In August 2010, Governor Chris Christie signed into law the "Fort Monmouth Economic Revitalization Authority Act," creating the Fort Monmouth Economic Revitalization Authority (FMERA). The law charged FMERA with overseeing and managing the redevelopment of Fort Monmouth following the federal government’s decision to close the base.

The closure of a military facility is a complex and painful process. Complex because it includes myriad stakeholders, competing initiatives, limited resources, difficult-to-achieve timelines, and the uniqueness of each affected community. Painful because jobs are lost, futures are clouded, and the social fabric of the community is changed forever as the active service men and women relocate to another facility. Despite the challenging environment into which it was born, FMERA, which is staffed by the EDA, has taken up its mission with enthusiasm and determination, joined by an engaged and committed Board of Directors and group of stakeholders.

When Fort Monmouth was selected for closure by the federal Base Closure and Realignment Commission in 2005, the decision was met with grave concern and considerable apprehension. After all, Fort Monmouth has been a major presence in Monmouth County and New Jersey for over 94 years, serving as a source of local pride and community investment. Fort Monmouth was the lead command for the Army in the area of C4ISR development, acquisition and sustainment, and boasted 5,500 highly skilled employees, one third of which were engineers and scientists. Further, reports show that an estimated 22,000 jobs were supported by the Fort statewide, a concern that was particularly pronounced in the affected communities of Eatontown, Oceanport and Tinton Falls. While the FMERA team faces many challenges ahead, 2010 was undeniably marked by the creation of a new mind-set that focused on the unprecedented opportunity that lies before us.

The report which follows describes the actions and accomplishments of FMERA from its inception in September through the end of 2010. In this short period of time, FMERA’s staff and Board were busy with a variety of activities – from holding its organizational meeting in late September to instituting policies and processes tied to the Board’s responsibilities. As we move ahead in 2011, the FMERA team remains committed to the highest level of integrity and transparency. We look forward to continuing to work closely with our partners to build on the success of our predecessor, the Fort Monmouth Economic Revitalization Planning Authority, as well as FMERA’s accomplishments of last year.

Caren Franzini  
Chief Executive Officer, EDA

Bruce Steadman  
Executive Director, FMERA
Background

On August 17, 2010, Governor Chris Christie signed Senate Bill 917, the "Fort Monmouth Economic Revitalization Authority Act," which was sponsored by Senators Jennifer Beck and Raymond Lesniak and Assembly members Declan O'Scanlon, Joseph Cryan, Albert Coutinho, Angel Fuentes, and Annette Quijano. The law created the Fort Monmouth Economic Revitalization Authority (FMERA) to provide investment, continuity and economic growth to the communities impacted by the federal government’s decision to close Fort Monmouth. FMERA replaced the Fort Monmouth Economic Revitalization Planning Authority (FMERPA) and is charged with advancing that entity’s plan for reuse and redevelopment of the 1,126 acres of real estate that span parts of Eatontown, Oceanport and Tinton Falls.

Fort Monmouth has 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 represents 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 Fort Monmouth Reuse and Redevelopment Plan, created by FMERPA, places a high priority on creating a mixed-use development with a particular focus on jobs in research and development, high-tech industries and incubator businesses. The array of proposed uses was determined through an extensive interactive process with municipal leaders and residents, and 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 of Eatontown, Oceanport and Tinton Falls, and throughout New Jersey.

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

The EDA staffs FMERA, which currently has seven employees working out of an office in Eatontown. In November, Bruce Steadman was selected to serve as FMERA’s Executive Director. Steadman previously served as the President and CEO of the Plattsburgh Air Base Redevelopment Corporation, where he led and managed the redevelopment of the former Plattsburgh Air Force Base in New York.
Background

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

Local input on the Board makeup resulted in a broad representation of town, county and State interests, and the 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.
The Plan

The 20-year plan for Fort Monmouth 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 and seeks to establish Fort Monmouth as a model for sustainable redevelopment, while also honoring the rich history of the post.

The mix of land uses proposed in the plan is deliberately broad to help accelerate redevelopment and provide for the creation of a wide range of jobs and housing types in order to meet the needs of the demographically diverse population. The inclusion of office, research and development, business services, light manufacturing, retail, residential housing, homeless accommodations, and civic space reflects the overarching commitment to provide for short, medium, and long-term regional planning implementation and economic opportunity.

