

2004 Annual Report

Mon, June 26, 2006

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Welcome

As predicted, in 2004 there was a sea of change for the city that is "Always Turned On." Due in part to Atlantic City's new award-winning theme line, along with a plethora of attractions and products that drew a different audience, the public began to recognize the "new" Atlantic City.

The public wasn't the only ones who noticed a change in Atlantic City. During the first full year of using the "Always Turned On" marketing theme, the Atlantic City Convention & Visitors Authority (ACCVA) helped secure interest from media from across the United States. Regional television stations and networks gave their audiences many positive glimpses of Atlantic City, and key newspapers such as the *Boston Herald*, the *Baltimore Sun* and the *New York Times* also published positive feature stories.

In 2004, Atlantic City and the new "Always Turned On" marketing theme won many awards from reputable establishments and publications.

But Atlantic City's marketing theme wasn't the only thing winning awards. Travelocity Internet travel site named Atlantic City to their list of top ten action beaches in the United States. Hotels.com promoted Atlantic City as the number one road destination for the July Fourth holiday weekend. And according to a survey conducted by The Travel Channel, Atlantic City was listed among the top Boardwalks in America.

Armed with recognition from print, television and the Internet, Atlantic City rolled out a bevy of products and amenities designed to capitalize on its new image. Four beach bars, enhanced by a \$24 million beach replenishment project, were a draw for tourists and media alike during the summer.

The addition of a variety of restaurants and retail including those offered at The Quarter at Tropicana and Atlantic City Outlets - The Walk, and hotel rooms in the form of Resorts Atlantic City's Rendezvous Tower all attracted new visitors and helped to further the "hip" image of Atlantic City.

Atlantic City
always turned on™

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Richard J. Codey
Acting Governor



Mark A. Brown
Chairman of the Board



Jeffery S. Vasser
Executive Director

The Atlantic City Convention Center also held events reflecting Atlantic City's new image. And thanks to several sold out concerts, *Billboard Magazine* named Boardwalk Hall as the top-grossing venue of its size for several consecutive quarters.

The opportunities to enhance Atlantic City's visitor base are abundant as new attractions, additional hotel rooms, retail and entertainment projects and new restaurants offer the diversity visitors have come to expect in Atlantic City. The ACCVA will continue to market these new offerings as an "Always Turned On" Atlantic City.

Please feel free to contact one of us with any questions or comments you may have.

Sincerely,

Mark A. Brown
Jeffrey S. Vasser

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Awards and Recognitions

The ACCVA takes pride in setting the standards for excellence in the industry. We were recognized with a variety of awards in 2004.

Convention Industry Awards

The ACCVA received recognition awards from two industry publications.

➔ The readers of *Corporate & Incentive Travel* voted Atlantic City as a top destination for CVB and convention center services.

➔ *Successful Meetings* awarded the ACCVA the 2004 Pinnacle Award as an outstanding destination support organization.

Tourism Development Awards

➔ Representing approximately 950 motorcoach and tour companies in the United States and Canada, American Bus Association's monthly *Destinations* magazine 2004 annual survey awarded its Best Gaming Destination to Atlantic City.

Communication Awards

The public relations and marketing aspects of the launch of the "Always Turned On" marketing theme garnered several awards:

➔ IRIS Award from the New Jersey Chapter of the International Association of Business Communicators

➔ Jasper Gold Award by the Jersey Shore Public Relations and Advertising Association

➔ The The Pepperpot Award by The Public Relations Society of America's Philadelphia Chapter

➔ Magellan Award from the League of American Communication Professionals

➔ Pyramid Award from The New Jersey Chapter of the Public Relations Society of America

➔ International Association of Business Communicators, Philadelphia EPIC Award

➔ New Jersey Communications, Advertising and Marketing Association, top Gold Award

➔ The Communicator Awards Crystal Award of Distinction



Boardwalk Hall Awards

➔ Reflecting bookings from November 2003 through May 2004, Boardwalk Hall ranked number one in Billboard Magazine's listing of the top 10 grossing mid-sized venues in the country for the third consecutive time.

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Boardwalk Hall

Offering many headline entertainers, family oriented fare like Disney on Ice and even the New Jersey High School Wrestling Championships, among others, it's no wonder that Atlantic City's Boardwalk Hall once again ranked number one in *Billboard Magazine's* listing of the top 10 grossing mid-sized venues in the country for the third consecutive time.



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Appearing in the publication's July 24, 2004 edition, the ranking reflects bookings from November 2003 through May 2004 and credits Boardwalk Hall's ticket gross of \$9,214,733, along with the Hall's twenty-nine bookings and four sell-out shows. This is the third consecutive six-month period that *Billboard Magazine* ranked Boardwalk Hall number one for mid-sized venues in the country. *Billboard* defines mid-sized arenas as those facilities with seating capacities of 10,001 to 15,000.

Numerous events were booked in Boardwalk Hall throughout the year including sold-out performances by Bette Midler and Rod Stewart, and three championship boxing cards, two featuring one of boxing's most bankable and popular contenders, Arturo Gatti.

Boardwalk Hall also fulfilled a unique marketing niche when the first Indian concert was booked in the arena. The sold out event, which featured top stars of Bollywood, attracted more than 11,500 guests.

Perhaps one of the biggest events to take place in the Hall will be the 2005 Smart Ones Skate America. Boardwalk Hall was named host of the international skating competition in 2004, which will be the first of its kind presented in New Jersey. Skate America is expected to attract more than 30,000 fans during the four-day competition to be televised on ABC and ESPN.



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Atlantic City
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Convention Center Development

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Convention Activity

Amid a nationwide atmosphere of shrinking conventions pitted against an increase in new convention facilities in 2004, Atlantic City was uniquely positioned to capture the Northeast regional meetings market. Additionally, the excitement of the destination and the city's new developments helped attract attendees to both public shows and trade shows/conventions.

The size and flexibility of the Atlantic City Convention Center has proven to be an asset, frequently accommodating two or more small or mid-sized shows simultaneously.



 [1996-2004 Economic Impact Results: Atlantic Convention Facilities \(PDF\)](#)

Atlantic City's location in the midst of one-third of the nation's population -- while maintaining an uncrowded, small-town atmosphere -- has allowed the city to compete successfully with convention facilities in Philadelphia, Baltimore and other major destinations. The Convention Center's easy-to-reach location has also been a positive selling point, as well as a labor-friendly business atmosphere.

These factors also contributed to a large increase in delegates: 2.4 percent more delegates attended conventions and trade shows than in 2003, and there was a 30.2 percent jump in attendance at public shows, while the number of shows remained relatively flat.

Meetings and seminars experienced the largest fluctuation, following the national trend toward downsizing from larger conventions to smaller regional gatherings. In 2003, the Atlantic City Convention Center hosted 96 meetings and seminars with 16,119 attendees. In 2004, there were 110 meetings and seminars with 43,247 attendees.

