



2021 ANNUAL REPORT

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY



CHAIRMAN'S MESSAGE

IN MEMORIAM

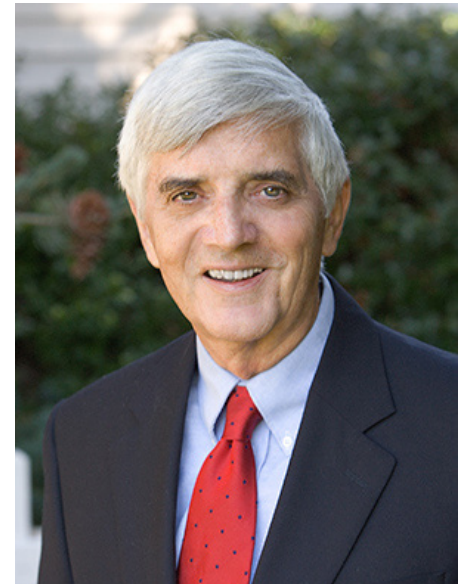
Dr. Robert Lucky, Fort Monmouth Economic Revitalization Authority (FMERA) Board Member, who served as Vice Chairman and Interim Chairman, passed away on March 11, 2022. The FMERA staff was deeply saddened by his passing, as were his fellow board members. In place of his annual Chairman's Letter, we offer the following tribute to him and his memory:

Bob Lucky was many things: inventor, author, lecturer, technical expert, manager, business leader, famous, published, renown, father, grandad...FMERA board member and Interim Chairman.

In many ways, he was the glue that held together the predecessor organization to FMERA, the Fort Monmouth Economic Revitalization Planning Authority (FMERPA); and with the help of Lillian Burry and others, paved the way through countless meetings, public hearings, and iterations to arrive at the Fort Monmouth Reuse and Redevelopment Plan from which FMERA's mission is taken. That was 15 years ago. He never pulled back or shrank from his important roles with FMERA, and he was always ready to help.

He was full of good ideas, outside the box thinking, a keen observer of life and earth's inhabitants, and always willing to listen. He was a great sounding board for ideas and possible courses of action; willing to share his opinions but never autocratic or close-minded. The FMERA staff will miss those many discussions we had with him.

Despite his successes, his fame, his inventions, the books, articles, presentations, world-wide travel, and the trappings of the technological greatness that he accumulated and deserved, he never, ever wore those things on his sleeve. He was a kind, respectful, pleasant man, with a great sense of self-deprecating humor, who truly enjoyed being a part of our team.



We will miss his calm and folksy style of chairing the FMERA meetings. We will miss his astute and straightforward, but respectful, way of sizing up a situation, and we will miss his kindness. The FMERPA and FMERA missions are alive and well in large part to Dr. Lucky's many hours of work and thought, clear thinking, and help.

Thank you, Bob, for everything. The FMERA staff salutes your memory and your contributions to the redevelopment of Fort Monmouth.

Bruce Steadman

Bruce Steadman | Executive Director
Fort Monmouth Economic Revitalization Authority



ABOUT FMERA

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-

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



FORT MONMOUTH MAIN POST



FORT MONMOUTH CHARLES WOOD

third of the Fort's employees were engineers and scientists.

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

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

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 County Commissioners, and the Chair of the NJEDA. 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.



ABOUT FMERA

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY

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.”



DISCOVER

FMERA PROPERTY SALES IN 2021

Formerly a part of the Howard Commons property, [New Jersey American Water \(NJAW\)](#) purchased the Water Tank Parcel from FMERA to build an approximately two-million-gallon storage tank to better serve the surrounding community. The Water Tank Parcel is uniquely suited to serve NJAW's needs by providing approximately four acres of land surrounded on two sides by undeveloped preserved forest, a municipal road, and a parcel that is slated for residential development, which will be buffered by trees. As NJAW serves as the sole source water provider in the Tinton Falls/Eatontown/Oceanport area, this tank will positively impact Fort Monmouth's redevelopment efforts, as well as the larger region.



NJAW TANK PARCEL
WATER TANK PROJECT



DISCOVER

FMERA PROPERTY SALES IN 2021



Barker Circle is an approximately 20-acre site that includes seven buildings, including four that functioned as barracks, as well as Kaplan Hall, the former Army Communications-Electronics Command Museum, and the Main Post Fort Monmouth Firehouse. The property is located along Avenue of Memories and Oceanport Way in Oceanport, within the Fort Monmouth National Register Historic District.

BARKER CIRCLE

BARRACKS, FIRE STATION, & KAPLAN HALL MUSEUM

Barker Circle Partnership, LLC (BCP) bought the Barker Circle site for \$4.85 million after being selected as the most qualified proposer for the property. The developer's plans for Barker Circle include 75 residential units in four barracks buildings, one office building, and a restaurant and arts-related uses in the Firehouse and Kaplan Hall, respectively. All seven buildings will be adaptively reused and are subject to New Jersey's state historic preservation covenants.

While the project is still undergoing renovation, the office building is now open and operating as Oceanport Worx. Oceanport Worx is a brand-new flexible office experience located in one of the historic barracks buildings.



“

The redevelopment of Barker Circle will not only provide premium residential units to a community that is experiencing high demand, but will also generate critical tax revenue for the Borough of Oceanport. It will activate one of the premium sites that once served as a destination for visitors and those stationed at Fort Monmouth.

- FMERA Executive Director Bruce Steadman

”

PROJECT SNAPSHOT



ARTS



OFFICE



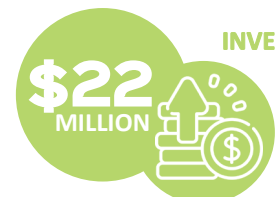
RESIDENTIAL



RESTAURANT



JOB CREATION



INVESTMENT



DISCOVER

FMERA PROPERTY SALES IN 2021



Somerset Development (Somerset), developer of Bell Works in Holmdel, purchased the former Fort Monmouth Lodging Area for \$15.3 million. The 15-acre property includes eight buildings, two of which are listed in the National Register of Historic Places.

Somerset has partnered with the **PulteGroup (Pulte)** for the creation of a new, world-class neighborhood in Oceanport.

PARKERS CREEK

WATERFRONT LUXURY TOWNHOMES

Somerset's designs are based on the principles of smart growth, traditional neighborhood design, and interactive community living, which are all highly complementary to FMERA's recently completed projects and those in the pipeline.

This project includes the renovation of two historic buildings on the site (Building 270 and Building 271) for apartments and construction of new, luxury townhomes adjacent to Oceanport Creek. **Somerset & Pulte** will construct 144 new market rate units and adaptively reuse two historic buildings for 36 affordable units. The overall vision is a pedestrian-friendly community, featuring a scenic waterfront promenade along the property's northern boundary.



PROJECT SNAPSHOT

231



JOB CREATION

\$30
MILLION



INVESTMENT



RESIDENTIAL

“PulteGroup and Somerset Development have partnered on several award-winning communities in recent years, bringing some of the most transformative real estate projects to life throughout New Jersey. We are confident this neighborhood will not only be a point of pride for the community, but also for our future residents.”

- PulteGroup VP of Acquisitions Corey Wescoe



The Marina at Oceanport opened at the former Fort Monmouth marina nearly six years ago under an operator's agreement between the FMERA and the restaurant owner, Mario Criscione of **Asbury Park Development Partners (APDP)**.

Since its opening, patrons have been flocking to the waterfront restaurant and bar, which occupies the renovated marina building formerly operated by Fort Monmouth. In 2018, the FMERA

THE MARINA

WATERFRONT RESTAURANT, BAR, & BOAT SLIPS

Board approved a contract with APDP for the sale of the marina parcel, which was transferred to **APDP** in March 2021.

There is indoor seating for approximately 52 patrons at tables and a bar inside the restaurant, as well as outdoor seating overlooking the water for another 60 patrons. For those looking to "dock and dine," the restaurant has boat slips available at its easternmost piers, closest to the public boat launch. The Marina also offers a broad array of entertainment, including trivia night, karaoke, and live music.

During the pandemic, the Marina leveraged its extensive outdoor area to offer tented, outdoor seating for approximately 60 diners, equipped with heaters and expanded their outdoor dining experience to include dog-friendly dining tables with umbrellas.



PROJECT SNAPSHOT



RESTAURANT



MARINA



JOB CREATION



INVESTMENT

The sale of the Marina brings another excellent business to the Borough of Oceanport and contributes to our vision for a walkable community, complete with amenities that will contribute to an appealing quality of life at Fort Monmouth and the community at large.

- FMERA Executive Director Bruce Steadman



IN THE PIPELINE

PROJECTS IN DEVELOPMENT OR NEGOTIATIONS

FABRICATION SHOPS ► TINTON FALLS

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 lot 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 grow in Monmouth County.



ALLISON HALL PARCEL

ALLISON HALL ► OCEANPORT

The FMERA Board approved a PSARA with **TetherView** in 2018 for the sale and renovation of historic Allison Hall. **TetherView** will develop the parcel for office, retail, and commercial uses, and may opt to incorporate a waterfront restaurant and boutique hotel.

The planned redevelopment of the Allison Hall parcel, offering a mix of neighborhood amenities and a walkable shopping cluster, will serve as a complement to the newly inhabited East Gate residences, formerly known as Officer's Housing. **TetherView** will also construct a 12-foot-wide promenade along Parkers Creek, linking the development to the west with Oceanport Avenue. This walkway is one of several planned multi-purpose trails intended to link the business and amenities throughout the Main Post and promote connectivity within the greater Fort Monmouth community.

TetherView's planned capital investment is \$14 million.

PARKS PARCEL ► EATONTOWN

In keeping with its mission to preserve open space across the Fort, FMERA approved the sale of a 3.8-acre parcel to the **Borough of Eatontown** for use as a new municipal park and recreation site through its Local Benefit Use process. The Borough will clear the property of its existing structures and improve the property for public use and enjoyment.

EATONTOWN DPW (BUILDING 1123) ► EATONTOWN

Through its Local Benefit Use process, FMERA approved the sale of a 7.5-acre parcel in the **Borough of Eatontown** for use as the municipality's new Department of Public Works site. The Borough will renovate Building 1123 and plan for supportive administrative uses on-site.

THE MYER CENTER ► TINTON FALLS

FMERA collaborated with the **New Jersey Economic Development Authority (NJEDA)** to arrange for the demolition of the approximately 672,000-square-foot Myer Center by woman-owned Tricon Enterprises, Inc. of Keyport. The clearing of these approximately 36 acres on the Fort have encouraged the sale and ultimate redevelopment of this site in Tinton Falls.

