



NEW JERSEY SPORTS & EXPOSITION AUTHORITY

REQUEST FOR PROPOSAL

FOR AUDIT SERVICES

YEARS 2017, 2018 & 2019

Anyone downloading a copy of this RFP from the NJSEA website, as opposed to picking up a copy from the NJSEA offices, is required to send a notice of interest to Mr. John Yarenis @ john.yarenis@njmeadowlands.gov, which should include company name, address, phone number and an e-mail address in order to receive any addenda.

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A. OVERVIEW

General

The RFP is prepared for the purpose of establishing a service contract between the New Jersey Sports and Exposition (“NJSEA”) and an independent Certified Public Accounting firm (the “CPA Firm”) to provide audit services. The anticipated term of the contract to be awarded to the CPA Firm, as a result of this RFP, will be for a three (3) year period commencing with the audit work for the year ending December 31, 2017 and carrying through 2019, with two additional one-year renewal options that can be exercised solely by the NJSEA for 2020 and 2021, at the NJSEA’s sole discretion. An annual audit in accordance with the “Sanitary Landfill Facility Closure and Contingency Fund Act” (P.L. 1981 c. 306) shall also be performed for the fiscal year ending September 30th, beginning September 30, 2018.

The NJSEA reserves the right to terminate the agreement at any time if the contracted CPA Firm materially fails to comply with the contractual requirements or fails to provide the stated deliverables in a timely and efficient manner.

Mandatory Pre-Proposal Conference

There will be a **mandatory Pre-Proposal Conference**, where additional information will be available and in a forum in which members of the NJSEA will answer questions.

Attendance at this Conference is an absolute requirement and condition of the RFP process, and not meeting this condition; including signing the attendance form will result in the rejection of the RFP submission. The Conference will be held in the NJSEA offices located at One DeKorte Park Plaza, Lyndhurst, New Jersey 07071 **at 10:00 a.m. on Tuesday, October 24, 2017.**

Any questions arising from potential RFP respondents subsequent to the Pre-Proposal Conference must be submitted in writing. The NJSEA will provide written responses to all questions and all attendees will be provided with the questions and answers via email. Post conference questions can be submitted by e-mail with the phrase “Audit Services RFP” as the subject to john.yarenis@njmeadowlands.gov. Deadline for questions is Friday, October 27, 2017.

Deadline For Submission Of Written Proposals

One original and six (6) copies of the sealed proposal must be submitted to the: Audit Evaluation Committee of the Board of Commissioners, c/o, John Yarenis, Director of Finance/CFO at NJSEA, 1 DeKorte Park Plaza, Lyndhurst, NJ 07071 no later than 3:00 pm on Monday, November 6, 2017. E-mail submissions are **not** acceptable.

Selection of Independent Auditor

The Evaluation Committee will consider all technical, financial, management and contractual aspects of the proposals received. The Evaluation Committee will rank responsive bidders according to the criteria identified in Section E. Once all responsive bidders have been ranked, the sealed Fee Proposals will be unsealed and scored. The fee proposal score will then be added to the rankings established by the Evaluation Committee. The Evaluation Committee will provide a report of the rankings to the NJSEA Audit Committee. At this time, one or more of the firms may be invited to make a formal presentation and answer questions of the Audit Committee. The contract shall be awarded by written notice to that responsible bidder whose proposal, conforming to the RFP, will be the most advantageous to the NJSEA and the State, price and other factors considered.

Projected Timetable For Selection Process

Date

Bid Package Available	Tuesday, October 17, 2017
Mandatory Pre-proposal Conference	Tuesday, October 24, 2017
Deadline for questions	Friday, October 27, 2017
Written Proposals must be received by 3:00PM	Monday, November 6, 2017
Evaluation committee will recommend to the audit committee the rankings of the CPA firms judged to be best qualified to perform the audit services	Wednesday, November 15, 2017
Audit committee's final recommendation to Board of Commissioners	Thursday, December 14, 2017

B. BACKGROUND –

On July 23, 2004, Governor James E. McGreevey signed Executive Order #122 (EO 122) concerning independent auditing processes to be implemented in public authorities, agencies and commissions of the State of New Jersey. The NJSEA is one of the public entities subject to EO 122. EO 122, among other things, requires that the NJSEA award a contract through an RFP process to an independent auditor to perform an annual audit of the NJSEA. For the purposes of this document, “audit” shall mean an examination of the financial statements of the NJSEA by a certified public accounting firm in accordance with generally accepted auditing standards in the United States of America, and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States.

Authorizing Legislation

1. NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

The New Jersey Sports and Exposition Authority (“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 NJSEA 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 NJSEA 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 NJSEA’s Board consists of 16 members (including 3 ex officio). The Board members include the State Treasurer, the President and CEO of the Authority, and a member of the Hackensack Meadowlands Municipal Committee to be appointed by the Governor, who shall be members ex officio; 11 members appointed by the Governor with the advice and consent of the State Senate; one member appointed by the President of the Senate; and one member appointed by the Speaker of the General Assembly, for terms of four years.

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 NJSEA, pursuant to a contract between the NJSEA 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 NJSEA 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 NJSEA's financial statements. The State Contract Bonds will now be reported directly by the State.

Originally known as the Hackensack Meadowlands Development Commission, the agency was created by an Act of the Legislature in 1968 – the Hackensack Meadowlands Reclamation and Development Act (N.J.S.A. 13:17-1 et seq.) The Act, effective Jan. 13, 1969, recognized the importance of the Meadowlands as a unique place for new jobs, thriving communities and recreational opportunities. The agency was renamed the New Jersey Meadowlands Commission (“NJMC”) on Aug. 27, 2001. The NJMC's enabling legislation gave the Commission a three-fold mandate:

- To provide for the orderly development of the region;
- To provide facilities for solid waste; and
- To protect the delicate balance of nature;

Effective February 5, 2015, pursuant to the Public Law 2015, Chapter 19, the NJMC became part of the NJSEA.

The NJSEA establishes funds to account for significant activities within its jurisdiction. Specific funds are maintained at the direction of the Commissioners and include the following:

Governmental Funds

- General Fund
- Environmental Center Fund
- Other Governmental Funds

Enterprise Funds

- Solid Waste Enterprise Fund
- Sports Complex Enterprise Fund

Fiduciary Fund

- Fiduciary Funds

New Meadowlands Racetrack

On December 19, 2011, NJSEA and “NMR” (New Meadowlands Racetrack) entered into a 30-year lease agreement for full operational control of the Meadowlands Racetrack. Under the Contract, NMR has rights to develop certain OTW sites and currently has opened one in Bayonne. 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.

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. In calendar year 2014, the Arena held approximately 90 events.

On January 15, 2015 the Board of Commissioners of the NJSEA voted to shut down the Arena. The last event held at the Arena was a circus performance on March 22, 2015. The Arena is currently available for rental as a rehearsal site.

Monmouth Park Racetrack

On February 29, 2012, the NJSEA and the New Jersey Thoroughbred Horsemen Association (“NJTHA”) executed a 35-year lease agreement to operate the Monmouth Park racetrack, Hillsboro OTW 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.

American Dream/Triple 5

New Jersey Sports & Exposition Authority continues to provide engineering, emergency, legal and other technical services connected to the American Dream project and was involved in the recent financing that resulted in the issuance of bonds by the Wisconsin Public Finance Authority.

The Greater Wildwoods Convention Center

The Wildwoods Convention Center (the “Center”) is located 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 towns of Wildwood, North Wildwood, and Wildwood Crest impose a tourism tax on retail sales. Ninety percent of these revenues are provided to the NJSEA to pay debt related to the convention center, as well as to operate, maintain and promote the facilities.

On February 23, 1998, the NJSEA assumed the assets and liabilities and undertook the existing operations of the Wildwoods Convention Center. As a result, the NJSEA 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.

Landfill Management

The NJSEA operates one landfill in the Meadowlands District – the Keegan Landfill in Kearny. The Keegan Landfill accepts construction and demolition debris and certain non-

hazardous industrial waste. Hundreds of public and private entities in Northern New Jersey use the landfill. The Authority collects leachate at Keegan and closed landfills, preventing the release of contaminated water into the district. By cleaning up the Meadowlands District's orphaned landfills and providing facilities for solid waste disposal, the NJSEA has provided the foundation for the region's environmental transformation and economic development.

The Authority also leases a composting site for municipal, county and commercial entities to deposit leaves, grass and brush that is composted at a separate location.

Land-Use Management

The Division of Land Use Management is responsible for establishing and enforcing the zoning and subdivision regulations of the Meadowlands District. All plans and property improvements, including redevelopment projects, are reviewed in accordance with NJSEA Regulations, which effectuate the Meadowlands Master Plan to ensure orderly development. The Division is responsible for reviewing construction plans, specifications, and details for new construction, alterations and renovations to buildings within the Meadowlands District for conformance with the New Jersey Uniform Construction Code.

NJSEA staff conducts routine inspections of properties within the Meadowlands District to ensure compliance with NJSEA land use regulations pertaining to fill operations, site work and construction, dumping, signage, property maintenance, debris and vegetation, occupancy, and building occupancy.

Transportation

The Transportation Group is responsible for ensuring that site plan review applications comply with the NJSEA Regulations regarding traffic and transportation. The group also works on other transportation-related initiatives, including the Meadowlands Adaptive Signal System for Traffic Reduction (MASSTR) project, as described below.

The NJSEA's innovative and award-winning MASSTR project entails modernizing 128 signalized intersections throughout the Meadowlands District to reduce traffic delays, congestion and airborne emissions. MASSTR is the first adaptive signal system of its kind in New Jersey and the largest system to be implemented at one time in the country

The project is predominantly funded by a highly competitive \$10 million U.S. Department of Transportation TIGER 2 grant awarded to the NJSEA in 2010. The NJSEA is providing the remainder of the funding from its Meadowlands Transportation Planning District (MTPD) Fund.

Stormwater / Floodplain Management

The NJSEA inspects 34 tide gates in the Meadowlands District and monitors 11 of these tide gates on a continuous basis. The Authority has occasionally, when funding has become available, undertaken specific flood control projects to assist residents and businesses in the District.

Renewable Energy

Through its renewable energy initiatives, NJSEA has established itself as a regional leader in the promotion of alternative power sources. The NJSEA's achievements include a 3 megawatt, groundbreaking, grid-connected solar farm built on the Authority's closed 1A landfill in Kearny. It is the first solar installation on a State-owned landfill. The array consists of 12,506 photovoltaic panels mounted on 13 acres atop the 35-acre landfill. The panels supply power directly to the electric grid.

The NJSEA also facilitated the formation of a solar power purchasing cooperative between the Borough of Little Ferry, the Town of Secaucus and their respective Boards of Education, which resulted in 76.5 kilowatts generated from rooftop solar panels in Little Ferry and 770 kilowatts generated in Secaucus from rooftop and ground-mounted panels.

Parks and Natural Resources

The NJSEA since 1969 has preserved more than 3,500 acres of environmentally sensitive wetlands and overseen the construction of or helped to improve more than 10 parks in the District. The Natural Resources Management Department conducts surveys on area wildlife and looks for ways to enhance and preserve the environment by protecting wetlands and native plants and animals, and by finding ways to eliminate or reduce invasive flora and nuisance fauna.

Meadowlands Environmental Research Institute (MERI)

MERI serves as the scientific and technological arm of the NJSEA and consists of: the MERI Laboratory, the Geographic Information System (GIS) department and the MERI library. Pursuant to a Memorandum of Understanding executed between Rutgers University-Newark and the NJSEA on September 29, 2016, Rutgers assumed MERI operations and NJSEA continues to house and provide other overhead support to MERI. NJSEA also continues to collaborate with MERI on research and other projects in furtherance of its mission.

The MERI lab performs ongoing monitoring and studies of the region's air, soils and water. It also conducts wetlands research that helps the Authority learn new benefits of these environmentally sensitive lands and how they can best be enhanced to further help the environment.

The GIS department provides valuable resources to Meadowlands District municipalities through its digital mapping program, which uses state-of-the-art technology to create, maintain and update comprehensive, web-based digital maps and mapping tools for every property in each of the fourteen District municipalities. The high-tech maps help first responders protect communities and assist local governments in operating more efficiently.

Water Level Alert System and Flood Maps

The NJSEA provides a water level alert system and flood maps to first responders and the public. The email and text-based alerts for Meadowlands District towns are sent when water levels reach 5.5 feet and continue to be relayed as the levels rise. The interactive, web-based flood prediction maps include the parts of Meadowlands District municipalities that may flood from sea surge levels of 4 to 8 feet.

Meadowlands Environment Center

The NJSEA opened the Meadowlands Environment Center (MEC) in 1983 to provide environmental education programs to schoolchildren and professional development opportunities for teachers. The NSEA and Ramapo College of New Jersey entered into a partnership in 2003 to develop a comprehensive environmental education program for schools and the general public. Approximately 15,000 students participate in MEC education programs each year.

Additional information concerning the management and operations of the NJSEA is available on line: www.njsea.com . The Annual Report can also be found there.

2. MEADOWLANDS CONSERVATION TRUST (MCT)

The Meadowlands Conservation Trust (MCT) was created by the laws of the State of New Jersey of 1999, Chapter 31, N.J.S.A. 13:17-87 et seq. The MCT was established within the NJSEA through an Act of the Legislature and is authorized to acquire land through either fee simple acquisition or conservation easements with the purpose of permanently preserving wetlands, water ways and open space in the Hackensack River Watershed. The MCT receives operational assistance from NJSEA staff.

The MCT established the following fund to account for significant activities of the organization.

- Meadowlands Conservation Trust Fund

Additional information regarding the management and operations of the MCT is available on line: www.meadowlandsconservationtrust.org. The latest annual report can also be found there.

C. SCOPE OF WORK

The NJSEA is seeking proposals from Independent Certified Public Accounting firms to audit, in accordance with auditing standards generally accepted in the United States, the annual financial statements of the NJSEA for the years ending December 31, 2017, 2018 and 2019.

It shall also include reporting requirements and audit procedures required by the Single Audit Act of 1984 as amended in 1996 and the US Office of Management and Budget (OMB) Circular Act - 133, Audits of State, Local Governments and Non-Profit Organizations. Financial statements shall be prepared in accordance with Governmental Accounting Standards Board Statement 34 (GASB 34).

The following is a listing of the reports to be issued in connection with the audits for each of the years ending December 31, 2017, 2018 and 2019 that your proposal must cover:

For calendar year 2017, separate financial statements in accordance with generally accepted accounting principles will be prepared on the operations of the NJSEA and Meadowlands Conservation Trust (MCT).

DEP Sanitary Landfill Closure Escrow Accounts Audit

An annual audit in accordance with the “Sanitary Landfill Facility Closure and Contingency Fund Act” (P.L. 1981 c. 306, amended by P.L. 1985, c 455) and generally accepted auditing standards, shall also be performed for the fiscal years ending September 30, 2018, September 30, 2019, and September 30, 2020 for the following:

- Keegan Landfill Closure Account
- Keegan Landfill Alternate Escrow Account

The scope of the audit will include determining compliance with Landfill Closure Law and Regulations as it pertains to the Landfill Escrow Account only.

Required Financial Statements

Statement of Revenue, Expenditures and Changes in Net Position.

Statement of Assets, Liabilities and Net Position.

Statement of Cash Flows for Business Type Operations.

The audit report of the Sanitary Landfill Closure Escrow Accounts is required to be submitted each year by October 31 to the Dept. of Environmental Protection, Division of Solid and Hazardous Waste and cover a fiscal year beginning October 1 and ending September 30.

2017, 2018 and 2019 Deliverables MCT

Meadowlands Conservation Trust

An annual audit of the Meadowlands Conservation Trust (“MCT), for the years ending December 31, 2017, December 31, 2018, and December 31, 2019 will be performed. This audit shall be conducted 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. It shall also include reporting requirements and audit procedures required by the Single Audit Act of 1984 as amended in 1996 and the US Office of Management and Budget (OMB) Circular Act - 133, Audits of State, Local Governments and Non-Profit Organizations. Financial statements shall be prepared in accordance with Governmental Accounting Standards Board Statement 34 (GASB 34).

MCT Reports Required:

A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles, including an opinion on the fair presentation of any supplementary schedule of expenditures of federal awards in relation to the audited financial statements.

A report on compliance and internal control over financial reporting based on an audit of the financial statements.

A report on compliance and internal control over compliance applicable to each major federal program.

A schedule of federal financial assistance and related auditor’s report, as well as the reports on the internal controls and compliance.

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal structure, which could adversely affect the organization’s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions that are also material weaknesses shall be identified as such in the report.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report(s) on internal controls.

The reports on compliance shall include all instances of noncompliance, irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware.

Additional Requirements

Working Papers

Audit working papers will be indexed in a logical manner and contain evidence that each working paper or group of working papers has been subjected to appropriate supervisory review. Working papers will be clearly titled, dated, and will show the name of the auditor preparing the working paper. The working papers shall be retained for a period of three years after the end of each audit period and are subject to review by the staff of the Department of the Treasury

Historically, the NJSEA has received some assistance from its auditors in the preparation of New GASB Pronouncements. The NJSEA currently prepares all of the required statements, however the auditors should be available to provide assistance should it be required.

D. PROPOSAL PREPARATION

Proposals should be prepared in detail, providing a clear and concise description of vendor capabilities to satisfy all of the requirements of the RFP.

Each copy of the proposal should be bound in a single volume where practical. All documentation submitted with the proposal shall be bound in that single volume.

The proposal should be submitted according to the format specified below:

SECTION	ITEM
	Transmittal Letter
	Table of Contents :
1	Describe your Firm/Office and your Client Base
2	Describe your Service Team
3	Describe your Engagement Plan
4	Fee Proposal – sealed with pricing – Schedule I Fee Proposal unsealed with hours only – Schedule II
5	Required Forms - Appendix H

Transmittal Letter

The transmittal letter shall be a formal letter from the proposer and shall be prepared in a standard business format. The letter shall be brief, signed by the person who is authorized to commit the organization to perform the work specified in the proposal and identify all materials and enclosures being submitted. The letter shall also include the name of the person who shall serve as the proposer's representative for all matters relating to the

proposal. A statement shall be included that the proposal submitted is valid for at least 90 days from the due date.

