New Jersey Sports and Exposition Authority
(A Component Unit of the State of New Jersey)

Financial Statements and Supplementary Information

Year Ended December 31, 2015

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

New Jersey Sports and Exposition Authority
(A Component Unit of the State of New Jersey)

Financial Statements and Supplementary Information
Year Ended December 31, 2015

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

To the Chair and Members of
New Jersey Sports and Exposition Authority
Lyndhurst, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the New Jersey Sports and Exposition Authority ("Authority"), a component unit of the State of New Jersey, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Qualified
General Fund	Unmodified
Environmental Center Fund	Unmodified
Magnet Fund	Unmodified
NJSEA Enterprise Fund	Qualified
Solid Waste Enterprise Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on Business-type Activities and NJSEA Enterprise Fund

In March 2015, management elected to close the operations of its IZOD Center, a 20,000 seat entertainment arena located in East Rutherford, New Jersey. This closure is considered a significant and unexpected decline in service utility which was not part of the expected normal life cycle. Under generally accepted accounting principles, this change requires the arena to be reported at the lower of the carrying value or fair value.

Management has decided not to provide a fair value measurement of the arena at this time. Therefore, the amount of an impairment loss, if any, cannot be determined. The financial impact of an impairment loss, if one was required, would reduce the carrying amount of fixed assets and net position. Additionally, any impairment loss would reduce the current year's profit or increase the current year's loss.

The carrying value of the arena has been reclassified to show it has become a non-performing asset held at year end.

Qualified Opinion on the Business-type Activities and NJSEA Enterprise Fund

In our opinion, except for the effects of the matter described in Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly in all material respects, the financial position of the business-type and NJSEA Enterprise Fund of the Authority as of December 31, 2015, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

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 other than the NJSEA Enterprise Fund, and the aggregate remaining fund information of the Authority, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, schedule of Authority's proportionate share of the net pension liability – PERS, and the schedule of Authority's contributions – PERS as presented in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Livingston, New Jersey
March 31, 2017

New Jersey Sports and Exposition Authority
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis
December 31, 2015

Introduction to the Annual Report

This annual report consists of four parts: Management's Discussion and Analysis ("MD&A"), the Basic Financial Statements, Notes to the Financial Statements and Required Supplementary Information

Management's Discussion and Analysis:

- This section of the New Jersey Sports and Exposition Authority's ("Authority" or "NJSEA"), a component unit of the State of New Jersey, financial statements presents an overview of the Authority's financial performance for the year ended December 31, 2015. It provides an assessment of how the Authority's position has improved or deteriorated and identifies the factors that, in management's view, significantly affected the Authority's overall financial position. It may contain opinions, assumptions or conclusions by the Authority's management that should not be considered a replacement for, and must be read in conjunction with, the other financial statements described below.

The Basic Financial Statements include:

- The Statements of Net Position, which provide information about the nature and amounts of resources with present service capacity that the Authority presently controls (assets), consumption of net position by the Authority that is applicable to a future reporting period (deferred outflow of resources), present obligations to sacrifice resources that the Authority has little or no discretion to avoid (liabilities), and acquisition of net position by the Authority that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/defined outflow of resources and liabilities/deferred inflow of resources being reported as net position.

- The Statements of Operations and Changes in Net Position which account for all of the current year's revenues and expenses measures the Authority's operations over the past year and can be used to determine how the Authority has funded its costs.

- The Statement of Cash Flows, reported for its enterprise funds which provide information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

- The Fiduciary Funds statement provides information about the financial relationships in which the Authority acts as trustee for the benefit of parties outside of NJSEA's operations.

The Notes to the Financial Statements provide:

- Information that is essential to understanding the financial statements, such as the Authority's accounting methods and policies.

- Details of contractual obligations, future commitments and contingencies of the Authority.

- Any other events or developing situations that could materially affect the Authority's financial position.

New Jersey Sports and Exposition Authority
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis
December 31, 2015

The Authority's Business

The Authority is engaged in the business of owning and maintaining entertainment, convention and environmental facilities throughout the State of New Jersey (the "State"). It was created as a quasigovernmental instrument of the State not only for the purpose of generating revenues from these activities, but also to generate sales tax revenues and provide economic stimulus to the regions surrounding the facilities. In February 2015, the New Jersey Meadowlands Commission ("NJMC") was merged with the New Jersey Sports and Exposition Authority ("NJSEA") by an act of legislation. The NJMC Board of Commissioners was dissolved and all assets and responsibilities of the NJMC were transferred to the NJSEA.

Below is a description of the Authority's separate projects:

The Meadowlands Sports Complex - East Rutherford, New Jersey

Meadowlands Racetrack - on December 19, 2011, NJSEA and New Meadowlands Racetrack, LLC ("NMR") entered into a 30-year lease agreement for full operational control of the Meadowlands Racetrack, the development of 4 Off-Track Wagering ("OTW") sites and the transfer of a 35% interest in Account Wagering. The lease has a renewal option for a further 10 year period at its conclusion. On November 23, 2013, NMR moved its operations to a newly constructed grandstand facility opposite the existing grandstand.

Meadowlands Arena (the Arena) - is a 20,000 seat indoor arena with 28 private suites, containing approximately 466 seats, and 4,000 of its own parking spaces. Its revenues are generated from leases and license agreements with sporting events, family shows, and concerts. As of April 2015 the NJSEA closed the Arena for public events.

American Dream Retail and Entertainment Project (formerly known as the Xanadu Project) - a multi-use attraction currently under construction consisting of approximately 2.9 million square feet of gross leasable space containing entertainment, restaurant and ancillary retail components. On June 30, 2005, the Authority entered into a ground lease and related project agreements for development of the Xanadu Project, approximately 104 acres at the Meadowlands Sports Complex.

The Authority received pre-payments of ground rent through 2023 in the amount of $160,000,000. In 2005, the Authority used $26,800,000 of the prepaid ground rent to purchase the wetland mitigation bank rights on the Empire Tract. The Authority also used $37,190,000 to defease tax-exempt bonds attributable to the Xanadu Project site. Expenses associated with the project that were previously deferred were expensed in 2005. For GAAP purposes revenue will be realized by amortizing the upfront payment over 18 years.

American Dream's developer, Ameream, LLC, has announced that the complex will be anchored by department stores Saks Fifth Avenue and Lord & Taylor. The complex's many scheduled features include indoor amusement and water parks, a movie theater complex, an observation wheel, an indoor ski and snowboarding slope, and numerous restaurants. The developer has estimated a Fall 2018 opening.

Other - Additionally, the Sports Complex generates revenues from events such as outdoor markets held in the Complex's parking lots. Additionally, income is generated from advertising signage located at various locations around the Sports Complex.

Monmouth Park Racetrack - Oceanport, New Jersey

Monmouth Park Racetrack - consists of a one-mile oval track for thoroughbred racing, grandstand, and clubhouse seating for 18,000 spectators, 68 luxury open-air boxes and parking for 14,000 vehicles. Support facilities include 40 barns for 1,550 horses. Its revenues are generated from commissions on live and simulcast pari-mutuel wagering, parking admissions, program and concessions sales.

On February 29, 2012, the Authority and the New Jersey Thoroughbred Horsemen Association, Inc. ("NJTHA") executed an up to 35-year lease to operate the Monmouth Park Racetrack. The agreement included a 35% interest in account wagering and the rights to build and operate an additional five Off-Track Wagering facilities. The NJTHA took full operational control on May 3, 2012.

New Jersey Account Wagering System (4NJBets)

The Authority is the sole licensee of the State's Account Wagering operations which began in October of 2004 as a joint venture with New Jersey Account Wagering, LLC for the purpose of implementing an account wagering system in the State. The system allows account holders to make wagers through an internet connection or an automated telephone system. In 2012, the Authority entered into a 5-year management agreement with Darby Development, LLC ("Darby"), to manage the daily activities of the account wagering operations on the Authority's behalf. The Authority remains the account wagering licensee and retains a majority position on the operating board. As part of the racetrack ground leases, the Authority's 70% financial interest in Account Wagering was transferred in equal shares to NMR (the Meadowlands operator) and to the NJTHA (the Monmouth Park operator).

The Greater Wildwoods Convention Center -Wildwood, New Jersey

The Wildwoods Convention Center (the "Center") – Is a facility situated on the boardwalk in Wildwood, New Jersey, consisting of a 72,000 square foot exhibition floor and parking for 700 vehicles. Rental of the space for trade shows, concerts, conventions, and meetings comprise the Center's revenues.

Other -The towns of Wildwood, North Wildwood, and Wildwood Crest impose a tourism tax on retail sales. A portion of these revenues are provided to the Authority to operate, maintain and promote the facilities.

The (former) Meadowlands Commission - Lyndhurst, New Jersey

In February 2015, the New Jersey Meadowlands Commission ("NJMC") was merged with the New Jersey Sports and Exposition Authority ("NJSEA") by an act of legislation. The NJMC Board of Commissioners was dissolved and all assets and responsibilities of the NJMC were transferred to the NJSEA. The following operations were assumed by the NJSEA under that act of legislation:

Solid Waste & Natural Resources – Solid Waste and Natural Resources covers several aspects of the NJSEA'S roles, including providing for the proper disposal of solid waste, preserving the environment and conducting field studies. The Solid Waste division operates the Keegan Landfill in Kearny, leases a trash-transfer station in North Arlington and a vegetative waste disposal site in Kearny. In addition, 33 floodplain management structures throughout the Meadowlands District are maintained by the department.

Land Use Management – Land Use Management is organized into two groups. One group is responsible for establishing and enforcing the zoning and subdivision regulations of the Meadowlands District. The second group is responsible for enforcing New Jersey's Uniform Construction Code. Together, they preside over the primary land use regulations that govern the 30.4 square-mile Meadowlands District. Redevelopment plans and changes to properties are all reviewed by this department to conform to the Meadowlands Master Plan, its underpinning regulations, and statewide regulations to ensure orderly development.

Other – The NJSEA conducts critical research to better understand, manage and improve the Meadowlands District's unique ecosystem, including its wetlands, through the Meadowlands Environmental Research Institute (MERI). The NJSEA also provides environmental science programs to school children through a partnership with the Ramapo College Foundation.

Financial Analysis

The following sections will discuss the Authority's Financial Position for 2015. Additionally, an examination of major economic factors and industry trends that have contributed to the Authority's operations are provided. It should be noted that for purposes of this MD&A, summaries of the financial statements and the various exhibits presented include information from the Authority's financial statements, which are prepared in accordance with generally accepted accounting principles ("GAAP").

Highlights (2015)

Total program revenues were $65.5M in 2015, Solid Waste accounted for $25.0M of that total with Sports & Entertainment Facilities contributing another $18.8M. Total operating expenses (before depreciation and amortization) were $83.3.M for the year; of which $37.1M were associated with management and administrative expenses and $18.0M related to solid waste operations.

Financial Summaries

The following tables provide a condensed summary and basic explanation of the changes in the financial statements described above, which are also presented in full detail in this annual report.

Condensed Statement of Net Position

	December 31, 2015
Current and Other Assets	$ 41,640,511
Investment in Facilities	290,177,979
Non-Current Assets	23,726,763
	355,545,253
Deferred Outflows of Resources	5,715,963
Current and Other Liabilities	43,264,930
Long-Term Liabilities	111,299,022
Total Liabilities	154,563,952
Deferred Inflows of Resources	4,970,105
Net Position	$ 201,727,159

Condensed Statements of Revenues, Expenses and Changes in Net Position

Operating Revenues	$ 65,501,185
Operating Expenses Excluding Depreciation	(83,296,293)
Operating Revenues Net of Depreciation and Amortization	(17,795,108)
Depreciation and Amortization Expense	(15,044,148)
Operating Gain/(Loss)	(32,839,256)
Non Operating Income and Expenses:	
Luxury Tax, Marketing Fee and Tourism Tax	4,052,238
State Subsidy	26,000,000
Interest and Other Income/(Expenses)	9,013,053
Total Non Operating Income	39,065,291
Change in Net Position	$ 6,226,035

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

Increases in net position consist of:

- Operating revenues, which are the total revenues, generated at all the facilities.
- Marketing fee and tourism tax revenues are funds collected by the State for construction, development, operation, and promotion of the Wildwoods Convention Center as well as to repay the debt incurred on these projects.

