

**CASINO REINVESTMENT
DEVELOPMENT AUTHORITY**

**REPORT ON FINANCIAL STATEMENTS
(With Supplementary Information)**

YEAR ENDED DECEMBER 31, 2002

Casino Reinvestment Development Authority

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Chairman and Members of the Board
Casino Reinvestment Development Authority

We have audited the accompanying basic financial statements 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, 2002, as listed in the table of contents. These basic financial statements are the responsibility of the CRDA's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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 financial position of the CRDA as of December 31, 2002, and its results of operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The 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. 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.

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 of the CRDA. Such information has been subjected to the 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.

 J.H. Cohn LLP

Roseland, New Jersey
January 31, 2003



**MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2002**

This section of the CRDA's annual financial report presents our discussion and analysis of its financial performance during the fiscal year that ended on December 31, 2002. It should be read in conjunction with the CRDA's financial statements, which follow this section.

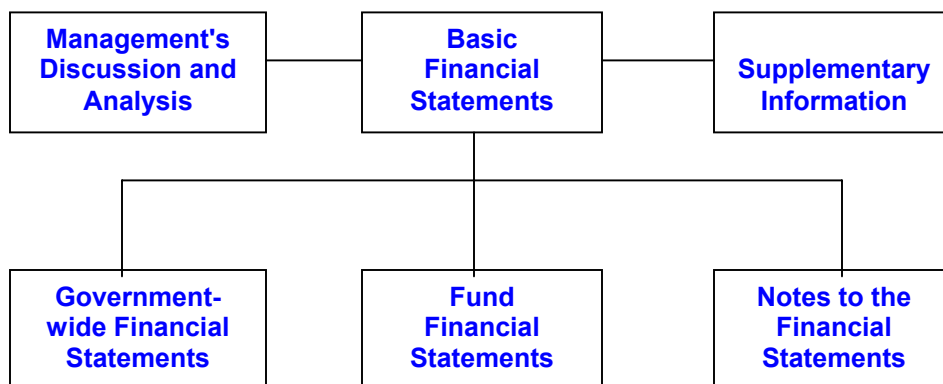
FINANCIAL HIGHLIGHTS

- The assets of the CRDA exceeded its liabilities at the close of the most recent fiscal year by approximately \$88,000,000, a decrease of approximately \$18,000,000 or 17% from the prior year. The decrease is primarily the result of additional community development costs in Atlantic City and lower interest income.
- Cash and investments total approximately \$92,000,000, a decrease of approximately \$15,000,000 or 14% from the prior year.
- Long-term liabilities increased by approximately \$8,000,000 to approximately \$240,000,000 at year end 2002. The increase is a result of project bonds issued to Atlantic City casino licensees.
- Real estate holdings increased from approximately \$94,000,000 to approximately \$97,000,000 during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of four parts - *management's discussion and analysis*, the *basic financial statements*, *required supplementary information* and an optional section that presents *combining statements* for nonmajor governmental funds.

Required Components of the CRDA's Annual Financial Report



The basic financial statements include two types 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 Financial Statements

The government-wide financial 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 revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The CRDA's government-wide financial statements have only one category, *governmental activities*. All of the 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 financial statements. Funds are an accounting method that the 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 financial statements, we provide additional information at the bottom of the government funds statements that explains the relationship (or difference) between them.
- *Fiduciary fund statements* address accounts in which the CRDA acts solely as a *trustee or agent* for the benefit 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 the CRDA's Government-wide and Fund Financial Statements

	<u>Government-wide Statements</u>	<u>Fund Statements</u>	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
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 revenue, 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 revenue and expenses during the year, regardless of when cash is received or paid.	Revenue 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 revenue and expenses during the year, regardless of when cash is received or paid.

Government-wide Financial Analysis

	Net Assets		Total Percentage Change
	<u>Governmental Activities</u>		
	<u>2002</u>	<u>2001</u>	
Current other assets	\$136,614,829	\$156,953,051	(13)%
Notes receivable	103,174,091	95,479,687	8
Capital assets	<u>97,615,111</u>	<u>94,580,739</u>	3
Total assets	<u>337,404,031</u>	<u>347,013,477</u>	(3)
Other liabilities	9,907,620	10,196,229	(3)
Long-term liabilities	<u>239,540,080</u>	<u>231,271,761</u>	4
Total liabilities	<u>249,447,700</u>	<u>241,467,990</u>	3
Net assets:			
Invested in capital assets, net of related debt	155,876	203,961	(24)
Restricted	76,811,985	89,468,262	(14)
Unrestricted	<u>10,988,470</u>	<u>15,873,264</u>	(31)
Total net assets	<u>\$ 87,956,331</u>	<u>\$105,545,487</u>	(17)

A large portion of the CRDA's net assets (88%) represent resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$10,988,470, may be used for any Authority purpose.

At the end of 2002, the CRDA maintains positive balances in all three categories of net assets. The same situation held true for 2001.

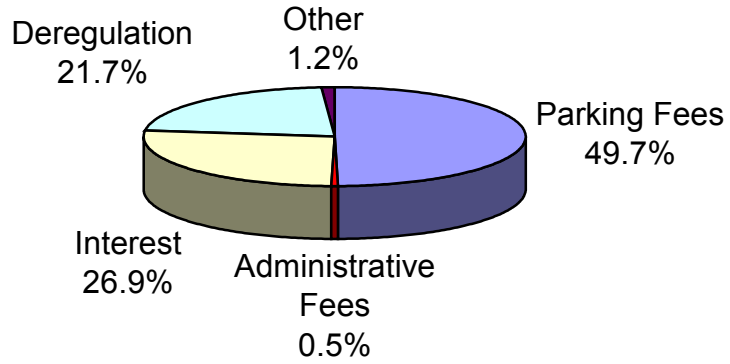
The CRDA holds \$97,459,235 in real estate investments. This real estate may be transferred to other entities upon completion of a project.

Changes in Net Assets

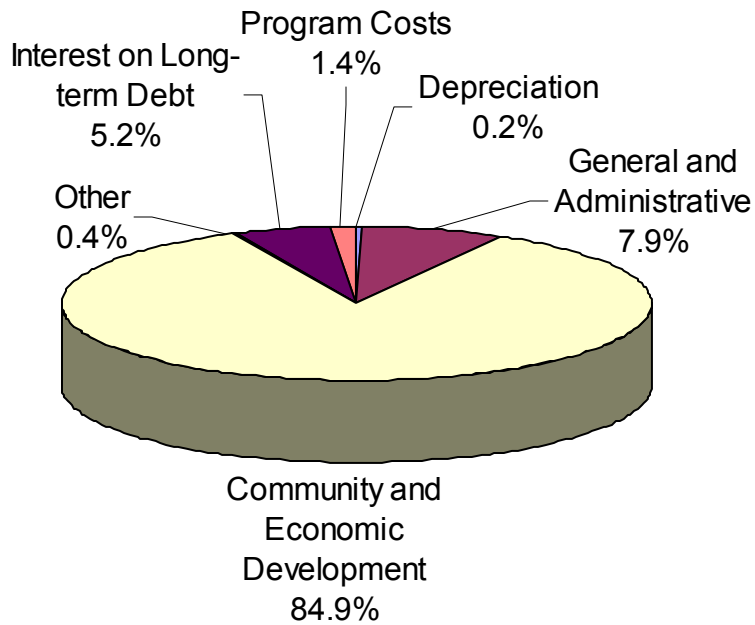
	<u>Governmental Activities</u>		Total
	<u>2002</u>	<u>2001</u>	Per- centage Change
Revenue			
Fees:			
Administrative	\$ 165,526	\$ 187,034	(11)%
Parking	15,778,428	15,159,932	4
Deregulation	6,890,024	6,890,025	-
Operating - other	385,726	205,605	88
Investment income	<u>8,508,909</u>	<u>9,969,928</u>	(15)
Total revenue	<u>31,728,613</u>	<u>32,412,524</u>	(2)
Expenses			
General and administrative	3,893,975	3,641,076	7
Other	175,534	154,818	13
Program costs	695,187	1,616,502	(57)
Depreciation	76,985	89,093	(14)
Interest on long-term debt	2,566,375	1,931,752	33
Community and economic development	<u>41,909,713</u>	<u>13,485,665</u>	211
Total expenses	<u>49,317,769</u>	<u>20,918,906</u>	136
Increase (decrease) in net assets	<u>\$(17,589,156)</u>	<u>\$11,493,618</u>	

The CRDA's net assets decreased by \$17,589,156 during the current fiscal year. Approximately 61% of this decrease is attributable to the excess of community and economic development expenditures over parking and deregulation fees and investment income.