Table of Contents

The proposer shall provide a Table of Contents consistent with the outline presented in this section.

1 Describe your Firm/Office and your Client Base

Please provide the names of similar public sector/industry organizations your firm/office is currently handling for the type of services we are requesting. Please provide the number of years your firm/office has served the needs of these clients. Please provide contact information, names with phone numbers.

Please provide documentation that clearly shows the proposer's experience performing similar governmental audit, including GASB34 audits.

Please advise if any of your clients present a conflict of interest with regard to this engagement? What are your practices and procedures for preserving confidentiality?

Describe your internal quality control policies, practices and procedures. When and what are the results of the latest peer review performed on your firm and if the peer review has addressed governmental auditing.

Is your firm involved in any litigation or disciplinary action as a result of your services in the public sector or for any services that were rendered from your local office?

Describe your approach to the initial and continuing audits? Outline the most important contributions your firm can make to our organization?

How do you keep your clients current with regard to significant new regulatory and/or accounting and reporting requirements and developments?

2 Describe your Service Team

Identify the partner(s), manager(s) and senior who will be assigned to this engagement and provide resumes, including the clients they currently serve.

How is the decision-making distributed within your firm? How will this affect your responses to our service needs, technical issues and any sensitive client matters?

How much Partner and Manager involvement can we expect during the engagement? Specifically, what percentage of the total hours of the engagement is allocated for partners and managers? (see cost proposal)

Describe commitments you will make to staff continuity over the next 3 years.

The Categories of a Proposer's Personnel shall be defined as follows:

Partner: A Partner is an individual who has ownership in the firm. A CPA certificate is required for this position. Qualifications include extensive audit experience and managerial ability. This individual is charged with the overall management of the audit engagement and responsibility for insuring that all necessary disclosures are made in the audit report.

Manager: This classification is directly under the partner. Qualifications include extensive audit experience and managerial ability. A CPA certificate is required for this position. This individual is responsible for the direct management of complex engagements including the technical review of audit working papers. This position requires technical research of complex accounting and auditing issues affecting presentation of audit reports.

Supervisor: This classification represents the third level of management. A CPA certificate is required for this position. This individual performs the direct management over the field audit engagement and the complete detailed review of audit working papers for quality, completeness and adequate documentation to substantiate audit report findings.

Senior: This classification represents the highest level of audit field staff (in charge). A bachelor's degree from an accredited university and at least three years working experience with a certified public accounting firm is required. Individuals in this position should be either a CPA or qualified to sit for the CPA examination.

Staff: This position requires an individual to possess a bachelor's degree from an accredited college. This position must represent a professional title in the proposer's organization and the individual should have a minimum of six months auditing experience with a certified public accounting firm. All staff individuals should be directly supervised during the field assignment by the senior.

Registered Municipal Accountant (If assigned) This individual must be licensed by the State of New Jersey's State Board of Accountancy as a registered municipal accountant and is the person who signs the auditor's opinion on the financial statements.

3 Describe your Engagement Plan

Describe how your firm will manage the engagement? How and by whom would key decisions be made? This will include a brief introduction outlining the proposer's overall technical approach to complete the total project, including a statement of the proposer's understanding of the work to be performed as supported by the man hours in the cost proposal schedule

Please provide approximate dates for the planning and fieldwork based on an award at the December 14, 2017 Board meeting. This will include a project schedule appropriate to the complexity of the effort and time frame established, based on hours in your fee proposal.

Describe the audit approach your firm will use and how this approach in your opinion will result in a thorough and cost effective audit?

Please provide us with an outline of your service plan that covers all of the components that will be included in your engagement letter.

Please provide us with an outline of the information technology review and testing phase of the audit and the backgrounds and experience of the people who will undertake the computer processing control testing aspects of the engagement.

Tell us about your firm's policy and procedures for resolving auditing, accounting and financial reporting issues. This will include a summary of the problems, which the proposer might reasonably expect, and his solution to those anticipated problems.

4 Fee Proposal

Please provide us with a breakout of your fees for the services we have requested for each of the three years. The fees should be provided on a not-to-exceed fee basis. Include detail on the service fee and planned hours for each year.

All prices shall be firm and shall not be subject to increase during the term of the contract.

Provide your standard and proposed billing rates for each category of professional personnel on a standard and proposed basis.

For the two optional one-year extensions, please provide, if any, the percentage that your not-to-exceed fee may increase.

The fee proposal on Schedule I must be completed and returned with your proposal in a separate sealed envelope.

In addition to the completed fee proposal, please complete the fee proposal on Schedule II with only the hours of each team member assigned to this engagement and submit with your proposal.

E. Evaluation Criteria

The contract shall be awarded to the responsible bidder whose proposal, conforming to the RFP, will be the most advantageous to the NJSEA and the State, price and other factors considered.

The following weighted general criteria, not necessarily listed in the order of significance, will be used to evaluate proposals.

- Qualifications of the entire staff to be assigned to the engagement. Education, position in firm, years and types of experience, continuing professional education, and state(s) in which licensed as a CPA, etc. will be considered.
- Peer review results and prior experience of team members in:
 - auditing NJ Authorities and Commissions;
 - auditing programs financed by the Federal Government (single audit);
 - GASB 34 Audits.
- Audit team makeup and anticipated role and hours of each team member assigned to this engagement. An explanation supporting the rationale for the anticipated hours incurred by each team member should be provided; including the overall supervision to be exercised and why it's believed there is adequate coverage.

Please complete the Fee Proposal in Schedule II **only** with the hours of each team member assigned to this engagement. This information is to be submitted **in addition** to the fee proposal in Schedule I, which is to be submitted in a separate **sealed** envelope.

- Proposer's documented understanding of the work to be performed
- Organization, size, and structure of Proposer's firm (Considering size in relation to audits to be performed.)
- **In accordance with the recommendation made in the Office of the State Comptroller's 2008 report: "Selection and Use of Audit Firms by New Jersey Government Units," government units shall not use the same audit firm for more than ten consecutive years. Therefore, submissions from firms whose continued employment by the NJSEA would run contrary to this recommendation shall be considered only in the event that there are no other qualified participants.**
- Price – not to exceed price of 3-year contract. The sealed fee proposals (Schedule I) will be reviewed, evaluated and weighted independently. The price of the two optional one-year extensions will not be considered in evaluation process.

F. Opportunity To Make Oral Presentation

Some respondents may be invited by the Audit Committee to make an Oral Presentation and answer questions. Extending invitations to make oral presentations will be based on the ranking assigned to the proposer's response to the RFP as determined by the evaluation committee.

G. Other Required Terms and Conditions For Proposal Submission

Proposal Preparation

Proposers shall follow the instructions contained in this RFP in preparing and submitting proposals. Failure to do so may lead to disqualification.

Rejection of Proposal

The NJSEA reserves the right to reject any and all proposals when it is in the best interest of the State or the NJSEA to do so and, so far as permitted by law, to waive any irregularity or informality with respect to any proposal. The NJSEA further reserves the right to make such investigations, as they deem necessary as to the qualifications of any and all firms submitting proposals. In the event that all proposals are rejected, the NJSEA reserves the right to re-solicit proposals.

Cost Liability and Non-appropriation of Funds

The NJSEA assumes no responsibility or liability for costs incurred by proposers prior to issuance of the contract or for any costs incurred by a proposer in preparation of a proposal in response to this RFP.

Revisions to the Request for Proposal

Any modifications or revisions to any part of this RFP will be made via addenda issued by the NJSEA. Addenda will be distributed, via email, to proposers who attend the pre-bid conference and shall be posted, along with other official notifications regarding this procurement, at the public notice section of the NJSEA website.

To receive addenda distributed prior to the pre-bid conference, send correspondence to NJSEA Audit Evaluation Committee, c/o John Yarenis, One DeKorte Park Plaza, Lyndhurst, NJ 07071.

Please indicate that you have a copy of the RFP and that you are interested in receiving addenda via email. Please use the phrase "Audit Services RFP" as the subject and include a valid email address.

Any addenda distributed after the pre-bid conference, will be provided to those proposers who have attended the conference and will be posted at the public notice section of the NJSEA website.

It is the responsibility of the proposer to ensure that all modifications made via addenda, including responses to questions submitted, are incorporated into the original RFP.

Directions for Submission of Proposals

In order to be considered for selection, proposers must submit a complete response to this RFP. The proposals are to be submitted in a sealed package clearly marked “**Proposal–Audit Services RFP**, along with the name, address and telephone number of the proposer and the bid opening date. One (1) original and six (6) copies must be submitted to:

New Jersey Sports & Exposition Authority
Audit Evaluation Committee c/o John Yarenis
One DeKorte Park Plaza,
Lyndhurst, New Jersey 07071

The fee proposal on Schedule I must be completed and returned with your proposal in a separate sealed envelope.

The proposer shall make no other distribution of the proposals.

The NJSEA may obtain information regarding the ability of the proposer to supply and/or render the services required under this RFP, and such information may be taken into consideration in making an award.

Also enclosed in the submittal shall be a copy of the firm’s New Jersey Business Registration Certificate and the following completed forms attached:

- Submittal Form
- Disclosure Form
- Moral Integrity Affidavit
- Public Law 2005, Chapter 51 and Executive Order 117
- Public Law 2005, Chapter 271
- Notice of Setoff for State Taxes
- Non-Collusion Affidavit
- Proposer’s Affidavit of Authorization
- Experience Affidavit
- MacBride Principles Form
- Ownership Disclosure and Disclosure of Investment Activities in Iran Form

State Treasurer Review

The State Treasurer or his designee may review the Disclosures submitted pursuant to this section, as well as any other pertinent information concerning the contributions or reports thereof by the intended awardee, prior to award, or during the term of the contract, by the proposer. If the State Treasurer determines that any contribution or action by the proposer constitutes a breach of contract that poses a conflict of interest in the awarding of the contract under this solicitation, the State Treasurer shall disqualify the Business Entity from award of such contract.

Business Registration

Pursuant to N.J.S.A. 52:32-44, the State is prohibited from entering into a contract with an entity unless the proposer and each subcontractor named in the proposal have a valid Business Registration Certificate on file with the Division of Revenue.

The contractor and any subcontractor providing goods or performing services under the contract, and each of their affiliates, shall, during the term of the contract, collect and remit to the Director of the Division of Taxation in the Department of the Treasury the use tax due pursuant to the "Sales and Use Tax Act, P.L. 1966, c. 30 (N.J.S.A. 54:32B-1 et seq.) on all their sales of tangible personal property delivered into the State. Any questions in this regard can be directed to the Division of Revenue at (609) 292-1730. Form NJ-REG can be filed online at <http://www.state.nj.us/treasury/revenue/busregcert.shtml>.

Conflicts of Interest

Respondents must identify and submit with their proposal any existing or potential conflicts of interest, as well as their representation of parties or other relationships that might be considered a conflict of interest and might affect or involve this assignment for the NJSEA. Any such disclosure shall be supplemented as necessary on an ongoing basis.

Acceptance of Proposal Content

The contents of the proposal of the successful proposer will become a part of any contract awarded as a result of this RFP.

Economy of Preparation

Proposals should be prepared in detail, providing a clear and concise description of proposer capabilities to satisfy all of the requirements of the RFP.

Each copy of the proposal should be bound in a single volume where practical. All documentation submitted with the proposal shall be bound in that single volume.

Prime Proposer Responsibilities

The selected proposer (“Proposer”) will be required to assume sole responsibility for the complete scope of work as required by this RFP. The NJSEA will consider the selected firm to be the sole point of contact regarding contractual matters.

Assignment

The Proposer is prohibited from assigning, transferring, conveying, otherwise disposing of its rights, duties, obligations, or interest under the contract, to any other person, company or corporation without the previous written approval from the NJSEA.

New Jersey Affirmative Action Requirements

During the performance of this contract, the contractor agrees as follows:

The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Except with respect to affectional or sexual orientation and gender identity or expression, the contractor will ensure that equal employment opportunity is afforded to such applicants in recruitment and employment, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Such equal employment opportunity shall include, but not limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided to the Public Agency Compliance Officer setting forth provisions of this nondiscrimination clause.

The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex.

The contractor or subcontractor will send to each labor union, with which it has a collective bargaining agreement, a notice, to be provided by the agency contracting officer advising the labor union of the contractor’s commitments

under this chapter and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

The contractor or subcontractor where applicable, agrees to comply with any regulations promulgated by the Treasurer pursuant to N.J.S.A. 10:5-31 et seq. as amended and supplemented from time to time and the Americans with Disabilities Act.

The contractor or subcontractor agrees to make good faith efforts to meet targeted county employment goals established in accordance with N.J.A.C. 17:27-5.2. The contractor or subcontractor agrees to inform in writing its appropriate recruitment agencies including, but not limited to, employment agencies, placement bureaus, colleges, universities, labor unions, that it does not discriminate on the basis of age, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, and that it will discontinue the use of any recruitment agency which engages in direct or indirect discriminatory practices.

The contractor or subcontractor agrees to revise any of its testing procedures, if necessary, to assure that all personal testing conforms with the principles of job-related testing, as established by the statutes and court decisions of the State of New Jersey and as established by applicable Federal law and applicable Federal court decisions.

In conforming with the targeted employment goals, the contractor or subcontractor agrees to review all procedures relating to transfer, upgrading, downgrading and layoff to ensure that all such actions are taken without regard to age, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, consistent with the statutes and court decisions of the State of New Jersey, and applicable Federal law and applicable Federal court decisions.

The contractor shall submit to the public agency, after notification of award but prior to execution of a goods and services contract, one of the following three documents:

Letter of Federal Affirmative Action Plan Approval
Certificate of Employee Information Report
Employee Information Report Form AA302 (electronically provided by the Division and distributed to the public agency through the Division's website at www.state.nj.us/treasury/contract_compliance.)

The Contractor and its subcontractor shall furnish such reports or other documents to the Division of Purchase and Property, CCAU, EEO Monitoring Program as may be requested by the Division from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information

as may be requested by the Division of Purchase and Property, CCAU, EEO Monitoring Program for conducting a compliance investigation pursuant to N.J.A.C. 17:27-1.1et seq.

REQUIREMENTS OF PUBLIC LAW 2005, CHAPTER 51, N.J.S.A. 19:44A-20.13-25 (FORMERLY EXECUTIVE ORDER 134) AND EXECUTIVE ORDER 117 (2008)

A. In order to safeguard the integrity of State government procurement by imposing restrictions to insulate the negotiation and award of State contracts from political contributions that pose the risk of improper influence, purchase of access, or the appearance thereof, then-Governor James E. McGreevey issued Executive Order 134 on September 22, 2004. To this end, Executive Order 134 prohibited State departments, agencies and authorities from entering into contracts exceeding \$17,500 with individuals or entities that made certain political contributions. Executive Order 134 was superseded by Public Law 2005, c. 51, which was signed into law on March 22, 2005 (“Chapter 51”).

On September 24, 2008 Governor Jon S. Corzine issued Executive Order No. 117 (“E.O. 117”), which is designed to enhance New Jersey’s efforts to protect the integrity of procurement decisions and increase the public’s confidence in government. The Executive Order builds upon the provisions of Chapter 51.

Pursuant to the requirements of this Legislation, the terms and conditions set forth in this section are material terms of any contract resulting from this RFP:

B. DEFINITIONS - For the purpose of this section, the following shall be defined as follows:

1.) Reportable Contributions – contributions, including in-kind contributions, in excess of \$300.00 in the aggregate per election made to or received by a candidate committee, joint candidates committee, or political committee; or per calendar year made to or received by a political party committee, legislative leadership committee, or continuing political committee.

2.) Business Entity – means any natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of New Jersey or any other state or foreign jurisdiction. The definition also includes (i) if a business entity is a for-profit corporation, any officer of the corporation and any other person or business entity that owns or controls 10% or more of the stock of the corporation; (ii) if a business entity is a professional corporation, any shareholder or officer; (iii) if a business entity is a general partnership, limited partnership or limited liability partnership, any partner; (iv) if a business entity is a sole proprietorship, the proprietor; (v) if the business entity is any other form of entity organized under the laws of New Jersey or any other state or foreign jurisdiction, any principal, officer or partner thereof; (vi) any subsidiaries

directly or indirectly controlled by the business entity; (vii) any political organization organized under 26 U.S.C.A. § 527 that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee; and (viii) with respect to an individual who is included within the definition of “business entity”, that individual’s spouse or civil union partner and any child residing with that person.¹

3.) Officer – a president, vice president with senior management responsibility, secretary, treasurer, chief executive officer, or chief financial officer of a corporation or any person routinely performing such functions for a corporation. Please note that officers of non-profit entities are excluded from this definition.

4.) Partner – one of two or more natural persons or other entities, including a corporation, who or which are joint owners of and carry on a business for profit, and which business is organized under the laws of this State or any other state or foreign jurisdiction, as a general partnership, limited partnership, limited liability partnership, limited liability company, limited partnership association, or other such form of business organization.

C. BREACH OF TERMS OF THE LEGISLATION – It shall be a breach of the terms of the contract for the Business Entity to (i) make or solicit a contribution in violation of the Legislation, (ii) knowingly conceal or misrepresent a contribution given or received; (iii) make or solicit contributions through intermediaries for the purpose of concealing or misrepresenting the source of the contribution; (iv) make or solicit any contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate or holder of the public office of Governor, or to any State or county party committee; (v) engage or employ a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any contribution, which if made or solicited by the business entity itself, would subject that entity to the restrictions of the Legislation; (vi) fund contributions made by third parties, including consultants, attorneys, family members, and employees; (vii) engage in any exchange of contributions to circumvent the intent of the Legislation; or (viii) directly or indirectly through or by any other person or means, do any act which would subject that entity to the restrictions of the Legislation.

D. CERTIFICATION AND DISCLOSURE REQUIREMENTS –

1.) The State shall not enter into a contract to procure from any Business Entity services or any material, supplies or equipment, or acquire, sell or lease any land or building, where the value of the transaction exceeds \$17,500, if that Business Entity has solicited or made any contribution of money, or pledge of contribution, including in-kind contributions, to a candidate

¹ Contributions made by a spouse, civil union partner or resident child to a candidate for whom the contributor is eligible to vote or to a political party committee within whose jurisdiction the contributor resides are permitted.

committee and/or election fund of any candidate for or holder of the public office of Governor or Lieutenant Governor, to any State, county, municipal political party committee, or to any legislative leadership committee during certain specified time periods.