Decreases in Net Position consist of:

- Operating expenses, which represent the costs associated with running facilities except for fixed asset acquisitions and capital maintenance costs that are depreciated.
- Depreciation expense which reorganizes the cost of capital assets, such as buildings, equipment and improvements, over the life of the asset, usually between 2 and 60 years.
- Interest expense and other, which is the interest paid and accrued on the Authority's debt net of interest income generated on cash reserves held in cash and short-term investments.
- Other income and expenses, which are not directly related to operations, and often, may be non-recurring in nature.

Economic Conditions

The Authority has been a leader in the racing industry since opening the Meadowlands Racetrack in 1976 and purchasing the Monmouth Park Racetrack in 1986. Casino gaming, lotteries and the emergence of casinos in surrounding states has adversely effected racing which has operated at a net deficit since 2007. In response, NJSEA began the process of leasing its racing operations to private operators. The transfer of operational control was completed in May of 2012.

On July 27, 2011, NJSEA and New Meadowlands Racetrack, LLC ("NMR") entered into a Memorandum of Understanding for the lease of the Meadowlands Racetrack, the development and operation of 4 OTW's, and the transfer of a 35% interest in Account Wagering. NJSEA operated the facility, with direction from NMR, until all licensing and regulatory changes were in place. On December 20, 2011, a 30-year lease was executed and full operational control was transferred to NMR.

On February 20, 2012, the Authority and the NJTHA executed an up to 35-year lease to operate the Monmouth Park Racetrack. The agreement included a 35% interest in account wagering and the right to build and operate an additional five Off Track Wagering facilities. The NJTHA took full operational control on May 3, 2012.

The new Giant and Jets Stadium opened in 2010, and has resulted in revenue losses for the Authority. Since the new stadium is owned by the Giants and Jets, the Authority will no longer earn event income. However, the Authority collects land lease income.

Economic Conditions (continued)

On June 20, 2005, the Authority entered into a ground lease and related project agreements for development of the Xanadu Project, approximately 104 acres at the Meadowlands Sports Complex. The Authority received pre-payments of ground rent through 2023 in the amount of $160,000,000. For GAAP purposes revenue will be realized by amortizing the upfront payment over 18 years. As of December 31, 2015, the facility is still under construction.

In February 2015, the New Jersey Meadowlands Commission ("NJMC") was merged with the New Jersey Sports and Exposition Authority ("NJSEA") by an act of legislation. The NJMC Board of Commissioners was dissolved and all assets and responsibilities of the NJMC were transferred to the NJSEA.

Racing

Racing revenues depend on attendance, number of racing dates, and race signals from other racetracks throughout the United States. These factors can generate higher wagering, increase available purse dollars and improve the quality of races. Over the years, attendance and wagering has declined annually since the introduction of competing forms of gambling such as lotteries and casino gambling in surrounding states.

In December of 2011 and May of 2012, NJSEA transferred operational control of the Meadowlands and Monmouth Park racetracks to private operators. The transfers included operational control of the Woodbridge OTW, the rights to build and operate additional OTW facilities, and NJSEA's 70% interest in account wagering. The transfer effectively ended NJSEA's participation in the racing industry.

Arena

As of April, 2015, the NJSEA closed the Arena to public events.

The Greater Wildwoods Convention Center

The Wildwoods Convention Center depends heavily on the number and size of events it can attract, and relies on the performance of the tourism industries with which it can coexist.

Capital Assets

At the end of 2015, the Authority had a net investment in capital assets of $296,701,469 at a total capital cost of $670,461,665 net of accumulated depreciation of $373,760,196 as shown below.

	December 31, 2014	Additions	Transfers and Deletions	December 31, 2015
Meadowlands Sports Complex	$ 479,871,593	$ 2,654,177	$ (123,836)	$ 482,401,934
Monmouth Park Racetrack	62,314,429			62,314,429
Wildwoods Convention Center	57,631,506	293,823		57,925,329
Lyndhurst	40,275,541	366,777	(69,372)	40,572,946
Transporation Planning District	6,007,071	1,359,984		7,367,055
Solid Waste	19,859,876	39,240	(19,076)	19,880,040
Total Investment in Facilities	665,960,016	4,714,001	(212,284)	670,461,733
Less Accumulated Depreciation	(356,870,150)	(17,057,100)	166,985	(373,760,265)
Investment in Facilities Net of Accumulated Depreciation	$ 309,089,866	$ (12,343,099)	$ (45,299)	$ 296,701,468

Additions to capital assets during 2015 consisted of normal purchases and improvement of infrastructure, mechanical systems, as well as various safety upgrades.

Budgetary Controls

The Authority adopts entity-wide operating and capital plans that are approved by its Board of Commissioners. Budgets are a measure of the Authority's financial performance and accountability and are reviewed and revised, although not formally, throughout the year.

Subsequent Events

In August and September 2016, the NJSEA authorized the issuance of Limited Obligation Grant Revenue Bonds in the aggregate principal amount not to exceed $350,000,000 (the "ERGG Bonds"), in order to provide financing for a portion of the costs of developing the American Dream Project. The ERGG Bonds are special limited revenue obligations of the Authority payable from grants received by the Authority pursuant to a State Economic Redevelopment and Growth Incentive Grant Agreement awarded to the developer of the American Dream Project. The ERGG Bonds have not yet been issued.

In August and September 2016, the NJSEA authorized the issuance of Limited Obligation PILOT Revenue Bonds in the aggregate principal amount not to exceed $800,000,000 (the "PILOT Bonds"), in order to provide financing for a portion of the costs of developing the American Dream Project. The PILOT Bonds are special limited revenue obligations of the Authority payable from PILOTs received by the Authority pursuant to a Financial Agreement between the developer of the American Dream Project, the Borough of East Rutherford and the Authority. The PILOT Bonds have not yet been issued.

Subsequent Events (continued)

NJSEA's lease with the Town of Kearny for the Keegan Landfill property expired in June 2016. Negotiations between the parties for an extension of the lease failed. NJSEA filed an action to condemn the Keegan Landfill property. The Superior Court of New Jersey affirmed the NJSEA's right to condemn the landfill after a challenge was made by the Town of Kearny. The Town has subsequently appealed the court's decision. The appeal remains ongoing. Simultaneously, proceedings to determine the valuation of the landfill relative to the condemnation remain ongoing. The NJSEA's expert appraisal set a value of $1.8M for the property. Condemnation commissioners appointed by the court valued the property at $7.8M in a non-binding process, which was appealed by the NJSEA. A trial de novo is anticipated to be held in 2017 on this subject. As these legal matters proceed, operations at the landfill continue. The NJSEA received a Temporary Certificate of Authority to Operate (TCAO) for the landfill, which would permit operations up to 100 ft. The Town of Kearny has filed a request for an adjudicatory hearing on the TCAO.

Conclusion

This section of the Annual Report has been provided to assist readers in getting a general overview of the Authority's business, financial position, and fiscal accountability for the funds it generates and receives. If you should have questions about any information in this report, you are requested to contact the New Jersey Sports and Exposition Authority, Finance Department, 1 DeKorte Park Plaza, Lyndhurst, NJ 07071.

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NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(a Component Unit of the State of New Jersey)

Statement of Net Position
December 31, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	$ 12,907,409	$ 17,569,312	$ 30,476,721
Accounts Receivables, net	178,104	4,599,751	4,777,855
Other assets		531,452	531,452
Internal balances	(1,570,899)	1,570,899	-
Accounts receivable - Mitigation Trust		108,588	108,588
Capital assets:			
Non-depreciable	20,154,401	157,017,193	177,171,594
Depreciable, net	5,961,948	107,044,436	113,006,384
Non Current Assets			
Investments		11,496,129	11,496,129
Notes Receivable		11,467,940	11,467,940
Other		762,694	762,694
Restricted assets:			
Cash		3,544,725	3,544,725
Investments		2,201,171	2,201,171
TOTAL ASSETS	37,630,963	317,914,290	355,545,253
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension	1,817,285	3,898,678	5,715,963
LIABILITIES			
Accounts payable	566,057	8,402,501	8,968,558
Accrued liabilities	314,459	1,179,782	1,494,241
Other liabilities	222,125		222,125
Unearned revenue		32,580,006	32,580,006
Long term liabilities:			
Due within one year	22,000	1,955,000	1,977,000
Due beyond one year	22,543,447	86,778,575	109,322,022
TOTAL LIABILITIES	23,668,088	130,895,864	154,563,952
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension	853,678	4,116,427	4,970,105
NET POSITION			
Net invested in capital assets	26,116,349	261,619,122	287,735,471
Restricted	4,259,229	15,954,739	20,213,968
Unrestricted (deficit)	(15,449,096)	(90,773,184)	(106,222,280)
Total Net Position	$ 14,926,482	$ 186,800,677	$ 201,727,159

See Notes to Financial Statements

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(a Component Unit of the State of New Jersey)

Statement of Net Activities
December 31, 2015

		Program Revenues	Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Governmental Activities	Business-type Activities	Total
Governmental activities:					
Commission operations	$ 10,123,691	$ 5,199,957	$ (4,923,734)	$	$ (4,923,734)
Environmental center	1,148,359	1,034,150	(114,209)		(114,209)
MAGNET fund	38,943		(38,943)		(38,943)
Other governmental funds	209,348	207,078	(2,270)		(2,270)
Total governmental activities	11,520,341	6,441,185	(5,079,156)		(5,079,156)
Business-type activities:					
NJSEA	62,094,636	34,051,508		(28,043,129)	(28,043,129)
Solid Waste	24,725,464	25,008,492		283,028	283,028
Total business-type activities	86,820,100	59,060,000		(27,760,101)	(27,760,101)
Total government	$ 98,340,441	$ 65,501,185	$ (5,079,156)	$ (27,760,101)	$ (32,839,256)
General revenues:					
Investment earnings			$ 27,883	$	$ 27,883
NJDOT Pulaski Skyway			623,239		623,239
Super Storm Sandy reimbursement			209,060		209,060
Lease revenue			887,519		887,519
Rental Income solar			182,960		182,960
Composting revenues			288,608		288,608
Other			600,706	6,193,078	6,793,784
State subsidy				26,000,000	26,000,000
Tourism tax				4,052,238	4,052,238
Total general revenues			2,819,975	36,245,316	39,065,291
Change in Net Position			(2,259,181)	8,485,216	6,226,035
Net Position - beginning (as restated)			17,185,663	178,315,461	195,501,124
Net Position - ending			$ 14,926,482	$ 186,800,677	$ 201,727,159

See Notes to Financial Statements

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(a Component Unit of the State of New Jersey)

Balance Sheet
Governmental Funds
December 31, 2015

	General Fund	Environmental Center Fund	MAGNET Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	$ 2,862,752	$ 517,130	$ 2,348,757	$ 190,927	$ 5,919,566
Investments	6,948,202		28,792	10,849	6,987,843
Accounts receivables, net	115,091	1,100		61,912	178,104
Due from other funds	117,913	86,179	2,113		206,206
Total Assets	$ 10,043,959	$ 604,410	$ 2,379,662	$ 263,688	$ 13,291,718
Liabilities and Fund Balances					
Accounts payable	$ 561,988	$ 1,506	$ 2,563	$	$ 566,057
Accrued liabilities	298,500	14,835		1,124	314,459
Due to other funds	1,502,105	47,510		227,490	1,777,105
Total Liabilities	2,362,594	63,850	2,563	228,614	2,657,621
Fund Balance:					
Restricted for:					
Open space acquisition	46,000				46,000
Maintenance	1,953,545	60,564			2,014,109
Additions and replacements	851,001	45,670			896,671
Insurance	25,000				25,000
Flood control	633,530				633,530
Super Storm Sandy repairs	142,175				142,175
Other	55,924			6,523	62,447
Renewable energy	439,297				439,297
Committed on:					
Project commitments			1,466,497		1,466,497
Assigned		434,325	910,602	28,550	1,373,477
Unassigned	3,534,895				3,534,895
Total Fund Balances	7,681,366	540,559	2,377,099	35,073	10,634,097
Total Liabilities and Fund Balances	$ 10,043,959	$ 604,410	$ 2,379,662	$ 263,688	$ 13,291,718

