EXHIBIT I

New Jersey Sports and Exposition Authority

(A Component Unit of The State of New Jersey)

Consolidated Financial Statements as of
and for the Years Ended December 31, 2013
and 2012 and Independent Auditor's Report

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY
(A Component Unit of The State of New Jersey)

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Deloitte & Touche LLP
100 Kimball Drive
Parsippany, NJ 07054-0319
USA

Tel: +1 973 602 6000
Fax: +1 973 602 5050
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of net position of the New Jersey Sports and Exposition Authority (the "Authority" or "NJSEA"), a component unit of the State of New Jersey, as of December 31, 2013 and 2012, and the related consolidated statements of revenues, expenses, and changes in net position, and consolidated cash flows for the years then ended, and the related notes to the consolidated financial statements, which collectively comprise the Authority's consolidated financial statements as listed in the table of contents.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the consolidated 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 Authority'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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the net position of the Authority, as of December 31, 2013 and 2012, and the respective changes in net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the consolidated financial statements, the NJSEA is a component unit of the State of New Jersey. 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. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 19 be presented to supplement the consolidated financial statements. Such information, although not a part of the consolidated financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the consolidated 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 consolidated financial statements, and other knowledge we obtained during our audits of the consolidated 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.

Deloitte & Touche LLP

July 25, 2014

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2013 AND 2012

Introduction to the Annual Report

This annual report consists of three parts; Management's Discussion and Analysis ("MD&A"), Consolidated Financial Statements, and Notes to the Consolidated Financial Statements.

Management's Discussion and Analysis:

- This section of the New Jersey Sports and Exposition Authority's (the "Authority" or "NJSEA"), a component unit of the State of New Jersey, consolidated financial statements presents an overview of the Authority's financial performance during the years ended December 31, 2013 and 2012. 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 Consolidated Financial Statements include:

- The Consolidated 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 assets 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 assets by the Authority that is applicable to a future reporting period (deferred inflow of resources) with the difference between assets/deferred outflow of resources and liabilities/deferred inflow of resources being reported as net position.

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

- The Consolidated Statements of Cash Flows which provide information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities.

The Notes to the Consolidated Financial Statements provide:

- Information that is essential to understanding the consolidated 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.

The Authority's Business

The Authority is engaged in the business of owning, operating and managing sports, entertainment, and convention facilities throughout the State of New Jersey (the "State"). It was created as a quasi-governmental 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. Only the result of the Authority's direct activities are discussed in this annual report.

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

The Meadowlands Sports Complex — East Rutherford, New Jersey

Meadowlands Racetrack — consists of a five-level glass enclosed grandstand with seating for approximately 8,000, an outdoor ramp and trackside park for approximately 32,000 additional spectators and 2 restaurants, a one-mile track for both harness and thoroughbred racing, 16 barns and other support buildings for 1,635 horses. Its revenues were generated from commissions on live and simulcast pari-mutuel wagering, parking, admissions, program and concessions sales. On December 19, 2011, NJSEA and New Meadowland Racetrack ("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 35% interest in Account Wagering. The lease has an additional option for 10 years of renewal at its conclusion. On November 23, 2013, NMR moved its operations to a newly constructed facility opposite the old grandstand.

Account Wagering — began operations 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 Authority operated and managed the system, which allows account holders to make wagers through an internet connection or an automated telephone system. Under the agreement, the Authority began operating an on-line account wagering system and has contributed 70% of start-up costs for the project 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 Meadowlands Lessee in June of 2011 and the Monmouth Park Lessee in May of 2012 in exchange for both track operators assuming financial losses for the facilities. The Authority entered into a 5-year management agreement with Darby Development, LLC. (as an independent contractor) in October of 2012 to manage the daily activities of the business.

Izod 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.

Xanadu Entertainment Facility — a multi-use attraction currently under construction on the Arena site to consist of approximately 5 million square feet of gross space containing entertainment, conference facility, office, restaurant and ancillary retail components. On June 30, 2005, the Authority entered into a ground lease and related project agreements for development of Meadowlands Xanadu, 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 upfront payment over 18 years. As of December 31, 2013, the facility has not begun operations.

Other — Additionally, the Sports Complex generates revenues from events such as fairs and outdoor markets held in the Complex's parking lots.

Off-Track Wagering ("OTW")Facility — In November 2007, an Off-Track Wagering facility was placed in service in Woodbridge, NJ consisting of a restaurant operated under an agreement with a third party concessionaire and wagering facilities operated by the Authority.

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 and dormitories for approximately 900. Its revenues were 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 ("NJTHA") executed a 35-year lease to operate the Monmouth Park racetrack and the Woodbridge OTW. The agreement included a 35% interest in account wagering and the rights to build and operate an additional five off track facilities. The NJTHA took full operational control on May 3, 2012.

Other — Additionally, income is generated from advertising signage located at various locations around the facility.

The Greater Wildwoods Convention Center — Wildwood, New Jersey

The Wildwoods Convention Center (the "Center")— consists of a recently constructed 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. The Camden project is part of the Wildwood operations.

Other — The towns of Wildwood, North Wildwood, and Wildwood Crest impose a tourism tax on retail sales. Ninety percent of these revenues are provided to the Authority to pay debt related to the convention centers, as well as to operate, maintain and promote the facilities.

NJSEA Insurance Company, Inc. — Vermont

NJSEA Insurance Company — was created by the NJSEA to engage in the business of acting as a pure captive insurance company under Title 8, Chapter 141 insurance statutes of the State of Vermont. NJSEA Insurance's mission is to continue, develop, and improve the insurance and risk management needs as required by the Authority. NJSEA Insurance Company, Inc was dissolved on April 18, 2013. The dissolution of the company had no impact on the Authority's financial position and results from operations.

Financial Analysis

The following sections will discuss the significant changes in the Authority's financial position for 2013 and 2012. 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 (2013)

Total operating revenues decreased approximately $24.7M from 2012 primarily the result of two significant changes in racetrack operations. First, on February 3, 2013, account wagering's daily operations were outsourced to Television Games Network ("TVG"). Second, on May 3, 2012 the NJTHA took operational control of both Monmouth Park Racetrack and the Off Track Wagering Facility in Woodbridge, New Jersey. In addition to the racetrack changes, the IZOD Center's revenues from events were down 39%, the result of 35 fewer events.

Total operating expenses (before depreciation and amortization) were $6.1M lower than 2012 because of the reasons mentioned above and partially offset by an increase in general and administrative costs.

Highlights (2012)

Total operating revenues decreased approximately $90.7M in 2012 because of two significant changes in the racetrack operations. First, in December 2011, the New Meadowlands Racetrack took operational control of the Meadowlands Racetrack. Second, on May 3, 2012 the NJTHA took operational control of both Monmouth Park Racetrack and the Off Track Wagering Facility in Woodbridge, New Jersey.

Total operating expenses (before depreciation and amortization) were $73.3M lower than 2011 because of the reasons mentioned above and partially offset by an increase in general and administrative costs.

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.

