

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

REPORT OF FINANCIAL STATEMENTS
(With Supplementary Information)

FOR THE YEAR ENDED
December 31, 2007

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**CASINO REINVESTMENT DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
ATLANTIC COUNTY, NEW JERSEY**

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**ALLIANCE OF
GOVERNMENTAL
AUDITORS, LLC**

CPAs, PC
PO Box 548, Mays Landing, NJ 08330
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A JOINT VENTURE OF
SWARTZ & CO.,LLC &
TRACEY HEUN BRENNAN & CO.

Independent Auditor's Report

The Chairman and Members of the Board
Casino Reinvestment Development Authority
Atlantic City, NJ 08401

Members:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Casino Reinvestment Development Authority (the "CRDA" or the "Authority"), a component unit of the State of New Jersey, as of and for the year ended December 31, 2007, which collectively comprise the basic financial statements of the CRDA as listed in the table of contents. These basic financial statements are the responsibility of CRDA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. 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 audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the CRDA as of December 31, 2007, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis information is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to tests and other auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Alliance of Governmental Auditors, LLC

Alliance of Governmental Auditors, LLC

February 8, 2008

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MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDING DECEMBER 31, 2007

This section of the Casino Reinvestment and Development Authority's annual financial report presents our discussion and analysis of the CRDA's financial performance during the fiscal year that ended on December 31, 2007. It should be read in conjunction with the CRDA's financial statements, which follow this section.

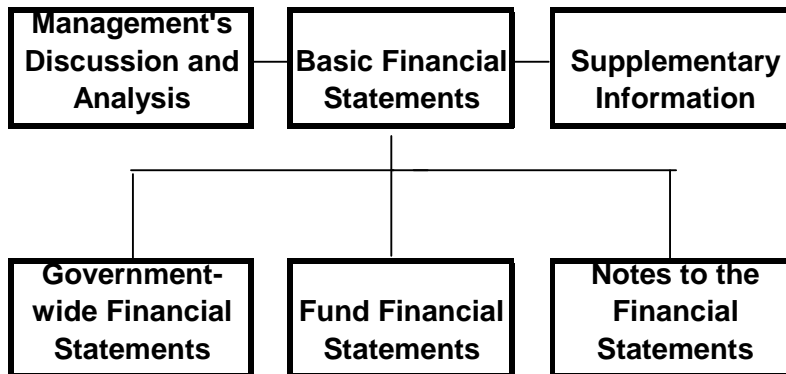
FINANCIAL HIGHLIGHTS

- The liabilities of the CRDA exceeded its assets at the close of the most recent fiscal year by approximately \$38.4 million, a decrease in net assets of approximately \$18.6 million from the prior year. The decrease is primarily the result of additional development throughout the state.
- Cash and investments total approximately \$199.9 million, a decrease of approximately \$20 million or 9% from the prior year. The decrease is mainly due to project expenditures.
- Long-term liabilities decreased by approximately \$6.5 million to approximately \$499.9 million at year end 2007. The decrease is the result of scheduled redemptions of publicly issued debt.
- Real estate holdings decreased by approximately \$4.5 million during the fiscal year, real estate is sold or conveyed upon completion of Authority projects.
- Realized revenue exceeded budgeted revenue for the 2007 year due to favorable interest rates and higher than anticipated cash balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for non major governmental funds.

Required Components of CRDA's Annual Financial Report



The basic financial statements include two kinds of statements that present different views of the CRDA:

- *Government-wide financial statements* that provide both *long-term* and *short-term* information about the CRDA's *overall* financial status.
- *Fund financial statements* that focus on individual parts of the CRDA.

Government-wide Statements

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

CRDA's government-wide financial statements have only one category, *governmental activities*. All of CRDA's operations and programs are included here, including the administration of projects and community and economic development.

Fund Financial Statements

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

The CRDA has two fund groupings, governmental funds and fiduciary funds.

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

The basic financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The financial statements and notes are followed by a section of *supplementary information* that further explains and supports the information in the financial statements.

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

Major Features of CRDA's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire CRDA operation (except fiduciary funds)	The activities of the CRDA that are not fiduciary (governmental activities)	Instances in which the CRDA is the trustee or agent for other's resources, such as the casino reinvestment obligations.
Required financial statements	1) Statement of net assets 2) Statement of activities	1) Balance sheet 2) Statement of revenues, expenditures, and changes in fund balance	1) Statement of fiduciary net assets 2) Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets available to be used and liabilities that come due during the year; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Financial Analysis

	Net Assets		Total Percentage Change
	Governmental Activities		
	<u>2007</u>	<u>2006</u>	
Current and other assets	\$ 268,044,011	288,676,396	-7%
Notes receivable	125,871,189	127,326,616	-1%
Capital assets	<u>88,817,679</u>	<u>93,375,953</u>	<u>-5%</u>
Total assets	<u>482,732,879</u>	<u>509,378,965</u>	<u>-5%</u>
Other liabilities	21,280,234	22,767,012	-7%
Long-term liabilities	<u>499,896,894</u>	<u>506,426,401</u>	<u>-1%</u>
Total Liabilities	<u>521,177,128</u>	<u>529,193,413</u>	<u>-2%</u>
Net Assets:			
Invested in capital assets, net of related debt	51,403	78,838	-35%
Restricted	17,281,964	17,124,945	1%
Unrestricted	<u>(55,777,616)</u>	<u>(37,018,231)</u>	<u>51%</u>
Total net assets	<u>\$ (38,444,249)</u>	<u>(19,814,448)</u>	<u>94%</u>

Restricted net assets represent resources that are subject to external restrictions on how they may be used. The restricted assets consist of debt service in the amount of \$17 million. The remaining balance of *unrestricted net assets* includes approximately \$34.3 million which may be used for any Authority purpose, and a negative \$90.1 million designated for project costs.

At the end of 2007, the CRDA maintains positive balances in two of three categories of net assets. The negative project costs resulted from expenditures for approved projects from funds obtained from the 2004 bond issue. Revenue for these projects began to be received in July 2006.

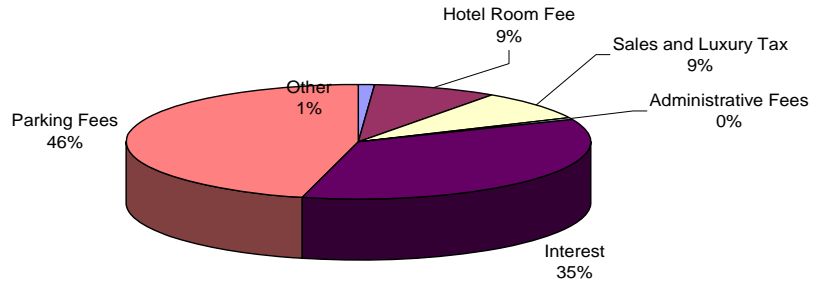
The CRDA holds \$88,766,276 in real estate investments. This real estate may be transferred to other entities upon completion of a project.

