

2017 ANNUAL REPORT

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY



**FORT
MONMOUTH**

DISCOVER ► INNOVATE ► TRANSFORM

CHAIRMAN'S MESSAGE

A message from FMERA Vice-Chairman Dr. Robert Lucky

As Interim Chairman of the Board, I am pleased to announce that the Fort Monmouth Economic Revitalization Authority (FMERA) made impressive progress in 2017, as we worked to restore lost jobs and economic vitality in the region. Collectively, along with our many stakeholders, we continued to engage the communities of Eatontown, Oceanport and Tinton Falls in the redevelopment process to the benefit of each of these communities.

Some 20 projects are underway on roughly two-thirds of the Fort property, with the anticipated result of several hundred million dollars of investment. The forecasted future tax revenue to the Boroughs will help to fund necessary services, such as police, fire, maintenance and repair of streets and grounds.

Focusing on jobs, and the necessary amenities to attract and retain jobs, the FMERA staff is actively engaged in marketing the remaining parcels to interested entrepreneurs, developers, and investors. It remains our expectation that FMERA will be able to sunset itself in the next 8 to 10 years, based on the anticipated completion of the many projects underway.

I would like to take this opportunity to commend and thank the FMERA Board members, our great professional FMERA staff, the Monmouth County Board of Chosen Freeholders and our partners in each of the host municipalities for their hard work, dedication and ongoing commitment to our stated mission. We are proud of our strong 2017 efforts and, we look forward to continued success in 2018.

Dr. Robert Lucky
Vice-Chairman
Fort Monmouth Economic Revitalization Authority



ABOUT FMERA

THE FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY

On August 17, 2010, the Fort Monmouth Economic Revitalization Authority Act, P.L. 2010, c. 51, was signed into law, creating 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.



FORT MONMOUTH MAIN POST



FORT MONMOUTH CHARLES WOOD

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, 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 the Housing Assistance Submission, which were 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 into redevelopment agreements with 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

ABOUT FMERA

THE FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY

activities; and implement revenue-raising measures for the benefit of redevelopment.

FMERA is governed by a 13-member board. The board includes nine voting members consisting of three public members appointed by the Governor, one ex-officio member of the Executive Branch appointed by the Governor, the mayors of Eatontown, Tinton Falls and Oceanport, one member of the Monmouth County Board of Chosen Freeholders and the Chair of the EDA. The Commissioners of the New Jersey Departments of Labor and Workforce Development, Environmental Protection, Community Affairs and Transportation serve as ex-officio, non-voting members of the board.

Local participation on the Board results in a broad representation of town, county and state interests. Further, the FMERA law requires 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 (EDC) Agreement outlining the transfer process for the first 500+ acres of the property from the U.S. Army to the Authority. The Phase 1 EDC Agreement, approved by the FMERA Board in April 2012, is the overarching agreement between the Army and FMERA, laying out the process by which the Phase 1 properties were transferred.

FMERA engaged in an extensive negotiation process with the Army to establish the terms of the Phase 1 EDC Agreement 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 were transferred to FMERA in 2014. Phase 1 parcels include the Golf Course, Howard Commons, Marina, Clinic parcel, Parcel E, Parcel F, Parcel C, Parcel C1 and Parcel B – all totaling just over 500 acres.

In 2016, following extensive negotiations, FMERA purchased the balance of the Fort from the U.S. Army.

OUR 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."



MAKING AN IMPACT

OUR RESULTS



SIX PROPERTIES SOLD IN 2017

OFFICER HOUSING ► OCEANPORT

Less than two months after FMERA finalized the EDC Agreement with the U.S. Army and purchased the balance of Fort Monmouth, the Fort's first residential project began in Oceanport.

RPM Development, a leader in the development of both market-rate and affordable housing in New Jersey, plans to renovate the 117 historic housing units that surround the Parade Grounds in Oceanport.



The North Post development will offer historic homes, renovated to feature modern amenities. Options range from three-bedroom, two-bath historic townhomes to the grand former General's Home overlooking Parker's Creek. RPM also plans to develop 48 rental units in the South Post section, one of which has been converted into a management and marketing office for the company. Per FMERA's enabling statute, 20 percent of the units will be available to low- and moderate-income households.

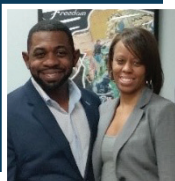
MAIN POST CHAPEL ► OCEANPORT



The former Main Post Chapel began a new chapter when **Triumphant Life**, a 501(c)(3) non-profit corporation, set down roots on the Fort. The facility, which Triumphant Life purchased from FMERA in February 2017, is now being used as a house of worship, as well as a community center.

"We're excited to be a part of the Fort Monmouth community and to serve the residents who will be moving into housing units being built on the Fort in the near future, as well as employees of various businesses in and around the Fort."

—Triumphant Life Pastor Lyddale Akins



SHOPPETTE & GAS STATION ► TINTON FALLS

The **Monmouth County Parks System** expanded its presence on Fort Monmouth, adding to its extensive inventory of recreation and open space. The conveyance of this property in February allows the Parks System to enhance the Fort Monmouth Recreation Center by adding additional storage facilities for events, creating a dedicated maintenance facility to service the area, and restoring wetlands on-site with an elevated boardwalk to allow for an outdoor classroom.

"The recreational opportunities the Monmouth County Park System provides on the Fort are an asset for both local residents and out-of-town visitors."

—FMERA Executive Director Bruce Steadman

RUSSEL HALL ► OCEANPORT

With progress toward its goal of creating a technology hub on the Fort already underway, FMERA sold historic Russel Hall to private cloud computing company **TetherView** in June. The company, which moved to Fort Monmouth from Staten Island, had been subleasing the 42,300-square-foot Russel Hall building since January 2016.



TetherView brought 30 jobs to the Fort in 2016 and expects to create or relocate an additional 40 full-time jobs over the next two years. TetherView Chief Executive Officer Michael Abboud, an Oceanport resident, cited the Fort's rich history, location and "phenomenal opportunities" as key factors in his decision to relocate his company to the Fort from New York.

FORT MONMOUTH PHYSICAL FITNESS CENTER ► OCEANPORT

Fort Partners Group, LLC, purchased the 7.4-acre property in September, which includes former Building 114, the 32,000- square-foot Fitness Center. The group is renovating and upgrading the facility

MAKING AN IMPACT

OUR RESULTS

to emphasize basketball, fitness, and swimming programs, medically based fitness and wellness programs, and individualized and group training and classes, along with related and ancillary uses including a pro shop and health café.



900 AREA BUILDINGS ► OCEANPORT

Oceanport has selected Fort Monmouth as the permanent home for its Municipal Complex, including its town hall, community center and police department. The borough entered a PSARA with FMERA for a 13-acre tract of land in the Fort's 900 area in July, and reportedly intends to invest approximately **\$10 million** into the redevelopment of the property.



SIX PLANNED PROJECTS APPROVED

FABRICATION SHOPS ► TINTON FALLS

In May, **Pinebrook Road Commerce Center, LLC (PCC)** agreed to purchase the Fabrication Shops parcel – a five-acre parcel containing eight buildings and an adjoining 1.5-acre parcel for use as parking and storage space.

PCC plans to convert the Fabrication Shops into a multi-tenant business park, one of the many sites on the Fort that will encourage businesses to open and operate in Monmouth County.

**ESTIMATED
INVESTMENT
\$2.25M**

"With excellent access to the Garden State Parkway and Routes 18, 35, and 36, this new business park will be the perfect location for small businesses in need of flex space."

—FMERA Director of Real Estate & Deputy Executive Director Dave Nuse

EATONTOWN BARRACKS ► EATONTOWN

FMERA is advancing its goal of developing **a dynamic live, work, play community** by incorporating arts, culture and entertainment among residential, retail, and other commercial development.

Local entrepreneur and philanthropist **Kenneth Schwartz** signed a



PSARA with FMERA and plans to renovate the Eatontown Barracks for arts-related uses, including studio, performance and gallery spaces, as well as short-term residential units for artists. Schwartz will also maintain Soldiers Park as an outdoor sculpture garden along the Avenue of Memories.

HOWARD COMMONS ► EATONTOWN

The FMERA Board authorized staff to enter a Purchase & Sale and Redevelopment Agreement (PSARA) with a prominent NJ developer for the sale of the Howard Commons parcel. The 468 existing townhomes on the approximately 63-acre parcel will be demolished to make way for new development.



SUNEAGLES GOLF COURSE ► EATONTOWN

Another Fort Monmouth asset will be maintained, with the August approval of a PSARA between FMERA and **Martelli Development Group, LLC** for Suneagles Golf Course. The parcel includes historic Gibbs Hall, Joe's Sports Bar 19th Hole and the Megill Housing area, along with tennis courts, a maintenance facility, and a pro-shop.



MAKING AN IMPACT

OUR RESULTS



The developer proposes to renovate Gibbs Hall as a first-class banquet facility, make upgrades to the golf course and restrict it to a golf course use for 40 years, and build 75 new housing units, including 60 luxury condos and 15 affordable rental apartments, in accordance with FMERA's affordable housing obligation.