2.) Prior to awarding any contract or agreement to any Business Entity, the Business Entity proposed as the intended awardee of the contract shall submit the Certification and Disclosure form, certifying that no contributions prohibited by either Chapter 51 or Executive Order 117 have been made by the Business Entity and reporting all contributions the Business Entity made during the preceding four years to any political organization organized under 26 U.S.C. 527 of the Internal Revenue Code that also meets the definition of a “continuing political committee” within the mean of N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.7. The required form and instructions, available for review on the Purchase Bureau website at <http://www.state.nj.us/treasury/purchase/forms.shtml#eo134>, shall be provided to the intended awardee for completion and submission to the Purchase Bureau with the Notice of Intent to Award. Upon receipt of a Notice of Intent to Award a Contract, the intended awardee shall submit to the Division, in care of the Purchase Bureau Buyer, the Certification and Disclosure(s) within five (5) business days of the State’s request. Failure to submit the required forms will preclude award of a contract under this RFP, as well as future contract opportunities.

3.) Further, the Contractor is required, on a continuing basis, to report any contributions it makes during the term of the contract, and any extension(s) thereof, at the time any such contribution is made. The required form and instructions, available for review on the Purchase Bureau website at shall be provided to the intended awardee with the Notice of Intent to Award.

E. STATE TREASURER REVIEW – The State Treasurer or his designee shall review the Disclosures submitted pursuant to this section, as well as any other pertinent information concerning the contributions or reports thereof by the intended awardee, prior to award, or during the term of the contract, by the contractor. If the State Treasurer determines that any contribution or action by the contractor constitutes a breach of contract that poses a conflict of interest in the awarding of the contract under this solicitation, the State Treasurer shall disqualify the Business Entity from award of such contract.

F. ADDITIONAL DISCLOSURE REQUIREMENT OF P.L. 2005, C. 271 – Contractor is advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission (ELEC), pursuant to P.L. 2005, c. 271, section 3 if the contractor receives contracts in excess of \$50,000 from a public entity in a calendar year. It is the contractor’s responsibility to determine if the filing is necessary. Failure to so file can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us.

Price Changes

All prices shall be firm and shall not be subject to increase during the term of this contract.

Termination of Contract

The NJSEA reserves the right to terminate any contract entered into as a result of this RFP, provided written notice is given to the Proposer at least thirty (30) days prior to such proposed termination date.

Insurance

The selected Proposer shall be required to furnish the NJSEA with satisfactory proof that it has obtained the insurance described below from insurance companies or underwriters satisfactory to the NJSEA. The Proposer shall keep such insurance in force until each and every obligation assumed under the Contract has been fully and satisfactorily performed.

The selected Proposer shall be required to furnish the NJSEA certificates for the following types of insurance showing the type, amount, and class of operations insured, and the effective and expiration dates of the policies.

Professional Liability Insurance - shall be maintained during the course of this agreement. Said insurance shall consist of an errors and omissions policy in the amount of one million dollars (\$1,000,000). The Proposer shall pay any policy deductibles. Any and all subcontractors also must maintain insurance to cover their work associated with the project or alternatively such subcontractors must be insured under the policy of the Proposer.

Compensation Insurance - coverage "B", as required by state law for all employees who will be engaged in the work associated with this Contract. The Proposer shall require all subcontractors to provide similar workmen's compensation insurance for all of their employees, unless those employees are covered under the Proposer's insurance. If any employees engaged in hazardous work under this Contract are not protected under the workmen's compensation statute; the Proposer (and any subcontractors) shall also provide adequate employer's liability insurance protection of those employees.

All insurance certificates shall stipulate that the insurance will not be changed or canceled without giving at least 30 days written notice to NJSEA by certified mail.

Accounting Records

The Proposer is required to maintain complete, detailed accounting records and documentation pertaining to costs incurred under the contract. Records will be made available to the NJSEA at all reasonable times during the contract period and for three full years after the date of the final payment.

Ownership of Material

Ownership of any and all reports or other product prepared for the NJSEA pursuant to this contract shall belong exclusively to the NJSEA.

Performance and/or Delivery of Services

The final report is to be ready and completed by May 30, 2018; (year 2) May 30, 2019 and (year 3) May 30, 2020.

If circumstances beyond the control of the Proposer result in the inability of the Proposer to conform to the provisions of the contract, it is the responsibility and obligation of the Proposer to make known the details immediately to the NJSEA Audit Committee.

Project Management

Project management will be performed by the NJSEA Audit Committee. The NJSEA Audit Committee will be responsible for reviewing and approving deliveries, specifications and reports. The point of contact between the Proposer and the NJSEA Audit Committee will be:

New Jersey Sports & Exposition Authority
Audit Committee Chairman Joseph Buckelew
c/o John Yarenis, Director of Finance
One DeKorte Park Plaza
Lyndhurst, New Jersey 07071

Special Project Additional Work

Should additional work, special projects, hearings, meetings or other activities be required that are beyond the scope of the RFP, the Proposer will supply the NJSEA Audit Committee with a written cost estimate and schedule. The cost estimate will be based on the labor rates supplied for the applicable period in the proposer's proposal.

Written authorization from the NJSEA Audit Committee or Board of Commissioners must be obtained before commencing such projects.

Modification of Scope

NJSEA reserves the right to amend contract provisions during the term of the contract. However, both NJSEA and Proposer must mutually agree in writing to all changes.

Contract Extension

This contract may be extended for one (1) or two (2) years to allow the proposer to perform the audits for the years ending December 31, 2020 and December 31, 2021. The proposer will be notified of the NJSEA's intent at least thirty (30) days prior to the expiration date of the existing contract. The proposer shall have fifteen (15) calendar days to respond to the NJSEA's request to extend the contract. If the proposer agrees to the extension, all terms and conditions of the original contract, including price quoted for the extension years, will be applicable.

Should the contract be extended, the proposer shall submit to the NJSEA Audit Committee a report describing for the preceding year:

- The proposer's internal quality control procedures;
- Any material issues raised by the most recent internal quality control peer review, or by reviews conducted by governmental or professional authorities; and
- Steps taken by the proposer to address such issues.

Invoicing

Invoices from the proposer to the NJSEA shall be rendered as of the last day of each calendar month for services performed to date. Invoices will be compared to contract budgets for approval prior to payment. All such bills are due and payable by the NJSEA within thirty (30) days from the approval for payment date.

The proposer will be permitted to submit monthly progress billings until 75% of the total approved audit budget for the period is reached. The remaining 25% will not be paid until after the final audit report has been received and accepted by the NJSEA Audit Committee and Board of Commissioners. The final MCT audit report will require acceptance by the MCT Board of Trustees.

Indemnification

The proposer selected pursuant to this RFP shall indemnify the NJSEA and its members, officers and employees against any claim arising out of or resulting from performance of the proposer's services contemplated by this RFP.

Meetings with the Proposer

The Proposer shall agree to meet privately with the NJSEA and MCT Audit Committee(s), convenience of and frequency determined by the Committee to discuss matters relating to the respective audit.

Sales Tax

The State of New Jersey is exempt from State sales or use taxes and Federal excise taxes. Therefore, price quotations must not include such taxes. The State's Federal Excise Tax Exemption number is 22-1946838.

Offers of Gratuities

- A. No proposer shall pay, offer to pay, or agree to pay either directly or indirectly, any fee commission, compensation, gift, gratuity, or other item of value of any kind to any State officer or employee or special State officer or employee (as defined by NJSA 52:13D-13b. & e.) in the Department of the Treasury or any other agency with which such proposer transacts or offers or proposes to transact business, or to any member of the immediate family (as defined by NJSA 52:13D-13i.) of any such officer or employee, or any partnership, firm, or corporation with which they are employed or associated, or in which such officer or employee has an interest within the meaning of NJSA 52:13D-13g.
- B. The solicitation of any fee, commission, compensation, gift, gratuity, or other item of value by any State officer or employee, or special State officer or employee, from any State proposer shall be reported in writing forthwith by the proposer to the Attorney General and the Executive Commission on Ethical Standards.
- C. No proposer may, directly or indirectly, undertake any private business, commercial, or entrepreneurial relationship with, whether or not pursuant to employment, contract or other agreement, express or implied, or sell any interest in such proposer to, any State officer or employee, having any duties or responsibilities in connection with the purchase, acquisition, or sale of any property or services by (or to) any State agency or any instrumentality thereof; or with any person, firm, or entity with which he is employed or associated, or in which he has an interest within the meaning of NJSA 52:13D-13g. Any relationships subject to this provision shall be reported in writing forthwith to the Executive Commission on Ethical Standards, which may grant a waiver of this restriction upon application of the State officer or employee, or special

State officer or employee, upon a finding that the present or proposed relationship does not present the potential, actuality, or appearance of a conflict of interest.

- D. No proposer shall influence, attempt to influence, or cause to be influenced, any State officer or employee, or any special State officer or employee, in his official capacity in any manner which might tend to impair the objectivity or independence of judgment of said officer or employee.
- E. No proposer shall cause or influence, or attempt to cause or influence, any State officer or employee, or special State officer or employee, to use (or attempt to use) his official position to secure unwarranted privileges or advantages for the proposer or any other person.
- F. The provisions cited above in paragraphs A through E shall not be construed to prohibit a State officer or employee, or special State officer or employee, from receiving gifts from (or contracting with) proposers under the same terms and conditions as are offered or made to members of the general public, subject to any guidelines the Executive Commission on Ethical Standards may promulgate under paragraph C. above.

Respondent's Understanding of RFP

The Respondent hereby expressly waives any right to, and agrees that there will be no claim for, additional payment because of any misunderstanding or misinterpretation of this RFP, or any failure to fully acquaint itself with all conditions relating to the Work.

SCHEDULE I

FEE PROPOSAL - To Be Submitted SEALED WITH FEES

2017

Staff Classification	Estimated Hours For NJSEA Audit, incl. DEP Closure Funds	Estimated Hours for MCT Audit	Total Hours	Std Billing Rate	Proposed Billing Rate	Proposed Fee
Partner						
Manager						
Supervisor						
Senior						
Staff						
TOTAL						

2017 Total Proposed Not to Exceed Fee \$ _____

2018

Staff Classification	Estimated Hours For NJSEA Audit, incl. DEP Closure Funds	Estimated Hours for MCT Audit	Total Hours	Std Billing Rate	Proposed Billing Rate	Proposed Fee
Partner						
Manager						
Supervisor						
Senior						
Staff						
TOTAL						

2018 Total Proposed Not to Exceed Fee \$ _____

2019

Staff Classification	Estimated Hours For NJSEA Audit, incl. DEP Closure Funds	Estimated Hours for MCT Audit	Total Hours	Std Billing Rate	Proposed Billing Rate	Proposed Fee
Partner						
Manager						
Supervisor						
Senior						
Staff						
TOTAL						

2019 Total Proposed Not to Exceed Fee \$ _____

Optional Year 4 Fee Escalation Percentage _____

Optional Year 5 Fee Escalation Percentage _____

Please note that the option to extend the contract may be exercised by the NJSEA at its sole discretion.

SCHEDULE II

FEE PROPOSAL

To Be Submitted Unsealed with Only Hours, By Classification

2017

Staff Classification	Estimated Hours For NJSEA Audit, including DEP Closure Funds	Estimated Hours for MCT Audit	Total Hours
Partner			
Manager			
Supervisor			
Senior			
Staff			
TOTAL			

2018

Staff Classification	Estimated Hours For NJSEA Audit, including DEP Closure Funds	Estimated Hours for MCT Audit	Total Hours
Partner			
Manager			
Supervisor			
Senior			
Staff			
TOTAL			

2019

Staff Classification	Estimated Hours For NJSEA Audit, including DEP Closure Funds	Estimated Hours for MCT Audit	Total Hours
Partner			
Manager			
Supervisor			
Senior			
Staff			
TOTAL			

APPENDIX H – REQUIRED FORMS

NEW JERSEY SPORTS & EXPOSITION AUTHORITY
MORAL INTEGRITY AFFIDAVIT FOR CONTRACT 17-001

State of _____

ss:

County of _____

I, _____,

the (TITLE) _____,

of (COMPANY) _____,

hereinafter called the Bidder, being first duly sworn; deposes and says that:

1. The Bidder has submitted the Bid regarding this Contract with the New Jersey Sports & Exposition Authority
2. The Bidder wishes to demonstrate moral integrity to the satisfaction of the New Jersey Sports & Exposition Authority.
3. As of the date of signing this Affidavit, neither the Bidder, nor any of his owners, officers, or directors are involved in any federal, state or other governmental investigations concerning criminal or quasi-criminal violations, except as follows (if none, so state):

4. Neither the Bidder nor any of his owners, officers or directors have ever committed any violation of a federal or state or quasi-criminal statute, except as follows (if none, so state):

5. The State of incorporation of the Bidder is: _____.

6. If the answer to question #5 is a state other than New Jersey, that the Bidder has received from the Secretary of the State of New Jersey, a certification authorizing the corporation to conduct business in New Jersey.

MORAL INTEGRITY AFFIDAVIT CONTRACT 17-001 (CONTINUED)

7. The names and addresses of the principals, shareholders and officers of the Bidder are as follows:

(Use additional sheet if required)

8. He is personally acquainted with the operations of the Bidder, has full knowledge of the factual basis comprising the contents of this Affidavit; and that the contents are true.

9. This Affidavit is made to the New Jersey Sports & Exposition Authority (NJSEA) to accept the Bid for this Contract, knowing that the NJSEA relies upon the truth of the statements contained herein.

Bidder

(Type of print name of affiant under signature)

Subscribed and sworn to
before me this _____ day
of _____ 20____.

(Notary Public)

My commission expires on _____

NEW JERSEY SPORTS & EXPOSITION AUTHORITY

NON-COLLUSION AFFIDAVIT FOR CONTRACT 17-001

State of _____

ss:

County of _____

I, (NAME) _____, of

(MUNICIPALITY) _____ in the

County of _____ and the State of _____, of full age, being duly sworn to the

law, on my oath depose and say that :

I am the (TITLE) _____ of (COMPANY) _____

_____, the Bidder making the Bid for this Contract;

I execute the said Bid with full authority to do so;

The Bidder has not directly or indirectly entered into any agreement, participated in any collusion or otherwise taken any action to restrain free, competitive bidding in connection with the above named Project; and,

All statements contained in said Bid, and in this affidavit, are true, correct, and made with the full knowledge that the New Jersey Sports & Exposition Authority relies upon the truth of the statements contained in the Bid and this affidavit in awarding the Contract for the Project.

I further warrant that no person or selling agency has been employed or retained to solicit or secure such Contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by

(NAME OF BIDDER) _____

(N.J.S.A. 52:34-15)

Subscribed and sworn to
before me this _____ day
of _____ 20____.

(Notary Public)

My commission expires on _____

NEW JERSEY SPORTS & EXPOSITION AUTHORITY
AFFIDAVIT OF AUTHORIZATION FOR CONTRACT 17-001

State of _____

ss:

County of _____

_____, being duly sworn, deposes and says that he resides at _____, that he is the (TITLE) _____ who signed the Bid for this Contract, that he was duly authorized to sign, that the Bid is a true offer of the Bidder, that the seal attached is the seal of the Bidder, and that all declarations and statements contained in the Bid are true to the best of his knowledge and belief.

(Type or print name of
affiant under signature)

Subscribed and sworn to
before me this _____ day
of _____ 20____.

STATE OF NEW JERSEY
NEW JERSEY SPORTS & EXPOSITION AUTHORITY

EXPERIENCE AFFIDAVIT FOR CONTRACT 17-001

The Bidder shall state below, or on sheets to be attached, at least (3) projects he has completed which were similar to this Contract, and during which the products specified herein were used. The information required below shall include the title of the contract; the owner's name, address, and telephone number; and the dollar value of work completed. This information will assist the NEW JERSEY SPORTS AND EXPOSITION AUTHORITY in judging the Bidder's experience, skill, and business standing.

The undersigned is (an Individual, a Partnership, a Corporation) under the laws of the State of _____, and having principal offices at

(Signed) _____

(Address) _____

(Date) _____ 20_____

INFORMATION AND INSTRUCTIONS
For Completing the “Two-Year Vendor Certification and Disclosure of
Political Contributions” Form

Background Information

On September 22, 2004, then-Governor James E. McGreevey issued E.O. 134, the purpose of which was to insulate the negotiation and award of State contracts from political contributions that posed a risk of improper influence, purchase of access or the appearance thereof. To this end, E.O. 134 prohibited State departments, agencies and authorities from entering into contracts exceeding \$17,500 with individuals or entities that made certain political contributions. E.O. 134 was superseded by Public Law 2005, c. 51, signed into law on March 22, 2005 (“Chapter 51”).

On September 24, 2008, Governor Jon S. Corzine issued E.O. 117 which is designed to enhance New Jersey's efforts to protect the integrity of procurement decisions and increase the public's confidence in government. The Executive Order builds upon the provisions of Chapter 51.

Two-Year Certification Process

Upon approval by the State Chapter 51 Review Unit, the Certification and Disclosure of Political Contributions form is valid for a two (2) year period. Thus, if a vendor receives approval on January 1, 2014, the certification expiration date would be December 31, 2015. Any change in the vendor's ownership status and/or political contributions during the two-year period will require the submission of new Chapter 51/Executive Order 117 forms to the State Review Unit. **Please note that it is the vendor's responsibility to file new forms with the State should these changes occur.**

State Agency Instructions: Prior to the awarding of a contract, the State Agency should first send an e-mail to CD134@treas.nj.gov to verify the certification status of the vendor. If the response is that the vendor is NOT within an approved two-year period, then forms must be obtained from the vendor and forwarded for review. If the response is that the vendor is within an approved two-year period, then the response so stating should be placed with the bid/contract documentation for the subject project.

Instructions for Completing the Form

NOTE: Please refer to pages 3 and 4 “USEFUL DEFINITIONS for the purposes of Chapter 51 and Executive Order 117” for guidance when completing the form.