Changes in Net Assets

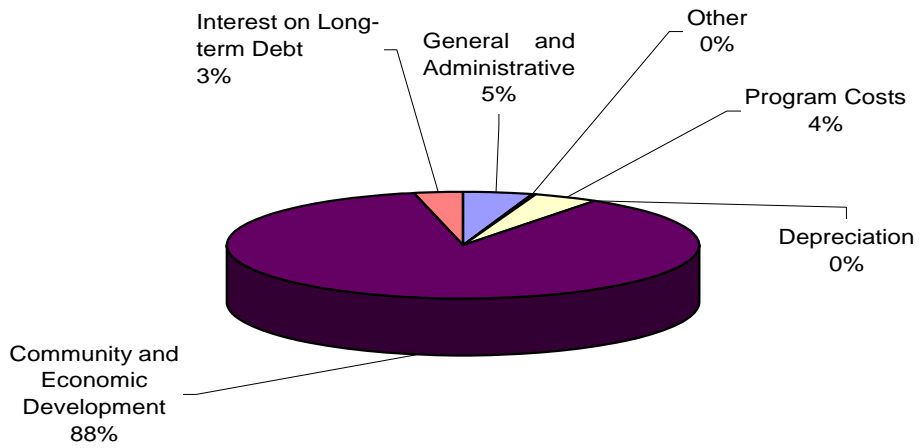
	Governmental Activities		Total Percentage Change
	<u>2007</u>	<u>2006</u>	
Revenues			
Fees:			
Administrative	\$ 253,878	340,346	-25.4%
Hotel room	5,551,597	7,970,376	-30.3%
Sales and luxury tax	5,529,683	6,536,476	-15.4%
Parking	30,020,312	25,001,803	20.1%
Operating:			
Other	714,284	3,545,026	-100.0%
Investment income	22,964,077	23,136,135	-0.7%
Total revenues	<u>65,033,831</u>	<u>66,530,162</u>	<u>-2.2%</u>
Expenses			
General and Administrative	3,933,688	3,617,993	8.7%
Other	255,156	341,791	-25.3%
Program Costs	3,671,102	515,039	612.8%
Depreciation	32,123	37,388	-14.1%
Interest on long-term debt	2,863,055	3,714,099	-22.9%
Community & Economic Development	<u>72,908,508</u>	<u>82,997,671</u>	<u>-12.2%</u>
Total expenses	<u>83,663,632</u>	<u>91,223,981</u>	<u>-8.3%</u>
Decrease in net assets	<u>\$ (18,629,801)</u>	<u>(24,693,819)</u>	<u>-24.6%</u>

The CRDA's net assets decreased by \$18,629,801 during the current fiscal year. This decrease is due to community and economic development expenditures exceeding parking and hotel room fees, sales and luxury tax rebates, and investment income.

Revenues



Expenses



Governmental Funds Financial Analysis.

Governmental activities represent 100% of CRDA's governmental funds. CRDA has no proprietary or business-type activities.

As of the end of 2007, the CRDA's governmental funds reported combined ending fund balances of \$228,413,830 a decrease of \$18,881,110 for the fiscal year. Of this total amount only \$32,694,618 is *unreserved*, or available for any CRDA purpose. The remainder of fund balance or \$195,719,212 is *reserved* to indicate that it is not available for new spending because it has already been committed to pay debt service (\$19,281,882) and for projects (\$176,437,330).

The Governmental Funds are comprised of the General Fund, Special Revenue Fund and Other Governmental Funds.

The General Fund is the administrative and operating fund of the CRDA. The annual operating budget for the General Fund is approved by the State Treasurer. In recent years, fund balances in the General Fund have been used to additionally fund community and economic development projects.

There are two Special Revenue Funds included in Governmental Funds. The Parking Fee Revenue Fund utilizes parking fee revenue and associated issued debt to pay for projects in the Corridor region and on the Boardwalk in Atlantic City as well as casino expansion projects. The Hotel Room Fee Fund utilizes hotel room fee revenue and associated issued debt to fund Atlantic City casino expansion projects, advances to the New Jersey Sports and Exhibition Authority for horse racing purse enhancements and projects in South Jersey and North Jersey.

The last category is Other Governmental Funds which includes a group of debt service funds. Activity in the debt service funds includes the accumulation of revenues and the payment of interest and principal on debt issued for projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The CRDA's investment in capital assets is \$88,817,679 (net of accumulated depreciation of \$701,664) and consists of real estate, office furnishings, computers, and office equipment.

Long-term Debt

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

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

The CRDA also issues project bonds to casino licensees with terms varying from 35 to 50 years at interest rates varying between 4.0% and 7.0%. Such bonds are payable solely from the revenues and other monies derived from projects financed by such bonds, or other monies which may be pledged with respect to such issues.

All bonds issued by the CRDA are special obligations of the CRDA, do not constitute obligations against the general credit of the CRDA, and are not a debt or liability of the State.

	<u>2007</u>	<u>2006</u>
Debt outstanding January 1,	\$ 488,829,910	496,796,713
Additions to Debt	1,236,643	1,163,550
Reduction of Debt	<u>(5,806,152)</u>	<u>(9,130,353)</u>
Debt outstanding December 31,	484,260,401	488,829,910
Plus: Net unamortized Premium	<u>12,848,311</u>	<u>14,327,745</u>
	<u><u>\$ 497,108,712</u></u>	<u><u>503,157,655</u></u>

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BASIC FINANCIAL STATEMENTS

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)**

Statement of Net Assets

December 31, 2007

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 182,649,776
Restricted cash	17,281,964
Marketable securities, net of allowance	24,224,123
Restricted Marketable securities	
Receivables:	
Notes receivable	125,871,189
Accrued interest receivable	28,057,945
Accrued revenue	6,162,444
Other	2,853,535
Deferred costs	6,814,224
Real Estate	88,766,276
Capital assets, net of depreciation	51,403
Total Assets	<u><u>482,732,879</u></u>
Liabilities	
Interest payable	9,604,932
Other payables	11,675,302
Long-term liabilities:	
Due within one year	10,132,468
Due in more than one year	489,764,426
Total Liabilities	<u><u>521,177,128</u></u>
Net Assets	
Investment in capital assets, net of related debt	51,403
Restricted for:	
Debt service	17,281,964
Unrestricted	<u>(55,777,616)</u>
Total net assets	\$ <u><u>(38,444,249)</u></u>

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Statement of Activities
For The Year Ended December 31, 2007**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>	
		<u>Fees</u>	<u>Operating Income</u>	<u>Governmental Activities</u>	<u>Total</u>
Governmental Activities					
General and Administration	\$ 3,933,688	661,922		(3,271,766)	(3,271,766)
Other	255,156		266,511	11,355	11,355
Program costs	3,671,102	5,529,683		1,858,581	1,858,581
Depreciation	32,123			(32,123)	(32,123)
Interest on long-term debt	2,863,055			(2,863,055)	(2,863,055)
Community development	72,908,508	35,571,909	39,729	(37,296,870)	(37,296,870)
Total governmental activities	<u>\$ 83,663,632</u>	<u>41,763,514</u>	<u>306,240</u>	<u>(41,593,878)</u>	<u>(41,593,878)</u>
			General revenues:		
			Investment Income	22,964,077	22,964,077
			Total general revenues	22,964,077	22,964,077
			Changes in net assets	(18,629,801)	(18,629,801)
			Net assets - beginning	(19,814,448)	(19,814,448)
			Net assets - ending	<u>(38,444,249)</u>	<u>(38,444,249)</u>

The accompanying notes are an integral part of these financial statements

Balance Sheet
Governmental Funds
December 31, 2007

	General Fund	Special Revenue Fund		Other Governmental Funds	Total Governmental Funds
		Parking Fee	Hotel Room Fee		
ASSETS					
Cash and cash equivalents	\$ 43,745,472	127,698,620	25,874,478	2,613,170	199,931,740
Marketable securities, net of allowance		24,218,879	5,244		24,224,123
Receivables:					
Accrued interest receivable	2,658,613			606,811	3,265,424
Accrued parking fees		4,392,860			4,392,860
Accrued hotel room fees			1,769,584		1,769,584
Other	438,956			2,227,060	2,666,016
Total Assets	<u>46,843,041</u>	<u>156,310,359</u>	<u>27,649,306</u>	<u>5,447,041</u>	<u>236,249,747</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interest payable		1,304,665	2,389,284	656,457	4,350,406
Other payables	694,514	1,878,647	665,744	246,606	3,485,511
Total Liabilities	<u>694,514</u>	<u>3,183,312</u>	<u>3,055,028</u>	<u>903,063</u>	<u>7,835,917</u>
Fund Balances:					
Reserved fund equity:					
Reserve for debt service		15,316,321		3,965,561	19,281,882
Reserve for project costs	13,453,909	137,810,726	24,594,278	578,417	176,437,330
Unreserved fund equity:					
Undesignated	32,694,618				32,694,618
Total Fund Balances	<u>46,148,527</u>	<u>153,127,047</u>	<u>24,594,278</u>	<u>4,543,978</u>	<u>228,413,830</u>
Total liabilities and fund balances	\$ <u>46,843,041</u>	<u>156,310,359</u>	<u>27,649,306</u>	<u>5,447,041</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

51,403

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

246,431,730

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

(513,341,212)

Net assets of governmental activities

(38,444,249)