BUILDING 501 ▶ **OCEANPORT**

FMERA welcomed **Family Promise of Monmouth County** to Building 501, an approximately 2,832 square-foot building on Malterer Avenue, for the purpose of providing homeless support services. The conveyance of this property, expected in 2018, will fulfill one of FMERA's federal obligations related to the Fort Monmouth Reuse and Redevelopment Plan.



In pursuit of innovative solutions to end homelessness, Family Promise of Monmouth County has been providing Monmouth County children and families with food, shelter, and comprehensive services—including emergency residential shelter services, case management, identification and links to outside service providers, and support programs, including subsidized education programs.

THE MYER CENTER ▶ **TINTON FALLS**

FMERA collaborated with the **New Jersey Economic Development Authority (EDA)** to arrange for the demolition of the approximately 672,000-square-foot Myer Center. The clearing of these approximately 36 acres on the Fort will facilitate the sale and ultimate redevelopment of this site in Tinton Falls. With the property's convenient location adjacent to the Garden State Parkway, both FMERA and EDA are confident the site will serve as an ideal location for a large commercial user. It is anticipated that the Myer Center parcel demolition will be completed in 2019.

"The EDA is excited for the opportunity to redevelop this strategically located property that will surely attract one or more developers that recognize its potential. Once demolition of these outdated buildings is complete, the momentum taking place throughout the Fort will soon spread to this valuable parcel."

—EDA President and Chief Operating Officer Tim Lizura

Woman-owned Tricon Enterprises, Inc. of Keyport was retained by the NJEDA for abatement and demolition services.



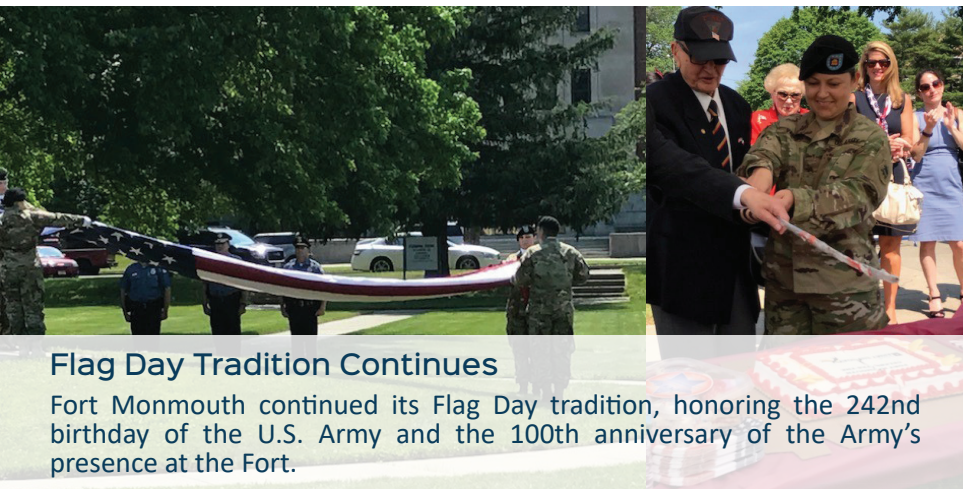
MEMORABLE MOMENTS

ACHIEVEMENTS & CELEBRATIONS



Grand Opening of Avenue of Memories (County Route 537)

Closed since September 11, 2001, the January opening of the road to traffic traveling east to west between Oceanport Avenue and Route 35 marked a significant milestone in returning the Main Post back to active use.



Flag Day Tradition Continues

Fort Monmouth continued its Flag Day tradition, honoring the 242nd birthday of the U.S. Army and the 100th anniversary of the Army's presence at the Fort.



Trinity Hall Expansion Approved

Trinity Hall received approval for its second phase of expansion – the first on Fort Monmouth.



Two Former Fort Monmouth Employees Move Headquarters to Fort Monmouth

Rather than following the U.S. Army to Maryland, former Fort employees Rina and Bharat Parikh moved their corporate headquarters to Tinton Falls, retaining 105 jobs in the Garden State, with 25 additional jobs planned. AASKI Technology is a defense contractor and communications engineering firm.

CURRENT & FUTURE DEVELOPMENT

RFOTPs ISSUED, DUE IN 2017

requests for offers to purchase

- ALLISON HALL
- BARKER CIRCLE
- BOWLING CENTER
- LODGING AREA

AVAILABLE PROPERTY

will become available through the RFOTP process in 2018-2019

- COMMISSARY & PX
- POST OFFICE AREA
- WAREHOUSE DISTRICT
- MCAFEE COMPLEX
- 400 AREA
- EXPO THEATER
- VAIL HALL
- MALETTE HALL
- BUILDING 2719
- PULSE POWER



A FOND FAREWELL



Following Seven Years of Service, Fort Monmouth Economic Revitalization Authority Board Chairman Announces Resignation

At the December meeting of the Board of the Fort Monmouth Economic Revitalization Authority (FMERA), Board Chairman James V. Gorman announced his resignation, effective December 31, 2017. Gorman has served as Board Chair since January 25, 2011.

During his seven-year tenure as public member of the Board, Gorman brought a wealth of knowledge and experience to the Authority that propelled redevelopment efforts and guided FMERA through its various challenges as a closed military installation. Under his leadership, FMERA has sold 11 properties and is under contract or in active negotiations on 17 additional properties.

Notable achievements include the opening of data-security giant, Commvault's, 275,000-square-foot corporate headquarters in Tinton Falls; the reuse of Fort Monmouth's former Child Development Center as Trinity Hall School in Tinton Falls; and the rebirth of the former Patterson Army Clinic as AcuteCare in Oceanport.

"It's been a pleasure to work with our Chairman, James V. Gorman, over the past seven years," said Bruce Steadman, FMERA Executive Director. "Much of our success can be credited to the Chairman's excellent leadership, forward-thinking vision, and his unwavering commitment to our mission. FMERA is positioned well for the future."

In addition to his volunteer service with FMERA, Gorman serves as Chairman of Blue Warrior Capital, LLC, a New Jersey-headquartered private equity and merchant banking firm, and Chairman of American Property Insurance Company of New Jersey in Eatontown.

Dr. Robert Lucky, Vice-Chairman, will serve as interim Chair until a new Chair is appointed by the Governor, Phil Murphy. Lucky was the Chairman of the Fort Monmouth Economic Revitalization Planning Authority (FMERPA), FMERA's predecessor Authority and has served on the FMERA Board for eight years. He is an engineer known worldwide for his writing and speaking about technology and society.



James V. Gorman



Dr. Robert Lucky

LOOKING AHEAD



At the time of its closing, Fort Monmouth was home to five million square feet of existing buildings and developable land. Since its inception in 2010, FMERA has worked diligently to revitalize the former U.S. Army Fort and establish a thriving, live-work-play environment that would bolster the local economy and enhance the community.

In its early stages of redevelopment, Fort Monmouth attracted companies reflective of the Fort's history—innovative technology companies and those which serve the military. In 2014, the data-security giant, Commvault, opened its 275,000-square-foot corporate headquarters, followed by AASKI, an information and communications technology defense-contractor, in 2016. Shortly thereafter, private-cloud business solutions expert, TetherView, made an offer to relocate to historic Russel Hall. With several anchors in place at the Fort, FMERA's vision for a dynamic, live-work-play community began to take shape, attracting mixed-use developers who'd conceptualized elaborate town centers, experienced home builders with a vision for reinvigorating the Fort's historic district, and community-centric organizations that contribute to the diversity of assets and amenities available at Fort Monmouth.

While the majority of Fort Monmouth's projects are not readily seen when passing through the former Army base, the property is bustling with development activity that will activate spaces, ignite innovation, and build a sense of community. While much of the Fort is still under construction, FMERA prides itself on the progress of its redevelopment as a world-class, live-work-play community. Monmouth County residents can already enjoy several new (or newly-renovated) properties, including the Marina Bar & Grill in Oceanport, Suneagles Golf Course in Eatontown, the Monmouth County Recreation Center in Tinton Falls, and Triumphant Life Church (former Army Chapel) in Oceanport. Other community amenities, such as Trinity Hall school and AcuteCare Health Systems, are also operational.

With seemingly endless development underway, FMERA looks forward to the completion of several large-scale projects including the addition of new housing units in Tinton Falls, Eatontown, and Oceanport; a Neighborhood Retail Center featuring convenience, food and beverage, and specialty retail in Tinton Falls; a walkable, Lifestyle Town Center featuring public art, specialty shops, restaurants, and outdoor activities in Eatontown; and the opening of other essential community organizations such as Family Promise. FMERA also expects several highly-anticipated facilities to open for business in the near future, including the Fort Monmouth Fitness Center; artist live-work space with an accompanying sculpture garden; and the renovated pistol range.

FMERA moves into 2018 with approval to issue Requests for Offers to Purchase (RFOTP) for multiple properties across the Fort, including: the Expo Theater & Adjacent Properties, located in Fort Monmouth's Eatontown Reuse Area; the Commissary and Post Exchange (PX); the Warehouse District; and the Post Office Area, all located in Oceanport's Reuse Area.