Several new shows, including some that reflect Atlantic City's "Always Turned On" attitude, made Atlantic City their home in 2004 and have booked for 2005 and beyond:

- **FDIC East** (Fire Department Instructors Conference), which included a great deal of logistical coordination to train firefighting instructors at local off-site fire training centers.
- **Funkmaster Flex Celebrity Car Show**, featuring the star of Spike TV, tricked-out cars and high-energy music.
- **International Auto Salon East**, a popular West Coast show that chose Atlantic city for their first ever East Coast event.

➔ **Drawin' the Wildcard Tattoo Extravaganza**, which hosted an international cast of top tattoo artists.

Additionally, a variety of new bookings for 2005 and beyond include:

- ➔ **Enviro-2005 Environmental Solutions Trade Show**
- ➔ **Globalcon 2005 (Association of Energy Engineers)**
- ➔ **Atlantic City Motorcycle Showcase**
- ➔ **SuperValu Strategic Solution Show 2005**
- ➔ **Snap On Tools 2005 Spring Trade Show**
- ➔ **International Infantry and Small Arms Conference and Expo**
- ➔ **Electrical Rebuilders Association Trade Show**
- ➔ **Tri-Branch Symposium of Delaware Valley, Metro New York and New Jersey AALAS**
- ➔ **New York State Nurses Association**
- ➔ **National Association for Education of Young Children**
- ➔ **The Tri-State Camping Conference**
- ➔ **The Penn Allied Nursery Trade Show (PANTS)**
- ➔ **Alpha Kappa Alpha North Atlantic Regional Conference/Cluster IV**
- ➔ **Aircraft Owners and Pilots Association (AOPA)**

Combined, our Convention Center bookings in 2004 provided the area with an economic impact of more than \$354 million (8 percent higher than 2003) and created 4,656 jobs (12.6 percent higher than 2003).

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1996 - 2004 Economic Impact Results: Atlantic City Convention Facilities

	1996	1997	1998	1999	2000	2001	2002	2003	2004	% Change 2003 to '04
Convention/Trade Shows										
No. of Conventions/Trade Shows	36	35	42	50	55	67	61	59	55	-6.8
Total Delegates	197,317	210,860	249,377	305,651	278,923	265,696	297,022	228,821	234,251	2.4
Economic Impact										
From Delegate Spending	\$97,246,790	\$109,606,630	\$123,220,093	\$213,818,226	\$172,690,819	\$176,438,205	\$214,586,253	\$136,568,230	\$140,138,296	2.6
Total Economic Impact	\$186,801,259	\$230,389,536	\$259,013,537	\$434,519,734	\$355,841,521	\$363,563,272	\$442,169,995	\$281,408,398	\$296,280,385	5.3
Jobs Created	2,435	2,904	3,185	5,458	4,833	4,807	5,733	3,552	3,919	10.3
Tax Revenues Generated										
State Income, direct sales tax and local luxury tax	\$7,463,039	\$8,557,758	\$9,618,920	\$16,733,029	\$13,838,455	\$14,138,749	\$17,195,715	\$10,943,797	\$11,229,882	2.6
Public Shows										
No. of Public Shows	9	12	14	21	18	17	19	24	26	8.3
Total Attendees	164,628	178,761	167,863	195,946	188,966	190,770	231,143	188,992	246,028	30.2
Economic Impact										
From Delegate Spending	\$16,479,263	\$18,341,326	\$16,803,344	\$19,614,195	\$18,882,566	\$19,096,078	\$23,551,262	\$22,448,558	\$26,359,859	17.4
Total Economic Impact	\$31,883,952	\$35,543,379	\$32,581,430	\$38,581,792	\$38,908,786	\$39,348,742	\$48,528,945	\$46,256,751	\$57,754,451	24.9
Jobs Created	422	458	411	556	528	520	629	584	737	26.3
Tax Revenues Generated										
State Income, direct sales tax and local luxury tax	\$1,315,311	\$1,447,016	\$1,325,679	\$1,643,794	\$1,612,991	\$1,631,230	\$2,011,802	\$1,917,607	\$2,112,328	10.2
Totals										
Total Delegate Spending	\$113,726,053	\$127,947,956	\$140,023,437	\$233,432,421	\$191,573,385	\$195,534,283	\$238,137,515	\$159,016,788	\$166,498,155	4.7
Total Economic Impact	\$218,685,211	\$265,932,915	\$291,594,967	\$473,101,526	\$394,750,307	\$402,912,014	\$490,698,940	\$327,665,149	\$354,034,836	8.0
Jobs Created	2,857	3,362	3,596	6,014	5,362	5,327	6,362	4,136	4,656	12.6
State Income, direct sales tax and local luxury tax	\$8,778,350	\$10,004,774	\$10,944,599	\$18,376,823	\$15,451,446	\$15,769,979	\$19,207,517	\$12,861,403	\$13,342,210	3.7

***Atlantic City
Convention Center
Authority***

*Financial Statements for the Years Ended
December 31, 2004 and 2003 and
Independent Auditors' Report*

ATLANTIC CITY CONVENTION CENTER AUTHORITY

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INDEPENDENT AUDITORS' REPORT

Chair and Members of the Board
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, 2004 and 2003, 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, 2004 and 2003, 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.

A handwritten signature in black ink that reads "Deloitte & Touche LLP".

March 17, 2005

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, 2004 and 2003. 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 2004. 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 were up \$2,570,000, due to higher service income, parking revenue, and promotional reimbursements from 2003. Operating expenses were held in line compared to 2003 by reducing salaries, wages and benefits, a reduction in bad debt expense, lower grid related expenses and controlling production costs at both facilities. The Authority's net assets increased by \$1,562,000 in 2004, which represents a \$324,000 increase over 2003. The primary reason for this increase was additional marketing fee revenues. Marketing fee revenue is the primary funding source of the Marketing Operations Segment of the Authority, and it represents the Atlantic City hotel occupancy tax that Marketing Operations receives from the state. In 2004, over 900 hotel rooms were added to the Atlantic City hotel room inventory, which helped to produce the additional marketing fee revenue.

The Authority's total assets increased \$2,681,000 to \$13,995,000 in 2004. This increase was due in large part to the \$1,447,000 increase in Marketing Operations' total assets in 2004. The increase in total assets, and more specifically cash, is due to the \$1,562,000 increase in net assets for the year, due to the delay in the revitalization incentive program, established by the Casino Reinvestment Development Program ("CRDA"), which would have redirected marketing fee revenue back to hotel properties in Atlantic City with capital projects approved by CRDA. That marketing fee revenue remained with the Authority. The program was to be implemented by the end of 2004, however it was delayed until 2005, which caused a substantial increase in cash. Boardwalk Hall total assets increase is due in large part to advance ticket sales for the subsequent year events.