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Year Ended December 31, 2007

	General Fund	Special Revenue Fund		Other Governmental Funds	Total Governmental Funds
		Parking Fee	Hotel Room Fee		
REVENUES					
Administrative fees	\$ 253,878				253,878
Interest and investment income	14,173,808	3,460,305	228,642	2,788,006	20,650,761
Parking revenue		30,020,312			30,020,312
Hotel room fee revenue			5,551,597		5,551,597
Sales and luxury tax rebate revenue	5,529,683				5,529,683
Processing fees	408,044				408,044
Other	174,666	39,729		-	214,395
Total revenues	<u>20,540,079</u>	<u>33,520,346</u>	<u>5,780,239</u>	<u>2,788,006</u>	<u>62,628,670</u>
EXPENDITURES					
Current:					
Salaries and benefits	3,047,133				3,047,133
General & administrative	665,392				665,392
Professional services	221,163				221,163
Project Costs	3,671,102	29,305,426	20,212,517	28,347	53,217,392
Other	185,316			270,332	455,648
Debt Service:					
Interest expense		15,279,385	4,778,569	2,346,216	22,404,170
Principal		4,956,115		1,490,037	6,446,152
Capital outlay					
Purchase of Fixed Assets	4,688				4,688
Total expenditures	<u>7,794,794</u>	<u>49,540,926</u>	<u>24,991,086</u>	<u>4,134,932</u>	<u>86,461,738</u>
Excess (deficiency) of revenues over expenditures	12,745,285	(16,020,580)	(19,210,847)	(1,346,926)	(23,833,068)
OTHER FINANCING SOURCES (USES)					
Payments received on notes				1,995,042	1,995,042
Capital related debt issued		693,416		543,227	1,236,643
Loan disbursements				(543,227)	(543,227)
Sale (purchase) of real estate	1,576,862	686,638			2,263,500
Total other financing sources and uses	<u>1,576,862</u>	<u>1,380,054</u>	<u>-</u>	<u>1,995,042</u>	<u>4,951,958</u>
Net change in fund balance	14,322,147	(14,640,526)	(19,210,847)	648,116	(18,881,110)
Fund Equity, January 1, 2007	<u>31,826,380</u>	<u>167,767,573</u>	<u>43,805,125</u>	<u>3,895,862</u>	<u>247,294,940</u>
Fund Equity, December 31, 2007	<u>\$ 46,148,527</u>	<u>153,127,047</u>	<u>24,594,278</u>	<u>4,543,978</u>	<u>228,413,830</u>

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combined Statement of Revenues, Expenditures and Changes in Fund Equity
to the Statement of Activities
For The Year Ended December 31, 2007

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (18,881,110)
--	-----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the current period.	(2,290,935)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	2,313,316
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The issuance of long-term debt (e.g. bonds, notes payable) provides current financial resources to governmental funds, and the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, these transactions do not affect net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	4,376,687
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Disbursements on long-term notes receivable consume current financial resources of governmental funds, and principal payments received on notes receivable provide current financial resources to governmental funds. These transactions do not affect net assets.	(1,359,970)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(2,787,789)
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Change in net assets of governmental activities	\$ <u><u>(18,629,801)</u></u>
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The accompanying notes are an integral part of these financial statements

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Statement of Revenues, Expenditures and Changes in Fund Equity
Budget and Actual - General Fund Type
For The Year Ended December 31, 2007

	Budget	Actual	Variance - Budget to Actual
REVENUES:			
Administrative fees	\$ 337,842	253,878	(83,964)
Interest and investment income	8,788,586	14,173,808	5,385,222
Sales and luxury tax rebate revenue	8,798,579	5,529,683	(3,268,896)
Processing fees	1,706,249	408,044	(1,298,205)
Other	100,000	174,666	74,666
	19,731,256	20,540,079	808,823
EXPENDITURES:			
Salaries and benefits	3,138,934	3,047,133	91,801
General & administrative	900,692	665,392	235,300
Professional services	396,700	221,163	175,537
Capital Outlay - Fixed Assets	122,800	4,688	118,112
Project Costs	-	3,671,102	(3,671,102)
	4,559,126	7,609,478	(3,050,352)

There were no modifications to the adopted budget

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Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2007

		Total
Assets		
Cash and cash equivalents	\$	279,854,907
Receivables:		
Notes receivable		5,741,288
Accrued interest receivable		19,523
Obligations receivable		14,088,127
Other		4,745,130
Capital Assets:		
Real Estate		17,601,093
		Total Assets
		322,050,068
Liabilities		
Interest payable		3,957,317
Other payables		7,753,643
Reserves:		
Obligations payable		251,492,689
Direct investment deposits		2,485,140
Donation deposits		28,196,134
Project costs		28,165,145
		Total Liabilities and Reserves
		322,050,068
Net Assets:		
Total Net Assets	\$	-

The accompanying notes are an integral part of these financial statements

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2007**

	Total
ADDITIONS:	
Obligation deposits	\$ 62,894,893
Transfer from reinvestment	22,356,827
Retail and luxury tax rebate	11,425,990
Interest on notes	433,375
Other income	8,903
 Total Additions	 97,119,988
 DEDUCTIONS:	
Direct investments	14,242,514
Direct donations:	
Transfers to other fiduciary funds	444,719
Other	21,912,108
Accrued obligations	1,345,628
Bonds issued	1,236,643
Credits	4,164
Grants and donations	26,678,844
Retail and luxury tax rebate	11,425,990
 Total deductions	 77,290,610
 NET CHANGE IN RESERVES	 19,829,378
 Net assets - beginning	
 Net assets - ending	 \$ _____

The accompanying notes are an integral part of these financial statements

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2007

1. Summary of Significant Accounting Policies

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

Reporting Entity

The CRDA's financial statements include the accounts of all of CRDA's operations. The CRDA, as a component unit of the State of New Jersey, is financially accountable to the State. As set forth in Government Accounting Standards Board (GASB) 14, financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. The CRDA, as a component unit, issues separate financial statements from the State of New Jersey.

Basis of Presentation: Fund Accounting

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non fiduciary activities of the CRDA during 2005. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include charges to casinos or applicants who use or directly benefit from services or privileges provided by a given function or segment and interest earned on investments and obligation deposits that is used to fund the operation of the governmental fund. Other items not properly included within program revenues are reported instead as *general revenues*. There was \$22,964,077 in general revenues during 2007.

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

Measurement focus, basis of accounting and financial statement presentation

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

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2007

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

Parking fees, hotel fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the CRDA.

The CRDA reports the following major governmental funds:

The *general fund* is the CRDA's primary operating fund. It accounts for all financial resources of the CRDA, except those required to be accounted for in another fund.

The *special revenue funds* are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The *parking fee fund* is used to account for the collection of parking fees as a source of funds to pay for Atlantic City projects on the boardwalk and, in the corridor region, for casino hotel expansion projects and for debt service on a long-term obligation.

The *Hotel Room Fee fund* is used to account for the collection of hotel room fee revenue as a source of funds to pay for Atlantic City casino hotel expansion projects, advances to the New Jersey Sports and Exhibition Authority for horse racing purse enhancements, projects in South Jersey and North Jersey and debt service on a long-term obligation.

The *Deregulation fund* is used to account for specific funds used for projects to increase economic development in Atlantic City.

Additionally, the CRDA reports the following fiduciary fund types:

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

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2007

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

Budgets and Budgetary Accounting

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

Real Estate

Real estate consists of land, land improvements and related acquisition costs and is recorded at cost. Real estate is held by the CRDA for future development, sale, lease or donation. Real estate that is donated is expensed as a program cost.

Fixed Assets

Fixed assets, consisting primarily of furniture and equipment, are carried at cost less accumulated depreciation of \$701,664 at December 31, 2007. The CRDA depreciates its assets using the straight-line method over the estimated useful lives, generally seven years for office equipment and furniture and fixtures and five years for computer equipment.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the certain reported amounts and disclosures. Actual results could differ from those estimates.

Risk of Loss

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

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2007

Notes Receivable

Notes receivable includes mortgages, which are stated at unpaid principal balances. Certain mortgages have annual forgiveness provisions over the life of the mortgage. Any unpaid principal balance upon the sale of the property is payable to the CRDA. The annual principal amount forgiven is recorded as forgiveness of debt.