Fort Monmouth still has significant available land primed for development and several key sites, such as the former Myer Center parcel, that are suitable for large commercial projects, as well as others suitable for office, recreation, or other civic uses. Extensive interest in the Expo Theater, Commissary and the McAfee Center gives promise to expanding the presence of the arts, developing a technology or R&D park, and attracting businesses that will create jobs in a variety of sectors. We look forward to seeing what is in store for these properties in the coming months.

RECOGNITION & LEADERSHIP

Fort Monmouth Economic Revitalization Authority (FMERA) has worked closely with the boroughs of Tinton Falls, Eatontown, and Oceanport to meet the needs of each community — introducing new amenities, retaining highly-skilled jobs, and working towards a vibrant, pedestrian-friendly environment. With the support of local leadership, FMERA is advancing its goal of revitalizing and reactivating nearly 1,200 acres. To date, nearly two-thirds of the Fort is sold, under contract, or in negotiations. The success of the Fort's redevelopment would not be possible without great working relationships with FMERA's partners in each of the boroughs and Monmouth County, the support of the EDA and other state agencies, the leadership of our Board and Board Committees, and valuable feedback from our community stakeholders.

BOARD MEMBERS

Dr. Robert Lucky
Vice-Chairman
Public Member

Laurence Downes
Chairman

New Jersey Economic Development Authority

Mary Maples
Deputy Chief Counsel
Governor's Authorities Unit

Lillian Burry
Freeholder Deputy Director, County of Monmouth

Dennis Connelly
Mayor, Eatontown

Jay Coffey
Mayor, Oceanport

Vito Perillo
Mayor, Tinton Falls

Catherine McCabe
Commissioner
New Jersey Department of Environmental Protection

Diane Gutierrez-Scaccetti
Commissioner
New Jersey Department of Transportation

Sheila Oliver
Commissioner
New Jersey Department of Community Affairs

Robert Asaro-Angelo
Commissioner
New Jersey Department of Labor & Workforce Development

BOARD COMMITTEES

Audit Committee
Dr. Robert Lucky, Chairman
Mayor Dennis Connelly
Kenneth J. Kloo

Real Estate Committee
Dr. Robert Lucky, Interim Chairman
Freeholder Deputy Director Lillian Burry
Mayor Dennis Connelly

SENIOR LEADERSHIP

Bruce Steadman, Executive Director
FMERA

Dave Nuse, Deputy Executive Director & Director of Real Estate
FMERA

Kristy Dantes, Director of Facilities & Infrastructure
FMERA



FORT MONMOUTH ACTIVITY

BY THE NUMBERS

A SNAPSHOT OF THE LOCAL COMMUNITY, OUR SALES, INVESTMENT & JOB CREATION

\$27M

transactions



\$81M under contract/in negotiation

394 ACRES

acted on by
year-end



1,340

new jobs by
year-end



1,000+

new tech-
related jobs



1,729

professional
& scientific companies
within a 20-minute drive



Commvault

Tetherview

Aaski Technology

Fort Monmouth
Demographics

126,000

households within a 20-minute drive

330,000

residents within a 20-minute drive

32.7 MIN

average commuting time

40+%

of households have incomes
over \$100K

42+%

of the population have a
graduate degree

1,200 ACRES

for redevelopment

12 properties sold

9 under contract



1,408 UNITS

in the pipeline



350,000 SF

of planned retail space



**New education, entertainment,
civic, and cultural uses**



**FORT
MONMOUTH**

DISCOVER ► INNOVATE ► TRANSFORM

LIVE | WORK | PLAY

NEW OR RELOCATED BUSINESSES OPERATING AT FORT MONMOUTH



BUSINESS DIRECTORY

AASKI Technology

1 RADAR Way
Tinton Falls, NJ 07724
www.aaski.com

AcuteCare Health Systems

1075 Stephenson Avenue
Oceanport, NJ 07757
www.acutecarehs.com

Baker Technical Solutions

Located in Russel Hall
1000 Sanger Avenue
Suite 310
Oceanport, NJ 07757

Commvault

1 Commvault Way
Tinton Falls, NJ 07724
www.commvault.com

Cqentium, Inc.

Located in Russel Hall
1000 Sanger Avenue
Suite 118
Oceanport, NJ 07757

Family Promise of Monmouth County

Coming Soon
familypromisemc.org

Fort Athletic Club

Coming Soon

Fort Partners Group

Located in Russel Hall
1000 Sanger Avenue
Suite 305
Oceanport, NJ 07757

Jersey Shore Acupuncture

Located in Russel Hall
1000 Sanger Avenue
Suite 205
Oceanport, NJ 07757
jerseyshoreacupuncture.net

Officer Housing at Fort Monmouth

Townhome Rentals & For Sale Units
Coming Soon

Little Silver Family Chiropractic

Located in Russel Hall
1000 Sanger Avenue
Suite 205
Oceanport, NJ 07757
drkosta.com

The Marina at Oceanport

10 Riverside Avenue
Oceanport, NJ 07757
www.marinaatoceanport.com

Monarch Medical

Located in Russel Hall
1000 Sanger Avenue
Oceanport, NJ 07757
www.monarchmedical.com

Monmouth County Recreation Center at Fort Monmouth

2566 Guam Lane
Tinton Falls, NJ 07724
www.monmouthcountyparks.com

Nicoll Field Design

Located in Russel Hall
1000 Sanger Avenue
Suite 015
Oceanport, NJ 07757
www.nichollfielddesign.com

Odell Family Practice

Located in Russel Hall
1000 Sanger Avenue
Suite 210
Oceanport, NJ 07757

Stellar Supplements (within Odell Family Practice)

Located in Russel Hall
1000 Sanger Avenue
Suite 210
Oceanport, NJ 07757
stellarsupplements.shapelight.com

Suneagles Golf Course

2000 Lowther Drive
Eatontown, NJ 07724
www.suneaglesgolf.com

SymbolicIO

Located in Russel Hall
1000 Sanger Avenue
Suite 105
Oceanport, NJ 07757
www.symbolicio.com

TetherView

Located in Russel Hall
1000 Sanger Avenue
Oceanport, NJ 07757
tetherview.com

Triumphant Life Church

500 Malterer Avenue
Fort Monmouth, NJ 07703
www.triumphant-life.org

Trinity Hall

101 Corregidor Road
Tinton Falls, New Jersey 07724
www.trinityhallnj.org

Certifications Pursuant to Executive Order 37

April 18, 2018

In accordance with Executive Order No. 37, the Fort Monmouth Economic Revitalization Authority's 2016 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, CliftonLarsonAllen LLP, dated April 18, 2018, 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, 2017.



Bruce Steadman
Executive Director

I, Jennifer Lepore, 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, 2017.



Jennifer Lepore
Senior Finance Officer

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2017 AND 2016

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4
FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	9
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	10
STATEMENTS OF CASH FLOWS	11
NOTES TO FINANCIAL STATEMENTS	12
SUPPLEMENTARY INFORMATION	
COMBINING SCHEDULE OF NET POSITION	27
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	29
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES BY FUND	31
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	32

INDEPENDENT AUDITORS' REPORT

Audit Committee and Management
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 statements of net position as of December 31, 2017 and 2016, and the related statements of revenues, expenses, and changes in net position and cash flows for the years 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 from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2017 and 2016, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4–8, 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.

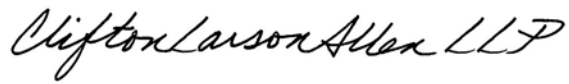
Other Information

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 schedule of net position, combining schedule of revenues, expenses, and changes in net position, and the schedule of general and administrative expenses by fund (supplementary information) on pages 27–31 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2018 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 solely 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 effectiveness of the Authority's 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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
April 18, 2018

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2017**

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, 2017 and 2016. 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.

2017 FINANCIAL HIGHLIGHTS

- The Authority's net position increased \$2,848,608.
- Total assets decreased \$4,727,005.
- Total liabilities decreased \$7,575,613.
- Capital assets – net decreased \$84,755.
- Earned \$62,500 in operating fees from the professional management and maintenance agreement for operation of Suneagles Golf Course and Facilities.
- Earned \$557,380 in other revenue from auctions conducted to sell personal property acquired by the Authority from the U.S. Department of the Army in the Phase 1 and 2 Economic Development Conveyance (EDC) and \$77,504 from the use of the cell tower on the Phase 1 property and other miscellaneous income.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2017**

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position: The following table summarizes the changes in Net Position for the years ended December 31, 2017, 2016, and 2015:

	2017	2016	Dollar Change	Percentage Change	2015	Dollar Change	Percentage Change
Current Assets	\$ 88,495,225	\$ 93,119,913	\$ (4,624,688)	-5%	\$ 61,077,398	\$ 32,042,515	52%
Noncurrent Assets	509,600	611,917	(102,317)	-17%	736,610	(124,693)	-17%
Total Assets	89,004,825	93,731,830	(4,727,005)	-5%	61,814,008	31,917,822	52%
Current Liabilities	38,441,936	71,552,549	(33,110,613)	-46%	36,688,129	34,864,420	95%
Noncurrent Liabilities	25,535,000	-	25,535,000	-100%	-	-	0%
Total Liabilities	63,976,936	71,552,549	(7,575,613)	-11%	36,688,129	34,864,420	95%
Net Position	<u>\$ 25,027,889</u>	<u>\$ 22,179,281</u>	<u>\$ 2,848,608</u>	<u>13%</u>	<u>\$ 25,125,879</u>	<u>\$ (2,946,598)</u>	<u>-12%</u>

During 2017, the Authority's combined net position increased \$2.849 million (or 13%) due to:

\$ 3.504 million	Economic Development Conveyance (EDC) (revenue exceeded operating costs)
\$ (38) thousand	Office of Economic Adjustment (OEA) grant (negative amount is due to depreciation of Building Improvements on the former Post Library used as the Authority's offices)
\$ (59) thousand	State appropriation and a decrease in direct office support expenses
\$ (558) thousand	Homeless Fund disbursements and interest income

During 2016, the Authority's combined net position decreased \$2.947 million (or 12%) due to:

\$ (2.731) million	Economic Development Conveyance (EDC) (negative amount is due to operating costs exceeding revenue due to costs incurred to market and prepare properties for sale)
\$ (38) thousand	Office of Economic Adjustment (OEA) grant award (negative amount is due to depreciation of Building Improvements on the former Post Library used as the Authority's offices)
\$ 15 thousand	State appropriation and an increase in direct office support expenses
\$ (193) thousand	Reduction of the Homeless Fund land conveyance due to property sales and interest income

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 the Army Garrison at Fort Monmouth (the Fort). 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.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2017**

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 is 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 and obtained title for 500 acres of former Army property.