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

Total Fund Balance	$ 10,634,097
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $40,572,946 and the accumulated depreciation is $14,456,597.	26,116,349
Long-term liabilites, defered inflows and outflows are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(21,823,964)
	$ 14,926,482

See Notes to Financial Statements

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(a Component Unit of the State of New Jersey)

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
December 31, 2015

	General Fund	Environmental Center Fund	MAGNET Fund	Non-Major Funds	Total Governmental Funds
Revenues:					
Solid waste overhead reimbursement	$ 3,653,636	$ 1,034,150	$	$	$ 4,687,786
Composting revenues	288,608				288,608
Super Storm Sandy revenue	209,060				209,060
Grant revenue				207,078	207,078
NJDOT Pulaski Skyway revenue	623,239				623,239
Lease revenue	887,519				887,519
MCT reimbursement for service	150,000				150,000
Fee income	1,546,321				1,546,321
Other income	434,290	16,418			450,708
Rental income- solar	182,960				182,960
Interest income	25,120	517	2,143	103	27,883
Total Revenue	8,000,752	1,051,085	2,143	207,181	9,261,161
Expenditures:					
Authority operations	7,054,041				7,054,041
Kearny 1-A access agreement	20,000				20,000
Environmental Center operations		648,359			648,359
Ramapo College partnership		500,000			500,000
MAGNET expenditures			38,942		38,942
Super Storm Sandy expeditures	591,786				591,786
Other Expenditures	185,908			209,348	395,256
Total Expenditures	7,851,735	1,148,359	38,942	209,348	9,248,384
Change in Fund Balances	149,017	(97,274)	(36,800)	(2,167)	12,777
Fund Balance, beginning of year (as restated)	7,532,349	637,834	2,413,899	37,240	10,621,322
Fund Balance, end of year	$ 7,681,366	$ 540,560	$ 2,377,099	$ 35,073	$ 10,634,099

Net changes to fund balance - total governmental funds	$ 12,777
Amounts report for governmental activities in the statement of activities are different because:	
Capital outlays	366,776
Depreciation expense	(1,517,486)
Post employment healthcare benefits, other than pension obligation	(1,121,248)
Change in net position of government activities	$ (2,259,181)

See Notes to Financial Statements

NEW JERSEY SPORT AND EXPOSITION AUTHORITY
(a Component Unit of the State of New Jersey)

Statement of Net Position
Proprietary Funds
December 31, 2015

		NJSEA Enterprise Fund		Solid Waste Enterprise Fund		Total Enterprise Funds
Assets						
Current assets:						
Cash	$	9,631,497	$	7,937,815	$	17,569,312
Due from State of New Jersey		247,111				247,111
Prepaid expenses		284,341				284,341
Due from other funds				1,679,487		1,679,487
Receivables, net		3,550,830		1,048,921		4,599,751
Total current assets		13,713,779		10,666,223		24,380,002
Noncurrent Assets:						
Notes receiveable		11,467,940				11,467,940
Other assets		762,694				762,694
Investments				11,496,129		11,496,129
Restricted assets:						
Cash		486,910		3,057,815		3,544,725
Investments				2,201,171		2,201,171
Capital Assets, net		263,761,771		299,858		264,061,629
Total noncurrent assets		276,479,315		17,054,973		293,534,288
Deferred Outflows of Resources						
Deferred outflows of resources related to pension		2,411,809		1,486,869		3,898,678
Liabilities						
Current Liabilities:						
Accounts payable		5,821,653		2,580,848		8,402,501
Accrued liabilities		503,472				503,472
Interest payable on bonds and notes		676,310				676,310
Unearned revenue		31,207,425		1,372,581		32,580,006
Total current liabilities		38,208,860		3,953,429		42,162,289
Long Term Liabilities:						
Bonds and notes payable		2,442,505				2,442,505
Net pension liability		16,453,848		9,943,966		26,397,814
Other long term liabilities		55,443,337		4,076,808		59,520,145
Compensated absences				373,111		373,111
Total Long term Liabilities		74,339,690		14,393,885		88,733,575
Deferred Inflows of Resources						
Deferred inflows of resources related to pension		3,417,964		698,463		4,116,427
Net Position:						
Invested in capital assets, net		261,319,264		299,858		261,619,122
Restricted		486,910		15,467,829		15,954,739
Unrestricted		(85,167,785)		(5,605,399)		(90,773,184)
Total net position	$	176,638,389	$	10,162,288	$	186,800,677

See Notes to Financial Statements

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(a Component Unit of the State of New Jersey)

Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
December 31, 2015

	NJSEA Enterprise Fund	Solid Waste Enterprise Fund	Total Enterprise Funds
Operating revenues:			
Sports Complex	$ 14,903,437	$	$ 14,903,437
Convention Center	2,583,343		2,583,343
Entertainment facilities	8,888,888		8,888,888
Solid waste revenues		25,008,492	25,008,492
Expense reimbursement	7,675,840		7,675,840
Total operating revenues	34,051,508	25,008,492	$ 59,060,000
Operating expenses:			
Sports Complex	30,160,555		30,160,555
Convention Center	6,038,434		6,038,434
Solid waste landfill operations		13,130,423	13,130,423
General and administrative		5,946,645	5,946,645
PILOT	11,559,058	600,140	12,159,198
Parks and open space		1,203,764	1,203,764
MERI operations		1,121,316	1,121,316
Depreciation and amortization	14,279,099	398,272	14,677,371
Closure expenses		2,324,905	2,324,905
Total operating expenses	62,037,147	24,725,464	86,762,611
Operating (loss) gain	(27,985,639)	283,028	(27,702,611)
Non-operating revenues (expenses)			
State Subsidy	26,000,000		26,000,000
Tourism tax	4,052,238		4,052,238
Other income/expense	6,175,999	17,078	6,193,077
Interest expense	(57,488)		(57,488)
Net nonoperating revenues	36,170,749	17,078	36,187,827
Change in net position	8,185,110	300,106	8,485,216
Net Position, beginning of year (as restated)	168,453,279	9,862,182	178,315,461
Net Position, end of year	$ 176,638,389	$ 10,162,288	$ 186,800,677

See Notes to Financial Statements

NEW JERSEYSPORTS AND EXPOSITION AUTHORITY
(a Component Unit of the State of New Jersey)

Statement of Cash Flows
Proprietary Funds
December 31, 2015

	NJSEA Enterprise Fund	Solid Waste Enterprise Fund	Total Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers	$ 34,999,490	$ 29,282,388	$ 64,281,878
Payments to employees	(9,457,771)	(2,226,236)	(11,684,007)
Payments to suppliers	(51,539,674)	(24,427,928)	(75,967,602)
Beneficial reuse materials		530,165	530,165
Net cash (used for) provided by operating activities	(25,997,955)	3,158,389	(22,839,566)
Cash Flows from Noncapital Financing Activities			
Tourism tax revenues	3,982,446		3,982,446
Landfill remediation and post-closure		(2,236,743)	(2,236,743)
Net cash provided by (used for) noncapital financing activities	3,982,446	(2,236,743)	1,745,703
Cash Flows from Capital and Related Financing Activities			
State appropriations	26,000,000		26,000,000
Purchase of capital assets	(2,947,932)	(39,000)	(2,986,932)
Sale of capital assets	293,500		293,500
Repayment of racetrack loans	1,183,300		1,183,300
Net cash provided by (used for) capital financing activities	24,528,868	(39,000)	24,489,868
Cash Flows from Investing Activities			
Interest	(57,488)	17,078	(40,410)
Cash flows used for investments		(346,627)	(346,627)
Net cash (used for) investing activities	(57,488)	(329,549)	(387,037)
Net increase in cash and cash equivalents	2,455,871	553,097	3,008,968
Cash and cash equivalents, beginning of year	7,175,626	7,384,718	14,560,344
Cash and cash equivalents, end of year	$ 9,631,497	$ 7,937,815	$ 17,569,312
Reconciliation of operating (loss) income to net cash (used) provided by operating activities:			
Operating (loss) income	$ (27,985,639)	$ 283,028	$ (27,702,611)
Depreciation expense	14,279,099	398,272	14,677,371
Change in assets and liabilities:			-
Decrease In Receivables, net	2,205,173	116,275	2,321,448
Decrease In Other Assets	1,507,750		1,507,750
(Increase) In Deferred Outflows	(5,104,722)		(5,104,722)
Increase In Deferred Inflows	4,970,105		4,970,105
(Decrease)/Increase in Accounts Payable & Accrued Liabilities	(3,344,311)	694,362	(2,649,949)
(Decrease) Increase in Other Liabilities	(4,301,971)	426,729	(3,875,242)
(Decrease) increase in Deferred Revenue	(8,906,962)	34,769	(8,872,193)
Due to(from) other funds		1,116,961	1,116,961
Other	683,523	87,993	771,516
Net cash (used for) provided by operating activities	$ (25,997,955)	$ 3,158,389	$ (22,839,566)

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(a Component Unit of the State of New Jersey)

Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2015

	Mitigation Trust	Transportation Planning	Third Party Escrow	Total
Assets				
Cash	$ 4,463,081	$ 2,917,268	$ 484,662	$ 7,865,011
Accounts receivable		1,897,032		1,897,032
Interfund receivable		68	475	543
Capital Assets - Depreciable, net		6,523,490		6,523,490
Total Assets	4,463,081	11,337,858	485,137	16,286,076
Liabilities				
Accounts payable and accrued liabilities	632	2,336		2,968
Construction deposits	265,987			265,987
Rutherford post closure security	157,418			157,418
Environmental remediation			485,137	485,137
Security deposits	126,329			126,329
Mitigation deposits	128,093			128,093
Interfund payable	109,131			109,131
Contract retainage payable	562,946	550,377		1,113,323
Total Liabilities	1,350,536	552,713	485,137	2,388,386
Net Position				
Invested in Capital Assets, net		6,523,490		6,523,490
Blackstrap Broadcasting escrow	1,173,392			1,173,392
Bloomberg escrow	1,373,711			1,373,711
Reserve for Mitigation	330,696			330,696
Main Street Program	150,631			150,631
Transportation Planning District		4,261,655		4,261,655
Other	84,115			84,115
Net Position Held in Trust	$ 3,112,545	$ 10,785,145	$	$ 13,897,690

See Notes to Financial Statements

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(a Component Unit of the State of New Jersey)

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
December 31, 2015

	Mitigation Trust	Transportation Planning	Third party Escrow	Total
Additions				
Transportation Planning District fees	$	$ 1,302,364	$	$ 1,302,364
Bloomberg lease revenue	127,259			127,259
Interest	3,267	2,401		5,668
Grant revenues		1,897,032		1,897,032
Blackstrap escrow	188,303			188,303
	318,829	3,201,797		3,520,626
Deductions				
Mitigation expenses	190,727			190,727
MASSTR Grant expenses		1,697,159		1,697,159
	190,727	1,697,159		1,887,886
Change in net position	128,102	1,504,638		1,632,740
Net Position, beginning of year (as restated)	2,984,443	8,764,088		11,748,531
Adjustments to Net Position:				
Capital outlays		1,359,984		1,359,984
Depreciation expense		(843,565)		(843,565)
Net position, end of year	$ 3,112,545	$ 10,785,145	$	$ 13,897,690

See Notes to Financial Statements

1. Organization

The New Jersey Sports and Exposition Authority (the "Authority" or NJSEA) was created by the laws of the State of New Jersey of 1971, Chapter 137, and enacted May 10, 1971, as supplemented and amended (the "Act"). It is constituted as an instrumentality of the State, exercising public and essential governmental functions. The Act empowers the Authority to own and operate various projects, located in the State of New Jersey, including stadiums and other buildings and facilities for athletic contests, horse racing, and other spectator sporting events, trade shows, and other expositions.

The Authority has no stockholders or equity holders, and all bond proceeds, revenues, or other cash received must be applied for specific purposes in accordance with the provisions of the Act, and related bond resolutions, for the security of the bondholders. The Authority's Board consists of the President of the Authority, the State Treasurer, and a member of the New Jersey Meadowlands Commission, appointed by the Governor, who are members ex officio, and eleven members appointed by the Governor with the advice and consent of the State Senate.