Management periodically evaluates whether an allowance for uncollectible notes receivable is required based on the CRDA's past uncollectible loss experience, known and other risks inherent in the note receivable portfolio, adverse situations that may effect each borrower's ability to repay, estimated value of any underlying collateral and current economic conditions. As of December 31, 2007, a provision for uncollectible accounts was not required.

Bonds Payable

The Authority issues tax-exempt private activity bonds and taxable bonds to casino licensees. The proceeds from these bond issues are used to provide long-term, low-interest, loans to businesses, certain 501 (c) (3) non-profit activities, and other projects. Also included in bonds payable are parking fee revenue bonds and hotel room fee revenue bonds issued to the public. Parking fee revenue is applied first to the debt service on the parking fee bonds. Hotel room fee revenue is applied first to debt service on the hotel room fee bonds.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as the employees earn the rights to the benefits.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

2. Investments

As of December 31, 2007, the Authority had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>
Marketable Securities	various	24,224,123
CD	2/20/2008	67,130

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2007

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

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

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

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

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

Concentration of Credit Risk. There is no limit on the amount the Authority may invest in any one issuer.

3. Cash

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Authority evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. As of December 31, 2007, \$1,152,174 of the Authority’s bank balance of \$1,352,174 was exposed to custodial credit risk.

Cash and cash equivalents included various checking and money market accounts, and U.S. obligations with maturities of three months or less. \$17,281,964 of the CRDA’s cash is reserved for debt service.

Casino Reinvestment Development Authority
 (A Component Unit of the State of New Jersey)
 Notes to Financial Statements
 December 31, 2007

4. Notes Receivable

As of December 31, 2007, the Parking Fee Revenue Fund includes a note receivable in the amount of \$8,600,000 due from the New Jersey Sports and Exposition Authority (NJSEA), a component unit included in the State of New Jersey's comprehensive annual report. This note, which bears interest at 5.773%, is due on February 10, 2009 or such longer term as shall be required for repayment of the loan and interest thereon from NJSEA's "Available Cash Flow" as defined in the note.

Remaining notes receivable within the Parking Fee Revenue Fund and the debt service fund consist of loans with terms varying from 15 to 40 years at interest rates varying between 3.4% and 8.5%. Repayment of notes receivable are secured by mortgages.

5. Fixed Assets

Summary of changes in fixed assets for the year ended December 31, 2007:

	<u>Furniture and Equipment</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Balance January 1, 2007	\$ 756,491	(677,653)	78,838
Increases	4,688	(32,123)	(27,435)
Decreases	<u>(8,112)</u>	<u>8,112</u>	<u>-</u>
Balance December 31, 2007	<u>\$ 753,067</u>	<u>(701,664)</u>	<u>51,403</u>

6. Interfund Receivables/Payables

The following is a summary of interfund receivables and payables at December 31, 2007:

	<u>Due to (due from) General</u>	<u>Due to (due from) Reinvestment</u>	<u>Due to (due from) AC Corridor</u>	<u>Due to (due from) Hotel Room Fee</u>	<u>Due to (due from) Deregulation</u>	<u>Due to (due from) Debt Service Fund</u>
Interest	\$ 2,561,444	(1,294,087)	(1,011,291)	(256,066)		
Administrative fees	246,534					(246,534)
Miscellaneous		652,180	(242,502)	(409,678)		
Deregulation Funds		<u>(578,417)</u>			<u>578,417</u>	
	<u>\$ 2,807,978</u>	<u>(1,220,324)</u>	<u>(1,253,793)</u>	<u>(665,744)</u>	<u>578,417</u>	<u>(246,534)</u>

The interfunds are the result of timing issues. They will be eliminated in the subsequent year.

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2007

7. Obligation Deposits

- a. Obligation deposits collected from the licensees are held in the Reinvestment Fund until the CRDA's Board of Directors approves projects. Subsequent to approval of a project, when disbursements for a project are to be made, obligation deposits are disbursed as either bonds payable or direct investments. If the approved project is designated as a donation project the funds are initially reclassified from obligation deposits to donation deposits. Donation deposits are disbursed to the Agency Funds as donations to temporarily restricted assets when disbursements for the project are required. The obligation deposits set aside for New Jersey Development Authority for Small Businesses, Minorities and Women Enterprises (NJSBMWE) can be used to purchase bonds of the New Jersey Development Authority.
- b. Current obligations represent amounts incurred by licensees under the CRDA statute and are based upon 1.25% of their gross revenues. Payments are due quarterly on April 15, July 15, October 15, and January 15, for the preceding quarter. For financial reporting purposes, amounts outstanding are also recorded as current obligations receivable with an offsetting reserve as accrued investment obligations.

Casino Reinvestment Development Authority
 (A Component Unit of the State of New Jersey)
 Notes to Financial Statements
 December 31, 2007

- c. 2007 Obligations and Donations account activity is summarized below:

<u>Obligation deposits</u>	
Beginning Balance	\$ 219,365,213
Obligation deposits	47,461,138
Direct investments	(13,958,756)
Direct donations	(9,369,175)
Transfer to donations	(4,853,050)
Bonds issued	(1,236,643)
Credits	(4,165)
Obligations receivable	14,088,127
Ending balance	<u>251,492,689</u>

<u>Direct Investment Deposit</u>	
Beginning Balance	2,768,898
Disbursements	<u>(283,758)</u>
Ending Balance	<u>2,485,140</u>

<u>Donation Deposits</u>	
Beginning balance	36,330,736
Transfers from obligations	4,853,050
Grants to Agency and Debt Service Funds	(12,987,652)
Ending balance	<u>28,196,134</u>
	<u>\$ 282,173,963</u>

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2007

8. Bonds Payable

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

Public Issuance

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

Refunding Issue:

The funds for redemption were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the redeemed bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Authority's activities column of the statements of net assets. This advance refunding was undertaken to provide new project funds totaling \$138.5 million and consolidate the two parking fee bonds into one, and resulted in an economic loss of \$3,302,515.

Casino Pool Bonds

The CRDA also issues project bonds to casino licensees with terms varying from 35 to 50 years at interest rates varying between 4.0% and 7.0%. Such bonds are payable solely from the revenues and other monies derived from projects financed by such bonds, or other monies which may be pledged with respect to such issues.

All bonds issued by the CRDA are special obligations of the CRDA, do not constitute obligations against the general credit of the CRDA, and are not a debt or liability of the State.

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2007

Accordingly, due to a lack of revenues generated from the Vermont Plaza project, the bond holders of this project have been limited to receiving interest payments at a discounted rate which is substantially less than the bonds original stated rate. Anticipated revenues have not matched the projections at the Sheraton Headquarters Hotel and this has resulted in no payments to date to bondholders of this project. Marcal Paper Mills, Inc., an affiliate of MPMI, Inc. ("Marcal Project") filed for Chapter 11 bankruptcy on November 30, 2006. License fees received from Marcal Paper Mills, Inc. are the only source of revenue for the Marcal Project. These license fees, the source of payment for the bondholders, are subject to any restrictions that will be imposed by the United States Bankruptcy Court.

The CRDA has a debt service reserve set up for the following bond issues:

<u>Bond Issue</u>	<u>Amount</u>
\$107 million Parking Fee Revenue Bonds	\$ 11,027,887
\$184.5 million Parking Fee Revenue Bonds	3,864,479
Atlantic City Boardwalk Convention Center Project Bonds	423,954
Balance at December 31, 2007	\$ <u>15,316,320</u>

One half of the debt service reserve fund requirement for the 2005 Parking Fee Revenue Bonds is provided by a surety bond. The cash portion of the debt service reserve for the 2005 Parking Fee Bonds has been invested through a Reserve Fund Forward Delivery Agreement with Merrill Lynch Capital Services, Inc. The Agreement provides a guaranteed rate of return of 4.475% and converts to cash on each future bond payment date.

The entire debt service reserve fund requirement for the Hotel Room Fee Revenue Bonds is funded by a surety bond.