In 2018, **Robert Wood Johnson Barnabas Health (RWJBH)** submitted an unsolicited offer to the **NJEDA** to purchase the property, where RWJBH intends to develop a health campus which is currently anticipated to include an Ambulatory Care Center, a medical office



MYER CENTER DEMOLITION

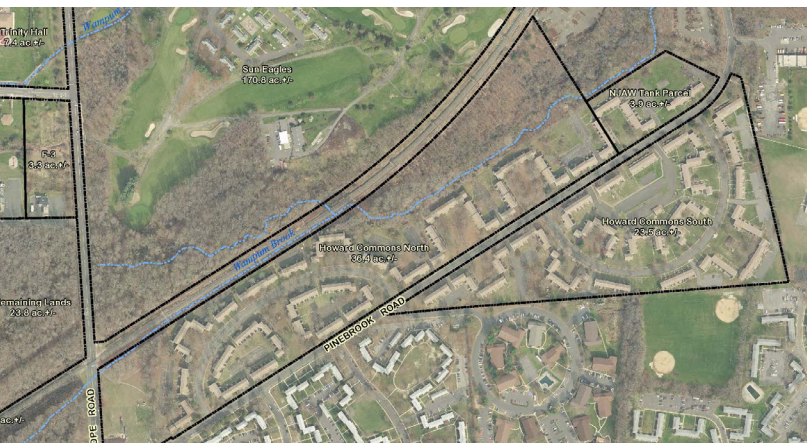
building, a Cancer Institute of New Jersey Cancer Center, a System Business Office, and campus space for future medical and health facilities.

Following **NJEDA** Board approval, the FMERA Board subsequently approved the execution of an Agreement to Assign the Purchase and Sale Agreement between FMERA and **RWJBH**. In October 2021, **RWJBH** executed a Redeveloper's Agreement to complete the project.



IN THE PIPELINE

PROJECTS IN DEVELOPMENT OR NEGOTIATIONS



HOWARD COMMONS

HOWARD COMMONS ► EATONTOWN

On December 29, 2014, FMERA publicly advertised an RFOTF for approximately 63.67 acres of land and improvements located in the Charles Wood Area of Fort Monmouth known as the Howard Commons Parcel. The property is slated for redevelopment as a residential community with a limited commercial component. Facing environmental challenges, this property has taken a number of years to come to contract and is now under contract with the only remaining bidder on the property, **Lennar**. The selected potential purchaser is a well-known home builder, with a track record of nationwide and Fort-wide success in the residential and commercial markets. The site will boast 275 brand new residential units and will remove all existing blight.

NURSES QUARTERS ► OCEANPORT

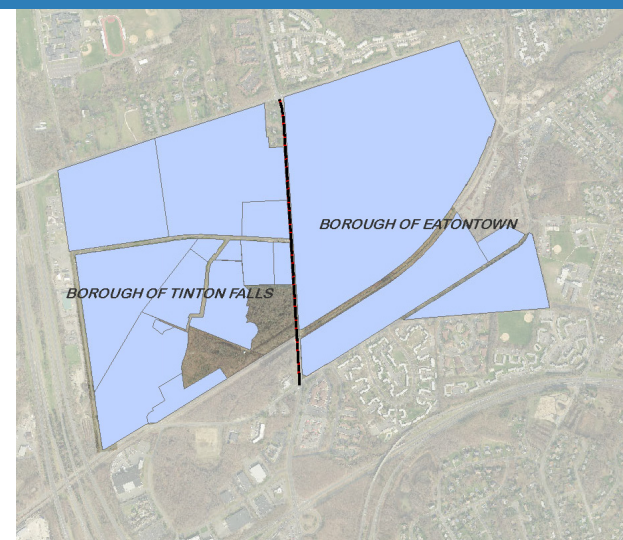
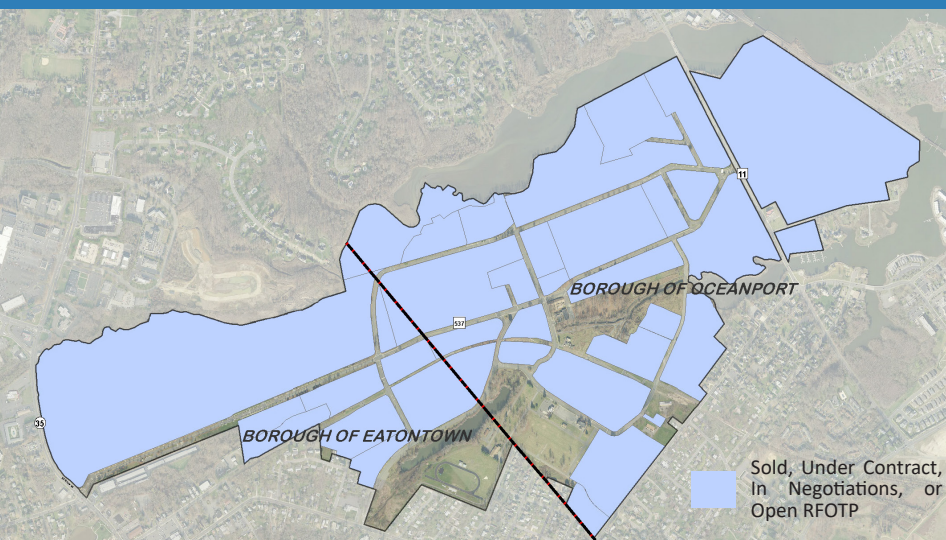
Formerly used to house the Patterson Army Hospital staff, the Nurses Quarters is slated to find new life. The property consists of an approximately 3.8-acre parcel of land containing Buildings 1077 and 1078 located on Main Street and Stephenson Avenue in the Main Post Area of Fort Monmouth. The Nurses Quarters were built in 1962 and include 24 residential units.

Under the terms of the January 2020 PSARA, developer **RPM** plans to revitalize and reuse 24 units within the existing buildings and construct 10 additional single-family townhomes along Main Street. RPM expects to invest approximately \$6.7 million in the project.



NURSES QUARTERS

86% OF THE FORT IS IN ACTIVE REDEVELOPMENT



This report includes "Project Snapshots," highlighting the economic impact of our redevelopment efforts. Please note that job creation and capital investment values are approximate only, based on contractual obligations as well as projected values. Jobs reflected may include a combination of temporary, part-time, and/or full-time positions.



TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



SUNEAGLES

Suneagles Golf Course, Gibbs Hall, & Housing



PROJECT SNAPSHOT

73



JOB CREATION

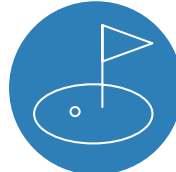
\$31.5
MILLION



INVESTMENT



RESTAURANT



RECREATION



EVENTS



RESIDENTIAL



TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



AASKI TECHNOLOGY

DEFENSE CONTRACTOR

PROJECT SNAPSHOT



25



JOB CREATION

\$500
THOUSAND



INVESTMENT



TECHNOLOGY



PROJECT SNAPSHOT

10



JOB CREATION

\$500
THOUSAND



INVESTMENT



CIVIC



TRIUMPHANT LIFE

CHAPEL



TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



THE BASELINE

MULTI-USE OF FORMER COMMISSARY
NEW OFFICE & FLEX SPACE



PROJECT SNAPSHOT



JOB CREATION



INVESTMENT



FOOD & CRAFT
PRODUCTION



INNOVATION



OFFICE

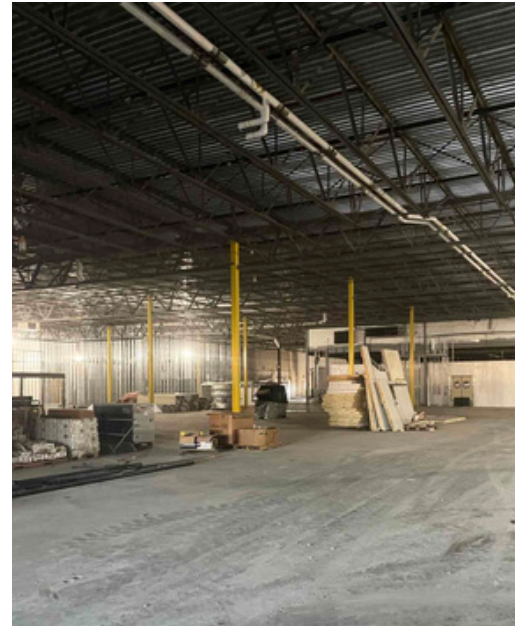


WAREHOUSE



TRANSFORM

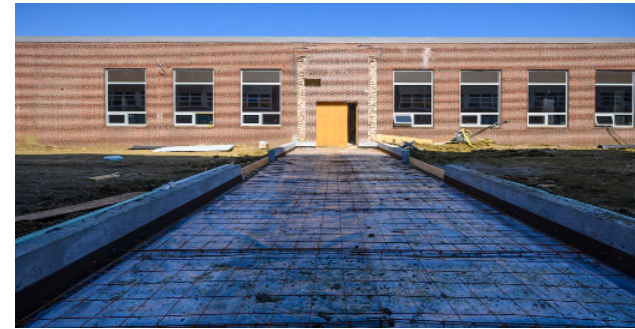
CONSTRUCTION & COMPLETION HIGHLIGHTS





TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



NJCU @ SQUIER HALL

NEW JERSEY CITY UNIVERSITY SATELLITE CAMPUS





TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



PROJECT SNAPSHOT

70



JOB CREATION

\$10.4
MILLION



INVESTMENT



HIGHER EDUCATION



FMERA has worked tirelessly toward its vision of restoring Fort Monmouth to its place as a creator of jobs and reinventing it as a driver of economic activity centered around innovation. Welcoming NJCU onto Fort Monmouth furthers two of Governor Phil Murphy's goals – increasing access to institutions of higher education and repositioning stranded assets to drive equitable and inclusive investment in our communities. A win-win by all accounts.