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 received the Phase 1 deed on May 29, 2014, except for Parcels E and the Clinic parcel, the titles for which were transferred to FMERA in 2012 and 2013, respectively and the Marina Parcel which is expected to be transferred in 2018.

The Phase 2 EDC is comprised of the remaining 563 acres of the former Fort, split between Eatontown and Oceanport. The transfer of the balance of the Main Post was accomplished under a Phase 2 Memorandum of Agreement. The Phase 2 Parcels were purchased by FMERA from the Army on November 17, 2016. The purchase was financed by a loan from the MCIA as discussed in Note 11 to the financial statements.

As a recognized implementation Local Redevelopment Authority (LRA), under the Base Realignment and Closure (BRAC) law, the Authority was eligible for financial assistance through the Defense Economic Adjustment Program and administered by the 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 nonfederal sources. Grant revenue is earned when the Authority has complied with the terms and conditions of the grant agreements. The Authority's final grant and assistance from OEA ended on June 30, 2017. The Authority also earned income from operating fees from the Suneagles Golf Course, proceeds from the sale of personal property at auctions, for use of the cell tower and from conveyance revenue on the transfer of the Phase 1 and 2 EDC parcels to third party buyers according to the terms of the Phase 1 and 2 EDC Agreements.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2017**

The following table summarizes changes in operating and nonoperating activities between fiscal year 2017, 2016, and 2015:

	2017	2016	Dollar Change	Percentage Change	2015	Dollar Change	Percentage Change
Operating Revenue	\$ 9,846,913	\$ 1,778,034	\$ 8,068,879	454%	\$ 1,521,166	\$ 256,868	17%
Operating Expenses	7,582,154	5,111,187	2,470,967	48%	3,364,546	1,746,641	52%
Operating Income (Loss)	2,264,759	(3,333,153)	5,597,912	-168%	(1,843,380)	(1,489,773)	81%
Nonoperating Revenue	583,849	386,555	197,294	51%	291,759	94,796	32%
Change in Net Position	2,848,608	(2,946,598)	5,795,206	-197%	(1,551,621)	(1,394,977)	90%
Net Position -							
Beginning of Year	22,179,281	25,125,879	(2,946,598)	-12%	26,677,500	(1,551,621)	-6%
Net Position -							
End of Year	\$ 25,027,889	\$ 22,179,281	\$ 2,848,608	13%	\$ 25,125,879	\$ (2,946,598)	-12%

Operating Revenue and Expenses

During 2017, the Authority's operating revenues were impacted by the following:

- EDC revenue increased by \$8,652,217 – Due to the gains on land sales
- Grant revenue decreased by \$723,435 – Due to the final period of the federal grant which ended on June 30, 2017. The federal grant revenue is directly related to the reimbursement of qualified expenses incurred during the period.
- Other income increased by \$66,916 – From income for the usage of the cell tower acquired with the Phase 2 property

During 2016, the Authority's operating revenues were impacted by the following:

- EDC revenue increased by \$352,731 – Due to the gains on land sales
- Grant revenue increased by \$42,646 – Federal grant revenue is directly related to the reimbursement of qualified expenses incurred during the period
- Other income decreased by \$65,328 – Due to the transfer of ownership of the cell tower with the sale of Building 2525

The 2017 Operating Revenue increased as a result of gains on property sales.

The 2017 Operating Expenses increased by \$2,470,967, compared to 2016. The 2017 Program Costs were \$2,036,023 more than 2016 due to a full year of carrying costs associated with the Phase 1 and Phase 2 property compared to one and a half months in 2016. The 2017 Homeless Fund expenses increased by \$441,087 due to the Authority making payments toward the Homeless Fund obligation per the Legally Binding Agreements for Homeless Provider Services.

Nonoperating Revenue – Net

In 2017, nonoperating revenues – net, increased by \$197,294 due to an increase in auction proceeds and interest earned compared to 2016. In 2016, nonoperating revenues – net, increased by \$94,796 due to an increase in auction proceeds and interest earned compared to 2015.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2017**

Impact of Future Economic Events

In 2018, the Authority is anticipating the sale of approximately 9 parcels. A portion of the net proceeds from the sales of these parcels will be used to pay down the loan from the Monmouth County Improvement Authority (MCIA) and the working capital loan from the New Jersey Economic Development Authority (NJEDA). After payments to the Army, Homeless Fund, and sales commissions, the Authority estimates net sales revenue to the Authority of the 9 parcels to be approximately \$4.3 million.

In addition, EDC revenue will be used to fund infrastructure improvements, primarily on the Phase 2 (i.e., Main Post) properties. FMERA intends to fund these improvements as funding permits and on a "just in time" basis. Nevertheless, anticipated EDC revenue is projected to be sufficient to cover planned 2018 infrastructure expenditures.

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, 2017 AND 2016

ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Unrestricted Assets		
Cash and Cash Equivalents	\$ 329,887	\$ 445,707
Grant and Other Receivables	289,664	889,282
Land - Held for Resale	71,073,677	76,667,808
Prepaid Assets - Future Land Conveyance	1,381,941	1,651,588
Prepaid Expenses	67,940	68,884
Total Unrestricted Assets	<u>73,143,109</u>	<u>79,723,269</u>
Restricted Assets		
Cash - Economic Development Conveyance	1,740,144	866,114
Cash - Property Sales Deposits	3,562,779	3,226,782
Cash - Homeless Fund	2,013,904	1,151,609
Cash- Impact Fee	109,851	-
Developers Escrow Receivable	-	17,816
Escrow - AcuteCare	-	-
Escrow - Developers	66,340	19,500
Escrow Deposits - Property Sales	7,859,098	8,114,823
Total Restricted Assets	<u>15,352,116</u>	<u>13,396,644</u>
NONCURRENT ASSETS		
Costs Capitalized for Future Conveyance	32,496	50,058
Capital Assets, Net	477,104	561,859
Total Noncurrent Assets	<u>509,600</u>	<u>611,917</u>
 Total Assets	 <u>89,004,825</u>	 <u>93,731,830</u>
 LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	1,263,256	581,129
Deposits - Property Sales	11,421,877	11,341,605
Escrow - AcuteCare	-	-
Escrow - Developers	66,340	37,316
Land Conveyance Liabilities	25,275,366	25,645,684
Loan Payable	-	33,525,000
Interest Payable	80,784	62,381
Due to NJ Economic Development Authority	334,313	359,434
Total Current Liabilities	<u>38,441,936</u>	<u>71,552,549</u>
NONCURRENT LIABILITIES		
Loan Payable	23,735,000	-
Working Capital Loan Payable	1,800,000	-
Total Noncurrent Liabilities	<u>25,535,000</u>	<u>-</u>
 Total Liabilities	 63,976,936	 71,552,549
 NET POSITION		
Investment in Capital Assets	477,104	561,859
Restricted	8,845,150	7,090,518
Unrestricted	15,705,635	14,526,904
Total Net Position	<u>\$ 25,027,889</u>	<u>\$ 22,179,281</u>

See accompanying Notes to 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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Federal Grants	\$ 701,961	\$ 1,425,396
Gain on Sale of Land	9,004,948	279,550
Operating Fee	62,500	62,500
Other	<u>77,504</u>	<u>10,588</u>
Total Operating Revenue	9,846,913	1,778,034
OPERATING EXPENSES		
Direct Office Support	1,380,315	1,428,983
General and Administrative	135,088	146,914
Homeless Fund	563,700	122,613
Program Costs	4,785,867	2,749,844
Interest Expense on Loan Payable	479,953	62,381
Loan Issuance Costs	47,414	475,759
Working Capital Loan Fees	87,500	-
Conveyance Transfer	17,562	39,938
Depreciation	<u>84,755</u>	<u>84,755</u>
Total Operating Expenses	<u>7,582,154</u>	<u>5,111,187</u>
OPERATING INCOME (LOSS)	2,264,759	(3,333,153)
NONOPERATING REVENUE		
State Appropriation	-	180,200
Interest Income	26,469	7,882
Other	<u>557,380</u>	<u>198,473</u>
Total Nonoperating Revenue	<u>583,849</u>	<u>386,555</u>
CHANGE IN NET POSITION	2,848,608	(2,946,598)
Net Position - Beginning of Year	<u>22,179,281</u>	<u>25,125,879</u>
NET POSITION - END OF YEAR	<u>\$ 25,027,889</u>	<u>\$ 22,179,281</u>