Boardwalk Hall's net operating performance increased \$1,096,000 in 2004 primarily as a result of the increases in event-related revenues such as special services, facility rentals and concession income compared to the reduction in salaries and wages, bad debt expense and grid related costs. The Convention Center's net operating performance increased \$1,676,000 in 2004 as a result of the higher event-related revenues such as special services, parking and concession income. There was also a reduction of \$243,000 in production expenses, salaries and wages, insurance and bad debt expenses.

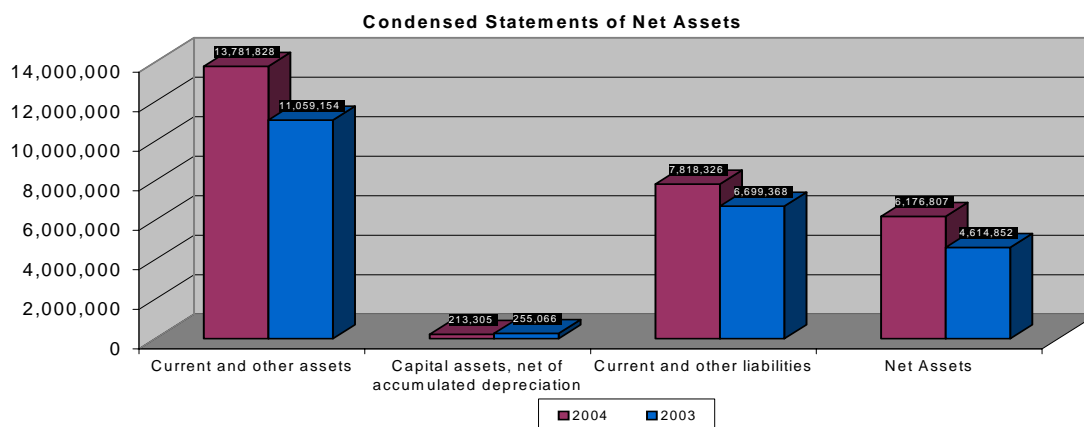
Financial Summaries

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, 2004	December 31, 2003
Current and other assets	\$ 13,781,828	\$ 11,059,154
Capital assets, net of accumulated depreciation	<u>213,305</u>	<u>255,066</u>
Total assets	13,995,133	11,314,220
Current and other liabilities	<u>(7,818,326)</u>	<u>(6,699,368)</u>
Net assets	<u>\$ 6,176,807</u>	<u>\$ 4,614,852</u>



Current and other assets increased \$2,722,000 dollars in 2004 to \$13,782,000 largely as a result of Marketing Operations' \$1,489,000, and Boardwalk Hall and Convention Centers' \$1,233,000 increases 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, accrued expenses, and deferred revenue.

EXHIBIT 2

Condensed Statements of Revenues, Expenses and Changes in Net Assets

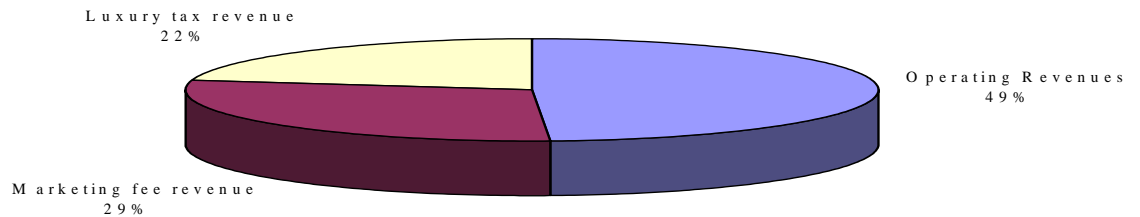
	Year Ended December 31, 2004	Year Ended December 31, 2003
Operating revenues	\$ 16,785,753	\$ 14,215,578
Operating expenses	<u>(32,744,441)</u>	<u>(32,712,454)</u>
Operating loss	<u>(15,958,688)</u>	<u>(18,496,876)</u>
Nonoperating income:		
Luxury tax revenue	7,538,431	10,308,368
Marketing fee revenue	9,899,943	9,362,657
Interest income	<u>82,269</u>	<u>63,734</u>
Total nonoperating income	<u>17,520,643</u>	<u>19,734,759</u>
Increase in net assets	<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, which are the total revenues generated at the Convention Center, Boardwalk Hall, the West Hall, and the Marketing Operations Segment.
- Luxury tax revenue, which is received from NJSEA for the operating deficit of the Convention Center, Boardwalk Hall, and the West Hall.
- Marketing fee revenue, which is collected from the State, to promote the destination of Atlantic City.

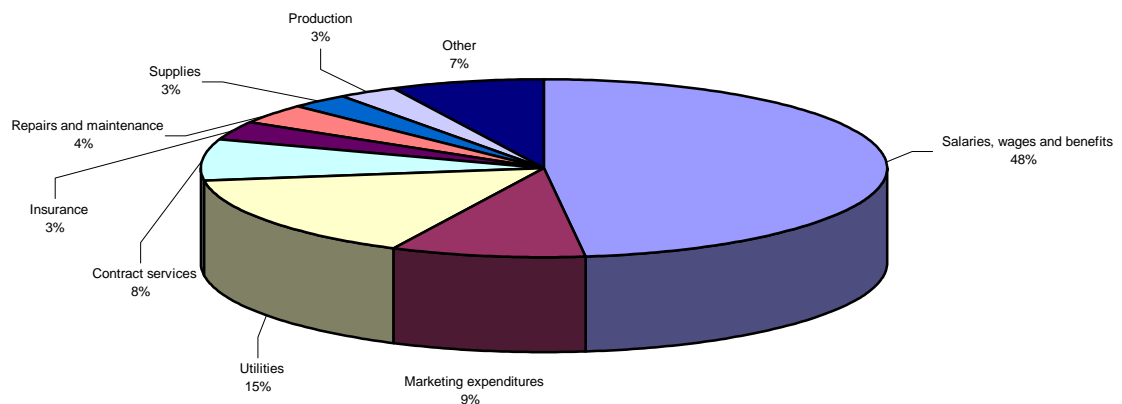
Sources of Revenue 2004



Sources of expenses consisted of:

- Operating expenses, which are 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, which 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.