- NJEDA CEO Tim Sullivan





TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



PARK LOFT

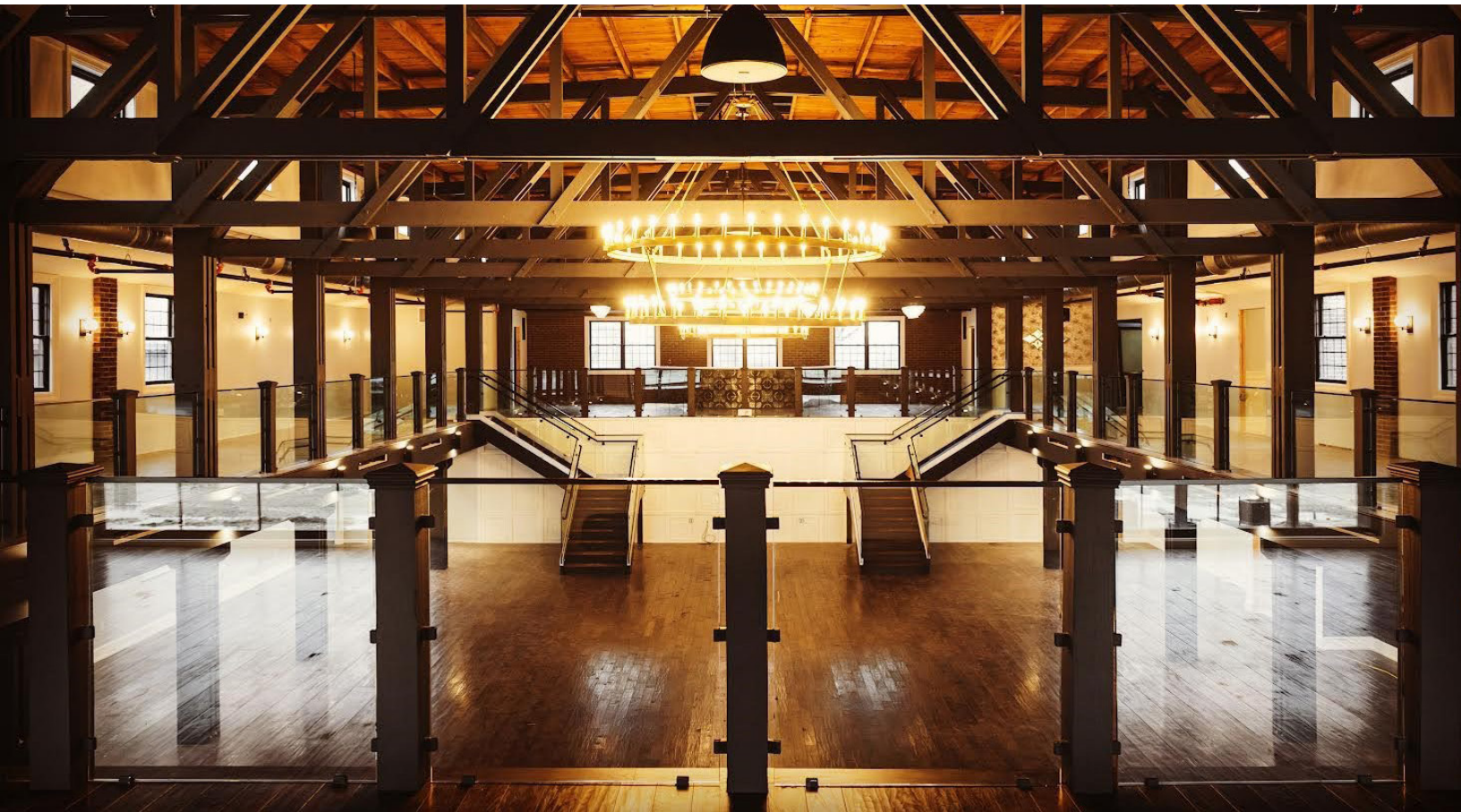
EVENT SPACE & MICROBREWERY





TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



PROJECT SNAPSHOT



JOB CREATION



INVESTMENT



EVENTS



ANTHEM PLACE

SINGLE FAMILY HOMES IN TINTON FALLS BY LENNAR



PROJECT SNAPSHOT



JOB CREATION



INVESTMENT



RESIDENTIAL



TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



PATRIOTS SQUARE

TOWNHOMES & SUPPORTIVE HOUSING WITH RETAIL
IN TINTON FALLS BY LENNAR



PROJECT SNAPSHOT



JOB CREATION



INVESTMENT



RESIDENTIAL



RETAIL



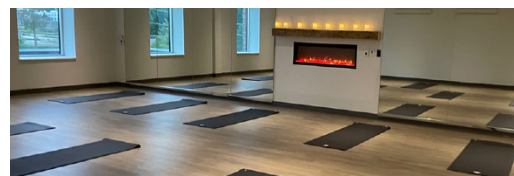
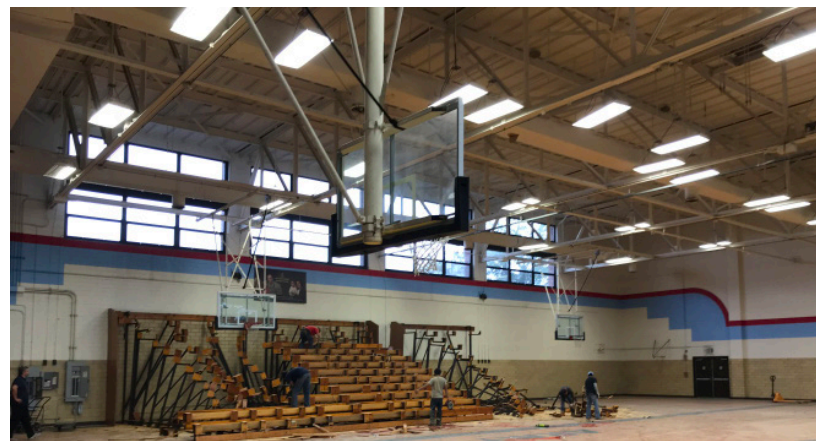
TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



FORT ATHLETIC CLUB

FITNESS CENTER, HEALTH CAFE, SPORTS REHAB



PROJECT SNAPSHOT



JOB CREATION



INVESTMENT



HEALTH CLUB



RETAIL



MEDICAL



TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS





TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



COMMVAULT

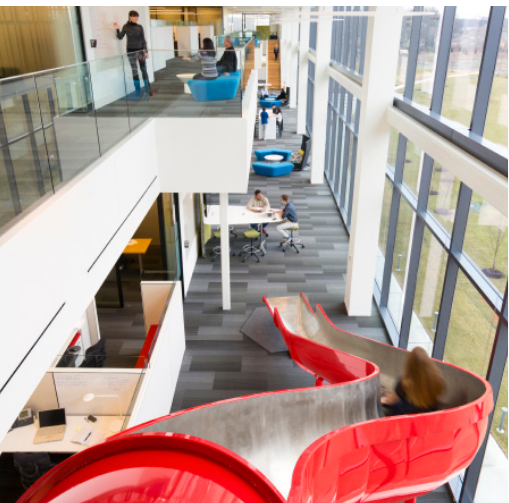
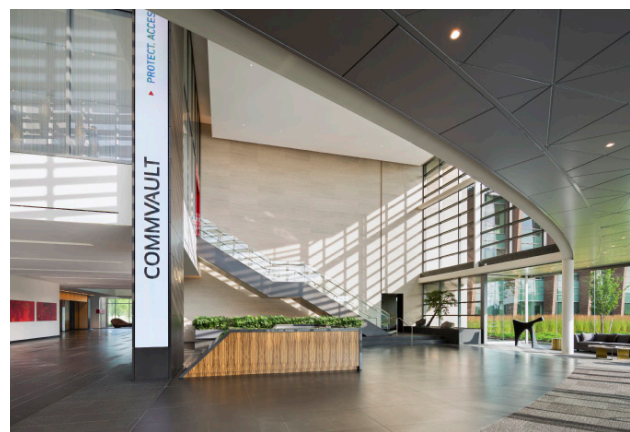
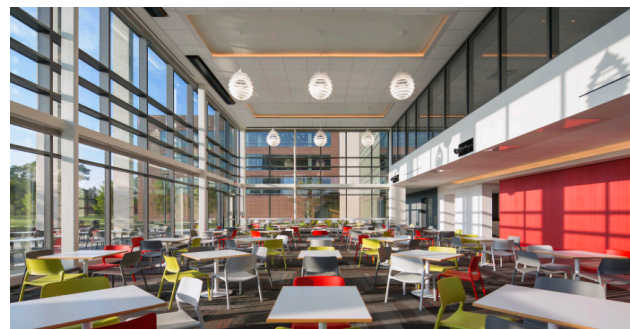
DATA PROTECTION & MANAGEMENT / TECH CO.





TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



PROJECT SNAPSHOT

900



JOB CREATION

\$70
MILLION



INVESTMENT



TECHNOLOGY

“

Commvault's headquarters project has had a major impact on the redevelopment of Fort Monmouth and has helped transform the surrounding area. As one of our earliest projects, it spurred a flurry of activity on the western side of the Fort. Today, it's nearly entirely redeveloped.

- FMERA Executive Director Bruce Steadman

”



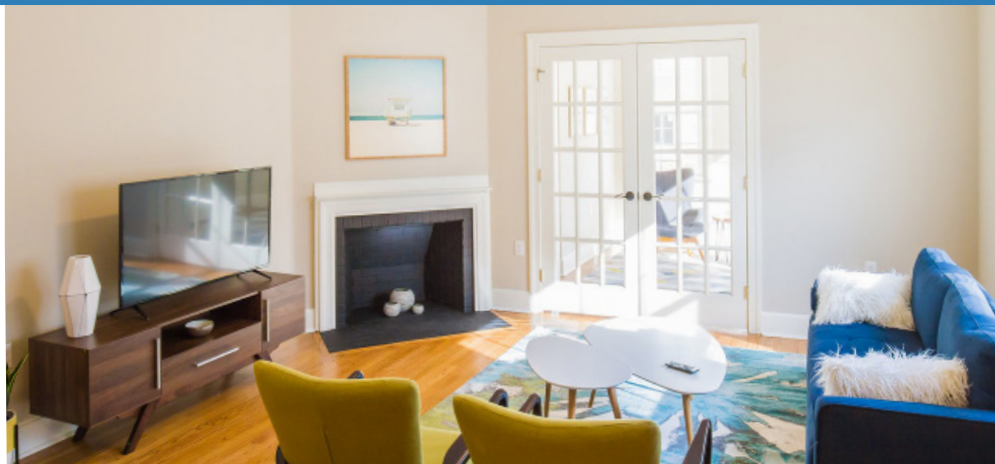
TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



EAST GATE

HISTORIC HOMES BY RPM DEVELOPMENT



PROJECT SNAPSHOT

EAST GATE & LIBERTY WALK



JOB CREATION



INVESTMENT



RESIDENTIAL





TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



LIBERTY WALK

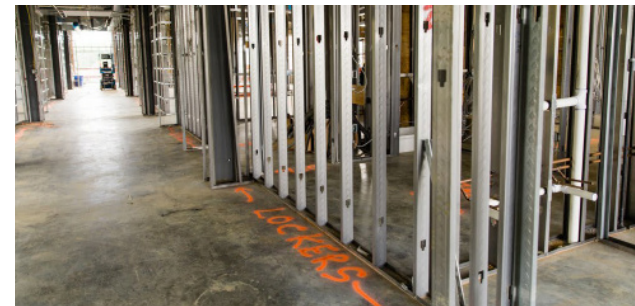
HISTORIC TOWNHOMES BY RPM DEVELOPMENT





TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



TRINITY HALL

STEM-FOCUSED ALL GIRLS PRIVATE HIGH SCHOOL



PROJECT SNAPSHOT

122



JOB CREATION

\$1
MILLION



INVESTMENT



EDUCATION



Since its inception, Trinity Hall has been a school that provides opportunity. Once we moved to our permanent and forever home on historic Fort Monmouth, we realized just how much opportunity we can provide to our greater community.