Revenue



Expenses



Governmental Funds Financial Analysis

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

As of the end of 2002, the CRDA's governmental funds reported combined ending fund balances of \$113,590,711, a decrease of \$21,870,260 for the fiscal year. Of this total amount, only \$1,613,990 is *unreserved*, or available for any CRDA purpose. The remainder of the fund balance or \$111,976,721 is *reserved* to indicate that it is not available for new spending because it has already been committed to pay debt service (\$19,282,440) and for projects (\$92,694,281).

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 A.C. Corridor Fund uses parking fee revenue and associated issued debt to pay for projects in the Corridor region of Atlantic City. The Deregulation Fund utilizes a casino assessment generated from the savings due to the deregulation of the industry to fund Atlantic City projects of a revenue producing nature.

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 revenue and the payment of interest and principal on debt issued for projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The CRDA's investment in capital assets is \$97,615,111 (net of accumulated depreciation of \$489,054) and consists primarily of real estate, office furnishings and computer and office equipment. During the current fiscal year, the CRDA purchased real estate totaling \$7,970,056.

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. The publicly issued bonds, which include taxable and tax-exempt bonds, fund projects in the corridor region of Atlantic City. These bonds are special and limited obligations of the CRDA, payable solely from parking fees and certain pledged casino reinvestment obligations.

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 revenue 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 of New Jersey.

In 2002, the CRDA incurred long-term debt in the form of a note payable amounting to \$6,400,000 in connection with the purchase of real estate.

The following is a summary of all of the CRDA's long-term debt transactions for the year ended December 31, 2002:

Debt outstanding at December 31, 2001	\$231,204,445
Additions to debt	16,372,330
Reduction of debt	<u>(6,687,372)</u>
Debt outstanding at December 31, 2002	240,889,403
Less net unamortized discount	<u>(1,349,325)</u>
Total	<u>\$239,540,078</u>

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Casino Reinvestment Development Authority

Statement of Net Assets December 31, 2002

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 68,032,862
Investments	23,610,425
Receivables:	
Notes receivable	103,174,091
Accrued interest receivable	13,688,578
Accrued parking fees	2,394,078
Accrued Deregulation Funds	3,445,014
Other	23,055,910
Deferred costs	2,387,962
Capital assets:	
Real estate	97,459,235
Other capital assets, net of accumulated depreciation	<u>155,876</u>
 Total assets	 <u>337,404,031</u>
 <u>LIABILITIES AND NET ASSETS</u>	
Current liabilities:	
Interest payable	5,093,657
Other payables	4,813,965
Long-term liabilities:	
Due within one year	6,162,320
Due in more than one year	<u>233,377,758</u>
 Total liabilities	 <u>249,447,700</u>
Commitments and contingencies	
Net assets:	
Invested in capital assets, net of related debt	155,876
Restricted for:	
Debt service	17,505,930
Project costs	59,306,055
Unrestricted	<u>10,988,470</u>
 Total net assets	 <u>\$ 87,956,331</u>

The accompanying notes are an integral part of these financial statements.

Casino Reinvestment Development Authority

**Statement of Activities
Year Ended December 31, 2002**

		Program Revenue		Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Fees	Operating Income	Investment Income	Governmental Activities	Total
Governmental activities:						
General and administration	\$ 3,893,975	\$ 339,526		\$1,533,778	\$ (2,020,671)	\$ (2,020,671)
Other	175,534		\$210,216		34,682	34,682
Program costs	695,187		1,510		(693,677)	(693,677)
Depreciation	76,985				(76,985)	(76,985)
Interest on long-term debt	2,566,375			2,732,523	166,148	166,148
Community and economic development	41,909,713	22,668,452		4,242,608	(14,998,653)	(14,998,653)
Total governmental activities	<u>\$49,317,769</u>	<u>\$23,007,978</u>	<u>\$211,726</u>	<u>\$8,508,909</u>	<u>\$ (17,589,156)</u>	<u>\$ (17,589,156)</u>
Changes in net assets					\$ (17,589,156)	\$ (17,589,156)
Net assets, beginning of year					<u>105,545,487</u>	<u>105,545,487</u>
Net assets, end of year					<u>\$ 87,956,331</u>	<u>\$ 87,956,331</u>

The accompanying notes are an integral part of these financial statements.

Casino Reinvestment Development Authority

Balance Sheet - Governmental Funds December 31, 2002

<u>ASSETS</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		<u>A.C. Corridor</u>	<u>Deregulation</u>		
Cash and cash equivalents	\$3,257,420	\$61,815,914		\$2,959,528	\$ 68,032,862
Investments		23,610,425			23,610,425
Receivables:					
Accrued interest receivable	315,322			150,214	465,536
Accrued parking fees		2,394,078			2,394,078
Other	<u>3,363,588</u>	<u>513</u>	<u>\$18,469,008</u>	<u>937,442</u>	<u>22,770,551</u>
Total assets	<u>\$6,936,330</u>	<u>\$87,820,930</u>	<u>\$18,469,008</u>	<u>\$4,047,184</u>	<u>\$117,273,452</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Interest payable		\$ 1,827,197		\$ 596,128	\$ 2,423,325
Other payables	<u>\$ 975,003</u>	<u>207,669</u>		<u>76,744</u>	<u>1,259,416</u>
Total liabilities	<u>975,003</u>	<u>2,034,866</u>		<u>672,872</u>	<u>3,682,741</u>
Fund balances:					
Reserved fund balances:					
Reserve for debt service		15,908,128		3,374,312	19,282,440
Reserve for project costs	4,347,337	69,877,936	18,469,008		92,694,281
Unreserved fund balances - undesignated	<u>1,613,990</u>				<u>1,613,990</u>
Total fund balances	<u>5,961,327</u>	<u>85,786,064</u>	<u>18,469,008</u>	<u>3,374,312</u>	<u>113,590,711</u>
Total liabilities and fund balances	<u>\$6,936,330</u>	<u>\$87,820,930</u>	<u>\$18,469,008</u>	<u>\$4,047,184</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					97,615,111
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds					122,518,365
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds					<u>(245,767,856)</u>
Net assets of governmental activities					<u>\$ 87,956,331</u>

The accompanying notes are an integral part of these financial statements.

Casino Reinvestment Development Authority

**Statement of Revenue, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2002**

	<u>General Fund</u>	<u>Special Revenue Fund</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		<u>A.C. Corridor</u>	<u>Deregulation</u>		
REVENUE:					
Administrative fees	\$ 165,526				\$ 165,526
Interest and investment income	1,533,778	\$ 1,919,258	\$ 526,872	\$2,215,683	6,195,591
Parking revenue		15,778,428			15,778,428
Processing fees	174,000				174,000
Other	<u>210,216</u>			<u>1,510</u>	<u>211,726</u>
Total revenue	<u>2,083,520</u>	<u>17,697,686</u>	<u>526,872</u>	<u>2,217,193</u>	<u>22,525,271</u>
EXPENDITURES:					
Current:					
Salaries and benefits	2,654,378				2,654,378
General and administrative	770,132				770,132
Professional services	469,465				469,465
Project costs	693,678	12,662,579	15,777,953	1,509	29,135,719
Other				175,534	175,534
Debt service:					
Interest expense		8,581,581		2,049,536	10,631,117
Principal		5,918,885		768,486	6,687,371
Capital outlay:					
Purchase of fixed assets	28,899				28,899
Purchase of real estate	<u>668,903</u>				<u>668,903</u>
Total expenditures	<u>5,285,455</u>	<u>27,163,045</u>	<u>15,777,953</u>	<u>2,995,065</u>	<u>51,221,518</u>
Deficiency of revenue over expenditures	<u>(3,201,935)</u>	<u>(9,465,359)</u>	<u>(15,251,081)</u>	<u>(777,872)</u>	<u>(28,696,247)</u>

