	4,012,801	3,999,923	7,944,228	-	15,956,952	4,777,011	2,793,177	9,950,455	-	17,520,643
INCREASE IN NET ASSETS			410,568		410,568			1,561,955		1,561,955
NET ASSETS—Beginning of year			6,176,807		6,176,807			4,614,852		4,614,852
NET ASSETS—End of year	\$ -	\$ -	\$ 6,587,375	\$ -	\$ 6,587,375	\$ -	\$ -	\$ 6,176,807	\$ -	\$ 6,176,807

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2005 Annual Report

Mon, March 24, 2008

[Home](#)

[Awards & Recognitions](#)

[Boardwalk Hall](#)

[Convention Development](#)

[Finances](#)

[Media](#)

[Communications/Marketing](#)

[Tourism Development](#)

Media Relations

 [Print This Page](#)

The Media Relations Department again in 2005 garnered many high-profile print and broadcast placements that provided positive coverage for Atlantic City. Those stories began to recognize the new vitality and youthfulness of the destination and, for the first time since the re-branding to "Always Turned On," built credibility in the minds of potential visitors.

Through enhanced relationships with editors and producers, personalized tours and providing detailed information and informative press releases, the department was successful in obtaining stories from a wider range of media.

Positive placements included *The Washington Post*, *Gotham*, *Baltimore Magazine*, *Boston Globe*, *Essence*, *New York Times*, *New York Daily News*, *USA Today* and *National Geographic Traveler*.

Network television exposure included live broadcasts on CN8, NBC 10 in Philadelphia and Channel 3 in Philadelphia, while Fox 29 Philadelphia and The Weather Channel, among others, aired pre-taped features, reaching thousands of viewers.

Meetings and travel trade publications also picked up on the changes in the destination, as did new media in the form of online articles on AOL, WhoWon.com and the New York Post Online Edition.

Additionally, the department provided media support and outreach for 46 trade shows and conventions as well as 21 local and regional special events.

As Atlantic City continues to add new attractions, the department will capitalize on the growth with increased pitching and assistance to media.

 [return to top](#)

2005 Annual Report

Mon, March 24, 2008

[Home](#)

[Awards & Recognitions](#)

[Boardwalk Hall](#)

[Convention Development](#)

[Finances](#)

[Media](#)

[Communications/Marketing](#)

[Tourism Development](#)

Communications/Marketing

 [Print This Page](#)

Communicating with visitors, partners and the general public takes many forms, and the ACCVA's visual communications are unified by creating an Atlantic City "look" that mirrors the Always Turned On image and relates our messages in a creative manner.

Our Communications Department oversees the process of promoting the city's brand image through graphic design and Internet marketing, as well as communicating our messages to visitors and prospective visitors who contact us.

In 2006, the Graphic Communications staff continued to provide hands-on design services to support convention development and tourism marketing efforts, as well as designing and producing our Visitors Guide, rack brochure, calendar of events and other ACCVA publications. The department also provided approximately 1,500 hours of in-kind design services for our fellow tourism-related authorities and local non-profit Marketing Partners.

By bringing various large-format print projects in-house, the Communications Department generated savings of more than \$25,000.

An aggressive Internet marketing campaign provided Web site visitors with a variety of e-newsletters, as well as a well-rounded affinity program and regularly updated content. The program yielded 1.6 million unique users who visited the site for Atlantic City information. Additionally:

- 25,000 people requested Visitor Guides
- 95,000 people registered for the affinity program
- 52,000 people opted in for regular information updates by email.

Visitors were further well served by the Visitor Information Centers on the Boardwalk and Atlantic City Expressway and the visitor information phone counselors. Of particular significance:

- 182,541 people visited the information centers for brochures, directions, advice or reservations;
- Counselors booked more than 2,000 room nights for visitors, with a total economic impact of \$1.7 million; and
- Counselors answered more than 71,000 inquiries that came in by telephone, email or the U.S. Mail.

As Atlantic City's amenities develop and grow, the Communications Department's role in providing current information and maintaining a consistent brand image will continue to play an important role in promoting the city as a desirable destination.

 [return to top](#)

2005 Annual Report

Mon, March 24, 2008

[Home](#)

[Awards & Recognitions](#)

[Boardwalk Hall](#)

[Convention Development](#)

[Finances](#)

[Media](#)

[Communications/Marketing](#)

[Tourism Development](#)

Tourism Development

 [Print This Page](#)

While many businesses thrived and new businesses opened to a promising start, the city experienced the loss of the Miss America Pageant and the threat of higher gas prices that could have affected the large drive-in market that is Atlantic City's primary trade. The strength of the destination, though, was proven by attracting a record-breaking 35 million visitors.



 [Tourism Statistics \(PDF\)](#)

 [Annual Visits \(PDF\)](#)

The regional and national travel markets experienced a huge jump in awareness of Atlantic City as a resort destination. The

Tourism Department's increased marketing efforts gave Atlantic City top-of-mind awareness for travel planners and garnered awards such as inclusion in the Top 100 Annual Events listings for the Atlantic City Airshow, and the Best Casino Destination list, both awarded by the American Bus Association.

Tourism Development continues to promote consumer awareness by working with frequent individual traveler (FIT), domestic and international groups, travel agents and AAA offices, as well as operating the Marketing Partnership program and the Film and Sports Marketing departments.

The ACCVA's Marketing Partners regularly receive high visibility among other benefits, making membership a valuable part of their marketing mix. Local businesses recognized those benefits, and in 2005 new partner sign-ups increased by 53 percent. An aggressive campaign will continue to acquire new members as new businesses open, and to retain existing members.


The Film Marketing Department saw significant increases in inquiries and site inspections. The ACCVA hosted 18 film- and television-related site inspections, and acted as a liaison for 40 major motion pictures and four music videos. As interest in Atlantic City continues to pique, the department expects this activity to continue to grow.

Sports Marketing Department activities culminated in successfully hosting the Villanova-Longwood basketball game at Boardwalk Hall and securing the Atlantic 10 Conference Men's Basketball Championships at Boardwalk Hall in 2007 and 2008, which will help legitimize Atlantic City as a prime location for major sports events, as well as bring additional visibility to the city.

Continuing to develop new initiatives and partnering opportunities will drive Atlantic City's name recognition to the top of the travel trade, opening new avenues to promote and increase travel to Atlantic City.

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 [return to top](#)