- Former Head of School Mary Sciarrillo





TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



OCEANPORT MUNICIPAL COMPLEX

POLICE STATION, TOWN HALL, ADMINISTRATIVE



PROJECT SNAPSHOT



\$10
MILLION

INVESTMENT



GOVERNMENT



CIVIC



TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



BEACON OF LIFE

ACUTECARE MEDICAL & SENIOR LIVING



PROJECT SNAPSHOT



JOB CREATION



INVESTMENT



RESIDENTIAL



MEDICAL



TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



Commvault Satellite
(Charles Wood Fire
Station)



Monmouth County
Adult Shelter



Monmouth County
Park System
(Parcel F-3)

Family Promise
(Building 501)

Communications Tower

Fort Monmouth
Recreation Center
(Pool & Teen Center)

Monmouth County
DPW (Motor Pool)

Tetherview (Russel
Hall)



RFOTPs

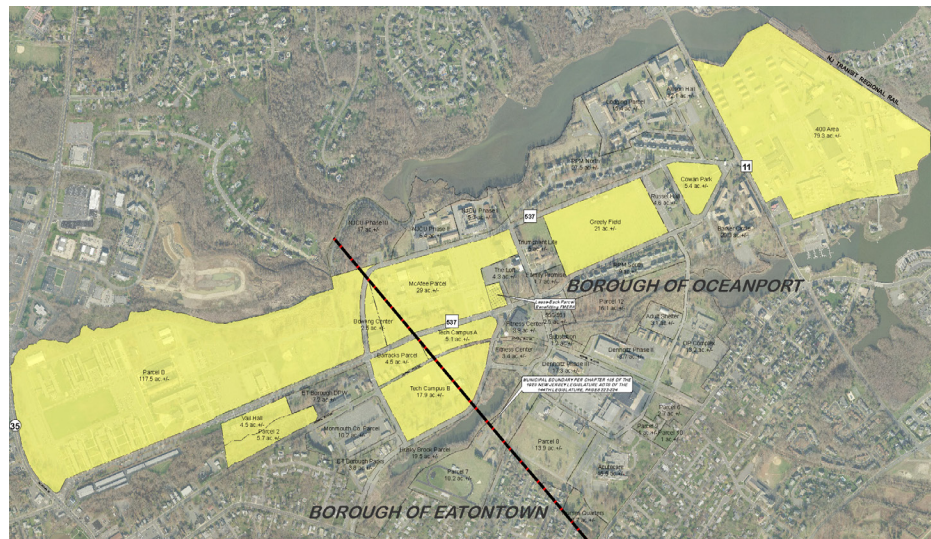
REQUESTS FOR OFFERS TO PURCHASE

MEGA PARCEL ► EATONTOWN & OCEANPORT

In 2021, FMERA advertised Parcel B through its RFOTP process, however, FMERA ultimately opted to terminate the RFOTP due to changes in the marketplace and development challenges from the pandemic. Upon further evaluation, the FMERA Board approved the issuance of a nearly 300-acre RFOTP, inclusive of Parcel B, which was issued October 15, 2021.

In addition to the goals outlined in the Reuse Plan, FMERA aligned the Mega Parcel RFOTP to position the project to serve as a regional hub for one or more high-wage, high-growth sectors identified by Governor Phil Murphy in his economic plan entitled “The State of Innovation: Building a Stronger and Fairer Economy in New Jersey.” Supporting one or more key sectors, including, but not limited to, life sciences, information and high tech, clean energy, food and beverage, and film and digital media, positions the Fort to further attract other business within and around the Fort Monmouth area. FMERA has a strong interest in bolstering the innovation economy to create more and better jobs locally, as well as throughout the state, and to further revitalize Fort Monmouth.

Whether targeted as a regional cultural and entertainment center that can include a wide range of arts, cultural & entertainment-related uses (such as arts and cultural centers, theaters, movie/show production facilities, and



museums that can contribute to local cultural entertainment amenities), or as a high-tech campus featuring incubator space, extensive lab areas, and R&D facilities with the potential to expand the State’s successes in the life sciences and medical industries, the Mega Parcel offers a unique development opportunity unlike any other in New Jersey.

The initial Mega Parcel RFOTP was terminated January 28, 2022 and was reissued with additional acreage and revisions on March 8, 2022. Proposals are anticipated early summer 2022.

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 toward 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, over 86 percent 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 NJEDA and other state agencies, the leadership of our Board and Board Committees, and valuable feedback from our community stakeholders.



2022 BOARD MEMBERS

Dr. Robert Lucky
Vice-Chairman / Interim Chairman
Public Member (*vacant effective March 2022*)

Stephen Gallo
Public Member

Kevin Quinn
Chairman
New Jersey Economic Development Authority

Noreen Giblin
Deputy Chief Counsel
Governor’s Authorities Unit

Lillian Burry
Commissioner, County of Monmouth

Anthony Talerico, Jr.
Mayor, Eatontown

Jay Coffey
Mayor, Oceanport

Vito Perillo
Mayor, Tinton Falls

Shawn LaTourette
Commissioner
New Jersey Department of Environmental Protection

Diane Gutierrez-Scaccetti
Commissioner
New Jersey Department of Transportation

Lieutenant Governor Sheila Y. 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 (*vacant effective March 2022*)
Mayor Anthony Talerico, Jr.
Tracy Buckley (*designee for Mayor Perillo*)

Real Estate Committee
Dr. Robert Lucky, Interim Chairman (*vacant effective March 2022*)
Commissioner Lillian Burry
Mayor Jay Coffey
Mayor Anthony Talerico, Jr.

LEADERSHIP & STAFF

Bruce Steadman
Executive Director
(*retiring June 2022*)

Regina McGrade
Administrative Manager

REAL ESTATE
Kara Kopach
Director of Real Estate & Deputy Executive Director
(*Executive Director effective May 2022*)

Laura Drahushak
Director of Legal Affairs

Sarah Giberson
Senior Marketing & Real Estate Development Officer

Upendra Sapkota
Senior Planning Officer

FACILITIES & INFRASTRUCTURE
Kristy Dantes
Director of Facilities & Infrastructure

Joe Fallon
Senior Environmental Officer

FINANCE
Jennifer Lepore
Accounting Manager

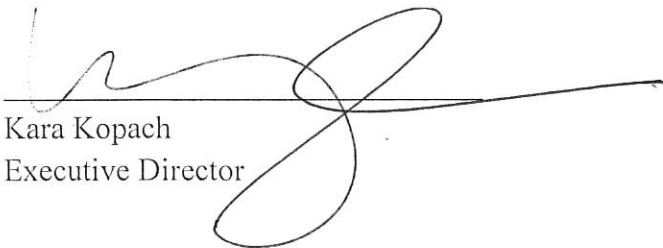
Certifications Pursuant to Executive Order 37

May 18, 2022

In accordance with Executive Order No. 37, the Fort Monmouth Economic Revitalization Authority's 2021 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 May 18, 2022, is attached and completes FMERA's requirements concerning the preparation of a comprehensive report required by Executive Order No. 37.

I, Kara Kopach, 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, 2021.



Kara Kopach
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, 2021.



Jennifer Lepore
Accounting Manager

**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, 2021 AND 2020



**WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING**

CLAconnect.com

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4
FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	8
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	9
STATEMENTS OF CASH FLOWS	10
NOTES TO FINANCIAL STATEMENTS	12
SUPPLEMENTARY INFORMATION	
COMBINING SCHEDULE OF NET POSITION	28
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	30
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES BY FUND	32
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	33
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS	34
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 <i>GOVERNMENT AUDITING STANDARDS</i>	35
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	37
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	40



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Fort Monmouth Economic Revitalization Authority (the Authority), a component unit of the state of New Jersey, as of and for the year ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of December 31, 2021 and 2020, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming 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 and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, 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 and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and about sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2022, 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.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
May 18, 2022

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2021**

This section of the Fort Monmouth Economic Revitalization Authority's (the 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, 2021 and 2020. 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.

2021 FINANCIAL HIGHLIGHTS

- The Authority's net position increased \$8,631,883
- Total assets increased \$229,179
- Total liabilities decreased \$8,402,704
- Capital assets — net decreased \$88,655
- Earned \$42,693 in other revenue from a refund from a utility company related to the installation of water main on the Main Post other miscellaneous income; \$14,313 from Mandatory Conceptual Review application income and other miscellaneous income.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position: The following table summarizes the changes in net position for the years ended December 31, 2021, 2020, and 2019:

	2021	2020	Dollar Change	Percentage Change	2019	Dollar Change	Percentage Change
Current Assets	\$ 54,957,311	\$ 54,621,980	\$ 335,331	1 %	\$ 69,572,577	\$ (14,950,597)	(21)%
Noncurrent Assets	1,340,495	1,446,646	(106,151)	(7)	1,537,813	(91,167)	(6)
Total Assets	56,297,806	56,068,626	229,180	0	71,110,390	(15,041,764)	(21)
Current Liabilities	13,795,810	37,551,894	(23,756,084)	(63)	47,983,949	(10,432,055)	(22)
Noncurrent Liabilities	23,313,252	7,959,871	15,353,381	193	6,436,305	1,523,566	24
Total Liabilities	37,109,062	45,511,765	(8,402,703)	(18)	54,420,254	(8,908,489)	(16)
Net Position	\$ 19,188,744	\$ 10,556,861	\$ 8,631,883	82	\$ 16,690,136	\$ (6,133,275)	(37)

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2021**

During 2021, the Authority's combined net position increased \$8.632 million (or 82%) due to:

\$8.330 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)
\$4 thousand	Decrease in direct office support expenses
\$336 thousand	Homeless Fund revenue, disbursements, and interest income

During 2020, the Authority's combined net position decreased \$6.133 million (or 37%) due to:

\$(3.930) million	Economic Development Conveyance (EDC) (operating costs exceeded revenue)
\$(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)
\$(43) thousand	Increase in direct office support expenses
\$(2.122) million	Homeless Fund revenue, disbursements, 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.