See accompanying Notes to Financial Statements.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Federal Grants	\$ 1,138,120	\$ 1,317,869
Receipts from Customers and Users (Golf Course and Miscellaneous)	99,874	48,748
Payments for Personnel Services	(1,424,036)	(1,411,015)
Payments to Suppliers	(4,604,077)	(2,247,022)
Deposits Received	80,272	2,264,581
Deposits Returned	255,735	(3,486,068)
Proceeds from Property Sale	14,785,817	3,845,001
Payments to U.S. Army	(287,410)	(35,616,702)
Payments Related to Homeless Fund	(563,700)	(122,613)
Net Cash Provided (Used) by Operating Activities	<u>9,480,595</u>	<u>(35,407,221)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriation	-	180,200
Proceeds of Loan Payable	23,735,000	33,525,000
Gross Payments of Loan Payable	(33,525,000)	-
Proceeds of Working Capital Loan Payable	1,800,000	-
Loan Issuance Costs	(47,414)	(475,759)
Working Capital Loan Fees	(87,500)	-
Miscellaneous Nonoperating Income	684,632	71,221
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(7,440,282)</u>	<u>33,300,662</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	26,040	7,901
Net Cash Provided by Investing Activities	<u>26,040</u>	<u>7,901</u>
NET INCREASE (DECREASE) IN CASH	2,066,353	(2,098,658)
Cash - Beginning of Year	<u>5,690,212</u>	<u>7,788,870</u>
CASH - END OF YEAR	<u><u>\$ 7,756,565</u></u>	<u><u>\$ 5,690,212</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 2,264,759	\$ (3,333,153)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Conveyance Transfer	17,562	39,938
Depreciation Expense	84,755	84,755
Loan Issuance Costs	47,414	475,759
Working Capital Loan Fees	87,500	-
Change in Assets and Liabilities:		
Grant and Other Receivables	472,795	(395,121)
Prepaid Expenses	944	22,084
Prepaid Asset - Future Land Conveyance	269,647	(1,651,588)
Land - Held for Resale	5,594,131	(28,541,038)
Accounts Payable and Accrued Liabilities	682,127	270,715
Deposits - Property Sales	335,997	(1,221,487)
Land Conveyance Liabilities	(370,318)	(1,232,226)
Interest Payable	18,403	62,381
Due to NJ Economic Development Authority	(25,121)	11,760
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 9,480,595</u></u>	<u><u>\$ (35,407,221)</u></u>

See accompanying Notes to Financial Statements.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Authority

The Fort Monmouth Economic Revitalization Authority (FMERA or the 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 (the 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 Plan.

The Authority does not have component units that should be included within its financial statements.

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). The New Jersey Housing Mortgage Finance Agency (HMFA) was the agency designated for coordinating the homeless services in New Jersey at the time the LBAs were executed. They were officially relieved of their responsibilities in this regard for such services at Fort Monmouth in March 2014 and the Authority was designated as the agency responsible for coordinating such homeless services and implementing the Homeless Assistance Submission. At December 31, 2017 and 2016, the cash held in the segregated accounts have been included in the Authority's statements of net position as an asset. The cash balances total \$2,013,904 and \$1,151,609 at December 31, 2017 and 2016, 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.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (Army) without cash consideration exceeds the aggregate of the Economic Development Conveyance contracted liabilities to the Army and the FMERA Homeless Fund for such parcel in accordance with Government Accounting Standards (GASB) Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

In a nonexchange transaction, a government gives value without directly receiving equal value in return. Voluntary nonexchange 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.

Gain or Loss on Property Sales

Property transferred to FMERA by the Army for cash consideration, such as the Phase 2 purchase, is an exchange transaction as the contracted liabilities to the Army are satisfied at the time of conveyance.

The Authority recognizes a gain or loss on property sales at the time of settlement to the extent that the purchase price exceeds or is less than the carrying value of the parcel.

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.

Nonoperating Revenue

Nonoperating revenues include appropriations from the State of New Jersey and income earned on the investment of funds and other income from proceeds from the auction of personal property.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

Land Held for Resale

Economic Development Conveyance (EDC) assets conveyed by the Army without cash consideration (Phase 1) are stated at their estimated fair market value at the date of transfer. EDC assets purchased from the Army for cash consideration (Phase 2) are recorded at cost.

Capitalization Policy

Unless material, it is the Authority's policy to expense all costs of an administrative nature. Administrative expenditures typically include expenses directly incurred to support staff operations. Capital assets are stated at cost and the capitalization threshold is \$35,000.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation Policy

Depreciation is computed when the asset is placed in service using the straight-line method over the following estimated economic life of the assets:

Building and leasehold Improvements	10 Years, Lease Term
Vehicles	5 Years
Furniture and Equipment	5-7 Years

Recent Accounting Standards

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide. The Authority is required to adopt Statement No. 75 for its calendar 2018 financial statements.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which is effective for fiscal years beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The Authority is required to adopt Statement No. 83 for its calendar 2019 financial statements.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which is effective for fiscal years beginning after December 15, 2018. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Criteria for identifying fiduciary activities are generally defined as (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also defines four fiduciary funds that should be reported. The Authority is required to adopt Statement No. 84 for its calendar 2019 financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, which is effective for fiscal years beginning after June 17, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The Authority is required to adopt Statement No. 85 for its calendar 2018 financial statements.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Standards (Continued)

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which is effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The Authority is required to adopt Statement No. 86 for its calendar 2018 financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*, which is effective for fiscal years beginning after December 15, 2019. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority is required to adopt Statement No. 87 for its calendar 2020 financial statements.

In March 2018 the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Debt Borrowings and Direct Placements*, which is effective for fiscal years beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Authority is required to adopt Statement No. 88 for its calendar 2019 financial statements.

Authority management is in the process of analyzing these pending changes in accounting principles and the impact they will have 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, 2017 AND 2016**

NOTE 2 CASH BALANCES

At December 31, 2017 and December 31, 2016, the Authority maintained Government Advantage Interest Checking Accounts with a financial institution. Funds in excess of the Federal Deposit Insurance Corporation (FDIC) insured amounts are protected by the NJ Governmental Unit Deposit Protection Act (GUDPA). Cash deposits in the checking accounts totaled \$5,628,120 and \$3,728,303, respectively. Of this amount, \$3,562,779 and \$3,226,782, respectively, represents the funds received by the Authority from the responders to the Authority's Requests for Offers to Purchase land (RFOTP).

Petty cash as of December 31, 2017 and 2016 totaled \$200 and \$-0-, respectively.

Additionally, the Authority has an account with the State of New Jersey Cash Management Fund (NJCMF). Cash deposits in this account totaled \$114,341 at December 31, 2017 and \$810,300 at December 31, 2016. In accordance with State Investment Council Regulations, units of ownership in the NJCMF may be purchased or redeemed on any business day (excluding state holidays) at the unit cost or value of \$1.00. Investment income and net realized gains and losses on investments are distributed daily in the form of additional whole units at the current day's net asset value. Fractional units are included in the succeeding day's distribution.

The NJCMF values participants' shares on a fair value basis. Specifically, the NJCMF distributes income to participants on a daily basis based on (1) realized investment gains and losses calculated at market (and added to the Reserve Fund for the pro-rata portion of such gains attributable to "Other-than-State" participants), (2) interest income based on stated rates, (3) amortization of discounts and premiums on a straight-line basis, and (4) administrative and reserve fund fees charged only to "Other-than-State" participants.

Fort Monmouth Homeless Funds were on deposit with a financial institution in a Government Advantage Interest Checking Account. At December 31, 2017 and 2016, the cash deposits totaled \$1,381,699 and \$524,729, respectively. In addition, the amount invested with the New Jersey Cash Management Fund totaled \$632,205 and \$626,880, respectively.

NOTE 3 ESCROW – DEVELOPERS

Pursuant to the Authority's approved agreement with the Parcel B purchaser, the purchaser is entitled to receive a split of net auction proceeds from the sale of furniture, fixtures, and equipment (FF&E), piping, wiring, etc. on the Phase 1 portion of the property occurring after RFOTP issuance. Any net auction proceeds generated from the sale of non-FF&E items on the Phase 2 portion of the property will be divided between the Authority and the purchaser. Cash deposits in this account totaled \$66,340 and \$19,500 at December 31, 2017 and 2016, respectively.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 4 ESCROW DEPOSIT – PROPERTY SALE

At December 31, 2017, the Authority had escrow deposits of \$7,859,098 from third-party purchasers per the contracts to sell the Fabrication Shops, Parcels C & C-1, Parcel B, the Pistol Range, Satellite Road, the Dance Hall, the Eatontown Barracks, the Golf Course, and Howard Commons. Escrow funds were on deposit with the attorney trust accounts.