On January 13, 1992, the New Jersey legislature adopted Chapter 375 of P.L. 1991, which approved the issuance of bonds, State Contract Bonds, by the Authority, pursuant to a contract between the Authority and the State Treasurer. The contract requires the Treasurer to provide funds from the General Fund of the State necessary to pay the debt service on the bonds, subject to and dependent upon annual appropriations by the State Legislature. On November 24, 1998, the contract was restated and amended to expand the scope of projects eligible for the issuance of bonds to include the Wildwoods Convention Center project. In 2009, the Authority made a change in an accounting principle for State Contract Bonds. Accordingly, the assets, liabilities, revenue and expenses related to the State Contract Bonds have been removed from the Authority's financial statements. The State Contract Bonds will now be reported directly by the State.

Effective February 5, 2015, The New Jersey Meadowlands Commission ("NJMC") was merged with the NJSEA by an act of legislation. The NJMC Board of Commissioners was dissolved and all assets, liabilities and responsibilities of the NJMC were transferred to the NJSEA.

The former New Jersey Meadowlands Commission was created by an Act of the State Legislature in 1968 (N.J.S.A. 13:17-1 et seq) and tasked with a three-fold mandate: to provide for orderly development of the region, to provide facilities for the sanitary disposal of solid waste, and to protect the delicate balance of nature.

2. Summary of Significant Accounting Policies

(a) *Reporting Entity*

The Governmental Accounting Standards Board ("GASB") establishes the criteria used in determining which organizations should be included in these financial statements. The GASB's Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, requires the inclusion of government organizations for which the Authority is financially accountable. Financial accountability is defined as: 1) appointment of a voting majority of the component unit's board and either (a) the ability to impose will by the primary government or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or 2) fiscal dependency on the primary government.

The GASB establishes the criteria used in determining which organizations should be included in the Authority's financial statements. Accounting principles generally accepted in the United States of America require the inclusion of the transactions of government organizations for which the Authority is financially accountable.

1. Organization

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The GASB establishes the criteria used in determining which organizations should be included in the Authority's financial statements. Accounting principles generally accepted in the United States of America require the inclusion of the transactions of government organizations for which the Authority is financially accountable.

2. Summary of Significant Accounting Policies (continued)

The extent of financial accountability is based upon several criteria including: appointment of a voting majority, imposition of will, financial benefit to or burden on a primary government and financial accountability as a result of fiscal dependency.

On February 23, 1998, the Authority assumed the assets and liabilities and undertook the existing operations of the Wildwoods Convention Center. The assets and liabilities were recorded at fair value and the difference was recorded to net assets, invested in capital facilities.

On February 5, 2015, the NJMC was merged with the NJSEA by an act of legislation and its assets and liabilities were transferred at book value to NJSEA.

The Authority is a component unit included in the State of New Jersey's comprehensive annual financial report. The NJSEA requires significant subsidies from and has material transactions with the State of New Jersey and depends on certain tax revenues that are economically sensitive.

(b) Basis of Presentation

The financial statements of the Authority have been prepared in conformity with generally accepted accounting policies ("GAAP") as applied in governmental units. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Government - Wide Statements

The statement of net position and the statement of activities display information which include the overall financial activities of the Authority. These statements distinguish between the governmental and business-type activities of the Authority. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the Authority's business-type activities and for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Authority's funds. Separate statements for each fund category applicable to the Authority governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Both enterprise funds are considered major. All remaining governmental are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as fees for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment income, result from non-exchange transactions or ancillary activities.

2. Summary of Significant Accounting Policies (continued)

The Authority reports the following major governmental fund:

- **General Fund.** This is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Environmental Center Fund.** The intention of the Environmental Center Fund is to account for all financial resources required to operate the Environmental Center and Science Center.
- **MAGNET Fund.** The intention of the MAGNET Fund is to set aside funds to be used for tax relief incentives for District municipalities.

The Authority reports the following major enterprise funds:

- **Solid-Waste-Enterprise Fund.** This fund accounts for the activities of the landfills operated by the Authority, as well as the closure and post-closure costs of such landfills.
- **NJSEA Enterprise Fund.** This fund accounts for activities of the racetracks operated by the Authority, which have operations that are leased. The activities of the Wildwood Convention Center are also included in this fund.

The Fiduciary fund accounts for the proceeds of deposits held in trust for others. Tax sharing and environmental activities are reported in this fund. Transportation Planning and Mitigation Trust are private purpose funds under which revenue and expenditures benefit other governments.

The accounts of the Authority are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts.

(c) Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and other contributions. Revenue from such non-exchange transactions is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available to pay liabilities of the current period. The Authority recognizes revenues that are expected to be collected within 90 days of year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest of general long-term debt, pensions, other post-employment benefits, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in government funds. Proceeds of long-term debt are reported as other financing sources.

(d) Net Position

The Authority classifies its components of net position as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are any significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net invested in capital assets. Rather that portion of the debt is included in the same net assets component as the unspent proceeds.

- *Restricted* - This component of net position consists of constraints placed on net assets used through external constraints imposed by creditors (such as through debt convents), grantors, contributions, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* - This component of net position consists of net assets that do not meet the definition of "restricted" or "net invested in capital assets".

(e) Fund Balance Classifications

The Authority has established a policy of classifying fund balances in accordance with Governmental Accounting Standards Board Statement No. 54 as follows:

- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be modified or released only with the consent of resource providers.

- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Authority's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that originally imposed the constraint.

- **Assigned** fund balance comprises amounts *intended* to be used by the Authority for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

(f) Accumulated Vacation Time

Salaried employees of the Authority may accumulate vacation time up to a maximum of their total vacation time for one year. This accumulated vacation time must be used within one year of the year earned. Upon termination of employment, salaried employees are entitled to receive a maximum lump sum payment of their accumulated vacation time.

2. Summary of Significant Accounting Policies (continued)

(g) Valuation of Investments

State and local government securities, repurchase agreements, and certificates of deposit are investments in nonparticipating investment contracts which management concludes are not significantly affected by the impairment of the credit standing of the Authority or other factors. Credit ratings for these investments are not available. These investments are recorded at fair market value.

(h) NJSEA Enterprise Fund Revenues and Expenses

The Authority promotes certain events held at the Arena. The gross revenues and expenses are reflected in the financial statements. The Authority defines Arena revenues and expenses as being directly or indirectly related to facilities and events. Arena revenues include revenues related to other facilities at the Sports Complex. Operating Revenues related to ticket sales, events and advertising are recognized when tickets are used or after events take place. Arena event expenses include only expenses directly related to events and to support facilities. All other revenues and expenses are defined accordingly.

(i) **Non-Operating Revenues and Expenses** - Non-operating revenues: State payments received related to State subsidies and tourism taxes collected; management fees; interest revenue earned on investments and interest expense. Non-operating expenses are recognized in the accounting period in which the liability is incurred.

(j) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(k) Unearned Revenues

Unearned Revenue represents revenues collected but not earned as of December 31, 2015. This primarily consists of ground rent pre-payments and solid waste disposal tickets sold to haulers but still outstanding.

(l) Capital Assets

Capital assets are stated at cost or estimated historical cost. Contributed capital fixed assets are recorded at their estimated fair market value at the time received Capital fixed assets related to the Arena are considered non-performing assets and are shown separately in Footnote #4.

Asset lives used in the calculation of depreciation are generally as follows:

Buildings 35-60 years
Infrastructure 15 years
Machinery and equipment 2-20 years
Land improvements 10-20 years
Leasehold rights 24 years

The Authority considers any asset acquired or improvement made to any building or facility, with a value over $1,000 and an estimated useful life over one year, a depreciable capital asset.

2. Summary of Significant Accounting Policies (continued)

(m) Accrued Liability for Closure and Post-closure Costs

The accrued liability for closure and post-closure costs represents funds collected as part of the solid waste tariff, which are required to be established to pay for the cost of closure and post-closure of landfills.

(n) Payable from Restricted Assets – Landfill Closure

The payable from restricted assets - landfill closure, represents funds collected as part of the solid waste surcharge, determined by the Department of Environmental Protection, which are required to be established to pay for the cost of closure and post closure of landfills. These amounts are based upon engineering studies which are evaluated on an annual basis.

(o) Payment of Lieu of Taxes

In accordance with a provision of the enabling Act, properties and income of the Authority are exempt from taxation. However, payments in lieu of taxes are made to municipalities to compensate for loss of tax revenues by reason of acquisition of real property by the Authority.

(p) Cash and Investments

Cash and investments include short-term investments that are carried at cost, which approximates market. The Authority considers all highly liquid investment with a maturity of three months or less when purchased to be cash equivalents. Restricted cash and equivalent are each and short-term investments that are required for a specific purpose related to restrictions that may be contained in bond resolutions.

(q) Other Assets

Other assets include prepaid expense, prepaid insurance and loan receivable.

(r) Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This section represents a consumption of net position that applies to a future period and so is not recognized as an outflow of resources (expenditure) until then.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This section represents an addition of net position that applies to a future period and so is not recognized as an inflow of resources (revenue) until that time.

Both deferred inflows and outflows are pension related.

(s) Income Taxes

The Authority is exempt from federal income taxes under the Internal Revenue code Section 115 and from state income taxes under N.J.S.A. 27:25-16. Accordingly, no provision is recorded for federal and state income taxes.

2. Summary of Significant Accounting Policies (continued)

(t) Adoption of Accounting Pronouncement

The Authority adopted GASB 68 in 2015. GASB 68 addresses accounting and financial reporting for pensions that are provided to the employees of state and local government employers. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense related to pensions. Note disclosure and required supplementary information requirements about pensions also are addressed. For defined benefit pensions, this statement also identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In accordance with the provisions of GASB 68, the Authority has reported its (PERS) net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense.

The Authority also adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (GASB 71). GASB 71 requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

The provisions of GASB 68 and 71 have been applied to the 2015 beginning net position. As a result of the implementation of GASB 68 and 71, beginning net position and fund balances as of January 1, 2015 have been restated as follows:

	Governmental Activities*
Beginning Net Position - December 31, 2014	$ 34,503,733
Restatement for Pension Liability & Related Expense	(12,031,662)
Beginning Net Position - December 31, 2014 (As Restated)	$ 22,472,071

	General Fund
Beginning Net Position - December 31, 2014	$ 7,997,823
Restatement for Pension Liability	(465,474)
Beginning Net Position - December 31, 2014 (As Restated)	$ 7,532,349

	Business-Type Activities
Beginning Net Position - December 31, 2014	$ 206,738,015
Restatement for Pension Liability & Related Expense	(28,422,554)
Beginning Net Position - December 31, 2014 (As Restated)	$ 178,315,461

	NJSEA
Beginning Net Position - December 31, 2014	$ 187,031,747
Restatement for Pension Liability & Related Expense	(18,578,468)
Beginning Net Position - December 31, 2014 (As Restated)	$ 168,453,279

	Solid Waste
Beginning Net Position - December 31, 2014	$ 19,706,268
Restatement for Pension Liability & Related Expense	(9,844,086)
Beginning Net Position - December 31, 2014 (As Restated)	$ 9,862,182

* See note 2(v)

2. Summary of Significant Accounting Policies (continued)

(u) Pending Accounting Standards

The Authority is currently evaluating the effects of the following pronouncements on the financial statements:

- GASB 72 - *"Fair Value Measurement and Application"*, effective for periods beginning after June 15, 2015.

- GASB 73 - *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68"*, effective for periods beginning after June 15, 2015 – except for those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for periods beginning after June 15, 2016.
- GASB 74 - *"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans"*, effective for periods beginning after June 15, 2016.
- GASB 75 - *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*, effective for periods beginning after June 15, 2017
- GASB 76 - *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"*, effective for periods beginning after June 15, 2015.
- GASB Statement 77 - *"Tax Abatement Disclosures"*, effective for periods beginning after December 15, 2015.
- GASB Statement 78 - *"Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans"*, effective for periods beginning after December 15, 2015.
- GASB Statement 79 - *"Certain External Investment Pools and Pool Participants"*, effective for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing, those provisions are effective for reporting periods beginning after December 15, 2015.
- GASB Statement 80 - *"Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*, effective for periods beginning after June 15, 2016.