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.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2021**

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 was transferred in 2019.

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 10 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% 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 earned income 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.

The following table summarizes changes in operating and nonoperating activities between fiscal year 2021, 2020, and 2019:

	2021	2020	Dollar Change	Percentage Change	2019	Dollar Change	Percentage Change
Operating Revenue	\$ 19,197,176	\$ 1,669,922	\$ 17,527,254	1050 %	\$ 1,448,337	\$ 221,585	15 %
Operating Expenses	10,608,505	8,327,665	2,280,840	27	5,859,154	2,468,511	42
Operating Income (Loss)	8,588,671	(6,657,743)	15,246,414	(229)	(4,410,817)	(2,246,926)	51
Nonoperating Revenue	43,212	524,468	(481,256)	(92)	827,456	(302,988)	(37)
Change in Net Position	8,631,883	(6,133,275)	14,765,158	(241)	(3,583,361)	(2,549,914)	71
Net Position - Beginning of Year	10,556,861	16,690,136	(6,133,275)	(37)	20,273,497	(3,583,361)	(18)
Net Position - End of Year	<u>\$ 19,188,744</u>	<u>\$ 10,556,861</u>	<u>\$ 8,631,883</u>	82	<u>\$ 16,690,136</u>	<u>\$ (6,133,275)</u>	(37)

Operating Revenue and Expenses

During 2021, the Authority's operating revenues were impacted by the following:

- Gain on Sale of Land increased by \$12,389,056 — Due to an increase in land sales from 2020 to 2021.
- Federal Grant Revenue increased by \$5,200,000 — Due to the receipt of State Coronavirus Fiscal Recovery Funds (CSFRF) for Fort Monmouth Water and Sewer projects
- Other income decreased by \$30,627 — Due to a decrease in Mandatory Conceptual Review income and a decrease in other miscellaneous income from 2020 to 2021.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2021**

During 2020, the Authority's operating revenues were impacted by the following:

- EDC Revenue and Homeless Fund — Restricted Revenue increased \$52,060 and \$78,215, respectively — Due to the transfer of the Marina Parcel (a Phase 1 property) from the Army.
- Gain on Sale of Land increased by \$411,607 — Due to an increase in land sales from 2019 to 2020.
- Other income decreased by \$50,922 — Due to income for the usage of the cell tower decreasing after the property was sold and a decrease in other miscellaneous income from 2019 to 2020.

The 2021 Operating Revenue increased by \$17,527,254 primarily as a result of an increase in sales from 2020 to 2021 and the receipt of the CSFRF Funds.

The 2021 Operating Expenses increased by \$2,280,840 compared to 2020. The 2021 Program Costs were \$4,209,071 more than 2020 due primarily to an increase in infrastructure projects. The 2021 Homeless Fund expenses decreased by \$2,184,346 due to the Authority making less payments than 2020 toward the Homeless Fund obligation per the Legally Binding Agreements for Homeless Provider Services. Loan Costs increased \$382,122 due to the Authority receiving an additional loan from the New Jersey Economic Development Authority (NJEDA).

Nonoperating Revenue

In 2021, nonoperating revenues decreased by \$481,256 compared to 2020 when the Authority received a refund from a utility company related to the installation of a water main on the Main Post.

Impact of Future Economic Events

In 2022, the Authority is anticipating the sale of approximately five parcels. After payments to the Army and the Homeless Fund, the Authority estimates net sales revenue to be approximately \$3.4 million. A portion of the net proceeds from the sales of these parcels will be used to pay down the Direct and Working Capital Loans from NJEDA.

Contacting the Authority's Management

This financial report is designed to provide a general overview of the Authority's finances. 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, 2021 AND 2020

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 329,888	\$ 329,888
Other Receivables	217,352	501,534
Land - Held for Resale	38,516,537	47,013,894
Prepaid Assets - Future Land Conveyance	108,896	108,895
Prepaid Expenses	188,607	233,226
Total Unrestricted Assets	<u>39,361,280</u>	<u>48,187,437</u>
Restricted Assets:		
Cash - Economic Development Conveyance	12,351,320	2,826,386
Cash - Property Sales Deposits	151,436	740,270
Cash - Homeless Fund	1,457,892	964,004
Cash - Federal Funds	50,000	-
Escrow Deposits - Property Sales	1,585,383	1,903,883
Total Restricted Assets	<u>15,596,031</u>	<u>6,434,543</u>
NONCURRENT ASSETS		
Other Receivables	1,176,140	1,176,140
Costs Capitalized for Future Conveyance	-	17,496
Capital Assets, Net	164,355	253,010
Total Noncurrent Assets	<u>1,340,495</u>	<u>1,446,646</u>
 Total Assets	 <u><u>\$ 56,297,806</u></u>	 <u><u>\$ 56,068,626</u></u>
 LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 456,986	\$ 389,785
Deposits - Property Sales	1,736,819	2,644,153
Land Conveyance Liabilities	10,255,741	11,025,466
Interest Payable	83,056	120,482
Loan Payable	-	22,185,000
Unearned Revenue	50,000	-
Due to NJ Economic Development Authority	1,213,208	1,187,008
Total Current Liabilities	<u>13,795,810</u>	<u>37,551,894</u>
NONCURRENT LIABILITIES		
Direct Loan Payable	15,970,843	-
Working Capital Loan Payable	7,342,409	7,959,871
Total Noncurrent Liabilities	<u>23,313,252</u>	<u>7,959,871</u>
 Total Liabilities	 37,109,062	 45,511,765
NET POSITION		
Investment in Capital Assets	164,355	253,010
Restricted	17,266,576	7,406,189
Unrestricted	1,757,813	2,897,662
Total Net Position	<u>19,188,744</u>	<u>10,556,861</u>
 Total Liabilities and Net Position	 <u><u>\$ 56,297,806</u></u>	 <u><u>\$ 56,068,626</u></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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Federal Grants	\$ 5,200,000	\$ -
Gain on Sale of Land	13,982,863	1,593,807
Operating Fee	-	31,175
Other	14,313	44,940
Total Operating Revenues	<u>19,197,176</u>	<u>1,669,922</u>
OPERATING EXPENSES		
Direct Office Support	1,208,851	1,229,483
General and Administrative	167,379	149,724
Homeless Fund	348,492	2,532,838
Program Costs	7,793,969	3,584,898
Interest Expense on Loan Payable	625,107	798,784
Loan Issuance Costs	(7,070)	(57,479)
Loan Costs	383,122	1,000
Depreciation	88,655	88,417
Total Operating Expenses	<u>10,608,505</u>	<u>8,327,665</u>
OPERATING GAIN (LOSS)	8,588,671	(6,657,743)
NONOPERATING REVENUE		
Interest Income	519	5,251
Other	42,693	519,217
Total Nonoperating Revenue	<u>43,212</u>	<u>524,468</u>
CHANGE IN NET POSITION	8,631,883	(6,133,275)
Net Position - Beginning of Year	<u>10,556,861</u>	<u>16,690,136</u>
NET POSITION - END OF YEAR	<u><u>\$ 19,188,744</u></u>	<u><u>\$ 10,556,861</u></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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users (Golf Course and Miscellaneous)	\$ 269,066	\$ 10,594
Payments for Personnel Services	(1,187,007)	(725,820)
Payments to Suppliers	(8,477,619)	(4,856,050)
Deposits Received	(907,334)	(4,872,769)
Deposits Returned	318,500	3,220,124
Proceeds from Property Sale	22,480,220	9,350,000
Payments to U.S. Army	(769,725)	(2,770,960)
Payments Related to Homeless Fund	(348,492)	(2,532,836)
Net Cash Provided (Used) by Operating Activities	<u>16,627,609</u>	<u>(3,177,717)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds of Loan Payable	-	22,185,000
Gross Payments of Loan Payable	(22,185,000)	(23,560,000)
Proceeds of Working Capital Loan Payable	(617,462)	1,523,566
Loan Issuance Costs	7,070	57,479
Loan Costs	(383,122)	(1,000)
Proceeds of Direct Loan Payable	15,970,843	-
Miscellaneous Nonoperating Income	42,693	1,251,738
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(7,164,978)</u>	<u>1,456,783</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Payments for Leasehold Improvements	-	(12,250)
Cash Payments for Costs Capitalized for Future Conveyance	<u>17,496</u>	<u>15,000</u>
Net Cash Provided by Capital and Related Financing Activities	17,496	2,750
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	<u>(139)</u>	<u>5,385</u>
NET INCREASE (DECREASE) IN CASH	9,479,988	(1,712,799)
Cash - Beginning of Year	<u>4,860,548</u>	<u>6,573,347</u>
CASH - END OF YEAR	<u><u>\$ 14,340,536</u></u>	<u><u>\$ 4,860,548</u></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 (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Gain (Loss)	\$ 8,588,671	\$ (6,657,743)
Adjustments to Reconcile Operating Gain (Loss) to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation Expense	88,655	88,417
Loan Issuance Costs	(7,070)	(57,479)
Loan Costs	383,122	1,000
Change in Assets and Liabilities:		
Other Receivables	284,840	(33,578)
Prepaid Expenses	44,619	(158,443)
Prepaid Asset - Future Land Conveyance	(1)	744,123
Land - Held for Resale	8,497,357	8,732,917
Accounts Payable and Accrued Liabilities	67,201	(175,763)
Deposits - Property Sales	(588,834)	(1,652,645)
Land Conveyance Liabilities	(769,725)	(4,491,805)
Interest Payable	(37,426)	22,095
Unearned Revenue	50,000	-
Due to NJ Economic Development Authority	26,200	461,187
Net Cash Provided (Used) by Operating Activities	<u>\$ 16,627,609</u>	<u>\$ (3,177,717)</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, 2021 AND 2020**

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 (the 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, 2021 and 2020, 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 \$1,457,891 and \$964,004 at December 31, 2021 and 2020, 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 (U.S. 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, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Economic Development Conveyance

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 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 entitlements, which included the Authority's receipt of both cash and property from the federal government and the United States Department of the Army.