At December 31, 2016, the Authority had escrow deposits of \$8,114,823 from third-party purchasers per the contracts to sell the Fabrication Shops, the Fitness Center, Officer's Housing, Parcels C & C-1, Russel Hall, Parcel B, the Pistol Range, and Satellite Road Parcels. Escrow funds were on deposit with the attorney trust accounts.

NOTE 5 GRANT AND OTHER RECEIVABLES

At December 31, 2017, included in Grant and Other Receivables is a receivable of \$186,496 for the value of in-kind services due from Monmouth County in connection with the purchase agreement for the Motor Pool Parcel. At December 31, 2016, included in grant and other receivables, was a federal grant receivable balance of \$436,159 and a receivable of \$263,000 for the value of in-kind services due from Monmouth County in connection with the purchase agreement for the Motor Pool parcel that was executed in November 2016.

NOTE 6 PROPERTY, PLANT, AND EQUIPMENT

The following schedule detail changes in Property, Plant, and Equipment by major class that occurred during the year ended December 31, 2017:

	Balance December 31, 2016	Additions	Deletions	Transfers	Balance December 31, 2017
Capital Assets, Being Depreciated:					
Building Improvements	\$ 847,552	\$ -	\$ -	\$ -	\$ 847,552
Total, Being Depreciated	<u>847,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>847,552</u>
Accumulated Depreciation					
Building Improvements	285,693	84,755	-	-	370,448
Total Accumulated Depreciation	<u>285,693</u>	<u>84,755</u>	<u>-</u>	<u>-</u>	<u>370,448</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 561,859</u>	<u>\$ (84,755)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 477,104</u>

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 6 PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

The following schedule detail changes in Property, Plant, and Equipment by major class that occurred during the year ended December 31, 2016:

	Balance December 31, 2015	Additions	Deletions	Transfers	Balance December 31, 2016
Capital Assets, Being Depreciated:					
Building Improvements	\$ 847,552	\$ -	\$ -	\$ -	\$ 847,552
Total, Being Depreciated	<u>847,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>847,552</u>
Accumulated Depreciation					
Building Improvements	200,938	84,755	-	-	285,693
Total Accumulated Depreciation	<u>200,938</u>	<u>84,755</u>	<u>-</u>	<u>-</u>	<u>285,693</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 646,614</u>	<u>\$ (84,755)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 561,859</u>

The Authority's lease with the Army for the former Post Library used as the Authority's offices was terminated as part of the Phase 2 purchase transaction in 2016, therefore the leasehold improvements are now considered to be building improvements. Total depreciation expense for Fiscal Years 2017 and 2016 was \$84,755 and \$84,755, respectively.

NOTE 7 LAND – HELD FOR RESALE AND COSTS CAPITALIZED FOR FUTURE CONVEYANCE

At December 31, 2016, the Authority held title to all of the Phase 1 property with the exception of the Marina Parcel which was expected to transfer in 2017, the Building 2525 Parcel which sold in February 2016, the Child Development Center Parcel which sold in March 2016, the Clinic Parcel which sold in March 2014, and Parcel E which sold in January 2013. In addition to the above, at December 31, 2017, the Authority held title to all of the Phase 1 property with the exception of the Marina Parcel, which is now expected to transfer in 2018 and Parcel F-3 which sold in February 2017. The remaining Phase 1 property were recorded at an estimated fair market value of \$44,846,770 and \$45,546,771, as of December 31, 2017 and December 31, 2016, respectively, based on: independent real estate appraisals, where available; purchase offers submitted in response to the Authority's Requests for Offers to Purchase; and market value estimates prepared by the Authority's staff and broker.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

**NOTE 7 LAND – HELD FOR RESALE AND COSTS CAPITALIZED FOR FUTURE CONVEYANCE
(CONTINUED)**

At December 31, 2016, the Authority also held title to all of the Phase 2 property with the exception of the Motor Pool which was sold to Monmouth County in November 2016, the County Homeless Shelter which was conveyed to Monmouth County in November 2016 at no cost, and the Phase 2 carve-outs discussed in Note 8. In addition to the above, at December 31, 2017, the Authority also held title to all of the Phase 2 property with the exception of the Fitness Center which sold in September 2017, the Oceanport Municipal Complex which sold in August 2017, Russel Hall which sold in June 2017, the Main Post Chapel which sold in February 2017, and Officer Housing which sold in January 2017. The remaining Phase 2 property was valued at cost which was \$26,226,907 and \$31,121,037 as of December 31, 2017 and December 31, 2016, respectively.

The Authority incurred certain infrastructure costs related to roads and sanitary sewer improvements within the parcels held for resale. This infrastructure will be conveyed to the various local municipalities in the future as redevelopment occurs. As the parcels get conveyed and transferred to the local municipalities, these costs will be expensed. The costs associated with the future conveyances totaled \$32,496 and \$50,058 at December 31, 2017 and 2016, respectively.

NOTE 8 PREPAID ASSETS

The Commissary and Squier Hall Parcels were Phase 2 carve-outs that were not transferred with the other Phase 2 property in November 2016; however, the purchase price ascribed to these parcels was part of the \$33,000,000 paid to the Army for the purchase of the Phase 2 property. As a result, the costs of these parcels were recorded as prepaid assets. The Army will not convey title to these parcels until all environmental remediation has occurred. A portion of the Squier Hall property was conveyed to the Authority in December 2017. The costs of these parcels recorded as prepaid assets were \$1,381,941 and \$1,651,588 as of December 31, 2017 and 2016, respectively.

NOTE 9 DEPOSITS – PROPERTY SALES

At December 31, 2017, the Authority held deposits aggregating \$11,421,877 for the initial payments under purchase and sale agreements for the Dance Hall, Eatontown Barracks, Fabrication Shops, Golf Course, Howard Commons, Parcel B, Parcels C & C-1, and the Pistol Range and Satellite Road Parcels and bid deposits for the potential sales of Allison Hall, Barker Circle, the Bowling Center, the Charles Wood Fire House, Golf Course, Howard Commons, the Lodging Area, Marina, Nurses Quarters, Parcel B, and the Squier Hall Parcel.

At December 31, 2016, the Authority held deposits aggregating \$11,341,605 for the initial payments under purchase and sale agreements for the Fabrication Shops, the Fitness Center, Officers Housing, Parcels C & C-1, Russel Hall, Parcel B and the Pistol Range and Satellite Road Parcels and bid deposits for the potential sales of the Charles Wood Fire House, Dance Hall, Eatontown Barracks, Golf Course, Howard Commons, Main Post Chapel, Marina, Nurses Quarters, Parcel B, Parcel F-3, Satellite Road, and the Squier Hall Parcel.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 10 LAND CONVEYANCE LIABILITIES

In accordance with the Economic Development Conveyance Agreement, at December 31, 2017 the Authority had the following obligations from the acquisition of the Phase 1 property which are payable at the time of a third-party settlement:

- a. Due to the United States Army
Ranging from 20% to 80% of Gross Sales Revenues (as defined by the Agreement)
- b. Due to Fort Monmouth Homeless Fund
\$20,055 per developable acre

Based on the above obligations, the Authority has recorded an aggregate of \$25,275,366 and \$25,645,684 of land conveyance liabilities due to the United States Army at December 31, 2017 and 2016, respectively. The Authority has also recorded an aggregate of \$5,002,602 and \$5,072,795 of land conveyance assets due to the Homeless Fund at December 31, 2017 and 2016, respectively. The land conveyance assets and liabilities recorded are estimates and are subject to change based on economic factors that were unknown at the time of conveyance. At the time of settlement on the sale of the Phase 1 parcels any changes to the estimated assets and liabilities are included in the Authority's gain or loss from property sales.

NOTE 11 LOAN PAYABLE

The Authority obtained financing for the purchase of the Phase 2 properties through the Monmouth County Improvement Authority (MCIA). The financing structure entailed MCIA's issuance of taxable notes to provide the consideration to the Army, along with the cost of issuance. Interest on the notes and expenses will be payable by the Authority on a current basis, with the notes issued as one- or two-year obligations. Interest on the notes and expenses will be general obligations of the Authority. At December 31, 2017, the Authority paid down approximately \$9.8 million in principal upon its sale of three parcels; Officers Housing, Russel Hall, and the Fitness Center.