Source of Expenses



Operating Highlights

Attendance

	2004	2003	2002
Boardwalk Hall	337,095	401,963	427,053
Convention Center	<u>536,981</u>	<u>487,111</u>	<u>561,565</u>
	<u>874,076</u>	<u>889,074</u>	<u>988,618</u>

Events

	2004	2003	2002
Boardwalk Hall	95	100	112
Convention Center	<u>207</u>	<u>224</u>	<u>176</u>
	<u>302</u>	<u>324</u>	<u>288</u>

Operating Revenues & Expenses by Facility (000's)

	2004	2003	2002
Operating Revenues:			
Boardwalk Hall	\$ 4,855	\$ 4,441	\$ 3,692
Convention Center	10,721	9,288	9,268
Marketing Operations	<u>1,210</u>	<u>487</u>	<u>654</u>
	<u>\$ 16,786</u>	<u>\$ 14,216</u>	<u>\$ 13,614</u>
Operating Expenses:			
Boardwalk Hall	\$ 10,523	\$ 11,157	\$ 10,544
Convention Center	13,514	13,757	13,140
Marketing Operations	<u>8,707</u>	<u>7,798</u>	<u>7,944</u>
	<u>\$ 32,744</u>	<u>\$ 32,712</u>	<u>\$ 31,628</u>

Operating revenues for the Authority increased \$ 2,570,000 due to a \$998,000 increase in Special services revenue, an increase of \$641,000 in other revenue at both facilities, and Marketing Operations revenue increase of \$723,000. In 2004, Boardwalk Hall hosted several boxing events and ethnic concerts in the ballroom adding to the positive results. Operating expenses for the Authority increased only \$32,000 in 2004. Expenses remained consistent with 2003 by reducing salaries, wages and benefits, insurance expense, bad debt expense and lowering production costs.

Special services revenue increased by \$998,000 in 2004 for the Boardwalk Hall and the Convention Center primarily as a result of higher billable labor income, increased electrical services income and audio-visual income.

Marketing Operations revenue increase of \$723,000 is primarily due to Promotional Reimbursement-Regional Marketing Revenue of \$788,000. This revenue is a reimbursement of marketing cost, associated with the Joint Marketing Agreement, from the South Jersey Transportation Authority (SJTA).

Operating expenses were reduced at the Boardwalk Hall by \$ 634,000 and the Convention Center saw a reduction of \$ 243,000 due to a reduction in full time staff, utility expenses, and operating efficiency. Non-operating revenue at the Authority was lower by \$2,214,000 during 2004 as a result of the decrease in the luxury tax requirements, however marketing fees increased by \$537,000 as a result of a full year of revenue from 2,500 rooms added in July of 2003 and the addition of 900 hotel rooms in 2004.

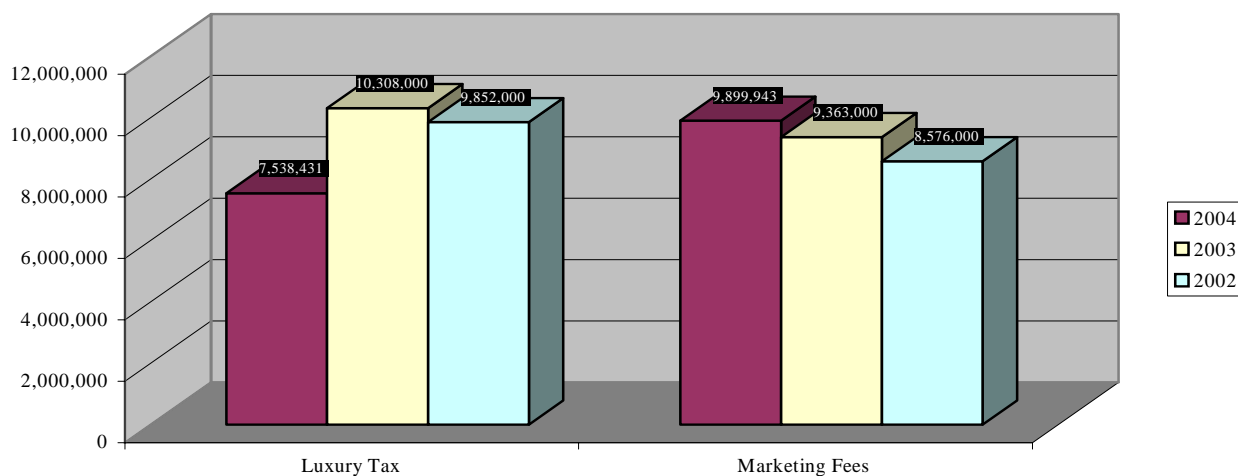
Salaries, wages and benefits for Marketing Operations increased \$231,000 in 2004 as a result of a \$123,000 increase in healthcare costs and pension expense, and the addition of three convention sales personnel added to Marketing Operation from the Convention Center. There was also a staff assistant for convention services and a managers' position for the Foundation filled during part of 2004. All of these positions were vacant in 2003.

The Marketing expenditures increase of \$405,000 in 2004 is primarily due to the \$476,000 increase in Marketing Operations expenditures, mainly \$545,000 in advertising expenses. The Contracted services increase of \$946,000 in 2004 is primarily due to the \$572,000 increase in Marketing Operations contract services, mainly \$583,000 in professional services-other. These costs in Marketing Operation are associated with the Joint Marketing Agreement and are offset by the increase of \$788,000 in Promotional Reimbursement-Regional Marketing Revenue. The majority of the balance in Contract services is higher electrical services expense and reimbursed labor expense at Boardwalk Hall and the Convention Center.

Nonoperating Highlights (000's)

	2004	2003	2002
Nonoperating Revenues			
Luxury Tax	\$ 7,538	\$ 10,308	\$ 9,852
Marketing Fees	9,899	9,363	8,576
	<u>\$ 17,437</u>	<u>\$ 19,671</u>	<u>\$ 18,428</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 \$2,770,000 or approximately twenty seven percent (27%) as a result of operational efficiencies at the Boardwalk Hall and the Convention Center.

Marketing fee revenue increased \$537,000 or 5.74 percent (5.74%) in 2004 as a result of over 900 new hotel rooms being put into service during the year and the full year of operation of 2500 hotel rooms added in July 2003.

EXHIBIT 3

Capital Assets

	Balance, December 31, 2003	Additions	Balance, December 31, 2004
Computer equipment	\$ 490,080	\$ 7,505	\$ 497,585
Furniture, fixtures and equipment	<u>376,323</u>	<u>44,089</u>	<u>420,412</u>
Total at cost	866,403	51,594	917,997
Less accumulated depreciation	<u>(611,337)</u>	<u>(93,355)</u>	<u>(704,692)</u>
Capital assets, net	<u>\$ 255,066</u>	<u>\$ (41,761)</u>	<u>\$ 213,305</u>

At the end of 2004, the Authority had invested \$213,305 in net capital assets, at a cost of \$917,996 net of accumulated depreciation of \$704,692.

Capital asset additions during 2004 consisted substantially of renovation to the Boardwalk Information Center, office furniture, and computer equipment. The Authority considers any asset with a value over \$5,000 and an estimated useful life over one year, a depreciable asset.