Part 1: BUSINESS ENTITY INFORMATION

Business Name – Enter the full legal name of the vendor, including trade name if applicable.

Address, City, State, Zip and Phone Number – Enter the vendor's street address, city, state, zip code and telephone number.

Vendor Email – Enter the vendor's primary email address.

Vendor FEIN – Please enter the vendor's Federal Employment Identification Number.

Business Type - Check the appropriate box that represents the vendor's type of business formation.

Listing of officers, shareholders, partners or members - Based on the box checked for the business type, provide the corresponding information. (A complete list must be provided.)

Public Law 2005, Chapter 51 and Executive Order 117 (2008)

Part 2: DISCLOSURE OF CONTRIBUTIONS

Read the three types of political contributions that require disclosure and, if applicable, provide the recipient's information. The definition of "Business Entity/Vendor" and "Contribution" can be found on pages 3 and 4 of this form.

Name of Recipient - Enter the full legal name of the recipient.

Address of Recipient - Enter the recipient's street address.

Date of Contribution - Indicate the date the contribution was given.

Amount of Contribution - Enter the dollar amount of the contribution.

Type of Contribution - Select the type of contribution from the examples given.

Contributor's Name - Enter the full name of the contributor.

Relationship of the Contributor to the Vendor - Indicate the relationship of the contributor to the vendor. (e.g. officer or shareholder of the company, partner, member, parent company of the vendor, subsidiary of the vendor, etc.)

NOTE: If form is being completed electronically, click "Add a Contribution" to enter additional contributions. Otherwise, please attach additional pages as necessary.

Check the box under the recipient information if no reportable contributions have been solicited or made by the business entity. This box must be checked if there are no contributions to report.

Part 3: CERTIFICATION

Check Box A if the representative completing the Certification and Disclosure form is doing so on behalf of the business entity and all individuals and/or entities whose contributions are attributable to the business entity. (No additional Certification and Disclosure forms are required if BOX A is checked.)

Check Box B if the representative completing the Certification and Disclosure form is doing so on behalf of the business entity and all individuals and/or entities whose contributions are attributable to the business entity with the exception of those individuals and/or entities that submit their own separate form. For example, the representative is not signing on behalf of the vice president of a corporation, but all others. The vice president completes a separate Certification and Disclosure form. (Additional Certification and Disclosure forms are required from those individuals and/or entities that the representative is not signing on behalf of and are included with the business entity's submittal.)

Check Box C if the representative completing the Certification and Disclosure form is doing so on behalf of the business entity only. (Additional Certification and Disclosure forms are required from all individuals and/or entities whose contributions are attributable to the business entity and must be included with the business entity submittal.)

Check Box D when a sole proprietor is completing the Certification and Disclosure form or when an individual or entity whose contributions are attributable to the business entity is completing a separate Certification and Disclosure form.

Read the five statements of certification prior to signing.

The representative authorized to complete the Certification and Disclosure form must sign and print her/his name, title or position and enter the date.

Public Law 2005, Chapter 51 and Executive Order 117 (2008)

State Agency Procedure for Submitting Form(s)

The State Agency should submit the completed and signed Two-Year Vendor Certification and Disclosure forms either electronically to: cd134@treas.nj.gov or regular mail at: Chapter 51 Review Unit, P.O. Box 230, 33 West State Street, Trenton, NJ 08625-0230. Original forms should remain with the State Agency and copies should be sent to the Chapter 51 Review Unit.

Business Entity Procedure for Submitting Form(s)

The business entity should return this form to the contracting State Agency.
The business entity can submit the Certification and Disclosure form directly to the Chapter 51 Review Unit only when:

- The business entity is approaching its two-year certification expiration date and is seeking certification renewal;
- The business entity had a change in its ownership structure; OR
- The business entity made any contributions during the period in which its last two-year certification was in effect, or during the term of a contract with a State Agency.

Questions & Information

Questions regarding the interpretation or application of Public Law 2005, Chapter 51 (N.J.S.A. 19:44A-20.13) or E.O. 117 (2008) may be submitted electronically through the Division of Purchase and Property website at: <https://www.state.nj.us/treas/purchase/eo134questions.shtml>
Reference materials and forms are posted on the Political Contributions Compliance website at: <http://www.state.nj.us/treasury/purchase/execorder134.shtml>

USEFUL DEFINITIONS for the purposes of Chapter 51 and Executive Order 117

- **"Business Entity/Vendor"** means any natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of New Jersey or any other state or foreign jurisdiction. The definition also includes (i) if a business entity is a for-profit corporation, any officer of the corporation and any other person or business entity that owns or controls 10% or more of the stock of the corporation; (ii) if a business entity is a professional corporation, any shareholder or officer; (iii) if a business entity is a general partnership, limited partnership or limited liability partnership, any partner; (iv) if a business entity is a sole proprietorship, the proprietor; (v) if the business entity is any other form of entity organized under the laws of New Jersey or any other state or foreign jurisdiction, any principal, officer or partner thereof; (vi) any subsidiaries directly or indirectly controlled by the business entity; (vii) any political organization organized under 26 U.S.C.A. § 527 that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee; and (viii) with respect to an individual who is included within the definition of "business entity," that individual's civil union partner and any child residing with that person.¹
- **"Officer"** means a president, vice president with senior management responsibility, secretary, treasurer, chief executive officer or chief financial officer of a corporation or any person routinely performing such functions for a corporation. Please note that officers of non-profit entities are excluded from this definition.
- **"Partner"** means one of two or more natural persons or other entities, including a corporation, who or which are joint owners of and carry on a business for profit, and which business is organized under the laws of this State or any other state or foreign jurisdiction, as a general partnership, limited partnership, limited liability partnership, limited liability company, limited partnership association, or other such form of business organization.

¹Contributions made by a spouse, civil union partner or resident child to a candidate for whom the contributor is eligible to vote or to a political party committee within whose jurisdiction the contributor resides are permitted.

Public Law 2005, Chapter 51 and Executive Order 117 (2008)

USEFUL DEFINITIONS for the purposes of Chapter 51 and Executive Order 117

- “Contribution” is a contribution, including an in-kind contribution, in excess of \$300.00 in the aggregate per election made to or received by a candidate committee, joint candidates committee, or political committee; or per calendar year made to or received by a political party committee, legislative leadership committee, or continuing political committee or a currency contribution in any amount.
- “In-kind Contribution” means a contribution of goods or services received by a candidate committee, joint candidates committee, political committee, continuing political committee, political party committee, or legislative leadership committee, which contribution is paid for by a person or entity other than the recipient committee, but does not include services provided without compensation by an individual volunteering a part of or all of his or her time on behalf of a candidate or committee.
- “Continuing Political Committee” includes any group of two or more persons acting jointly, or any corporation, partnership, or any other incorporated or unincorporated association, including a political club, political action committee, civic association or other organization, which in any calendar year contributes or expects to contribute at least \$4,300 to aid or promote the candidacy of an individual, or the candidacies of individuals, for elective public office, or the passage or defeat of a public questions, and which may be expected to make contributions toward such aid or promotion or passage or defeat during a subsequent election, provided that the group, corporation, partnership, association or other organization has been determined by the Commission to be a continuing political committee in accordance with N.J.S.A. 19:44A-8(b).
- “Candidate Committee” means a committee established by a candidate pursuant to N.J.S.A. 19:44A-9(a), for the purpose of receiving contributions and making expenditures.
- “State Political Party Committee” means a committee organized pursuant to N.J.S.A. 19:5-4.
- “County Political Party Committee” means a committee organized pursuant to N.J.S.A. 19:5-3.
- “Municipal Political Party Committee” means a committee organized pursuant to N.J.S.A. 19:5-2.
- “Legislative Leadership Committee” means a committee established, authorized to be established, or designated by the President of the Senate, the Minority Leader of the Senate, the Speaker of the General Assembly, or the Minority Leader of the General Assembly pursuant to N.J.S.A. 19:44A-10.1 for the purpose of receiving contributions and making expenditures.
- “Political Party Committee” means:
 1. The State committee of a political party, as organized pursuant to N.J.S.A. 19:5-4;
 2. Any county committee of a political party, as organized pursuant to N.J.S.A. 19:5-3; or
 3. Any municipal committee of a political party, as organized pursuant to N.J.S.A. 19:5-2



State of New Jersey
Department of the Treasury

Division of Purchase and Property
Two-Year Chapter 51/Executive Order 117 Vendor Certification and
Disclosure of Political Contributions

FOR STATE AGENCY USE ONLY

Solicitation, RFP, or Contract No. _____ Award Amount _____

Description of Services _____

State Agency Name _____ Contact Person _____

Phone Number _____ Contact Email _____

Check if the Contract / Agreement is Being Funded Using FHWA Funds

Please check if requesting
recertification

Part 1: Business Entity Information

Full Legal Business Name _____
(Including trade name if applicable)

Address _____

City _____ State _____ Zip _____ Phone _____

Vendor Email _____ Vendor FEIN (SS# if sole proprietor/natural person) _____

Check off the business type and list below the required information for the type of business selected.
MUST BE COMPLETED IN FULL

- Corporation: LIST ALL OFFICERS and any 10% and greater shareholder
- Professional Corporation: LIST ALL OFFICERS and ALL SHAREHOLDERS
- Partnership: LIST ALL PARTNERS with any equity interest
- Limited Liability Company: LIST ALL MEMBERS with any equity interest
- Sole Proprietor

Note: "Officers" means President, Vice President with senior management responsibility, Secretary, Treasurer, Chief Executive Officer or Chief Financial Officer of a corporation, or any person routinely performing such functions for a corporation.

All Officers of a Corporation or PC

**10% and greater shareholders of a corporation
or all shareholder of a PC**

All Equity partners of a Partnership

All Equity members of a LLC

If you need additional space for listing of Officers, Shareholders, Partners or Members, please attach separate page.

IMPORTANT NOTE: You must review the definition of "contribution" and "business entity" on the Information and Instructions form prior to completing Part 2 and Part 3. The Information and Instructions form is available at: <http://www.state.nj.us/treasury/purchase/forms.shtml#eo134>

Part 2: Disclosure of Contributions by the business entity or any person or entity whose contributions are attributable to the business entity.

1. Report below all contributions solicited or made during the 4 years immediately preceding the commencement of negotiations or submission of a proposal to any:

Political organization organized under Section 527 of the Internal Revenue Code and which also meets the definition of a continuing political committee as defined in N.J.S.A. (See Information and Instructions form.)

2. Report below all contributions solicited or made during the 5 ½ years immediately preceding the commencement of negotiations or submission of a proposal to any:

Candidate Committee for or Election Fund of any Governorial or Lieutenant Governorial candidate
State Political Party Committee
County Political Party Committee

3. Report below all contributions solicited or made during the 18 months immediately preceding the commencement of negotiations or submission of a proposal to any:

Municipal Political Party Committee
Legislative Leadership Committee

Full Legal Name of Recipient _____
Address of Recipient _____
Date of Contribution _____ Amount of Contribution _____
Type of Contribution (i.e. currency, check, loan, in-kind) _____
Contributor Name _____
Relationship of Contributor to the Vendor _____
If this form is not being completed electronically, please attach additional contributions on separate page. Click the "Add a Contribution" tab to enter additional contributions.
<input type="button" value="Remove Contribution"/>
<input type="button" value="Add a Contribution"/>

- Check this box only if no political contributions have been solicited or made by the business entity or any person or entity whose contributions are attributable to the business entity.

Part 3: Certification

- (A) I am certifying on behalf of the business entity and all individuals and/or entities whose contributions are attributable to the business entity as listed on Page 1 under **Part 1: Vendor Information**.
- (B) I am certifying on behalf of the business entity and all individuals and/or entities whose contributions are attributable to the business entity as listed on Page 1 under **Part 1: Vendor Information**, except for the individuals and/or entities who are submitting separate Certification and Disclosure forms which are included with this submittal.
- (C) I am certifying on behalf of the business entity only; any remaining persons or entities whose contributions are attributable to the business entity (as listed on Page 1) have completed separate Certification and Disclosure forms which are included with this submittal.
- (D) I am certifying as an individual or entity whose contributions are attributable to the business entity.

I hereby certify as follows:

1. I have read the Information and Instructions accompanying this form prior to completing the certification on behalf of the business entity.
2. All reportable contributions made by or attributable to the business entity have been listed above.

3. The business entity has not knowingly solicited or made any contribution of money, pledge of contribution, including in-kind contributions, that would bar the award of a contract to the business entity unless otherwise disclosed above:
- a) Within the 18 months immediately preceding the commencement of negotiations or submission of a proposal for the contract or agreement to:
 - (i) A candidate committee or election fund of any candidate for the public office of Governor or Lieutenant Governor or to a campaign committee or election fund of holder of public office of Governor or Lieutenant Governor; OR
 - (ii) Any State, County or Municipal political party committee; OR
 - (iii) Any Legislative Leadership committee.
 - b) During the term of office of the current Governor or Lieutenant Governor to:
 - (i) A candidate committee or election fund of a holder of the public office of Governor or Lieutenant Governor; OR
 - (ii) Any State or County political party committee of the political party that nominated the sitting Governor or Lieutenant Governor in the last gubernatorial election.
 - c) Within the 18 months immediately preceding the last day of the sitting Governor or Lieutenant Governor's first term of office to:
 - (i) A candidate committee or election fund of the incumbent Governor or Lieutenant Governor; OR
 - (ii) Any State or County political party committee of the political party that nominated the sitting Governor or Lieutenant Governor in the last gubernatorial election.
4. During the term of the contract/agreement the business entity has a continuing responsibility to report, by submitting a new Certification and Disclosure form, any contribution it solicits or makes to:
- (a) Any candidate committee or election fund of any candidate or holder of the public office of Governor or Lieutenant Governor; OR
 - (b) Any State, County or Municipal political party committee; OR
 - (c) Any Legislative Leadership committee.
- The business entity further acknowledges that contributions solicited or made during the term of the contract/agreement may be determined to be a material breach of the contract/agreement.
5. During the two-year certification period the business entity will report any changes in its ownership structure (including the appointment of an officer within a corporation) by submitting a new Certification and Disclosure form indicating the new owner(s) and reporting said owner(s) contributions.

I certify that the foregoing statements in Parts 1, 2 and 3 are true. I am aware that if any of the statements are willfully false, I may be subject to punishment.

Signed Name _____ Print Name _____
 Title/Position _____ Date _____

Procedure for Submitting Form(s)

The contracting State Agency should submit this form to the Chapter 51 Review Unit when it has been required as part of a contracting process. The contracting State Agency should submit a copy of the completed and signed form(s), to the Chapter 51 Unit and retain the original for their records.

The business entity should return this form to the contracting State Agency. The business entity can submit this form directly to the Chapter 51 Review Unit only when it -

- Is approaching its two-year certification expiration date and wishes to renew certification;
- Had a change in its ownership structure; OR
- Made any contributions during the period in which its last two-year certification was in effect, or during the term of a contract with a State Agency.

Forms should be submitted either electronically to: cd134@treas.nj.gov, or regular mail at: Chapter 51 Review Unit, P.O. Box 230, 33 West State Street, Trenton, NJ 08625.

**PUBLIC LAW 2005
CHAPTER 271**

**Vendor Certification and
Political Contribution
Disclosure Form**

Contract Reference: _____ **Vendor:** _____

At least ten (10) days prior to entering into the above-referenced contract, the Vendor must complete this Certification and Disclosure Form, in accordance with the directions below and submit it to the State contact for such contract.

Please note that the disclosure requirements under Public Law 2005, Chapter 271 are separate and different from the disclosure requirements under Public Law 2005, Chapter 51 (formerly Executive Order 134). Although no vendor will be precluded from entering into a contract by any information submitted on this form, a vendor's failure to fully, accurately and truthfully complete this form and submit it to the appropriate State agency may result in the imposition of fines by the New Jersey Election Law Enforcement Commission.

Disclosure

Following is the required Vendor disclosure of all Reportable Contributions made in the twelve (12) months prior to and including the date of signing of this Certification and Disclosure to: (i) any State, county, or municipal committee of a political party, legislative leadership committee, candidate committee of a candidate for, or holder of, a State elective office, or (ii) any entity that is also defined as a "continuing political committee" under N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.

The Vendor is required to disclose Reportable Contributions by: the Vendor itself; all persons or other business entities owning or controlling more than 10% of the profits of the Vendor or more than 10% of the stock of the Vendor, if the Vendor is a corporation for profit; a spouse or child living with a natural person that is a Vendor; all of the principals, partners, officers or directors of the Vendor and all of their spouses; any subsidiaries directly or indirectly controlled by the Vendor; and any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the Vendor, other than a candidate committee, election fund, or political party committee.

"Reportable Contributions" are those contributions that are required to be reported by the recipient under the "New Jersey Campaign Contributions and Expenditures Reporting Act," P.L. 1973, c.83 (C.19:44A-1 et seq.), and implementing regulations set forth at N.J.A.C. 19:25-10.1 et seq. As of January 1, 2005, contributions in excess of \$300 during a reporting period are deemed "reportable."

**PUBLIC LAW 2005
CHAPTER 271**

Vendor: _____

Name and Address of Committee to Which Contribution Was Made	Date of Contribution	Amount of Contribution	Contributor's Name
Indicate " <u>none</u> " if no Reportable Contributions were made. Attach Additional Pages As Needed			

#1

Certification:

I certify as an officer or authorized representative of the Vendor that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

#2 Name of Vendor: _____
Signed: _____
Print Name: _____
Title: _____
Date: _____

**STATE OF NEW JERSEY -- DIVISION OF PURCHASE AND PROPERTY
OWNERSHIP DISCLOSURE FORM**

Solicitation Number: _____ Bidder/Offeror: _____

PART 1: PLEASE COMPLETE THE QUESTIONS BELOW BY CHECKING EITHER THE "YES" OR "NO" BOX.
ALL PARTIES ENTERING INTO A CONTRACT WITH THE STATE ARE REQUIRED TO COMPLETE THIS FORM PURSUANT TO N.J.S.A. 52:25-24.2
PLEASE NOTE: IF THE BIDDER/OFFEROR IS A NON-PROFIT, THIS FORM IS NOT REQUIRED. PLEASE COMPLETE THE SEPARATE DISCLOSURE OF INVESTIGATIONS FORM.