	December 31, 2013	December 31, 2012	December 31, 2011
Current and Other Assets	$ 33,149,000	$ 48,891,000	$ 50,233,000
Investment in Facilities	289,790,000	303,079,000	322,218,000
Total Assets	322,939,000	351,970,000	372,451,000
Current and Other Liabilities	66,696,000	93,503,000	109,956,000
Long-Term Liabilities	64,627,000	48,827,000	57,899,000
Total Liabilities	131,323,000	142,330,000	167,855,000
Net Position	191,616,000	209,640,000	204,596,000
Total Liabilities and Net Position	$ 322,939,000	$ 351,970,000	$ 372,451,000

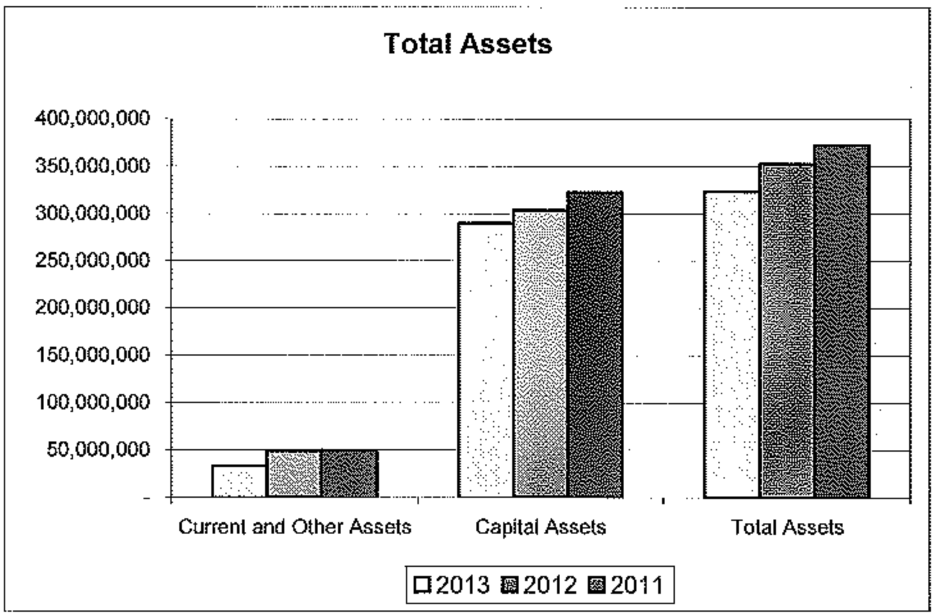
Significant changes in assets in 2013 include:

- A decrease in cash and cash equivalents of approximately $16.9M to fund operations and capital projects.
- A decrease in investment in facilities of approximately $13.3M from annual depreciation.

Significant changes in assets in 2012 include:

- A decrease in cash and cash equivalents of approximately $5.5M to fund operations and capital projects.

- A decrease in investment in facilities of approximately $19.1M from annual depreciation and the write off of 1.1M of construction-in-progress.



Total liabilities decreased in 2013 by approximately $11.0M and was due primarily to:

- Decrease of $19.0M due to the amortization of unearned event revenues and lease rent.

- Decrease in accounts payable and accrued expenses of approximately $4.0M due to lower operating expenses.

- Decrease in unclaimed property liability of approximately $4.8M due to cash settlement with the state.

- Increase in long term liabilities of $16.0M resulting from additional pension withdrawals and an actuarial revision in an exisiting pension liability.

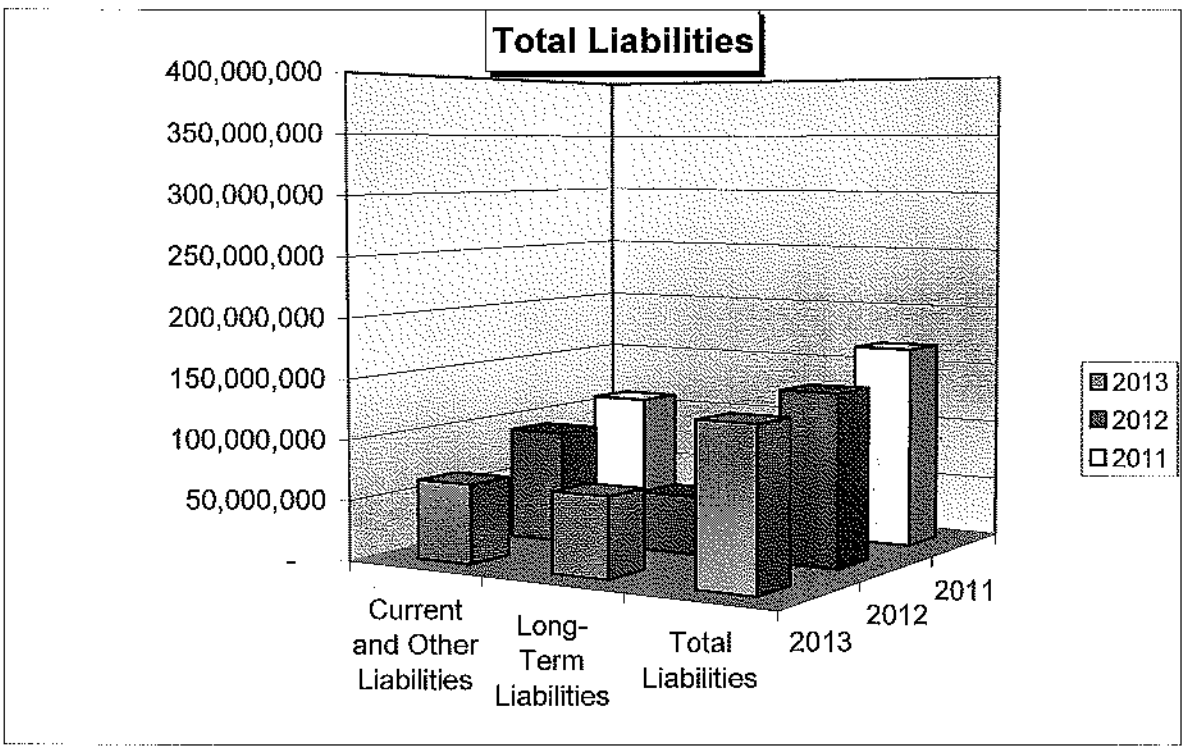
Total liabilities decreased in 2012 by approximately $25.5M and was due primarily to:

- Decrease in accounts payable and accrued expenses of approximately $5.0M due to lower operating expenses.

- A decrease in accrued employment benefits, unclaimed tickets and other current liabilities of $2.2M due to discontinued racetrack operation.

- A decrease in deferred revenues of $10.2M due to the normal recognition of the entertainment facility revenue, of $9.0M and $1.0M decrease in advance ticket sales.

- A decrease in other long term liabilities of $8.5M due to the elimination of the Other Post-Employment Benefits ("OPEB") reserve. Aggregated valuation of the plan was taken over by the state in 2012.