(v) Net Position Restatement

The Authority has recorded the following restatements, in addition to those related to GASB #68 and #71, to net position as of January 1, 2015:

	Govermental Activities
Beginning Net Position - December 31, 2014 (As Restated for GASB 68)	$ 22,472,071
Restatement for Transfer of Capital Asset to Fiduciary Fund	(5,286,408)
Beginning Net Position - December 31, 2014 (As Restated)	$ 17,185,663

	Fiduciary Fund
Beginning Net Position of Fiduciary Activities - December 31, 2014	$ 2,757,017
Restatement for Capital outlay from 2014 not capitalized	720,663
Restatement for Transfer of Capital Asset to Fiduciary Fund	5,286,408
Beginning Net Position of Fiduciary Activities- December 31, 2014 (As Restated)	$ 8,764,088

3. Cash and Investments

The components of cash and investments are as follows:

	Balance Dec 31, 2015	Fiduciary Fund Balance Dec 31, 2015
Cash and Investments:		
Unrestricted:		
Cash on Hand	$ 7,660,196	$ 7,865,011
Investments	28,622,084	
NJ Cash Management Fund	5,690,570	
Unrestricted Cash & Investments	41,972,850	7,865,011
Restricted:		
Cash on Hand	3,544,725	
Investments	2,201,171	
Restricted Cash & Investments	5,745,896	-
Total Cash and Investments	$ 47,718,746	$ 7,865,011

For 2015, restricted cash and investments include $486,910 on the Camden project which is part of the operations of the Wildwoods Convention Center

All demand deposits and certificates of deposit, except deposits held by the Trustee, of any depository must be fully secured by lodging collateral security of obligations secured by the United States with the Trustee or bank designated by the Trustee. At December 31, 2015 all demand deposits were collateralized.

The N.J. Cash Management Fund is a money market fund managed by the State of New Jersey Division of Investments. P.L. 1950, c. 270 and subsequent legislation permit the Division to invest in a variety of securities, including, in the case of short-term investments, obligations of the U.S. Government and certain of its agencies, commercial paper, certificates of deposit, repurchase agreements, bankers' acceptances, and loan participation notes. All such investments must fall within the guidelines set forth by the regulations of the State of New Jersey, State Investment Council. Securities in the N. J. Cash Management Fund are insured or registered, or securities held by the Division or its agent in the N. J. Cash Management Fund's name.

4. Investment in Facilities

Investment in facilities is stated at cost, which includes all costs during the construction period for acquisition of land, rights of way, acquisition cost of acquiring facilities, surveys, engineering costs, roads, construction costs and additions to facilities, administrative and financial expenses and interest during construction net of interest income earned on the unexpended funds, including debt service reserve funds net of accumulated depreciation. Depreciation is computed by the straight-line method based on estimated useful lives of the related assets.

4. Investment in Facilities (continued)

	December 31, 2014 (as restated)	Additions	Deletions	December 31, 2015
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	$ 20,154,401	$ -	$	20,154,401
Total capital assets not being depreciated	20,154,401	-	-	20,154,401
Capital assets that are being depreciated:				
Building and building improvements	16,437,469	366,776	-	16,804,245
Machinery and equipment	3,683,672	-	(69,372)	3,614,300
Total at historical costs	20,121,141	366,776	(69,372)	20,418,545
Less accumulated depreciation for:				
Building and building improvements	(9,591,211)	-	-	(9,591,211)
Machinery and equipment	(3,417,272)	(1,517,486)	69,372	(4,865,386)
Total accumulated depreciation	(13,008,483)	(1,517,486)	69,372	(14,456,597)
Total capital assets being depreciated net of accumulated depreciation	$ 7,112,658	$ (1,150,710)	$ -	$ 5,961,948
Govermental activities capital assets, net	$ 27,267,059	$ (1,150,710)	$ -	$ 26,116,349
Business-Type Activities:				
Capital assets that are not being depreciated:				
Land	$ 117,149,000	$ -	$ -	$ 117,149,000
Building and building improvements (1)	-	39,868,193	-	39,868,193
Total capital assets not being depreciated	117,149,000	39,868,193	-	157,017,193
Capital assets that are being depreciated:				
Building and building improvements	411,458,530	2,702,000	(112,209,301)	301,951,229
Machinery and equipment	85,167,741	285,240	(19,076)	85,433,904
Total at historical costs	496,626,271	2,987,240	(112,228,377)	387,385,133
Less accumulated depreciation for:				
Building and building improvements	(262,519,445)	(14,273,000)	72,296,108	(204,496,337)
Machinery and equipment	(75,948,117)	(84,660)	19,076	(76,013,701)
Total accumulated depreciation	(338,467,562)	(14,357,660)	72,315,184	(280,510,038)
Total capital assets being depreciated net of accumulated depreciation	$ 158,158,709	$ (11,370,420)	$ (39,913,193)	$ 106,875,095
Capital assets that are being amortized:				
Landfills	5,902,134	-	-	5,902,134
Total at historical costs	5,902,134	-	-	5,902,134
Less accumulated amortization for:				
Landfills	(5,394,105)	(338,687)	-	(5,732,792)
Total accumulated amortization	(5,394,105)	(338,687)	-	(5,732,792)
Total landfill life being amortized net of accumulated amortization	$ 508,029	$ (338,687)	$ -	$ 169,342
Business-Type activities capital assets, net	$ 275,815,738	$ 28,159,086	$ (39,913,193)	$ 264,061,629
Fiduciary Activities:				
Capital assets that are being depreciated:				
Infrastructure	$ 6,007,071	$ 1,359,984	$ -	$ 7,367,055
Total at historical costs	6,007,071	1,359,984	-	7,367,055
Less accumulated depreciation for:				
Infrastructure	-	(843,565)	-	(843,565)
Total accumulated depreciation	-	(843,565)	-	(843,565)
Total fiduciary assets being depreciated net of accumulated depreciation	$ 6,007,071	$ 516,419	$ -	$ 6,523,490

(1) Building and Building Improvements not being depreciated represent the net book value of the Arena, a non performing assets, as of December 31, 2015

5. Notes Receivable

The Authority, pursuant to its Racetrack Ground Lease Agreement with the New Jersey Thoroughbred Horsemen's Association Inc. and its Racetrack Ground Lease Agreement with the New Meadowlands Racetrack, LLC is owed Minimum Lease Payments, under both Agreements. The balance due at December 31, 2015 is $11,467,940 and comprises of the New Jersey Thoroughbred Horsemen's Association Inc. balance of $8,706,687 and. the New Meadowlands Racetrack LLC balance of $2,761,251. The notes carry an annual interest rate of 3%.

The Notes Receivable schedule is as follows:

Year	New Jersey Thoroughbred Horseman's Association	New Meadowlands Racetrack, LLC
2016	$ 987,693	$ 1,118,934
2017	1,554,985	1,152,408
2018	1,764,586	489,911
2019	1,833,713	
2020	1,548,770	
Thereafter	1,016,940	
	$ 8,706,687	$ 2,761,253

6. Long Term Liabilities

During 2015 the following changes in components of long term liabilities were:

	Balance (As restated) December 31, 2014	Issued	Retired	Balance December 31, 2015	Due Within One Year
Governmental Activities:					
PERS Pension Laibility	$ 10,665,560	$ 1,488,177	$	$ 12,153,737	
Chapter 19, P.L. 2009 Liability	175,446		(21,513)	153,933	22,000
Other Post Employment Benefits	8,982,115	1,868,034	(592,372)	10,257,777	
	$ 19,823,121	$ 3,356,211	$ (613,885)	$ 22,565,447	$ 22,000

	Balance December 31, 2014	Issued	Retired	Balance December 31, 2015	Due Within One Year
Business-Type Activites:					
NJSEA Enterprise					
Bonds Payable	$ 2,488,650	$	$ (46,145)	$ 2,442,505	$ 627,000
PERS Pension Liability	13,746,462	2,707,387		16,453,849	
Chapter 19, P.L. 2009 Liability	514,824		(63,127)	451,697	63,000
Workmans Comp Claims	9,828,198	5,350	(325,819)	9,507,729	
Union Pension Liabilities	45,928,519		(4,256,025)	41,672,494	1,200,000
Environmental Remediation	2,657,533	617,467		3,275,000	
Other Liabilities	486,416	50,000		536,416	
Solid Waste Enterprise					
Closure Liabilities	3,390,973	559,890		3,950,863	
PERS Pension Liability	8,726,368	1,217,598		9,943,966	
Chapter 19, P.L. 2009 Liability	143,546		(17,601)	125,945	17,000
Compensated Absences	421,326		(48,215)	373,111	48,000
	$ 88,332,815	$ 5,157,692	$ (4,710,787)	$ 88,733,575	$ 1,955,000

7. Bonds and Notes Payable

Bonds payable consist of the following:

	NJDEP Fund Loan	NJDEP Trust Loan	Wildwood Bonds Payable	Interest	Total
2016	$ 38,468	$ 10,000	$ 579,332	$ 60,057	$ 687,857
2017	38,468	15,000	183,031	45,074	281,573
2018	38,468	15,000	187,607	39,748	280,823
2019	18,787	15,000	192,297	34,308	260,392
2020		15,000	197,105	28,900	241,005
2021-2024		60,000	838,942	58,928	957,870
	$ 134,191	$ 130,000	$ 2,178,314	$ 267,015	$ 2,709,520

Wildwoods Revenue Bonds 1996 Series A -The Authority assumed these bonds on February 23, 1998, as an obligation and liability of the Wildwoods Convention Center. The bonds were authorized by the Greater Wildwoods Tourism Improvement and Development Authority and issued to the City of Wildwood in the amount of $3,400,000 for the acquisition of the Wildwoods Convention Center in 1996.

On November 8, 1999, the Authority entered into The Omnibus Intergovernmental Agreement with the City of Wildwood, the Borough of Wildwood Crest, the City of North Wildwood, the Greater Wildwoods Tourism Improvement and Development Authority and the Treasurer of the State of New Jersey. This agreement restated the original terms and conditions of the Authority's assigned obligation under the bonds and replaced the previous Bond Resolution. Under the terms of the new agreement, repayment of principal and interest is to be funded by the Available Revenues of the Wildwoods Convention Center after payment of operating expenses, funding of the maintenance reserve fund and payments in lieu of taxes. Should available revenues be insufficient to provide the required debt service amount any unpaid portion accrues to the following year to be funded by that year's available revenues. If it should be deemed necessary, the Authority may request an express separate appropriation from the State Treasurer to cover any shortfall. The Authority does not pledge the revenues, rents fees, rates, charges or other income derived from operations or ownership of any of its other projects, to the repayment of these bonds. In 2015 there was not enough available revenue after the above-mentioned expenses to make full payment on debt service for these Revenue Bonds.

Interest Costs - Interest costs for the year 2015 was $57,488.

Notes payable consist of the following:

	Date Issued	Original Amount	December 31, 2015
Loan from the NJDEP Infrastructure Loan through August 1, 2024 at 0.00%	3/1/2010	$564,000	$134,191
Loan from the NJDEP Infrastructure Trust Loan through August 1, 2024 at various rates between 3% and 5%	3/1/2010	180,000	130,000
Total Notes Payable			$264,191

7. Bonds and Notes Payable (continued)

On March 1, 2012, the Authority entered into an agreement with the State of New Jersey acting by and through the New Jersey Department of Environmental Protection in which the Authority received the proceeds of a $564,000 loan from the NJDEP Infrastructure Fund and a $180,000 loan from the NJDEP Infrastructure Trust. The proceeds were used to pay for the purchase of equipment for the purpose of cleaning and maintaining storm drains. The interest was calculated at 0.00% on the NJDEP Infrastructure Fund Loan and is for a term of 24 years. The interest was calculated between 3.00% and 5.00% on the NJDEP Infrastructure Trust Loan and is for a term of 24 years. Interest cost for 2015 on the NJDFP Infrastructure Fund Loan was $6,100.

