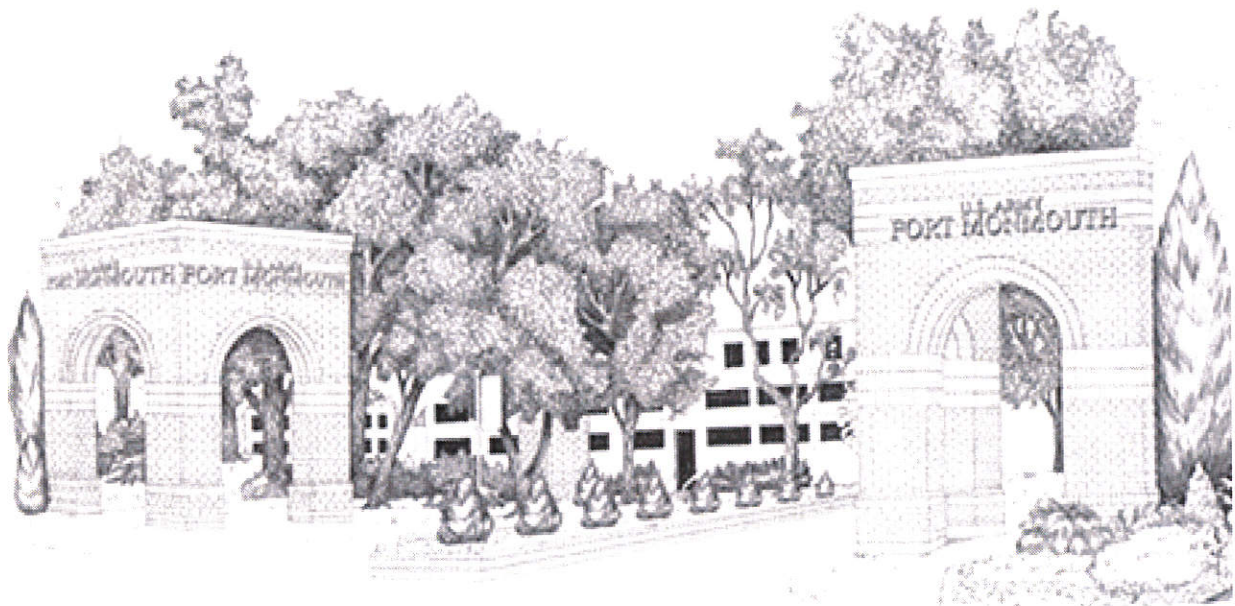




2013 Annual Report

Fort Monmouth Economic Revitalization Authority (FMERA)



Fort Monmouth Economic Revitalization Authority
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www.fortmonmouthredevelopment.com

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A Message from FMERA Chairman James V. Gorman

As Chairman of the Board of the Fort Monmouth Economic Revitalization Authority (FMERA), I am pleased to report that 2013 was another busy and productive year as significant steps were taken to enhance FMERA operations and stakeholder outreach; attract investors, developers and employers to the Fort; expand housing opportunities; and, enhance community amenities and quality of life for the residents of Eatontown, Oceanport and Tinton Falls, and throughout the Monmouth County region.

The range of activity represented in the pages that follow help to illustrate FMERA's extraordinary progress over the last year as the Authority continues its successful efforts to redevelop the Fort. From the issuance of 15 Requests for Proposals (RFPs) and Requests for Offers to Purchase (RFOTPs) to the establishment of new offices at the former Van Deusen Library, FMERA has worked to restore jobs in the region and engage the community throughout the redevelopment process.

I thank the FMERA Board for its service in 2013, and commend the Authority on its great efforts over the last year. Also, my thanks to the Executive Director and the FMERA staff for their hard work and dedication to the success of the Authority.



James V. Gorman
Chairman, FMERA

FMERA 2013 Annual Report

Background

On August 17, 2010, Governor Chris Christie signed into law Senate Bill 917, the "Fort Monmouth Economic Revitalization Authority Act." The law created the Fort Monmouth Economic Revitalization Authority (FMERA) to provide investment, continuity and economic growth to the communities impacted by the federal government's decision to close Fort Monmouth. FMERA replaced the Fort Monmouth Economic Revitalization Planning Authority (FMERPA) and is charged with advancing that entity's plan for reuse and redevelopment of the 1,126 acres of real estate that span parts of Eatontown, Oceanport and Tinton Falls.

Fort Monmouth had been a key economic driver in Monmouth County and New Jersey since it was established in 1917 as Camp Little Silver. According to a 2008 report completed by the New Jersey Department of Labor and Workforce Development, the closing of Fort Monmouth represented the loss of 5,638 direct jobs and approximately 16,000 indirect jobs in the region. The report also found that more than one-third of the Fort's employees were engineers and scientists.

As such, the 20-year Reuse and Redevelopment Plan (Reuse Plan) for Fort Monmouth, created by FMERPA, emphasizes the expeditious creation of jobs and encourages economic growth in the region. The plan strives to balance development with the protection and enrichment of natural resources, while also honoring the rich history of the Fort.

The mix of land uses proposed in the plan is deliberately broad to help accelerate redevelopment and provide for the creation of a diverse range of jobs and housing types in order to meet the needs of a demographically diverse population, in a competitive and changing marketplace. The inclusion of office, research and development, business services,



light manufacturing, retail, residential housing, homeless accommodations, and civic space reflects the overarching commitment to fulfill the region's short-, medium-, and long-term development goals and provide broad-based economic opportunity.

In June 2011, the U.S. Department of Housing and Urban Development (HUD) approved the Reuse Plan and Housing Assistance Submission, which was completed and approved under the auspices of FMERPA and submitted to HUD in September 2008.

Pursuant to its enabling statute, FMERA is empowered to enter into a designated redevelopment agreement with the New Jersey Economic Development Authority (EDA), and for additional redevelopment agreements with other public or private redevelopers; adopt land use, development and design guidelines in coordination with the impacted communities; provide and maintain utilities, streets, roads and other infrastructure; undertake redevelopment activities; and, implement revenue-raising measures for the benefit of redevelopment.

FMERA's 13-member board, which includes nine voting members, consists of four members appointed by the Governor, three of whom are public, voting members and one voting, ex officio member of the Executive Branch; the mayors of Eatontown, Tinton Falls, and Oceanport; one member of the Monmouth County Board of Chosen Freeholders; and the Chair of the EDA. Non-voting members include the commissioners of the New Jersey Departments of Labor and Workforce Development, Environmental Protection, Community Affairs, and Transportation.

Local input on the Board makeup resulted in a broad representation of town, county and state interests and the FMERA law required that five of the nine voting members be residents of Monmouth County. The general public and relevant New Jersey departments and agencies round out the collaborative effort, ensuring a process that balances the needs and interests of all affected stakeholders.

In May 2012, FMERA took a historic step in the Fort's redevelopment with the signing of a Phase 1 Economic Development Conveyance Agreement (EDC Agreement) outlining the transfer process for the property from the U.S. Army to the Authority. The EDC Agreement, approved by the FMERA Board in April 2012, is the overarching agreement between the Army and FMERA and lays out the process by which the property will be transferred.

FMERA engaged in an extensive negotiation process with the Army to establish the terms of the MOA, which encompasses the first phase of a two-phased process for the property transfer. Phase 1 consists of Charles Wood, and three parcels on the Main Post, which will be transferred to FMERA in early 2014. Phase 1 parcels include the Golf Course, Howard Commons, Marina, Clinic parcel, Parcel E, Parcel F, Parcel C, Parcel C1 and Parcel B, totaling just over 600 acres. Phase 2 will include the balance of the Main Post, which is anticipated to be transferred to FMERA by early 2015.

2013 Highlights

Enhanced Operations & Outreach

With a significant increase in activity and interest, FMERA took substantial steps to enhance its operations and stakeholder outreach in 2013.



The former Van Deusen Library at Fort Monmouth, FMERA's new home as of July 2013.

FMERA relocated its offices to the former Van Deusen Library in mid-July and began hosting its public Board meetings at the new site in August. Located on the Main Post within the Borough of Oceanport, FMERA utilized a grant from the U.S. Office of Economic Adjustment and proceeds from its EDC Agreement to convert the 10,650-square-foot building into professional administrative/office space. FMERA established a plan in coordination with the Army and the New Jersey State Police to facilitate unfettered public access.

"The renovated building, centrally located in the heart of the Main Post, is a great place for FMERA to conduct its day-to-day operations and monthly Board meetings, and is an excellent investment in a former Army facility that will eventually be sold to an end user."

-- FMERA Executive Director Bruce Steadman

In June, Fort Monmouth reached a significant milestone in its redevelopment when the FMERA Board approved the adoption of the Authority's Land Use Rules. FMERA is responsible for adopting land use regulations and development and design guidelines in connection with the implementation and furtherance of the Reuse Plan. FMERA approved the selection of professional planning consultant Phillips Preiss Grygiel (PPG) in May 2011 to prepare the development and design guidelines, land use regulations and zoning maps. PPG worked closely with the three host communities (Tinton Falls, Eatontown, and Oceanport) and the County of Monmouth to translate the design concepts in the Reuse Plan into regulations that are flexible enough to respond to marketplace needs, and that are generally consistent with local zoning.

In support of FMERA's mission and efforts to carefully coordinate the development of the Fort Monmouth property, the Board approved Langan-Matrix as the Authority's Environmental Advisory Consultant in October. Pursuant to the June 2013 Request for Proposals (RFP), Langan-Matrix provides environmental advisory consulting services to facilitate the conveyance of Fort Monmouth property from the Army to FMERA, helping to protect the community's interests.

FMERA kicked off 2013 by hosting its inaugural Community Bus Tour in January, allowing members of the public to visit the former military installation and hear from FMERA staff about the redevelopment effort. Additional bus tours were held in May and November, offering a total of more than 160 local residents and stakeholders a bird's-eye-view of the Fort. The tours aim to keep the local community engaged and informed as FMERA works to expeditiously implement the Reuse Plan.

"I found the tour to be informative. As a local resident, living in the immediate area, I think it is important to know what is planned for the redevelopment of Fort Monmouth. I found it very helpful to see the Fort firsthand."

-- David Royce, Shrewsbury

In 2013, FMERA's master broker, Cushman & Wakefield, continued to market the former Fort Monmouth property to attract businesses and investors. To support this effort, the Cushman & Wakefield team established www.fort-monmouth-marketing.com in early 2013 to showcase the property. The site includes information that assists prospective purchasers in evaluating Fort Monmouth properties as they are brought to market.

In addition, FMERA staff and Cushman & Wakefield continued to reach out to real estate developers, investors and employers to set up presentations and familiarization tours in order to maximize interest in the property. Approximately 150 tours and meetings took place in 2013.