Condensed Consolidated Statements of Revenues, Expenses and Changes in Net Position

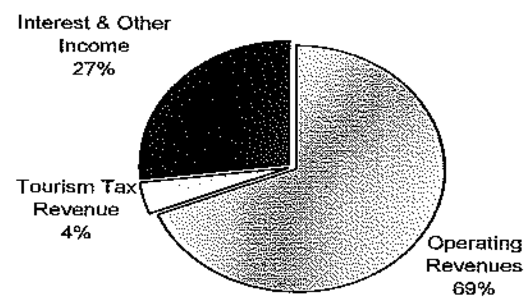
	Years Ended December 31, 2013	2012	2011
Operating Revenues	$ 55,493,000	$ 80,216,000	$ 155,098,000
Operating Expenses Excluding Depreciation	(79,326,000)	(85,396,000)	(177,991,000)
Operating Revenues Net of Depreciation and Amortization	(23,833,000)	(5,180,000)	(22,893,000)
Depreciation and Amortization Expense	(19,568,000)	(20,618,000)	(21,978,000)
Operating Loss	(43,401,000)	(25,798,000)	(44,871,000)
Non Operating Income and Expenses:			
Luxury Tax, Marketing Fee and Tourism Tax	3,459,000	3,660,000	3,341,000
Interest and Other Income/(Expenses)	21,918,000	27,345,000	14,576,000
Total Non Operating Income	25,377,000	31,005,000	17,917,000
Change in Net Position	$ (18,024,000)	$ 5,207,000	$ (26,954,000)

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

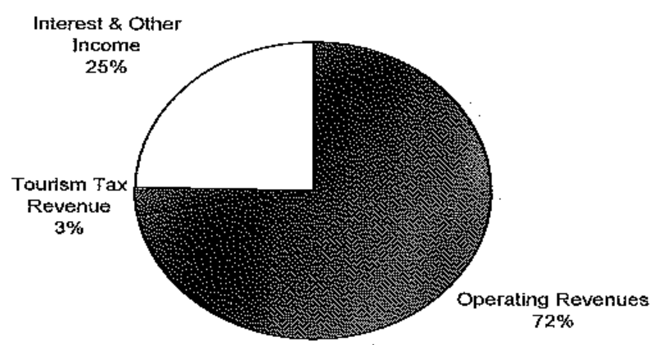
Increases in net position consist of:

- 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.

2013 Revenues



2012 Revenues



Decreases in Net Position consist of:

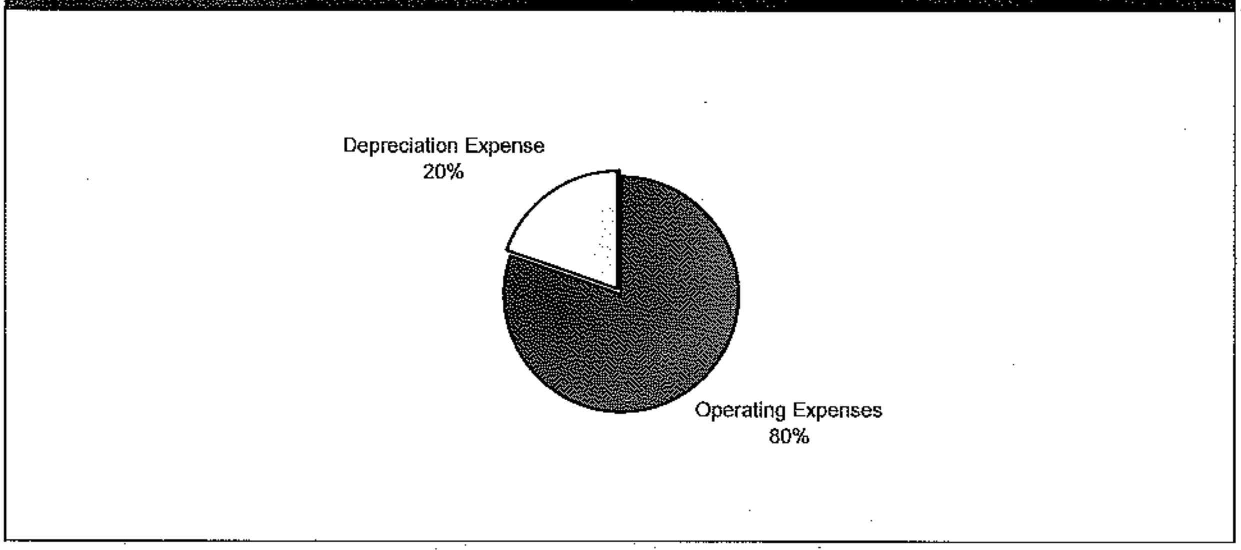
- Operating expenses, which represent the costs associated with running the facilities except for fixed asset acquisitions and capital maintenance costs that are depreciated.

- Depreciation expense which recognizes the cost of capital assets, such as buildings, equipment and improvements, over the life of the asset, usually between 2 and 60 years, and an accelerated basis with regards to the Stadium.

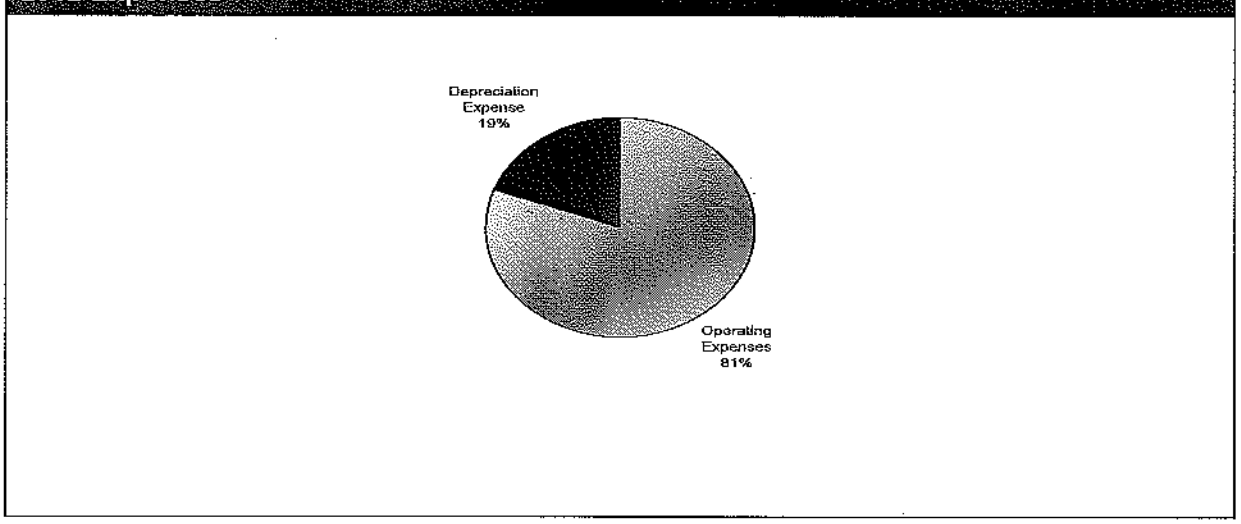
- Interest expense and other, which is the interest paid and accrued on the Authority's debt net of interest income generated on cash reserves held in cash and short-term investments.

- Other income and expenses, which are not directly related to operations, and often, may be non-recurring in nature.

2013 Expenses



2012 Expenses



Operating Highlights (2013–2012)

Racing operating revenues net of operating expenses (including Account Wagering, Monmouth Park, and the Woodbridge Off-Track Wagering facility) were $4,843,000 higher than the previous year due to: the transfer of Monmouth Park racetrack (the 2012 operating loss was $7,878,000) and the Woodbridge OTW to the NJTHA in 2012 and outsourcing of the account wagering operations in 2013.