Casino Reinvestment Development Authority

**Statement of Revenue, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended December 31, 2002**

	<u>General Fund</u>	<u>Special Revenue Fund</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		<u>A.C. Corridor</u>	<u>Deregulation</u>		
OTHER FINANCING SOURCES (USES):					
Payments received on notes	\$ 535,938			\$ 1,408,353	\$ 1,944,291
Payment received on other receivables	588,812				588,812
Other payables	(158,032)	\$ (1,413,426)		723,094	(848,364)
Note payable issued		4,972,797			4,972,797
Capital-related debt issued		1,004,629		8,967,701	9,972,330
Deferred cost		235,384			235,384
Bond discount		10,561			10,561
Loan disbursements				(9,638,695)	(9,638,695)
Deregulation funds received			\$ 6,890,024		6,890,024
Purchases of real estate		(7,301,153)			(7,301,153)
Total other financing sources and uses	<u>966,718</u>	<u>(2,491,208)</u>	<u>6,890,024</u>	<u>1,460,453</u>	<u>6,825,987</u>
Net change in fund balances	(2,235,217)	(11,956,567)	(8,361,057)	682,581	(21,870,260)
Fund balances, January 1, 2002	<u>8,196,544</u>	<u>97,742,631</u>	<u>26,830,065</u>	<u>2,691,731</u>	<u>135,460,971</u>
Fund balances, December 31, 2002	<u>\$ 5,961,327</u>	<u>\$ 85,786,064</u>	<u>\$18,469,008</u>	<u>\$ 3,374,312</u>	<u>\$113,590,711</u>

Casino Reinvestment Development Authority

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2002

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

Net change in fund balances - total governmental funds	\$(21,870,260)
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 amount by which capital outlays exceeds depreciation in the current period	7,921,970
Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds	2,313,317
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.	(7,655,337)
Disbursements on long-term notes receivable consume current financial resources of government funds, and principal payments received on notes receivable provide current financial resources to government funds. These transactions do not affect net assets	7,105,593
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	<u>(5,404,439)</u>
Change in net assets of governmental activities	<u>\$(17,589,156)</u>

The accompanying notes are an integral part of these financial statements.

Casino Reinvestment Development Authority

**Statement of Revenue, Expenditures and Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended December 31, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUE:			
Administrative fees	\$ 151,288	\$ 165,526	\$ 14,238
Interest and investment income	2,890,887	1,533,778	(1,357,109)
Processing fees	845,000	174,000	(671,000)
Other	<u>175,000</u>	<u>210,216</u>	<u>35,216</u>
Totals	<u>4,062,175</u>	<u>2,083,520</u>	<u>(1,978,655)</u>
EXPENDITURES:			
Salaries and benefits	2,826,993	2,654,378	172,615
General and administrative	826,144	770,132	56,012
Professional services	308,425	469,465	(161,040)
Capital outlay - fixed assets	79,549	28,899	50,650
Capital outlay - real estate		668,903	(668,903)
Project costs		<u>693,678</u>	<u>(693,678)</u>
Totals	<u>4,041,111</u>	<u>5,285,455</u>	<u>(1,244,344)</u>
Excess (deficiency) of revenue over expenditures	<u>21,064</u>	<u>(3,201,935)</u>	<u>(3,222,999)</u>
OTHER FINANCING SOURCES (USES):			
Payments received on notes		535,938	535,938
Payments received on other receivables		588,812	588,812
Payments on other payables		<u>(158,032)</u>	<u>(158,032)</u>
Totals		<u>966,718</u>	<u>966,718</u>
Net change in fund balances	21,064	(2,235,217)	(2,256,281)
Fund balance, beginning of year	<u>8,196,544</u>	<u>8,196,544</u>	<u>-</u>
Fund balance, end of year	<u>\$8,217,608</u>	<u>\$5,961,327</u>	<u>\$(2,256,281)</u>

The accompanying notes are an integral part of these financial statements.

Casino Reinvestment Development Authority

Statement of Changes in Fiduciary Net Assets - Fiduciary Funds Year Ended December 31, 2002

	<u>Reinvestment Funds</u>	<u>Other</u>
Additions:		
Obligation deposits	\$ 54,673,947	
Accrued obligations	454,250	
Transfer from reinvestment		\$12,918,351
Interest on notes		235,364
Other	948,071	22,228
Total additions	<u>56,076,268</u>	<u>13,175,943</u>
Deductions:		
Direct investments	32,250,117	
Direct donations:		
Transfers to other fiduciary funds	12,918,351	
Other	948,073	
Bonds issued	9,972,330	
Credits	37,829	
Direct investment deposits	1,224,324	
Other debt service	1,510	
Grants and donations		<u>8,961,316</u>
Total deductions	<u>57,352,534</u>	<u>8,961,316</u>
Change in net assets	(1,276,266)	4,214,627
Net assets, beginning of year	<u>184,427,748</u>	<u>47,708,687</u>
Net assets, end of year	<u>\$183,151,482</u>	<u>\$51,923,314</u>

The accompanying notes are an integral part of these financial statements.

Casino Reinvestment Development Authority

Notes to General Purpose Financial Statements

Note 1 - Summary of significant accounting policies:

Basis of financial statement presentation:

The accounting and reporting policies of the CRDA, relating to the funds and account groups included in the accompanying general purpose financial statements, conform to accounting principles generally accepted in the United States of America.

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 (the "State"), 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.

Basis of presentation - fund accounting:

Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statements of net assets and changes in net assets) report information on all of the nonfiduciary activities of the CRDA. 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 are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 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 revenue are reported instead as *general revenue*.

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. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Casino Reinvestment Development Authority

Notes to General Purpose Financial Statements

Note 1 - Summary of significant accounting policies (continued):

Measurement focus, basis of accounting and financial statement presentation (continued):

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities in the current period. For this purposes, the CRDA considers revenue to be available if it is 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 compensated absences and claims and judgments, are recorded only when payment is due.

Parking fees, deregulation funds and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue 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 revenue that is legally restricted to expenditure for particular purposes.

The *A.C. Corridor Fund* is used to account for the collection of parking fees as a source of funds to pay for projects in the corridor region 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.

The *Debt Service Fund* accounts for the resources accumulated and payment made for principal and interest on long-term obligation debt.

Casino Reinvestment Development Authority

Notes to General Purpose Financial Statements

Note 1 - Summary of significant accounting policies (continued):

Measurement focus, basis of accounting and financial statement presentation (concluded):

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.

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 revenue and expenditures under New Jersey State law. 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.

Other capital assets:

Other capital assets, consisting primarily of furniture and equipment, are carried at cost, less accumulated depreciation of \$489,054 at December 31, 2002. The CRDA depreciates its other capital 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.

Casino Reinvestment Development Authority

Notes to General Purpose Financial Statements

Note 1 - Summary of significant accounting policies (concluded):

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 certain reported amounts and disclosures. Accordingly, 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, automobile, 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 deductible associated with the policies and an event that may exceed policy coverage limits.

Notes receivable:

Notes receivable include mortgages, which are stated at unpaid principal balances. Certain mortgages have conditional 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, 2002, a provision for uncollectible notes receivable was not required (see Note 7).

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) nonprofit activities and other projects. Also included in bonds payable are parking fee revenue bonds issued to the public. Parking fee revenue is applied first to the debt service on these bonds.

Note 2 - Cash and cash equivalents and investments:

The Authority's cash and cash equivalents are considered to be cash in checking, savings, money market and funds on deposit in the New Jersey Cash Management Fund.

Casino Reinvestment Development Authority

Notes to General Purpose Financial Statements

Note 2 - Cash and cash equivalents and investments (continued):

The New Jersey Cash Management Fund is invested by the State Division of Investments and consists of short-term obligations of the U.S. Government and certain of its agencies, commercial paper, certificates of deposit, repurchase agreements and bankers' acceptances. The investments in the Cash Management Fund are recorded at fair value and are classified as Category 1 (see below).

As of December 31, 2002, the carrying amount of cash and cash equivalents for the Authority was comprised of the following:

	Government- Wide Statement <u>of Net Assets</u>	Fiduciary Funds Statement <u>of Net Assets</u>	<u>Total</u>
Cash	\$ 1,011,531	\$ 616,592	\$ 1,628,123
New Jersey Cash Manage- ment Fund	<u>67,021,331</u>	<u>199,690,239</u>	<u>266,711,570</u>
Totals	<u>\$68,032,862</u>	<u>\$200,306,831</u>	<u>\$268,339,693</u>

The combined bank balance was \$3,477,840. Of the bank balance, \$200,000 was covered by Federal depository insurance. The remaining balance of \$3,277,840 was uninsured and uncollateralized.

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.

Investments are categorized into these three categories of risk:

- (1) Insured or registered, or securities held by the Authority or its agent in the CRDA's name.
- (2) Uninsured and unregistered, with securities held by others in the CRDA's name.
- (3) Uninsured and unregistered, with securities held by others, but not in the CRDA's name.

The "Securities Purchase Contract" between the CRDA and the licensees prescribes the types of investments (cash equivalents and marketable securities) allowed in the Reinvestment Fund. The "Securities Purchase Contract" requires that all investments be as follows:

Casino Reinvestment Development Authority

Notes to General Purpose Financial Statements

Note 2 - Cash, cash equivalents and investments (concluded):

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 services.