YES NO

1. Are there any individuals, corporations or partnerships owning a 10% or greater interest in the bidder/offeror?

IF THE ANSWER TO QUESTION 1 IS NO, PLEASE SIGN AND DATE THE FORM. YOU DO NOT HAVE TO COMPLETE ANY MORE QUESTIONS ON THIS FORM. IF THE ANSWER TO QUESTION 1 IS YES, PLEASE ANSWER QUESTIONS 2-4 BELOW.

2. Of those parties owning a 10% or greater interest in the bidder/offeror, are any of those parties individuals?

3. Of those parties owning a 10% or greater interest in the bidder/offeror, are any of those parties corporations or partnerships?

4. If your answer to Question 3 is "YES", are there any parties owning a 10% or greater interest in the corporation or partnership referenced in Question 3?

IF ANY OF THE ANSWERS TO QUESTIONS 2-4 ARE YES, PLEASE PROVIDE THE REQUESTED INFORMATION IN PART 2 BELOW.

PART 2: PLEASE PROVIDE FURTHER INFORMATION RELATED TO QUESTIONS 2-4 ANSWERED AS "YES".

For Questions 2-4 answered "YES", you must disclose identifying information related to the individuals, partnerships and/or corporations owning a 10% or greater interest in the bidder/offeror. Further, if one or more of these entities is itself a corporation or partnership, you must also disclose all parties that own a 10% or greater interest in that corporation or partnership. This information is required by statute.

TO COMPLETE PART 2, PLEASE PROVIDE THE REQUESTED INFORMATION PERTAINING TO EITHER INDIVIDUALS OR PARTNERSHIPS/CORPORATIONS HAVING A 10% OR GREATER INTEREST IN THE BIDDER/OFFEROR. IF YOU NEED TO MAKE ADDITIONAL ENTRIES, CLICK THE "ADD AN ENTRY" BUTTON IN THE APPROPRIATE ENTITY TYPE.

Individuals	
Name: _____	Date of Birth: _____
Office Held: _____	Ownership Interest _____ %
Home Address: _____	
City _____	State _____ Zip Code _____
Are there additional entities holding 10% or greater ownership interest in the bidder/offeror and its parent corporation/partnership?	
<input type="checkbox"/> Yes or <input type="checkbox"/> No	
<input type="button" value="Delete Entry"/>	
<input type="button" value="Add An Additional Individuals Entry"/>	

Partnerships/Corporations

Entity Name: _____	
Partner Name: _____	Ownership Interest _____ %
Business Address: _____	Delete Entry
City _____ State _____ Zip Code _____	
Are there additional entities holding 10% or greater ownership interest in the bidder/offeror and its parent corporation/partnership?	
<input type="checkbox"/> Yes or <input type="checkbox"/> No	
Add An Additional Partnerships/Corporations Entry	

ONCE YOU HAVE IDENTIFIED ALL PARTIES HAVING A 10% OR GREATER OWNERSHIP INTEREST IN THE BIDDER/OFFEROR AND ITS PARENT CORPORATION/PARTNERSHIPS, PLEASE SIGN AND DATE BELOW AND PROCEED TO THE DISCLOSURE OF INVESTIGATIONS FORM.

Certification: I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I acknowledge that the State of New Jersey is relying on the information contained herein and thereby acknowledge that I am under a continuing obligation from the date of this certification through the completion of any contracts with the State to notify the State in writing of any changes to the answers of information contained herein. I acknowledge that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I recognize that I am subject to criminal prosecution under the law and that it will also constitute a material breach of my agreement(s) with the State of New Jersey and that the State at its option may declare any contract(s) resulting from this certification void and unenforceable.

Full Name (Print): _____ Signature: _____
Title: _____ Date: _____
FEIN/SSN: _____

ALL BIDDER/OFFERORS SHOULD COMPLETE THE DISCLOSURE OF INVESTIGATIONS FORM

**STATE OF NEW JERSEY -- DIVISION OF PURCHASE AND PROPERTY
DISCLOSURE OF INVESTIGATIONS AND OTHER ACTIONS INVOLVING BIDDER FORM**

Solicitation Number: _____ Bidder/Offeror: _____

**PART 1: PLEASE COMPLETE THE QUESTIONS BELOW BY CHECKING EITHER THE "YES" OR "NO" BOX.
PLEASE REFER TO THE PERSONS AND/OR ENTITIES LISTED ON YOUR OWNERSHIP DISCLOSURE FORM WHEN ANSWERING THE
QUESTIONS BELOW.**

**NON-PROFIT ENTITIES: PLEASE LIST ALL OFFICERS/DIRECTORS IN PART 2 OF THIS FORM. YOU WILL BE REQUIRED TO ANSWER THE
QUESTIONS BELOW WITH RESPECT TO THESE INDIVIDUALS.**

- | | YES | NO |
|---|--------------------------|--------------------------|
| 1. Has any person or entity listed on this form or its attachments ever been arrested, charged, indicted, or convicted in a criminal or disorderly persons matter by the State of New Jersey (or political subdivision thereof), any other state or the U.S. Government? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Has any person or entity listed on this form or its attachments ever been suspended, debarred or otherwise declared ineligible by any government agency from bidding or contracting to provide services, labor, materials or supplies? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Are there currently any pending criminal matters or debarment proceedings in which the firm and/or its officers and/or managers are involved? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Has any person or entity listed on this form or its attachments been denied any license, permit or similar authorization required to engage in the work applied for herein, or has any such license, permit or similar authorization been revoked by any agency of federal, state or local government? | <input type="checkbox"/> | <input type="checkbox"/> |

IF ANY OF THE ANSWERS TO QUESTIONS 1-4 ARE **YES**, PLEASE PROVIDE THE REQUESTED INFORMATION IN PART 2 BELOW.
IF ALL OF THE ANSWERS TO QUESTIONS 1-4 ARE **NO**, PLEASE READ AND SIGN THE FORM BELOW. NO FURTHER ACTION IS NEEDED.
IF YOU ARE A NON-PROFIT, YOU MUST DISCLOSE ALL OFFICERS/DIRECTORS IN PART 2 BELOW.

PART 2: PROVIDING ADDITIONAL INFORMATION

For Questions 1-4 answered "YES", you must provide a detailed description of any investigation or litigation, including but not limited to administrative complaints or other administrative proceedings, involving public sector clients during the past 5 years. This description must include the nature and status of the investigation, and for any litigation, the caption of the action, a brief description of the action, the date of inception, current status, and if applicable, disposition. Please provide this information in the box labeled "Additional Information" below. The box will prompt you to provide the information referenced above. Please provide thorough answers to each question. Click on the "Add Additional Information" button below the box if you need to make additional entries.

Non-profit bidder/offerors must disclose the individuals serving as officers or directors for purposes of this form. Please indicate all individuals acting in either capacity by providing the information located in the "Officers/Directors" box. If additional entries are needed, click the "Add an Officer/Director Entry" button.

Once all required information has been disclosed, complete the certification beneath the "Additional Information" section below. Failure to complete this form may render your proposal non-responsive.

Additional Information

Person or Entity _____ Date of Inception: _____

Current Status _____

Brief Description _____

Caption of Action (if applicable) _____ Disposition of Action (if applicable) _____

Delete Entry

Bidder/Offeror Contact Name _____

Contact Phone Number _____

Add Additional Information

Officers/Directors

Name: _____

Title _____ DOB _____

Address _____

City _____ State _____ Zip Code _____

Phone _____ E-Mail _____

Delete Entry

Add An Additional Officer/Director Entry

Certification: I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I acknowledge that the State of New Jersey is relying on the information contained herein and thereby acknowledge that I am under a continuing obligation from the date of this certification through the completion of any contracts with the State to notify the State in writing of any changes to the answers of information contained herein. I acknowledge that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I recognize that I am subject to criminal prosecution under the law and that it will also constitute a material breach of my agreement(s) with the State of New Jersey and that the State at its option may declare any contract(s) resulting from this certification void and unenforceable.

Full Name (Print): _____ Signature: _____

Title: _____ Date: _____

STATE OF NEW JERSEY -- DIVISION OF PURCHASE AND PROPERTY
DISCLOSURE OF INVESTMENT ACTIVITIES IN IRAN

Quote Number: _____ Bidder/Offeror: _____

PART 1: CERTIFICATION

**BIDDERS MUST COMPLETE PART 1 BY CHECKING EITHER BOX.
FAILURE TO CHECK ONE OF THE BOXES WILL RENDER THE PROPOSAL NON-RESPONSIVE.**

Pursuant to Public Law 2012, c. 25, any person or entity that submits a bid or proposal or otherwise proposes to enter into or renew a contract must complete the certification below to attest, under penalty of perjury, that neither the person or entity, nor any of its parents, subsidiaries, or affiliates, is identified on the Department of Treasury's Chapter 25 list as a person or entity engaging in investment activities in Iran. The Chapter 25 list is found on the Division's website at <http://www.state.nj.us/treasury/purchase/pdf/Chapter25List.pdf>. Bidders must review this list prior to completing the below certification. Failure to complete the certification will render a bidder's proposal non-responsive. If the Director finds a person or entity to be in violation of law, s/he shall take action as may be appropriate and provided by law, rule or contract, including but not limited to, imposing sanctions, seeking compliance, recovering damages, declaring the party in default and seeking debarment or suspension of the party

PLEASE CHECK THE APPROPRIATE BOX:

I certify, pursuant to Public Law 2012, c. 25, that neither the bidder listed above nor any of the bidder's parents, subsidiaries, or affiliates is listed on the N.J. Department of the Treasury's list of entities determined to be engaged in prohibited activities in Iran pursuant to P.L. 2012, c. 25 ("Chapter 25 List"). I further certify that I am the person listed above, or I am an officer or representative of the entity listed above and am authorized to make this certification on its behalf. I will skip Part 2 and sign and complete the Certification below.

OR

I am unable to certify as above because the bidder and/or one or more of its parents, subsidiaries, or affiliates is listed on the Department's Chapter 25 list. I will provide a detailed, accurate and precise description of the activities in Part 2 below and sign and complete the Certification below. Failure to provide such will result in the proposal being rendered as non-responsive and appropriate penalties, fines and/or sanctions will be assessed as provided by law.

PART 2: PLEASE PROVIDE FURTHER INFORMATION RELATED TO INVESTMENT ACTIVITIES IN IRAN

You must provide a detailed, accurate and precise description of the activities of the bidding person/entity, or one of its parents, subsidiaries or affiliates, engaging in the investment activities in Iran outlined above by completing the boxes below.

EACH BOX WILL PROMPT YOU TO PROVIDE INFORMATION RELATIVE TO THE ABOVE QUESTIONS. PLEASE PROVIDE THOROUGH ANSWERS TO EACH QUESTION. IF YOU NEED TO MAKE ADDITIONAL ENTRIES, CLICK THE "ADD AN ADDITIONAL ACTIVITIES ENTRY" BUTTON.

Name _____ Relationship to Bidder/Offeror _____
Description of Activities _____
Duration of Engagement _____ Anticipated Cessation Date _____
Bidder/Offeror Contact Name _____ Contact Phone Number _____

ADD AN ADDITIONAL ACTIVITIES ENTRY

Certification: I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I attest that I am authorized to execute this certification on behalf of the above-referenced person or entity. I acknowledge that the State of New Jersey is relying on the information contained herein and thereby acknowledge that I am under a continuing obligation from the date of this certification through the completion of any contracts with the State to notify the State in writing of any changes to the answers of information contained herein. I acknowledge that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I recognize that I am subject to criminal prosecution under the law and that it will also constitute a material breach of my agreement(s) with the State of New Jersey and that the State at its option may declare any contract(s) resulting from this certification void and unenforceable.

Full Name (Print): _____ Signature: _____
Title: _____ Date: _____

MACBRIDE PRINCIPLES FORM

**BIDDER'S REQUIREMENT: TO PROVIDE A CERTIFICATION
IN COMPLIANCE WITH MACBRIDE PRINCIPLES
AND NORTHERN IRELAND ACT OF 1989**

Pursuant to Public Law 1995, c. 134, a responsible bidder selected, after public bidding, by the Director of the Division of Purchase and Property, pursuant to N.J.S.A. 52:34-12, or the Director of the Division of Building and Construction, pursuant to N.J.S.A. 52:32-2, must complete the certification below by checking one of the two representations listed and signing where indicated. If a bidder who would otherwise be awarded a purchase, contract or agreement does not complete the certification, then the Directors may determine, in accordance with applicable law and rules, that it is in the best interest of the State to award the purchase, contract or agreement to another bidder who has completed the certification and has submitted a bid within five (5) percent of the most advantageous bid. If the Directors find contractors to be in violation of the principles which are the subject of this law, they shall take such action as may be appropriate and provided by law, rule or contract, including but not limited to, imposing sanctions, seeking compliance, recovering damages, declaring the party in default and seeking debarment or suspension of the party.

I certify, pursuant to N.J.S.A. 52:34-12.2 that the entity for which I am authorized to bid:

- has no ongoing business activities in Northern Ireland and does not maintain a physical presence therein through the operation of offices, plants, factories, or similar facilities, either directly or indirectly, through intermediaries, subsidiaries or affiliated companies over which it maintains effective control; or
- will take lawful steps in good faith to conduct any business operations it has in Northern Ireland in accordance with the MacBride principles of nondiscrimination in employment as set forth in N.J.S.A. 52:18A-89.8 and in conformance with the United Kingdom's Fair Employment (Northern Ireland) Act of 1989, and permit independent monitoring of their compliance with those principles.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Signature: _____

Print Name: _____

Title: _____

Firm Name: _____

Date: _____

STATE OF NEW JERSEY
NOTICE TO ALL BIDDERS OF SET-OFF FOR STATE TAX FOR CONTRACT WITH
NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

Please be advised that, pursuant to L. 1995, c. 159, effective January 1, 1996, and codified at N.J.S.A. 59:49-19 and N.J.S.A. 59:49-20, and notwithstanding any provision of the law to the contrary, whenever any taxpayer, partnership or S corporation under contract to provide goods or services or construction projects to the state of New Jersey or its agencies or instrumentalities, including the legislative and judicial branches of State government, is entitled to payment for those goods and services or construction projects, at the same time a taxpayer, partner or shareholder of that entity is indebted for any State tax, which pursuant to N.J.S.A. 43:21-14.4 also includes any indebtedness greater than or equal to \$300 that is due to the Unemployment Compensation Fund, the State Disability Benefits Fund, and the Family Temporary Disability Leave Account, the Director of the Division of Taxation or the Office of Management and Budget shall seek to set off that taxpayer's, partner's or shareholder's share of the payment of that indebtedness. The amount set off shall not allow for the deduction of any expenses or other deductions which might be attributable to the taxpayer, partner or shareholder subject to set-off.

The Division of Taxation may initiate procedures to set off the tax debt of a specific vendor upon the expiration of ninety (90) days after either the issuance by the Division of a notice and demand for payment of any state tax owed by the taxpayer or the issuance by the Division of a final determination on any protest filed by the taxpayer against an assessment or final audit determination. A set-off reduces the contract payment due to a vendor by the amount of that vendor's state tax indebtedness or, in the case of a vendor-partnership or vendor-S corporation, by the amount of state tax indebtedness of any member-partner or shareholder of the partnership or S-corporation, respectively. N.J.A.C. 18:2-8.3.

The Director of the Division of Taxation shall give notice of the set-off to the taxpayer, partner or shareholder and shall provide an opportunity for a hearing within 30 days of such notice under the procedures for protest established under N.J.S.A. 54:49-18. No requests for conference, protest, or subsequent appeal to the Tax Court from any protest permitted under N.J.S.A. 59:49-19 shall stay the collection of the indebtedness. Interest that may be payable by the State to the taxpayer, pursuant to L. 1987, c. 184 (N.J.S.A. 52:32-35) shall be stayed.

"I HAVE BEEN ADVISED OF THIS NOTICE"

Company: _____

Signature: _____

Print or Type Name of Signer: _____

Print or Type Title of Signer: _____

Date: _____

**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

**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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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.

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
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.

Chair and Members of
New Jersey Sports and Exposition Authority
Page 4

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/deferred 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.

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

Management's Discussion and Analysis
December 31, 2015

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.

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

Management's Discussion and Analysis
December 31, 2015

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 \$83.3M for the year; of which \$37.1M were associated with management and administrative expenses and \$18.0M related to solid waste operations.

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

Management's Discussion and Analysis
December 31, 2015

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	<u>23,726,763</u>
	355,545,253
Deferred Outflows of Resources	<u>5,715,963</u>
Current and Other Liabilities	43,264,930
Long-Term Liabilities	<u>111,299,022</u>
Total Liabilities	<u>154,563,952</u>
Deferred Inflows of Resources	<u>4,970,105</u>
Net Position	<u>\$ 201,727,159</u>

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

Operating Revenues	\$ 65,501,185
Operating Expenses Excluding Depreciation	<u>(83,296,293)</u>
Operating Revenues Net of Depreciation and Amortization	(17,795,108)
Depreciation and Amortization Expense	<u>(15,044,148)</u>
Operating Gain/(Loss)	(32,839,256)
Non Operating Income and Expenses:	
Luxury Tax, Marketing Fee and Tourism Tax	4,052,238
State Subsidy	28,000,000
Interest and Other Income/(Expenses)	<u>9,013,053</u>
Total Non Operating Income	<u>39,065,291</u>
Change in Net Position	<u>\$ 6,226,035</u>

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

Management's Discussion and Analysis
December 31, 2015

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.

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

**Management's Discussion and Analysis
December 31, 2015**

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.

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

Management's Discussion and Analysis
December 31, 2015

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
Transportation 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	<u>665,960,016</u>	<u>4,714,001</u>	<u>(212,284)</u>	<u>670,461,733</u>
Less Accumulated Depreciation	<u>(356,870,150)</u>	<u>(17,057,100)</u>	<u>166,985</u>	<u>(373,760,265)</u>
Investment in Facilities Net of Accumulated Depreciation	<u>\$ 309,089,866</u>	<u>\$ (12,343,099)</u>	<u>\$ (45,299)</u>	<u>\$ 296,701,468</u>

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.

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

Management's Discussion and Analysis
December 31, 2015

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.