Operating revenues net of operating expenses at the Izod Arena were $3,319,000 lower than 2012. This was primarily the result of an decrease in the number of events in 2013 versus 2012.

General and administrative expenses were approximately $24,611,000 higher than 2012 due to an increase in the actuarial liability of one pension fund and the recognition of two additional withdrawal liabilities in 2013.

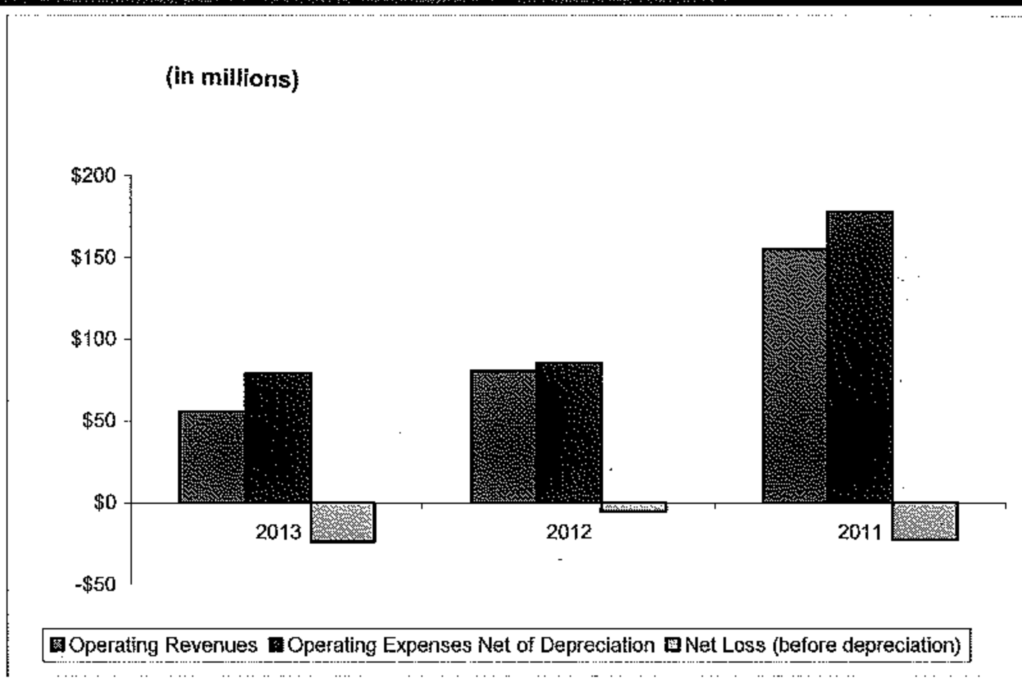
Operating Highlights (2012–2011)

Racing operating revenues net of operating expenses (including Account Wagering and the Woodbridge Off-Track Wagering facility) were $8,278,000 lower than the previous year due to the transfer of Monmouth Park racetrack and the Woodbridge OTW to the NJTHA.

Operating revenues net of operating expenses at the Izod Arena were $205,000 higher than 2011. This was primarily the result of an increase in the number of events in 2012 versus 2011.

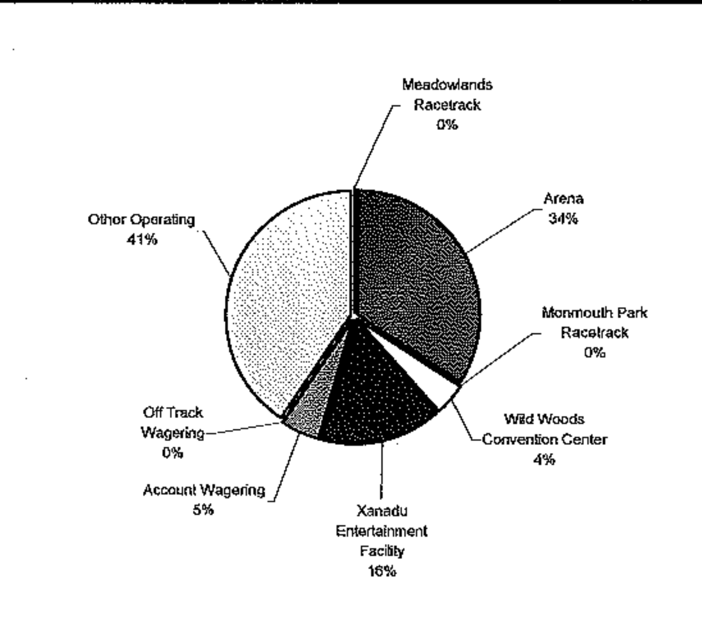
General and Administrative expenses were approximately $5,252,000 higher than 2011 due to the reclassification of pension withdrawal and New Jersey Racing Commission, ("NJRC") regulatory costs from racetrack operations.

Consolidated Revenues, Expenses and Operating Income

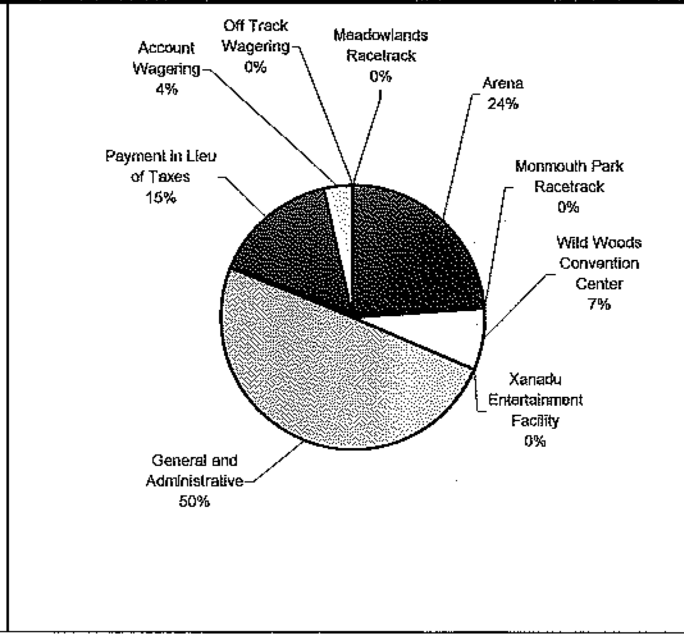


Operating Revenues and Expenses by Facility 2013

Operating Revenues



Expenses by Facility

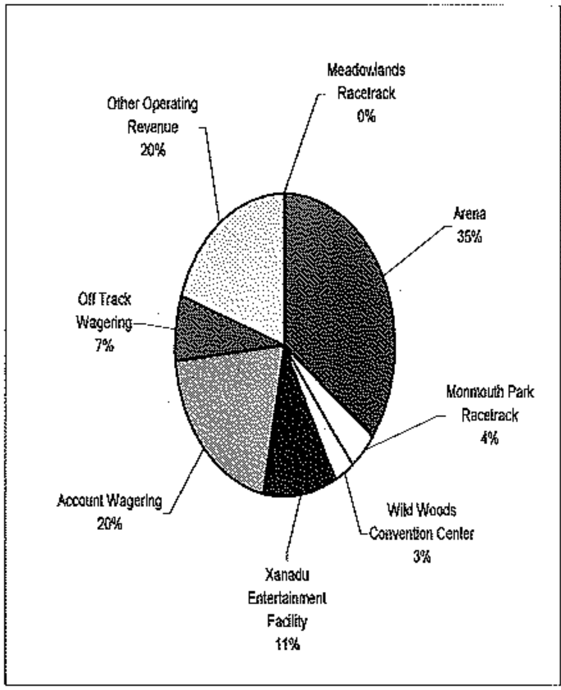


Arena	$	18,976,000
Wildwoods Convention Center		2,368,000
Xanadu Entertainment Facility		8,890,000
Account Wagering		2,855,000
Other Operating		22,404,000
Total Operating Revenue	$	55,493,000