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.

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.

Investments consist of money market accounts invested in short-term United States Treasury obligations. Investments are uncategorized because specific securities related to the CRDA cannot be identified.

Note 3 - Notes receivable:

Notes receivable within the Debt Service Fund consists of loans with terms varying from 15 to 40 years at interest rates varying between 3.5% and 8.5%.

Notes receivable within the General Fund consists of a bond anticipation note from the City of Atlantic City in connection with the Authority's demolition program. The note is noninterest bearing and matures February 1, 2003.

Casino Reinvestment Development Authority

Notes to General Purpose Financial Statements

Note 4 - Capital assets:

Summary of changes in capital assets for the year ended December 31, 2002:

	Real Estate	Furniture and Equipment	Other Capital Assets Less Accumulated Depreciation	Net
Balance, January 1, 2002	\$94,376,779	\$616,031	\$(412,070)	\$203,961
Increases	7,970,056	28,899	(76,984)	(48,085)
Decreases	4,887,600	_____	_____	_____
Balance, December 31, 2002	\$97,459,235	\$644,930	\$(489,054)	\$155,876

Note 5 - Interfund receivables and payables:

The following is a summary of interfund receivables and payables at December 31, 2002:

	Receivable (Payable)					
	General	Reinvestment	A.C. Corridor	Deregulation	Debt Service	Other Fiduciary Funds
Interest	\$315,322	\$ (312,533)	\$ (2,789)			
Administrative fees	73,661				\$ (73,661)	
Miscellaneous		207,610	(204,881)		937,442	\$(940,171)
Deregulation Funds	_____	(18,469,008)	_____	\$18,469,008	_____	_____
Totals	\$388,983	\$(18,573,931)	\$(207,670)	\$18,469,008	\$863,781	\$(940,171)

Note 6 - 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 investment reimbursements. 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 Other Fiduciary 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.

Casino Reinvestment Development Authority

Notes to General Purpose Financial Statements

Note 6 - Obligation deposits (concluded):

- b. Current obligations represent amounts incurred by licensees under the CRDA statute and are based upon 1.25% of their gross revenue. 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.
- c. 2002 obligations and donations account activity is summarized below:

Obligation deposits

Balance, beginning of year	\$169,587,873
Obligation deposits	42,582,411
Direct investments	(32,250,117)
Direct donations	(13,866,424)
Transfer to donations	(4,200,000)
Bonds issued	(9,972,330)
Credits	(37,829)
Obligations receivable	<u>12,545,786</u>
Balance, end of year	<u>\$164,389,370</u>

Direct investment deposit

Balance, beginning of year	\$ 5,982,271
Disbursements	<u>(1,224,324)</u>
Balance, end of year	<u>\$ 4,757,947</u>

Donation deposits

Balance, beginning of year	\$ 8,857,604
Transfers from obligations	4,200,000
Grants to Other Fiduciary and Debt Service Funds	<u>946,561</u>
Balance, end of year	<u>\$ 14,004,165</u>

Note 7 - Bonds payable:

The CRDA has utilized primarily two types of debt, publicly issued bonds and project bonds which are issued solely to the Atlantic City casino licensees. In October 2001, the CRDA publicly issued two bond series to fund projects in the Corridor region of Atlantic City. Tax-exempt Parking Fee Revenue Bonds, Series 2001, in the amount of \$44,625,000 and taxable Investment Alternative Tax and Subordinated Parking Fee Revenue Bonds, Series 2001, in the amount of \$35,870,000. The CRDA previously issued tax-exempt Parking Fee Revenue Bonds in the amount of \$90,000,000 in June 1997. These bonds bear interest at rates varying between 4% and 6-1/4% and are special and limited obligations of the CRDA, payable solely from parking fees and certain pledged casino reinvestment obligations.

Casino Reinvestment Development Authority

Notes to General Purpose Financial Statements

Note 7 - Bonds payable (continued):

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 revenue 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.

Accordingly, due to a lack of revenue generated from the Vermont Plaza project, the bondholders of this project have been limited to receiving interest payments at a discounted rate which is substantially less than the bonds original stated rate.

The CRDA has a Debt Service Reserve set up for the following bond issues:

<u>Bond Issue</u>	<u>Amount</u>
\$90,000,000 Parking Fee Revenue Bonds	\$ 7,411,563
\$43,400,000 Parking Fee Revenue Bonds	4,462,500
\$34,500,000 Investment Alternative Tax and Subordinated Parking Fee Revenue Bonds	3,610,111
Atlantic City Boardwalk Convention Center Project Bonds	<u>423,954</u>
Balance, December 31, 2002	<u>\$15,908,128</u>

The following is a summary of the CRDA's bond payable transactions for the year ended December 31, 2002:

	<u>Parking Fee Revenue Bonds</u>	<u>Project Bonds</u>	<u>Total</u>
Debt outstanding at December 31, 2001	\$159,065,000	\$72,139,445	\$231,204,445
Additions to debt		9,972,330	9,972,330
Reduction of debt	<u>(5,860,000)</u>	<u>(827,372)</u>	<u>(6,687,372)</u>
Debt outstanding at December 31, 2002	153,205,000	81,284,403	234,489,403
Net unamortized premium	<u>77,878</u>	<u> </u>	<u>77,878</u>
Totals	<u>\$153,282,878</u>	<u>\$81,284,403</u>	<u>\$234,567,281</u>

Casino Reinvestment Development Authority

Notes to General Purpose Financial Statements

Note 7 - Bonds payable (concluded):

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

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 6,075,000	\$ 7,955,624
2004	6,315,000	7,653,605
2005	6,575,000	7,330,237
2006	6,890,000	6,964,874
2007	7,225,000	6,581,183
2008-2012	40,195,000	26,853,167
2013-2017	44,350,000	15,317,490
2018-2021	<u>35,580,000</u>	<u>4,098,609</u>
Totals	<u>\$153,205,000</u>	<u>\$82,754,789</u>

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

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 87,320	\$ 3,222,373
2004	90,817	3,217,890
2005	94,141	3,213,579
2006	97,634	3,209,100
2007	106,303	3,204,247
2008-2012	593,401	15,941,593
2013-2017	626,135	15,795,295
2018-2022	726,209	15,635,360
2023-2027	13,342,606	13,656,933
2028-2032	35,190,140	11,221,703
2033-2037	2,658,021	7,695,284
2038-2042	18,996,361	5,555,056
2043-2047	<u>8,675,315</u>	<u>726,987</u>
Totals	<u>\$81,284,403</u>	<u>\$102,295,400</u>

Note 8 - 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 noninterest bearing note to the seller that is payable in ten equal annual installments of \$640,000 commencing October 21, 2002. The note, which totals \$4,972,797 as of December 31, 2002, is recorded in the accompanying statement of net assets, net of unamortized discount. Interest was inputted at 5%, which approximates the CRDA's effective borrowing rate. The note is secured by a first money mortgage on the real estate.

Casino Reinvestment Development Authority

Notes to General Purpose Financial Statements

Note 9 - Project and direct investment commitments:

During 2002, the CRDA committed approximately \$145,000,000 in current and future CRDA obligations to finance direct investment and other projects.

As of December 31, 2002, CRDA had outstanding commitments as follows:

<u>Project</u>	<u>Amount</u>
Atlantic City:	
Northeast Inlet Redevelopment	\$ 399,035
Jacobs Family Terrace	433,712
Bally's Hope Loan Program	999,424
Caesar's Convention Center HQ Hotel	1,389,571
Tropicana Hotel Expansion	254,169
Caesar's Hotel Expansion	23,077,875
Harrah's Hotel Expansion	24,072,572
Sands Hotel Expansion	19,942,460
Resorts Hotel Expansion	19,930,450
NJIT Housing Technology Demonstration Park	1,506,912
Oceanside Development	4,195,896
Smuggler's Cove	644,364
GMAC Mortgage Guarantee	1,493,659
Convention Center East Hall	82,492,935
Civil Rights Garden	132,487
Station Heights	529,129
Delaware Avenue Widening	168,175
Ducktown Corridor Beautification	51,764
Pop Lloyd Stadium	39,260
Showboat Parking Lot Beautification	34,181
Habitat for Humanity	314,568
Kentucky Avenue Mural	12,069
Forest City Ratner Entertainment Complex	2,500,000
South Jersey AIDS Transitional House	157,180
AC/Brigatine Connector Road	55,000,000
Youthbuild HQ Building	140,473
NEI Tax Subsidy Program	83,598
Virginia Avenue Road Improvements	3,307,939
Virginia Avenue Homes	244,928
Atlantic Avenue Façade Program	1,409,536
Fralinger Housing Project	246,965
Arctic Avenue Road Improvements	84,255
North Carolina Avenue Improvements	798,963
Westside Façade	431,464
2 nd Ward Façade	613,696