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, 2004 AND 2003

	2004	2003
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 4)	\$ 8,327,360	\$ 5,475,438
Due from the State of New Jersey—marketing fees (Note 3)	1,467,796	1,520,199
Due from New Jersey Sports and Exposition Authority (Note 3)	1,699,175	1,642,536
Receivables, net of allowance for doubtful accounts of \$110,098 in 2004 and \$272,577 in 2003, respectively	1,329,352	1,304,837
Prepaid expenses and other assets	<u>958,145</u>	<u>1,116,144</u>
Total current assets	13,781,828	11,059,154
Capital assets, net of accumulated depreciation (Note 5)	<u>213,305</u>	<u>255,066</u>
TOTAL	<u>\$ 13,995,133</u>	<u>\$ 11,314,220</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 4,437,176	\$ 5,043,902
Deferred revenue	<u>3,381,150</u>	<u>1,655,466</u>
Total liabilities	<u>7,818,326</u>	<u>6,699,368</u>
NET ASSETS:		
Invested in capital assets	213,305	255,066
Unrestricted	<u>5,963,502</u>	<u>4,359,786</u>
Total net assets	<u>6,176,807</u>	<u>4,614,852</u>
TOTAL	<u>\$ 13,995,133</u>	<u>\$ 11,314,220</u>

See notes to financial statements.

ATLANTIC CITY CONVENTION CENTER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
REVENUES:		
Special services	\$ 6,395,610	\$ 5,398,161
Facilities rental	4,516,191	4,564,504
Parking	1,960,839	1,869,776
Concessions	1,526,131	1,473,024
Promotion reimbursement	1,527,587	701,785
Travel media showcase	12,149	6,900
Other	847,246	201,428
Total operating revenues	16,785,753	14,215,578
EXPENSES:		
Salaries, wages and benefits	15,730,344	15,892,821
Marketing expenditures	3,007,708	2,602,943
Utilities	5,069,039	4,845,261
Contract services	2,514,751	1,568,326
Insurance	1,044,611	1,155,781
Repairs and maintenance	1,160,934	1,128,954
Supplies	975,727	1,063,022
Professional fees	247,799	351,607
Management fees	773,396	766,000
Bad debt expense	61,081	557,295
Parking participation	190,000	190,000
Depreciation	93,355	125,146
Grid collapse	340,106	541,582
Production	859,564	1,013,207
Other	676,026	910,509
Total operating expenses	32,744,441	32,712,454
OPERATING LOSS	(15,958,688)	(18,496,876)
NONOPERATING REVENUE:		
Interest	82,269	63,734
Marketing fee revenue (Note 3)	9,899,943	9,362,657
Luxury tax revenue (Note 3)	7,538,431	10,308,368
Total nonoperating revenue	17,520,643	19,734,759
INCREASE IN NET ASSETS	1,561,955	1,237,883
NET ASSETS—Beginning of year	4,614,852	3,376,969
NET ASSETS—End of year	\$ 6,176,807	\$ 4,614,852

See notes to financial statements.

ATLANTIC CITY CONVENTION CENTER AUTHORITY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 18,486,922	\$ 13,759,285
Payments to suppliers	(17,226,560)	(16,010,282)
Payments to employees	<u>(15,873,253)</u>	<u>(15,876,617)</u>
Net cash used in operating activities	<u>(14,612,891)</u>	<u>(18,127,614)</u>
CASH FLOWS FROM NON-CAPITAL ACTIVITIES:		
Luxury tax revenue	7,481,792	10,189,197
Marketing fee revenue	<u>9,952,346</u>	<u>9,966,547</u>
Net cash provided by non-capital financing activities	<u>17,434,138</u>	<u>20,155,744</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES—		
Additions to capital assets	<u>(51,594)</u>	<u>(103,364)</u>
CASH FLOWS FROM INVESTING ACTIVITIES—		
Interest collected	<u>82,269</u>	<u>63,734</u>
INCREASE IN CASH AND CASH EQUIVALENTS	2,851,922	1,988,500
CASH AND CASH EQUIVALENTS—Beginning of year	<u>5,475,438</u>	<u>3,486,938</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 8,327,360</u>	<u>\$ 5,475,438</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (15,958,688)	\$ (18,496,876)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	93,355	125,146
(Increase) decrease in assets:		
Receivables, net	(24,515)	239,634
Prepays and other assets	157,999	17,835
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(606,726)	682,574
Deferred revenues	<u>1,725,684</u>	<u>(695,927)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u><u>\$ (14,612,891)</u></u>	<u><u>\$ (18,127,614)</u></u>

See notes to financial statements.

ATLANTIC CITY CONVENTION CENTER AUTHORITY

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2004 and 2003

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 revitalization incentive 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 to be implemented before the end of 2004; however, it will not be implemented until 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, 2004 and 2003 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 and furniture and fixtures 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 on 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.

Change in Accounting—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.

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 were used as follows for the years ended December 31:

	2004	2003
Luxury tax collected	\$ 21,322,354	\$ 18,420,000
Interest earned on collected funds	286,000	190,000
Debt service payments	(12,021,000)	(11,733,000)
Operating deficit	(7,538,000)	(10,308,000)
Funds to be used for maintenance items	<u>(2,361,000)</u>	<u>(2,620,000)</u>
Luxury tax deficit	<u>\$ (311,646)</u>	<u>\$ (6,051,000)</u>

The luxury tax deficit is 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 are as of December 31:

	2004		2003	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Demand deposits	\$3,649,074	\$4,825,769	\$1,140,017	\$1,865,474
State of New Jersey Cash Management Fund	<u>4,678,286</u>	<u>4,878,286</u>	<u>4,335,421</u>	<u>4,335,421</u>
Total cash and cash equivalents	<u>\$8,327,360</u>	<u>\$9,704,055</u>	<u>\$5,475,438</u>	<u>\$6,200,895</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; (b) bonds or obligations of any state of the United States 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 Moody's and S&P; and (f) 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 with the bank. At December 31, 2004, the Authority's demand deposits were fully secured by collateral security lodged with the Sports Authority's Bank.

5. CAPITAL ASSETS

Capital assets consist of the following at December 31:

	2003	Additions	2004
Computer equipment	\$ 490,080	\$ 7,505	\$ 497,585
Furniture, fixtures and equipment	<u>376,323</u>	<u>44,089</u>	<u>420,412</u>
Total at cost	866,403	51,594	917,997
Less accumulated depreciation	<u>(611,337)</u>	<u>(93,355)</u>	<u>(704,692)</u>
Capital assets, net of accumulated depreciation	<u>\$ 255,066</u>	<u>\$ (41,761)</u>	<u>\$ 213,305</u>

These amounts represent capital costs incurred by the Atlantic City Convention Center 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 one year a capital asset.

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, 2004 and 2003 was \$2,704,425 and \$2,550,258, respectively. The Authority's total payroll for the years ended December 31, 2004 and 2003 was \$3,099,349 and \$2,970,153, respectively.

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. 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 contributions required for the years ended December 31, 2004 and 2003 were \$129,418 (4.8%) and \$124,868 (4.8%), respectively. The employees made the contribution for 2004 and 2003.

7. COMMITMENTS AND CONTINGENCIES

1. 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 \$4,516,191 and \$4,564,504 for the years ended December 31, 2004 and 2003, respectively.
2. 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.