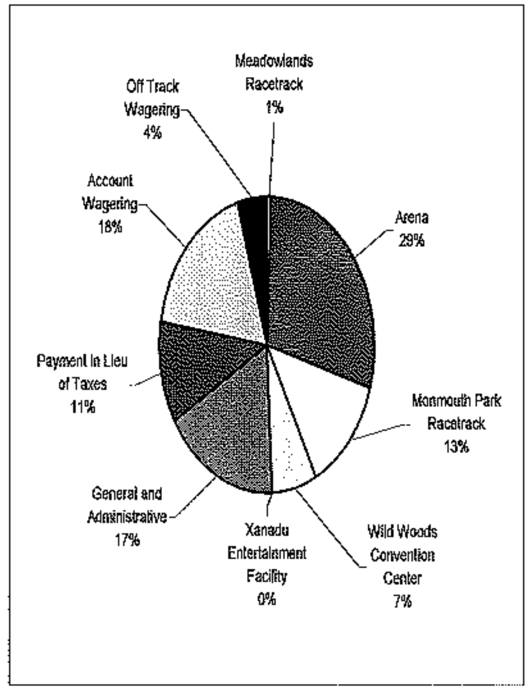
Arena	$	18,988,000
Wildwoods Convention Center		5,850,000
Xanadu Entertainment Facility		1
Account Wagering		2,932,000
General and Administrative		39,507,000
Payment in Lieu of Taxes		12,048,000
Total Operating Expenses Before Depreciation and Amortization	$	79,326,000

Operating Revenues and Expenses by Facility 2012

Operating Revenues



Expenses by Facility



Meadowlands Racetrack	$ 600
Arena	28,322,800
Monmouth Park Racetrack	3,252,700
Wildwoods Convention Center	2,197,000
Xanadu Entertainment Facility	8,893,000
Account Wagering	16,053,700
Off Track Wagering	5,716,000
Other Operating	15,780,000
Total Operating Revenue	$ 80,216,800

Meadowlands Racetrack	$ (597,200)
Arena	25,016,600
Monmouth Park Racetrack	11,130,600
Wildwoods Convention Center	5,765,500
Xanadu Entertainment Facility	52,000
Account Wagering	15,577,900
Off Track Wagering	3,831,800
General and Administrative	14,895,500
Payment in Lieu of Taxes	9,722,000
Total Operating Expenses Before Depreciation and Amortization	$ 85,394,700

Economic Conditions

The Authority has been a leader in the racing industry since opening the Meadowlands Racetrack in 1976 and purchasing Monmouth Park Racetrack in 1986. Casino gaming, lotteries and the emergence of Racinos in border states has adversely effected racing which 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 operators ("NMR") entered into a Memorandum of Understanding for the lease of the Meadowlands Racetrack, the development and operation of 4 OTWs, 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 29, 2012, the Authority and the NJTHA executed a 35-year lease to operate the Monmouth Park racetrack and the Woodbridge OTW. The agreement included a 35% interest in account wagering and the right to build and operate an additional five off track facilities. The NJTHA took full operational control on May 3, 2012.

The new Giants 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 and management fees for operating certain aspects of stadium events.

On June 30, 2005, the Authority entered into a ground lease and related project agreements for development of Meadowlands Xanadu, 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. For GAAP purposes revenue will be realized by amortizing the upfront payment over 18 years. As of December 31, 2013, the facility has not begun operations.

Racing

Racing revenues depended on attendance, number of racing dates, and race signals from other racetracks throughout the U.S. 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 gaming such as lotteries and casinos gambling.

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 agreement effectively ended NJSEA's participation in the racing industry.

Racing Statistics

Meadowlands and Monmouth Park Racetracks

	2013	2012	2011
Live Race Days	-	-	157
Attendance	-	82,719	1,428,290
Live Handle	$ -	$ -	$ 58,277,281
Reception Handle	-	20,777,165	270,731,900
On-Track Handle	-	20,777,165	329,009,181
Transmission Handle			457,974,748
Account Wagering Handle	-	99,402,600	88,857,800
Off-Track Wagering Facility	-	32,158,300	94,065,600
Total Handle	$ -	$ 152,338,065	$ 969,907,329

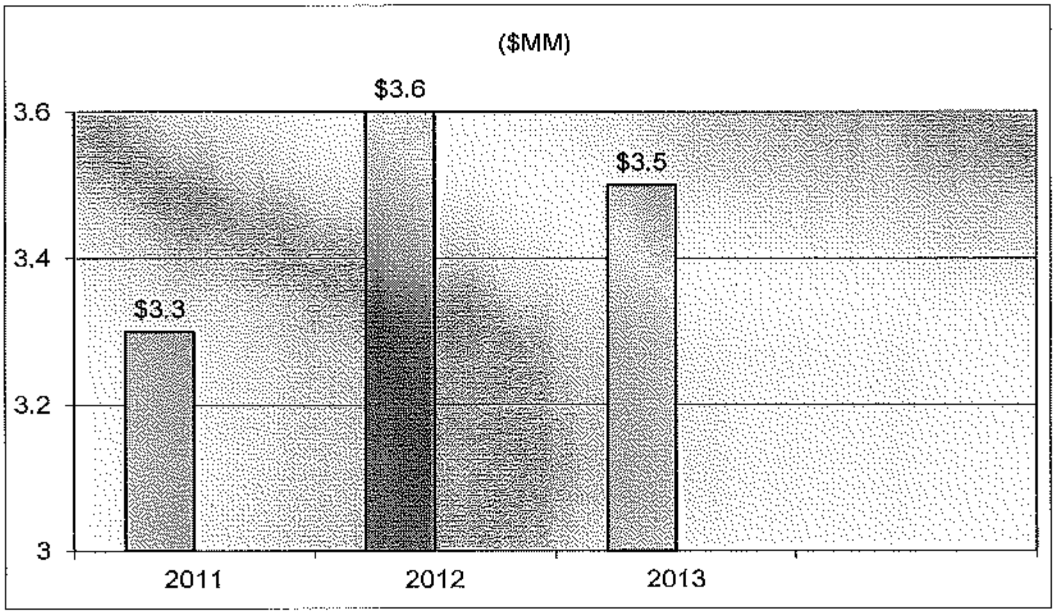
Arena

Arena revenues partly depend on the number of events and level of attendance. Attendance determines the level of parking, concessions and admission revenues that is collected.

Arena Events

	2013	2012	2011
Number of Events	93	128	119
Total Attendance	676,100	865,000	778,500
Net Revenue from Events	$ 3,421,900	$ 5,829,100	$ 5,111,900

Tourism Tax



	2013	2012	2011
Total Tourism Tax	$ 3,459,000	$ 3,660,000	$ 3,341,000

The Greater Wildwoods Convention Center

The Wildwoods Convention Center depend heavily on the number and size of events they can attract, and rely on the performance of the tourism and gaming industries with which they coexist. Details of event statistics are presented below.