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 income earned on the investment of funds and other income from a refund from a utility company resulting from the installation of water mains on the Main Post and from contributions from developers for the installation of additional water mains on the Main Post.

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.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

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 U.S. GAAP 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.

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 to 7 Years

Recent Accounting Standards

In June 2017, GASB issued Statement No. 87, Leases. Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. In other words, most leases currently classified as operating leases will be accounted for and reported in the same manner as capital leases. The Authority is evaluating the impact of the adoption of this standard on its financial statements. The provisions in Statement No. 87 are effective for reporting periods beginning after December 15, 2021.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Standards (Continued)

In March 2020, GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The objective of Statement No. 93 is to address accounting and financial reporting implications that result from the replacement of London Interbank Offered Rate (LIBOR). The Authority is evaluating the impact of the adoption of this standard on its financial statements. The provisions in Statement No. 93 are effective for the fiscal year ending June 30, 2022.

In March 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The objective of Statement No 94 is to address issues related to situations in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset. In addition, it addresses an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining or operating a nonfinancial asset. The Authority is evaluating the impact of the adoption of this standard on its financial statements. The provisions in Statement No. 94 are effective for the fiscal years beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). The objective of Statement No 96 is to provide the capitalization criteria for outlays other than subscription payments including implementation costs of a SBITA and the required note disclosures. The Authority is evaluating the impact of the adoption of this standard on its financial statements. The provisions in Statement No. 96 are effective for the fiscal years beginning after June 15, 2022.

In June 2020, GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The objective of Statement No. 97 is to address situations in which a primary government is financially accountable for its fiduciary component unit if there is no governing board over the unit and therefore the government takes up the role of the board. The Authority is evaluating the impact of the adoption of this standard on its financial statements. The provisions in Statement No. 97 are effective for the fiscal years beginning after June 15, 2021.

Authority management is in the process of analyzing these pending changes in accounting principles and the impact they may have on the Authority's financial statements.

NOTE 2 CASH BALANCES

At December 31, 2021 and 2020, the Authority maintained Government Advantage Interest Checking Accounts with a financial institution. Cash deposits in the checking accounts totaled \$12,838,036 and \$4,242,262, respectively. Of this amount, \$151,436 and \$740,270, respectively, represents the funds received by the Authority from the responders to the Authority's Requests for Offers to Purchase land (RFOTP).

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 CASH BALANCES (CONTINUED)

Petty cash as of December 31, 2021 and 2020 totaled \$25 and \$45, respectively.

Additionally, the Authority has an account with the State of New Jersey Cash Management Fund (NJCMF). Cash deposits in this account totaled \$119,737 at December 31, 2021 and \$119,688 at December 31, 2020. 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 prorata 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.

Additionally, the Authority has an escrow account with US Bank for the payment of the principal at maturity and interest accrued on the Loan Payable. At December 31, 2021 and 2020, cash deposits in this account totaled \$-0- and \$6, respectively.

Fort Monmouth Homeless Funds were on deposit with a financial institution in a Government Advantage Interest Checking Account. At December 31, 2021 and 2020, the cash deposits totaled \$895,895 and \$651,207, respectively. In addition, the amount invested with the New Jersey Cash Management Fund totaled \$561,996 and \$561,767, respectively.

The Authority's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. At December 31, 2021 and 2020, the Authority's uncollateralized amounts in excess of federal depository insurance limits was \$13,665,670 and \$4,824,930, respectively.

NOTE 3 ESCROW DEPOSIT — PROPERTY SALE

At December 31, 2021, the Authority had escrow deposits of \$1,585,382 from third-party purchasers per the contracts to sell the Fabrication Shops, Allison Hall, the Tinton Falls Commercial Parcel, Howard Commons, and the Nurses Quarters. Escrow funds were on deposit with the attorney trust accounts.

At December 31, 2020, the Authority had escrow deposits of \$1,903,883 from third-party purchasers per the contracts to sell the Fabrication Shops, Allison Hall, Barker Circle, the Bowling Center, the Eatontown Barracks, the Lodging Area, and the Nurses Quarters. Escrow funds were on deposit with the attorney trust accounts.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 OTHER RECEIVABLES

At December 31, 2021 and 2020, included in other receivables are receivables of \$122,885 and \$152,971, respectively, for the value of in-kind services due from Monmouth County in connection with the purchase agreements for the Motor Pool Parcel and the Teen Center Parcel. At December 31, 2021, also included in other receivables is a receivable of \$93,784 for utility payments due to the Authority.

At December 31, 2021 and 2020, the amount in other receivables – noncurrent is a receivable of \$1,176,140 which represents the amount due from the sale of the Squier Hall parcel.

NOTE 5 CAPITAL ASSETS, NET

The following schedule detail changes in capital assets by major class that occurred during the year ended December 31, 2021:

	Balance December 31, 2020	Additions	Deletions	Transfers	Balance December 31, 2021
Capital Assets, Being Depreciated:					
Building Improvements	\$ 883,812	\$ -	\$ -	\$ -	\$ 883,812
Total, Being Depreciated	883,812	-	-	-	883,812
Accumulated Depreciation:					
Building Improvements	630,802	88,655	-	-	719,457
Total Accumulated Depreciation	630,802	88,655	-	-	719,457
Total Capital Assets, Being Depreciated, Net	<u>\$ 253,010</u>	<u>\$ (88,655)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,355</u>

The following schedule detail changes in capital assets by major class that occurred during the year ended December 31, 2020:

	Balance December 31, 2019	Additions	Deletions	Transfers	Balance December 31, 2020
Capital Assets, Being Depreciated:					
Building Improvements	\$ 871,562	\$ 12,250	\$ -	\$ -	\$ 883,812
Total, Being Depreciated	871,562	12,250	-	-	883,812
Accumulated Depreciation:					
Building Improvements	542,385	88,417	-	-	630,802
Total Accumulated Depreciation	542,385	88,417	-	-	630,802
Total Capital Assets, Being Depreciated, Net	<u>\$ 329,177</u>	<u>\$ (76,167)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253,010</u>

Total depreciation expense for fiscal years 2021 and 2020 was \$88,655 and \$88,417, respectively.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 6 LAND — HELD FOR RESALE AND COSTS CAPITALIZED FOR FUTURE CONVEYANCE

At December 31, 2021 the Authority held title to all of the Phase 1 property with the exception of the following: Parcel E which sold in January 2013, the Clinic Parcel which sold in March 2014, Building 2525 which sold in February 2016, the Child Development Center which sold in March 2016, Parcel F-3 which sold in February 2017, the Teen Center Parcel which sold in February 2018, the Charles Wood Firehouse which sold in May 2018, Parcel C-1 which a portion was sold in September 2018, Parcel C which sold in March 2019, the remaining portion of Parcel C-1 which sold in December 2019 the Golf Course which sold in December 2020, the Marina which sold in March 2021 and the New Jersey American Water Tank Parcel which sold in April 2021. The remaining Phase 1 properties were recorded at an estimated fair market value of \$20,311,542 and \$21,621,770 as of December 31, 2021 and 2020, respectively, based on: independent real estate appraisals, where available; purchase offers submitted in response to the Authority's Request for Offers to Purchase; and market value estimates prepared by the Authority's staff.

At December 31, 2021 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, the Officers Housing which sold in January 2017, the Main Post Chapel which sold in February 2017, Russel Hall which sold in June 2017, the Oceanport Municipal Complex which sold in August 2017, the Fitness Center which sold in September 2017, the Dance Hall which sold in April 2018, the Cell Tower Parcel which sold in October 2019, Squier Hall which was sold in December 2019, the Commissary & P/X, Warehouse District and Post Office which sold in October 2020, the Bowling Center which sold in March 2021, Barker Circle which sold in November 2021, the Lodging Area which sold in November 2021 and the Phase 2 carve-outs discussed in Note 8. The remaining Phase 2 property was valued at cost which was \$18,204,995 and \$25,392,124 as of December 31, 2021 and 2020, 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 \$-0- and \$17,496 at December 31, 2021 and 2020, respectively.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 7 PREPAID ASSETS — FUTURE LAND CONVEYANCE

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 and another portion in January 2019. The Commissary was conveyed to the Authority in October 2020. The costs of these parcels recorded as prepaid assets was \$108,895 as of December 31, 2021 and 2020.

NOTE 8 DEPOSITS — PROPERTY SALES

At December 31, 2021, the Authority held deposits aggregating \$1,736,819 for the initial payments under purchase and sale agreements for the Fabrication Shops, Allison Hall, the Eatontown DPW, the Eatontown Parks Parcel, Howard Commons, the Tinton Falls Commercial Parcel and the Nurses Quarters.

At December 31, 2020, the Authority held deposits aggregating \$2,644,153 for the initial payments under purchase and sale agreements for the Eatontown Barracks, Fabrication Shops, Allison Hall, the Lodging Area, Barker Circle, the Bowling Center, the Eatontown DPW and the Nurses Quarters and bid deposits for the potential sales of Barker Circle, Expo Theater, Howard Commons, the Marina and the Tinton Falls Commercial Parcel.

NOTE 9 LAND CONVEYANCE LIABILITIES

In accordance with the Economic Development Conveyance Agreement, at December 31, 2021 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 60% to 63% 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 \$10,255,741 and \$11,025,466 of land conveyance liabilities due to the United States Army at December 31, 2021 and 2020, respectively. The Authority has also recorded an aggregate of \$3,252,803 and \$3,411,238 of land conveyance assets due to the Homeless Fund at December 31, 2021 and 2020, 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.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 10 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 \$9.79 million in principal upon its sale of three parcels; Officers Housing, Russel Hall, and the Fitness Center. At December 31, 2019, the Authority paid down an additional \$175,000 in principal upon its sale of two parcels; the Dance Hall (sold in 2018) and the Cell Tower. At December 31, 2020 the Authority paid down an additional \$1,375,000 in principal upon its sale of two parcels; Squier Hall (sold in 2019) and the Commissary/PX, Warehouse District and Post Office Parcel. In 2021, the Authority paid down an additional \$403,000 in principal upon the sale of the Bowling Center and a payment as a result of the Authority's December 31, 2020 cash balance being in excess of \$3,000,000. The Authority received a Direct Loan of \$21,774,796 from the NJEDA (as described in Note 11) to fully pay down the principal at maturity.