Casino Reinvestment Development Authority
 (A Component Unit of the State of New Jersey)
 Notes to Financial Statements
 December 31, 2007

The following is a summary of the CRDA's long-term debt transactions for the year ended December 31, 2007:

		Publicly Issued Bonds	Project Bonds	Total
		<u> </u>	<u> </u>	<u> </u>
Debt outstanding 12/31/06	\$	379,990,000	108,839,910	488,829,910
Additions to Debt			1,236,643	1,236,643
Reduction of Debt		(4,205,000)	(1,601,152)	(5,806,152)
Debt outstanding 12/31/07		<u>375,785,000</u>	<u>108,475,401</u>	<u>484,260,401</u>
Net Unamortized Premium		<u>12,848,311</u>		<u>12,848,311</u>
		<u>388,633,311</u>	<u>108,475,401</u>	<u>497,108,712</u>
Amounts due within one year:	\$	<u>9,985,000</u>	<u>147,468</u>	<u>10,132,468</u>

The following table reflects scheduled debt service for publicly issued revenue bonds:

Calendar Year		Principal	Interest
<u> </u>		<u> </u>	<u> </u>
2008	\$	9,985,000	19,311,990
2009		10,440,000	18,832,079
2010		10,915,000	18,309,075
2011		12,350,000	17,731,447
2012		21,220,000	16,883,317
2013-2017		119,850,000	66,368,798
2018-2022		115,670,000	35,075,741
2023-2026		75,355,000	6,197,200
		<u> </u>	<u> </u>
Total	\$	<u>375,785,000</u>	<u>198,709,647</u>

Casino Reinvestment Development Authority
 (A Component Unit of the State of New Jersey)
 Notes to Financial Statements
 December 31, 2007

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

Calendar Year:	Principal	Interest
2008	\$ 147,468	3,965,451
2009	153,284	3,958,451
2010	159,165	3,951,385
2011	165,330	3,944,036
2012	171,793	3,936,390
2013-2017	876,094	19,563,095
2018-2022	1,032,775	19,346,553
2023-2027	17,343,714	16,891,096
2028-2032	55,369,078	13,130,834
2033-2037	2,363,394	7,670,041
2038-2042	13,728,246	6,693,784
2043-2047	16,965,060	1,131,568
Total	\$ 108,475,401	104,182,684

9. Note Payable

During 2002, the CRDA purchased certain real estate from the Housing Authority and Urban Redevelopment Agency of the City of Atlantic City for \$7,200,000. The CRDA financed \$6,400,000 through a non-interest bearing note to the seller that is payable in ten equal annual installments of \$640,000 commencing October 21, 2002. The note, which totals \$2,788,183 as of December 31, 2007, is recorded in the accompanying statement of net assets, net of unamortized discount. Interest was imputed at 5%, which approximates the CRDA's effective borrowing rate. The note is secured by a first money mortgage on the real estate.

10. Project and Direct Investment Commitments

- a. During 2007, the CRDA commitments decreased approximately \$13 million in current and future CRDA obligations to finance direct investment and other projects.

As of December 31, 2007, CRDA had outstanding commitments as follows:

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2007

Atlantic City

Northeast Inlet Redevelopment	5,786,140
Bally's Hope Loan Program	999,424
Caesar's Convention Center HQ Hotel	501,134
Caesar's Hotel Expansion	16,204,044
Harrah's Hotel Expansion	13,239,591
Resorts Hotel Expansion	8,458,479
NJIT Housing Technology Demonstration Park	372,385
Convention Center East Hall	56,200,181
Habitat for Humanity	37,484
AC/Brigantine Connector Road	50,488,371
Virginia Avenue Improvements	4,484,522
North Carolina Avenue Improvements	527,892
Westside Façade	68,531
2nd Ward Façade	299,327
Pennsylvania Avenue Homes	100,959
Trump Construction Financing Fund	5,000,000
Carolina Gardens	1,080,023
Cityscape	159,063
AC Housing Fund	4,592,889
Tropicana Entertainment/Retail Project	973,465
Martin Luther King Jr. Widening	986,543
Maryland Avenue Façade	11,438
Vision 2000 Homeowners Program	42,799
Maine Avenue Project	6,499,685
Boys & Girls Club	186,360
Tax Certificate Acquisitions	85,457
Venice Park Bulkhead	12,504,734
Dwayne Harris Memorial Ballfield	10,000
Reliance Health Relocation	29,093
Hope VI On-Site Project	78,221
Pete Pallitto Field Project	6,523
AC Corridor Bond Pledge	145,620,862
Hope VI Housing	4,903,768
2nd Ward Housing	1,268,973
Main Street AC	250

Casino Reinvestment Development Authority
 (A Component Unit of the State of New Jersey)
 Notes to Financial Statements
 December 31, 2007

Atlantic City (Continued)	
Chelsea Historic District	
Stockton Campus Project	40,000
Westside All Wars Memorial	5,000,000
Corridor Garage	20,400,000
Healthplex	293,456
Bader Field Redevelopment	436,626
Atlantic City Economic Development	129,674
Transportation Master Plan	131,500
AC Traffic Operations Center	66,500
Pinnacle Hotel Expansion	19,935,667
Fresh Food Market	4,833,000
	<hr/>
Total Atlantic City	393,075,033
	<hr/>
South Jersey	
Agricultural Loan Program	232,096
Woodbine Airport	135,000
Gateway Village	480,521
Camden Project Fund	9,400,000
A.C. Boys & Girls Club	140,649
SJ Transportation & Green Project	6,744,286
Shepherd's Farm Housing	955,585
Glassboro CBD Project	4,975,421
Egg Harbor City Development	547,259
EHT Route 40 Corridor	3,000,000
SJ Regional Fire Training Center	3,500,000
Greater Trenton Area YMCA	5,525,000
	<hr/>
Total South Jersey:	35,635,817
	<hr/>
North Jersey	
Marcal Extraction Fac/Elmwood Park	1,602,347
Long Branch Project	2,004,619
South Amboy Project	7,142,185
North Jersey Project Fund	34,631,319
Branch Brook Park	29,721
Hahnes-Griffith Project	20,000,000
King Plaza Development Project	6,000,000
NJSEA Purse Enhancements	52,956,623
Central Jersey Regional Airport	973,888
	<hr/>
Total North Jersey:	125,340,702
	<hr/>
NJSBMWE Set Aside	16,331,625
	<hr/>
Total Commitments at December 31, 2007	\$ 570,383,177
	<hr/>

Casino Reinvestment Development Authority
 (A Component Unit of the State of New Jersey)
 Notes to Financial Statements
 December 31, 2007

11. Program Costs / Release of Temporarily Restricted Assets

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

12. General Fund Donations

Donations from the general fund are included as expenses within the Statement of Revenues, Expenses, and Changes in Fund Equity and consisted of the following:

Woodbine Airport	\$ 22,403
St. Nicholas of Tolentine	49,640
Belmont Project	1,099,058
Express Train	1,500,000
Bus Terminal	1,000,000
	<hr/>
Total:	\$ <u><u>3,671,101</u></u>

13. General Fund Balances Reserved for Project Costs

Reserved:

Reserve for Absecon Lighthouse	268,907
Reserve for Urban Lab Project	11,432
Reserve for Corridor Garage	10,000,000
Reserve for AC Transportation & Green Projects	1,272,628
Reserve for Belmont Project	400,942
Reserve for Express Train	1,500,000
	<hr/>
Total reserved	13,453,909
Unreserved net assets	<hr/> 32,694,618
Total	<hr/> <u><u>46,148,527</u></u>

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
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December 31, 2007

14. Pension Plan

The Public Employees' Retirement System was established in January, 1955, under the provisions of N.J.S.A. 43:15A to provide coverage to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above-mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Significant Legislation

During the year ended August 31, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "NJEDA") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the NJEDA issued bonds pursuant to this legislation and \$241,106,642 from the proceeds of the bonds was deposited into the investment accounts of PERS.