Convention Center Events

	2013	2012	2011
Wildwoods Convention Center			
Number of Event Days	239	247	257
Total Attendance	178,671	189,226	191,431
Net Revenue from Events	$ 618,504	$ 512,919	$ 447,228

Capital Assets

At the end of 2013, the Authority had a net investment in capital assets of $289,790,000 at a total capital cost of $594,758,000 net of accumulated depreciation of $304,968,000 as shown below.

(In Thousands)	December 31, 2012	Additions	Transfers and Deletions	December 31, 2013
Meadowlands Sports Complex	$ 646,787	$ 4,373	$ (176,249)	$ 474,911
Monmouth Park Racetrack	109,748	1,839	(49,273)	62,314
Wildwoods Convention Center	78,478	67	(21,012)	57,533
Total Investment in Facilities	835,013	6,279	(246,534)	594,758
Less Accumulated Depreciation	(531,934)	(19,568)	246,534	(304,968)
Investment in Facilities Net of Accumulated Depreciation	$ 303,079	$ (13,289)	$ -	$ 289,790

Additions to capital assets during 2013 consisted of normal purchases and improvement of infrastructure, mechanical systems, as well as various safety system upgrades. At year end, fully depreciated assets totaling $246,534,000 were written off against accumulated depreciation.

At the end of 2012, the Authority had a net investment in capital assets of $303,079,000 at a total capital cost of $835,013,000 net of accumulated depreciation of $531,934,000 as shown below.

(In Thousands)	December 31, 2011	Additions	Transfers and Deletions	December 31, 2012
Meadowlands Sports Complex	$ 644,487	$ 2,300	$ -	$ 646,787
Monmouth Park Racetrack	109,616	132	-	109,748
Wildwoods Convention Center	78,290	188	-	78,478
	832,393	2,620	-	835,013
Construction-in-Progress	1,141	-	(1,141)	-
Total Investment in Facilities	833,534	2,620	(1,141)	835,013
Less Accumulated Depreciation	(511,316)	(20,618)	-	(531,934)
Investment in Facilities Net of Accumulated Depreciation	$ 322,218	$ (17,998)	$ (1,141)	$ 303,079

Additions to capital assets during 2012 consisted of normal purchases and improvement of infrastructure, mechanical systems, as well as various safety system upgrades.

Budgetary Controls

The Authority adopts operating and capital plans that are approved by its Board of Directors prior to the start of each new year. Budgets are a measure of the Authority's financial performance and accountability and are reviewed and revised, although not formally, on a monthly basis throughout the year.

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, 50 State Route 120, East Rutherford, NJ 07073.

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

CONSOLIDATED STATEMENTS OF NET POSITION
DECEMBER 31, 2013 AND 2012
(In thousands)

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents (Notes 2 and 4)	$ 11,850	$ 24,412
Restricted cash and cash equivalents (Notes 2 and 4)	486	4,805
Due from State of New Jersey (Note 1)	329	171
Prepaid expenses	366	190
Receivables — net of allowance for doubtful accounts of $518 in 2013 and $245 in 2012	7,584	10,809
Total current assets	20,615	40,387
Long-term assets:		
Investment in facilities (Notes 2 and 5)	289,790	303,079
Other assets (Note 2)	12,534	8,504
TOTAL ASSETS	$ 322,939	$ 351,970
LIABILITIES AND NET POSITION		
LIABILITIES:		
Current liabilities:		
Accounts payable and accrued expenses	$ 8,938	$ 13,074
Interest payable on bonds and notes	567	513
Unearned revenue	49,586	68,119
Advanced ticket sales	4,805	4,763
Accrued employment benefits	1,343	2,195
Unclaimed tickets	28	4,799
Other current liabilities	1,429	40
Total current liabilities	66,696	93,503
Long-term liabilities:		
Other long term liabilities (Notes 10, 11, and 12)	62,140	46,300
Long-term portion of notes payable (Note 7)	309	349
Long-term portion of bonds payable (Notes 6, 8, and 9)	2,178	2,178
TOTAL LIABILITES	131,323	142,330
NET POSITION		
Net investment in capital assets	299,797	309,017
Restricted for statutory requirements	486	4,805
Unrestricted	(108,667)	(104,182)
TOTAL NET POSITION	191,616	209,640
TOTAL LIABILITIES AND NET POSITION	$ 322,939	$ 351,970

See notes to consolidated financial statements.

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

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2013 AND 2012
(In thousands)

	2013	2012
OPERATING REVENUES:		
Racetracks	$ 2,855	$ 25,023
Arena	18,976	28,323
Convention centers	2,368	2,197
Entertainment facilities	8,890	8,893
Other	22,404	15,780
Total operating revenues	55,493	80,216
OPERATING EXPENSES:		
Racetracks	2,932	29,943
Arena	18,988	25,016
Convention centers	5,850	5,766
Entertainment facilities	1	53
General and administrative	39,507	14,896
Depreciation and amortization (Notes 2 and 5)	19,568	20,618
Payment in lieu of taxes (Note 2)	12,048	9,722
Total operating expenses	98,894	106,014
OPERATING LOSS	(43,401)	(25,798)
NON OPERATING INCOME AND (EXPENSES):		
Other income	21,971	27,400
Tourism tax revenues (Note 3)	3,459	3,660
Interest expense (Notes 6 and 8)	(53)	(55)
Total non operating income	25,377	31,005
CHANGE IN NET POSITION	(18,024)	5,207
NET POSITION — Beginning of year	209,640	204,433
NET POSITION — End of year	$191,616	$209,640

See notes to consolidated financial statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012
(In thousands)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 83,773	$ 248,558
Payments to horsemen, bettors and franchises	(15,053)	(139,011)
Payments to employees and suppliers	(100,554)	(139,861)
Net cash used in operating activities	(31,834)	(30,314)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Tourism tax revenues	3,301	3,760
Net cash provided by non-capital financing activities	3,301	3,760
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
State appropriations	21,803	27,400
Principal paid on bonds and notes	-	(38)
Additions to investment in facilities	(6,193)	(2,617)
Racetrack loans	(3,965)	(3,712)
Net cash provided by capital and related financing activities	11,645	21,033
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	7	14
Net cash provided by investing activities	7	14
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,881)	(5,507)
CASH AND CASH EQUIVALENTS — Beginning of year	29,217	34,724
CASH AND CASH EQUIVALENTS — End of year	$ 12,336	$ 29,217
RECONCILATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$ (43,401)	$ (25,798)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	19,568	20,618
Change in allowance for doubtful accounts	273	(862)
Decrease (increase) in assets		
Receivables and other assets	2,568	280
Write-off of construction in progress	-	1,140
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(4,082)	(4,956)
Advanced ticket sales and other liabilities	11,608	(11,433)
Unearned revenues	(18,533)	(9,357)
Other	165	54
NET CASH USED IN OPERATING ACTIVITIES	$ (31,834)	$ (30,314)

See notes to consolidated financial statements.

1. AUTHORIZING LEGISLATION

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, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General —The Authority applies Governmental Accounting Standards Board ("GASB") Codification of Governmental Accounting and Financial Reporting Standards ("GASB Codification") Section P80, Proprietary Accounting and Financial Reporting. The financial statements include the accounts of the Authority including Monmouth Park Racetrack and the Wildwoods Convention Center. The NJSEA Insurance Company was dissolved on April 18, 2013. The dissolution of the company had no impact on the Authority's financial position and results from operations.

Revenues — The Authority promotes certain events held at the Arena. The gross revenues and expenses of these events are reflected in the financial statements. The Authority defines operating revenues and expenses as being directly or indirectly related to facilities and events. Operating revenues related to ticket sales, events, and advertising are recognized when tickets are used or after events take place. Operating expenses include salaries, insurance, depreciation, etc., and are expenses to run events and support the facilities. All other revenue and expenses are defined as non-operating.

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.

Reporting Entity — 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.

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. As a result, the Authority includes the financial statements of the Wildwoods Convention Center in its annual report. The assets and liabilities were recorded at fair value and the difference was recorded to net assets, invested in capital facilities.

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.

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.

Payment in 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.

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

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

Accumulated Vacation Time — Salaried employees of the Authority and the Wildwoods Convention Center 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.

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 in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools.*

Principles of Consolidation — The consolidated financial statements consist of the accounts of the Authority including Monmouth Park Racetrack and Wildwoods Convention Center for the years ended December 31, 2013 and 2012 and includes the NJSEA Insurance Company for the year ended December 31, 2012. The NJSEA Insurance Company was dissolved on April 18, 2013. All significant related group transactions have been eliminated for consolidation purposes.

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.

Recent Accounting Pronouncements — The Authority has completed the process of evaluating the impact of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities.* GASB Statement No. 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The Authority concluded that the adoption of GASB Statement No. 65 had no impact on its financial position, results of operations and cash flows.

The Authority has completed the process of evaluating the impact of GASB Statement No. 66, which amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about governmental fund type usage for risk financing activities on the definition in GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions.* This Statement also amends GASB Statement No. 62 *Codification of Accounting an Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) The difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that were sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of GASB Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in GASB No. 48, *Sales and Pledges of receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues,* respectively. The Authority concluded that the adoption of GASB Statement No. 66 had no impact on its financial position, results of operations and cash flows.

The Authority has not completed the process of evaluating the impact of GASB No. 67, *Financial Reporting for Pension Plans.* This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and Statement No. 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of change in fiduciary position. Statement No. 67 enhances note disclosure and RSI for both defined benefit and defined contribution pension plans. Statement No. 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions in Statement No. 67 are effective for financial statements for periods beginning after June 15, 2013.

The Authority has not completed the process of evaluating the impact of GASB Statement No. 68 *Accounting and Financial reporting for Pensions.* Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Government Employers* and Statement No. 50, *Pension Disclosures,* as they relate to governments that provide pensions thorough pension plans administered by trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pension plans to recognize their long-term obligation for pension benefits as a liability fir the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The provisions in Statement No. 68 are effective for fiscal years beginning June 15, 2014.

The Authority has not completed the process of evaluating the impact that will result from implementing GASB Statement No. 69, *Government Combinations and Disposals of Government Operations.* This statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The requirements of this statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

The Authority has not completed the process of evaluating the impact that will result from implementing GASB Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees.* This statement requires a government that extends a non-exchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. In addition, this statement requires new information to be disclosed by governments that receive non-exchange financial guarantees. The provisions of this statement are effective for reporting periods beginning after June 15, 2013.

The Authority has not completed the process of evaluating the impact of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* The objective of GASB Statement No. 71 is to address an issue regarding application of the transition provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual-basis financial statements of employers and non-employer contributing entities. This benefit will be achieved without the imposition of significant additional costs. The requirements of this Statement should be applied simultaneously with the provisions of GASB Statement No. 68 and are effective for fiscal years beginning after June 15, 2014.

3. 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-1 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).

4. CASH AND CASH EQUIVALENTS AND INVESTMENTS

The components of cash, cash equivalents and investments are as follows (in thousands):

	December 31,			
	2013		2012	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Cash and cash equivalents:				
Cash on hand	$ 445	$ 445	$ 613	$ 613
Demand deposits	6,134	7,409	2,723	5,230
N.J. Cash management fund	5,757	6,067	25,881	26,504
Total cash and cash equivalents	$ 12,336	$ 13,921	$29,217	$ 32,347

At December 31, 2013 and 2012, $486,000 and $4,802,000 of cash and cash equivalents, respectively, were restricted.

For 2013, restricted cash, cash equivalents and investments include $486,000 for the Camden project which is part of the operations of the Wildwoods Convention Center. For 2012, $3,545,188 were funds for the NJSEA Insurance Company and $1,260,000 received from the State for the Camden project.

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, 2013 and 2012, 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.

5. INVESTMENT IN FACILITIES

	Balance December 31, 2012	Additions	Transfers/ Deletions	Balance December 31, 2013
		(in thousands)		
Land	$ 117,149	$ -	$ -	$ 117,149
Buildings	486,123	3,694	(71,070)	418,747
Machinery and equipment	168,611	427	(153,497)	15,541
Land improvements	63,130	2,158	(21,967)	43,321
	835,013	6,279	(246,534)	594,758
Less accumulated depreciation	(531,934)	(19,568)	246,534	(304,968)
	$ 303,079	$ (13,289)	$ -	$ 289,790

	Balance December 31, 2011	Additions	Transfers/ Deletions	Balance December 31, 2012
		(in thousands)		
Land	$ 117,149	$ -	$ -	$ 117,149
Buildings	485,870	253	-	486,123
Machinery and equipment	167,773	838	-	168,611
Land improvements	61,601	1,529	-	63,130
Construction-in-progress	1,141	-	(1,141)	-
	833,534	2,620	(1,141)	835,013
Less accumulated depreciation	(511,316)	(20,618)	-	(531,934)
	$ 322,218	$(17,998)	$ (1,141)	$ 303,079

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

Buildings	35–60 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.

6. BONDS AND NOTES PAYABLE

Bonds payable consist of the following (in thousands):

	Date Issued	Original Amount	Balance December 31, 2013	Balance December 31, 2012
Wildwood Revenue Bonds 1996, Series A, 2.5% due 2008 through 2016	9/6/1996	$3,400	$2,178	$2,178

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 2013 and 2012, 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 years 2013 and 2012 were $54,000 each year.

Notes payable consist of the following (in thousands):

	Date Issued	Original Amount	Balance December 31 2013	Balance December 31 2012
Loan from the New Jersey Department of Environmental Protection Infrastructure Fund Loan through August 1, 2024 at 0.00%	3/1/2010	$ 564	211	250
Loan from the New Jersey Department of Environmental Protection Infrastructure Trust Loan through August 1, 2024 Various rates between 3% and 5%	3/1/2010	$ 180	138	138
Total Notes Payable			$ 349	$ 388

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 2013 and 2012 on the NJDFP Infrastructure Fund Loan was $7,100 and $7,600, respectively.