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	5,951,948	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	1,179,762	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

	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position		Total
			Governmental Activities	Business-type Activities	
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	36,943		(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	34,051,506		(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)	\$ (32,639,256)
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			609,706	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

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	66,179	2,113		206,206
Total Assets	\$ 10,043,958	\$ 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	533,530				533,530
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	\$ 10,043,958	\$ 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 liabilities, deferred 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)
	<u>\$ 14,926,482</u>

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	<u>8,000,752</u>	<u>1,051,085</u>	<u>2,143</u>	<u>207,181</u>	<u>9,261,161</u>
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 expenditures	591,766				591,766
Other Expenditures	185,908			209,348	395,256
Total Expenditures	<u>7,851,735</u>	<u>1,148,359</u>	<u>38,942</u>	<u>209,348</u>	<u>9,248,384</u>
Change in Fund Balances	149,017	(97,274)	(36,800)	(2,167)	12,777
Fund Balance, beginning of year (as restated)	<u>7,532,349</u>	<u>637,634</u>	<u>2,413,699</u>	<u>37,240</u>	<u>10,621,322</u>
Fund Balance, end of year	<u>\$ 7,681,366</u>	<u>\$ 540,360</u>	<u>\$ 2,377,099</u>	<u>\$ 35,073</u>	<u>\$ 10,634,099</u>
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					<u>(1,121,248)</u>
Change in net position of government activities					<u>\$ (2,259,181)</u>

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 receivable	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	2,411,808	1,486,869	3,898,676
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	38,209,860	3,953,429	42,162,289
Long Term Liabilities:			
Bonds and notes payable	2,442,505		2,442,505
Net pension liability	16,453,648	9,943,865	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	3,417,954	696,463	4,114,427
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
	<u>34,051,508</u>	<u>25,008,492</u>	<u>\$ 59,060,000</u>
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
	<u>62,037,147</u>	<u>24,725,464</u>	<u>86,762,611</u>
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)
	<u>36,170,749</u>	<u>17,078</u>	<u>36,187,827</u>
Change in net position	8,185,110	300,106	8,485,216
Net Position, beginning of year (as restated)	<u>168,453,279</u>	<u>9,862,182</u>	<u>178,315,461</u>
Net Position, end of year	<u>\$ 176,638,389</u>	<u>\$ 10,162,288</u>	<u>\$ 186,800,677</u>

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	<u>(25,997,955)</u>	<u>3,158,389</u>	<u>(22,839,566)</u>
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	<u>3,982,446</u>	<u>(2,236,743)</u>	<u>1,745,703</u>
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	<u>24,528,868</u>	<u>(39,000)</u>	<u>24,489,868</u>
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	<u>(57,488)</u>	<u>(329,549)</u>	<u>(387,037)</u>
Net increase in cash and cash equivalents	2,455,671	553,097	3,008,968
Cash and cash equivalents, beginning of year	<u>7,175,626</u>	<u>7,384,718</u>	<u>14,560,344</u>
Cash and cash equivalents, end of year	<u>\$ 9,631,497</u>	<u>\$ 7,937,815</u>	<u>\$ 17,569,312</u>
Reconciliation of operating (loss) income to net cash (used) provided by operating activities:			
Operating (loss) income	\$ (27,965,939)	\$ 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	<u>\$ (25,997,955)</u>	<u>\$ 3,158,389</u>	<u>\$ (22,839,566)</u>

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

	<u>Mitigation Trust</u>	<u>Transportation Planning</u>	<u>Third Party Escrow</u>	<u>Total</u>
Assets				
Cash	\$ 4,463,081	\$ 2,917,268	\$ 484,662	\$ 7,865,011
Accounts receivable		1,897,032		1,897,032
Interfund receivable		88	475	543
Capital Assets - Depreciable, net		<u>6,523,490</u>		<u>6,523,490</u>
Total Assets	<u>4,463,081</u>	<u>11,337,858</u>	<u>485,137</u>	<u>16,286,076</u>
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	<u>562,946</u>	<u>550,377</u>		<u>1,113,323</u>
Total Liabilities	<u>1,350,536</u>	<u>552,713</u>	<u>485,137</u>	<u>2,388,386</u>
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	<u>84,115</u>			<u>84,115</u>
Net Position Held in Trust	<u>\$ 3,112,545</u>	<u>\$ 10,785,145</u>	<u>\$</u>	<u>\$ 13,897,690</u>

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
	<u>318,829</u>	<u>3,201,797</u>		<u>3,520,626</u>
Deductions				
Mitigation expenses	190,727			190,727
MASSTR Grant expenses		1,697,159		1,697,159
	<u>190,727</u>	<u>1,697,159</u>		<u>1,887,886</u>
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	<u>\$ 3,112,545</u>	<u>\$ 10,785,145</u>	<u>\$</u>	<u>\$ 13,897,690</u>

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

Notes to Financial Statements
December 31, 2015

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.

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

Notes to Financial Statements
December 31, 2015

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.

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

Notes to Financial Statements
December 31, 2015

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.

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

Notes to Financial Statements
December 31, 2015

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.

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

Notes to Financial Statements
December 31, 2015

(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 covenants), 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.

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

**Notes to Financial Statements
December 31, 2015**

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.

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

Notes to Financial Statements
December 31, 2015

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.

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

Notes to Financial Statements
December 31, 2015

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)	<u>\$ 22,472,071</u>
	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)	<u>\$ 7,532,349</u>
	Business-Type Activities
Beginning Net Position - December 31, 2014	\$ 206,736,015
Restatement for Pension Liability & Related Expense	(28,422,554)
Beginning Net Position - December 31, 2014 (As Restated)	<u>\$ 178,313,461</u>
	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)	<u>\$ 168,453,279</u>
	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)	<u>\$ 9,862,182</u>

* See note 2(v)

**New Jersey Sports and Exposition Authority
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Notes to Financial Statements
December 31, 2015

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:

	Governmental 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

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

Notes to Financial Statements
December 31, 2015

3. Cash and Investments

The components of cash and investments are as follows:

	<u>Balance</u>	<u>Fiduciary Fund</u>
	<u>Dec 31, 2015</u>	<u>Balance</u>
		<u>Dec 31, 2015</u>
Cash and Investments:		
Unrestricted:		
Cash on Hand	\$ 7,860,196	\$ 7,865,011
Investments	28,622,064	
NJ Cash Management Fund	5,690,570	
Unrestricted Cash & Investments	<u>41,972,850</u>	<u>7,865,011</u>
Restricted:		
Cash on Hand	3,544,725	
Investments	2,201,171	
Restricted Cash & Investments	<u>5,745,896</u>	<u>-</u>
Total Cash and Investments	<u>\$ 47,718,746</u>	<u>\$ 7,865,011</u>

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.

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

**Notes to Financial Statements
December 31, 2015**

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	<u>20,154,401</u>	<u>-</u>	<u>-</u>	<u>20,154,401</u>
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	<u>20,121,141</u>	<u>366,776</u>	<u>(69,372)</u>	<u>20,418,545</u>
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	<u>(13,008,483)</u>	<u>(1,517,486)</u>	<u>69,372</u>	<u>(14,456,597)</u>
Total capital assets being depreciated net of accumulated depreciation	<u>\$ 7,112,658</u>	<u>\$ (1,150,710)</u>	<u>\$ -</u>	<u>\$ 5,961,948</u>
Governmental activities capital assets, net	<u>\$ 27,267,059</u>	<u>\$ (1,150,710)</u>	<u>\$ -</u>	<u>\$ 26,116,349</u>
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	<u>117,149,000</u>	<u>39,868,193</u>	<u>-</u>	<u>157,017,193</u>
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	<u>496,626,271</u>	<u>2,987,240</u>	<u>(112,228,377)</u>	<u>387,385,133</u>
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	<u>(338,467,562)</u>	<u>(14,357,660)</u>	<u>72,315,184</u>	<u>(280,510,038)</u>
Total capital assets being depreciated net of accumulated depreciation	<u>\$ 158,158,709</u>	<u>\$ (11,370,420)</u>	<u>\$ (39,913,193)</u>	<u>\$ 106,875,096</u>
Capital assets that are being amortized:				
Landfills	5,902,134	-	-	5,902,134
Total at historical costs	<u>5,902,134</u>	<u>-</u>	<u>-</u>	<u>5,902,134</u>
Less accumulated amortization for:				
Landfills	(5,394,105)	(338,687)	-	(5,732,792)
Total accumulated amortization	<u>(5,394,105)</u>	<u>(338,687)</u>	<u>-</u>	<u>(5,732,792)</u>
Total landfill life being amortized net of accumulated amortization	<u>\$ 508,029</u>	<u>\$ (338,687)</u>	<u>\$ -</u>	<u>\$ 169,342</u>
Business-Type activities capital assets, net	<u>\$ 275,815,738</u>	<u>\$ 28,159,086</u>	<u>\$ (39,913,193)</u>	<u>\$ 264,061,629</u>
Fiduciary Activities:				
Capital assets that are being depreciated:				
Infrastructure	\$ 6,007,071	\$ 1,359,984	\$ -	\$ 7,367,055
Total at historical costs	<u>6,007,071</u>	<u>1,359,984</u>	<u>-</u>	<u>7,367,055</u>
Less accumulated depreciation for:				
Infrastructure	-	(843,565)	-	(843,565)
Total accumulated depreciation	<u>-</u>	<u>(843,565)</u>	<u>-</u>	<u>(843,565)</u>
Total fiduciary assets being depreciated net of accumulated depreciation	<u>\$ 6,007,071</u>	<u>\$ 516,419</u>	<u>\$ -</u>	<u>\$ 6,523,490</u>

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

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

Notes to Financial Statements
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	
	<u>\$ 8,706,687</u>	<u>\$ 2,761,253</u>

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 Liability	\$ 10,666,560	\$ 1,486,177	\$ (21,613)	\$ 12,153,737	
Chapter 19, P.L. 2009 Liability	175,446		(692,372)	153,933	22,000
Other Post Employment Benefits	8,982,115	1,868,034	(692,372)	10,257,777	
	<u>\$ 19,823,121</u>	<u>\$ 3,356,211</u>	<u>\$ (613,685)</u>	<u>\$ 22,565,447</u>	<u>\$ 22,000</u>
Business-Type Activities:					
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	9,826,198	5,360	(325,819)	9,507,229	
Union Pension Liabilities	49,926,519		(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	559,680		3,950,653	
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
	<u>\$ 88,332,815</u>	<u>\$ 5,157,692</u>	<u>\$ (4,710,787)</u>	<u>\$ 88,733,575</u>	<u>\$ 1,955,000</u>

**New Jersey Sports and Exposition Authority
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Notes to Financial Statements
December 31, 2015

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
	<u>\$ 134,191</u>	<u>\$ 130,000</u>	<u>\$ 2,178,314</u>	<u>\$ 267,015</u>	<u>\$ 2,709,520</u>

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	<u>130,000</u>
Total Notes Payable			<u>\$264,191</u>

**New Jersey Sports and Exposition Authority
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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 NJDEP 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
	<u>\$ 2,933,927</u>

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.

**New Jersey Sports and Exposition Authority
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Notes to Financial Statements
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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-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).

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 and 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.

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Notes to Financial Statements
December 31, 2015

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 and 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

New Jersey Sports and Exposition Authority
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Notes to Financial Statements
December 31, 2015

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.

**New Jersey Sports and Exposition Authority
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**Notes to Financial Statements
December 31, 2015**

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

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

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

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

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

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

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

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

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

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

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.

**New Jersey Sports and Exposition Authority
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Notes to Financial Statements
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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	<u>272,846</u>
 Total	 <u>430,256</u>

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 3/7th 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:

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Notes to Financial Statements
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13. Public Employee Retirement System (continued)

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

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:

<u>Tier</u>	<u>Definition</u>
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.

**New Jersey Sports and Exposition Authority
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Notes to Financial Statements
December 31, 2015

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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expensed 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	63,923	4,355,051
Authority contributions subsequent to the measurement date	611,241	
	<u>\$ 5,715,963</u>	<u>\$ 4,970,105</u>

\$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:

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

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Notes to Financial Statements
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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 retirees.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
	<u>100.00%</u>	

**New Jersey Sports and Exposition Authority
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Notes to Financial Statements
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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:

	<u>At 1% Decrease</u>	<u>At current discount rate</u>	<u>At 1% increase</u>
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.

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

Notes to Financial Statements
December 31, 2015

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	<u>(592,372)</u>
December 31, 2015 – Net OPEB Obligation (NOO)	<u>\$10,257,777</u>

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 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 \$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.

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

Notes to Financial Statements
December 31, 2015

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 \$1,466,487 was committed.

19. Interfund Balances and Activity

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

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

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

Notes to Financial Statements
December 31, 2015

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

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

Notes to Financial Statements
December 31, 2015

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.

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

Notes to Financial Statements
December 31, 2015

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	5,022,362	(267,638)
(3) Arena Revenues	4,673,000	-	4,673,000	4,491,573	(181,427)
Morriamouth Park Reimbursables	2,402,000	-	2,402,000	2,384,342	(17,658)
Entertainment Facilities	-	-	-	8,885,858	8,885,858
(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	3,645,056	612,056
Total - East Rutherford	\$ 22,325,000	\$ -	\$ 22,325,000	\$ 38,103,746	\$ 15,778,746
Lyndhurst					
Lease Revenues	\$ 1,824,108	\$ -	\$ 1,824,108	\$ 1,566,145	\$ (257,963)
Land Use Fee Income	1,500,000	-	1,500,000	1,545,321	45,321
Overhead Reimbursement	4,668,784	-	4,668,784	4,687,786	19,002
Misc. Other	1,133,635	-	1,133,635	1,458,009	324,374
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	\$ 56,626,062	\$ -	\$ 56,626,062	\$ 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	2,851,000	-	2,851,000	2,669,591	(181,409)
Utilities	5,129,000	-	5,129,000	3,568,407	1,560,593
New Jersey Racing Commission	2,471,000	-	2,471,000	2,480,371	(9,371)
Professional Services	2,000,000	-	2,000,000	2,091,167	(91,167)
Pension	1,800,000	-	1,800,000	1,937,901	137,901
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	-	-	-	6,035,434	(6,035,434)
Misc. Other	2,776,000	-	2,776,000	11,431,253	(8,655,253)
Total - East Rutherford	\$ 33,205,000	\$ -	\$ 33,205,000	\$ 44,359,979	\$ (11,154,979)
Lyndhurst					
Salaries/Fringe	\$ 5,382,427	\$ -	\$ 5,382,427	\$ 5,119,381	\$ 263,046
Services	1,480,000	-	1,480,000	1,468,798	11,202
Capital/Maintenance	640,000	-	640,000	366,777	273,223
Repairs/Maintenance	675,000	-	675,000	659,113	15,887
Remap Partnership	500,000	-	500,000	500,000	-
Misc. Other	478,500	-	478,500	1,134,316	(655,816)
Total - Lyndhurst	\$ 9,156,927	\$ -	\$ 9,156,927	\$ 9,248,365	\$ (91,438)
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)	15,042,051	4,937,049
Other revenues and expenditures:					
State Appropriations	\$ 26,000,000	-	\$ 26,000,000	\$ 26,000,000	\$ -
Payment in Lieu of Taxes & CAFE	(11,795,369)	-	(11,795,369)	(11,839,068)	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	\$ 5,467,991	\$ 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				6,228,035	
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 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.

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)

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

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

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

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

(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:

<u>Measurement Date</u>	<u>Discount Rate</u>	<u>Inflation Rate</u>
June 30, 2015	4.90%	3.04%
June 30, 2014	5.39%	3.01%



**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



**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	\$ 10,608,056	\$ 2,360,283	\$ 1,720,914	\$ 10,031,084
US Department of Environmental Protection Agency: Regional Wetlands Program Development Grant: Wetlands Protects State Development Urban Tidal Wetlands Restoration Measurement of Tidal Wetlands Impairment for Acquisition and Enhancement Benthic Biodiversity and Pollutant Loads in Emergent Marshes of NJMC Total Regional Wetlands Program Development Grant	N/A N/A N/A N/A	66.461 66.461 66.461	N/A N/A N/A	N/A N/A N/A	124,000 234,998 215,239 574,237	101,294 74,272 175,566	8,603 52,848 51,451	50,407 149,581 53,235 253,233
US Department of Homeland Security: Pollution Prevention Grant (Green Restaurant Initiative) Total US Department of Environmental Protection Agency	N/A N/A	66.608 68.709	N/A N/A	N/A N/A	385,700 99,200 1,059,137	23,549 199,215	9,556 71,007	379,893 92,677 725,593
US Department of Homeland Security: Disaster Grants - Public Assistance - FEMA	N/A	97.036	N/A	N/A	986,763	209,020	591,755	1,120,534
					\$ 12,053,976	\$ 2,789,199	\$ 2,463,706	\$ 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

NEW JERSEY SPORTS AND EXPOSITION AUTHORITY

**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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.933 _____	<u>National Infrastructure Investments – TIGER Discretion Grant</u>

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

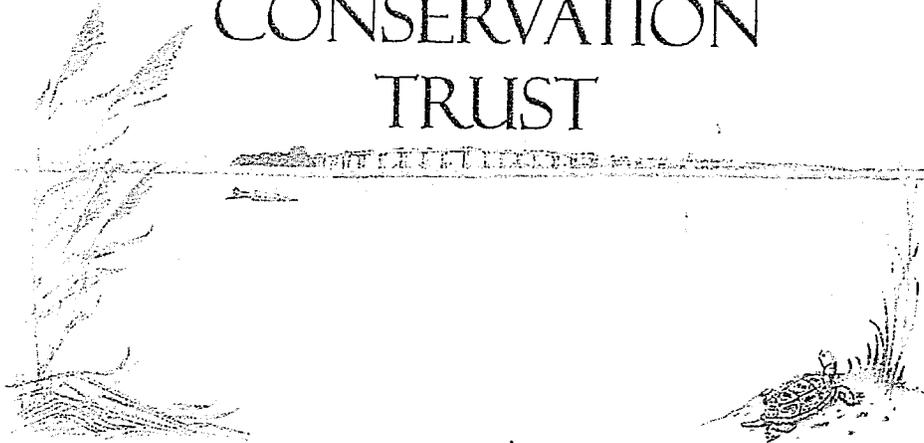
Section 3 – Major Federal Awards Findings and Questioned Costs

NONE

Section 4 – Schedule of Prior Year Audit Findings

NONE

MEADOWLANDS
CONSERVATION
TRUST



(A Component Unit of the State of New Jersey)

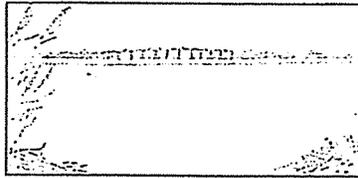
2016 Annual Audit Report

And

Comprehensive Annual Financial Report

Year Ended December 31, 2016

Protecting the Environment



MEADOWLANDS CONSERVATION TRUST

April 7, 2017

The Board of Trustees
Meadowlands Conservation Trust

RE: 2016 Annual Report and Comprehensive Annual Financial Report

Letter of Transmittal – Chairman

The Comprehensive Annual Financial Report of the Meadowlands Conservation Trust ("MCT") for the year ended December 31, 2016 is submitted herein. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Trust. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the MCT's financial position, results of operations, and cash flows in accordance with generally accepted accounting principles. In accordance with the accounting principles, Meadowlands Conservation Trust is a component unit of the State of New Jersey, and as such, is included in the State of New Jersey's Annual Report. The accompanying Management Discussion and Analysis provides detailed narrative information on the financial statements provided in the Comprehensive Annual Financial Report.