8. Operating Leases

The Authority has commitments to lease certain buildings and office equipment under operating leases that expire through 2030. Total operating lease payments made during the year ended December 31, 2015 were $258,178 Future minimum lease payments as follows:

Year Ended December 31,	Amount	
2016	$	204,082
2017		204,082
2018		199,982
2019		197,932
2020		197,932
2021-2025		989,660
2026-2030		940,257
	$	2,933,927

9. State Contract Bonds

The New Jersey Sports and Exposition Authority issued State Contract Bonds to fund various capital improvements of the Authority on behalf of the State of New Jersey. These bonds are considered conduit debt as permitted under Interpretation No.2 of the Governmental Accounting Standards Board.

None of the Authority's revenues, rents, fees, rates, charges or other income and receipts derived by the Authority from its operation or ownership of any of its projects are pledged or assigned to the payment of the principal or redemption price of and interest on such bonds. The State Contract Bonds are paid solely by the State of New Jersey.

The principal amount outstanding on the State Contract Bonds at December 31, 2015 was $394,425,000. This amount is excluded from the financial statements of the Authority.

10. Tourism Tax

Upon transfer of the Wildwoods Convention Center from the Greater Wildwood Tourism Improvement and Development Authority ("GWTIDA") on February 23, 1998 (see Note 1), the Authority assumed the right to receive 90% of the proceeds of a 2% tourism related retail receipts tax pursuant to NJSA 40:54D-I et. Seq. (the "Tourism Improvement and Development District Law") for the construction and promotion of a new convention center facility and the operation, maintenance and promotion of the existing center. The remaining 10% of the funds generated by the tax is allocated to GWTIDA for its continuing promotion of tourism in the area. The tax is imposed and collected by ordinance and with the cooperation of the municipalities in the Greater Wildwoods (i.e., North Wildwood, Wildwood and Wildwood Crest).

11. Racetrack Ground Leases

Monmouth Park Racetrack

On February 29, 2012, the Authority entered into the Racetrack Ground Lease Agreement ("Agreement") with the New Jersey Thoroughbred Horsemen's Association, Inc. ("Tenant") whereby the Authority leases real property located in the Borough of Oceanport, County of Monmouth, on which the Authority has constructed an operates a thoroughbred racetrack.

The initial term of the Agreement runs through December 31, 2016, with 3 ten year renewal terms.

In consideration of the Authority's execution of this Agreement and Tenant's rights to lease and utilize the premises and the leased equipment for the purposes set forth in the Agreement the Tenant agrees to pay Ground Rent, between 2012 through 2015, in the annual amount of $1; in the first 10 year renewal the Tenant agrees to pay ground rent of the lessor of $250,000 or 5% of the Tenant's annual net operating profit; in any renewal period after the first 10 year renewal period the Tenant agrees to pay Ground Rent of the lessor of $500,000 or 5% of the Tenant's annual net operating profit.

In addition to Ground Rent, the Tenant shall be responsible for Minimum Lease Payments. To the extent that, from the Closing Date through December 31, 2012, operating and maintenance expenses exceed revenues, the Authority agrees to cover such excess expenses up to an aggregate amount not to exceed $9,000,000 herein referred to as the "2012 Minimum Lease Payment." The Tenant is not obligated to repay the Authority for the first $4,000,000 of 2012 Excess Expenses. To the extent that, from January 1, 2013 through December 31, 2013, operating and maintenance expenses exceed revenues the Authority, agrees to cover such excess expenses up to an aggregate amount not to exceed $2,000,000. To the extent that, from January 1, 2014 through December 31, 2014, operating and maintenance expenses exceed revenues the Authority, agrees to cover such excess expenses up to an aggregate amount not to exceed $2,000,000.

As of December 31, 2014, the total Minimum Lease Payments due from the Tenant to the Authority is $9,000,000. Minimum Lease Payments, generated by year, are payable to the Authority in monthly installments over a 60 month period for each 2012, 2013 and 2014 year at an annual interest rate of 3%. As of December 31, 2015, the balance due from the Tenant was $8,706,687.

In addition to Ground Rent, Tenant shall also pay, pursuant to the terms of this Agreement, Tenant's Real Estate Tax Payments.

In addition to Ground Rent commencing January 1, 2013, Tenant shall also pay to the Authority as Additional Rent, an amount equal to five percent (5%) of the Available Net Project Revenues as defined in the Account Wagering Participation and Project Operating Agreement due to Tenant pursuant to the Account Wagering Participation and Project Operating Agreement.

11. Racetrack Ground Leases (continued)

Meadowlands Racetrack

On December 20, 2011 the Authority entered into the Racetrack Ground Lease Agreement ("Agreement") with New Meadowlands Racetrack, L.L.C. ("Tenant") whereby the Authority leases real property located in the Borough of East Rutherford, County of Bergen, on which the Authority has constructed an operates a thoroughbred racetrack.

The initial term of the Agreement runs through December 31, 2042, with 2 ten year renewal terms.

In consideration of the Authority's execution of this Agreement and Tenant's rights to lease and utilize the premises and the leased equipment for the purposes set forth in the Agreement the Tenant agrees to pay Ground Rent, for the first 5 years, the annual amount of $1; from the 5th anniversary to the remainder of the term the lessor of $500,000 or 10% of the Tenant's annual net operating profit.

In addition to Ground Rent, the Tenant shall be responsible for Minimum Lease Payments. To the extent that, from the Closing Date through December 31, 2012, operating and maintenance expenses exceed revenues, the Authority agrees to cover such excess expenses up to an aggregate amount not to exceed $5,500,000 herein referred to as the "2012 Minimum Lease Payment".

Minimum Lease Payments, are payable to the Authority in monthly installments over a 60 month period commencing January 1, 2013 at an annual interest rate of 3%. As of December 31, 2015, the balance due from the Tenant was $2,761,253.

In addition to Ground Rent, Tenant shall also pay, pursuant to the terms of this Agreement, Tenant's PILOT Payments.

In addition to the Ground Rent and commencing January 1, 2013, Tenant shall also pay as Additional Rent an amount equal to 10% of the Net Available Net Projects Revenue as defined in the Account Wagering Participation and Project Operating Agreement.

12. Pension, Retirement, and Deferred Compensation Plans

Plan Description and Employer and Employee Contributions - Salaried employees of the Authority and Wildwood's Convention Center are covered by the Public Employees' Retirement System of the State of New Jersey ("PERS"), a cost-sharing multiple-employer defined benefit public employee retirement system. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing PERS at the following address: Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625. Establishment of or amendments to PERS pension plans are done through New Jersey legislation.

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

12. Pension, Retirement, and Deferred Compensation Plans (continued)

10 years of service. Vested employees may retire at or after age 55 and receive reduced retirement benefits; unless the employee has obtained 25 years of service prior to retirement, which permits full benefit payments. The System also provides death and disability benefits. Benefits are established by State statute.

Effective May 21, 2010, the New Jersey legislature enacted changes in the PERS and other State employee pension plans (Chapter 1, P.L. 2010). The law made changes to the rule governing eligibility, the retirement formula, compensation definition and positions eligible. Employees that are subject to a fixed number of hours fewer than thirty-five per week are not eligible to join the PERS. Also, the current multiplier of 1/55 changed to 1/60. Section 38 of the law requires the Authority to make the full annual employer's contribution once the calculation is computed by its actuary.

Covered Authority employees are required by PERS to contribute 7.06% of defined salary. The Authority is required by State Statute to contribute the remaining amounts necessary to pay benefits when due. The PERS, on the recommendation of an actuary, who makes an annual actuarial valuation, certifies the amount of the Authority's contribution each year. The valuation is a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary, and interest.

The employee contributions required for the year ended December 31, 2015 were $645,497 (7.06%). Employer contributions for 2015 were $1,684,271, equal to the required contributions for the year.

Other Benefits – Salaried employees of the Authority are eligible for participation in a section 401(k) deferred compensation plan, the New Jersey Sports and Exposition Authority Savings and Investment Plan. Until July 31, 2011 the Authority contributed a maximum of 4% of the employee's salary up to the IRS maximum less the portion attributable to the State pension plan ("PERS"), effective August 1, 2011 the Authority discontinued its employer contribution. Annual employee contributions for 2015 were $239,607.

The Authority also participates in two deferred compensation plans as follows:

(a) New Jersey State Employees Deferred Compensation Plan This Plan is an IRC Section 457 deferred compensation plan administered by the State of New Jersey and, accordingly, is included in the financial statements of the State. The Plan, available to all State employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The Plan is funded solely from voluntary employee contributions. Employee contributions and investment earnings thereon are a part of the State Plan. Employees may defer a maximum 50% of their salary or $17,500, whichever is less. Investments are on an individual participant basis and the total investment for all the Authority employees is unknown.

(b) AIG Retirement – This 457(b) plan, which commenced operations on December 31, 1985, is funded solely from voluntary employee contributions. The Plan is administered by AIG Retirement. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the participating employees, and are not included the accompanying financial statements. Employee contributions in 2015 were $218,192.

12. Pension, Retirement, and Deferred Compensation Plans (continued)

Additionally, some Authority employees are participants in certain pension plans administered by local unions and contributions are made in accordance with terms of the union agreements of those employees. There are about 13 active unions participating in their own pension plans in accordance with each specific union agreement and based on each of the applicable union job trades. The total combined employer contribution for all participating unions in 2015 was $1,865,947 and equal to the required contribution for the year.

Union plan financial statements may be obtained by writing to the relevant address below:

Local 137 (Box Office)
1012 Haddonfield Rd Suite 106
Cherry Hill, NJ 08002

Local 711 (Painters)
27 Roland Ave, Suite 200
Mt Laurel, NJ 08054

Local 164 (Electricians)
425 Eagle Rock Avenue Suite 105
Roseland, NJ 07068

Local 68 (HVAC)
PO Box 534
West Caldwell, NJ 07006

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

Local 560 (Teamsters)
PO Box 8037
Summit Avenue Station
Union City, NJ 07087

Local 472 (Parking)
905 16th Street
Washington, DC 20006

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

Local 1412 (Security/ EMT)
905 16th Street
Washington, DC 20006

Local 24 (Plumbers)
PO Box 1028
Trenton, NJ 08628

Local 632 (Stagehands I.A.T.S.E)
PO Box 11944
Newark., NJ 07101-4944

Mass Withdrawal Liability and Annual Payments Related to Local 137 - During 2007, the Authority withdrew from the pension plan of Local 137 (Mutuels) causing a mass withdrawal termination for that plan. Based upon this termination, the Authority is obligated to make annual payments to satisfy the employer's contribution.

The amount of the Authority's obligation, based on actuarial estimates, is approximately $38.6 million and is recognized in the 2015 financial statements. The Authority will make annual cash payments of $1.2 million to cover this liability.

Mass Withdrawal Liability and Annual Payments Related other Unions - In May 2012, the Authority leased the Monmouth Park operations to a private operator effectively ending its participation in the racing industry. As a result in 2013, two unions issued employer withdrawal demand notices to the Authority which were recognized in the 2013 financial statements: the amount of the Authority's obligations based on the demand letters are approximately Teamsters Local 469 - $3.1 million and Plumbers Local 9 $350,000. The Authority will make annual cash payments of $222,225 to cover this liability. In June 2015 withdrawal demand notices were recognized for Local 1430, the amount of the obligation is $188,000 with annual payments of $25,708.

13. Public Employee Retirement System

The Public Employee Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2015:

Inactive plan members or beneficiaries currently receiving benefits	156,514
Inactive plan members entitled to but not yet receiving benefits	896
Active plan members	272,846
Total	430,256

Significant Legislation – For State of New Jersey contributions to the PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven year period beginning in the fiscal year ended June 30, 2012. For State fiscal year 2014, the State was required to make a minimum contribution representing $3/7^{th}$ of the actuarially determined contribution amount based on the July 1, 2012 actuarial valuation.

Chapter 19, P.L. 2009, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State Fiscal Year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of the PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of the PERS.