7. MATURITIES ON BONDS AND NOTES

Principal and interest payments to be funded to the trustees on outstanding bonds and notes (in thousands) during the next five years and thereafter are as follows:

	NJDEP Fund Loan	NJDEP Trust Loan	Wildwood Bonds Payable	Interest	Total
2014	$ 38	$ -	$ 226	$ 64	$ 328
2015	38	8	174	59	279
2016	38	10	179	54	281
2017	38	15	183	55	296
2018	38	15	188	50	286
2019-2024	21	90	1,228	767	2,106
	$ 211	$ 138	$ 2,178	$ 1,049	$ 3,576

8. 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 were previously recorded as liabilities on the Authority's financial statements as permitted under Interpretation No. 2 of the Governmental Accounting Standards Board, as an allowable method for recording conduit debt.

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, 2013 and 2012 is $486,830,000 and $549,275,000, respectively. These amounts are excluded from the consolidated financial statements of the Authority.

9. PENSION, RETIREMENT, AND DEFERRED COMPENSATION PLANS

Plan Description and Employer and Employee Contributions — Salaried employees of the Authority and Wildwoods 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. The payroll for employees covered by PERS for the years ended December 31, 2013 and 2012 was $5,382,957 and $6,715,587, respectively. The Authority's total payroll for the years ended 2013 and 2012 was $19,044,299 and $21,998,579, respectively. 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 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 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 makes 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 PERS. Also, the current multiplier of 1/55 will change to 1/60. Section 38 of the law will require 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 6.78% 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 years ended December 31, 2013, 2012, and 2011, were $356,671 (6.78%), $439,683 (6.5%), and $592,916 (5.79%), respectively. Employer contributions for 2013, 2012, and 2011, were $860,547, $1,242,851, and $1,460,187, respectively, equal to the required contributions for the year. These increases are based upon State of New Jersey law, Chapter 108, P.L. 2003, which calls for the return of employer pension contributions on a phase in basis with 20% of the actuarially calculated amount for 2005 being due and payable, increasing to 40% for 2006, 60% for 2007, 80% for 2008, and until 100% of the actuarially calculated amount is due in 2009.

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 expense for this plan was $296,738 for 2011. Annual employee contributions were $404,720, $466,099, and $1,028,034 for 2013, 2012, and 2011, respectively. The annual expense amounts and employee contributions include employer expense and employee contributions of Union Local 137 (Mutuel). (See Mass Withdrawal Liability Note that follows.)

Additionally, some Sports 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 26 active unions consisting of 47 separate bargaining agreements 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 contributions for all participating unions in 2013, 2012, and 2011, were $2,268,683, $1,982,385, and $2,960,107, respectively, and equal to the required contribution for each year.

Union plan financial statements may be obtained by writing to the relevant address in the following table.

Local 137 (Window Washers, Mutuels, Admis.,07W, Jockey Room, Box Office)
1012 Haddonfield Rd Suite 106
Cherry Hill, NJ 08002

Local 5 (Masons)
830 Bear Tavern Rd
West Trenton, NJ 08628

Local 711 (Painters)
C/O Vaccaro & Assoc.
PO Box 447
Absecon, NJ 08201

Local 164 (Electricians)
205 Robin Rd Suite 330
Paramus, NJ 07652

Local 68 (HVAC)
Benefits Dept.
11 Fairfield Pl
West Caldwell, NJ 07006

Local 15 (NJ Carpenters Fund)
Raritan Plaza, PO Box 7818
Edison, NJ 08816

NJ Local 4 (Masons)
14 Plog Rd Suite 2
Fairfield, NJ 07004

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

Local 631 (Security)
United Workers Union
6 South Second Ave
Hammonton, NJ 08037

Local 560 (Teamsters)
707 Summit Ave Station — 5th Fl
Union City, NJ 07087

Local 592 (Special Laborers, NJBLS)
3218 Kennedy Blvd
Jersey, City, NJ 07306

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

Local 14 (Plumbers)
150 Main St
Lodi, NJ 07644

Local 1412 (Security EMT)
163 Washington Ave 2nd Fl
Belleville, NJ 07109

Local 1430 (I.B.E.W.)
901 N. Broadway — Suite 16
North White Plains, NY 10603

Local 469 (Teamsters)
3400 State Highway 35
Executive Plaza, Suite 8
Hazlet, NJ 07730

Local 9 (Plumbers)
848 Bear Tavern Rd
West Trenton, NJ 08628

Local 2250 (Carpenters)
Raritan Plaza 2 PO Box 7818
Edison, NJ 08818

IBEW Local 400 (Electricians)
PO Box 1028
Trenton, NJ 08628

Local 632 (Stagehands I.A.T.S.E)
417 5th Ave., 3rd Floor
New York, NY 10016

Local 621 (United Workers of America)
PO Box 147
Island Park, NY 11558

Local 483 (Iron Workers)
12 Edison Place
South Plainfield, NJ 07081

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. In addition, the Authority opted to include the union in the 401k plan whereby the Authority contributes a 2% match. There were no contributions by the Authority and the employees in 2013. In 2012, the Authority and employees contributed \$8,075 and \$29,482, respectively.

The amount of the Authority's obligation, based on actuarial estimates, is approximately $40.8 million and is recognized in the 2013 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 an 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: Teamsters Local 469 ($6,834,613) and Plumbers Local 9 ($307,533). The Authority will make annual cash payments of $222,225 to cover this liability.

10. POLLUTION REMEDIATION COSTS

Effective 2008, pollution remediation costs were recognized as a liability on the Consolidated Statements of Financial Position and an operating expense provision was made in the Consolidated Statements of Revenues, Expenses and Changes in Net Assets in accordance with GASB Statement No. 49, *Accounting and Financial Reporting for 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 $5,196,000. 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 $2,350,000, and is reflected on the Consolidated 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.

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.

11. COMMITMENTS AND CONTINGENCIES

A portion of the Authority's operating revenues is attributable to leasing of the Sports Complex facilities for various sporting events, trade shows and other expositions. Rental income is a flat fee per event or a percentage of ticket sales. Rental income, under these leases, was approximately $2,460,300 and $2,881,000 for the years ended December 31, 2013 and 2012, respectively.

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

	For the Years Ended December 31	
	2013	**2012**
Claims — January 1	$ 12,107,893	$ 14,082,567
(Decrease)/increase in provision	328,138	(1,029,101)
Claims paid	(1,388,618)	(945,573)
Claims — December 31	11,047,413	12,107,893
Less current portion	1,388,618	1,296,714
Long-term liability	$ 9,658,795	$ 10,811,179

On June 30, 2005, the Authority entered into a ground lease and related project agreements for development of Meadowlands Xanadu, 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 upfront payment over 18 years. As of December 31, 2013, the facility has not begun operations.

At year-end approximately $486,000 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.

In 2004, the Authority organized the NJSEA Insurance Company as a captive insurance company in Vermont for the purpose of insuring and reinsuring various types of risk, including but not limited to those required by the Federal Terrorism Insurance Act. The Company is a wholly owned subsidiary of the Authority and insures the Authority for a maximum of $300,000,000. NJSEA Insurance Company, Inc was dissolved on April 18, 2013. The dissolution of the company had no impact on the Authority's financial position and results from operations.

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 began in 2010 and will take two years to complete. Repayment on the loans began in 2010 and end in 2029.

12. SUBSEQUENT EVENTS

As of July 25, 2014, there were no materially significant subsequent events.

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