Profile of the Trust

The Meadowlands Conservation Trust was established within the former New Jersey Meadowlands Commission, now the New Jersey Sports and Exposition Authority, through an Act of Legislation in 1999 to acquire land through either fee simple acquisition or conservation easements with the purpose of permanently preserving wetlands, water ways and open space in the Hackensack River Watershed. The Trust operates with a seven member board of trustees¹ and is generally a land trust in the Hackensack River Watershed. The New Jersey Sports & Exposition Authority ("NJSEA") provides operational staff, and assistance to the board of trustees.

Accounting System and Budgetary Controls

The MCT's financial statements are prepared by NJSEA's Chief Financial Officer and financial staff in accordance with generally accepted accounting principles. The MCT financial statements are prepared using the principles of Fiduciary Funds as prescribed by Government Accounting Standard Board Statement #34. In an effort to ensure compliance with the NJSEA's and the Trust's By-Laws and to safeguard its assets, an internal control structure has been developed and implemented by management.

Under the direction of NJSEA's Chief Financial Officer and the financial department, the Trust's internal control areas include:

- Authorization levels for expenditures of Trust's funds;
- Specific procedures to follow when initiating purchase requisitions, purchase orders, receiving goods and payments for services;
- Separation of accounts payable and receivable functions;
- Bank reconciliation review;
- Controls over deposits; and
- Production of system-generated and manual checks.

The internal control structure also includes approved organization structures and Board approved budgets for capital and operating expenditures.

The MCT follows the procurement policies and procedures established by New Jersey State Contract Law. The standards include a threshold, over which the board of trustees must approve all transactions.

Independent Audit

The certified public accounting firm of PKF O'Connor Davies, LLP was retained to perform an audit of the 2016 fiscal year in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. In June 1999, the GASB adopted their Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for state and local governments. The Meadowlands Conservation Trust adopted GASB Statement No. 34 in fiscal year 2004, including the Management Discussion and Analysis (MD&A). The MD&A is considered to be required supplemental data and precedes the financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The audit firm of PKF O'Connor Davies, LLP reports directly to the three-member audit committee of the board of trustees. An initial meeting prior to the start of the audit and a subsequent exit conference is held to discuss the results of the audit.

Regards,



Captain William Sheehan, Chairman

¹ While the enabling legislation provides for seven Trustees, currently, the MCT only has five Trustees and has requested appointments for the remaining two Trustees.



Independent Auditors' Report

**Board of Trustees
Meadowlands Conservation Trust**

Report on the Financial Statements

We have audited the accompanying financial statements of the Meadowlands Conservation Trust (a component unit of the State of New Jersey), which comprise the statement of fiduciary net position as of December 31, 2016 and 2015 and the related statement of changes in fiduciary net position for the years then ended, and the related notes to the financial statements, which collectively comprise the Meadowlands Conservation Trust'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 an opinion 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.

PKF O'CONNOR DAVIES, LLP
293 Eisenhower Parkway, Suite 270, Livingston, NJ 07039 | Tel: 973.535.2880 | Fax: 973.535.5893 | www.pkfod.com

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

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 financial statements referred to above present fairly, in all material respects, the net position of the Meadowlands Conservation Trust, as of December 31, 2016 and 2015, and the changes in fiduciary net position for the years then 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 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements and other knowledge we obtained during our audit of the 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 Meadowlands Conservation Trust's financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2017 on our consideration of the Meadowlands Conservation Trust'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 Meadowlands Conservation Trust's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Livingston, New Jersey
May 10, 2017

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

Management Discussion and Analysis
December 31, 2016

This section of the Meadowlands Conservation Trust ("MCT") annual financial report represents our discussion and analysis of the MCT's financial performance during the fiscal years that ended December 31, 2016 and 2015. Please read it in conjunction with the MCT's financial statements and accompanying notes.

Overview of the Financial Statements

This discussion and analysis is intended to present an overview of the MCT's financial performance for the years ended December 31, 2016 and 2015. The MCT's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

This section is intended to provide an assessment of how the MCT's financial position has improved or deteriorated and identify factors that, in management's view, significantly affected the MCT's overall financial position. It may contain opinions, assumptions or conclusions by the MCT's management that should not be considered a replacement for the financial statements included in this report.

The statement of net position provides information about the nature and amount of investments in resources (assets) and the obligations to MCT creditors (liabilities).

The statement of fiduciary changes in net position, measures the MCT's operations for the periods presented.

The notes to financial statements provide information that is essential to understanding the MCT's basic financial statements, such as the MCT's accounting methods and policies, details of significant assets, liabilities, net position, contractual obligations, future commitments and contingencies, as well as other events or other matters that could impact the MCT's financial position.

Financial Highlights

- In CY2016, the MCT's net position decreased by \$341,885.
- The total revenues for the MCT decreased by \$15,656 in 2016 due primarily to the decrease in the sale of mitigation rights. In CY2016, the MCT's revenues were \$49,334, consisting of the sale of mitigation rights of \$22,126; license plate sales from the New Jersey Division of Motor Vehicle (NJDMV) of \$17,497 and \$9,711 of other earnings.
- In CY2015, the MCT's net position decreased by \$578,056 due primarily to a real estate tax settlement with the Borough of Carlstadt.
- The total revenues for the MCT increased by \$31,836 in 2015, due primarily to the increase in the sale of mitigation rights received. In CY2015, the MCT's revenues were \$64,990, consisting of the sale of mitigation rights of \$38,702; license plate sales from the New Jersey Division of Motor Vehicles (NJDMV) of \$20,924 and \$5,364 of interest earnings.
- The MCT is currently owed \$600,000 for implementation and maintenance of wetland preservation and enhancements costs associated with the perpetual preservation of the Kane Tract, under an agreement that was entered into in 2005. As the collectability of the amount is questionable at this time, management has recorded a reserve of \$600,000 against the receivable.

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

Management Discussion and Analysis
December 31, 2016

Overview of the Financial Statements

The annual financial report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and supplemental information. The MCT accounts for its financial activities under the fiduciary fund type, where the MCT acts as trustee of assets for the benefit of the citizens of the State of New Jersey.

Financial Summary

The MCT's comparative condensed summary of Net Position at December 31, is shown below in Figure 1.

Figure 1
Condensed Summary of Fiduciary Net Position

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current assets	\$ 4,706,736	\$ 4,722,251	\$ 5,282,736
Capital assets	27,936,260	27,919,180	27,931,680
Total assets	<u>\$ 32,642,996</u>	<u>\$ 32,641,431</u>	<u>\$ 33,214,416</u>
Other liabilities	\$ 355,500	\$ 12,050	\$ 6,979
Total liabilities	<u>\$ 355,500</u>	<u>\$ 12,050</u>	<u>\$ 6,979</u>
Invested in capital assets	\$ 27,936,260	\$ 27,919,180	\$ 27,931,680
Unrestricted	4,351,236	4,710,201	5,275,757
Total net position	<u>\$ 32,287,496</u>	<u>\$ 32,629,381</u>	<u>\$ 33,207,437</u>
Total Liabilities and Net Position	<u>\$ 32,642,996</u>	<u>\$ 32,641,431</u>	<u>\$ 33,214,416</u>

2016-2015

Total net position for MCT as of December 31, 2016 and December 31, 2015 is \$32.3 million and \$32.6 million respectively. This represents a decrease of \$0.3 million compared with 2015.

2015-2014

Total net position for MCT as of December 31, 2015 and December 31, 2014 was \$32.6 million and \$33.2 million respectively. This represents a decrease of \$0.6 million compared with 2014. The significant factor of this decrease was an increase in operating costs.

Revenue Highlights

The MCT's comparative condensed summary of the Statement of Changes in Fiduciary Net Position for the year ended December 31, is shown in Figure 2.

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

Management Discussion and Analysis
December 31, 2016

Figure 2
Condensed Summary of Statement of Changes
in Fiduciary Net Position

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Sale of Mitigation Rights	\$ 22,126	\$ 38,702	\$ 3,924
NJDMV - Plate Sales	17,497	20,924	19,844
Other	39,291	5,364	9,386
Total Revenues	<u>\$ 78,914</u>	<u>\$ 64,990</u>	<u>33,154</u>
Operating Costs	<u>420,799</u>	<u>643,046</u>	<u>289,914</u>
Total Operating Costs	420,799	643,046	289,914
Change in Net Position	(341,885)	(578,056)	(256,761)
Beginning Net Position	<u>32,629,381</u>	<u>33,207,437</u>	<u>33,464,198</u>
Ending Net Position	<u>\$ 32,287,496</u>	<u>\$ 32,629,381</u>	<u>33,207,437</u>

2016 - 2015

Total operating revenues for the years ended December 31, 2016 and December 31, 2015 were \$49,000 and \$65,000 respectively, a decrease of \$16,000 from 2015. Operating expenses for the same periods were \$420,800 and \$643,000 respectively, a decrease of \$222,200 from 2015.

2015 - 2014

Total operating revenues for the years ended December 31, 2015 and 2014 were \$65,000 and \$33,000 respectively, a decrease of \$32,000 from 2014. The decrease from 2014 was due to the sales of mitigation rights that occurred in 2013 but not in 2014. Operating expenses were \$643,000 and \$290,000 respectively, an increase of approximately \$353,000 compared to 2014. The increase in operating expenses in 2015 was related to legal fees and maintenance costs.

Contacting Financial Management

The financial management report is designed to provide citizens, people served by the MCT, vendors, and creditors with a general overview of the MCT's finances. If you have any questions about this report or need additional financial information, contact Christine Sanz, Chief Executive Officer, Meadowlands Conservation Trust at One DeKorte Park Plaza, Lyndhurst, New Jersey.

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

Statement of Fiduciary Net Position
Fiduciary Funds

	December 31,	
	2016	2015
ASSETS		
Cash - on hand	\$ 1,644,725	\$ 1,615,748
Cash - on deposit with NJ Division of Treasury	3,061,525	3,052,458
Other assets	486	54,045
Capital assets, net	27,936,260	27,919,180
Total Assets	\$ 32,642,996	\$ 32,641,431
LIABILITIES		
Accounts payable and accrued expenses	\$ 355,500	\$ 12,050
NET POSITION		
Invested in capital assets	27,936,260	27,919,180
Unrestricted	4,351,236	4,710,201
Total Net Position	32,287,496	32,629,381
Total Liabilities and Net Position	\$ 32,642,996	\$ 32,641,431

See Notes to Financial Statements

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

	December 31,	
	2016	2015
ADDITIONS		
Sale of mitigation rights	\$ 22,126	\$ 38,702
NJDMV - plate sales	17,497	20,924
Donation of Land	29,580	
Interest income	9,711	5,364
Total Additions	78,914	64,990
DEDUCTIONS		
Insurance	10,898	10,441
Professional fees	46,019	22,769
Program expenses	26,025	43,606
Administrative services - NJSEA	325,000	150,000
Other	357	3,730
Depreciation	12,500	12,500
Real estate tax settlement		400,000
Total Deductions	420,799	643,046
Change in Net Position	(341,885)	(578,056)
NET POSITION		
Beginning of year	32,629,381	33,207,437
End of year	\$ 32,287,496	\$ 32,629,381

See Notes to Financial Statements

Meadowlands Conservation Trust
(a component unit of the State of New Jersey)

Notes to Financial Statements
December 31, 2016

Note 1 - Summary of Significant Accounting Policies

A. Financial Reporting Entity

The Meadowlands Conservation Trust (the "MCT"), which is a component unit of the State of New Jersey, was established in 1999. The MCT operates with a board of trustees whose main objectives are to acquire and hold land or convey to other governmental entities or qualified non-profit organizations, environmentally important, valuable or sensitive lands located in the Hackensack Meadowlands or within the Hackensack River Watershed and to preserve and manage those lands in their natural state or in a largely natural or undeveloped state for the purposes of conserving and enhancing natural resources, protecting elements of natural diversity, providing open space, or providing public outdoor passive recreational opportunities.

There is established in the Meadowlands Conservation Trust, a trust fund, to be known as the "Meadowlands Conservation Trust Fund," and the moneys therein are to be held in those depositories as the State Treasurer may select. The State Treasurer shall deposit into the trust fund all moneys: (1) received as a grant or other form of aid by the trust or by the State and designated for the trust; (2) given, donated, bequeathed, or endowed to the trust from public or private sources; (3) received as rent or as a royalty by the trust or by the State on behalf of the trust; (4) received as net revenues from the Division of Motor Vehicles in the Department of Transportation in connection with the issuance of Meadowlands conservation license plates as provided pursuant to sections 9 through 14 of P.L. 1999, c. 31 (C.39:3-27.100 C.39:3-27.105); and (5) appropriated or otherwise made available to the trust by the State. The moneys in the trust fund are specifically dedicated and shall be utilized only for the purposes of the trust as set forth in this act. Such grants, contributions, donations, and reimbursements from federal aid programs as may be lawfully used for the purposes of the trust as set forth in this act shall also be held in the trust fund. Moneys in the trust fund shall not be expended except in accordance with appropriations from the trust fund made by law. Any act appropriating moneys from the trust fund to acquire land shall identify the particular project or projects to be funded by the moneys, and any expenditure for a land acquisition project for which the location is not identified by municipality and county in the appropriation shall require the approval of the Joint Budget Oversight Committee or its successor. Pending their application to the purposes set forth in this act, the moneys in the trust fund shall be invested and reinvested as are trust funds in the custody of the State Treasurer, in the manner provided by law. Net earnings received from the investment or deposit of moneys in the trust fund shall be deposited therein and become part of the trust fund to be used only for the purposes of the trust.

Money in the Meadowlands Conservation Trust Fund shall not be utilized for the development of any land for any purpose or for the acquisition of land that will not remain in a natural or largely natural or undeveloped state, except that up to 5% of the moneys annually received and deposited into the trust fund may be utilized to pay for development of sites to allow for public access and environmental education and interpretation and for the development of trails, and up to 2% of the moneys annually received and deposited into the trust fund may be utilized to pay for promotional and program awareness efforts.

Meadowlands Conservation Trust
(a component unit of the State of New Jersey)

Notes to Financial Statements
December 31, 2016

Note 1 - Summary of Significant Accounting Policies (continued)

The accounting policies of the MCT conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

B. Basis of Presentation – Fund Accounting

Fiduciary fund

This fund accounts for the receipt of funds designated for the purpose of acquiring and holding environmentally sensitive property within the Hackensack Meadowlands or Hackensack River Watershed Area.

The accounts of the MCT 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. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicated the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The MCT financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

Deposits

Deposits include cash in banks and certificates of deposit with original maturities of less than three months from date of purchase.

Custodial Credit Risk -Deposits

Custodial credit risk is the risk that in the event of a bank failure, the governments deposit may not be returned to it. The MCT's policy is based on New Jersey statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in a qualified investment established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2016 and 2015, there were no amounts exposed to custodial credit risk.

Meadowlands Conservation Trust
(a component unit of the State of New Jersey)

Notes to Financial Statements
December 31, 2016

Note 1 - Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

Cash

Interest Rate Risk

The MCT does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statute 40A:5-15.1(a) limits municipal investment maturities to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America, bonds or other obligations of the towns or bonds or other obligations of the local unit or units within which the town is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The MCT places no limit on the amount which can be invested with any one issuer.

E. Capital Assets

Capital assets are stated at cost. Land is considered inexhaustible and, therefore, not depreciated. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings	20 years
-----------	----------

Expenditures for maintenance and repairs are charged to expense, and renewals and betterments are capitalized. Upon sale or retirement, the cost of the asset and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in the results of operations.

F. Net Position

Net position represents the equity generated from the operation of the MCT.

Meadowlands Conservation Trust
(a component unit of the State of New Jersey)

Notes to Financial Statements
December 31, 2016

Note 1 - Summary of Significant Accounting Policies (continued)

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Capital Assets

Capital asset activity for the years ended December 31, 2016 and 2015 were as follows:

	<u>January 1, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2016</u>
Capital assets being depreciated				
Buildings	\$ 250,000	\$	\$	\$ 250,000
Less accumulated depreciation	(62,500)	(12,500)		(75,000)
	<u>187,500</u>	<u>(12,500)</u>		<u>175,000</u>
Capital assets not depreciated				
Land	<u>27,731,680</u>	<u>29,580</u>		<u>27,761,260</u>
Capital assets, net	<u>\$ 27,919,180</u>	<u>\$ 17,080</u>	<u>\$</u>	<u>\$ 27,936,260</u>

	<u>January 1, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31, 2015</u>
Capital assets being depreciated				
Buildings	\$ 250,000	\$	\$	\$ 250,000
Less accumulated depreciation	(50,000)	(12,500)		(62,500)
	<u>200,000</u>	<u>(12,500)</u>		<u>187,500</u>
Capital assets not depreciated				
Land	<u>27,731,680</u>			<u>27,731,680</u>
Capital assets, net	<u>\$ 27,931,680</u>	<u>\$ (12,500)</u>	<u>\$</u>	<u>\$ 27,919,180</u>

Meadowlands Conservation Trust
(a component unit of the State of New Jersey)

Notes to Financial Statements
December 31, 2016

Note 2 - Capital Assets (continued)

Acquisition of the Richard P. Kane Natural Area

On March 25, 2005, the MCT took full title to the Empire Tract (the "Tract"), located within Carlstadt and South Hackensack, through a transfer of deed from the Mills Corporation ("Mills"). The Tract was later renamed the Richard P. Kane Natural Area. This 587 acre tract of the land was once slated to become a megamall before it was determined to be ecologically important and worthy of preservation. The developer, Mills Corporation's, original plans intended for the filling of the 206 acres of wetlands to be developed into a retail facility, office building, warehousing space, and hotel. The remaining 381 acres would then be turned into a storm water retention basin. The Tract's acreage is predominantly comprised of wetlands with approximately twenty-five acres of uplands on the property.