As a result of additional legislation enacted during the year ended August 31, 1997 (Chapter 115, P.L. 1997), the asset valuation method was changed from market related value to full-market value for the valuation reports dated March 31, 1996. This legislation also contains a provision to reduce the employee contribution rates under PERS by ½ of 1 percent to 4.5 percent for calendar years 1998 and 1999, and to allow for a similar reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. Effective January 2000 the employee contribution rate was lowered to 3 percent. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1998, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

Casino Reinvestment Development Authority
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Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contributions of 5.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

The Authority's contribution to PERS was \$80,368, \$41,668 and \$14,950 for the year ended December 31, 2007, 2006 and 2005, respectively.

Year Ended	Employees		Authority	
	Amount	Percent of Covered Payroll	Amount	Percent of Covered Payroll
December 31, 2007	115,260	95.57%	80,368	95.57%
December 31, 2006	101,997	95.98%	41,668	95.98%
December 31, 2005	111,149	98.71%	14,950	98.71%

15. Fidelity Bond

The CRDA has a \$1,000,000 Honesty Blanket Bond supplied by Zurich-American Insurance Group covering all of its employees.

16. Commitments and Contingencies

The CRDA occupies office space in Atlantic City. The facility was leased on a month to month basis, which expired on November 30, 2007. The lease included a letter of extension for an additional twelve months. No renewal has been signed by the CRDA, therefore there are no future minimum lease payments as of December 31, 2007.

The CRDA has also entered into settlement agreements regarding a difference between the CRDA's estimated market value of parcels of land in the Corridor Region of Atlantic City, and the owner's estimated value of the property. The remaining balance is payable as follows:

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2007

<u>Year</u>	<u>Annual Payment</u>
2008	\$ 153,259
Total	<u>153,259</u>

The settlement amounts have been included in the program costs associated with the Atlantic City Corridor project.

On October 10, 1997, the CRDA entered into a Parking Fee Agreement with the South Jersey Transportation Authority (“SJTA”), which is a component unit included in the State of New Jersey’s comprehensive annual report. Pursuant to the Agreement, a portion of parking fees from marina parking facilities used in conjunction with any new licensed casino hotel construction and located on land in the Marina District of Atlantic City will be payable to SJTA. The maximum amount payable to SJTA under the Parking Fee Agreement is an amount sufficient to amortize \$65,000,000 of SJTA bonds issued to finance the Atlantic City Expressway Connector Project and certain costs of issuance. The maximum annual remittance to SJTA is the lesser of the Marina Parking Fees or the amount released by the Trustee of the Parking Fee Revenue Bonds after the semi-annual debt service. The CRDA’s payment obligations are subordinate to the lien on the Marina Parking Fees of the Parking Fee Revenue Bonds (see Note 8). Other payables on the Statement of Net Assets and Community and Economic Development expenses on the accompanying Statement of Activities include \$483,546 payable to SJTA in connection with this obligation.

17. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The Authority maintains commercial insurance coverage for property, liability and surety bonds. The Authority is also a member of a Joint Insurance Fund. There has been no significant decrease in insurance coverage and there have been no claims in excess of coverage.

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Notes to Financial Statements
December 31, 2007

18. Pending Litigation

There is currently litigation pending against the CRDA for various matters. The amounts to be paid by the CRDA cannot be determined at this time.

19. Economic Dependence

The CRDA has a significant economic dependence upon the casino industry in Atlantic City and the casino alternative tax that is remitted to the Authority through the State of New Jersey.

20. Deficit in Restricted Project Costs

There is a deficit in the Net Assets on the Statement of Net Assets due to a deficit in net assets restricted for project costs. This has occurred because the Hotel Room Fee Special Revenue Fund has expended over \$84 million to date and revenue has only been received in this fund beginning in July 2006. This is due to bonds being issued in anticipation of revenues.

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SUPPLEMENTAL INFORMATION

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Balance Sheet: Nonmajor Governmental Funds - Debt Service Funds
December 31, 2007**

	Jacobs Family Terrace	Deregulation	Northwest Inlet	Vermont Plaza	Sheraton Hotel	South Jersey Municipal Loan Program	South Jersey Agricultural Loan Program	Marcal Project	Christopher Columbus Homes	North Jersey Municipal Loan Program	Total Nonmajor Governmental Funds
Assets											
Cash, cash equivalents and investments	\$ 76,043		158,413	30,638		1,422,237		225,611		700,228	2,613,170
Marketable securities, net of allowance											-
Interest receivable			1,399			46,202		114,016	20,214	424,980	606,811
Other receivable		578,417			31,576		1,612,104		4,963		2,227,060
Total Assets	76,043	578,417	159,812	30,638	31,576	1,468,439	1,612,104	339,627	25,177	1,125,208	5,447,041
Liabilities											
Accounts payable and accrued liabilities	866		71			10,520		32,281	2,265	200,603	246,606
Interest payable	10,456		9,562	28,853		115,644		252,759	17,949	221,234	656,457
Total Liabilities	11,322	-	9,633	28,853	-	126,164	-	285,040	20,214	421,837	903,063
Fund Equity and Other Reserves											
Reserved	64,721	578,417	150,179	1,785	31,576	1,342,275	1,612,104	54,587	4,963	703,371	4,543,978
Total Fund Equity	64,721	578,417	150,179	1,785	31,576	1,342,275	1,612,104	54,587	4,963	703,371	4,543,978
Total Liabilities and Fund Equity	\$ 76,043	578,417	159,812	30,638	31,576	1,468,439	1,612,104	339,627	25,177	1,125,208	5,447,041

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Revenues, Expenditures and Changes in Fund Equity: Nonmajor Governmental Funds - Debt Service Fund:
For the Year Ended December 31, 2007**

	Jacobs Family Terrace	Deregulation	Northwest Inlet	Vermont Plaza	Sheraton Hotel	South Jersey Municipal Loan Program	South Jersey Agricultural Loan Program	Marcal Project	Christopher Columbus Homes	North Jersey Municipal Loan Program	Total Nonmajor Governmental Funds
Revenues:											
Interest and investment income	\$ 40,528	29,617	26,166	135,970	1,492	804,049	76,061	11,122	123,802	1,539,199	2,788,006
Other income											-
	<u>40,528</u>	<u>29,617</u>	<u>26,166</u>	<u>135,970</u>	<u>1,492</u>	<u>804,049</u>	<u>76,061</u>	<u>11,122</u>	<u>123,802</u>	<u>1,539,199</u>	<u>2,788,006</u>
Expenditures:											
Program costs		28,347									28,347
Other expenditures	2,725		1,279			65,639			13,724	171,789	255,156
Debt Service:											
Interest expense	36,456		19,774	136,319		717,094			108,775	1,327,798	2,346,216
Principal	210,527		18,579			1,171,932			58,999	30,000	1,490,037
	<u>249,708</u>	<u>28,347</u>	<u>39,632</u>	<u>136,319</u>	<u>-</u>	<u>1,954,665</u>	<u>-</u>	<u>-</u>	<u>181,498</u>	<u>1,529,587</u>	<u>4,119,756</u>
Excess of revenues over (under) expenditures	(209,180)	1,270	(13,466)	(349)	1,492	(1,150,616)	76,061	11,122	(57,696)	9,612	(1,331,750)
Other Financing Sources (Uses):											
Payments received on notes	170,028		49,314			1,335,535			58,999	381,166	1,995,042
Other payments						(15,176)					(15,176)
Capital -related debt issued								543,227			543,227
Loan disbursements								(543,227)			(543,227)
	<u>170,028</u>	<u>-</u>	<u>49,314</u>	<u>-</u>	<u>-</u>	<u>1,320,359</u>	<u>-</u>	<u>-</u>	<u>58,999</u>	<u>381,166</u>	<u>1,979,866</u>
Net change in fund balances	(39,152)	1,270	35,848	(349)	1,492	169,743	76,061	11,122	1,303	390,778	648,116
Fund Equity January 1, 2007	103,873	577,147	114,331	2,134	30,084	1,172,532	1,536,043	43,465	3,660	312,593	3,895,862
Fund Equity December 31, 2007	<u>\$ 64,721</u>	<u>578,417</u>	<u>150,179</u>	<u>1,785</u>	<u>31,576</u>	<u>1,342,275</u>	<u>1,612,104</u>	<u>54,587</u>	<u>4,963</u>	<u>703,371</u>	<u>4,543,978</u>

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Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2007

	Reinvestment funds	Other	Total
Assets			
Cash and cash equivalents	\$ 273,359,469	6,495,438	279,854,907
Receivables:			
Notes receivable		5,741,288	5,741,288
Accrued interest receivable		19,523	19,523
Obligations receivable	14,088,127		14,088,127
Other	650,507	4,094,623	4,745,130
Capital Assets:			
Real Estate		17,601,093	17,601,093
	Total Assets	33,951,965	322,050,068
	288,098,103	33,951,965	322,050,068
Liabilities			
Interest payable	3,957,317		3,957,317
Other payables	1,966,823	5,786,820	7,753,643
Reserves			
Obligations payable	251,492,689		251,492,689
Direct investment deposits	2,485,140		2,485,140
Donation deposits	28,196,134		28,196,134
Project costs		28,165,145	28,165,145
	Total Liabilities and Reserves	33,951,965	322,050,068
	288,098,103	33,951,965	322,050,068
Net Assets			
	Total Net Assets		
	\$.		