3. 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 twenty 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 actual payments to the hockey franchise to cover shortfalls of \$0 and \$47,000 for the years ended December 31, 2004 and 2003, 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.
4. In September 1999, the Authority entered into a joint advertising and marketing agreement with the South Jersey Transportation Authority. 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.
5. The Authority is a party to an on-going 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 2004 and 2003, respectively.

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, 2004					Year Ended December 31, 2003				
	Boardwalk Center Operations	New Center	Marketing Operations	Elimination Entries	Combined December 31, 2004	Boardwalk Center Operations	New Center	Marketing Operations	Elimination Entries	Combined December 31, 2003
OPERATING REVENUES:										
Special services	\$ 3,243,194	\$ 3,893,281	\$ -	\$ (740,865)	\$ 6,395,610	\$ 2,681,704	\$ 3,409,610	\$ -	\$ (693,153)	\$ 5,398,161
Facilities rental	1,251,629	3,264,562	-	-	4,516,191	1,418,018	3,146,486	-	-	4,564,504
Parking	177,786	1,783,053	-	-	1,960,839	181,468	1,688,308	-	-	1,869,776
Concessions	502,247	1,023,884	-	-	1,526,131	599,972	873,052	-	-	1,473,024
Promotion reimbursement	225,422	130,453	1,171,712	-	1,527,587	188,659	54,733	458,393	-	701,785
and fees	-	-	-	-	-	-	-	-	-	-
Travel media showcase	-	-	12,149	-	12,149	-	-	6,900	-	6,900
Other	345,927	625,546	25,773	(150,000)	847,246	213,930	116,287	21,211	(150,000)	201,428
	<u>5,746,205</u>	<u>10,720,779</u>	<u>1,209,634</u>	<u>(890,865)</u>	<u>16,785,753</u>	<u>5,283,751</u>	<u>9,288,476</u>	<u>486,504</u>	<u>(843,153)</u>	<u>14,215,578</u>
OPERATING EXPENSES:										
Salaries, wages and benefits	6,028,795	5,657,368	4,044,181	-	15,730,344	6,108,297	5,970,967	3,813,557	-	15,892,821
Marketing expenditures	150,281	2,175	3,593,575	(738,323)	3,007,708	175,350	610	3,117,357	(690,374)	2,602,943
Utilities	2,048,228	2,853,699	169,654	(2,542)	5,069,039	1,963,473	2,683,030	201,537	(2,779)	4,845,261
Contract services	70,146	1,472,883	971,722	-	2,514,751	15,005	1,122,983	430,338	-	1,568,326
Insurance	9,667	1,010,129	24,815	-	1,044,611	16,987	1,119,712	19,082	-	1,155,781
Repairs and maintenance	276,423	692,258	192,253	-	1,160,934	305,221	663,543	160,190	-	1,128,954
Supplies	383,515	501,030	91,182	-	975,727	393,636	519,065	150,321	-	1,063,022
Professional fees	-	123,100	124,699	-	247,799	71,037	186,964	93,606	-	351,607
Management fees	386,698	386,698	-	-	773,396	383,000	383,000	-	-	766,000
Bad debts expense	1,482	57,386	2,213	-	61,081	349,396	206,695	1,204	-	557,295
Parking participation	-	190,000	-	-	190,000	-	190,000	-	-	190,000
Depreciation	-	-	93,355	-	93,355	-	-	125,146	-	125,146
Grid Collapse	340,106	-	-	-	340,106	541,582	-	-	-	541,582
Production	603,971	255,593	-	-	859,564	602,107	411,100	-	-	1,013,207
Other	223,904	311,637	290,485	(150,000)	676,026	232,031	299,493	528,985	(150,000)	910,509
	<u>10,523,216</u>	<u>13,513,956</u>	<u>9,598,134</u>	<u>(890,865)</u>	<u>32,744,441</u>	<u>11,157,122</u>	<u>13,757,162</u>	<u>8,641,323</u>	<u>(843,153)</u>	<u>32,712,454</u>
OPERATING LOSS	<u>(4,777,011)</u>	<u>(2,793,177)</u>	<u>(8,388,500)</u>	<u>-</u>	<u>(15,958,688)</u>	<u>(5,873,371)</u>	<u>(4,468,686)</u>	<u>(8,154,819)</u>	<u>-</u>	<u>(18,496,876)</u>
NONOPERATING INCOME:										
Interest	19,462	12,295	50,512	-	82,269	23,810	9,879	30,045	-	63,734
Marketing fee revenue (Note 3)	-	-	9,899,943	-	9,899,943	-	-	9,362,657	-	9,362,657
Luxury tax revenue (Note 3)	4,757,549	2,780,882	-	-	7,538,431	5,849,561	4,458,807	-	-	10,308,368
	<u>4,777,011</u>	<u>2,793,177</u>	<u>9,950,455</u>	<u>-</u>	<u>17,520,643</u>	<u>5,873,371</u>	<u>4,468,686</u>	<u>9,392,702</u>	<u>-</u>	<u>19,734,759</u>
INCREASE (DECREASE) IN NET ASSETS	-	-	1,561,955	-	1,561,955	-	-	1,237,883	-	1,237,883
NET ASSETS—Beginning of year	-	-	4,614,852	-	4,614,852	-	-	3,376,969	-	3,376,969
NET ASSETS—End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,176,807</u>	<u>\$ -</u>	<u>\$ 6,176,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,614,852</u>	<u>\$ -</u>	<u>\$ 4,614,852</u>

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Highlights

2004 could be called the year that Atlantic City became truly 'Always Turned On' and that visitors got turned on to this exciting city with its new attitude. The Atlantic City Convention & Visitors Authority (ACCVA) steered the public and the media through a riptide of change, and the city's reputation began to emerge as one of the hippest spots on the East Coast for entertainment, dining and nightlife.

During the summer, beach bar business peaked, and this piqued the interest of a younger group of fun-seekers, creating a palpable energy along the Boardwalk. The new Rendezvous Tower at Resorts Atlantic City provided much-needed additional hotel rooms, which filled quickly - largely with paying customers, in addition to the traditionally "comped" gamblers. Atlantic City Outlets-The Walk generated excitement, too, and yielded unexpectedly high revenues for the retailers, signaling a strong pent-up demand for shopping venues in Atlantic City. That demand was further satisfied near the end of the year with the long-anticipated opening of The Quarter at Tropicana Casino and Resort, which also added hotel rooms and famous-name restaurants to the city's lineup.

The success of Atlantic City's new venues acted as a catalyst for additional investment in the city, and end-of-year announcements trumpeted major new attractions including a House of Blues expansion at Showboat-The Mardi Gras Casino and Florida's famed Nikki Beach Club at Resorts Atlantic City, both opening in 2005.

The excitement will continue into 2006 and beyond, with the opening of The Pier at Caesars, expansion of Atlantic City Outlets-The Walk, additions to the Borgata Hotel Casino and Spa and other projected property renovations and additions.