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. As reported above, the MCIA loan was paid in full at maturity. At that time, the County mortgage was discharged on the remaining Phase 2 properties and therefore this process no longer applies.

The outstanding notes are as follows:

<u>Description</u>	<u>2021</u>	<u>2020</u>
The Monmouth County Improvement Authority, Governmental Loan Project Notes, Series 2020; interest at 2.00%; principal and interest payable at maturity on November 9, 2021	\$ -	\$ 22,185,000
Total	<u>\$ -</u>	<u>\$ 22,185,000</u>

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 10 LOAN PAYABLE (CONTINUED)

Loan payable activity for the years ended December 31, 2021 and 2020 was as follows:

December 31, 2021	Additions	Reductions	December 31, 2021	Amounts Due Within One Year
<u>\$ 22,185,000</u>	<u>\$ -</u>	<u>\$ (22,185,000)</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2020	Additions	Reductions	December 31, 2020	Amounts Due Within One Year
<u>\$ 23,560,000</u>	<u>\$ 22,185,000</u>	<u>\$ (23,560,000)</u>	<u>\$ 22,185,000</u>	<u>\$ 22,185,000</u>

Interest payable on the loan at December 31, 2021 and 2020 was \$-0- and \$61,994, respectively.

NOTE 11 DIRECT LOAN PAYABLE

The Authority obtained a direct loan in the amount of \$21,774,796 from the NJ Economic Development Authority to pay the principal on the notes due at the November 9, 2021 maturity date. The loan has an interest rate of 2% with a 60-month term. Monthly payments of interest will be due on the loan with all outstanding principal and interest due on October 1, 2026. The loan is secured by a second mortgage on Phase 2 parcels that were not subject to sale agreements at the time of the loan closing plus an assignment of net proceeds on Phase 2 parcels that were under contract subject to the first mortgage held by the NJ Economic Development Authority on the first working capital loan.

Direct Loan payable activity for the year ended December 31, 2021 was as follows:

December 31, 2020	Additions	Reductions	December 31, 2021	Amounts Due Within One Year
<u>\$ -</u>	<u>\$ 21,774,796</u>	<u>\$ (5,803,953)</u>	<u>\$ 15,970,843</u>	<u>\$ -</u>

Interest payable on the loan at December 31, 2021 was \$27,505.

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 has 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 on January 1, 2023. 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 and a second mortgage on Phase 2 parcels subject to the first mortgage held by the Monmouth County Improvement Authority.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 12 WORKING CAPITAL LOAN PAYABLE (CONTINUED)

At December 31, 2021 and 2020, the amount payable on the working capital loan was \$3,129,020 and \$3,720,452, respectively, and the interest payable was \$29,088 and \$30,849, respectively.

The Authority obtained a second working capital loan for up to \$5 million from the NJ Economic Development Authority for working capital purposes. The loan has an interest rate of 2.00% 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 on October 1, 2024. The loan is secured by a second 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, 2021 and 2020, the amount payable on the second working capital loan was \$4,213,389 and \$4,239,419, respectively, and the interest payable was \$26,463 and \$27,639, respectively.

Due to the COVID-19 pandemic, the NJ Economic Development Authority approved a three-month principal and interest moratorium beginning on April 1, 2020. Payments resumed on July 1, 2020.

NOTE 13 DUE TO NJ ECONOMIC DEVELOPMENT AUTHORITY

The balances due to the NJ Economic Development Authority at December 31, 2021 and 2020 for direct office support were \$1,213,208 and \$1,187,008, respectively.

NOTE 14 ECONOMIC DEVELOPMENT CONVEYANCE (EDC) REVENUE AND EXPENDITURES

For the years ended December 31, 2021 and 2020, the Authority's EDC revenue was \$13,356,443 and \$1,783,763, respectively, and consisted of the following:

	2021	2020
Gain on Sale of Land	\$ 13,299,148	\$ 1,186,690
Operating Fee	-	31,175
Interest	289	1,741
Other	57,006	564,157
Total	<u>\$ 13,356,443</u>	<u>\$ 1,783,763</u>

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

**NOTE 14 ECONOMIC DEVELOPMENT CONVEYANCE (EDC) REVENUE AND EXPENDITURES
(CONTINUED)**

For the years ended December 31, 2021 and 2020, the Authority's EDC expenditures were \$5,026,238 and \$5,714,222, respectively, and consisted of the following:

	2021	2020
Utility Construction	\$ 45,726	\$ 787,877
Historic Property Preservation	14,400	800
Landscaping	20,942	27,423
Transportation Management Facilities	9,144	4,770
Planning for/or the Marketing of the Property	4,885,501	4,843,065
Total	<u>\$ 4,975,713</u>	<u>\$ 5,663,935</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. For the years ended December 31, 2021 and 2020, the Authority recorded revenue of \$-0- and \$31,175 respectively. The agreement was terminated when the property was sold in December 2020.

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 \$-0- and \$31,175 for the years ended December 31, 2021 and 2020, respectively. At December 31, 2020 the equipment was paid in full.

Marina

The Authority had an agreement with a marina operator for the use of the Marina, boat slips and Building 450 for professional management and maintenance of such marina and facilities. The consideration for the agreement was the Authority's obligation to assume the operation and maintenance costs of the premises. Therefore, the Authority has recorded no rental expense for the premises for the year ended December 2020. The agreement was terminated when the property was sold in March 2021.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

NOTE 15 OPERATING LEASES AND AGREEMENTS (CONTINUED)

Building 282 – Main Post Fire Station

The Authority had 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 was 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 year ended December 2020. With the completion of the new Police Department on the Oceanport Municipal Complex parcel, the agreement for the use of Building 282 was terminated and the Oceanport Police Department vacated the building in January 2021.

Russel Hall – Office Lease

The Authority had a lease with TetherView Property Management, LLC for office space in Russel Hall, Building 286, and a Use & Occupancy Agreement with the U.S. Army BRAC Organization and the Authority's Property Management Contractor for joint use as short-term office space. The term of the lease was 24 months which commenced on March 1, 2019 and terminated on February 28, 2021 at a rental rate of \$4,100 per month for the first fourteen months and \$4,141 per month for the last 10 months. Rental expense under this agreement was \$8,282 and \$49,528 for the years ended December 31, 2021 and 2020.

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. 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.

COVID-19

In March 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Authority, COVID-19 may impact various parts of its 2021 operations and financial results including but not limited to, costs for emergency preparedness and shortages of personnel. Management believes the Authority is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events continue to develop.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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 (\$527,825) 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, 2021 AND 2020**

NOTE 17 CONTINGENCIES AND COMMITMENTS (CONTINUED)

**Obligations from Second Amendment to Phase 1 Economic Development
Conveyance Agreement**

Pursuant to the Second Amendment to the Phase 1 EDC Agreement dated March 10, 2021:

1. The Authority may transfer title for 60 acres of the Howard Commons Parcel for a final purchase price of \$1.5 million, which shall be allocated at Third Party Settlement as follows: a contribution shall be made to the Authority's Homeless Trust, the Army shall receive 63% of the Gross Sales Revenues and the Authority shall receive 37% of the Gross Sales Revenues.
2. The Authority may convey an approximately 3.945 acre parcel, known as the New Jersey American Water Parcel (formerly part of the Howard Commons Parcel) at no cost, other than a contribution to the Authority's Homeless Trust, for the construction of a water tank and water main extension to service the surrounding area.

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.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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

Purchase of the Bowling Center

In January 2022, the Authority closed on Phase 2 – the Bowling Center per the terms of the purchase and sale and redevelopment for \$1.

Paydown of Working Capital Loan

In February 2022, the first working capital loan from the NJ Economic Development Authority was paid in full from cash on hand.

Sale of the Eatontown Parks Parcel

In March 2022, the Authority closed Phase 2 – the Eatontown Parks Parcel per the terms of the purchase and sale and redevelopment agreement for \$153,130. Of this amount, \$33,991 will be received with in-kind services. Cash proceeds of \$119,139 were distributed as follows: (1) \$76,610 to the Fort Monmouth Homeless Fund, (2) NJEDA Direct Loan pay down of \$14,885 and (3) \$27,644 to the Authority.

Sale of Allison Hall

In May 2022, the Authority closed on Phase 2 – the Allison Hall Parcel per the terms of the purchase and sale and redevelopment agreement for \$2,313,000. Proceeds were distributed as follows: (1) \$243,347 to the Fort Monmouth Homeless Fund, (2) NJEDA Direct Loan payment of \$724,379 and (3) \$1,345,274 to the Authority.

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	OEA Grant and Matching	Economic Development Conveyance	Federal Grant	Other	Homeless Fund	Eliminations	Total
ASSETS							
CURRENT ASSETS							
Unrestricted Assets:							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 329,888	\$ -	\$ -	\$ 329,888
Other Receivables	-	217,352	-	-	-	-	217,352
Interfund Receivable	-	-	-	57,609	-	(57,609)	-
Land - Held for Resale	-	35,263,734	-	-	3,252,803	-	38,516,537
Prepaid Assets - Future Land Conveyance	-	108,895	-	-	-	-	108,895
Prepaid Expenses	-	188,608	-	-	-	-	188,608
Total Unrestricted Current Assets	-	35,778,589	-	387,497	3,252,803	(57,609)	39,361,280
Restricted Assets:							
Cash - Economic Development Conveyance	-	12,351,320	-	-	-	-	12,351,320
Cash - Property Sales Deposit	-	151,436	-	-	-	-	151,436
Cash - Homeless Fund	-	-	-	-	1,457,891	-	1,457,891
Cash - Federal Funds	-	-	50,000	-	-	-	50,000
Escrow Deposit - Property Sales	-	1,585,383	-	-	-	-	1,585,383
Total Restricted Assets	-	14,088,139	50,000	-	1,457,891	-	15,596,030
NONCURRENT ASSETS							
Other Receivables	-	971,578	-	-	204,562	-	1,176,140
Capital Assets, Net	60,195	104,160	-	-	-	-	164,355
Total Noncurrent Assets	60,195	1,075,738	-	-	204,562	-	1,340,495
Total Assets	\$ 60,195	\$ 50,942,466	\$ 50,000	\$ 387,497	\$ 4,915,256	\$ (57,609)	\$ 56,297,805
LIABILITIES AND NET POSITION							
CURRENT LIABILITIES							
Accounts Payable and Accrued Liabilities	\$ -	\$ 379,607	\$ -	\$ 77,379	\$ -	\$ -	\$ 456,986
Interfund Payable	-	57,609	-	-	-	(57,609)	-
Deposits - Property Sales	-	1,736,819	-	-	-	-	1,736,819
Land Conveyance Liabilities	-	10,255,741	-	-	-	-	10,255,741
Interest Payable	-	83,056	-	-	-	-	83,056
Unearned Revenue	-	-	50,000	-	-	-	50,000
Due to NJ Economic Development Authority	-	1,213,207	-	-	-	-	1,213,207
Total Current Liabilities	-	13,726,039	50,000	77,379	-	(57,609)	13,795,809
NONCURRENT LIABILITIES							
Direct Loan Payable	-	15,970,843	-	-	-	-	15,970,843
Working Capital Loan Payable	-	7,342,409	-	-	-	-	7,342,409
Total Noncurrent Liabilities	-	23,313,252	-	-	-	-	23,313,252
Total Liabilities	-	37,039,291	50,000	77,379	-	(57,609)	37,109,061
NET POSITION							
Investment in Capital Assets	60,195	104,160	-	-	-	-	164,355
Restricted	-	12,351,320	-	-	4,915,256	-	17,266,576
Unrestricted	-	1,447,695	-	310,118	-	-	1,757,813
Total Net Position	60,195	13,903,175	-	310,118	4,915,256	-	19,188,744
Total Liabilities and Net Position	\$ 60,195	\$ 50,942,466	\$ 50,000	\$ 387,497	\$ 4,915,256	\$ (57,609)	\$ 56,297,805

FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2020
(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	\$ -	\$ -	\$ 329,888	\$ -	\$ -	\$ 329,888
Other Receivables	-	501,534	-	-	-	501,534
Interfund Receivable	-	-	57,609	-	(57,609)	-
Land - Held for Resale	-	43,602,656	-	3,411,238	-	47,013,894
Prepaid Assets - Future Land Conveyance	-	108,895	-	-	-	108,895
Prepaid Expenses	-	233,226	-	-	-	233,226
Total Unrestricted Current Assets	-	44,446,311	387,497	3,411,238	(57,609)	48,187,437
Restricted Assets:						
Cash - Economic Development Conveyance	-	2,826,386	-	-	-	2,826,386
Cash - Property Sales Deposit	-	740,270	-	-	-	740,270
Cash - Homeless Fund	-	-	-	964,004	-	964,004
Escrow Deposit - Property Sales	-	1,903,883	-	-	-	1,903,883
Total Restricted Assets	-	5,470,539	-	964,004	-	6,434,543
NONCURRENT ASSETS						
Other Receivables	-	971,579	-	204,561	-	1,176,140
Costs Capitalized for Future Conveyance	-	17,496	-	-	-	17,496
Capital Assets, Net	98,325	154,685	-	-	-	253,010
Total Noncurrent Assets	98,325	1,143,760	-	204,561	-	1,446,646
Total Assets	<u>\$ 98,325</u>	<u>\$ 51,060,610</u>	<u>\$ 387,497</u>	<u>\$ 4,579,803</u>	<u>\$ (57,609)</u>	<u>\$ 56,068,626</u>
LIABILITIES AND NET POSITION						
CURRENT LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ -	\$ 308,051	\$ 81,734	\$ -	\$ -	\$ 389,785
Interfund Payable	-	57,609	-	-	(57,609)	-
Deposits - Property Sales	-	2,644,153	-	-	-	2,644,153
Land Conveyance Liabilities	-	11,025,466	-	-	-	11,025,466
Interest Payable	-	120,482	-	-	-	120,482
Loan Payable	-	22,185,000	-	-	-	22,185,000
Due to NJ Economic Development Authority	-	1,187,008	-	-	-	1,187,008
Total Current Liabilities	-	37,527,769	81,734	-	(57,609)	37,551,894
NONCURRENT LIABILITIES						
Working Capital Loan Payable	-	7,959,871	-	-	-	7,959,871
Total Liabilities	-	45,487,640	81,734	-	(57,609)	45,511,765
NET POSITION						
Investment in Capital Assets	98,325	154,685	-	-	-	253,010
Restricted	-	2,826,386	-	4,579,803	-	7,406,189
Unrestricted	-	2,591,899	305,763	-	-	2,897,662
Total Net Position	98,325	5,572,970	305,763	4,579,803	-	10,556,861
Total Liabilities and Net Position	<u>\$ 98,325</u>	<u>\$ 51,060,610</u>	<u>\$ 387,497</u>	<u>\$ 4,579,803</u>	<u>\$ (57,609)</u>	<u>\$ 56,068,626</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, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	OEA Grant and Matching	Economic Development Conveyance	Federal Grant	Other	Homeless Fund	Total
OPERATING REVENUES						
Federal Grants	\$ -	\$ -	\$ 5,200,000	\$ -	\$ -	\$ 5,200,000
Gain on Sale of Land	-	13,299,148	-	-	683,715	13,982,863
Other	-	14,313	-	-	-	14,313
Total Operating Revenues	-	13,313,461	5,200,000	-	683,715	19,197,176
OPERATING EXPENSES						
Direct Office Support	-	1,213,206	-	(4,355)	-	1,208,851
General and Administrative	-	167,379	-	-	-	167,379
Homeless Fund	-	-	-	-	348,492	348,492
Program Costs	-	2,593,969	5,200,000	-	-	7,793,969
Interest Expense on Loan Payable	-	625,107	-	-	-	625,107
Loan Issuance Costs	-	(7,070)	-	-	-	(7,070)
Loan Costs	-	383,122	-	-	-	383,122
Depreciation	38,130	50,525	-	-	-	88,655
Total Operating Expenses	38,130	5,026,238	5,200,000	(4,355)	348,492	10,608,505
OPERATING GAIN (LOSS)	(38,130)	8,287,223	-	4,355	335,223	8,588,671
NONOPERATING REVENUE						
Interest Income	-	289	-	-	230	519
Other	-	42,693	-	-	-	42,693
Total Nonoperating Revenue	-	42,982	-	-	230	43,212
CHANGE IN NET POSITION	(38,130)	8,330,205	-	4,355	335,453	8,631,883
Net Position - Beginning of Year	98,325	5,572,970	-	305,763	4,579,803	10,556,861
NET POSITION - END OF YEAR	<u>\$ 60,195</u>	<u>\$ 13,903,175</u>	<u>\$ -</u>	<u>\$ 310,118</u>	<u>\$ 4,915,256</u>	<u>\$ 19,188,744</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, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	OEA Grant and Matching	Economic Development Conveyance	Other	Homeless Fund	Total
OPERATING REVENUES					
Gain on Sale of Land	\$ -	\$ 1,186,690	\$ -	\$ 407,117	\$ 1,593,807
Operating Fee	-	31,175	-	-	31,175
Other	-	44,940	-	-	44,940
Total Operating Revenues	-	1,262,805	-	407,117	1,669,922
OPERATING EXPENSES					
Direct Office Support	-	1,187,008	42,475	-	1,229,483
General and Administrative	-	149,724	-	-	149,724
Homeless Fund	-	-	-	2,532,838	2,532,838
Program Costs	-	3,584,898	-	-	3,584,898
Interest Expense on Loan Payable	-	798,784	-	-	798,784
Loan Issuance Costs	-	(57,479)	-	-	(57,479)
Loan Costs	-	1,000	-	-	1,000
Depreciation	38,130	50,287	-	-	88,417
Total Operating Expenses	38,130	5,714,222	42,475	2,532,838	8,327,665
OPERATING LOSS	(38,130)	(4,451,417)	(42,475)	(2,125,721)	(6,657,743)
NONOPERATING REVENUE					
Interest Income	-	1,741	-	3,510	5,251
Other	-	519,217	-	-	519,217
Total Nonoperating Revenue	-	520,958	-	3,510	524,468
CHANGE IN NET POSITION	(38,130)	(3,930,459)	(42,475)	(2,122,211)	(6,133,275)
Net Position - Beginning of Year	136,455	9,503,429	348,238	6,702,014	16,690,136
NET POSITION - END OF YEAR	<u>\$ 98,325</u>	<u>\$ 5,572,970</u>	<u>\$ 305,763</u>	<u>\$ 4,579,803</u>	<u>\$ 10,556,861</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, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Economic Development Conveyance</u>
Equipment	\$ 27,052
Insurance	47,589
Office Maintenance and Utilities	43,076
Legal Notices	2,971
Office Supplies and Postage	14,808
Communication	15,569
Travel	1,438
Meetings and Seminars	2,770
Marketing	<u>12,106</u>
Total	<u><u>\$ 167,379</u></u>

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Treasury:				
Passed-through The New Jersey Department of Community Affairs:				
COVID-19 - American Rescue Plan Act - Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	\$ 5,200,000	<u>\$ 5,200,000</u>
Total U.S. Department of Treasury				5,200,000
Total Expenditures of Federal Awards			<u>\$ 5,200,000</u>	<u>\$ 5,200,000</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2021**

NOTE 1 BASIS OF PRESENTATION

The information in these schedules is presented in accordance with the requirements of 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. For the purposes of these schedules, federal awards include any assistance provided by a federal agency directly or indirectly in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, direct appropriations, and other noncash assistance. Because these schedules present only a selected portion of the activities of the Authority, it is not intended to, and does not, present the financial position, changes in net position, and other changes of the Authority in conformity with accounting principles generally accepted in the United States of America. The accounting practices followed by the Authority in preparing the accompanying schedules are as follows:

Expenditures for direct costs are recognized as incurred using the accrual method of accounting contained in the U.S. Office of Management and Budget (OMB) *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance for Federal Awards). Under the Uniform Guidance for Federal Awards, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 INDIRECT COST RATE

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



**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, 2021, 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 May 18, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
May 18, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Fort Monmouth Economic Revitalization Authority (the Authority), a component unit of the state of New Jersey, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2021. Fort Monmouth Economic Revitalization Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
May 18, 2022

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Federal Assistance Listing Number(s)

21.027

Name of Federal Program or Cluster

COVID-19, Coronavirus State and Local Fiscal Recovery Fund Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,0000

Auditee qualified as low-risk auditee?

_____ yes x no

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2021**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV – Prior Audit Findings

Our audit did not disclose any matters required to be reported under the Uniform Guidance.