See accompanying auditors' report

Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2007

	Reinvestment Funds	Other	Total
ADDITIONS:			
Obligation deposits	\$ 62,894,893		62,894,893
Transfer from reinvestment		22,356,827	22,356,827
Retail and luxury tax rebate		11,425,990	11,425,990
Interest on notes		433,375	433,375
Other income		8,903	8,903
Total Additions	<u>62,894,893</u>	<u>34,225,095</u>	<u>97,119,988</u>
DEDUCTIONS:			
Direct investments	14,242,514		14,242,514
Direct donations:			
Transfers to other fiduciary funds	444,719		444,719
Other	21,912,108		21,912,108
Accrued obligations	1,345,628		1,345,628
Bonds issued	1,236,643		1,236,643
Credits	4,164		4,164
Grants and donations		26,678,844	26,678,844
Retail and luxury tax rebate		11,425,990	11,425,990
Total deductions	<u>39,185,776</u>	<u>38,104,834</u>	<u>77,290,610</u>
NET CHANGE IN RESERVES	23,709,117	(3,879,739)	19,829,378
Net assets - beginning	-	-	-
Net assets - ending	<u>\$ -</u>	<u>-</u>	<u>-</u>

See accompanying auditors' report

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Net Assets - Fiduciary Funds, Other
December 31, 2007**

	<u>Delaware Avenue</u>	<u>Land Banking</u>	<u>Virginian Acquisition</u>	<u>Phase IV</u>	<u>2nd Ward Façade</u>	<u>NJIT</u>	<u>Subtotal</u>
Assets							
Temporarily restricted assets:							
Real estate	\$ 687,910	1,196,804	803,030		36,811		2,724,555
Total Assets	<u>687,910</u>	<u>1,196,804</u>	<u>803,030</u>	<u>-</u>	<u>36,811</u>	<u>-</u>	<u>2,724,555</u>
Liabilities							
Other payables							-
Total Liabilities					<u>-</u>		<u>-</u>
Reserves							
Reserve for temporarily restricted assets	687,910	1,196,804	803,030		36,811		2,724,555
Total Liabilities and Reserves	<u>687,910</u>	<u>1,196,804</u>	<u>803,030</u>	<u>-</u>	<u>36,811</u>	<u>-</u>	<u>2,724,555</u>
Net Assets							
Total Net Assets	<u>\$</u>						

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Net Assets - Fiduciary Funds, Other
December 31, 2007**

	<u>Cityscape</u>	<u>PA Avenue Firehouse</u>	<u>Smuggler's Cove</u>	<u>North East Inlet</u>	<u>Virginia Avenue</u>	<u>Prior Subtotal</u>	<u>Subtotal</u>
Assets							
Temporarily restricted assets:							
Real estate	\$ 218,008		101,061	140,491	133,266	2,724,555	3,317,381
Total Assets	<u>218,008</u>	<u>-</u>	<u>101,061</u>	<u>140,491</u>	<u>133,266</u>	<u>2,724,555</u>	<u>3,317,381</u>
Liabilities							
Other payables						-	-
Total Liabilities	<u>-</u>	<u>-</u>		<u>-</u>		<u>-</u>	<u>-</u>
Reserves							
Reserve for temporarily restricted assets	218,008		101,061	140,491	133,266	2,724,555	3,317,381
Total Liabilities and Reserves	<u>218,008</u>	<u>-</u>	<u>101,061</u>	<u>140,491</u>	<u>133,266</u>	<u>2,724,555</u>	<u>3,317,381</u>
Net Assets							
Total Net Assets	<u>\$</u>						

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Net Assets - Fiduciary Funds, Other
December 31, 2007**

	Frank Lloyd Wright Homes	Carolina Gardens	Pennsylvania Avenue	Prior Subtotal	Subtotal
Assets					
Temporarily restricted assets:					
Real estate	\$ 3,191,689	1,834,780	374,814	3,317,381	8,718,664
Notes receivable		36,332		-	36,332
Other receivables		4,108		-	4,108
Total Assets	<u>3,191,689</u>	<u>1,875,220</u>	<u>374,814</u>	<u>3,317,381</u>	<u>8,759,104</u>
Liabilities					
Other payables				-	-
Total Liabilities	<u>-</u>				
Reserves					
Reserve for temporarily restricted assets	3,191,689	1,875,220	374,814	3,317,381	8,759,104
Total Liabilities and Reserves	<u>3,191,689</u>	<u>1,875,220</u>	<u>374,814</u>	<u>3,317,381</u>	<u>8,759,104</u>
Net Assets					
Total Net Assets	<u>\$</u>				

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Net Assets - Fiduciary Funds, Other
December 31, 2007**

	General Development	General Donations	Donation Loans	3-2-1 Police Loan	Prior Subtotal	Subtotal
Assets						
Cash	\$ 6,273					6,273
Temporarily restricted assets:						
Real estate					8,718,664	8,718,664
Notes receivable			2,814,999	1,160,432	36,332	4,011,763
Accrued interest receivable			14,006	1,574		15,580
Other receivables			617,275	3,473,240	4,108	4,094,623
Total Assets	<u>6,273</u>	<u> </u>	<u>3,446,280</u>	<u>4,635,246</u>	<u>8,759,104</u>	<u>16,846,903</u>
Liabilities						
Other payables	6,273			29,695		35,968
Total Liabilities	<u>6,273</u>	<u> </u>	<u> </u>	<u>29,695</u>	<u> </u>	<u>35,968</u>
Reserves						
Reserve for temporarily restricted assets			3,446,280	4,605,551	8,759,104	16,810,935
Total Liabilities and Reserves	<u>6,273</u>	<u> </u>	<u>3,446,280</u>	<u>4,635,246</u>	<u>8,759,104</u>	<u>16,846,903</u>
Net Assets						
Total Net Assets	<u>\$</u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Net Assets - Fiduciary Funds, Other
December 31, 2007**

	Chelsea Westside	Carnegie Plaza	Renaissance Plaza	Prior Subtotal	Subtotal
Assets					
Cash	\$ 6,481,579			6,273	6,487,852
Temporarily restricted assets:					
Real estate		2,242,289	6,163,011	8,718,664	17,123,964
Notes receivable	222,660		1,445,542	4,011,763	5,679,965
Accrued interest receivable			3,943	15,580	19,523
Other receivables				4,094,623	4,094,623
Total Assets	<u>6,704,239</u>	<u>2,242,289</u>	<u>7,612,496</u>	<u>16,846,903</u>	<u>33,405,927</u>
Liabilities					
Other liabilities	5,743,266			35,968	5,779,234
Total Liabilities	<u>5,743,266</u>	<u>-</u>	<u>-</u>	<u>35,968</u>	<u>5,779,234</u>
Reserves					
Reserve for temporarily restricted assets	960,973	2,242,289	7,612,496	16,810,935	27,626,693
Total Liabilities and Reserves	<u>6,704,239</u>	<u>2,242,289</u>	<u>7,612,496</u>	<u>16,846,903</u>	<u>33,405,927</u>
Net Assets					
Total Net Assets	<u>\$</u>	<u></u>	<u></u>	<u></u>	<u></u>