In connection with this transaction, Monmouth County's Board of Chosen Freeholders authorized a payment guaranty for the notes for five years. The County will hold a mortgage against the Phase 2 parcels which mortgage will be released on a parcel-by-parcel basis as and when the Authority is ready to convey individual parcels to third-party purchasers. On each maturity of the notes, MCIA plans to issue subsequent notes to refund the notes that mature and cover issuance costs. During the five-year term of the County's guaranty, principal payments will be made from and only to the extent that sales proceeds are available. If any principal balance remains at the end of the five-year loan term, the balance will become a general obligation of the Authority and the Authority's options will be to either: (i) renegotiate and extend the loan; (ii) refinance the balance through a third-party lender; or (iii) pay off the balance from cash on hand.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 11 LOAN PAYABLE (CONTINUED)

The outstanding notes are as follows:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
The Monmouth County Improvement Authority, Governmental Loan Project Notes, Series 2016A; interest at 1.375%; principal and interest payable at maturity on 11/15/17	\$ -	\$ 23,370,000
The Monmouth County Improvement Authority, Governmental Loan Project Notes, Series 2016B; interest at 1.75%; principal and interest payable at maturity on 11/15/17	-	10,155,000
The Monmouth County Improvement Authority, Governmental Loan Project Notes, Series 2017A; interest at 2.50%; principal and interest payable at maturity on 11/14/19	16,735,000	-
The Monmouth County Improvement Authority, Governmental Loan Project Notes, Series 2017B; interest at 3.00%; principal and interest payable at maturity on 11/14/19	7,000,000	-
Total	<u>\$ 23,735,000</u>	<u>\$ 33,525,000</u>

At December 31, 2017, aggregate debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ -	\$ -
2019	23,735,000	1,256,750	24,991,750

Loan payable activity for the year ended December 31, 2017 was as follows:

<u>December 31, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2017</u>	<u>Amounts Due Within One Year</u>
\$ 33,525,000	\$ 23,735,000	\$ (33,525,000)	\$ 23,735,000	\$ -

Interest payable on the loan at December 31, 2017 was \$80,338.

NOTE 12 WORKING CAPITAL LOAN PAYABLE

The Authority obtained a working capital loan for up to \$5 million from the NJ Economic Development Authority for working capital purposes. The loan will have an interest rate of 2.23% with a 60-month term and a 12-month draw period. Monthly payments of interest will be due on the loan with all outstanding principal and interest due upon maturity. The loan is secured by a mortgage on the Authority's interest on the Phase 1 parcels that were not subject to sale agreements at the time of the loan closing plus an assignment of net proceeds on Phase 1 parcels that were under contract.

At December 31, 2017, the amount payable on the working capital loan was \$1,800,000 and the interest payable was \$446.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 13 DUE TO NJ ECONOMIC DEVELOPMENT AUTHORITY

The balances due to the NJ Economic Development Authority at December 31, 2017 and 2016 for direct office support were \$334,313 and \$359,434, respectively.

NOTE 14 ECONOMIC DEVELOPMENT CONVEYANCE (EDC) REVENUE AND EXPENDITURES

For the years ended December 31, 2017 and 2016, the Authority's EDC revenue was \$9,723,475 and \$629,451, respectively, and consisted of the following:

	2017	2016
Gain on Sale of Land	\$ 9,004,948	\$ 352,731
Operating Fee	62,500	62,500
Interest	21,143	5,316
Other	634,884	208,904
Total	<u>\$ 9,723,475</u>	<u>\$ 629,451</u>

For the years ended December 31, 2017 and 2016, the Authority's EDC expenditures were \$6,147,380 and \$3,313,838, respectively, and consisted of the following:

	2017	2016
Utility Construction	\$ 903,319	\$ 111,659
Landscaping	8,392	16,320
Storm and Sanitary Sewer Construction	192,094	-
Transportation Management Facilities	76,758	363,146
Road Construction	-	419,886
Planning for/or the Marketing of the Property	4,991,777	2,402,827
Total	<u>\$ 6,172,340</u>	<u>\$ 3,313,838</u>

NOTE 15 OPERATING LEASES AND AGREEMENTS

Golf Course and Facilities

The Authority has an agreement with an operator for professional management and maintenance 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 agreement is the operator's obligation to assume the operation and maintenance costs of the premises. The Authority has recorded \$62,500 in revenue for the operation and maintenance for the years ended December 31, 2017 and 2016.

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, 2017 and 2016. The lease has been extended through June 30, 2018.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 15 OPERATING LEASES AND AGREEMENTS (CONTINUED)

Future minimum payments under the equipment lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	<u>\$ 20,000</u>

Teen Center and Pool

The Authority has an agreement with the County of Monmouth for the use of Buildings 2566 and 2569 and the surrounding land area for professional management and maintenance of such facilities. The consideration for the agreement is the County's obligation to assume the operation and maintenance costs of the premises. Therefore, the Authority has recorded no rental revenue for the premises for the years ended December 31, 2017 and 2016.

Marina

The Authority has an operating lease with the Army for the use of the Marina, boat slips, and Building 450, dated June 5, 2014 for a term of one (1) year. The lease has been extended on a month-to-month basis 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 a marina operator for the professional management and maintenance of such marina and facilities under terms that cause such operator 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 leased premises for the years ended December 31, 2017 and 2016.

Building 282 – Main Post Fire Station

The Authority has an agreement with the Borough of Oceanport for the use of Building 282 and its associated parking area for the professional management and maintenance of such facilities. The consideration for the agreement is the Borough's obligation to assume the operation and maintenance costs of the premises. Therefore, the Authority has recorded no rental revenue for the premises for the years ended December 31, 2017 and 2016.

NOTE 16 RISKS AND UNCERTAINTIES

Concentration of Revenue

Principally all of the Authority's operating revenues are from the conveyance and subsequent sale of property in conjunction with the Economic Development Conveyance Agreement (Phase 1 and Phase 2) dated June 25, 2012 and October 25, 2016, respectively, 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.

Economic Dependence

The Authority is economically dependent on the United States Army's compliance with the Economic Development Agreements and the continuing direct and indirect support by the State of New Jersey and Monmouth County through loans and loan guarantees.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 17 CONTINGENCIES AND COMMITMENTS

Obligations from Phase 1 Economic Development Conveyance Agreement

In conjunction with the Phase 1 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 Phase 1 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 12 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.

Obligations from First Amendment to Phase 1 Economic Development Conveyance Agreement

Pursuant to the First Amendment to the Phase 1 EDC Agreement dated October 25, 2016:

1. The Authority is obligated to provide the Army all net sales proceeds (\$488,334) from the sale of the Fabrication Shops parcel.
2. The Authority may convey the 38-acre Myer Center parcel, also known as Parcel F-1, to the NJ Economic Development Authority at no cost, and if so conveyed, no consideration will be due the Army.
3. The Authority is authorized to use proceeds from the sale, lease or use of the Phase 1 property to service bonds related to the Phase 2 parcels, as set forth in the October 25, 2016 Phase 2 EDC Agreement.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 17 CONTINGENCIES AND COMMITMENTS (CONTINUED)

Obligations from Phase 2 Economic Development Conveyance Agreement

In conjunction with the Phase 2 EDC Agreement dated October 25, 2016, the Authority is obligated to:

1. Accept conveyance of certain Phase 2 parcels totaling approximately 563 acres including buildings, improvements, and personal property.
2. At settlement of the Phase 2 property, pay the Army \$33,000,000. (The Authority subsequently purchased the Phase 2 property on November 17, 2016.)
3. At the time of third-party settlement, contribute \$20,055 for each developable acre sold to the Fort Monmouth Homeless Fund.
4. 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 12 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 18 NET POSITION

The Authority's Net Position is characterized as follows:

- Investment in Capital Assets
- Restricted
- Unrestricted

Investment 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, this includes cash and the Homeless Fund share of land conveyance. Unrestricted net position includes all net assets not included above.

NOTE 19 SUBSEQUENT EVENTS

Sale of the Teen Center Parcel

In February 2018, the Authority closed on the Phase 1 – Teen Center Parcel per the terms of the purchase and sale agreement for \$502,645 paid by infrastructure improvements and in-kind services from the purchaser.

Sale of the Dance Hall

In April 2017, the Authority closed on the Phase 2 – Dance Hall parcel per the terms of the purchase and sale agreement for \$120,000. Proceeds were distributed as follows: (1) \$45,384 to the Fort Monmouth Homeless Fund, (2) sales commissions of \$7,200, (3) mortgage payoff Monmouth County of \$16,854, and (4) \$50,562 to the Authority.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