For the year ended December 31, 2015 the Authority's total payroll for all employees was $7,963,473. Total PERS covered payroll was $8,373,841. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the Authority to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. Members contribute at a uniform rate. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 6.92% in State fiscal year 2015 and increased to 7.06%for State fiscal year 2016, commencing July 1, 2015. The phase-in of the additional incremental member contribution rate will take place in July of each subsequent State fiscal year. Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Authority's cash basis contributions to the Plan for the years ended December 31, 2015 were $1,376,490. Authority contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated. Authority payments to PERS for the years ending December 31, 2015 consisted of the following:

13. Public Employee Retirement System (continued)

Normal Cost	$ 242,912
Amortization of Accrued Liability	1,123,655
Total Pension	1,366,567
NCGI Premiums	92,558
Total Regular Billing	1,459,125
Additional Billings and Adjustments:	
ERI 2	1,396
ERI 3	107,619
Ch. 19, P.L. 2009	102,241
Total PERS Payment	$ 1,670,381

Ch. 19, P.L. 2009 billings reflect the recoupment of the 50% deferral of normal and accrued liability costs due on April 1, 2009. As discussed above, the law set a fifteen year repayment schedule for the deferred amount, with additional annual adjustments to reflect the return on investment of actuarial net position of the plan on deferred principal balances.

The vesting and benefit provisions are set by N.J.S.A. 43:15. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007.
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 8, 2008
3	Members who were eligible on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

A service retirement benefit of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, to tier 3 and 4 members before age 62 and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age of his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

13. Public Employee Retirement System (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions –

At June 30, 2015, the Authority's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the Authority was $38,551,552 or 0.1608624915%. At June 30, 2014, the proportionate share of the State of New Jersey's the net pension liability for the Non-State Employer Member Group that is attributable to the Authority was $33,138,390 or 0.1669716257%.

For the year ended December 31, 2015, the Authority recognized PERS expense of $1,559,352. At December 31, 2015 the Authority reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	$ 912,610	$
Changes in assumptions	4,108,189	
Net difference between projected and actual earnings on pension plan investments		615,054
Changes in proportion and differences between Authority contributions and proportionate share of contributions	83,923	4,355,051
Authority contributions subsequent to the measurement date	611,241	
	$ 5,715,963	$ 4,970,105

$611,241 shown as deferred outflows of resources related to the PERS resulting from Authority contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the PERS should have been recognized in pension expense as follows:

Year ended December 31,	Amount
2016	$ (26,922)
2017	(26,922)
2018	(26,922)
2019	(26,922)
2020	242,305
Total	$ 134,617

13. Public Employee Retirement System (continued)

Actuarial Assumptions- The total pension liability in the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.04%
Salary Increases (2012-2021)	2.15-4.40% Based on age
Thereafter	3.15-5.40% Based on age
Investment rate of return	7.90%

The actuarial assumption used in the July 1, 2014 valuation were based on the results of an actual experience for the period July 1, 2008 to June 20, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA. The RP-2000 Disabled Morality Tables are used to Value disabled retires.

Long-term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.9% at June 30, 2015) was determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits and the actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt Ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%
	100.00%	

13. Public Employee Retirement System (continued)

Discount Rate – The discount rate used to measure the pension liabilities of PERS was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.8% as of June 30, 2015 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's net fiduciary position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to the projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage rate higher than the current rate:

	At 1% Decrease	At current discount rate	At 1% increase
PERS	$47,914,862	$38,551,552	$30,701,420

Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in a separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information Related to the Local Group:

Collective deferred outflows of resources	$3,578,755,666
Collective deferred inflows of resources	$993,410,455
Collective net pension liability	$22,447,996,119
Authority's portion	0.1608624915%

Collective pension expense for the Local Group for the measurement period ended June 30, 2015 is $1,481,308,816.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2014 (the beginning of the measurement period ended June 30, 2015) is 5.72 years.

14. Post-Employment Healthcare Plan

The Authority's annual other postemployment benefits ("OPEB") costs for the Plan, which is currently funded on a pay-as-you-go basis and is a non-contributory plan with all plan payments for plan benefits being funded by the Authority, is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and interest on the net OPEB obligation and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The Authority's annual OPEB cost for the year ended December 31, 2015, and the related information for the plan, are as follows:

January 1, 2015 – Net OPEB Obligation (initial) (NOO)	$8,982,115
Annual OPEB Costs (AOC)	1,868,034
Contribution from Authority	(592,372)
December 31, 2015 – Net OPEB Obligation (NOO)	$10,257,777

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	$1,868,034	32.8%	$12,077,119
2014	1,590,800	25.0%	8,982,115

Valuation Date	Actuarial Value of Assets OPEB COST	Actuarial Accrued Liability Projected Unit Credit	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as a Percentage of Covered Payroll
		(Dollars in Thousands)				
1/1/2015	$ -	$ 21,527	$ 20,254	0%	$ 6,625	306%
1/1/2013	$ -	17,759	17,759	0%	$ 7,192	247%

In July 2012, the Authority's healthcare and post-employment liabilities were assumed under the State's medical plan. As a result, the Authority was no longer required to record a liability for its net obligation under its former OPEB plan and, as such, was removed from its financial statements. This action did not affect the former Meadowlands Commission's OPEB plan and, as such, due to the merger of the two authorities, the NJSEA assumed the Meadowlands Commission's OPEB obligation to former Commission Employees.

15. Pollution Remediation Costs

Effective 2008, pollution remediation costs were recognized as a liability on the Statements of Financial Position and an operating expense provision was made in the Statements of Revenues, Expenses and Changes in Net Position in accordance with GASB Statement No. 49, *Accounting and Financial Reporting/or Pollution Remediation Obligations*. The remediation involves current and future activities related to testing, recovery, and cleanup of soil, subsurface water and ground level streams at various Authority sites. Contaminated sites include Meadowlands-Xanadu, the new stadium area, and the Meadowlands and Monmouth race tracks. The Authority estimates the cost to be $6,121,000. The total payments made since 2007 were $2,846,000, and charged to the Statements of Revenues, Expenses and Changes in Net Position in each respective year. Estimated future expense for environmental remediation is $3,275,000, and is reflected on the Statement of Financial Position. Estimated recovery related from remediation reduces the measurement of this liability. There is no expected remediation recovery on the above sites.

15. Pollution Remediation Costs (continued)

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

16. Closure and Post Closure Requirements

The Authority has set aside funds for closure and post-closure for its landfills. In the event the monies in the statutory accounts are not sufficient, the State of New Jersey will address any future liabilities for closure and post-closure for its landfills. The assumption of this liability by the State occurred in calendar year 2003, when the Authority transferred $50 million from its closure and post-closure accounts to the State's General Fund to meet its statutory obligations under the New Jersey State 2003-2004 budget.

17. Remediation of Keegan Landfill

On June 14, 2005, the NJMC entered into a lease agreement with the Town of Kearny for the remediation of Keegan Landfill through future reopening of the facility for construction and demolition waste. It is expected that sufficient revenues will be generated through the tipping fees at Keegan Landfill to reimburse the Authority for all costs associated with this lease. At the completion of operations and closure of the Keegan Landfill, the NJMC will assist the Town of Kearny with the construction of recreational facilities at the site. The Authority has made payments to the Town of Kearny totaling $9,750,151 since the agreement's inception.

18. Meadowlands Area Grants for Natural and Economic Transformation (MAGNET)

In calendar year 2005, the NJMC launched the MAGNET Program. The intention of the MAGNET is to enhance the NJMC's existing Municipal Aid Program (MAP), by ensuring that monies are set aside for tax relief incentives for District municipalities. A detailed budget outlining the amounts appropriated for MAP, environmental, economic development and capital improvements initiatives is currently in place. As of December 31, 2015, the balance in the MAGNET fund was $2,377,099, of which $1,466,497 was committed.

19. Interfund Balances and Activity

Balances due to/from other funds at December 31, 2015 consist of the following:

Due from Other Funds	Fund	Due to Other Funds
$ 117,913	General Fund	$ 1,502,105
1,679,487	Solid Waste	
86,179	Environmental Center	47,510
	Other govermental Funds	227,490
2,113	MAGNET	
	Mitigation Trust	109,131
475	Third Party Escrows	
68	Transportation Planning District	
$ 1,886,236	Total	$ 1,886,236

20. Risk Management

Property and Liability Insurance

The Authority maintains commercial insurance coverage for property, liability and surety bonds that covers the risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage.

New Jersey Unemployment Compensation Insurance

The Authority has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Authority is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Authority is billed quarterly for amounts due to the State. There were no reimbursements which were required to be paid to the State for the current year.

21. Commitments and Contingencies

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

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

Reconciliation of Workmen's Compensation Claims Liability

	Year Ended December 31, 2015	2014
Claims - January 1	$ 11,364,674	$ 11,047,413
(Decrease)/Increase in provision	469,212	1,853,737
Claims paid	(1,163,078)	(1,536,476)
Claims - December 31	10,670,808	11,364,674
Less: current portion	1,163,078	1,536,476
Long term liability	$ 9,507,730	$ 9,828,198

21. Commitments and Contingencies (continued)

On June 30, 2005, the Authority entered into a ground lease and related project agreements for development of the Xanadu Project site, an approximately 5.0 million square mixed-use project on approximately 104 acres at the Meadowlands Sports Complex. Through March 2006, the Authority received pre-payments of ground rent in the amount of $160,000,000. In 2005, the Authority used $26,800,000 of the prepaid ground rent to purchase the wetland mitigation bank rights on the Empire Tract. The Authority also used $37,190,000 to defease tax-exempt bonds attributable to the Meadowlands Xanadu Project site. Expenses associated with the project that were previously deferred were expensed in 2005. For GAAP purposes revenue will be realized by amortizing the up front payment over 18 years. American Dream's developer, Ameream, LLC, has announced that the complex will be anchored by department stores Saks Fifth Avenue and Lord & Taylor. The complex's many scheduled features include indoor amusement and water parks, a movie theater complex, an observation wheel, an indoor ski and snowboarding slope, and numerous restaurants. The developer has estimated a Fall 2018 opening.

At year-end approximately $487,000 in current assets and liabilities was related to funds received from the State to administer the Aquarium Project. The activity in the fund created for this purpose has no effect on the Authority's revenues or expenses.

On June 14, 2004, the Authority entered into a Participation agreement to license and operate an account wagering system in New Jersey pursuant to the Off-Track and Account Wagering Act (P.L. 201, c. 199) and the regulations promulgated by the New Jersey Racing Commission. Under the agreement the Authority began operating an on-line account wagering system and has contributed 70% of start-up costs for the project, appointed an Operating Board and conducts and accounts for all day-to-day operations in return for 70% of available net project revenues or losses as defined by the agreement.

The Authority's 70% financial interest was transferred to the New Meadowlands Racetrack, (35:%) and the New Jersey Thoroughbred Horsemen's Association, (35%) as part of a long term lease agreement to assume the operating rights of the racetracks and off-track wagering sites.

On October 21, 2009, the Authority undertook a project consisting of construction of a new storm water basin and to purchase equipment for the project in order to alleviate storm water runoff at Monmouth Park Racetrack. The total cost for the equipment and the project is estimated at $26,600,000, which includes capitalized interest, debt service and administrative expenses, and will be financed through loans from the New Jersey Environmental Infrastructure Trust and the New Jersey Department of Environmental Protection. The Borough of Oceanport applied for the project loan (not to exceed $23,500,000), and the Authority will apply for the equipment loan (not to exceed $850,000) with the above financing authorities. The Authority will pay the Borough a special assessment that is substantially similar to the Borough's loan repayment schedule, and will manage the project at its own cost. The project was completed in 2012 and repayment on the loans began in 2010 and ends in 2029.

22. Concentration of Risk

The State of New Jersey appropriated and remitted to the Authority $26 million in state aid. This amount is used to fund the General Fund operations. This state aid offsets approximately 92% of the Authority's 2015 operating loss.

23. Subsequent Events

In August and September 2016, the NJSEA authorized the issuance of Limited Obligation Grant Revenue Bonds in the aggregate principal amount not to exceed $350,000,000 (the "ERGG Bonds"), in order to provide financing for a portion of the costs of developing the American Dream Project. The ERGG Bonds are special limited revenue obligations of the Authority payable from grants received by the Authority pursuant to a State Economic Redevelopment and Growth Incentive Grant Agreement awarded to the developer of the American Dream Project. The ERGG Bonds have not yet been issued.