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Net Assets - Fiduciary Funds, Other
December 31, 2007**

	NEI Consensual Acquisition	Teachers and Firefighters Home Loans	Virginia Avenue Icon	Prior Subtotal	Subtotal
Assets					
Cash				6,487,852	6,487,852
Temporarily restricted assets:					
Real estate	254,172			17,123,964	17,378,136
Notes receivable		61,323		5,679,965	5,741,288
Accrued interest receivable				19,523	19,523
Other receivables				4,094,623	4,094,623
Total Assets	<u>254,172</u>	<u>61,323</u>	<u>-</u>	<u>33,405,927</u>	<u>33,721,422</u>
Liabilities					
Other liabilities				5,779,234	5,779,234
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,779,234</u>	<u>5,779,234</u>
Reserves					
Reserve for temporarily restricted assets	254,172	61,323		27,626,693	27,942,188
Total Liabilities and Reserves	<u>254,172</u>	<u>61,323</u>	<u>-</u>	<u>33,405,927</u>	<u>33,721,422</u>
Net Assets					
Total Net Assets	<u>\$</u>	<u></u>	<u></u>	<u></u>	<u></u>

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Net Assets - Fiduciary Funds, Other
December 31, 2007**

	Retail and Luxury Tax	Bally's Warehouse Project	Chesapeake Gardens Senior Homes	Prior Subtotal	Total Fiduciary Funds Other
Assets					
Cash	\$ 7,586			6,487,852	6,495,438
Temporarily restricted assets:					
Real estate		71,574	151,383	17,378,136	17,601,093
Notes receivable				5,741,288	5,741,288
Accrued interest receivable				19,523	19,523
Other receivables				4,094,623	4,094,623
Total Assets	<u>7,586</u>	<u>71,574</u>	<u>151,383</u>	<u>33,721,422</u>	<u>33,951,965</u>
Liabilities					
Other liabilities	7,586			5,779,234	5,786,820
Total Liabilities	<u>7,586</u>	<u>-</u>	<u>-</u>	<u>5,779,234</u>	<u>5,786,820</u>
Reserves					
Reserve for temporarily restricted assets		71,574	151,383	27,942,188	28,165,145
Total Liabilities and Reserves	<u>7,586</u>	<u>71,574</u>	<u>151,383</u>	<u>33,721,422</u>	<u>33,951,965</u>
Net Assets					
Total Net Assets	<u>\$</u>	<u></u>	<u></u>	<u></u>	<u>-</u>

**Casino Reinvestment Development Authority
(A Component Unit of the State of New Jersey)
Combining Statement of Changes in Fiduciary Net Assets - Fiduciary Funds, Other
For the Year Ended December 31, 2007**

	Delaware Avenue	Land Banking	Virginian Acquisition	Phase IV	2nd Ward Façade	NJIT	Subtotal
Additions							
Transfer from (to) reinvestment funds and other governmental funds	\$				17,225	168	17,393
Total Additions	-	-	-	-	17,225	168	17,393
Deductions							
Grants and donations	817,316			84,149	17,225	535,281	1,453,971
Total Deductions	817,316	-	-	84,149	17,225	535,281	1,453,971
Change in reserves	(817,316)	-	-	(84,149)	-	(535,113)	(1,436,578)
Net assets - beginning of the year	-	-	-	-	-	-	-
Net assets - end of the year	\$	-	-	-	-	-	-

Casino Reinvestment Development Authority
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	<u>Cityscape</u>	<u>PA Avenue Firehouse</u>	<u>Smuggler's Cove</u>	<u>North East Inlet</u>	<u>Virginia Avenue</u>	<u>Prior Subtotal</u>	<u>Subtotal</u>
Additions							
Transfer from reinvestment funds and other governmental funds	\$ 84,659	1,925				17,393	103,977
Total Additions	<u>84,659</u>	<u>1,925</u>	-	-	-	<u>17,393</u>	<u>103,977</u>
Deductions							
Grants and donations	319,339	325,268		428,435		1,453,971	2,527,013
Total Deductions	<u>319,339</u>	<u>325,268</u>	-	<u>428,435</u>	-	<u>1,453,971</u>	<u>2,527,013</u>
Change in reserves	(234,680)	(323,343)	-	(428,435)	-	(1,436,578)	(2,423,036)
Net assets - beginning of the year						-	-
Net assets - end of the year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	<u>Frank Lloyd Wright Homes</u>	<u>Carolina Gardens</u>	<u>Pennsylvania Avenue</u>	<u>Prior Subtotal</u>	<u>Subtotal</u>
Additions					
Transfer from reinvestment funds and other governmental funds	\$	337,831		103,977	441,808
Interest on notes		3,440		-	3,440
Total Additions	-	341,271	-	103,977	445,248
Deductions					
Grants and donations		334,478		2,527,013	2,861,491
Total Deductions	-	334,478	-	2,527,013	2,861,491
Change in reserves	-	6,793	-	(2,423,036)	(2,416,243)
Net assets - beginning of the year				-	-
Net assets - end of the year	\$	-	-	-	-

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	General Development	General Donations	Donation Loans	3-2-1 Police Loan	Prior Subtotal	Subtotal
Additions						
Transfer from reinvestment funds and other governmental funds	\$	21,912,108			441,808	22,353,916
Interest on notes			90,206	167,762	3,440	261,408
Other income				242		242
Total Additions	-	21,912,108	90,206	168,004	445,248	22,615,566
Deductions						
Grants and donations		21,912,108	187,883	27,445	2,861,491	24,988,927
Total Deductions	-	21,912,108	187,883	27,445	2,861,491	24,988,927
Change in reserves	-	-	(97,677)	140,559	(2,416,243)	(2,373,361)
Net assets - beginning of the year					-	-
Net assets - end of the year	\$	-	-	-	-	-

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	Chelsea Westside	Carnegie Plaza	Renaissance Plaze	Prior Subtotal	Subtotal
Additions					
Transfer from reinvestment funds and other governmental funds	\$			22,353,916	22,353,916
Interest on notes	65,847		106,120	261,408	433,375
Other income	8,661			242	8,903
Total Additions	<u>74,508</u>	<u>-</u>	<u>106,120</u>	<u>22,615,566</u>	<u>22,796,194</u>
Deductions					
Grants and donations	<u>279,810</u>		<u>1,385,468</u>	<u>24,988,927</u>	<u>26,654,205</u>
Total Deductions	<u>279,810</u>	<u>-</u>	<u>1,385,468</u>	<u>24,988,927</u>	<u>26,654,205</u>
Change in reserves	(205,302)	-	(1,279,348)	(2,373,361)	(3,858,011)
Net assets - beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets - end of the year	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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	NEI Consensual Acquisition	Teachers and Firefighters Home Loans	Virginia Avenue Icon	Prior Subtotal	Subtotal
Additions					
Transfer from reinvestment funds and other governmental funds	\$		2,911	22,353,916	22,356,827
Interest on notes				433,375	433,375
Other income				8,903	8,903
Total Additions	-	-	2,911	22,796,194	22,799,105
Deductions					
Grants and donations		21,728	2,911	26,654,205	26,678,844
Total Deductions	-	21,728	2,911	26,654,205	26,678,844
Change in reserves	-	(21,728)	-	(3,858,011)	(3,879,739)
Net assets - beginning of the year				-	-
Net assets - end of the year	\$ -	-	-	-	-

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	Retail and Luxury Tax	Bally's Warehouse Project	Chesapeake Gardens Senior Homes	Prior Subtotal	Total
Additions					
Transfer from (to) reinvestment funds and other governmental funds	\$			22,356,827	22,356,827
Retail and luxury tax remittance	11,425,990			-	11,425,990
Interest on notes				433,375	433,375
Other income				8,903	8,903
Total Additions	11,425,990	-	-	22,799,105	34,225,095
Deductions					
Retail and luxury tax distributions	11,425,990				11,425,990
Grants and donations				26,678,844	26,678,844
Total Deductions	11,425,990	-	-	26,678,844	38,104,834
Change in reserves	-	-	-	(3,879,739)	(3,879,739)
Net assets - beginning of the year				-	-
Net assets - end of the year	\$ -	-	-	-	-