Plans for the Tinton Falls reuse area, which extends from the westernmost border to Hope Road, envisions a mixed-use, high-tech hub with a multi-use town center containing storefront retail, with the potential for mixed-income housing or professional offices above, institutional uses such as a library, and professional office space. The Eatontown reuse area is divided into the existing Charles Wood area to the west, and the eastern Main Post area. The Sun eagles Golf Course encompasses the majority of the western area, approximately 175 acres, with the Howard Commons area, 64 acres, covering the remaining portion. A Lifestyle Town Center is expected to serve as an exciting gateway to the east, with retail, restaurants, entertainment venues, residences, and other uses that create a vibrant pedestrian environment. The three distinct areas proposed within Oceanport include a high tech/green industry cluster, an education and medical campus, a waterfront boutique hotel and spa located along Parkers Creek, and a neighborhood center.

In June 2011, the U.S. Department of Housing and Urban Development (HUD) approved the Fort Monmouth Reuse and Redevelopment Plan, which was completed and approved under the auspices of FMERPA and submitted to HUD in September 2008.
2010 Activities & Accomplishments
September 28, 2010 — December 31, 2010

On September 28, 2010, FMERPA marked a seminal moment in the history of Fort Monmouth when it held its organizational meeting. At the inaugural meeting, members of the Board were asked to act on a series of recommendations designed to institute and effectuate the Board’s powers and responsibilities, as well as enable FMERPA’s staff to undertake necessary day-to-day operations. Additional Board meetings were held in November and December.

September also marked FMERPA’s kick-off meeting with Matrix Design Group, the planning, engineering, architectural and environmental consultant selected by FMERPA in August 2010. To date, 29 of the 33 buildings identified in the scope of work have been assessed, and on-site assessments of the wet and dry utilities, geothermal systems and transportation infrastructure have been conducted. Matrix also undertook a thorough environmental assessment to identify Areas of Concern and implement environmental risk management strategies. Matrix continues to work on identifying needs related to environmental investigation and cleanup under the Comprehensive Environmental Response, Compensation and Liability Act, with oversight from the New Jersey Department of Environmental Protection. The Department of Defense remains responsible for investigation and cleanup even after closure.

FMERA subsequently approved the award of the Business and Operations Plan Request for Proposals (RFP) to Matrix. Under this agreement, Matrix is charged with developing business and operations plans, which are intended to support the submission of the Economic Development Conveyance (EDC) application required by the Department of the Army.

In accordance with the federal Base Realignment and Closure law, a local redevelopment authority (LRA) must exist for purposes of implementing the Reuse and Redevelopment Plan. In September 2010, Governor Christie sent a letter to the Department of Defense’s Office of Economic Adjustment (OEA) requesting recognition of FMERPA as the State’s LRA for Fort Monmouth. The Department of Defense sent the Letter of Recognition naming FMERPA as the LRA on October 12, 2010. Also in October, FMERPA staff met with Army representatives in Washington, D.C. for the first time to discuss objectives for the disposition of property. A follow-up meeting with Army officials was held to continue discussions related to the Army’s ultimate conveyance of the property to FMERPA.

During this period, FMERPA also approved its 2011 Budget and established three staff advisory committees – Environmental, Veterans, and Housing – chaired by a Board member, with representatives from
the community. Each committee is charged with examining matters related to the Fort’s closure and revitalization and providing input and information to staff on relevant issues. Monthly updates on committees are provided to the FMERPA Board at the public Board meetings.

FMERA conducted briefings and outreach meetings throughout the fall and early winter, including a discussion with the New Jersey Turnpike Authority regarding possible alternate routes to access the Fort property in a more efficient manner. A meeting with representatives of the New Jersey Department of Military and Veteran Affairs was also held, at which relevant veterans issues related to the Fort’s closure were both identified and discussed.

Additionally, FMERPA met with representatives of several companies interested in property at Fort Monmouth. These preliminary talks proved encouraging, and follow-up discussions were scheduled upon request.