	OEA Grant and Matching	Economic Development Conveyance	Other	Homeless Fund	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Unrestricted Assets						
Cash and Cash Equivalents	\$ -	\$ -	\$ 329,887	\$ -	\$ -	\$ 329,887
Grant and Other Receivables	-	289,664	-	-	-	289,664
Interfund Receivable	-	-	57,609	-	(57,609)	-
Land - Held for Resale	-	66,071,075	-	5,002,602	-	71,073,677
Prepaid Assets - Future Land Conveyance	-	1,381,941	-	-	-	1,381,941
Prepaid Expenses	-	67,940	-	-	-	67,940
Total Unrestricted Current Assets	-	67,810,620	387,496	5,002,602	(57,609)	73,143,109
Restricted Assets						
Cash - Economic Development Conveyance	-	1,740,144	-	-	-	1,740,144
Cash - Property Sales Deposit	-	3,562,779	-	-	-	3,562,779
Cash - Homeless Fund	-	-	-	2,013,904	-	2,013,904
Cash - Impact Fee	-	109,851	-	-	-	109,851
Escrow - Developers	-	66,340	-	-	-	66,340
Escrow Deposit - Property Sales	-	7,859,098	-	-	-	7,859,098
Total Restricted Assets	-	13,338,212	-	2,013,904	-	15,352,116
NONCURRENT ASSETS						
Costs Capitalized for Future Conveyance	-	32,496	-	-	-	32,496
Capital Assets, Net	212,715	264,389	-	-	-	477,104
Total Noncurrent Assets	212,715	296,885	-	-	-	509,600
Total Assets	212,715	81,445,717	387,496	7,016,506	(57,609)	89,004,825
LIABILITIES						
CURRENT LIABILITIES						
Accounts Payable and Accrued Liabilities	-	1,215,657	26,248	21,351	-	1,263,256
Interfund Payable	-	57,609	-	-	(57,609)	-
Deposits - Property Sales	-	11,421,877	-	-	-	11,421,877
Escrow - Developers	-	66,340	-	-	-	66,340
Land Conveyance Liabilities	-	25,275,366	-	-	-	25,275,366
Interest Payable	-	80,784	-	-	-	80,784
Due to NJ Economic Development Authority	-	334,313	-	-	-	334,313
Total Current Liabilities	-	38,451,946	26,248	21,351	(57,609)	38,441,936
NONCURRENT LIABILITIES						
Loan Payable	-	23,735,000	-	-	-	23,735,000
Working Capital Loan Payable	-	1,800,000	-	-	-	1,800,000
Total Noncurrent Liabilities	-	25,535,000	-	-	-	25,535,000
Total Liabilities	-	63,986,946	26,248	21,351	(57,609)	63,976,936
NET POSITION						
Investment in Capital Assets	212,715	264,389	-	-	-	477,104
Restricted	-	1,849,995	-	6,995,155	-	8,845,150
Unrestricted	-	15,344,387	361,248	-	-	15,705,635
Total Net Position	\$ 212,715	\$ 17,458,771	\$ 361,248	\$ 6,995,155	\$ -	\$ 25,027,889

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	OEA Grant and Matching	Economic Development Conveyance	Other	Homeless Fund	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Unrestricted Assets						
Cash and Cash Equivalents	\$ 37,823	\$ -	\$ 407,884	\$ -	\$ -	\$ 445,707
Grant and Other Receivables	436,159	453,123	-	-	-	889,282
Interfund Receivable	-	-	57,609	-	(57,609)	-
Land - Held for Resale	-	71,595,013	-	5,072,795	-	76,667,808
Prepaid Assets - Future Land Conveyance	-	1,651,588	-	-	-	1,651,588
Prepaid Expenses	-	68,884	-	-	-	68,884
Total Unrestricted Current Assets	473,982	73,768,608	465,493	5,072,795	(57,609)	79,723,269
Restricted Assets						
Cash - Economic Development Conveyance	-	866,114	-	-	-	866,114
Cash - Property Sales Deposit	-	3,226,782	-	-	-	3,226,782
Cash - Homeless Fund	-	-	-	1,151,609	-	1,151,609
Developers Escrow Receivable	-	17,816	-	-	-	17,816
Escrow - Developers	-	19,500	-	-	-	19,500
Escrow Deposit - Property Sales	-	8,114,823	-	-	-	8,114,823
Total Restricted Assets	-	12,245,035	-	1,151,609	-	13,396,644
NONCURRENT ASSETS						
Costs Capitalized for Future Conveyance	-	50,058	-	-	-	50,058
Capital Assets, Net	250,845	311,014	-	-	-	561,859
Total Noncurrent Assets	250,845	361,072	-	-	-	611,917
Total Assets	724,827	86,374,715	465,493	6,224,404	(57,609)	93,731,830
LIABILITIES						
CURRENT LIABILITIES						
Accounts Payable and Accrued Liabilities	185,334	350,947	44,848	-	-	581,129
Interfund Payable	-	57,609	-	-	(57,609)	-
Deposits - Property Sales	-	11,341,605	-	-	-	11,341,605
Escrow - Developers	-	37,316	-	-	-	37,316
Land Conveyance Liabilities	-	25,645,684	-	-	-	25,645,684
Loan Payable	-	33,525,000	-	-	-	33,525,000
Interest Payable	-	62,381	-	-	-	62,381
Due to NJ Economic Development Authority	288,648	70,786	-	-	-	359,434
Total Liabilities	473,982	71,091,328	44,848	-	(57,609)	71,552,549
NET POSITION						
Investment in Capital Assets	250,845	311,014	-	-	-	561,859
Restricted	-	866,114	-	6,224,404	-	7,090,518
Unrestricted	-	14,106,259	420,645	-	-	14,526,904
Total Net Position	\$ 250,845	\$ 15,283,387	\$ 420,645	\$ 6,224,404	\$ -	\$ 22,179,281

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

	OEA Grant and Matching	Economic Development Conveyance	Other	Homeless Fund	Total
OPERATING REVENUES					
Federal Grants	\$ 701,961	\$ -	\$ -	\$ -	\$ 701,961
Gain on Sale of Land	-	7,675,823	-	1,329,125	9,004,948
Operating Fee	-	62,500	-	-	62,500
Other	-	77,504	-	-	77,504
Total Operating Revenue	701,961	7,815,827	-	1,329,125	9,846,913
OPERATING EXPENSES					
Direct Office Support	578,935	819,980	(18,600)	-	1,380,315
General and Administrative	-	135,088	-	-	135,088
Homeless Fund	-	-	-	563,700	563,700
Program Costs	201,023	4,584,844	-	-	4,785,867
Interest Expense on Loan Payable	-	479,953	-	-	479,953
Loan Issuance Costs	-	47,414	-	-	47,414
Working Capital Loan Fees	-	87,500	-	-	87,500
Conveyance Transfer	-	17,562	-	-	17,562
Depreciation	38,130	46,625	-	-	84,755
Total Operating Expenses	818,088	6,218,966	(18,600)	563,700	7,582,154
OPERATING INCOME (LOSS)	(116,127)	1,596,861	18,600	765,425	2,264,759
NONOPERATING REVENUE					
State Appropriation	77,997	-	(77,997)	-	-
Interest Income	-	21,143	-	5,326	26,469
Other	-	557,380	-	-	557,380
Total NonOperating Revenue	77,997	578,523	(77,997)	5,326	583,849
CHANGE IN NET POSITION	(38,130)	2,175,384	(59,397)	770,751	2,848,608
Net Position - Beginning of Year	250,845	15,283,387	420,645	6,224,404	22,179,281
NET POSITION - END OF YEAR	<u>\$ 212,715</u>	<u>\$ 17,458,771</u>	<u>\$ 361,248</u>	<u>\$ 6,995,155</u>	<u>\$ 25,027,889</u>

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	OEA Grant and Matching	Economic Development Conveyance	Other	Homeless Fund	Total
OPERATING REVENUES					
Federal Grants	\$ 1,425,396	\$ -	\$ -	\$ -	\$ 1,425,396
Gain (Loss) on Sale of Land	-	352,731	-	(73,181)	279,550
Operating Fee	-	62,500	-	-	62,500
Other	-	10,588	-	-	10,588
Total Operating Revenue	1,425,396	425,819	-	(73,181)	1,778,034
OPERATING EXPENSES					
Direct Office Support	1,150,630	272,145	6,208	-	1,428,983
General and Administrative	26,000	120,914	-	-	146,914
Homeless Fund	-	-	-	122,613	122,613
Program Costs	407,143	2,342,701	-	-	2,749,844
Interest Expense on Loan Payable	-	62,381	-	-	62,381
Loan Issuance Costs	-	475,759	-	-	475,759
Conveyance Transfer	-	39,938	-	-	39,938
Depreciation	38,130	46,625	-	-	84,755
Total Operating Expenses	1,621,903	3,360,463	6,208	122,613	5,111,187
OPERATING INCOME (LOSS)	(196,507)	(2,934,644)	(6,208)	(195,794)	(3,333,153)
NONOPERATING REVENUE					
State Appropriation	158,377	-	21,823	-	180,200
Interest Income	-	5,316	-	2,566	7,882
Other	-	198,316	157	-	198,473
Total Nonoperating Revenue	158,377	203,632	21,980	2,566	386,555
CHANGE IN NET POSITION	(38,130)	(2,731,012)	15,772	(193,228)	(2,946,598)
Net Position - Beginning of Year	288,975	18,014,399	404,873	6,417,632	25,125,879
NET POSITION - END OF YEAR	<u>\$ 250,845</u>	<u>\$ 15,283,387</u>	<u>\$ 420,645</u>	<u>\$ 6,224,404</u>	<u>\$ 22,179,281</u>

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES BY FUND
YEAR ENDED DECEMBER 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>OEA Grant and Matching</u>	<u>Economic Development Conveyance</u>	<u>Total</u>
Equipment	\$ -	\$ 5,798	\$ 5,798
Insurance	-	39,358	39,358
Office Rent	-	43,141	43,141
Legal Notices	-	2,041	2,041
Office Supplies and Postage	-	16,051	16,051
Communication	-	9,235	9,235
Travel	-	5,235	5,235
Meetings and Seminars	-	2,551	2,551
Marketing	-	11,678	11,678
	<u>-</u>	<u>11,678</u>	<u>11,678</u>
Total	<u>\$ -</u>	<u>\$ 135,088</u>	<u>\$ 135,088</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**

Audit Committee and Management
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, a component unit of the state of New Jersey, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Fort Monmouth Economic Revitalization Authority's basic financial statements, and have issued our report thereon dated April 18, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
April 18, 2018



Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor.