



# ANNUAL REPORT 2022



**FORT  
MONMOUTH**

DISCOVER ▶ INNOVATE ▶ TRANSFORM

# CHAIRMAN'S MESSAGE

It has been the year of leadership changes for FMERA. In 2022, our long-standing Vice-Chairman, Dr. Robert Lucky, passed away in March. In May, our Executive Director, Bruce Steadman retired to spend some much-deserved time with his family. That same month, our Deputy Executive Director, Kara Kopach, was promoted to Executive Director of FMERA. Despite these changes, the FMERA team, including the staff, Board, and our many stakeholders and partners, performed with outstanding creativity and resilience to achieve excellent results.

Even with multiple leadership transitions, FMERA's small team of eight has continued to exceed expectations, with nearly 40 projects complete or in-progress. We completed closings on three outstanding redevelopment projects via Allison Hall (Fort Monmouth Business Center LLC) in Oceanport, the Myer Center (RWJBarnabas Health) and the Eatontown Parks Parcel (Borough of Eatontown) in Eatontown, and we prepared the foundations for several more closings in 2023. In addition to these closings, we ended the year by announcing FMERA's largest tentative property sale to-date, with the approval of a Purchase and Sale Agreement and Redevelopment Agreement with Netflix for the 292-acre Mega Parcel. In tandem with FMERA's property redevelopment efforts, critical infrastructure projects to improve the utility and road network are also underway. Specifically, FMERA has contracted for a new electrical substation, a new sanitary sewer main and pump station, and new water mains. All of these efforts have positioned FMERA for a dynamic and successful year in 2023.

I want to thank the FMERA staff, Board, and volunteer committee members, but I also want to recognize the tremendous support and counsel we have received from our many stakeholders and partners, including Tinton Falls, Eatontown, Oceanport, Monmouth County, the New Jersey Economic Development Authority (NJEDA), the New Jersey Departments of Environmental Protection, Community Affairs, Transportation, and Labor & Workforce Development, as well as the Governor's Authorities Unit, and the Office of the Attorney General. Each of these organizations, and several others that I have not mentioned, have contributed greatly to FMERA's success to date, and will continue to do so into the future.

In 2023, we will continue our mission of helping to create good jobs and tax revenue in our host municipalities which will yield benefits to each resident of our community for years to come. Our long-term goals include 10,000 new jobs and \$2.5 billion of investment within the boundaries of the former Fort Monmouth. To the members of the greater public, we continue to invite your interest, comments, and participation, as we move forward. Please keep us apprised of your opinions, concerns, and questions via email, telephone, or letter. We look forward to hearing from you.

From the FMERA team, our best wishes to our neighbors and friends for the coming year.

*Anthony Talerico, Jr.*

Mayor Anthony Talerico, Jr. | Vice-Chairman / Interim Chairman  
Fort Monmouth Economic Revitalization Authority Board



# 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-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.

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.

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.

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.



*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.*

# RIVERWALK CENTER

RETAIL, RESTAURANT, BUSINESS LOFTS



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

*sold*

*2022*



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.

## PROJECT SNAPSHOT

150



JOB CREATION

\$14  
MILLION



INVESTMENT



OFFICE



RETAIL

# RWJBARNABAS HEALTH

HEALTHCARE CAMPUS



FMERA collaborated with the 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 (RWJBarnabas Health) submitted an unsolicited offer to the NJEDA to purchase the property, where RWJBH intends to develop a healthcare campus which

*sold* 2022

is currently anticipated to include an Ambulatory Care Center, a medical office 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 RWJBarnabas Health. In October 2021, RWJBarnabas Health executed a Redeveloper's Agreement to complete the project.

FMERA sold the property to Monmouth Medical Center, Inc. (MMC) on Friday, December 16, 2022. MMC is an affiliate of RWJBarnabas Health.

RWJBarnabas Health intends to develop a full-scale health care campus, with Phase 1 including an approximately 138,000- square-foot Cancer Center and Ambulatory Care Pavilion, offering oncology services, imaging, radiation, an ambulatory surgery center, parking, and interphase grading and landscaping. Pending all necessary approvals, construction should begin in 2023.



## PROJECT SNAPSHOT

300 -  
1000



JOB CREATION

\$153.5  
- \$650  
MILLION



INVESTMENT



HEALTHCARE



# EATONTOWN PARKS PARCEL

PUBLIC PARK

*sold* 2022



In keeping with its mission to preserve open space across the Fort, FMERA approved the sale of a 4.6-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 has cleared the property of its existing structures and continues to improve the property for public use and enjoyment. In addition to offering open space, Eatontown plans to install a splash pad.

On Memorial Day 2022, the Borough formally dedicated the **Captain James M. Gurbisz Memorial Park**, named in honor of an Eatontown resident who lost his life in service to his country. Per the Mayor of Eatontown, it is only fitting that a park developed on the Fort Monmouth property be named for a fallen soldier, not only to remind us of his ultimate sacrifice, but to also preserve for posterity the legacy of thousands of members of the larger military community that passed through the Fort's gates.

## TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS

*sold*

Commvault Satellite  
(Charles Wood Fire Station)

Family Promise (Building 501)

Communications Tower

Monmouth County DPW (Motor Pool)

NJAW Tank Parcel

Monmouth County Adult Shelter

Monmouth County Park System  
(Parcel F-3)

Fort Monmouth Recreation Center  
(Pool & Teen Center)

Tetherview (Russel Hall)



# TRANSFORM

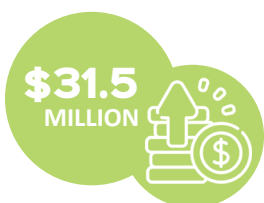
CONSTRUCTION & COMPLETION HIGHLIGHTS



## SUNEAGLES GOLF COURSE, GIBBS HALL, & THE RIDGE (RESIDENTIAL)



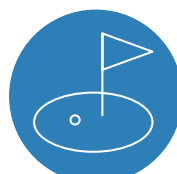
JOB CREATION



INVESTMENT



RESTAURANT



RECREATION



EVENTS



RESIDENTIAL



# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



## AASKI TECHNOLOGY

DEFENSE CONTRACTOR

25



JOB CREATION

\$500  
THOUSAND



INVESTMENT



TECHNOLOGY

## TRIUMPHANT LIFE

CHAPEL

10



JOB CREATION



CIVIC

\$500  
THOUSAND

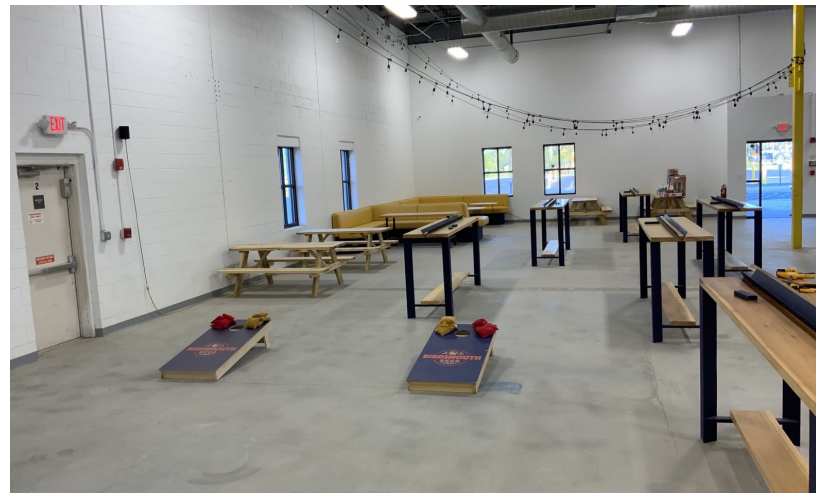


INVESTMENT



# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



## THE BASELINE

MULTI-USE OF FORMER COMMISSARY - NEW OFFICE & FLEX SPACE



FOOD & CRAFT  
PRODUCTION



INNOVATION



OFFICE



WAREHOUSE



JOB CREATION

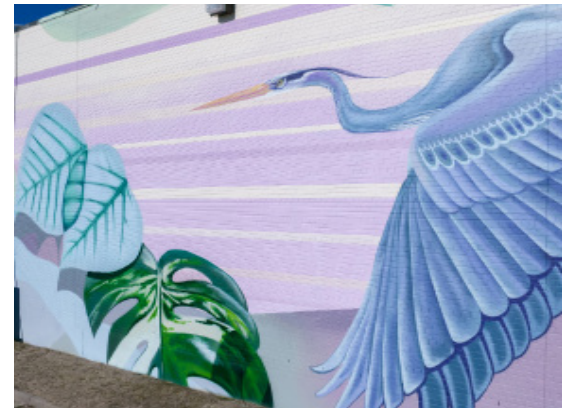


\$54.4  
MILLION

INVESTMENT

# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



JOB CREATION



INVESTMENT



HIGHER EDUCATION

**NJCU**  
NEW JERSEY CITY UNIVERSITY  
SATELLITE CAMPUS

# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



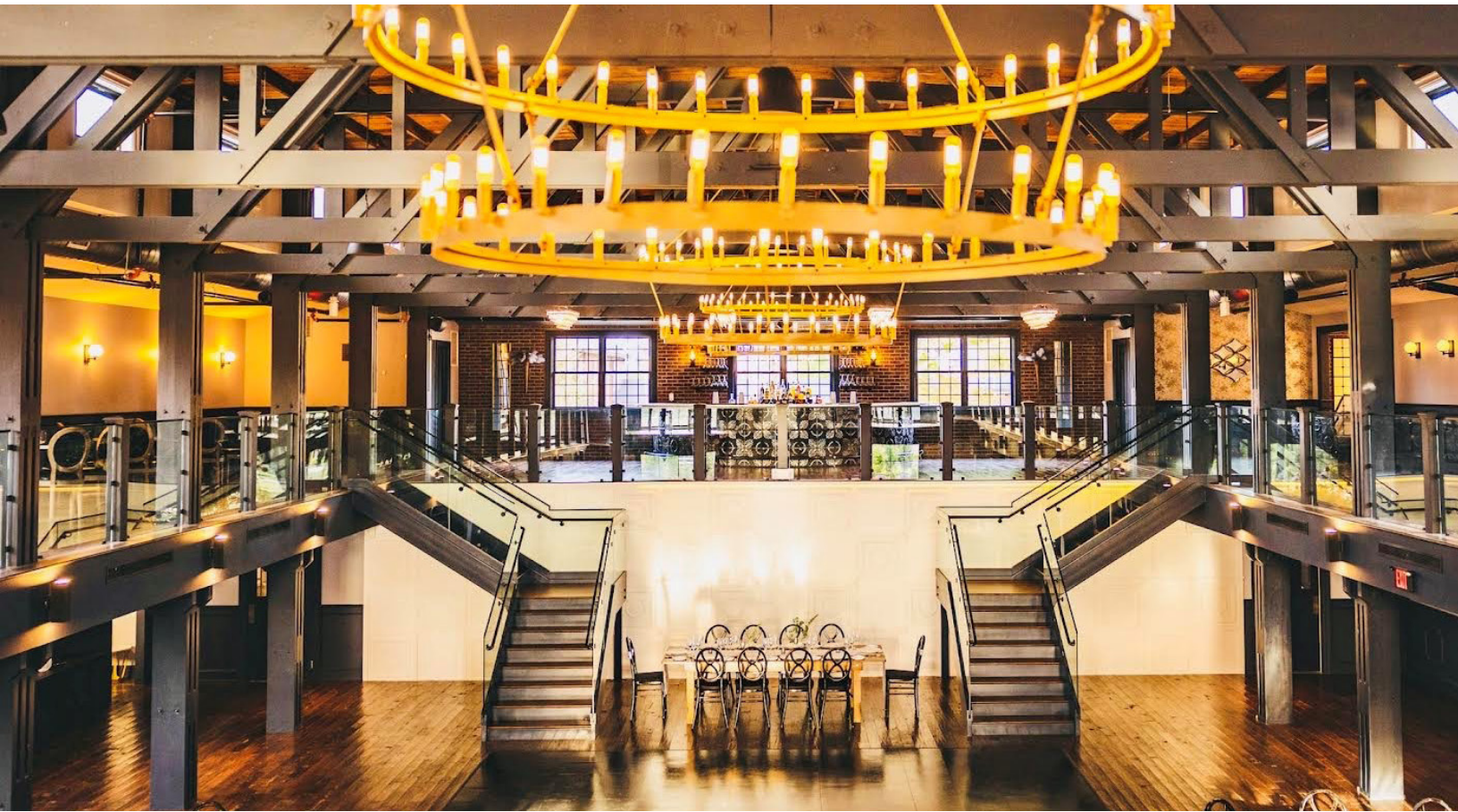
## PARK LOFT

EVENT SPACE



# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



JOB CREATION



INVESTMENT



# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



## ANTHEM PLACE

SINGLE FAMILY HOMES IN TINTON FALLS BY LENNAR



JOB CREATION



INVESTMENT



RESIDENTIAL



# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



## PATRIOTS SQUARE

TOWNHOMES & SUPPORTIVE HOUSING WITH RETAIL  
IN TINTON FALLS BY LENNAR



JOB CREATION



INVESTMENT



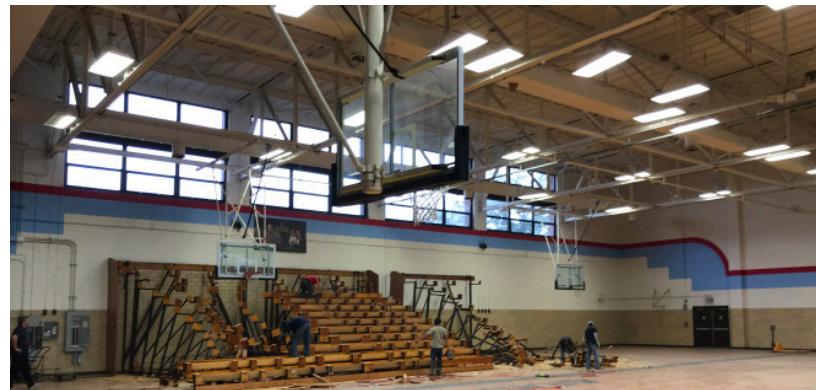
RESIDENTIAL



RETAIL

# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



## FORT ATHLETIC CLUB

FITNESS CENTER, HEALTH CAFE, SPORTS REHAB

50



JOB CREATION

\$7  
MILLION



INVESTMENT



HEALTH CLUB



RETAIL



MEDICAL

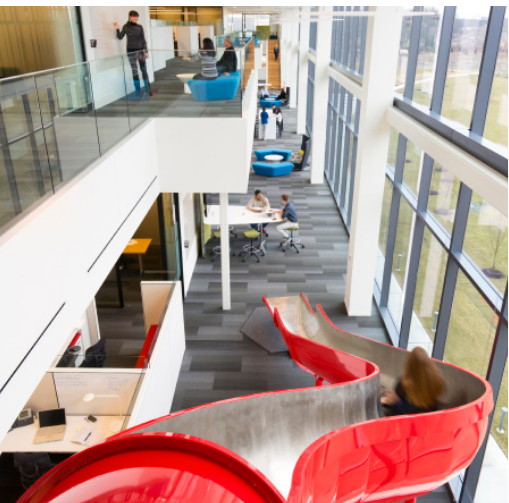
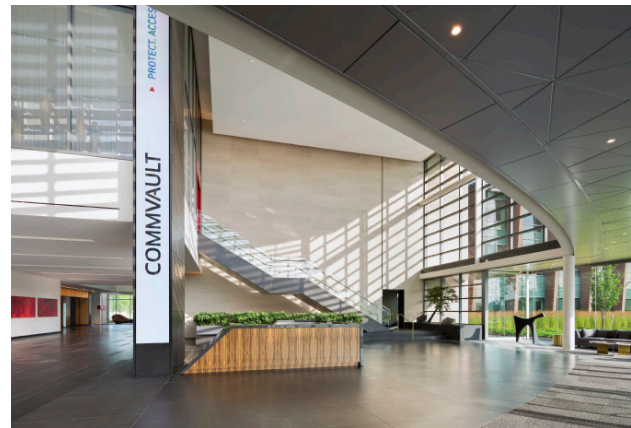
# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



JOB CREATION



INVESTMENT



TECHNOLOGY

# COMMVAULT

DATA PROTECTION  
& MANAGEMENT / TECH CO.

# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



## EAST GATE & LIBERTY WALK

HISTORIC HOMES BY RPM DEVELOPMENT



JOB CREATION



INVESTMENT



RESIDENTIAL

# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



JOB CREATION



INVESTMENT



EDUCATION

## TRINITY HALL

STEM-FOCUSED ALL GIRLS PRIVATE HIGH SCHOOL



# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



GOVERNMENT



\$10  
MILLION

INVESTMENT



CIVIC

## OCEANPORT MUNICIPAL COMPLEX

POLICE STATION, TOWN HALL, ADMINISTRATIVE

# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



## BEACON OF LIFE

ACUTECARE MEDICAL & SENIOR LIVING



JOB CREATION



INVESTMENT



RESIDENTIAL



MEDICAL

# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



JOB CREATION



RESIDENTIAL



INVESTMENT

## PARKERS CREEK

WATERFRONT LUXURY TOWNHOMES  
BY PULTE HOMES & SOMERSET DEVELOPMENT



# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



OFFICE



ARTS



RESIDENTIAL



RESTAURANT



\$22  
MILLION

INVESTMENT



120

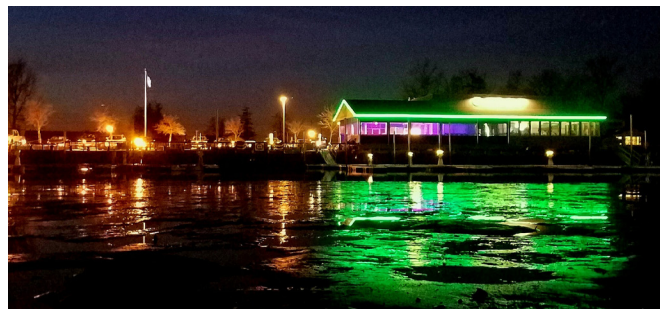
JOB CREATION

## BARKER CIRCLE

BARRACKS, FIRE STATION, & KAPLAN HALL MUSEUM

# TRANSFORM

CONSTRUCTION & COMPLETION HIGHLIGHTS



## THE MARINA

WATERFRONT RESTAURANT,  
BAR, & BOAT SLIPS



RESTAURANT



MARINA



JOB CREATION



INVESTMENT

# IN THE PIPELINE

PROJECTS IN DEVELOPMENT OR NEGOTIATIONS



HOWARD COMMONS

## HOWARD COMMONS ▶ EATONTOWN

On December 29, 2014, FMERA publicly advertised an RFOTP 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 several 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. The planned capital investment is approximately \$66 million.

## 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.

## 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.

## NURSES QUARTERS ▶ OCEANPORT

Formerly used to house the Patterson Army Hospital staff, the Nurses Quarters are 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

## TINTON FALLS COMMERCIAL PARCEL ▶ TINTON FALLS

In support of its healthcare campus project at the former Myer Center site, RWJBarnabas Health proposed invest approximately \$100 million to construct a three-story medical office building; active recreational facilities, including two multi-purpose grass or turf athletic fields, one baseball / softball field, up to five tennis courts, and a field house (which may be expanded in the future to include bathrooms, locker rooms or other similar amenities); a community walking / nature trail that enhances walkability and interconnectedness of the Tinton Falls section of Fort Monmouth and; open space to benefit the surrounding area.



TINTON FALLS COMMERCIAL PARCEL

# IN THE PIPELINE

PROJECTS IN DEVELOPMENT OR NEGOTIATIONS

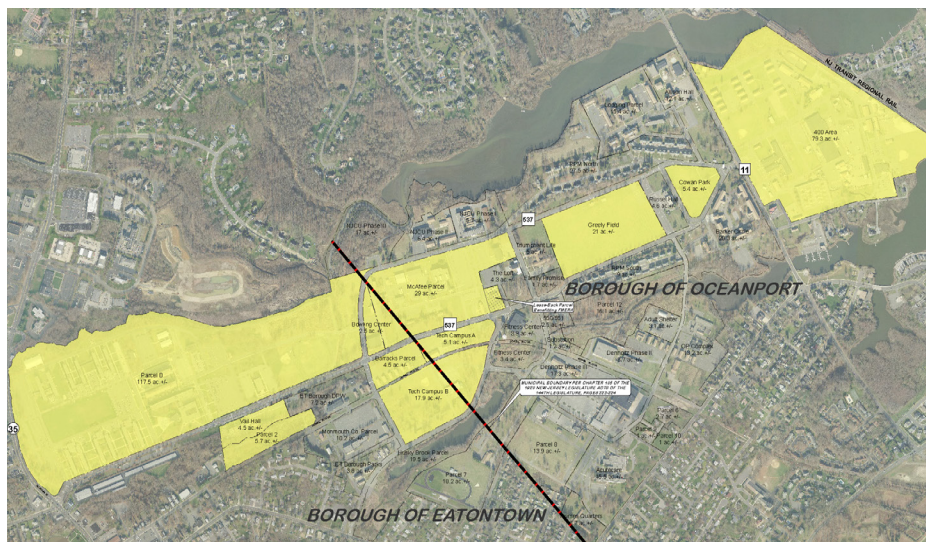


## MEGA PARCEL ► EATONTOWN & OCEANPORT

In addition to the goals outlined in FMERA's Reuse & Redevelopment Plan, the Mega Parcel Request for Offers to Purchase (RFOTP), issued March 8, 2022, aligned with the Governor's strategic priorities to overcome the State's largest economic challenges, as described in the Governor's Economic Plan. The RFOTP sought to attract 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, maximizing FMERA's opportunity to revitalize the local economy and develop a regional hub for one of these dynamic industries.

**Netflix** received the top evaluation score.

**Netflix's** plans for a sustainable, integrated film studio campus will bring nearly \$850 million in capital investment and will be completed in two phases over the course of several years. The first phase of the project will include the construction of 12 soundstages that will range in size from 15,000 square-feet to 40,000 square-feet each with a minimum buildout of 180,000 square-feet and a maximum buildout of 480,000 square-feet. Additional and ancillary improvements may include, office space, production services buildings, mill space, and studio backlots, among other uses customary to the film industry, with the potential for several consumer-facing components, such as retail and consumer experiences. Phase 2 of the redevelopment



project will consist of the development of additional production support space for the film studio campus, such as basecamps and backlots, and may include additional soundstages, reuse of additional existing improvements, and other customary film uses. Any buildings that have not been targeted for reuse must be demolished within two years of closing on the property, regardless of the phased redevelopment plan.

The redevelopment of the property will also include the historic preservation of Greely Field as open space and the WWII Monument located within, as well as Cowan Park and its flagpole. **Netflix** will also construct and improve a portion of Fort Monmouth's walking trail system, for public use and enjoyment.

# RECOGNITION & LEADERSHIP

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.



## 2023 BOARD MEMBERS

Anthony Talerico, Jr.  
**Mayor, Eatontown**  
Vice Chairman, Interim Chairman

Stephen Gallo  
**Public Member**

Terence O’Toole  
Chairman  
**New Jersey Economic Development Authority**

Noreen Giblin  
Deputy Chief Counsel  
**Governor’s Authorities Unit**

Lillian Burry  
**Commissioner, County of Monmouth**

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**  
Mayor Anthony Talerico, Jr.  
Tracy Buckley (*designee for Mayor Perillo*)  
Steve Gallo

**Real Estate Committee**  
Mayor Anthony Talerico, Jr.  
Commissioner Lillian Burry  
Mayor Jay Coffey

## LEADERSHIP & STAFF

Kara Kopach  
**Executive Director**

Regina McGrade  
**Administrative Manager**

### REAL ESTATE

Laura Draushak  
**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

April 19, 2023

In accordance with Executive Order No. 37, the Fort Monmouth Economic Revitalization Authority's 2022 Annual Report also serves as the comprehensive report of the Authority's operations. This report highlights the significant actions of the Authority for the year.

The report of independent auditors, CliftonLarsonAllen, LLP, dated April 19, 2023, 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, 2022.



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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, 2022.



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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, 2022 AND 2021**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://www.CLAconnect.com)

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

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

### Report on the Audit of the Financial Statements

#### **Opinion**

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 years ended December 31, 2022 and 2021, 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, 2022 and 2021, and the respective changes in its financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Authority implemented the provisions of Governmental Accounting Standards Board (GASB) Statements No. 87 for the year ended December 31, 2022, which represent changes in accounting principle. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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, the schedule of general and administrative expenses by fund, and the 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 the 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 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 April 19, 2023, 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*

**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
April 19, 2023

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2022**

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, 2022 and 2021. 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.

**2022 FINANCIAL HIGHLIGHTS**

- The Authority's net position increased \$7,441,976
- Total assets increased \$11,286,313
- Total liabilities increased \$3,844,337
- Capital assets — net decreased \$88,655
- Earned \$57,636 in other revenue from Mandatory Conceptual Review application income, the contribution from the New Jersey Economic Development Authority (NJEDA) for the use and occupancy of a portion of the FMERA office building, 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, 2022, 2021, and 2020:

	2022	2021	Dollar Change	Percentage Change	2020	Dollar Change	Percentage Change
Current Assets	\$ 66,332,279	\$ 54,957,311	\$ 11,374,968	21 %	\$ 54,621,980	\$ 335,331	1 %
Noncurrent Assets	1,251,840	1,340,495	(88,655)	(7)	1,446,646	(106,151)	(7)
Total Assets	67,584,119	56,297,806	11,286,313	20	56,068,626	229,180	0
Current Liabilities	21,508,431	13,795,810	7,712,621	56	37,551,894	(23,756,084)	(63)
Noncurrent Liabilities	19,444,968	23,313,252	(3,868,284)	(17)	7,959,871	15,353,381	193
Total Liabilities	40,953,399	37,109,062	3,844,337	10	45,511,765	(8,402,703)	(18)
Net Position	\$ 26,630,720	\$ 19,188,744	\$ 7,441,976	39	\$ 10,556,861	\$ 8,631,883	82



**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2022**

During 2022, the Authority's combined net position increased \$7.442 million (or 39%) due to:

\$(1.700) 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)
\$3 thousand	Interest on Federal Grant Funds
\$8.580 million	State Appropriation for infrastructure revenue and disbursements
\$29 thousand	Decrease in direct office support expenses
\$568 thousand	Homeless Fund revenue, disbursements, and interest income

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

**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

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2022**

letter on June 16, 2011 enabling the Authority to move forward with implementing the Reuse Plan. Upon the execution of the Phase 1 EDC Agreement on June 25, 2012, FMERA commenced the redevelopment of the former Fort Monmouth and obtained title for 500 acres of former Army property.

The Phase 1 EDC is comprised of 563 acres, including the Charles Wood Area (in Tinton Falls and Eatontown), Parcel B (in Eatontown), and the Clinic and Marina parcels (in Oceanport). FMERA received the Phase 1 deed on May 29, 2014, except for Parcels E and the Clinic parcel, the titles for which were transferred to FMERA in 2012 and 2013, respectively and the Marina Parcel which 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 2022, 2021, and 2020:

	2022	2021	Dollar Change	Percentage Change	2020	Dollar Change	Percentage Change
Operating Revenue	\$ 8,082,673	\$ 19,197,176	\$ (11,114,503)	(58)%	\$ 1,669,922	\$ 17,527,254	1050 %
Operating Expenses	13,193,824	10,608,505	2,585,319	24	8,327,665	2,280,840	27
Operating Income (Loss)	(5,111,151)	8,588,671	(13,699,822)	(160)	(6,657,743)	15,246,414	(229)
Nonoperating Revenue	12,553,127	43,212	12,509,915	28950	524,468	(481,256)	(92)
Change in Net Position	7,441,976	8,631,883	(1,189,907)	(14)	(6,133,275)	14,765,158	(241)
Net Position -							
Beginning of Year	19,188,744	10,556,861	8,631,883	82	16,690,136	(6,133,275)	(37)
Net Position -							
End of Year	\$ 26,630,720	\$ 19,188,744	\$ 7,441,976	39	\$ 10,556,861	\$ 8,631,883	82

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEAR ENDED DECEMBER 31, 2022**

**Operating Revenue and Expenses**

During 2022, the Authority's operating revenues were impacted by the following:

- Gain on Sale of Land decreased by \$11,593,269 — Due to an decrease in land sales from 2021 to 2022.
- Federal Grant Revenue decreased by \$11,684 — Due to the receipt of less State Coronavirus Fiscal Recovery Funds (CSFRF) for Fort Monmouth Water and Sewer projects compared to 2021.
- Other income increased by \$43,223 — Due to the contribution from the New Jersey Economic Development Authority (NJEDA) for the use and occupancy of a portion FMERA's office building, and other miscellaneous income from 2021 to 2022.

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.

The 2022 Operating Revenue decreased by \$11,114,503 primarily as a result of an decrease in sales from 2021 to 2022 and the receipt of the CSFRF Funds.

The 2022 Operating Expenses increased by \$2,585,319 compared to 2021. The 2022 Program Costs were \$3,210,672 more than 2021 due primarily to an increase in infrastructure projects. The 2022 Homeless Fund expenses decreased by \$140,767 due to the Authority making less payments than 2021 toward the Homeless Fund obligation per the Legally Binding Agreements for Homeless Provider Services. Loan Costs decreased \$383,122 due to the Authority not receiving any additional loans in 2022. Interest Expense on Loan Payable decreased by \$218,304 primarily from the Authority paying off the 1<sup>st</sup> Working Capital Loan received from NJEDA. Direct Office Support increased by \$97,875 due to an increase in staff for a portion of the year compared to 2021.

**Nonoperating Revenue**

In 2022, nonoperating revenues increased by \$12,509,915 compared to 2021 when the Authority received an appropriation from the Fiscal Year 2021-2022 New Jersey State Budget for Infrastructure – Electric and Transportation.

**Impact of Future Economic Events**

In 2023, the Authority is anticipating the sale of approximately two parcels. After payments to the Homeless Fund, the Authority estimates net sales revenue to be approximately \$2.496 million. A portion of the net proceeds from the sales of these parcels will be used to pay down the Direct Loan 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 OF THE STATE OF NEW JERSEY)  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2022 AND 2021**

<b>ASSETS</b>	2022	2021
<b>CURRENT ASSETS</b>		
Unrestricted Assets:		
Cash and Cash Equivalents	\$ 329,888	\$ 329,888
Other Receivables	262,548	217,352
Land - Held for Resale	38,159,231	38,516,537
Prepaid Assets - Future Land Conveyance	108,896	108,896
Prepaid Expenses	169,829	188,607
Total Unrestricted Assets	39,030,392	39,361,280
Restricted Assets:		
Cash - Economic Development Conveyance	7,126,337	12,351,320
Cash - Property Sales Deposits	7,578,238	151,436
Cash - Homeless Fund	2,381,909	1,457,892
Cash - Federal Funds	114,924	50,000
Cash - State Funds	8,627,149	-
Escrow Deposits - Property Sales	1,473,330	1,585,383
Total Restricted Assets	27,301,887	15,596,031
<b>NONCURRENT ASSETS</b>		
Other Receivables	1,176,140	1,176,140
Capital Assets, Net	75,700	164,355
Total Noncurrent Assets	1,251,840	1,340,495
Total Assets	\$ 67,584,119	\$ 56,297,806

See accompanying Notes to Financial Statements.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
(A COMPONENT OF THE STATE OF NEW JERSEY)  
STATEMENTS OF NET POSITION (CONTINUED)  
DECEMBER 31, 2022 AND 2021**

<b>LIABILITIES AND NET POSITION</b>	<u>2022</u>	<u>2021</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 700,970	\$ 456,986
Deposits - Property Sales	9,051,568	1,736,819
Land Conveyance Liabilities	10,255,741	10,255,741
Interest Payable	52,696	83,056
Unearned Revenue	111,684	50,000
Due to NJ Economic Development Authority	1,335,772	1,213,208
Total Current Liabilities	<u>21,508,431</u>	<u>13,795,810</u>
<b>NONCURRENT LIABILITIES</b>		
Direct Loan Payable	15,231,579	15,970,843
Working Capital Loan Payable	4,213,389	7,342,409
Total Noncurrent Liabilities	<u>19,444,968</u>	<u>23,313,252</u>
Total Liabilities	40,953,399	37,109,062
<b>NET POSITION</b>		
Investment in Capital Assets	75,700	164,355
Restricted	21,315,229	17,266,576
Unrestricted	5,239,791	1,757,813
Total Net Position	<u>26,630,720</u>	<u>19,188,744</u>
Total Liabilities and Net Position	<u>\$ 67,584,119</u>	<u>\$ 56,297,806</u>

See accompanying Notes to Financial Statements.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
(A COMPONENT OF THE STATE OF NEW JERSEY)  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>OPERATING REVENUES</b>		
Federal Grants	\$ 5,188,316	\$ 5,200,000
Gain on Sale of Land	2,389,594	13,982,863
Homeless Fund Restricted	447,227	-
Other	57,536	14,313
Total Operating Revenues	<u>8,082,673</u>	<u>19,197,176</u>
<b>OPERATING EXPENSES</b>		
Direct Office Support	1,306,726	1,208,851
General and Administrative	179,274	167,379
Homeless Fund	207,725	348,492
Program Costs	11,004,641	7,793,969
Interest Expense on Loan Payable	406,803	625,107
Loan Issuance Costs	-	(7,070)
Loan Costs	-	383,122
Depreciation	88,655	88,655
Total Operating Expenses	<u>13,193,824</u>	<u>10,608,505</u>
<b>OPERATING GAIN (LOSS)</b>	(5,111,151)	8,588,671
<b>NONOPERATING REVENUE</b>		
State Appropriation	12,500,000	-
Interest Income	53,027	519
Other	100	42,693
Total Nonoperating Revenue	<u>12,553,127</u>	<u>43,212</u>
<b>CHANGE IN NET POSITION</b>	7,441,976	8,631,883
Net Position - Beginning of Year	<u>19,188,744</u>	<u>10,556,861</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 26,630,720</u></u>	<u><u>\$ 19,188,744</u></u>

See accompanying Notes to Financial Statements.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
(A COMPONENT OF THE STATE OF NEW JERSEY)  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Federal Grants	\$ 5,250,000	\$ 5,250,000
Receipts from Customers and Users (Miscellaneous)	36,857	269,066
Payments for Personnel Services	(1,213,209)	(1,187,007)
Payments to Suppliers	(11,306,699)	(8,477,619)
Deposits Received	7,314,749	(907,334)
Deposits Returned	112,053	318,500
Proceeds from Property Sale	3,160,135	22,480,220
Payments to U.S. Army	-	(769,725)
Payments Related to Homeless Fund	(207,725)	(348,492)
Net Cash Provided by Operating Activities	<u>3,146,161</u>	<u>16,627,609</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Appropriation	12,500,000	-
Gross Payments of Loan Payable	-	(22,185,000)
Loan Payments of Working Capital Loan Payable	(3,129,020)	(617,462)
Loan Issuance Costs	-	7,070
Loan Costs	-	(383,122)
Proceeds of Direct Loan Payable	(739,264)	15,970,843
Miscellaneous Nonoperating Income	100	42,693
Net Cash Provided (Used) by Noncapital Financing Activities	<u>8,631,816</u>	<u>(7,164,978)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Cash Payments for Costs Capitalized for Future Conveyance	-	17,496
Net Cash Provided by Capital and Related Financing Activities	-	17,496
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income	39,932	(139)
Net Cash Provided (Used) by Investing Activities	<u>39,932</u>	<u>(139)</u>
<b>NET INCREASE IN CASH</b>	11,817,909	9,479,988
Cash - Beginning of Year	<u>14,340,536</u>	<u>4,860,548</u>
<b>CASH - END OF YEAR</b>	<u>\$ 26,158,445</u>	<u>\$ 14,340,536</u>

See accompanying Notes to Financial Statements.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
(A COMPONENT OF THE STATE OF NEW JERSEY)  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
<b>RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating Gain (Loss)	\$ (5,111,151)	\$ 8,588,671
Adjustments to Reconcile Operating Gain (Loss) to Net Cash		
Provided by Operating Activities:		
Depreciation Expense	88,655	88,655
Loan Issuance Costs	-	(7,070)
Loan Costs	-	383,122
Change in Assets and Liabilities:		
Other Receivables	(32,100)	284,840
Prepaid Expenses	18,778	44,619
Prepaid Asset - Future Land Conveyance	-	(1)
Land - Held for Resale	357,306	8,497,357
Accounts Payable and Accrued Liabilities	243,983	67,201
Deposits - Property Sales	7,426,802	(588,834)
Land Conveyance Liabilities	-	(769,725)
Interest Payable	(30,360)	(37,426)
Unearned Revenue	61,684	50,000
Due to NJ Economic Development Authority	122,564	26,200
Net Cash Provided by Operating Activities	\$ 3,146,161	\$ 16,627,609

See accompanying Notes to Financial Statements.



**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
(A COMPONENT OF THE STATE OF NEW JERSEY)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**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, 2022 and 2021, the cash held in the segregated accounts have been included in the Authority's statements of net position as an asset. The cash balances total \$2,381,909 and \$1,457,892 at December 31, 2022 and 2021, 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.

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**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, sewer mains, and electrical upgrades on the Main Post.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

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

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

**Income Taxes**

The Authority is exempt from both federal and state income taxes.

**Use of Estimates**

The preparation of financial statements in conformity with 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.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Depreciation Policy**

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

Building and Leasehold Improvements	10 Years, Lease Term
Vehicles	5 Years
Furniture and Equipment	5 to 7 Years

**Leases**

The Authority's lease contracts generally relate to land, buildings, and various equipment. For short-term leases with a maximum possible term of 12 months or less at commencement, the Authority recognizes periodic revenue or expense based on the provision of the lease contract. For all other contracts where the Authority is the lessee, that meet the requirements of GASB 87 and were in excess of the minimum dollar threshold, the Authority will recognize a lease liability and an intangible right to use asset based on the present value of the future lease payments over the contracted term of the lease. The Authority uses its estimated incremental borrowing rate as the discount rate for leases unless the rate the lessor charges is known. This rate is based on the working capital loan's weighted average interest rate for a given year.

If amendments or other certain circumstances occur that are expected to significantly affect the amount of the lease, the present value is remeasured, and corresponding adjustments made. Payment based on future performance are not included in the measurement of the lease liability or leases receivable but recognized as expense or revenue in the period performed. Residual value guarantees and exercise options will be included in the measurement if they are reasonably certain to be paid or exercised.

A minimum dollar threshold was established for lease reporting purposes of \$35,000.

**NOTE 2 CASH BALANCES**

At December 31, 2022 and 2021, the Authority maintained Government Advantage Interest Checking Accounts with a financial institution. Cash deposits in the checking accounts totaled \$23,692,240 and \$12,838,036, respectively. Of this amount, \$7,578,239 and \$151,436, respectively, represents the funds received by the Authority from the responders to the Authority's Requests for Offers to Purchase land (RFOTP).

Petty cash as of December 31, 2022 and 2021 totaled \$1 and \$25, respectively.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
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**NOTE 2 CASH BALANCES (CONTINUED)**

Additionally, the Authority has an account with the State of New Jersey Cash Management Fund (NJCMF). Cash deposits in this account totaled \$121,540 at December 31, 2022 and \$119,737 at December 31, 2021. 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.

Fort Monmouth Homeless Funds were on deposit with a financial institution in a Government Advantage Interest Checking Account. At December 31, 2022 and 2021, the cash deposits totaled \$1,811,447 and \$895,895, respectively. In addition, the amount invested with the New Jersey Cash Management Fund totaled \$570,462 and \$561,996, 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, 2022 and 2021, the Authority's uncollateralized amounts in excess of federal depository insurance limits was \$25,695,689 and \$13,665,670, respectively.

**NOTE 3 ESCROW DEPOSIT — PROPERTY SALE**

At December 31, 2022, the Authority had escrow deposits of \$1,473,330 from third-party purchasers per the contracts to sell the Fabrication Shops, the Tinton Falls Commercial Parcel, Howard Commons, and the Nurses Quarters. Escrow funds were on deposit with the attorney trust accounts.

At December 31, 2021, the Authority had escrow deposits of \$1,585,383 from third-party purchasers per the contracts to sell the Fabrication Shops, Allison Hall, the Tinton Falls Commercial Parcel, Howards Commons, and the Nurses Quarters. Escrow funds were on deposit with the attorney trust accounts.

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**NOTE 4 OTHER RECEIVABLES**

At December 31, 2022 and 2021, included in other receivables are receivables of \$115,028 and \$122,885, 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 and receivables of \$19,276 and \$-0-, respectively for the value of in-kind services due from the Borough of Eatontown in connection with the purchase agreement for the Eatontown Parks Parcel. At December 31, 2022, and 2021, also included in other receivables is a receivable of \$108,334 and \$93,784 for utility payments due to the Authority. At December 31, 2022 and 2021, also included in other receivables is an interest receivable of \$13,779 and \$658 due to the Authority. At December 31, 2022, and 2021, also included in other receivables is prepaid insurance receivable of \$6,130 and \$-0- due to the Authority.

At December 31, 2022 and 2021, 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, 2022:

	Balance December 31, 2021	Additions	Deletions	Transfers	Balance December 31, 2022
Capital Assets, Being Depreciated:					
Building Improvements	\$ 883,812	\$ -	\$ -	\$ -	\$ 883,812
Total Being Depreciated	883,812	-	-	-	883,812
Accumulated Depreciation:					
Building Improvements	719,457	88,655	-	-	808,112
Total Accumulated Depreciation	719,457	88,655	-	-	808,112
Total Capital Assets, Being Depreciated, Net	<u>\$ 164,355</u>	<u>\$ (88,655)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,700</u>

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
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**NOTE 5 CAPITAL ASSETS, NET (CONTINUED)**

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>

Total depreciation expense for fiscal years 2022 and 2021 was \$88,655.

**NOTE 6 LAND — HELD FOR RESALE**

At December 31, 2022 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, the New Jersey American Water Tank Parcel which sold in April 2021 and Parcel F-1 which sold in December 2022. The remaining Phase 1 properties were recorded at an estimated fair market value of \$20,030,772 and \$20,311,542 as of December 31, 2022 and 2021, 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.

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**NOTE 6 LAND — HELD FOR RESALE (CONTINUED)**

At December 31, 2022 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, Barker Circle which sold in November 2021, the Lodging Area which sold in November 2021, the Eatontown Parks Parcel which sold in March 2022, Allison Hall which sold in May 2022 and the Phase 2 carve-outs discussed in Note 8. The remaining Phase 2 property was valued at cost which was \$18,128,459 and \$18,204,995 as of December 31, 2022 and 2021, respectively.

**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 \$108,896 as of December 31, 2022 and 2021.

**NOTE 8 DEPOSITS — PROPERTY SALES**

At December 31, 2022, the Authority held deposits aggregating \$9,051,568 for the initial payments under purchase and sale agreements for the Fabrication Shops, the Eatontown DPW, Howard Commons, the Tinton Falls Commercial Parcel, the Nurses Quarters, and the Mega Parcel.

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.



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**NOTE 9 LAND CONVEYANCE LIABILITIES**

In accordance with the Economic Development Conveyance Agreement, at December 31, 2022 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 of land conveyance liabilities due to the United States Army at December 31, 2022 and 2021, respectively. The Authority has also recorded an aggregate of \$2,972,033 and \$3,252,803 of land conveyance assets due to the Homeless Fund at December 31, 2022 and 2021, respectively. The land conveyance assets and liabilities recorded are estimates and are subject to change based on economic factors that were unknown at the time of conveyance. At the time of settlement on the sale of the Phase 1 parcels any changes to the estimated assets and liabilities are included in the Authority's gain or loss from property sales.

**NOTE 10 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, 2022 was as follows:

December 31, 2021	Additions	Reductions	December 31, 2022	Amounts Due Within One Year
\$ 15,970,843	\$ -	\$ (739,264)	\$ 15,231,579	\$ -

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
\$ -	\$ 21,774,796	\$ (5,803,953)	\$ 15,970,843	\$ -

Interest payable on the loan at December 31, 2022 and 2021 was \$26,232 and \$27,505, respectively.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
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**NOTE 11 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.

At December 31, 2021, the amount payable on the working capital loan was \$3,129,020 and the interest payable was \$29,088. The loan was fully paid down with cash on hand in February 2022.

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 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, 2022 and 2021, the amount payable on the second working capital loan was \$4,213,389 and the interest payable was \$26,463.

**NOTE 12 DUE TO NJ ECONOMIC DEVELOPMENT AUTHORITY**

The balances due to the NJ Economic Development Authority at December 31, 2022 and 2021 for direct office support were \$1,335,772 and \$1,213,208, respectively.

**NOTE 13 ECONOMIC DEVELOPMENT CONVEYANCE (EDC) REVENUE AND EXPENDITURES**

For the years ended December 31, 2022 and 2021, the Authority's EDC revenue was \$2,168,594 and \$13,356,443, respectively, and consisted of the following:

	<u>2022</u>	<u>2021</u>
Gain on Sale of Land	\$ 2,069,637	\$ 13,299,148
Interest	41,321	289
Other	57,636	57,006
Total	<u>\$ 2,168,594</u>	<u>\$ 13,356,443</u>

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
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**NOTE 13 ECONOMIC DEVELOPMENT CONVEYANCE (EDC) REVENUE AND EXPENDITURES  
(CONTINUED)**

For the years ended December 31, 2022 and 2021, the Authority's EDC expenditures were \$3,868,588 and \$5,026,238, respectively, and consisted of the following:

	2022	2021
Utility Construction	\$ -	\$ 45,726
Historic Property Preservation	-	14,400
Landscaping	11,098	20,942
Transportation Management Facilities	-	9,144
Planning for/or the Marketing of the Property	3,806,965	4,885,501
Total	\$ 3,818,063	\$ 4,975,713

**NOTE 14 OPERATING LEASES AND AGREEMENTS**

**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.

**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 14 months and \$4,141 per month for the last 10 months. Rental expense under this agreement was \$-0- and \$8,282 for the years ended December 31, 2022 and 2021.

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**NOTE 15 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.

**NOTE 16 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.

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**NOTE 16 CONTINGENCIES AND COMMITMENTS (CONTINUED)**

**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.

**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.

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**NOTE 16 CONTINGENCIES AND COMMITMENTS (CONTINUED)**

**Obligations from Phase 2 Economic Development Conveyance Agreement  
(Continued)**

4. Reinvest the third-party sale and lease proceeds net of the immediate obligations to the United States Army and the Fort Monmouth Homeless Fund to support the economic redevelopment of the former Fort Monmouth in 12 allowable expense categories as mandated in the Base Realignment and Closure Act (BRAC) within a seven-year reinvestment period beginning on the date of the last United States Army conveyance or remit proceeds not used for these purposes to the United States Army within 60 days after the seven-year reinvestment period.

**NOTE 17 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.

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY**  
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**COMBINING SCHEDULE OF NET POSITION**  
**DECEMBER 31, 2022**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

<b>ASSETS</b>	OEA Grant and Matching	Economic Development Conveyance	Federal Grant	State Appropriation	Other	Homeless Fund	Eliminations	Total
<b>CURRENT ASSETS</b>								
Unrestricted Assets:								
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 329,888	\$ -	\$ -	\$ 329,888
Other Receivables	-	262,548	-	-	-	-	-	262,548
Interfund Receivable	-	-	-	-	57,609	-	(57,609)	-
Land - Held for Resale	-	35,187,198	-	-	-	2,972,033	-	38,159,231
Prepaid Assets - Future Land								
Conveyance	-	108,896	-	-	-	-	-	108,896
Prepaid Expenses	-	169,829	-	-	-	-	-	169,829
Total Unrestricted Current Assets	-	35,728,471	-	-	387,497	2,972,033	(57,609)	39,030,392
Restricted Assets:								
Cash - Economic Development								
Conveyance	-	7,126,337	-	-	-	-	-	7,126,337
Cash - Property Sales Deposit	-	7,578,238	-	-	-	-	-	7,578,238
Cash - Homeless Fund	-	-	-	-	-	2,381,909	-	2,381,909
Cash - Federal Funds	-	-	114,924	-	-	-	-	114,924
Cash - State Funds	-	-	-	8,627,149	-	-	-	8,627,149
Escrow Deposit - Property Sales	-	1,473,330	-	-	-	-	-	1,473,330
Total Restricted Assets	-	16,177,905	114,924	8,627,149	-	2,381,909	-	27,301,887
<b>NONCURRENT ASSETS</b>								
Other Receivables	-	971,579	-	-	-	204,561	-	1,176,140
Capital Assets, Net	22,065	53,635	-	-	-	-	-	75,700
Total Noncurrent Assets	22,065	1,025,214	-	-	-	204,561	-	1,251,840
<b>Total Assets</b>	<b>\$ 22,065</b>	<b>\$ 52,931,590</b>	<b>\$ 114,924</b>	<b>\$ 8,627,149</b>	<b>\$ 387,497</b>	<b>\$ 5,558,503</b>	<b>\$ (57,609)</b>	<b>\$ 67,584,119</b>

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
(A COMPONENT OF THE STATE OF NEW JERSEY)  
COMBINING SCHEDULE OF NET POSITION (CONTINUED)  
DECEMBER 31, 2022  
(SEE INDEPENDENT AUDITORS' REPORT)**

<b>LIABILITIES AND NET POSITION</b>	OEA Grant and Matching	Economic Development Conveyance	Federal Grant	State Appropriation	Other	Homeless Fund	Eliminations	Total
<b>CURRENT LIABILITIES</b>								
Accounts Payable and Accrued Liabilities	\$ -	\$ 530,055	\$ -	\$ 47,260	\$ 48,333	\$ 75,322	\$ -	\$ 700,970
Interfund Payable	-	57,609	-	-	-	-	(57,609)	-
Deposits - Property Sales	-	9,051,568	-	-	-	-	-	9,051,568
Land Conveyance Liabilities	-	10,255,741	-	-	-	-	-	10,255,741
Interest Payable	-	52,696	-	-	-	-	-	52,696
Unearned Revenue	-	-	111,684	-	-	-	-	111,684
Due to NJ Economic Development Authority	-	1,335,772	-	-	-	-	-	1,335,772
Total Current Liabilities	-	21,283,441	111,684	47,260	48,333	75,322	(57,609)	21,508,431
<b>NONCURRENT LIABILITIES</b>								
Direct Loan Payable	-	15,231,579	-	-	-	-	-	15,231,579
Working Capital Loan Payable	-	4,213,389	-	-	-	-	-	4,213,389
Total Noncurrent Liabilities	-	19,444,968	-	-	-	-	-	19,444,968
Total Liabilities	-	40,728,409	111,684	47,260	48,333	75,322	(57,609)	40,953,399
<b>NET POSITION</b>								
Investment in Capital Assets	22,065	53,635	-	-	-	-	-	75,700
Restricted	-	7,126,337	3,240	8,627,149	-	5,558,503	-	21,315,229
Unrestricted	-	5,023,209	-	(47,260)	339,164	(75,322)	-	5,239,791
Total Net Position	22,065	12,203,181	3,240	8,579,889	339,164	5,483,181	-	26,630,720
Total Liabilities and Net Position	\$ 22,065	\$ 52,931,590	\$ 114,924	\$ 8,627,149	\$ 387,497	\$ 5,558,503	\$ (57,609)	\$ 67,584,119



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

<b>ASSETS</b>	OEA Grant and Matching	Economic Development Conveyance	Federal Grant	Other	Homeless Fund	Eliminations	Total
<b>CURRENT ASSETS</b>							
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	-	35,263,735	-	-	3,252,802	-	38,516,537
Prepaid Assets - Future Land Conveyance	-	108,896	-	-	-	-	108,896
Prepaid Expenses	-	188,607	-	-	-	-	188,607
Total Unrestricted Current Assets	-	35,778,590	-	387,497	3,252,802	(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	-	-	-	-	1,457,892	-	1,457,892
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	-	1,457,892	-	15,596,031
<b>NONCURRENT ASSETS</b>							
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	\$ 50,942,467	\$ 50,000	\$ 387,497	\$ 4,915,256	\$ (57,609)	\$ 56,297,806

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

<b>LIABILITIES AND NET POSITION</b>	OEA Grant and Matching	Economic Development Conveyance	Federal Grant	Other	Homeless Fund	Eliminations	Total
<b>CURRENT LIABILITIES</b>							
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	-	1,213,208	-	-	-	-	1,213,208
Total Current Liabilities	-	13,726,040	50,000	77,379	-	(57,609)	13,795,810
<b>NONCURRENT LIABILITIES</b>							
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	-	37,039,292	50,000	77,379	-	(57,609)	37,109,062
<b>NET POSITION</b>							
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	\$ 50,942,467	\$ 50,000	\$ 387,497	\$ 4,915,256	\$ (57,609)	\$ 56,297,806

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY**  
**(A COMPONENT OF THE STATE OF NEW JERSEY)**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED DECEMBER 31, 2022**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	OEA Grant and Matching	Economic Development Conveyance	Federal Grant	State Appropriation	Other	Homeless Fund	Total
<b>OPERATING REVENUES</b>							
Federal Grants	\$ -	\$ -	\$ 5,188,316	\$ -	\$ -	\$ -	\$ 5,188,316
Gain on Sale of Land	-	2,069,637	-	-	-	319,957	2,389,594
Homeless Fund - Restricted	-	-	-	-	-	447,227	447,227
Other	-	57,536	-	-	-	-	57,536
Total Operating Revenues	-	2,127,173	5,188,316	-	-	767,184	8,082,673
<b>OPERATING EXPENSES</b>							
Direct Office Support	-	1,335,772	-	-	(29,046)	-	1,306,726
General and Administrative	-	179,274	-	-	-	-	179,274
Homeless Fund	-	-	-	-	-	207,725	207,725
Program Costs	-	1,896,214	5,188,316	3,920,111	-	-	11,004,641
Interest Expense on Loan Payable	-	406,803	-	-	-	-	406,803
Depreciation	38,130	50,525	-	-	-	-	88,655
Total Operating Expenses	38,130	3,868,588	5,188,316	3,920,111	(29,046)	207,725	13,193,824
<b>OPERATING GAIN (LOSS)</b>	(38,130)	(1,741,415)	-	(3,920,111)	29,046	559,459	(5,111,151)
<b>NONOPERATING REVENUE</b>							
State Appropriation	-	-	-	12,500,000	-	-	12,500,000
Interest Income	-	41,321	3,241	-	-	8,465	53,027
Other	-	100	(1)	-	-	1	100
Total Nonoperating Revenue	-	41,421	3,240	12,500,000	-	8,466	12,553,127
<b>CHANGE IN NET POSITION</b>	(38,130)	(1,699,994)	3,240	8,579,889	29,046	567,925	7,441,976
Net Position - Beginning of Year	60,195	13,903,175	-	-	310,118	4,915,256	19,188,744
<b>NET POSITION - END OF YEAR</b>	<u>\$ 22,065</u>	<u>\$ 12,203,181</u>	<u>\$ 3,240</u>	<u>\$ 8,579,889</u>	<u>\$ 339,164</u>	<u>\$ 5,483,181</u>	<u>\$ 26,630,720</u>

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY**  
**(A COMPONENT 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
<b>OPERATING REVENUES</b>						
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
<b>OPERATING EXPENSES</b>						
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
<b>OPERATING GAIN (LOSS)</b>	(38,130)	8,287,223	-	4,355	335,223	8,588,671
<b>NONOPERATING REVENUE</b>						
Interest Income	-	289	-	-	230	519
Other	-	42,693	-	-	-	42,693
Total Nonoperating Revenue	-	42,982	-	-	230	43,212
<b>CHANGE IN NET POSITION</b>	(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
<b>NET POSITION - END OF YEAR</b>	\$ 60,195	\$ 13,903,175	\$ -	\$ 310,118	\$ 4,915,256	\$ 19,188,744

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
(A COMPONENT OF THE STATE OF NEW JERSEY)  
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES BY FUND  
YEAR ENDED DECEMBER 31, 2022  
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>Economic Development Conveyance</u>
Equipment	\$ 17,495
Insurance	53,987
Office Maintenance and Utilities	72,613
Legal Notices	1,097
Office Supplies and Postage	14,780
Communication	8,981
Travel	1,534
Meetings and Seminars	6,010
Marketing	<u>2,777</u>
Total	<u>\$ 179,274</u>

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
(A COMPONENT OF THE STATE OF NEW JERSEY)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Treasury:</b>				
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	\$ 5,188,316	\$ 5,188,316
Total U.S. Department of Treasury			<u>5,188,316</u>	<u>5,188,316</u>
Total Expenditures of Federal Awards			<u>\$ 5,188,316</u>	<u>\$ 5,188,316</u>

*See accompanying Notes to Schedule of Expenditures of Federal Awards.*

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
(A COMPONENT OF THE STATE OF NEW JERSEY)  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2022**

**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 business-type activities of Fort Monmouth Economic Revitalization Authority, a component unit of the state of New Jersey, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Fort Monmouth Economic Revitalization Authority's basic financial statements, and have issued our report thereon dated April 19, 2023.

***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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
April 19, 2023



**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's (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, 2022. The 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, 2022.

***Basis for Opinion on the 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.

Audit Committee and Management  
Fort Monmouth Economic Revitalization Authority

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*

**CliftonLarsonAllen LLP**

King of Prussia, Pennsylvania  
April 19, 2023

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
(A COMPONENT OF THE STATE OF NEW JERSEY)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2022**

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***Section I – Summary of Auditors’ Results***

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**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? \_\_\_\_\_ 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? \_\_\_\_\_ 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***

**Assistance Listing Number**

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?

  x   yes      \_\_\_\_\_ no

**FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
(A COMPONENT OF THE STATE OF NEW JERSEY)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

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***Section II – Financial Statement Findings***

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

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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