Through FMERA's small business initiative, the Authority has met with over 40 small businesses interested in relocating to the former Fort, with strong interest from the light manufacturing and technology sectors. Cushman & Wakefield has also provided ongoing assistance to FMERA's small business attraction efforts.

"FMERA's small business initiative is focused on attracting and enlisting small businesses to create jobs and amenities needed for the successful redevelopment of the Fort. As part of this effort, we hope to attract a local developer/investor to purchase the Pinebrook Road Commerce Center ("Fab Shops" parcel) and create a multi-tenanted business park."

-- FMERA Executive Director Bruce Steadman

FMERA closed out the year by hosting the New Jersey Technology Council's Data Summit and Expo at Gibbs Hall. The Summit brought over 225 technology professionals from all over the northeastern U.S. to the Fort and provided FMERA and Cushman & Wakefield with the opportunity to showcase the property's many assets.

Right: NJ Technology Council Data Summit and Expo at Gibbs Hall



Driving Job Creation and Reinvestment

With a central focus of attracting investors, developers and employers to the Fort, FMERA issued fifteen (15) RFPs and Requests for Offers to Purchase (RFOTPs) in 2013, paving the way for job creation and economic growth in the region.

FMERA adheres to adopted and published Sales and Lease Rules, previously approved by the FMERA Board. These regulations establish strict procedures for the competitive sale and lease of real property within the former Fort Monmouth, and accompanying personal property, and require publically advertised RFOTPs, Requests for Sealed Bids or RFPs on any real property within Fort Monmouth before a sale or lease may take place. The regulations have been reviewed by the Army, and have been accepted as satisfying the requirement for competitive bidding and transparency related to the sale and lease of any Fort Monmouth real property.

In January, FMERA finalized the first sale of property at the Fort when it closed on **Parcel E** with CommVault. The global technology leader plans to undertake a three-phase project on the 55-acre site in the Tinton Falls Reuse Area. The CommVault project is anticipated to be completed over approximately 10 years, and will include 250,000-650,000 square feet of state-of-the-art high-tech office/research space in one or more buildings on the site. The company expects to create 250 new jobs in the first three years, and at full build out, the new corporate headquarters could house up to 2,500 employees.

In fall 2012, the FMERA Board approved terms for FMERA's sale of the 16-acre former **Clinic Parcel** to AcuteCare. The Board subsequently revised the sale terms in January 2013 to facilitate project financing. The Clinic, also known as Building 1075, is a 98,000-square-foot medical facility located on Main Street in the Oceanport Reuse Area of the Main Post. Constructed in 1961 and expanded several times in the following decades, the Clinic served as an outpatient hospital and dental clinic at the time of the Fort's closure. Following action at the

February 2014 Board meeting, FMERA entered into a redevelopment agreement with AcuteCare



A rendering of the AcuteCare Plans for the former Patterson Army Health Clinic

regarding its purchase and redevelopment of the former Clinic. AcuteCare is an affiliate of AcuteCare Health Systems, LLC, which operates long term acute care facilities that provide diagnostic, medical treatment, and rehabilitation services to patients in New Jersey. AcuteCare expects to make a capital investment of at least \$5 million and create 50 new jobs.

Another significant milestone was achieved when FMERA issued an RFOTP for **Russel Hall** (Building 286) in September, following the Board's authorization. Russel Hall is a 42,300-square-foot, four-story administrative building located within the Fort's proposed historic district in the Oceanport Reuse Area. The building, which the Army has nominated for listing on the National Register of Historic Places, was constructed in 1936. The building served as the Garrison Headquarters prior to closure. FMERA staff determined that Russel Hall requires a plot measuring approximately 6.5 acres, to accommodate 170 parking spaces. The parcel also includes Sanger and Wallington Avenues as well as the adjacent heliport pad. Following action at the January 2014 Board meeting, FMERA entered into exclusive negotiations with Kiely Realty Group, LLC of Long Branch to advance a purchase agreement for the Hall. Kiely proposes a commercial office use for Russel Hall and plans to renovate the building to house the management teams and home offices of three affiliated tenants: J.F. Kiely Construction Co., J.F. Kiely Service Co., and J.F. Kiely Group. The oldest of the Kiely companies dates back to 1952, with continuous family ownership in New Jersey. Due to continued growth and expansion needs, the three companies will consolidate their out-of-state and in-state management teams under one roof, without closing their existing in-state operations. In addition to successfully completing negotiations, FMERA's execution of the contract to sell the property is contingent on final approval of the terms and conditions of sale by the FMERA Board.



Russel Hall, the historic Garrison Headquarters of Fort Monmouth, approved for exclusive negotiations with Kiely Realty Group, LLC.

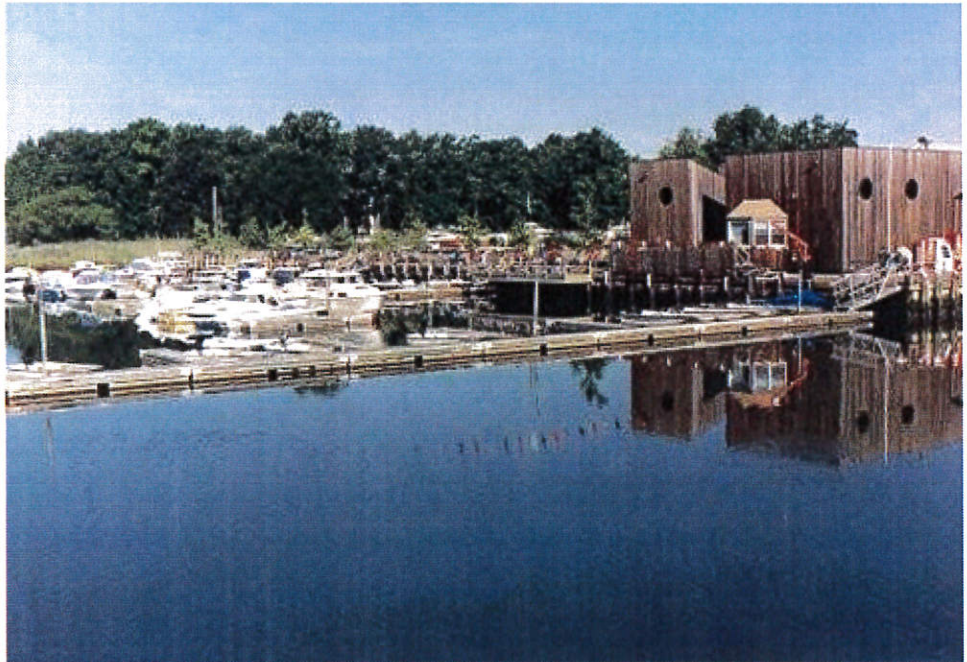
"Russel Hall is situated at the eastern gateway to the Main Post. Its successful reuse is critical to the long-term redevelopment and economic vitality of the Oceanport portion of the fort, and to all of the Main Post. Having a company with the history, success, and integrity of the Kiely family behind it is a tremendous opportunity for FMERA."

-- FMERA Executive Director Bruce Steadman

Also in September, FMERA issued an RFOTP for the **Pinebrook Road Commerce Center**, which includes five acres of land in the Charles Wood Area. Five of the structures in the Center, Buildings 2502-2504 and 2506-2507, make up the Fort's former Fabrication Shops, which may now be suitable for a multi-tenanted business park. Respondents to the RFOTP were also able to submit proposals that included purchasing an adjoining 1.5-acre parcel for use as truck/general storage, or trailer parking. Constructed in 1942, the Fabrication Shops total over 44,000 square feet with industrial/office space in varying single-story building configurations that range in size from 7,680-10,944 square feet. The Fabrication Shops could attract one purchaser/user or an investor who would purchase the buildings for lease to small businesses. Each building offers adaptable space for up to five small businesses. Located next to the Fabrication Shops, Building 2501 is a 1,440-square-foot structure that is well-suited for use as office space. Responses to the RFOTP were due in November and FMERA expects to make a recommendation to the Board in spring 2014.

Right: *The Marina in Oceanport*

In October, FMERA issued an RFOTP for the **Marina**, which is envisioned to serve as a gateway to the Oceanport Village Center. Located at Oceanport and Riverside Avenues in the Oceanport Reuse Area, the Marina is a 3.9-acre parcel that consists



of a 71-slip marina and boat launch ramp on Oceanport Creek, a 2,600-square-foot boat house, two administrative buildings totaling 3,263 square feet and associated off-street parking. The Army planned to convey the Marina to FMERA in October 2012; however, Superstorm Sandy delayed the Army's completion of its environmental clearance process due to damage to the Marina's floating docks and boathouse. Responses to the RFOTP were due in late January 2014.

FMERA issued an RFP for an operator of the **Suneagles Golf Course** in January to provide professional management and maintenance services at the course and associated banquet and restaurant facilities. The Board ultimately approved the selection of Atlantic Golf Management (AGM) in February 2014. To improve the golf course and its aesthetics, AGM plans to lease new golf carts and complete various improvements. Under the contract, AGM will provide services for an initial 12-month period, which FMERA may extend on a month-to-month basis if necessary. In the event FMERA sells the golf course, the Authority can terminate the contract without penalty. FMERA plans to issue an RFOTP for the golf course in the spring of 2014.

Expanding Housing Opportunities

In accordance with the Reuse Plan, FMERA continued to focus on expanding permanent housing opportunities at the former Fort in 2013.

Following the Board's approval in July, FMERA subsequently entered into exclusive negotiations with HovWest Land Acquisition LLC for **Howard Commons**, a 63.67-acre parcel in the Fort's Charles Wood Area. The RFOTP for Howard Commons was issued in December 2012. Consistent with the Reuse Plan, HovWest's plans include the construction of 275 two- and three-bedroom for-sale townhomes (20% of which will be affordable housing units), retail on the corner of Hope and Pinebrook Roads, and over 20 acres of open space and public recreational amenities. At its first meeting of 2014, the FMERA Board approved the execution

of a purchase and sale and redevelopment agreement with HovWest. In addition to creating new housing, retail and community amenities, the development is expected to create 26 new jobs. HovWest is an affiliate of Hovnanian Enterprises, one of the nation's largest homebuilders.



Left: *Current Conditions at Howard Commons*

Right: *HovWest Rendering of Future townhomes at Howard Commons*

In January, FMERA issued an RFOTP for the **Officers Housing** in the Main Post Historic District in Oceanport. The Reuse Plan calls for 117 units of housing on this parcel. Proposals were received in April, and FMERA expects to make a recommendation to its Board in spring 2014. With the issuance of the RFOTP for Howard Commons and the Officers Housing, FMERA's initiative for the region totals 392 potential permanent housing units.

To support residents displaced by Superstorm Sandy, FMERA worked with the Federal Emergency Management Agency (FEMA) and the New Jersey Department of Community Affairs to establish temporary housing at the property. FEMA retrofitted Building #365 in the Lodging Area to house approximately 45 displaced families and housed an additional 28 families in Building #360. In addition, FEMA renovated an additional 42 units of Megill Housing to assist displaced residents.

In late March, FMERA issued RFOTPs for Parcels B, C, and C1. Responses to these RFOTPs were due in June.

As envisioned in the Reuse Plan, the 55-acre **Parcel B**, located in the Main Post's Eatontown Reuse Area, would be developed as a lifestyle center, with approximately 150,000 square feet of retail, restaurant, entertainment and other uses in a Main Street format. The property would also include 302 mixed-income apartments. The Reuse Plan envisions the housing taking several forms, including above-retail small apartments and three-story apartment buildings. **Parcel C** in Tinton Falls is planned as a mixed-use town center. The 39-acre tract can accommodate up to 239 newly constructed residential units (82 mixed-use apartments, 33

townhomes, 90 mixed-income apartments, and 34 small-lot detached homes), along with up to 107,000 square feet of retail and other commercial development. **Parcel C1** is a 12-acre tract also located in Tinton Falls. In accordance with the Reuse Plan, the property can accommodate up to 49 newly constructed residential units.

[Note: At its February 2014 meeting, the FMERA Board terminated the RFOTP for Parcel B without awarding a purchase contract, and instructed FMERA to issue a new RFOTP for the property. After reviewing the four proposals received, it was decided that they did not meet the Authority's high expectations for the property, given Parcel B's prominent location and importance in the Reuse Plan. In order to better meet the Reuse Plan's goals, the new RFOTP will encourage respondents to submit designs that include a pedestrian-oriented "Main Street," a pedestrian network that connects all of the retail uses to one another and to the nearby municipal and residential uses, retail development characterized by a uniform architecture and design theme, buildings oriented toward the Avenue of Memories to enhance the "Gateway" into the former Fort, retail buildings that include residential dwelling units above, and other creative amenities or layout concepts that would make Parcel B a destination that will attract visitors to Eatontown and make residents proud of their community. In addition, the new RFOTP will provide greater emphasis and weighting of proposals that reflect the preference of FMERA and the Borough of Eatontown for owner-occupied housing. FMERA expects to issue the new RFOTP for Parcel B by May 2014.]

FMERA is reviewing proposals tied to Parcel C and C1 and expects to make a recommendation to the Board in spring 2014.

Enhancing Community Amenities and Quality of Life

In August, Monmouth County celebrated the opening of the Fort Monmouth Recreation Center in Tinton Falls. The facility, located in the Fort's former **Teen Center and Pool**, represented the first reuse of a Fort building for public recreation. The center, which began offering classes last fall, boasts four classrooms, a commercial kitchen, a fitness room, a game area with billiards, a full gymnasium, and picnic tables and grills. At its February 2013 meeting, the FMERA Board approved the Authority's lease of the teen center and pool from the Army, and its sublease of the property to Monmouth County. The two buildings total 22,636 square feet and sit on approximately 6.5 acres in the Tinton Falls Area of Charles Wood. Now managed by the Monmouth County Parks Department, the outdoor pool will operate on a seasonal basis, while the teen center is used year-round.



The Fort Monmouth Recreation Center in Tinton Falls, opened in August 2013.

"This will be a true community center. There is something for everyone. The county is excited to be able to open these facilities to the public."

-- Freeholder Director Lillian Burry

The FMERA Board took a significant step to support the region's veterans when it issued an RFOTP for **Parcel V-1** in September. The 10-acre parcel, located along Alexander Avenue in Eatontown, would be transformed into a veterans' community, with a focus on providing permanent housing and a community setting for homeless veterans. In the Reuse Plan, the currently vacant parcel was envisioned as open space. In order to use the parcel for the much lauded veterans community project, a plan change amendment is required. Parcel V-1 is located within the Phase Two area of the Fort, and any sale of the property is contingent on FMERA finalizing a Phase 2 Economic Development Conveyance Agreement with the Army, which is under negotiation. FMERA is currently evaluating proposals, which were received in December.

"FMERA believes that a veterans' community project situated on Parcel V-1 will offer homeless veterans a unique, secure, attractive and safe living condition that will respect their privacy, encourage community participation, and provide a foundation for their growth and success."

-- FMERA Executive Director Bruce Steadman

At its November Board meeting, FMERA took action to advance the sale of the 7.75-acre **Fitness Center** parcel in the Oceanport Reuse Area. As a result, in the first quarter 2014 FMERA issued an RFOTP in March 2014 for the two-story, 32,250-square-foot fitness facility, which features a 25-yard pool, a basketball court and racquetball courts with hardwood floors, and various weight and aerobic exercise rooms with rubber tile flooring. Respondents to the RFOTP will have the option to propose to purchase the Fort's 19,404-square-foot sports bubble and relocate it to the Fitness Center parcel.

Following the Board's October authorization, FMERA issued an RFOTP for the **Pistol Range** in November and the **Charles Wood Fire House** in December. Responses to the Pistol Range RFOTP were due in late February 2014, while the Fire Station responses are due in late March.

Built in 2006, the 11,110-square-foot Pistol Range (Building 2627) features 10 indoor, wholly enclosed firing lanes, and sits on a one-acre parcel that can be expanded to include an additional 2.5 acres. FMERA sought proposals that would continue using the property as a pistol range.

Located in Tinton Falls, the Charles Wood Fire House is a 10,070-square-foot building that consists of three high-bays, offices, bedrooms, a day room and a kitchen. Constructed in 2001, the building is located between Corregidor Road and Heliport Drive on a 2.25-acre parcel. The Reuse Plan envisions that the building will be used for institutional/civic purposes associated with emergency services; however, FMERA noted in the RFOTP that it would consider proposals for other permitted uses, including office/research and open space/recreation.

In December, the FMERA Board authorized the sale of **The Chapel** in Oceanport (Building 500) through the RFOTP process. FMERA issued the RFOTP for the five-acre Chapel parcel in March 2014. Built in 1962, the building is a 16,372-square-foot facility that contains a 600-seat sanctuary and seven offices, and is connected to a school facility with 15 classrooms, a commercial kitchen, large assembly room and an activity room. The proposed Chapel parcel can accommodate 200 off-street parking spaces. The Reuse Plan envisions that the Chapel would maintain its original use when purchased. The property is in the most diverse district within the Fort, encouraging a variety of residential housing types and mixed-use development, and a significant amount of civic/institutional uses.

Looking Ahead

In 2014, FMERA expects to accelerate its successful efforts to redevelop the Fort:

- The transformation of the Charles Wood Area will gain momentum, with CommVault completing and occupying the first phase of its world headquarters project; with the sale of the Fabrication Shops and the Pistol Range bringing small business opportunities to the Fort; with a developer announced for the Tinton Falls town center and housing parcels (Parcels C and C-1, respectively); and with the Golf Course out for proposals. The Army's spring 2014 transfer of the remaining Charles Wood properties to FMERA will return those areas to local control, and pave the way for major demolition work as well as roadway and utility upgrades.
- FMERA anticipates finalizing the terms of a Phase 2 EDC Agreement with the Army this spring, and executing the agreement by fall, setting the stage for FMERA to launch a full-scale effort to market and redevelop the balance of the Main Post. The public will see early activity on the Oceanport section of the Main Post in 2014, as AcuteCare begins its renovation of the former Patterson Army Hospital, FMERA moves to convey Russel Hall and the historic Officer Housing parcel to developers, and selects purchasers for the Fitness Center and Chapel. Finalizing the Phase 2 EDC Agreement will enable FMERA and its master broker, Cushman and Wakefield, in cooperation with Choose

New Jersey, the New Jersey Business Action Center and the New Jersey Economic Development Authority, to launch a comprehensive effort to attract employers to the Main Post.

- FMERA will step up its efforts to outreach to the local community and reintegrate the Fort into the Host Municipalities. From enhanced public access, to bus tours and public events, and public auctions of former Army furniture, fixtures and equipment, FMERA will enlist the community in its efforts to redevelop the Fort.
- Finally, FMERA reaffirms its commitment to its goal of recognizing the sacrifices of our nation's veterans by pursuing projects and programs through developers and outside providers that show our gratitude for their service to our country, and honor the history of Fort Monmouth and its important contributions to the national defense.

FMERA looks forward to its fourth full year with optimism, buoyed by 2013's successes and the confidence that 2014 will be a pivotal year in the Fort's redevelopment.



2013 Annual Report

Board Members

James V. Gorman, *Chairman*
Public Member

Robert Ades, *Vice-Chairman*
Public Member

Dr. Robert Lucky
Public Member

Al Koeppe
Chairman
New Jersey Economic Development Authority

Regina Egea
Office of the Governor, Authorities Unit

Lillian Burry
Freeholder, County of Monmouth

Gerald Tarantolo
Mayor, Eatontown

Michael Mahon
Mayor, Oceanport

Gerald Turning
Mayor, Tinton Falls

Richard E. Constable, III
Commissioner
New Jersey Department of Community Affairs

Bob Martin
Commissioner
New Jersey Department of Environmental Protection

Harold Wirths
Commissioner
New Jersey Department of Labor & Workforce Development

James Simpson
Commissioner
New Jersey Department of Transportation

Board Committees

Audit Committee

Robert Ades, *Chairman*
James V. Gorman
Al Koeppe

Real Estate Committee

James V. Gorman, *Chairman*
Freeholder Lillian Burry
Dr. Robert Lucky
Mayor Michael Mahon

Certifications Pursuant to Executive Order 37

April 24, 2014

In accordance with Executive Order No. 37, the Fort Monmouth Economic Revitalization Authority's 2013 Annual Report also serves as the comprehensive report of the Authority's operations. This report highlights the significant actions of the Authority for the year.

The report of independent auditors, Clifton Larson Allen, dated April 24, 2014, is attached and completes FMERA's requirements concerning the preparation of a comprehensive report required by Executive Order No. 37.

I, Bruce Steadman, certify that the financial information provided to the Independent Auditor in connection with the audit is, to the best of my knowledge, accurate and that such information, to the best of my knowledge fairly represents the financial condition and operational results of the Fort Monmouth Economic Revitalization Authority for the year ended December 31, 2013.



Bruce Steadman
Executive Director

I, Beverlee Akerblom, certify that the financial information provided to the Independent Auditor in connection with the audit is, to the best of my knowledge, accurate and that such information, to the best of my knowledge fairly represents the financial condition and operational results of the Fort Monmouth Economic Revitalization Authority for the year ended December 31, 2013.



Beverlee Akerblom, CPA
Director – Finance & Administration

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
Oceanport, New Jersey**

**REPORT ON FINANCIAL STATEMENTS AND
FEDERAL AWARDS**

DECEMBER 31, 2013 and 2012

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
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REPORT OF INDEPENDENT AUDITORS'

To the Audit Committee and Management of
Fort Monmouth Economic Revitalization Authority
Oceanport, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the Fort Monmouth Economic Revitalization Authority (the Authority), a component unit of the State of New Jersey, which comprise the statement of net position as of December 31, 2013, and the related statements of revenues, expenses and changes in net position and cash flows 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 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 of 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 of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2013, and the respective changes in financial position and cash flows thereof for the year 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 on pages 4 - 7, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining financial statements and the schedule of general and administrative expenses by fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining financial statements, the schedule of general and administrative expenses by fund, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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.

Prior Year Financial Statements

The financial statements of Fort Monmouth Economic Revitalization Authority (a component unit of the State of New Jersey) as of December 31, 2012, were audited by other auditors whose report dated June 19, 2013, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2014 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Mount Laurel, New Jersey
April 24, 2014

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

This section of the Fort Monmouth Economic Revitalization Authority's ("Authority" or "FMERA") annual financial report presents management's discussion and analysis of the Authority's financial performance for the years ended on December 31, 2013 and 2012. Please read it in conjunction with the Authority's financial statements, and accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The purpose of the Authority is to implement the comprehensive Fort Monmouth Reuse and Redevelopment Plan ("Reuse Plan") for redevelopment and revitalization of the 1,126 acres comprising Fort Monmouth. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. The financial statements report information about the Authority using full accrual accounting method as utilized by private businesses engaged in comparable business activities, such as real estate development.

2013 FINANCIAL HIGHLIGHTS

- The Authority's net position increased \$973,368
- Total assets increased \$6,364,236
- Total current liabilities increased \$5,390,868
- Capital assets - net increased \$695,690 due to renovation of the former Post library for use as the Authority's offices
- Economic development conveyance revenue of \$797,024 from the acquisition of the Clinic Parcel
- Earned \$111,345 in Operating Fees from the professional management and maintenance agreement for operation of Suneagles Golf Course and Facilities

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position: The following table summarizes the changes in Net Position for the years ended December 31, 2013, 2012 and 2011:

	2013	2012 As Restated	Dollar Change	Percentage Change	2011 As Restated	Dollar Change	Percentage Change
Current Assets	\$13,349,160	\$7,680,614	\$ 5,668,546	74%	\$ 2,252,121	\$ 5,428,493	241%
Noncurrent Assets	759,776	64,086	695,690	1086%	-	64,086	n/a
Total Assets	14,108,936	7,744,700	6,364,236	82%	2,252,121	5,492,579	244%
Current Liabilities	9,177,974	3,787,106	5,390,868	142%	2,107,713	1,679,393	80%
Total Liabilities	9,177,974	3,787,106	5,390,868	142%	2,107,713	1,679,393	80%
Net Position	<u>\$ 4,930,962</u>	<u>\$3,957,594</u>	<u>\$ 973,368</u>	<u>25%</u>	<u>\$ 144,408</u>	<u>\$ 3,813,186</u>	<u>2641%</u>

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

Financial Analysis of the Authority (Continued)

During 2013, the Authority's combined net position increased \$973.3 thousand (or 25%) due to:

\$603 thousand	Economic Development Conveyance (EDC) revenue and Operating fee from Suneagles Golf Course
\$335 thousand	Office of Economic Adjustment (OEA) grant award
\$ 35 thousand	State Appropriation

During 2012, the Authority's combined net position increase by \$3.8 million (or 2,641%) due to:

\$ 3.7 million	Economic Development Conveyance (EDC) revenue and Operating fee from Suneagles Golf Course
\$ 30 thousand	Office of Economic Adjustment (OEA) grant award
\$ 57 thousand	State Appropriation

Operating Activities

The Authority was created to help provide investment, continuity and economic growth to the communities impacted by the federal government's 2005 decision to close Fort Monmouth. FMERA has been designated by the State of New Jersey to lead the economic redevelopment of the Fort, with a focus on technology-based industries. The former Fort consists of 1,126 acres located within the jurisdictions of Eatontown, Oceanport and Tinton Falls, all within Monmouth County, New Jersey. The Army ceased operations and formally closed Fort Monmouth on September 15, 2011.

The Reuse Plan is a highly collaborative blueprint for action to:

- Promote, develop, encourage and maintain employment, commerce, economic development, and the public welfare;
- Conserve natural resources; and
- Advance the general prosperity and economic welfare of the people in the affected communities and throughout the state.

FMERA continues its commitment to the implementation process and its mission to: *create an atmosphere in which employers will employ and investors will invest, to maximize the jobs created and the value of the property.* The Authority has been granted many tools through its forming legislation, in order to revitalize and redevelop the former Fort Monmouth property, and implement the Reuse Plan. Among these are the ability to undertake redevelopment projects, adopt development and design guidelines and land use regulations, and maintain or upgrade utilities, streets, roads or other infrastructure required by the Reuse Plan. The Reuse Plan and the "Homeless Assistance Submission" (HAS) were submitted to the United States Departments of Defense (DOD) and Housing and Urban Development (HUD) on September 4, 2008 for their review. HUD issued its favorable determination letter on June 16, 2011 enabling the Authority to move forward with implementing the Reuse Plan. Upon the execution of the Phase 1 EDC Agreement on June 25, 2012, FMERA commenced the redevelopment of the former Fort Monmouth.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

Operating Activities (Continued)

The Phase 1 EDC is comprised of 563 acres, including the Charles Wood Area (in Tinton Falls and Eatontown), Parcel B (in Eatontown), and the Clinic and Marina parcels (in Oceanport). FMERA is anticipating Army's delivery of the Phase 1 deed in March 2014, except for Parcels E and the Clinic parcel, the titles for which were transferred to FMERA in 2012 and 2013, respectively.

The Phase 2 EDC is comprised of the remaining 564 acres of the former Fort, split between Eatontown and Oceanport. It is expected that Army will transfer title of the Phase 2 property to FMERA by early 2015.

As a recognized implementation Local Redevelopment Authority (LRA), under the Base Realignment and Closure (BRAC) law, the Authority is eligible for financial assistance through the Defense Economic Adjustment Program and administered by the Office of Economic Adjustment (OEA). The OEA is the Department of Defense's primary source for assisting communities that are adversely impacted by Defense program changes such as base closures. Grant assistance is available for organizing and planning economic recovery, and the implementation of Reuse Plans in response to the closure of military installations. This program has no statutory formula. Generally, not less than 10 percent of the project's total proposed funding is to be comprised of non-federal sources. Grant revenue is earned when the Authority has complied with the terms and conditions of the grant agreements. The Authority also earns income from operating fees from the Suneagles Golf Course, and conveyance revenue on the transfer of the Phase 1 EDC parcels from the Army according to the terms of the Phase 1 Economic Development Conveyance (EDC) Agreement.

The following table summarizes changes in operating and non-operating activities between fiscal year 2013, 2012, and 2011:

	2013	2012 As restated	Dollar Change	Percentage Change	2011 As restated	Dollar Change	Percentage Change
Operating Revenue	\$2,607,701	\$5,789,191	\$ (3,181,490)	(55%)	\$2,251,967	\$3,537,224	157%
Operating Expenses	1,885,153	2,239,347	(354,194)	(16%)	2,573,899	(334,552)	(13%)
Operating Revenue (Loss)	722,548	3,549,844	(2,827,296)	(80%)	(321,932)	3,871,776	(1,203%)
Non-Operating Revenue	250,820	263,342	(12,522)	(5%)	263,630	(288)	0%
Change in Net Position	973,368	3,813,186	(2,839,818)	(75%)	(58,302)	3,871,488	(6,640%)
Net Position -							
Beginning of Year	3,957,594	144,408	3,813,186	2,641%	202,710	(58,302)	(29%)
Net Position -							
End of Year	<u>\$4,930,962</u>	<u>\$3,957,594</u>	<u>\$ 973,368</u>	<u>25%</u>	<u>\$ 144,408</u>	<u>\$3,813,186</u>	<u>2,641%</u>

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

Operating Revenue and Expenses

During 2013, the Authority's operating revenues were impacted by the following:

- EDC revenue decreased by \$3,040,556 – Authority's agreed share of Clinic parcel proceeds less than 2012's property conveyance of Parcel E
- Grant revenue lower by \$109,269 – Federal grant revenue is directly related to the reimbursement of qualified expenses incurred during the period which decreased during the period
- Operating fee income from the golf course operator decreased by \$32,477

During 2012, the Authority's operating revenues were impacted by the following:

- EDC revenue \$3,837,580 – Authority's agreed share of Parcel E proceeds increased to fund start of redevelopment
- Grant revenue decreased by \$494,603 – Federal grant revenue is directly related to the reimbursement of qualified expenses incurred during the period
- Operating fee income increased due to 12 months of operating fee income from the golf course operator

The 2013 Operating Revenue decreased mainly due to the pre-established property conveyance schedule and revenue sharing terms of FMERA's Phase 1 EDC Agreement with the Army. The EDC Agreement provided for the Army's 2012 conveyance of Parcel E in Tinton Falls to FMERA to enable the sale of that 55-acre land parcel to FMERA's approved purchaser, CommVault. Further, Army agreed through the EDC Agreement that FMERA would receive 80% of Parcel E's net sale proceeds to facilitate funding of FMERA's initial Phase 1 implementation costs. Pursuant to the EDC Agreement, Army conveyed a single parcel to FMERA in 2013, the 16-acre Clinic Parcel in Oceanport. The Clinic Parcel contains a former Army hospital building constructed in 1961 that requires substantial renovation. Per the EDC Agreement, FMERA's share of the Clinic Parcel's net sales proceeds is 37%.

The 2013 Operating Expenses decreased by \$354,194, compared to 2012. The 2013 Program Costs were \$350,594 less than 2012 due to fewer contracts awarded during the year and the delay in the conveyance of the Phase 1 parcels from the Army. Additionally, two contracts, the Planning, Engineering, and Architectural, and the Business Plan and Economic Development Conveyance ("EDC") Application were completed mid-2012. The business and operations plan developed by the consultant was required by the Department of the Army as supporting documents to the Phase 1 EDC application.

Non-Operating Revenue – Net

In 2013, non-operating revenues – net, decreased by \$12,522 due to a reduction in the State appropriation. In 2012, non-operating revenues – net, were level with 2011 amounts.

Contacting the Authority's Management

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the appropriations and grants that it receives. If there are questions about the Authority's report or if additional information is needed, please contact the Executive Director of the Fort Monmouth Economic Revitalization Authority, by mail at P.O. Box 267, Oceanport, New Jersey 07757.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENTS OF NET POSITION
DECEMBER 31, 2013 AND 2012

	2013	2012 (As Restated)
ASSETS		
CURRENT ASSETS		
Unrestricted Assets		
Cash and Cash Equivalents	\$ 436,203	\$ 196,238
Grant and Other Receivables	344,658	582,742
Land - Held for Resale	2,733,300	5,900,000
Prepaid Expenses	30,593	17,027
Loan Acquisition Fees	-	9,500
Total Unrestricted Assets	<u>3,544,754</u>	<u>6,705,507</u>
Restricted Assets		
Cash - Economic Development Conveyance	3,271,879	33,951
Cash - Property Sales Deposits	4,315,167	23,547
Homeless Trust Fund	1,103,204	-
Escrow Deposit - Property Sale	1,114,156	917,609
Total Restricted Assets	<u>9,804,406</u>	<u>975,107</u>
NONCURRENT ASSETS		
Leasehold Improvements, Net	<u>759,776</u>	<u>64,086</u>
Total Assets	<u><u>\$ 14,108,936</u></u>	<u><u>\$ 7,744,700</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Note Payable - NJ Economic Development Authority	\$ -	\$ 100,000
Accounts Payable and Accrued Liabilities	307,189	234,541
Deposits - Property Sales	5,429,323	941,156
Land Conveyance Liabilities	1,936,276	2,062,420
Homeless Trust Fund	1,103,204	-
Unearned Grant Revenue	85,821	140,312
Due to NJ Economic Development Authority	316,161	308,677
Total Liabilities	<u>9,177,974</u>	<u>3,787,106</u>
NET POSITION		
NET INVESTMENT IN CAPITAL ASSETS	759,776	64,086
RESTRICTED	3,271,879	33,951
UNRESTRICTED	899,307	3,859,557
Total Net Position	<u><u>\$ 4,930,962</u></u>	<u><u>\$ 3,957,594</u></u>

See accompanying Notes to the Financial Statements.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012 (As Restated)
OPERATING REVENUES		
Federal Grants	\$ 1,698,520	\$ 1,807,789
Local Government Contributions	812	-
Economic Development Conveyance	797,024	3,837,580
Operating Fee	<u>111,345</u>	<u>143,822</u>
Total Operating Revenue	2,607,701	5,789,191
OPERATING EXPENSES		
Direct Office Support	1,233,994	1,181,591
General and Administrative	157,168	250,303
Interest	10,397	8,784
Program Costs	448,075	798,669
Depreciation	<u>35,519</u>	<u>-</u>
Total Operating Expenses	<u>1,885,153</u>	<u>2,239,347</u>
OPERATING REVENUE (LOSS)	722,548	3,549,844
NON-OPERATING REVENUE		
State Appropriation	248,304	263,000
Interest Income	<u>2,516</u>	<u>342</u>
Total Non-Operating Revenue	<u>250,820</u>	<u>263,342</u>
CHANGE IN NET POSITION	973,368	3,813,186
Net Position - Beginning of Year, As Restated	<u>3,957,594</u>	<u>144,408</u>
NET POSITION - END OF YEAR	<u><u>\$ 4,930,962</u></u>	<u><u>\$ 3,957,594</u></u>

See accompanying Notes to the Financial Statements.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Federal Grants	\$ 1,840,979	\$ 2,271,764
Receipts from Customers and Users (Golf Course)	152,479	97,688
Payments to Employees	(1,202,760)	(1,127,288)
Payments to Suppliers	(570,808)	(1,336,419)
Deposits Received (Returned)	4,291,620	(1,334,437)
Other Receipts	812	-
Proceeds from Property Sale	5,900,000	-
Payments to U.S. Army	(959,395)	-
Payments to Homeless Trust Fund	(1,103,025)	-
Net Cash Provided (Used) by Operating Activities	<u>8,349,902</u>	<u>(1,428,692)</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES		
State Appropriation	248,304	263,000
Proceeds (Payment) of Note Payable	(100,000)	100,000
Net Cash Provided by Financing Activities	<u>148,304</u>	<u>363,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Payments for Leasehold Improvements	(731,209)	(64,086)
Interest from Investments	2,516	342
Net Cash Used by Investing Activities	<u>(728,693)</u>	<u>(63,744)</u>
NET INCREASE (DECREASE) IN CASH	7,769,513	(1,129,436)
Cash - Beginning of Year	<u>253,736</u>	<u>1,383,172</u>
CASH - END OF YEAR	<u><u>\$ 8,023,249</u></u>	<u><u>\$ 253,736</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Revenue	\$ 722,548	\$ 3,549,844
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation expense	35,519	-
Change in Assets and Liabilities:		
Grant and Other Receivables	238,084	277,529
Prepaid Expenses	(13,566)	(8,349)
Land - Held for Resale	3,166,700	(5,900,000)
Loan Acquisition Fees	9,500	(9,500)
Accounts Payable and Accrued Liabilities	72,648	(255,212)
Deposits - Property Sales	4,291,620	(1,334,438)
Land Conveyance Liabilities	(126,144)	2,062,420
Unearned Grant Revenue	(54,491)	140,312
Due to NJ Economic Development Authority	7,484	48,702
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 8,349,902</u></u>	<u><u>\$ (1,428,692)</u></u>
NON CASH TRANSACTIONS		
Land Conveyance from U.S. Army	<u><u>\$ 2,733,300</u></u>	<u><u>\$ 5,900,000</u></u>

See accompanying Notes to the Financial Statements.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Authority

The Fort Monmouth Economic Revitalization Authority ("Authority"), a body corporate and politic and an instrumentality and component unit of the State of New Jersey ("State"), was created by the enactment and approval of P.L.2010, c.51 ("Act") on August 17, 2010, by the State Legislature and the Governor, respectively. The purpose of the Authority is to implement the comprehensive Fort Monmouth Reuse and Redevelopment Plan ("Plan") for redevelopment and revitalization of the 1,126 acres comprising Fort Monmouth. The Plan and the "Homeless Assistance Submission" were submitted to the United States Department of Defense and Housing and Urban Development on September 4, 2008 for their review and approval. The United States Department of Housing and Urban Development issued their favorable determination letter on June 16, 2011 enabling the Authority to move forward with implementing the Fort Monmouth Reuse and Redevelopment Plan.

Fort Monmouth Homeless Fund

The Authority administers the funds of the Fort Monmouth Homeless Fund, as established by four (4) Legally Binding Agreements (LBAs) approved by the department of Housing and Urban Development (HUD), for the New Jersey Housing Mortgage Finance Agency ("HFMA") the agency responsible for coordinating the homeless services at Fort Monmouth at December 31, 2013. In order for the Authority to effectively administer the funds the Authority has custody of the cash. The cash in these segregated accounts, have been included in the Authority's statements of net position as assets and liabilities. The cash balances total \$1,103,204 and \$0 at December 31, 2013 and 2012, respectively.

Basis of Accounting and Presentation

The financial statement presentation has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the standard-setting body for governmental accounting and financial reporting.

The Authority follows proprietary fund type accounting; accordingly, the accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Separate accounts are maintained for each fund to ensure observance of limitations and restrictions on the use of financial resources. Financial resources are classified for accounting and reporting purposes in funds established according to their nature and purpose.

Revenue Recognition

Economic Development Conveyance and Federal Grant Revenue

The Authority recognizes revenue to the extent the fair market value of property transferred to FMERA by the United States Department of the Army exceeds the aggregate of the Economic Development Conveyance contracted liabilities to the Army and the FMERA Homeless Trust for such parcel in accordance with Government Accounting Standards (GASB) Statement No. 33 *"Accounting and Financial Reporting for Non-Exchange Transactions."*

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Economic Development Conveyance and Federal Grant Revenue (Continued)

In a non-exchange transaction, a government gives value without directly receiving equal value in return. Voluntary non-exchange transactions include grants and entitlements which included the Authority's receipt of both cash and property from the Federal government and the United States Department of the Army.

The Authority recognizes grant revenue to the extent that expenses have been incurred for the purpose specified by the grantor during the period. The grant agreements allow for payment of actual costs plus an advance of expected future costs.

Lease and Operating Fee Revenue

The Authority recognizes lease and operating fee revenue when earned in accordance with the provisions of the underlying lease and operating agreements.

Non-Operating Revenue

Non-operating revenues include appropriations from the State of New Jersey and income earned on the investment of funds.

Cash and Cash Equivalents

The Authority considers all highly liquid debt instruments purchased with an initial maturity of three months or less, and units of participation in the State of New Jersey Cash Management Fund ("NJCMF") to be cash equivalents. The NJCMF is managed by the State's Division of Investment under the Department of the Treasury. All investments must fall within the guidelines set forth by the Regulations of the State Investment Council. The Division of Investment is permitted to invest in a variety of securities to include obligations of the U.S. Government and certain of its agencies, certificates of deposit, commercial paper, repurchase agreements, bankers' acceptances and loan participation notes. Investment guidelines provide that all investments in the NJCMF should mature or are to be redeemed within one year, except that up to 25% of the NJCMF may be invested in eligible securities which mature with 25 months; provided, however, that the average maturity of all investments in the NJCMF shall not exceed one year. Cash equivalents are stated at fair value.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Income Taxes

The Authority is exempt from both Federal and State income taxes.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Capitalization Policy

Assets conveyed by the Army are stated at their estimated fair market value at the date of transfer.

Unless material, it is the Authority's policy to expense all expenditures of an administrative nature. Administrative expenditures typically include expenses directly incurred to support staff operations, such as automobiles, information technology hardware and software, office furniture and equipment, the capitalization threshold for these expenditures is \$35,000. The Authority capitalizes expenditures related to the renovation of buildings.

Depreciation Policy

Capital assets are stated at cost. Depreciation is computed when the asset is placed in service using the straight-line method over the following estimated economic life of the assets:

Leasehold Improvements	10 years, Lease Term
Vehicles	5 years
Furniture and Equipment	5-7 years

Interest Income

Interest earned on Authority grant deposits is separated into Federal and State amounts based on each entity's actual funding and share of the Authority's expenditures. State of New Jersey earned interest is used to offset the State's share of expenditures.

Reclassifications

Certain fiscal year 2012 balances have been reclassified in order to conform to the current year presentation.

Recent Accounting Standard

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"). The objective of this Statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The provisions of this Statement were effective for financial statements for periods beginning after December 15, 2012. This statement has no effect on the Authority's financial statements.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Standard (Continued)

In March 2012, GASB issued Statement No. 66, *Technical Corrections – 2012* (“GASB 66”). The objective of this Statement is to improve accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of two pronouncements – Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement were effective for financial statements for periods beginning after December 15, 2012. This statement has no effect on the Authority’s financial statements.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”). The objective of this Statement is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Authority has not completed the process of evaluating the impact of GASB 68 on its financial statements.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This statement has no effect on the Authority’s financial statements.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Statement No. 70 specifies the information required to be disclosed by governments that extend non-exchange financial guarantees. The Authority has not completed the process of evaluating the impact of GASB 70 on its financial statements.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* (“GASB 71”). The objective of this Statement is to improve accounting and financial reporting by addressing an issue in GASB 68, concerning transition provisions related to certain pension contributions made to defined pension plans prior to implementation of that Statement made by employers and nonemployer contributing entities. The Authority has not completed the process of evaluating the impact of GASB 71 on its financial statements.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
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NOTE 2 CASH BALANCES

The Authority maintains a checking account and a money market account with a financial institution in amounts which at times exceed the Federal Deposit Insurance Corporation (FDIC) insurance limitation of \$250,000. Cash deposits in the checking and money market accounts totaled \$3,697,500 at December 31, 2013 and \$210,888 at December 31, 2012.

Additionally, the Authority has an account with the State of New Jersey Cash Management Fund (NJCMF). Cash deposits in this account totaled \$1,159 at December 31, 2013 and \$1,159 at December 31, 2012.

The Authority also maintains public funds money market accounts with a financial institution. Public funds balances on deposit, in excess of FDIC coverage are continuously collateralized by triple A rated mortgage backed securities. Cash deposits in these accounts totaled \$4,324,590 and \$41,689 at December 31, 2013 and 2012, respectively. These deposits represent primarily the funds received by the Authority from the responders to the Authority's Request for Offers to Purchase Land and Request for Proposals for the Lease of Real and Personal Property.

Fort Monmouth Homeless Funds were on deposit with New Jersey Cash Management Fund and a financial institution in a public funds account. At December 31, 2013 the cash deposits were \$1,101,812 and \$1,393, respectively.

NOTE 3 ESCROW DEPOSIT – PROPERTY SALE

At December 31, 2013, the Authority has escrow deposits of \$1,114,156 from third party purchasers per the contracts to sell the Clinic and Howard Commons Parcels. At December 31, 2012, escrow deposits from third party purchaser per the contract to sell Parcel E was \$917,609.

NOTE 4 GRANT AND OTHER RECEIVABLES

Included in grant and other receivables are Federal grant receivable balances of \$339,658 and \$396,296 at December 31, 2013 and 2012, respectively.

NOTE 5 LAND – HELD FOR RESALE

At December 31, 2013, the Authority held title to the Clinic Parcel which was recorded at an estimated fair market value of \$2,733,300 based on a negotiated Purchase Sale Agreement. This transaction subsequently closed in March 2014.

At December 31, 2012, the Authority held title to Parcel E which was recorded at an estimated fair market value of \$5,900,000 based on a negotiated Purchase Sale Agreement. This transaction subsequently closed in January 2013.

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NOTE 6 LOAN ACQUISITION FEES

At December 31, 2012, the Authority incurred \$9,500 of loan acquisition fees in conjunction with a working capital facility from the NJ Economic Development Authority.

Such amount was expensed in 2013 upon repayment and close-out of the loan.

NOTE 7 UNEARNED GRANT REVENUE

Unearned grant revenue represents advances of expected future costs under Federal grant agreements and totaled \$85,821 and \$140,312 at December 31, 2013 and 2012, respectively.

NOTE 8 NOTES PAYABLE – NJ ECONOMIC DEVELOPMENT AUTHORITY

The Authority obtained a credit facility from the NJ Economic Development Authority in the amount of \$500,000. The balance outstanding at December 31, 2012 was \$100,000. The note interest of 4.25% per year was due on December 31, 2013. The outstanding balance of \$100,000 with interest of \$897 was paid in March 2013. This credit facility was terminated in 2013 upon payment of the loan.

NOTE 9 DEPOSITS – PROPERTY SALES

At December 31, 2013, the Authority received deposits aggregating \$5,429,323 for the initial payments for the sale of the Clinic and Howard Commons Parcels and bid deposits for the potential sales of Officer Housing, Parcel B, Parcels C & C-1, Building 286 (Russell Hall) and the Pine Brook Road Commerce Center.

At December 31, 2012, the Authority received deposits aggregating \$941,156 for the initial payment for the sale of Parcel E and a bid deposit for the potential lease/sale of the Clinic Parcel.

NOTE 10 LAND CONVEYANCE LIABILITIES

In accordance with the Economic Development Conveyance Agreement, at December 31, 2013 the Authority had the following obligations from the acquisition of the Clinic Parcel which are payable at the time of a third party settlement:

- a. Due to the United States Army
63% of Gross Sales Revenues (as defined by the Agreement)
- b. Due to Fort Monmouth Homeless Fund
\$20,055 per developable acre

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NOTE 10 LAND CONVEYANCE LIABILITIES (CONTINUED)

Based on the above obligations, the Authority has recorded an aggregate of \$1,936,276 of land conveyance liabilities at December 31, 2013, consisting of \$1,615,396 due to the United States Army and \$320,880 due to the Fort Monmouth Homeless Fund.

These liabilities were subsequently satisfied upon the settlement of the Clinic Parcel during March 2014.

Land conveyance liabilities of \$2,062,420 at December 31, 2012 represented amounts due the United States Army, \$959,395 and the Fort Monmouth Homeless Fund \$1,103,025. These liabilities were satisfied in January 2013 upon the sale of Parcel E.

NOTE 11 DUE TO NJ ECONOMIC DEVELOPMENT AUTHORITY

The balances due to the NJ Economic Development Authority at December 31, 2013 and 2012 for direct office support were \$316,161 and \$308,677, respectively.

NOTE 12 ECONOMIC DEVELOPMENT CONVEYANCE PROPERTY LAND CONVEYANCE EXPENDITURES

For the years ended December 31, 2013 and 2012 the Authority's Economic Development Conveyance revenue was \$910,885 and \$3,981,402, respectively, and consisted of the following:

	2013	2012
EDC, Parcel Revenue	\$ 797,024	\$ 3,837,580
Operating Fee	111,345	143,822
Interest	2,516	-
Total	<u>\$ 910,885</u>	<u>\$ 3,981,402</u>

For the years ended December 31, 2013 and 2012 the Authority's EDC expenditures were \$668,658 and \$289,177, respectively, and consisted of the following:

	2013	2012
Building rehabilitation	\$ 379,909	\$ 34,086
Planning for the marketing of the property	288,749	255,091
Total	<u>\$ 668,658</u>	<u>\$ 289,177</u>

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NOTE 13 OPERATING LEASES AND SUBLEASES

Golf Course and Facilities

The Authority has an operating lease for non-federal use of real and personal property with the United States Army for the use designated in or consistent with the approved Reuse Plan covering the leased premises of the Fort Monmouth Suneagles Golf Course and associated banquet/restaurant facilities located in the Charles Wood Area of Fort Monmouth. The consideration for the lease of the facilities is the Authority's obligation to assume the operation and maintenance of the Leased Premises for the benefit of the United States and the general public. Since, the Authority entered into an agreement with a golf course operator for the professional management and maintenance of such golf course and facilities under terms that cause such contractor to absorb the Authority's obligation to assume the operation and maintenance costs of the leased premises, the Authority has recorded no rental expense for the leased premises for the years ended December 31, 2013 and 2012. The lease dated April 23, 2013 is for a period of one year with an option for one additional six-month period at the lessor's discretion or until the Army conveys the property. The Authority has extended the agreement on a month by month basis at the Authority's sole discretion.

The Authority issued a Request for Proposals for Professional Management and Maintenance for Fort Monmouth Suneagles Golf Course and Associated Banquet/Restaurant. The selected consultant was approved by the Authority's board and will be engaged on or about April 1, 2014 for a term of up to 12 months.

Equipment

The Authority entered into an operating lease for the rental of certain equipment necessary for the operation of the golf course and facilities at a rental rate of \$10,000 per calendar quarter. Rental expense under this agreement was \$40,000 for the years ended December 31, 2013 and 2012. The lease has been extended through June 30, 2014.

Future minimum payments under the equipment lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2014	<u>\$ 20,000</u>

Office Leases

The Authority leased office space at 2-12 Corbett Way, Eatontown, New Jersey, under two separate operating lease agreements.

In one lease, the Authority was obligated for a five year period expiring on August 31, 2012 with an additional three year renewal option. The Authority did not exercise the renewal option and vacated the offices in September 2012. According to the terms of this lease, the Authority was responsible for its proportionate share of increases in common area maintenance and real estate taxes above the base year of 2007. Aggregate rent expense under this operating lease was \$67,029 for the year ended December 31, 2012.

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NOTE 13 OPERATING LEASES AND SUBLEASES (CONTINUED)

Office Leases (Continued)

The Authority was obligated for a second lease for additional office space which was entered into on November 3, 2010 for a one year period with a ten month renewal option, which was exercised on November 3, 2011. The Authority vacated this office in August 2012.

Aggregate rent expense, including utilities, under this operating lease was \$51,814 for the year ended December 31, 2012.

The Authority leased office space at 15 Christopher Way, Eatontown, New Jersey under an operating lease agreement for a five month period which expired on January 31, 2013 which had a one month extension option. The Authority exercised the extension option. Aggregate rent expense, including utilities, under this operating lease was \$5,000 and \$10,000 for the years ended December 31, 2013 and December 31, 2012, respectively.

Motor Pool Lease and Sublease

The Authority has an operating lease with the Army for use of Buildings 750, 753, 754, 756, 760, 761 and their associated parking area under a lease dated July 31, 2012, for a term of one (1) year, with an option for an additional six (6) month extension at the Army's discretion, or until the Army conveys the property. On November 23, 2013 the lease was amended to include the use of Building 755. Supplemental Agreement No. 2 extends the lease until June 2014 or until transfer of the property to the Authority. The consideration for the lease of the facilities is the Authority's obligation to assume the operation and maintenance of the Leased Premises for the benefit of the United States and the general public. Additionally, the Authority entered into an agreement with the County of Monmouth for the professional management and maintenance of such maintenance facilities under terms that cause the County to absorb the Authority's obligation to assume the operation and maintenance costs of the leased premises. Therefore, the Authority has recorded no rental expense for the premises for the year ended December 31, 2013.

Building 502 - Library

The Authority has an operating lease for use of the former Fort Library as an administrative building. The leased space is comprised of a 10,650 square foot building which has been converted from its former use as a library to administrative space for occupancy by the Authority. The lease dated July 31, 2012 is for a term of one (1) year, with an option for an additional four (4) one-year extensions at the Army's discretion, or until the Army conveys the property. The Authority has exercised its option through July 31, 2014.

The consideration for the lease is the Authority's obligation to assume the operation and maintenance of the leased premises.

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NOTE 13 OPERATING LEASES AND SUBLEASES (CONTINUED)

Teen Center & Pool

The Authority has an operating lease with the Army for the use of Buildings 2566 and 2569 and the surrounding land area under a lease dated March 26, 2013, for a term of one (1) year, with an option for an additional six (6) month extension at the Army's discretion, or until the Army conveys the property. The consideration for the lease of the facilities is the Authority's obligation to assume the operation and maintenance of the Leased Premises for the benefit of the United States and the general public. Additionally, the Authority entered into an agreement with the County of Monmouth for the professional management and maintenance of such maintenance facilities under terms that cause the County to absorb the Authority's obligation to assume the operation and maintenance costs of the leased premises. Therefore, the Authority has recorded no rental expense for the premises for the year ended December 31, 2013.

Provost Marshall Office – NJSP Lease and Sublease

The Authority has an operating lease with the Army for the use of Buildings 977 and 983, dated March 26, 2013, for a term of one (1) year, with an option for an additional six (6) month extension at the Army's discretion, or until the Army conveys the property. The consideration for the lease of the facility is the Authority's obligation to assume the operation and maintenance of the Leased Premises for the benefit of the United States and the general public. Additionally, the Authority entered into an agreement with the New Jersey State Police for the professional management and maintenance of such maintenance facilities under terms that cause the State Police to absorb the Authority's obligation to assume the operation and maintenance costs of the leased premises. Therefore, the Authority has recorded no rental expense for the premises for the year ended December 31, 2013.

NOTE 14 RISKS AND UNCERTAINTIES

Concentration of Revenue

Principally all of the Authority's operating revenues are from the conveyance of property in conjunction with the Economic Development Conveyance Agreement (Phase 1) dated June 25, 2012 with the United States Army and from Federal grants. The Authority's revenues are subject to the continued contract compliance and funding from these sources.

Grant Audits

The Authority's costs under the Department of Defense (DoD) Grant are subject to an independent follow-up audit. In the opinion of management, any adjustments resulting from subsequent audits are not expected to have an adverse effect on the accompanying financial statements.

Economic Dependence

The Authority is economically dependent on the United States Army's compliance with the Economic Development Agreement dated June 25, 2012, continuing Federal grants and the continuing direct and indirect support derived by annual appropriations from the State of New Jersey.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
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NOTE 15 CONTINGENCIES & COMMITMENTS

Obligations from Economic Development Conveyance Agreement

In conjunction with the EDC Agreement dated June 25, 2012, the Authority is obligated to:

1. Accept the conveyance of certain Phase 1 parcels totaling approximately 563 acres including buildings, improvements and personal property.
2. Sell or lease such parcels to third parties under competitive sales and leasing covenants or no cost covenants as agreed upon per particular parcel.
3. At the time of third party settlement, pay the United States Army 20% to 80% of Gross Sales Revenue, as defined, as agreed upon per particular parcel.
4. At the time of third party settlement, contribute \$20,055 for each developable acre sold to the Fort Monmouth Homeless Fund.
5. In the case of pre-conveyance leasing and post conveyance leasing, as allowed, pay the United States Army 20% of the Gross Lease revenues, as defined, for the first three years of the lease and 63% of Gross Lease Revenues thereafter until such properties are sold to third party buyers.
6. Reinvest the third party sale and lease proceeds net of the immediate obligations to the United States Army and the Fort Monmouth Homeless Fund to support the economic redevelopment of the former Fort Monmouth in twelve allowable expense categories as mandated in the Base Realignment and Closure Act (BRAC) within a seven year reinvestment period beginning on the date of the last United States Army conveyance or remit proceeds not used for these purposes to the United States Army within 60 days after the seven year reinvestment period.

NOTE 16 PRIOR PERIOD ADJUSTMENT

In the previous year, the Authority was recording indirect office support service and accrued interest billed by the New Jersey Economic Development Authority to the Authority for a total of \$317,656. However, the indirect office support service amounts are not supported under the terms of the Federal grant funding FMERA receives through the Office of Economic Adjustment and not payable with funds received from parcel sales under the EDC since the amounts predate the EDC agreement between the Authority and the United States Army.

The restatement is detailed below:

	<u>December 31, 2012</u>
Unrestricted Net Position, as Previously Reported	\$ (173,248)
Prior Period Adjustment	317,656
Unrestricted Net Position, as Restated	<u><u>\$ 144,408</u></u>

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
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NOTE 17 SUBSEQUENT EVENTS

Events subsequent to December 31, 2013 were evaluated through April 24, 2014, the date when all necessary approvals for issuance of the financial statements were obtained.

Sale of the Clinic Parcel

In March 2014, the Authority closed on the Clinic Parcel per the terms of the purchase and sale agreement, as amended, for \$2,733,300. Proceeds after expenses were distributed as follows: (1) \$1,615,396 to the Department of the Army, (2) \$320,880 to the Fort Monmouth Homeless Fund and (3) \$797,024 to the Authority.

Conveyance of the balance of Phase 1 EDC parcels

Army is processing the transfer of the balance of the Phase 1 parcels including Suneagles Golf Course; Parcel C; Parcel C-1; Howard Commons; Parcel B; Parcel F; including buildings, improvements and personal property, and totaling approximately 546 acres.

Transfer is expected to be completed late 1st quarter or early 2nd quarter of 2014.

NOTE 18 NET POSITION

The Authority's Net Position is characterized as follows:

- Invested in Capital Assets
- Restricted
- Unrestricted

Invested in Capital Assets includes capital assets net of accumulated depreciation used in the Authority's operations. Restricted net position includes net assets that are restricted subject to existence of Economic Development Conveyance reinvestment restrictions. Unrestricted net assets include all net assets not included above.

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COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2013

	<u>OEA Grant and Matching</u>	<u>Economic Development Conveyance</u>	<u>Other</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS					
CURRENT ASSETS					
Unrestricted Assets					
Cash and Cash Equivalents	\$ 189,160	\$ -	\$ 247,043	\$ -	\$ 436,203
Grant and Other Receivables	339,658	5,000	-	-	344,658
Interfund Receivable	11,774	503,363	67,264	(582,401)	-
Land - Held for Resale	-	2,733,300	-	-	2,733,300
Prepaid Expenses	17,548	13,045	-	-	30,593
Total Unrestricted Current Assets	558,140	3,254,708	314,307	(582,401)	3,544,754
Restricted Assets					
Cash - Economic Development Conveyance	-	3,271,879	-	-	3,271,879
Cash - Property Sales Deposit	-	4,315,167	-	-	4,315,167
Homeless Trust Fund	-	-	1,103,204	-	1,103,204
Escrow Deposit - Property Sale	-	1,114,156	-	-	1,114,156
Total Restricted Assets	-	8,701,202	1,103,204	-	9,804,406
CAPITAL ASSETS					
Leasehold Improvements, Net	365,235	394,541	-	-	759,776
Total Assets	<u>\$ 923,375</u>	<u>\$ 12,350,451</u>	<u>\$ 1,417,511</u>	<u>\$ (582,401)</u>	<u>\$ 14,108,936</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts Payable and					
Accrued Liabilities	\$ 158,730	\$ 70,887	\$ 77,572	\$ -	\$ 307,189
Interfund Payable	-	582,401	-	(582,401)	-
Deposits - Property Sales	-	5,429,323	-	-	5,429,323
Land Conveyance Liabilities	-	1,936,276	-	-	1,936,276
Homeless Trust Fund	-	-	1,103,204	-	1,103,204
Unearned Grant Revenue	85,821	-	-	-	85,821
Due to NJ Economic					
Development Authority	313,589	2,572	-	-	316,161
Total Liabilities	558,140	8,021,459	1,180,776	(582,401)	9,177,974
NET POSITION					
Net Investment in Capital Assets	365,235	394,541	-	-	759,776
Restricted	-	3,271,879	-	-	3,271,879
Unrestricted	-	662,572	236,735	-	899,307
Total Net Position	<u>\$ 365,235</u>	<u>\$ 4,328,992</u>	<u>\$ 236,735</u>	<u>\$ -</u>	<u>\$ 4,930,962</u>

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
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COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2012

	<u>OEA Grant and Matching</u>	<u>Economic Development Conveyance</u>	<u>Other</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS					
CURRENT ASSETS					
Unrestricted Assets					
Cash and Cash Equivalents	\$ 1,860	\$ -	\$ 194,378	\$ -	\$ 196,238
Grant and Other Receivables	536,608	46,134	-	-	582,742
Interfund Receivable	-	-	60,735	(60,735)	-
Land - Held for Resale	-	5,900,000	-	-	5,900,000
Prepaid Expenses	15,372	1,655	-	-	17,027
Loan Acquisition Fees	-	9,500	-	-	9,500
Total Unrestricted Current Assets	<u>553,840</u>	<u>5,957,289</u>	<u>255,113</u>	<u>(60,735)</u>	<u>6,705,507</u>
Restricted Assets					
Cash - Economic Development Conveyance	-	33,951	-	-	33,951
Cash - Property Sales Deposit	-	23,547	-	-	23,547
Escrow Deposit - Property Sale	-	917,609	-	-	917,609
Total Restricted Assets	<u>-</u>	<u>975,107</u>	<u>-</u>	<u>-</u>	<u>975,107</u>
CAPITAL ASSETS					
Leasehold Improvements - In Progress	<u>30,000</u>	<u>34,086</u>	<u>-</u>	<u>-</u>	<u>64,086</u>
Total Assets	<u>\$ 583,840</u>	<u>\$ 6,966,482</u>	<u>\$ 255,113</u>	<u>\$ (60,735)</u>	<u>\$ 7,744,700</u>
LIABILITIES					
CURRENT LIABILITIES					
Notes Payable - NJ Economic Development Authority	\$ -	\$ 100,000	\$ -	\$ -	\$ 100,000
Accounts Payable and Accrued Liabilities	104,851	75,861	53,829	-	234,541
Interfund Payable	-	60,735	-	(60,735)	-
Deposits - Property Sales	-	941,156	-	-	941,156
Land Conveyance Liabilities	-	2,062,420	-	-	2,062,420
Homeless Trust Fund	-	-	-	-	-
Unearned Grant Revenue	140,312	-	-	-	140,312
Due to NJ Economic Development Authority	<u>308,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,677</u>
Total Liabilities	<u>553,840</u>	<u>3,240,172</u>	<u>53,829</u>	<u>(60,735)</u>	<u>3,787,106</u>
NET POSITION					
Net Investment in Capital Assets	30,000	34,086	-	-	64,086
Restricted	-	33,951	-	-	33,951
Unrestricted	<u>-</u>	<u>3,658,273</u>	<u>201,284</u>	<u>-</u>	<u>3,859,557</u>
Total Net Position	<u>\$ 30,000</u>	<u>\$ 3,726,310</u>	<u>\$ 201,284</u>	<u>\$ -</u>	<u>\$ 3,957,594</u>

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
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COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2013

	OEA Grant and Matching	Economic Development Conveyance	Other	Total
OPERATING REVENUES				
Federal Grants	\$ 1,698,520	\$ -	\$ -	\$ 1,698,520
Local Government Contribution	812	-	-	812
Economic Development Conveyance	-	797,024	-	797,024
Operating Fee	-	111,345	-	111,345
Total Operating Revenue	1,699,332	908,369	-	2,607,701
OPERATING EXPENSES				
Direct Office Support	1,198,465	10,545	24,984	1,233,994
General and Administrative	125,465	31,748	(45)	157,168
Interest	-	10,397	-	10,397
Program Costs	212,015	236,060	-	448,075
Depreciation	16,065	19,454	-	35,519
Total Operating Expenses	1,552,010	308,204	24,939	1,885,153
OPERATING REVENUE (LOSS)	147,322	600,165	(24,939)	722,548
NON-OPERATING REVENUE				
State Appropriation	187,913	-	60,390	248,303
Interest Income	-	2,517	-	2,517
Total Non-Operating Revenue	187,913	2,517	60,390	250,820
CHANGE IN NET POSITION	335,235	602,682	35,451	973,368
Net Position - Beginning of Year	30,000	3,726,310	201,284	3,957,594
NET POSITION - END OF YEAR	<u>\$ 365,235</u>	<u>\$ 4,328,992</u>	<u>\$ 236,735</u>	<u>\$ 4,930,962</u>

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
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COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 31, 2012

	OEA Grant and Matching	Economic Development Conveyance	Other	Total
OPERATING REVENUES				
Federal Grants	\$ 1,807,789	\$ -	\$ -	\$ 1,807,789
Economic Development Conveyance	-	3,837,580	-	3,837,580
Operating Fee	-	143,822	-	143,822
Total Operating Revenue	1,807,789	3,981,402	-	5,789,191
OPERATING EXPENSES				
Direct Office Support	1,167,836	8,155	5,600	1,181,591
General and Administrative	230,485	19,818	-	250,303
Interest	-	8,784	-	8,784
Program Costs	580,334	218,335	-	798,669
Total Operating Expenses	1,978,655	255,092	5,600	2,239,347
OPERATING REVENUE (LOSS)	(170,866)	3,726,310	(5,600)	3,549,844
NON-OPERATING REVENUE				
State Appropriation	200,866	-	62,134	263,000
Interest Income	-	-	342	342
Total Non-Operating Revenue	200,866	-	62,476	263,342
CHANGE IN NET POSITION	30,000	3,726,310	56,876	3,813,186
Net Position - Beginning of Year, As Restated	-	-	144,408	144,408
NET POSITION - END OF YEAR	<u>\$ 30,000</u>	<u>\$ 3,726,310</u>	<u>\$ 201,284</u>	<u>\$ 3,957,594</u>

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES BY FUND
DECEMBER 31, 2013

	<u>OEA Grant and Matching</u>	<u>Economic Development Conveyance</u>	<u>Other</u>	<u>Total</u>
Equipment	\$ 6,491	\$ -	\$ -	\$ 6,491
Insurance	30,277	2,094	-	32,371
Office Rent	38,100	-	-	38,100
Legal Notices	4,581	4,064	-	8,645
Office Supplies and Postage	13,372	831	(45)	14,158
Moving Expenses	18,525	-	-	18,525
Communication	8,311	4,764	-	13,075
Travel	2,728	-	-	2,728
Meetings and Seminars	3,080	8,185	-	11,265
Marketing	-	11,810	-	11,810
	<u>-</u>	<u>11,810</u>	<u>-</u>	<u>11,810</u>
Total	<u>\$ 125,465</u>	<u>\$ 31,748</u>	<u>\$ (45)</u>	<u>\$ 157,168</u>

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2013**

<u>Federal Grantor/Program Title</u>	<u>Agreement Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Defense			
Planning the reuse of Fort Monmouth	CL0595-09-03	12-607	\$ (1,110)
U.S. Department of Defense			
Implementation of the reuse of Fort Monmouth	CL1012-12-01	12-607	31,610
Implementation of the reuse of Fort Monmouth	CL1012-12-02	12-607	975,672
Implementation of the reuse of Fort Monmouth	CL1012-13-03	12-607	<u>692,348</u>
			<u><u>\$ 1,698,520</u></u>

The above schedule of expenditures of Federal awards includes the Federal grant activity of the Fort Monmouth Economic Revitalization Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. A reconciliation of the federal expenditures to the financial statements is show below:

<u>Reconciliation</u>	
OEA Grant - Direct Office Support	1,198,465
OEA Grant - General and Administrative	125,465
OEA Grant - Program Costs	212,015
Capitalized Leasehold Improvements	<u>351,300</u>
Total	1,887,245
Federal Share	<u>90%</u>
	<u><u>1,698,520</u></u>

**INDEPENDENT AUDITORS' 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**

To the Audit Committee and Management of
Fort Monmouth Economic Revitalization Authority
Oceanport, New Jersey

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 Fort Monmouth Economic Revitalization Authority (the Authority), a component unit of the State of New Jersey, which comprise the statement of financial position as of December 31, 2013, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated April 24, 2014.

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 opinions 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described as item 2013-001 in the accompanying schedule of findings and questioned costs to be a material weakness in internal control over financial reporting.

Compliance and Other Matters

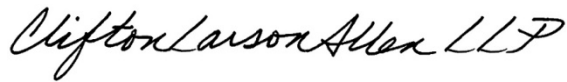
As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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*.

Authority's Response to Finding

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Mount Laurel, New Jersey
April 24, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Audit Committee and Management of
Fort Monmouth Economic Revitalization Authority
Oceanport, New Jersey

Report on Compliance for Each Major Federal Program

We have audited Fort Monmouth Economic Revitalization Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2013. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 and state program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Programs

In our opinion, Fort Monmouth Economic Revitalization 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, 2013.

Report on Internal Control Over Compliance

Management of Fort Monmouth Economic Revitalization 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 OMB Circular A-133, 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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Mount Laurel, New Jersey
April 24, 2014

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2013**

Section I - Summary of Auditors' Results

Financial Statements

Type of Auditors' Report Issued: Unmodified

Internal Control over Financial Reporting:

- Material Weakness(es) Identified? X Yes No
- Significant Deficiency(ies) Identified? Yes X None Reported

Noncompliance Material to Financial Statements Noted? Yes X No

Federal Awards

Internal Control over Major Program:

- Material Weakness(es) Identified? Yes X No
- Significant Deficiency(ies) Identified? Yes X None Reported

Type of Auditors' Report Issued on Compliance for Major Programs: Unmodified

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 510(a) of Circular A-133? Yes X No

Identification of Major Programs:

<u>Agreement Number</u>	<u>Funding Agency</u>	<u>Major Program</u>
CL0595-09-03	DoD, OEA	Planning the reuse of Fort Monmouth
CL1012-11-01	DoD, OEA	Implementation of the reuse of Fort Monmouth
CL1012-12-02	DoD, OEA	Implementation of the reuse of Fort Monmouth
CL1012-13-03	DoD, OEA	Implementation of the reuse of Fort Monmouth

Dollar Threshold used to Distinguish between Type A and Type B Programs: \$300,000

Auditee Qualified as Low-Risk Auditee? Yes X No

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2013**

Section II – Financial Statement Finding

Finding Reference: 2013 – 001 - Segregation of Duties

Criteria:

An essential part of internal control is that procedures are properly segregated and the results of their performance be adequately reviewed. This is normally accomplished by assigning duties so that 1) no one person handles a transaction from beginning to end, and 2) incompatible duties between functions are not handled by the same person. In addition, a review of these completed duties should be performed by an individual independent of those functions. Regular reviews by senior management and Board Committees with financial oversight are a key element of internal control when full segregation of duties cannot be achieved.

Condition:

Due to the size of the Authority, there is an inherent problem with segregating duties over accounting transactions. The Authority's limited number of employees makes it difficult to achieve internal control through the segregation of employee duties. The concentration of closely related duties and responsibilities, such as recording and processing cash receipts, cash disbursements, journal entries and recording of general financial information by one individual makes it difficult to establish an ideal system of automatic internal checks on the accounting records for accuracy and reliability.

We recognize with a limited number of employees, segregation of duties is difficult which makes management and board oversight even more important in these situations. Although the Authority recognized this problem and hired another accountant during the last half of the year, management and board monitoring and review of accounting transactions remains critical.

Context:

See *Condition* above.

Potential Effect:

The condition noted above increases the possibility that errors or irregularities may occur and not be detected on a timely basis.

Recommendation:

We recommend that the Authority continue to evaluate the assignment of duties to achieve the maximum segregation possible. In addition, monitoring of financial results by senior management and Board oversight committees should continue on a regular basis.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2013**

Views of Responsible Officials and Planned Corrective Action:

The Authority increased staff, including hiring a finance specialist, during 2013, and is improving internal control through greater segregation of duties:

- cash receipt and cash disbursement processing involves documented review and approval by management and the documented involvement of personnel outside accounting department
- journal entries and general financial information processing is performed by more than one individual and its review and approval by management is documented

The Authority's management recognizes the importance of internal control. This includes the regular review and oversight function to ensure the design and operation of internal controls are efficient and effective. Management will continue to regularly report to the Audit Committee on the Authority's financial results and operations.

Section III – Federal Award Findings and Questioned Costs

None to report

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
DECEMBER 31, 2013**

Finding Reference: 2012-03 – Grant Reporting Compliance

Federal Agency: U.S. Department of Defense

Federal Program: Planning the reuse of Fort Monmouth (CFDA 12.607)

Condition: The Auditee submitted inaccurate information on an interim Federal Financial Report (Form SF425) for the period April 2011 to September 30, 2012 for Grant CL1012-11-01.

Recommendation: The Auditee should provide additional training for those responsible for submitting and reviewing financial reports.

Current Year Status: Corrected. The Authority has implemented policies and procedures in place and testing did not reveal any findings.

Finding Reference: 2012-04 – Cash Management Compliance

Federal Agency: U.S. Department of Defense

Federal Program: Planning the reuse of Fort Monmouth (CFDA 12.607)

Condition: The Auditee incorrectly requested reimbursement for the same contract expenses twice on a Request for Advance or Reimbursement (Form SF270) for Grant CL1012-11-01 as of March 31, 2012.

Recommendation: We recommend that the Auditee develop policies and procedures that require review of all Form SF270's and supporting transactions by someone other than the preparer.

Current Year Status: Corrected. The Authority has implemented policies and procedures in place and testing did not reveal any findings.

Finding Reference: 2012-05 – Grant Reporting Compliance

Federal Agency: U.S. Department of Defense

Federal Program: Planning the reuse of Fort Monmouth (CFDA 12.607)

Condition: The Auditee submitted inaccurate information on the Request for Advance or Reimbursement (SF270) form for Grant CL1012-11-01 as of March 31, 2012.

Recommendation: We recommend that the Auditee develop policies and procedures that require review of all Form SF270's and supporting transactions by someone other than the preparer.

Current Year Status: Corrected. The Authority has implemented policies and procedures in place and testing did not reveal any findings.