Some highlights of 2004 include:

➤ Visitor numbers to Atlantic City increased by about 1 million in 2004 over the prior year, while other shore towns reported a lackluster summer.

➤ Atlantic City received heightened interest from major media across the country. The ACCVA assisted in generating positive stories in the *Boston Herald*, the *Baltimore Sun* and the *New York Times*, among others, as well as a full week of broadcasts of 'The 10! Show' live from Atlantic City on Philadelphia's NBC station.

Atlantic City
always turned on™

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International Auto Salon makes its Atlantic City debut.

➤ The Travelocity Internet site recognized Atlantic City as one of the top ten action beaches in the U.S., and Hotels.com determined that Atlantic City was the top road trip destination for the July Fourth holiday weekend.

➤ Boardwalk Hall helped to solidify Atlantic City's reputation as an entertainment giant. *Billboard* magazine named it the top-grossing venue of its size for the year, thanks to many sold-out concerts.

➤ New events at the Atlantic City Convention Center reflected the city's new attitude. Atlantic City's first-ever Tattoo Extravaganza, the Funkmaster Flex Celebrity Car Show and the International Auto Salon all hosted successful events and re-booked for 2005.

➤ New convention bookings such as the Middle-Atlantic Hardscaping Trade Show, the FDIC East Conference for fire department instructors and the PANTS convention for nurserymen were accomplished in large part on the strength of the destination, the strategic location and the availability of more hotel rooms

➤ Our e-marketing program shifted into full gear with electronic promotions that attracted 75,000 Internet users to the ACCVA Web site, and generated thousands of requests for information about visiting Atlantic City.

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Media Relations

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During the first full year of using the "Always Turned On" marketing theme, word spread about a "new" Atlantic City. Offering many positive glimpses of Atlantic City, the Media Relations department helped secure interest from media from across the United States including regional television stations and key newspapers.

Positive stories on Atlantic City ran in major consumer newspapers and niche publications including *Boston Globe*, *Baltimore Sun*, *Endless Vacation*, *Hartford Courant*, *Patriot Ledger*, *Where Philadelphia*, *Boston Herald*, *El Diario*, *Scranton Times*, *Savvy Traveler*, *Financial Times* and *Bride's*.

Network television viewers were turned on to Atlantic City as well when Channel 10's The 10! Show moved to the beaches, Boardwalk and area properties for a full week of live production. Also in 2004, VH1's Top 20 Countdown was filmed in Atlantic City and aired over Fourth of July weekend. Willard Scott from the Today Show had a live remote over that same weekend. And New York 1 aired an Atlantic City "escape from New York" segment on August 31.

- An additional media relations manager was added to the staff, allowing for more outreach and enhanced press coverage for Atlantic City.
- The department provided media and public relations support to 42 trade shows and conventions and 23 local and regional festivals and events.
- We successfully produced and implemented four familiarization programs in the City.
- The department issued 133 press releases during the year.
- The department hosted a total of 95 media representatives on individual visits and familiarization tours to Atlantic City.
- The media relations department received additional support from our PR agency, Weber-Shandwick, which provided contacts with key New York media for publications such as *Financial Times*, *Bride's* and *Essence*.

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Publications

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The Publications/Advertising Department of the Communications department continued to implement and maintain Atlantic City's "Always Turned On" marketing theme through consistent and effective marketing. In-house production of all ACCVA collateral enabled the Publications department to ensure a consistent message and particular image through advertising, print and electronic media.

In 2004, additional accomplishments include:

- Designed and produced all ACCVA collateral material including the Atlantic City Hotel Brochure, Expressway toll-booth signs, Directory of Destination Services, Convention Center Sales Kit, Sports Resource Guide and Film Location Guide, among others.
- The department coordinated a cable TV, radio and print media buy for the ACCVA/SJTA \$500,000 joint advertising program in the Pennsylvania market.
- Designed print ads for the destination's newspaper advertising campaign as well as convention and tourism trade ads.
- The department coordinated a professional photo shoot resulting in the addition of 750 new images to the ACCVA image library.
- Generated measurable savings of over \$76,000 by bringing small to medium size color photocopy projects in-house on a new 4-color photocopier.
- In-kind design services were provided to a variety of marketing partners and community organizations, including Lucy the Elephant, Arts Alive, Chicken Bone Beach Historical Foundation, Seafood Festival, Atlantic City Marathon Swim, Skate America 2005 and Atlantic City's 150th Birthday Celebration.

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Tourism Development

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A burgeoning travel market - both nationally and locally - and a heightened focus on Atlantic City kept the ACCVA's Tourism Department busy in 2004. Efforts paid off with an increase of about one million visitors to Atlantic City.

Aside from working with group FIT and domestic tourism marketing, the Tourism Department operates two Visitor Welcome Centers, operates the Marketing Partnership program, and in 2004 was charged with the additional responsibilities of promoting film production and sports marketing. Efforts there, too, received a fast pay-off, with the booking of the Smart Ones Skate America competition at Boardwalk Hall in 2005, plus a strong alliance with the New Jersey State Film Commission.



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

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

Bolstered by development of a new Web site, aggressive marketing of the site and new initiatives in e-marketing, the department will continue to increase Atlantic City's name recognition and top-of-mind awareness with leisure travelers and group tour operators.

Some 2004 accomplishments:

- Fulfilled 766 group requests for collateral.
- Fulfilled 400 travel agent requests for collateral
- Generated 53 international travel group leads
- Fulfilled 78 international tour operator requests for collateral.
- Acted as liaison for four major motion pictures and six reality television shows filmed in Atlantic City.
- Hosted Race Across America bicycling ultramarathon.
- Facilitated the 2004 Rip Curl Heritage Memorial Pro Surfing Event.
- Responded to 200,000 visitor inquiries at the Visitor Welcome Centers, a 12% increase over 2003.