Casino Reinvestment Development Authority

Notes to General Purpose Financial Statements

Note 9 - Project and direct investment commitments (continued):

<u>Project</u>	<u>Amount</u>
Atlantic City (continued):	
Pennsylvania Avenue Homes	\$ 177,575
Chesapeake Gardens	4,998,101
Bungalow Park Infill Housing	341,416
Trump Construction Financing Fund	1,720,000
2 nd Ward Housing	43,689
Tennessee Avenue Housing	845,651
Carolina Gardens	6,202,176
A.C. Corridor Bond Pledge	117,220,549
NEI Façade	28,411
Cityscape	6,081,035
Bungalow Park Façade	34,628
Universal Design Homes	239,944
Corner Store Redevelopment	263,308
Zion CDC	13,801
Portsmouth Place	719,264
Holy Spirit Complex	23,098
Frank Lloyd Wright Homes	1,703,051
Hope VI Firehouse HQ	796,774
Pennsylvania Avenue Firehouse	506,174
Metroplex Park	266,797
Artists Live and Work Project	25,000
2 nd Ward Signage	22,695
Reliance Health Relocation	238,115
A.C. Housing Fund	16,083,955
Virginian Acquisition	172,060
Tropicana Entertainment/Retail Project	2,854,261
Martin Luther King Jr. Widening	4,084,795
Tall Ships 2002	4,179
NEI Architectural	7,125
Cool Beans Café Liquor License	25,000
Eastern Pines Nursing Home Improvements	133,605
NEI Community Garden	5,021
Maryland Avenue Façade	11,438
Royal Liquor Store Acquisition	50,979
Vision 2000 Homeowners Program	58,634
South Jersey Faith Based Initiative	35,345
Vision 2000 Administrative Costs	33,817
Fire Fighter & Teacher Home Loan Program	65,700

Casino Reinvestment Development Authority

Notes to General Purpose Financial Statements

Note 9 - Project and direct investment commitments (continued):

<u>Project</u>	<u>Amount</u>
Atlantic City (concluded):	
Maine Avenue Project	\$ 7,763,624
Gordon's Alley Improvements	152,313
Madison 3 Remediation	128,666
Consensual Property Acquisition	29,971
NEI Phase 2	24,790
A.C. Housing Authority	36,100
Boys & Girls Club	186,360
Washington Square	233,777
ACPAL Passenger Vans	43,000
Clean & Green	19,676
Shellem Field	1,965
Tax Certificate Acquisitions	123,600
ACCC Workforce Center	350,000
Usry Daycare	60,867
Vision 2000 Revolving Loan	35,898
Allen Community Life Center	70,000
Landbank Programs	20,000
Chelsea Senior Citizen Project	95,172
Carnegie Library	<u>1,000,000</u>
Total	<u>423,646,609</u>
South Jersey:	
Agricultural Loan Program	232,096
Tuckerton Seaport	5,000
Camden Boys and Girls Club	510
Woodbine Airport	201,779
A.C. Corridor Bond Pledge	161,011,290
Camden Catholic Charities	2,500,001
Gateway Village	792,209
Carnegie Library	2,731,145
Alice Paul Foundation	58
Cityscape	3,355,000
Martin Luther King Jr. Widening	546,625
Tropicana Entertainment/Retail Project	2,011,099
Camden Project Fund	9,400,000
Robin's Nest	165,000
Carpenter's Square	2,080,000
A.C. Boys & Girls Club	291,272
Hendrick's House	100,000
Camden Athletic Fields	2,000,000

Casino Reinvestment Development Authority
Notes to General Purpose Financial Statements

Note 9 - Project and direct investment commitments (concluded):

<u>Project</u>	<u>Amount</u>
South Jersey (concluded):	
Glassboro Economic Development	\$ 50,000
Wildwood Economic Development	50,000
St. Peter's Renovation	50,000
Bally's Entertainment/Retail Project	33,000,000
South Jersey Investment Fund	35,600,000
South Jersey Project Fund	9,780,010
Clayton House	1,000,000
South Jersey Civic and Conference Center	<u>24,000,000</u>
Total	<u>290,953,094</u>
North Jersey:	
Marcal Extraction Facility/Elmwood Park	10,986,992
Newark Community Projects	37
Newark Project Fund	20,000,000
Meadowlands/Monmouth Project Fund	20,000,000
Long Branch Project	20,000,000
South Amboy Project	9,998,513
Elizabeth Project Fund	10,000,000
North Jersey Project Fund	40,000,000
Heldrich Plaza Project	20,000,000
School for Children with Hidden Intelligence	<u>200,000</u>
Total	<u>151,185,542</u>
NJSBMWWE Set Aside	<u>13,018,287</u>
Total	<u>\$878,803,532</u>

Note 10- Program costs/release of temporarily restricted assets:

Program costs, as shown in the Debt Service Fund, and deductions of net assets, as shown in the Fiduciary Funds - Other, reflect costs associated primarily with the donation of real estate upon completion of a project.

Casino Reinvestment Development Authority

Notes to General Purpose Financial Statements

Note 11- General Fund donations:

Donations from the General Fund are included as expenses in the statement of revenue, expenditures and changes in fund balances and consist of the following:

Land Banking	\$ 669,929
6 th Ward Plan	9,357
Absecon Lighthouse	10,741
A.C. Hydrangea Program	2,895
A.C. Linen	88
Atlantic Avenue Façade	821
Camden Boys and Girls Club	766
Chesterfield Twp. Historical Society	9,187
City of Long Branch	648
Corner Store Redevelopment	5,214
Glassboro Economic Development	36,671
Hendrick's House	100,000
Home Loan - Teachers	1,453
Home Loan - Police Officers	1,453
Hope VI - Legal	29,910
Kidsbridge Children's Center	249,453
St. Nicholas of Tolentine	360
St. Peter's Renovation	98,369
Ventnor 10% Home Purchase Assistance	2,401
Vision 2000 CDC	63,987
Wildwood Economic Development	23,992
Youthbuild Homes	<u>40,713</u>
Total	<u>\$1,358,408</u>

Casino Reinvestment Development Authority

Notes to General Purpose Financial Statements

Note 12- General Fund net assets for project costs:

Restricted:

Reserve for land banking	\$ 219,596
Reserve for New Hampshire land bank	92,712
Reserve for 6 th Ward Plan	144,421
Reserve for Absecon Lighthouse	31,297
Reserve for A.C. Baseball Stadium	158,470
Reserve for Atlantic Ave. Façade	5,921
Reserve for Arctic Ave. CIP Phase I	164,060
Reserve for Bungalow Park	152,542
Reserve for Carnegie Library Plaza	820,686
Reserve for Chesterfield Twp. Historical Society	4,342
Reserve for Cityscape Energy Independent Home	15,000
Reserve for Corner Store Development	36,631
Reserve for Downtown Atlantic Avenue	65,346
Reserve for Glassboro Economic Development	13,329
Reserve for Home Loan - Teachers	4,053
Reserve for Home Loan - Police Officers	6,919
Reserve for Hope VI - Legal	70,090
Reserve for Kidsbridge Children's Cultural Center	4,297
Reserve for Open Space Planning	14,750
Reserve for Route 40 Corridor	74,807
Reserve for St. Nicholas of Tolentine	49,640
Reserve for State Set-Aside Act - Legal Fees	20,850
Reserve for Taliesin Housing	6,151
Reserve for Transportation Trust Fund	2,000,000
Reserve for Vision 2000 CDC	25,000
Reserve for Wildwood Economic Development	14,042
Reserve for Woodbine Airport	127,399
Reserve for Youthbuild Projects	4,986
Total	<u>4,347,337</u>

Unrestricted net assets 1,633,990

Total \$5,981,327

Casino Reinvestment Development Authority

Notes to General Purpose Financial Statements

Note 13- Pension plan:

The Authority contributes to the cost-sharing multiple-employer Public Employees' Retirement System ("PERS"). The plan is administered by the State of New Jersey Division of Pensions and Benefits and is included along with other state-administered pension trust and agency funds in the general purpose financial statements of the State.

PERS was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care 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 and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be $1/55^{\text{th}}$ 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 60 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 ($1/4$ of 1% for each month the member lacks of attaining age 55).

The State of New Jersey, Department of 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 for the plan by writing to: New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rates by $1/2$ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employees' rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the employer's normal contributions of the fund may be reduced based on the revaluation of assets.

Casino Reinvestment Development Authority

Notes to General Purpose Financial Statements

Note 13- Pension plan (concluded):

Contributions to the PERS for 2002, 2001 and 2000 were as follows:

<u>Year Ended</u>	<u>Employees</u>		<u>Authority</u>	
	<u>Amount</u>	<u>Percent of Covered Payroll</u>	<u>Amount</u>	<u>Percent of Covered Payroll</u>
December 31, 2002	<u>\$63,992</u>	<u>98.68%</u>	<u>\$ -</u>	<u>-%</u>
December 31, 2001	<u>\$61,474</u>	<u>98.69%</u>	<u>\$ -</u>	<u>-%</u>
December 31, 2000	<u>\$59,492</u>	<u>98.66%</u>	<u>\$ -</u>	<u>-%</u>

Note 14- Fidelity bond:

The CRDA has a \$1,000,000 Honesty Blanket Bond covering all of its employees.

Note 15- Commitments and contingencies:

The CRDA occupies office space in Atlantic City. The facility is leased under a four year operating lease, which expires April 30, 2003 and required monthly rental payments of approximately \$22,583 in 2003.

The CRDA also leases staff parking spaces under a three year operating lease that expires April 30, 2003 and require monthly rental payments of approximately \$2,870 in 2003.

The future minimum lease payment under the above operating leases subsequent to December 31, 2002 is \$101,812 in 2003.

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:

<u>Year Ended December 31,</u>	<u>Amount</u>
2003	\$1,413,426
2004	153,259
2005	153,259
2006	153,259
2007	153,259
2008	<u>153,259</u>
Total	<u>\$2,179,721</u>

Casino Reinvestment Development Authority

Notes to General Purpose Financial Statements

Note 15- Commitments and contingencies (concluded):

The settlement amounts have been included in the program costs associated with the A.C. Corridor Project.

Note 16- 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.

* * *

Casino Reinvestment Development Authority

Combining Balance Sheet - Other Governmental Funds - Debt Service Funds December 31, 2002

	Jacobs Family Terrace	Landmark	Northwest Inlet	Vermont Plaza	Sheraton Hotel	South Jersey Municipal Loan Program	South Jersey Agri- cultural Loan Program	Marcal Project	Christopher Columbus Homes	North Jersey Municipal Loan Program	Total Other Govern- mental Funds
Assets:											
Cash and cash equivalents	\$306,381	\$127,918	\$411,702	\$51,766		\$1,551,317		\$165,711		\$344,733	\$2,959,528
Accrued interest receivable						11,850	\$ 1,710	93,829	\$22,226	20,599	150,214
Other receivable					\$27,862		896,196		13,384		937,442
Total assets	\$306,381	\$127,918	\$411,702	\$51,766	\$27,862	\$1,563,167	\$897,906	\$259,540	\$35,610	\$365,332	\$4,047,184
Liabilities:											
Interest payable	\$ 36,954	\$ 17,920	\$ 39,693	\$49,817		\$ 162,068		\$208,713	\$19,815	\$ 61,148	\$ 596,128
Other payables	2,852	22,985	3,083			13,686		25,860	2,491	5,787	76,744
Total liabilities	39,806	40,905	42,776	49,817		175,754		234,573	22,306	66,935	672,872
Fund balances - reserved for debt service	266,575	87,013	368,926	1,949	\$27,862	1,387,413	\$897,906	24,967	13,304	298,397	3,374,312
Total liabilities and fund equity	\$306,381	\$127,918	\$411,702	\$51,766	\$27,862	\$1,563,167	\$897,906	\$259,540	\$35,610	\$365,332	\$4,047,184

Casino Reinvestment Development Authority

Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Other Governmental Funds - Debt Service Funds Year Ended December 31, 2002

	Jacobs Family Terrace	Landmark	Northwest Inlet	Vermont Plaza	Sheraton Hotel	South Jersey Municipal Loan Program	South Jersey Agri- cultural Loan Program	Marcal Project	Christopher Columbus Homes	North Jersey Municipal Loan Program	Total Other Govern- mental Funds
Revenue:											
Interest and investment income	\$114,866	\$56,741	\$ 76,813	\$240,070	\$ 1,154	\$ 582,584	\$ 28,167	\$562,413	\$135,172	\$ 417,703	\$2,215,683
Other income							1,510				1,510
Totals	<u>114,866</u>	<u>56,741</u>	<u>76,813</u>	<u>240,070</u>	<u>1,154</u>	<u>582,584</u>	<u>29,677</u>	<u>562,413</u>	<u>135,172</u>	<u>417,703</u>	<u>2,217,193</u>
Expenditures:											
Project costs							1,509				1,509
Other expenditures	8,888	3,700	2,418			48,946		61,604	14,990	34,988	175,534
Interest expense	110,862	53,759	79,384	240,482		566,054		497,602	118,890	382,503	2,049,536
Principal										768,486	768,486
Totals	<u>119,750</u>	<u>57,459</u>	<u>81,802</u>	<u>240,482</u>		<u>615,000</u>	<u>1,509</u>	<u>559,206</u>	<u>133,880</u>	<u>1,185,977</u>	<u>2,995,065</u>
Excess (deficiency) of revenue over expenditures	<u>(4,884)</u>	<u>(718)</u>	<u>(4,989)</u>	<u>(412)</u>	<u>1,154</u>	<u>(32,416)</u>	<u>28,168</u>	<u>3,207</u>	<u>1,292</u>	<u>(768,274)</u>	<u>(777,872)</u>
Other financing sources (uses):											
Payments received on notes	215,932	22,712	117,029			551,583	351,671		12,012	137,414	1,408,353
Other payables		1,051				572,484	(7,171)			156,730	723,094
Capital-related debt issued						8,029,006		938,695			8,967,701
Loan disbursements						(8,700,000)		(938,695)			(9,638,695)
Totals	<u>215,932</u>	<u>23,763</u>	<u>117,029</u>			<u>453,073</u>	<u>344,500</u>	<u>-</u>	<u>12,012</u>	<u>294,144</u>	<u>1,460,453</u>
Net change in fund balances	211,048	23,045	112,040	(412)	1,154	420,657	372,668	3,207	13,304	(474,130)	682,581
Fund balances, January 1, 2002	<u>55,527</u>	<u>63,968</u>	<u>256,886</u>	<u>2,361</u>	<u>26,708</u>	<u>966,756</u>	<u>525,238</u>	<u>21,760</u>	<u>-</u>	<u>772,527</u>	<u>2,691,731</u>
Fund balances, December 31, 2002	<u>\$266,575</u>	<u>\$87,013</u>	<u>\$368,926</u>	<u>\$ 1,949</u>	<u>\$27,862</u>	<u>\$1,387,413</u>	<u>\$897,906</u>	<u>\$ 24,967</u>	<u>\$ 13,304</u>	<u>\$ 298,397</u>	<u>\$3,374,312</u>

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Casino Reinvestment Development Authority

**Combining Net Assets - Other Fiduciary Funds
December 31, 2002**

	<u>Delaware Avenue</u>	<u>Land Banking</u>	<u>Virginian Acquisition</u>	<u>Phase III</u>	<u>Phase IV</u>	<u>2nd Ward Façade</u>	<u>NJIT</u>	<u>Subtotal</u>
Assets - real estate	<u>\$2,350,091</u>	<u>\$3,271,342</u>	<u>\$763,030</u>	<u>\$9,734,649</u>	<u>\$705,495</u>	<u>\$36,811</u>	<u>\$527,030</u>	<u>\$17,388,448</u>
Total assets	<u>2,350,091</u>	<u>3,271,342</u>	<u>763,030</u>	<u>9,734,649</u>	<u>705,495</u>	<u>36,811</u>	<u>527,030</u>	<u>17,388,448</u>
Liabilities - other payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets - restricted for project costs	<u>\$2,350,091</u>	<u>\$3,271,342</u>	<u>\$763,030</u>	<u>\$9,734,649</u>	<u>\$705,495</u>	<u>\$36,811</u>	<u>\$527,030</u>	<u>\$17,388,448</u>

Casino Reinvestment Development Authority
Combining Net Assets - Other Fiduciary Funds
December 31, 2002

	<u>Smuggler's Cove</u>	<u>Virginia Avenue</u>	<u>North East Inlet</u>	<u>Cityscape</u>	<u>Metroplex</u>	<u>Prior Subtotal</u>	<u>Subtotal</u>
Assets - real estate	<u>\$585,785</u>	<u>\$122,563</u>	<u>\$603,446</u>	<u>\$2,225,178</u>	<u>\$700,000</u>	<u>\$17,388,448</u>	<u>\$21,625,420</u>
Total assets	<u>585,785</u>	<u>122,563</u>	<u>603,446</u>	<u>2,225,178</u>	<u>700,000</u>	<u>17,388,448</u>	<u>21,625,420</u>
Liabilities - other payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets - restricted for project costs	<u>\$585,785</u>	<u>\$122,563</u>	<u>\$603,446</u>	<u>\$2,225,178</u>	<u>\$700,000</u>	<u>\$17,388,448</u>	<u>\$21,625,420</u>

Casino Reinvestment Development Authority

**Combining Net Assets - Other Fiduciary Funds
December 31, 2002**

	<u>PA Avenue Firehouse</u>	<u>Frank Lloyd Wright Homes</u>	<u>Tennessee Avenue</u>	<u>Carolina Gardens</u>	<u>Pennsylvania Avenue</u>	<u>Prior Subtotal</u>	<u>Subtotal</u>
Assets - real estate	<u>\$317,890</u>	<u>\$3,068,148</u>	<u>\$268,266</u>	<u>\$3,214,039</u>	<u>\$337,688</u>	<u>\$21,625,420</u>	<u>\$28,831,451</u>
Total assets	<u>317,890</u>	<u>3,068,148</u>	<u>268,266</u>	<u>3,214,039</u>	<u>337,688</u>	<u>21,625,420</u>	<u>28,831,451</u>
Liabilities - other payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets - restricted for project costs	<u>\$317,890</u>	<u>\$3,068,148</u>	<u>\$268,266</u>	<u>\$3,214,039</u>	<u>\$337,688</u>	<u>\$21,625,420</u>	<u>\$28,831,451</u>

Casino Reinvestment Development Authority

**Combining Net Assets - Other Fiduciary Funds
December 31, 2002**

	<u>General Develop- ment</u>	<u>General Donations</u>	<u>Donation Loans</u>	<u>Acadia</u>	<u>Oceanside Midrise II</u>	<u>3-2-1 Police Loan</u>	<u>Prior Subtotal</u>	<u>Subtotal</u>
Assets:								
Cash and cash equivalents	\$33,130							\$ 33,130
Real estate							\$28,831,451	28,831,451
Notes receivable			\$2,814,999			\$2,856,965		5,671,964
Accrued interest receivable			13,414			5,930		19,344
Other receivables			<u>449,344</u>	<u>\$54,793</u>	<u>\$200,519</u>	<u>1,430,193</u>		<u>2,134,849</u>
Total assets	<u>33,130</u>		<u>3,277,757</u>	<u>54,793</u>	<u>200,519</u>	<u>4,293,088</u>	<u>28,831,451</u>	<u>36,690,738</u>
Liabilities - other payables	<u>33,130</u>		<u>-</u>	<u>54,793</u>	<u>200,519</u>	<u>36,832</u>	<u>-</u>	<u>325,274</u>
Total liabilities	<u>33,130</u>		<u>-</u>	<u>54,793</u>	<u>200,519</u>	<u>36,832</u>	<u>-</u>	<u>325,274</u>
Net assets - restricted for project costs	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,277,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,256,256</u>	<u>\$28,831,451</u>	<u>\$36,365,464</u>

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Casino Reinvestment Development Authority
Combining Net Assets - Other Fiduciary Funds
December 31, 2002

	<u>Chelsea Westside</u>	<u>Carnegie Plaza</u>	<u>New Hampshire Avenue</u>	<u>A.C. Supermarket</u>	<u>Prior Subtotal</u>	<u>Subtotal</u>
Assets:						
Cash and cash equivalents	\$3,741,952				\$ 33,130	\$ 3,775,082
Real estate	236,639	\$1,258,061	\$1,890,049	\$6,163,011	28,831,451	38,379,211
Notes receivable	961,598			1,697,763	5,671,964	8,331,325
Accrued interest receivable	29				19,344	19,373
Other receivables	<u>25,858</u>			<u>729,808</u>	<u>2,134,849</u>	<u>2,890,515</u>
Total assets	<u>4,966,076</u>	<u>1,258,061</u>	<u>1,890,049</u>	<u>8,590,582</u>	<u>36,690,738</u>	<u>53,395,506</u>
Liabilities - other liabilities	<u>3,546,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>325,274</u>	<u>3,872,138</u>
Total liabilities	<u>3,546,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>325,274</u>	<u>3,872,138</u>
Net assets - restricted for project costs	<u>\$1,419,212</u>	<u>\$1,258,061</u>	<u>\$1,890,049</u>	<u>\$8,590,582</u>	<u>\$36,365,464</u>	<u>\$49,523,368</u>

Casino Reinvestment Development Authority
Combining Net Assets - Other Fiduciary Funds
December 31, 2002

	<u>Chelsea Seniors Housing</u>	<u>Chesapeake Gardens</u>	<u>Northeast Consen- sual Ac- quisitions</u>	<u>Resorts Warehouse Purchase</u>	<u>Teachers and Firefighters Home Loans</u>	<u>Prior Subtotal</u>	<u>Total</u>
Assets:							
Cash and cash equivalents						\$ 3,775,082	\$ 3,775,082
Real estate	\$372,103	\$1,490,503	\$500,025	\$3,015		38,379,211	40,744,857
Notes receivable					\$34,300	8,331,325	8,365,625
Accrued interest receivable						19,373	19,373
Other receivables						<u>2,890,515</u>	<u>2,890,515</u>
Total assets	<u>372,103</u>	<u>1,490,503</u>	<u>500,025</u>	<u>3,015</u>	<u>34,300</u>	<u>53,395,506</u>	<u>55,795,452</u>
Liabilities - other payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,872,138</u>	<u>3,872,138</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,872,138</u>	<u>3,872,138</u>
Net assets - restricted for project costs	<u>\$372,103</u>	<u>\$1,490,503</u>	<u>\$500,025</u>	<u>\$3,015</u>	<u>\$34,300</u>	<u>\$49,523,368</u>	<u>\$51,923,314</u>

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Casino Reinvestment Development Authority

**Combining Statement of Changes in Fiduciary Net Assets - Other Fiduciary Funds
Year Ended December 31, 2002**

	<u>Delaware Avenue</u>	<u>Land Banking</u>	<u>Virginian Acquisition</u>	<u>Phase III</u>	<u>Phase IV</u>	<u>2nd Ward Façade</u>	<u>NJIT</u>	<u>Subtotal</u>
Additions - transfer from reinvestment funds and other governmental funds	\$ 156,166		\$176,442			\$280,398	\$ 44,746	\$ 657,752
Total additions	<u>156,166</u>		<u>176,442</u>			<u>280,398</u>	<u>44,746</u>	<u>657,752</u>
Deductions - grants and donations	<u>61,126</u>		<u>189,357</u>			<u>280,398</u>	<u>43,446</u>	<u>574,327</u>
Total deductions	<u>61,126</u>		<u>189,357</u>			<u>280,398</u>	<u>43,446</u>	<u>574,327</u>
Change in net assets	95,040		(12,915)			-	1,300	83,425
Net assets, beginning of year	<u>2,255,051</u>	<u>\$3,271,342</u>	<u>775,945</u>	<u>\$9,734,649</u>	<u>\$705,495</u>	<u>36,811</u>	<u>525,730</u>	<u>17,305,023</u>
Net assets, end of year	<u>\$2,350,091</u>	<u>\$3,271,342</u>	<u>\$763,030</u>	<u>\$9,734,649</u>	<u>\$705,495</u>	<u>\$ 36,811</u>	<u>\$527,030</u>	<u>\$17,388,448</u>

Casino Reinvestment Development Authority

**Combining Statement of Changes in Fiduciary Net Assets - Other Fiduciary Funds
Year Ended December 31, 2002**

	<u>Oceanside I</u>	<u>Oceanside II</u>	<u>Smuggler's Cove</u>	<u>Station Heights</u>	<u>Virginia Avenue</u>	<u>Prior Subtotal</u>	<u>Subtotal</u>
Additions - transfer from reinvestment funds and other governmental funds	<u>\$(289,193)</u>	<u>\$1,485,729</u>	<u>\$(682,794)</u>	<u>\$223,908</u>	<u>\$138,937</u>	<u>\$ 657,752</u>	<u>\$ 1,534,339</u>
Total additions	<u>(289,193)</u>	<u>1,485,729</u>	<u>(682,794)</u>	<u>223,908</u>	<u>138,937</u>	<u>657,752</u>	<u>1,534,339</u>
Deductions - grants and donations	<u>(289,193)</u>	<u>1,485,729</u>	<u>(696,212)</u>	<u>247,760</u>	<u>108,249</u>	<u>574,327</u>	<u>1,430,660</u>
Total deductions	<u>(289,193)</u>	<u>1,485,729</u>	<u>(696,212)</u>	<u>247,760</u>	<u>108,249</u>	<u>574,327</u>	<u>1,430,660</u>
Change in net assets	-	-	13,418	(23,852)	30,688	83,425	103,679
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>572,367</u>	<u>23,852</u>	<u>91,875</u>	<u>17,305,023</u>	<u>17,993,117</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 585,785</u>	<u>\$ -</u>	<u>\$122,563</u>	<u>\$17,388,448</u>	<u>\$18,096,796</u>

Casino Reinvestment Development Authority

**Combining Statement of Changes in Fiduciary Net Assets - Other Fiduciary Funds
Year Ended December 31, 2002**

	<u>North East Inlet</u>	<u>Cityscape</u>	<u>Metroplex</u>	<u>PA Avenue Firehouse</u>	<u>Frank Lloyd Wright Homes</u>	<u>Prior Subtotal</u>	<u>Subtotal</u>
Additions - transfer from reinvestment funds and other governmental funds	<u>\$107,907</u>	<u>\$1,520,273</u>		<u>\$ 65,210</u>	<u>\$ 308,650</u>	<u>\$ 1,534,339</u>	<u>\$ 3,536,379</u>
Total additions	<u>107,907</u>	<u>1,520,273</u>		<u>65,210</u>	<u>308,650</u>	<u>1,534,339</u>	<u>3,536,379</u>
Deductions - grants and donations		<u>286,112</u>		<u>59,370</u>	<u>(80,234)</u>	<u>1,430,660</u>	<u>1,695,908</u>
Total deductions		<u>286,112</u>		<u>59,370</u>	<u>(80,234)</u>	<u>1,430,660</u>	<u>1,695,908</u>
Change in net assets	107,907	1,234,161		5,840	388,884	103,679	1,840,471
Net assets, beginning of year	<u>495,539</u>	<u>991,017</u>	<u>\$700,000</u>	<u>312,050</u>	<u>2,679,264</u>	<u>17,993,117</u>	<u>23,170,987</u>
Net assets, end of year	<u>\$603,446</u>	<u>\$2,225,178</u>	<u>\$700,000</u>	<u>\$317,890</u>	<u>\$3,068,148</u>	<u>\$18,096,796</u>	<u>\$25,011,458</u>

Casino Reinvestment Development Authority

**Combining Statement of Changes in Fiduciary Net Assets - Other Fiduciary Funds
Year Ended December 31, 2002**

	<u>Tennessee Avenue</u>	<u>Oceanside Midrise II</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	<u>\$1,089,438</u>		<u>\$2,113,835</u>	<u>\$ 2,337</u>	<u>\$ 3,536,379</u>	<u>\$ 6,741,989</u>
Total additions	<u>1,089,438</u>		<u>2,113,835</u>	<u>2,337</u>	<u>3,536,379</u>	<u>6,741,989</u>
Deductions - grants and donations	<u>1,322,684</u>		<u>452,529</u>	<u>1,966</u>	<u>1,695,908</u>	<u>3,473,087</u>
Total deductions	<u>1,322,684</u>		<u>452,529</u>	<u>1,966</u>	<u>1,695,908</u>	<u>3,473,087</u>
Change in net assets	(233,246)		1,661,306	371	1,840,471	3,268,902
Net assets, beginning of year	<u>501,512</u>		<u>1,552,733</u>	<u>337,317</u>	<u>23,170,987</u>	<u>25,562,549</u>
Net assets, end of year	<u>\$ 268,266</u>	<u>\$ -</u>	<u>\$3,214,039</u>	<u>\$337,688</u>	<u>\$25,011,458</u>	<u>\$28,831,451</u>

Casino Reinvestment Development Authority

**Combining Statement of Changes in Fiduciary Net Assets - Other Fiduciary Funds
Year Ended December 31, 2002**

	<u>General Development</u>	<u>General Donations</u>	<u>Donation Loans</u>	<u>Acadia</u>	<u>3-2-1 Police Loan</u>	<u>Prior Subtotal</u>	<u>Subtotal</u>
Additions:							
Transfer for reinvestment funds and other governmental funds		\$4,297,685		\$ (39,582)		\$ 6,741,989	\$11,000,092
Interest on notes			\$ 71,215		\$ 131,110		202,325
Other income					22,228		22,228
Total additions		<u>4,297,685</u>	<u>71,215</u>	<u>(39,582)</u>	<u>153,338</u>	<u>6,741,989</u>	<u>11,224,645</u>
Deductions - grants and donations		<u>4,297,685</u>		<u>(39,582)</u>	<u>37,671</u>	<u>3,473,087</u>	<u>7,768,861</u>
Total deductions		<u>4,297,685</u>		<u>(39,582)</u>	<u>37,671</u>	<u>3,473,087</u>	<u>7,768,861</u>
Change in net assets	-	-	71,215	-	115,667	3,268,902	3,455,784
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>3,206,542</u>	<u>-</u>	<u>4,140,589</u>	<u>25,562,549</u>	<u>32,909,680</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,277,757</u>	<u>\$ -</u>	<u>\$4,256,256</u>	<u>\$28,831,451</u>	<u>\$36,365,464</u>

Casino Reinvestment Development Authority

**Combining Statement of Changes in Fiduciary Net Assets - Other Fiduciary Funds
Year Ended December 31, 2002**

	<u>Chelsea Westside</u>	<u>Carnegie Plaza</u>	<u>New Hampshire Avenue</u>	<u>A.C. Supermarket</u>	<u>Chelsea Senior Housing</u>	<u>Prior Subtotal</u>	<u>Total</u>
Additions:							
Transfer from reinvestment funds and other governmental funds	\$ 264,102				\$372,103	\$11,000,092	\$11,636,297
Interest on notes	(46,713)			\$ 79,752		202,325	235,364
Other income						22,228	22,228
Total additions	<u>217,389</u>			<u>79,752</u>	<u>372,103</u>	<u>11,224,645</u>	<u>11,893,889</u>
Deductions - grants and donations	<u>68,317</u>	<u>\$ (2,264)</u>	<u>\$1,041,606</u>			<u>7,768,861</u>	<u>8,876,520</u>
Total deductions	<u>68,317</u>	<u>(2,264)</u>	<u>1,041,606</u>			<u>7,768,861</u>	<u>8,876,520</u>
Change in net assets	149,072	2,264	(1,041,606)	79,752	372,103	3,455,784	3,017,369
Net assets, beginning of year	<u>1,270,140</u>	<u>1,255,797</u>	<u>2,931,655</u>	<u>8,510,830</u>	<u>-</u>	<u>32,909,680</u>	<u>46,878,102</u>
Net assets, end of year	<u>\$1,419,212</u>	<u>\$1,258,061</u>	<u>\$1,890,049</u>	<u>\$8,590,582</u>	<u>\$372,103</u>	<u>\$36,365,464</u>	<u>\$49,895,471</u>

Casino Reinvestment Development Authority

**Combining Statement of Changes in Fiduciary Net Assets - Other Fiduciary Funds
Year Ended December 31, 2002**

	Chesapeake Gardens	NEI Consensual Acquisitions	Resorts Warehouse Purchase	Teachers and Firefighters Home Loans	Virginia Ave. Icon	Prior Subtotal	Total
Additions:							
Transfer from reinvestment funds and other governmental funds	\$ 703,626	\$496,029	\$3,997	\$34,300	\$44,102	\$11,636,297	\$12,918,351
Interest on notes						235,364	235,364
Other income						22,228	22,228
Total additions	<u>703,626</u>	<u>496,029</u>	<u>3,997</u>	<u>34,300</u>	<u>44,102</u>	<u>11,893,889</u>	<u>13,175,943</u>
Deductions - grants and donations	43,708	(3,996)	982		44,102	8,876,520	8,961,316
Total deductions	<u>43,708</u>	<u>(3,996)</u>	<u>982</u>		<u>44,102</u>	<u>8,876,520</u>	<u>8,961,316</u>
Change in net assets	659,918	500,025	3,015	34,300	-	3,017,369	4,214,627
Net assets, beginning of year	<u>830,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,878,102</u>	<u>47,708,687</u>
Net assets, end of year	<u>\$1,490,503</u>	<u>\$500,025</u>	<u>\$3,015</u>	<u>\$34,300</u>	<u>\$ -</u>	<u>\$49,895,471</u>	<u>\$51,923,314</u>

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See Report of Independent Public Accountants.