Mills and its successors are required to pay \$100,000 per year, for a period of 75 years, to the MCT for costs related to implementation and maintenance of wetland preservation and enhancements associated with the perpetual preservation of the Tract. The Meadowlands Conservation Trust has contacted Triple Five, the latest successor to Mills, to demand remaining payments, because successors to Mills, including Triple Five, have failed to pay for the last six years. MCT is currently owed \$600,000. As the collectability of this amount is questionable at this time, management has recorded a reserve of \$600,000 against the receivable.

Note 3 - Risk Management

Property and Liability Insurance

The MCT 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.

Note 4 - Commitments and Contingent Liabilities

Williamstowne Manor, LLC et al v. MCT, et al. (Superior Court, Law Division)

The claimants in this matter filed a notice of Tort Claim pursuant to Title 59 on January 24, 2013 and filed the complaint on October 21, 2013. The claimants are located at 185 Liberty Street, Little Ferry, New Jersey and have asserted claims for \$1,200,000 in damages to its properties and in loss of rental income due to a flood caused by the Hurricane Sandy storm event of October 29, 2012. Claimants assert that the berm located on the Kane Tract, which property is owned by MCT, breached and proximately caused flood damage to the claimant's property. Counsel for MCT's insurer is defending MCT in this matter.

Meadowlands Conservation Trust
(a component unit of the State of New Jersey)

Notes to Financial Statements
December 31, 2016

Note 4 - Commitments and Contingent Liabilities (continued)

Cheridan Realty LLC v. MCT, et al. (Superior Court, Law Division)

The claimant in this matter filed a notice of Tort Claim pursuant to Title 59 on January 23, 2013 and filed the complaint on October 21, 2013. The claimant is located at 178 Commerce Road, Carlstadt, New Jersey and has asserted a claim of \$200,000 for damages to its building due to a flood caused by the Hurricane Sandy storm event of October 29, 2012. Claimant asserts that the berm located on the Kane Tract, which property is owned by MCT, breached and proximately caused flood damage to the claimant's property. Counsel for MCT's insurer is defending MCT in this matter.

Unasserted Claims and Assessments

Corporate Jet Support, Inc., CJS Properties LLC, CJS Maintenance, LLC v. MCT, et al. (Notice of Tort Claim)

The claimants in this matter filed a notice of Tort Claim pursuant to Title 59 on January 24, 2013. The claimants are located at One Graphic Place, Moonachie, New Jersey and have asserted claims for an unspecified amount of damages to its inventory and property due to a flood caused by the Hurricane Sandy storm event of October 29, 2012. Claimants assert that the berm located on the Kane Tract, which property is owned by MCT, breached and proximately caused flood damage to the claimant's property. No suit has been filed to date.

Customized Distribution Services, Inc. v. MCT (Notice of Tort Claim)

The claimant in this matter filed a notice of Tort Claim pursuant to Title 59 on January 23, 2013. The claimant is located at 1 Lladro Drive, Moonachie, New Jersey and has asserted a claim of \$2,650,000 for damages to its warehouse and inventory due to a flood caused by the Hurricane Sandy storm event of October 29, 2012. Claimant asserts that the berm located on the Kane Tract, which property is owned by MCT, breached and proximately caused flood damage to the claimant's property. No suit has been filed to date.

Note 5 - Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less accumulated depreciation, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Unrestricted - the difference between the assets and liabilities that is not reported in the net investment in capital assets.

Meadowlands Conservation Trust
(a component unit of the State of New Jersey)

Notes to Financial Statements
December 31, 2016

Note 5 - Net Position (continued)

Unrestricted is made up of the following:

	<u>2016</u>	<u>2015</u>
Open Space acquisition	\$ 2,900,000	\$ 2,900,000
Kane Tract mitigation	106,134	106,134
Skeetkill Marsh	100	100
Conservation maintenance	1,322,278	1,500,000
Other Unrestricted	22,724	203,967
	<u>\$ 4,351,236</u>	<u>\$ 4,710,201</u>

Note 6 – Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, May 10, 2017.

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

Net Position by Component, Last Ten Fiscal Years
(accrual basis of accounting)

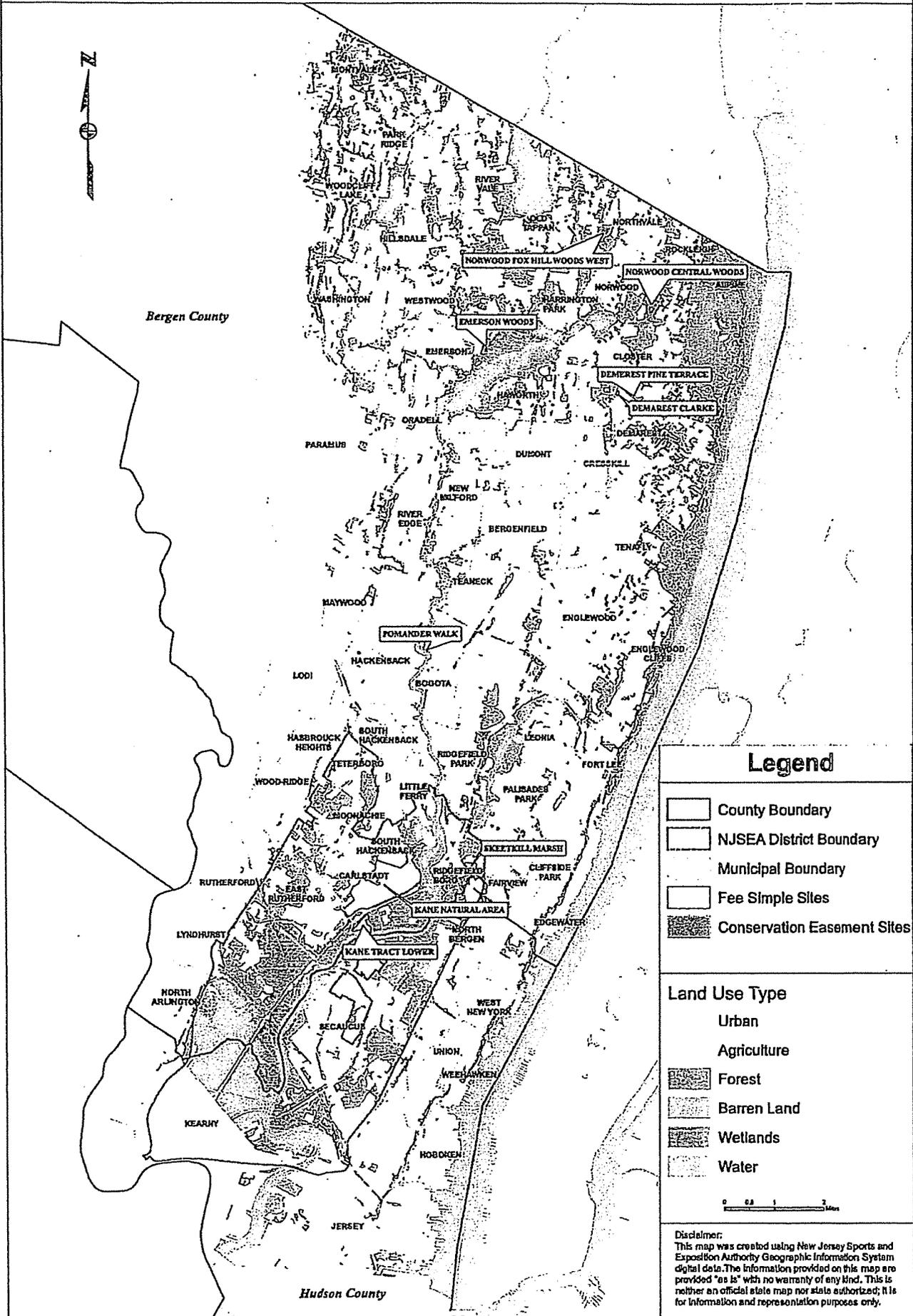
	<u>Year</u>	<u>Net Investment in Capital Assets</u>	<u>Unrestricted</u>	<u>Total Net Position</u>
Fiduciary activities	2007	\$ 6,325,080	\$ 493,198	\$ 6,818,278
	2008	6,325,080	505,813	6,830,893
	2009	27,731,680	1,476,759	29,208,439
	2010	27,731,680	1,289,997	29,021,677
	2011	27,969,180	1,976,181	29,945,361
	2012	27,956,680	3,357,037	31,313,717
	2013	27,944,180	5,520,018	33,464,198
	2014	27,931,680	5,275,757	33,207,437
	2015	27,919,180	4,710,201	32,629,381
	2016	27,936,260	4,351,236	32,287,496

MEADOWLANDS CONSERVATION TRUST
(A Component Unit of the State of New Jersey)

Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Deductions										
Fiduciary activities:										
Salaries and Wages	\$ 79,546	\$ 107,131	\$111,060	\$98,432	\$ 15,715	\$ 12,043	\$ 337	\$ 347	\$ 355	\$ 35
Fringe Benefits	29,166	39,778	39,658	40,746	281	140	3,004	182	12,086	7
Supplies	277	6,807	4,167	2,724	61,553	48,091	204,409	239,499	176,143	380,76
Services	134,215	90,064	210,081	83,278		12,697		49,887	41,962	27,10
Repairs and Maintenance										
Land Tract Fees				78,330						
Other	993	450	385	10,693	389	60			412,500	12,50
Total fiduciary activities deductions	<u>244,197</u>	<u>244,230</u>	<u>365,351</u>	<u>314,203</u>	<u>77,938</u>	<u>73,031</u>	<u>207,750</u>	<u>289,915</u>	<u>643,046</u>	<u>420,79</u>
Additions										
Fiduciary activities:										
Contributions:										
NJSEA - FIKVA NJMC	175,000	125,000			930,268	1,378,156	2,330,584	3,924	38,702	22,12
Sale of Mitigation Rights			1,200,000	100,000						
Donations	100,000	100,000								
Donation of Land	337,680		3,625,240							29,58
NJDMV-Plate Sales	27,497	20,125	22,941	21,117	19,866	20,147	21,026	19,844	20,924	17,49
Other	73,498	11,620	13,356	6,324	30,354	43,084	6,621	9,386	5,364	9,71
Total fiduciary activities additions	<u>713,675</u>	<u>256,745</u>	<u>4,961,537</u>	<u>127,441</u>	<u>980,488</u>	<u>1,441,387</u>	<u>2,358,231</u>	<u>33,154</u>	<u>64,990</u>	<u>78,91</u>
Change in Net Position	\$ 469,478	\$ 12,515	\$ 4,596,186	\$ (186,762)	\$ 902,550	\$ 1,366,356	\$ 2,150,481	\$ (256,761)	\$ (578,056)	\$ (341,88
Total fiduciary trust										

Meadowlands Conservation Trust: Current Property Holdings





**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

**The Board of Trustees
Meadowlands Conservation Trust**

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 Meadowlands Conservation Trust ("MCT") which comprise the statement of financial position as of December 31, 2016, and the related statements of activities for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 10, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the MCT'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 MCT's internal control. Accordingly, we do not express an opinion on the effectiveness of the MCT'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the MCT'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Livingston, New Jersey
May 10, 2017

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

Landfill Closure Escrow Fund - Keegan Landfill Facility - Meadowlands
Financial Statements
October 1, 2015 to September 30, 2016



Independent Auditors' Report

To the Board of Commissioners New Jersey Sports and Exposition Authority

We have audited the accompanying financial statements of the New Jersey Sports and Exposition Authority Landfill Closure Escrow Fund - Keegan Landfill Facility, which comprise the statement of assets and fund balance as of September 30, 2016 and the related statement of revenues, expenditures and changes in fund balance for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the audit requirements of the Sanitary Landfill Closure and Contingency Fund Act of 1981 (Amended 1987); this includes the design, implementation, and maintenance, of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion 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. 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 auditor's 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 controls 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.

PKF O'CONNOR DAVIES, LLP
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**To the Board of Commissioners
New Jersey Sports & Exposition Authority**
Page 2

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 financial statements referred to above present fairly, in all material respects, the statement of assets and fund balance of the New Jersey Sports and Exposition Authority Landfill Closure Escrow Fund - Keegan Landfill Facility, as of September 30, 2016, and the statement of revenues, expenditures and changes in fund balance for the year then ended, in accordance with the financial reporting provisions of the audit requirements of the Sanitary Landfill Closure and Contingency Fund Act of 1981 (Amended 1987) as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the audit requirements of the Sanitary Landfill Closure and Contingency Fund Act of 1981 (Amended 1987), which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Restriction on Use

This report is intended solely for the information and use of management, New Jersey Sports and Exposition Authority and the Department of Environmental Protection, State of New Jersey, Bureau of Solid Waste Regulation and the audit requirements of the Sanitary Landfill Closure and Contingency Fund Act of 1981 (Amended 1987) and is not intended to be and should not be used by anyone other than these specified parties.

PKF O'Connor Davies, LLP

October 13, 2016
Livingston, New Jersey

**Independent Auditor's 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**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the audit requirements of the Sanitary Landfill Closure and Contingency Fund Act of 1981 (Amended 1987)(the "Act"), the statement of assets and fund balance and the statement of revenues, expenditures and changes in fund balance of the New Jersey Sports and Exposition Authority Landfill Closure Escrow Fund - Keegan Landfill Facility (the "Escrow Fund") as of and for the year ended September 30, 2016 and the related notes to the financial statements, and have issued our report thereon dated October 13, 2016, in accordance with the financial reporting provisions of the audit requirements.

Internal Control Over Financial Reporting

In planning and performing our audit of the statement of assets and fund balance and the statement of revenues, expenditures and changes in fund balance, we considered the Escrow Fund's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinions on the statement of assets and fund balance and the statement of revenues, expenditures and changes in fund balance, but not for the purpose of expressing an opinion on the effectiveness of the Escrow Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Escrow Fund'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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Escrow Fund's statement of assets and fund balance and the statement of revenues, expenditures and changes in fund balance are free of 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 the Act.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Escrow Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with the Landfill Closure and Contingency Act in considering the Escrow Fund's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

October 13, 2016
Livingston, New Jersey

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

Landfill Closure Escrow Fund - Keegan Landfill Facility - Meadowlands
Statement of Assets and Fund Balance
September 30, 2016

ASSETS

Cash	\$ 21,277.60
Investments	2,406,902.08
Accounts Receivable	<u>12,407.00</u>
	<u>\$ 2,440,586.68</u>

FUND BALANCE

Fund Balance - Restricted	<u>\$ 2,440,586.68</u>
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**New Jersey Sports and Exposition Authority
(A Component Unit of The State of New Jersey)**

Landfill Closure Escrow Fund - Keegan Landfill Facility - Meadowlands
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended September 30, 2016

Month	Number of Tons Accepted	Date of Deposit	Dollars Deposited	Income on Invested Funds	TOTAL
October, 2015	34,941	11/18/2015	\$ 34,941.00	\$ 1.22	\$ 34,942.22
November, 2015	28,560	12/15/2015	28,560.00	1,135.00	29,695.00
December, 2015	30,523	1/14/2016	30,523.00	937.68	31,460.68
January, 2016	13,851	2/19/2016	13,851.00	851.27	14,702.27
February, 2016	23,076	3/18/2016	23,076.00	4.54	23,080.54
March, 2016	35,790	4/19/2016	35,790.00	632.49	36,422.49
April, 2016	32,559	5/20/2016	32,559.00	1,321.70	33,880.70
May, 2016	32,083	6/9/2016	32,083.00	1,112.57	33,195.57
June, 2016	24,210	7/11/2016	24,210.00	948.41	25,158.41
July, 2016	14,282	8/17/2016	14,282.00	15.20	14,297.20
August, 2016	15,776	9/12/2016	15,776.00	15.33	15,791.33
September, 2016	12,407	10/11/2016	12,407.00	243.31	12,650.31
	<u>298,058</u>		<u>\$ 298,058.00</u>	<u>\$ 7,218.72</u>	<u>\$ 305,276.72</u>
Realized Loss on Sale of Investments					(3,665.41)
Less: Trustee Fees					<u>(60.00)</u>
Net Increase in Fund Balance					301,551.31
Fund Balance, Beginning of Year					<u>2,139,035.37</u>
Fund Balance, End of Year					<u>\$ 2,440,586.68</u>

See Notes to Financial Statements

Notes to Financial Statements

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

Landfill Closure Escrow Fund - Keegan Landfill Facility - Meadowlands
Notes to Financial Statements (continued)
Year Ended September 30, 2016

NOTE 3 Cash Investments (continued)

Investment Rate Risk

The purchases of U.S. Treasury and Agency Investments carry investment rate risk where a possible rise in interest rates could lead to a fair value loss in the current value of such securities. The Escrow Fund follows the guidance provided by the Governmental Accounting Standards Board for accounting for either increases or decreases in fair value of securities.

Credit Risk

New Jersey Statutes limits investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America; obligations of federal agencies; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Escrow Fund places no limit on the amount the Escrow Fund may invest in any one issuer.

NOTE 4 Deposits and Escrow Fund

Deposits to the escrow fund are required to be made on or before the 20th day of the month following their receipt.

NOTE 5 Subsequent Events

The Escrow Fund has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is October 13, 2016.