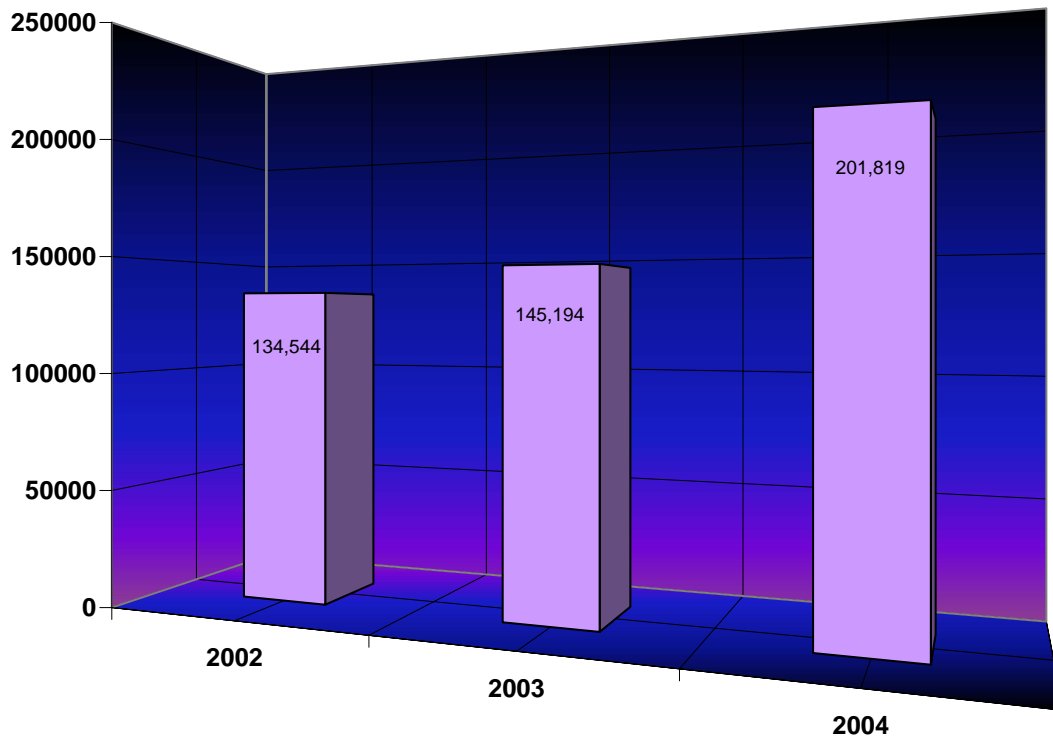
- ➔ Responded to 21,120 e-mail inquiries, a 28% increase over 2003.
- ➔ Experienced a 30% increase in Web site visits over 2003.
- ➔ Answered 25,935 visitor requests for information.
- ➔ Launched e-marketing program in June
 - ➔ 75,000 Internet users visited the ACCVA Web site to register for getaway packages
 - ➔ 25 percent of them opted in to receive the ACCVA e-newsletter
 - ➔ 10,000 requested visitor guides
- ➔ Launched e-newsletter to a database of 25,000.
- ➔ Provided services to 429 marketing partners.



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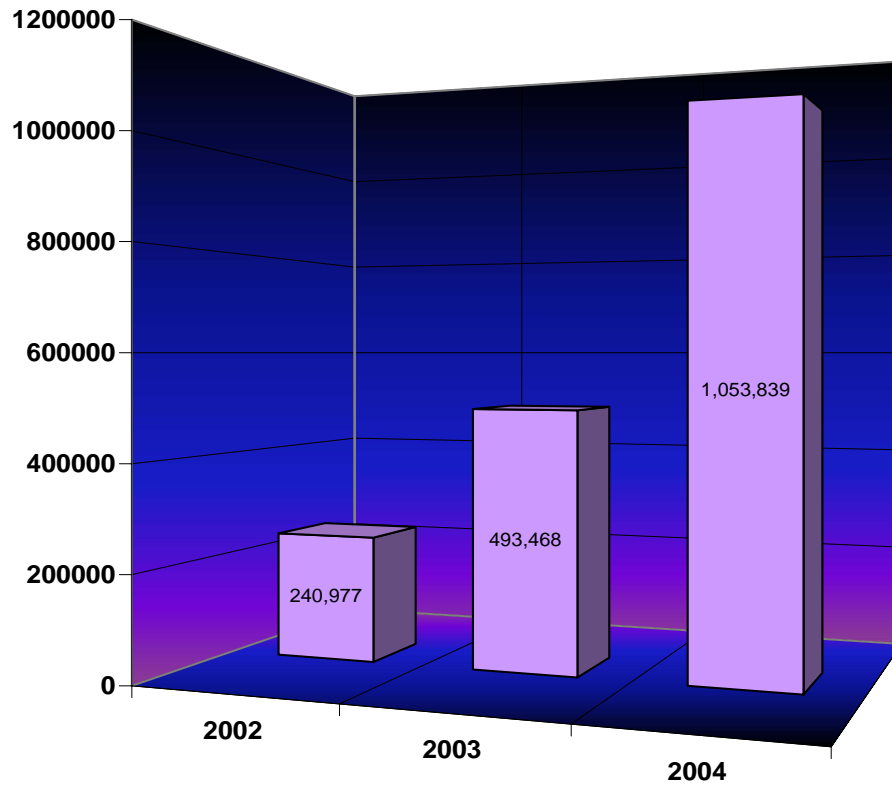
You are Viewing an Archived Copy from the New Jersey State Library
Visitors Served at Information Outlets

Sources: Atlantic City Expressway Visitors Welcome Center
Boardwalk Visitor Information
Convention Center Concierge



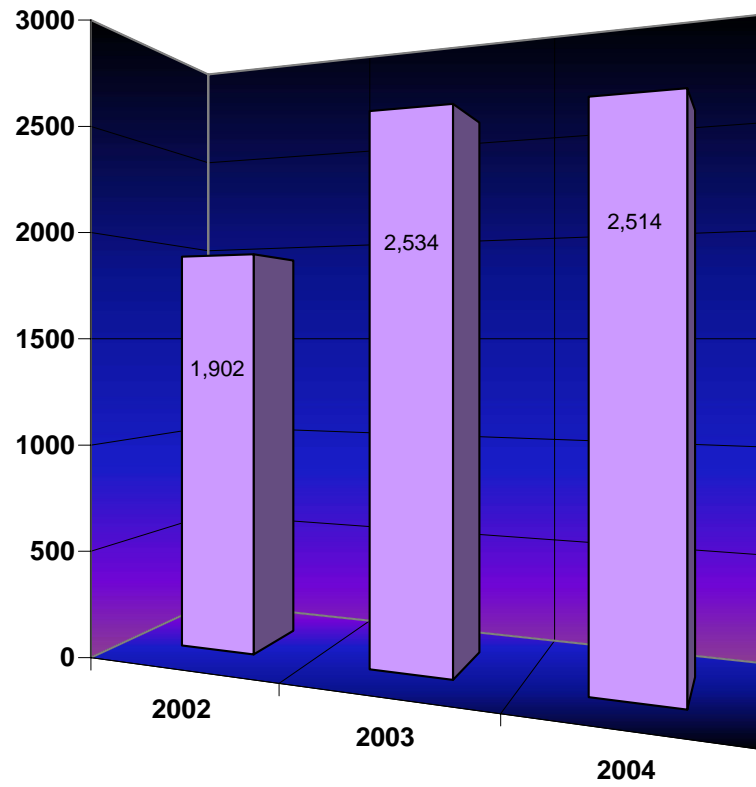
Atlanticcitynj.com Unique Visitors Last 3 Years: 2002-2004

Source: www.atlanticcitynj.com



FIT Room Reservations Booked

Source: ACE NET



Annual Visit - Trips to Atlantic City (in thousands)

Source: (SJTA) South Jersey Transportation Authority