In August and September 2016, the NJSEA authorized the issuance of Limited Obligation PILOT Revenue Bonds in the aggregate principal amount not to exceed $800,000,000 (the "PILOT Bonds"), in order to provide financing for a portion of the costs of developing the American Dream Project. The PILOT Bonds are special limited revenue obligations of the Authority payable from PILOTs received by the Authority pursuant to a Financial Agreement between the developer of the American Dream Project, the Borough of East Rutherford and the Authority. The PILOT Bonds have not yet been issued.

NJSEA's lease with the Town of Kearny for the Keegan Landfill property expired in June 2016. Negotiations between the parties for an extension of the lease to date have failed. NJSEA filed an action to condemn the Keegan Landfill property. The Superior Court of New Jersey affirmed the NJSEA's right to condemn the landfill after a challenge was made by the Town of Kearny. The Town has subsequently appealed the court's decision. The appeal remains ongoing. Simultaneously, proceedings to determine the valuation of the landfill relative to the condemnation remain ongoing. The NJSEA's expert appraisal set a value of $1.8 million for the property. Condemnation commissioners appointed by the court valued the property at $7.8 million in a non-binding process, which was appealed by the NJSEA. A trial de novo is anticipated to be held in 2017 on this subject. As these legal matters proceed, operations at the landfill continue. The NJSEA received a Temporary Certificate of Authority to Operate (TCAO) for the landfill, which would permit operations up to 100 ft. The Town of Kearny has filed a request for an adjudicatory hearing on the TCAO.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(a Component Unit of the State of New Jersey)

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Budgetary Basis (1)
December 31, 2015

		Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance
Operating Revenues:						
	East Rutherford					
	NMSCO Ground Lease	$ 6,866,000	$ -	$ 6,866,000	$ 6,974,899	$ 108,899
	NMR Shared Services	5,350,000	-	5,350,000	5,082,362	(267,638)
(3)	Arena Revenue	4,673,000	-	4,673,000	4,491,578	(181,422)
	Monmouth Park Reimbursables	2,402,000	-	2,402,000	2,384,342	(17,658)
	Entertainment Facilities	-	-	-	8,888,888	8,888,888
(2)	Convention Center	-	-	-	2,583,343	2,583,343
(2)	Tourism Tax Revenue	-	-	-	4,052,238	4,052,238
	Misc. Other	3,034,000	-	3,034,000	3,646,096	612,096
	Total - East Rutherford	$ 22,325,000	$ -	$ 22,325,000	$ 38,103,746	$ 15,778,746
	Lyndhurst					
	Lease Revenues	$ 1,824,108	$ -	$ 1,824,108	$ 1,568,145	$ (255,963)
	Land Use Fee Income	1,500,000	-	1,500,000	1,546,321	46,321
	Overhead Reimbursement	4,698,784	-	4,698,784	4,687,786	(10,998)
	Misc Other	1,133,635	-	1,133,635	1,458,909	325,274
	Total Operating Revenue - Lyndhurst	$ 9,156,527	$ -	$ 9,156,527	$ 9,261,161	$ 104,634
	Solid Waste Revenue	$ 24,144,535	$ -	$ 24,144,535	$ 25,025,570	$ 881,035
Total Revenues		$ 55,626,062	$ -	$ 55,626,062	$ 72,390,477	$ 16,764,415
Expenditures:						
	East Rutherford					
	Salaries/Fringe	$ 13,300,000	$ -	$ 13,300,000	$ 12,697,983	$ 602,017
(3)	Arena Event Expenses	2,561,000	-	2,561,000	2,689,591	(128,591)
	Utilities	5,129,000	-	5,129,000	3,588,407	1,540,593
	New Jersey Racing Commission	2,471,000	-	2,471,000	2,490,371	(19,371)
	Professional Services	2,000,000	-	2,000,000	2,091,167	(91,167)
	Pension	1,800,000	-	1,800,000	1,537,901	262,099
	Workers Compensation	1,500,000	-	1,500,000	-	1,500,000
	Repairs/Maintenance - Building/Other	1,668,000	-	1,668,000	1,794,472	(126,472)
	Convention Center	-	-	-	6,038,434	(6,038,434)
	Misc. Other	2,776,000	-	2,776,000	11,431,253	(8,655,253)
	Total - East Rutherford	$ 33,205,000	$ -	$ 33,205,000	$ 44,359,579	$ (11,154,579)
	Lyndhurst					
	Salaries/Fringe	$ 5,382,427	$ -	$ 5,382,427	$ 5,119,381	$ 263,046
	Services	1,480,000	-	1,480,000	1,458,798	21,202
	Capital/Maintenance	640,000	-	640,000	366,777	273,223
	Repairs/Maintenance	675,600	-	675,600	669,113	6,487
	Ramapo Partnership	500,000	-	500,000	500,000	-
	Misc. Other	478,500	-	478,500	1,134,316	(655,816)
	Total - Lyndhurst	$ 9,156,527	$ -	$ 9,156,527	$ 9,248,385	$ (91,858)
	Solid Waste Operating Expenses	$ 24,144,535		$ 24,144,535	$ 24,725,464	$ (580,929)
Total Expenditures		$ 66,506,062	$ -	$ 66,506,062	$ 78,333,428	$ (11,827,366)
	Total Operating Gain or Loss	(10,880,000)	-	(10,880,000)	(5,942,951)	4,937,049
Other revenues and expenditures:						
	State Appropriations	$ 26,000,000		$ 26,000,000	$ 26,000,000	$ -
	Payment in Lieu of Taxes & CAFO	(11,795,369)		(11,795,369)	(11,559,058)	236,311
Total non-operating revenues and expenses		14,204,631	-	14,204,631	14,440,942	236,311
Excess (deficit) of revenues over expenditures		$ 3,324,631	$ -	$ 3,324,631	$ 8,497,991	$ 5,173,360

Amounts report for governmental activities in the statement of revenues, expenditures and changes in fund balance are different because:

Depreciation expense	(1,517,486)
Post employment healthcare benefits, other than pension obligation	(1,121,247)
Capital outlays	366,777
Excess (deficit) of revenues over expenditures	6,226,035
Fund balance, beginning of year	195,501,124
Fund balance, end of year budgetary basis	$ 201,727,159

(1) NJSEA policy is to prepare a entity-wide budget for its operations and does not prepare budgets by major funds.
(2) Wildwood Convention Center activities are not a budgeted by NJSEA. Budgets for Wildwood Convention Center are prepared by the Greater Wildwoods Tourism Improvement & Development Authority (GWTIDA)
(3) See Footnote 2(h) - NJSEA Enterprise Fund Revenues and Expenses.

See Notes to Financial Statements

New Jersey Sports and Exposition Authority
Required Supplementary Information - Schedule of the
Authority's Proportionate Share of the Net Pension Liability
New Jersey Public Employees' Retirement System (PERS)
Last Ten Fiscal Years (1)

	2015	2014
Authority's proportion of the net pension liability (asset)	0.1608625%	0.1669715%
Authority's proportionate share of the net pension liability (asset)	$ 38,551,552	$ 33,138,370
Authority's covered-employee payroll	$ 7,963,473	$ 12,049,996
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	484.10%	275.01%
Plan fiduciary net position as a percentage of the total pension liability - local group	47.93%	48.72%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions.*

See Notes to Financial Statements

New Jersey Sports and Exposition Authority
Required Supplementary Information - Schedule of Contributions
New Jersey Public Employees' Retirement System (PERS)
Last Ten Fiscal Years (1)

	2015	2014
Contractually required contribution	$ 1,459,125	$ 1,527,382
Contributions in relation to the contractually required contribution	(1,459,125)	(1,527,382)
Contribution deficiency (excess)	$ -	$ -
Authority's covered-employee payroll	$ 7,963,473	$ 12,049,996
Contributions as a percentage of covered-employee payroll	18.32%	12.68%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions.*

Notes to Required Supplementary Information

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumption

The inflation and discount rates used to measure the total pension liability were as follows:

Measurement Date	Discount Rate	Inflation Rate
June 30, 2015	4.90%	3.04%
June 30, 2014	5.39%	3.01%

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ACCOUNTANTS AND ADVISORS

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

Independent Auditors' Report

Board of Commissioners
New Jersey Sports and Exposition Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the New Jersey Sports and Exposition Authority ("the Authority"), as of and for the year then ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 31, 2017. Our report qualifies our opinion on the business-type activities and the NJSEA Enterprise Fund because the Authority did not provide a fair value measurement regarding the closure of the IZOD Center and therefore, the amount of any impairment loss cannot be determined.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

March 31, 2017

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

**Report on Compliance for Each Major
Program and Report on Internal Control over Compliance**

Independent Auditors' Report

**Board of Commissioners
New Jersey Sports and Exposition Authority**

Report on Compliance for Each Major Federal Program

We have audited the New Jersey Sports and Exposition Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major Federal programs for the year ended December 31, 2015. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

March 31, 2017

Schedule A

New Jersey Sports and Exposition Authority
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

Federal Funding Department and and Description	Grant Number	C.F.D.A. No.	Pass Through Entity Identifying Number	Pass Through to Sub-recipients	Award Amount	Cash Received	Expenditures	Cumulative Expenditures
US Department of Transportation:								
National Infrastructure Investments TIGER Discretionary Grant	N/A	20.933	N/A	N/A	$ 10,008,056	$ 2,360,883	$ 1,720,914	$ 10,031,084
US Department of Environmental Protection Agency:								
Regional Wetlands Program Development Grant:								
Wetlands Protection State Development Urban Tidal Wetlands Restoration	N/A	66.461	N/A	N/A	124,000			50,407
Measurement of Tidal Wetlands Impairment for Acquisition and Enhancement	N/A	66.461	N/A	N/A	234,998	101,294	8,603	149,581
Benthic Biodiversity and Pollutant Loads in Emergent Marshes of NJMC	N/A	66.461	N/A	N/A	215,239	74,272	52,848	53,235
Total Regional Wetlands Program Development Grant					574,237	175,566	61,451	253,223
Environmental Information Exchange Network Green Program and Related	N/A	66.608	N/A	N/A	385,700			379,693
Pollution Pevention Grant (Green Restaurant Initiative)	N/A	66.708	N/A	N/A	99,200	23,649	9,556	92,677
Total US Department of Environmental Protection Agency					1,059,137	199,215	71,007	725,593
US Department of Homeland Security::								
Disaster Grants - Public Assistance - FEMA	N/A	97.036	N/A	N/A	966,783	209,060	591,785	1,126,534
					$ 12,053,976	$ 2,769,158	$ 2,383,706	$ 11,883,211

N/A - Not Applicable

See Notes to Schedule of Expenditures of Federal Awards

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Notes to the Schedules of Expenditures of Federal Awards December 31, 2015

NOTE 1 General

The accompanying schedules present the activity of the federal awards of the New Jersey Sports and Exposition Authority. The Authority is defined in Note 1 to the Authority's financial statements. All federal financial assistance received from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule of expenditures of federal awards.

NOTE 2 Relationship to Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the Authority's financial statements.

NOTE 3 Indirect Cost Rate

The Authority has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended December 31, 2015

Section I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements Qualified

Internal control over financial reporting:

1) Material weakness(es) identified		Yes	X	No
2) Significant deficiency(ies) that are not considered to be material weakness(es)?		Yes	X	None
Noncompliance material to the financial statements noted?		Yes	X	No

Federal Awards Section

Internal Control over major programs:

1) Material weakness(es) identified		Yes	X	No
2) Significant deficiency(ies) that are not considered to be material weakness(es)?		Yes	X	No

Type of auditor's report used on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with OMB Uniform Guidance		Yes	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.933	National Infrastructure Investments – TIGER Discretion Grant

Dollar threshold used to distinguish between Type A and Type B Programs $750,000

Auditee qualified as low-risk auditee? X Yes ____ No

NEWJERSEY SPORTS AND EXPOSITION AUTHORITY

Schedule of Findings and Questioned Costs
Year Ended December 31, 2015

Section 2 – Financial Statements Findings

NONE

Section 3 – Major Federal Awards Findings and Questioned Costs

NONE

Section 4 – Schedule of Prior Year Audit Findings

NONE