To ensure open communication with its stakeholders, FMERPA launched its website in late September. In addition to including all Board-related activity, the site has a link to the FMERPA website, facilitating access to the wealth of information that was gathered by the planning authority. FMERPA’s Executive Director and staff also conducted tours of Fort Monmouth in 2010, providing greater insight and understanding of the property, its physical condition, and value.
2011 has already proven to be an eventful year for Fmera as its staff and Board were finalized and the following key strategies to accelerate redevelopment were determined:

- Continue the interactive and transparent communications with stakeholders/public;
- Identify and target industries to match facilities and investors/employers;
- Utilize New Jersey incentives to attract the best and brightest employers and employees;
- Emphasize the Fort's outstanding location;
- Ensure professional, fast and accurate responses from the Fmera team;
- Uphold a commitment to excellence in all aspects;
- Create a branding strategy to promote the Fort nationally and internationally, with assistance from the New Jersey Partnership for Action.

One of the most exciting achievements in 2011 came in April when the Governor announced plans to invest New Jersey Turnpike Authority capital funds in a project that will provide an important boost to the redevelopment of Fort Monmouth. The Turnpike Authority plans to reconfigure the Garden State Parkway in Tinton Falls, adding new ramps from the southbound Parkway to Wayside Avenue and signage in both directions at Exit 105 for Fort Monmouth visitors. The project also includes improving the intersection of Hope Road and Route 36, an area plagued by congestion and traffic delays. The project will improve traffic flow in the vicinity and provide better access to the western portion of the Fort. These improvements will serve to add value to the property and further demonstrate a commitment to development. In late July, the Turnpike Authority Board awarded the design contract to RBA Group of Parsippany. Construction on the new exit and Hope Road improvements are anticipated to start in 2013.

In May, Fmera approved the selection of a professional planning consultant, Phillips Preiss Grygiel LLC, another significant step that will result in the preparation of design guidelines, zoning maps and land use regulations. In addition, the Fmera Board also set forth procedures for leasing space at the Fort in accordance with the appropriate land transfer from the Army. These rules provide a transparent process for Fmera to proceed with the reuse and economic revitalization of Fort Monmouth and were advanced to encourage the use of existing buildings at the post, optimize revenue opportunities to support redevelopment, and prioritize job creation and economic activity.

Fmera continues to hold regular meetings with the Army to ensure a smooth transition once the flag comes down in mid-September. From Fort security to environmental issues, detailed plans are being prepared to minimize any negative impact on the community’s health and vitality through the transition period. The property will maintain its 24/7 police presence and it is intended that the Suneagles
Looking Ahead

Golf Course will continue operations. FMER A will award a contract to provide management and maintenance for the golf course and banquet/restaurant facilities.

As FMER A moves forward in advancing the redevelopment plan, it has outlined four central goals tied to its key strategies:

1. Job Creation
2. Re-Investment of Sale Proceeds within the Fort’s footprint
3. Ensure Army Resolves Environmental Issues
4. Satisfied Stakeholders
Board Members

James Gorman, Chairman
Public Member

Michael Pane, Esq., Vice Chairman
Public Member

Dr. Robert Lucky
Public Member

Al Koepp
Chairman
New Jersey Economic Development Authority

Deborah Gramiccioni
Officer of the Governor, Authorities Unit

Lillian Burry
Freeholder, County of Monmouth

Gerald Tarantolo
Mayor, Eatontown

Michael Mahon
Mayor, Oceanport

Michael Skudera
Mayor, Tinton Falls

Lori Grifa
Commissioner
New Jersey Department of Community Affairs

Bob Martin
Commissioner
New Jersey Department of Environmental Protection

Harold Wirhs
Commissioner
New Jersey Department of Labor & Workforce Development

James Simpson
Commissioner
New Jersey Department of Transportation

Board Committees

Audit Committee

James Gorman, Chairman
Al Koepp
Mayor Michael Mahon

Real Estate Committee

Michael Pane, Esq., Chairman
Freeholder Lillian Burry
Dr. Robert Lucky
Mayor Michael Mahon
Certifications Pursuant to Executive Order 37

September 21, 2011

In accordance with Executive Order No. 37, the Fort Monmouth Economic Revitalization Authority’s 2010 Annual Report also serves as the comprehensive report of the Authority’s operations. This report highlights the significant actions of the Authority for the period.

The report of independent auditors, Schneider & Company, dated August 2, 2011, is attached and completes FMERA’s requirements concerning the preparation of a comprehensive report required by Executive Order No. 37.

I, Bruce Steadman, certify that the financial information provided to the Independent Auditor in connection with the audit is, to the best of my knowledge, accurate and that such information, to the best of my knowledge fairly represents the financial condition and operational results of the Fort Monmouth Economic Revitalization Authority for the period September 29, 2010 (Inception) to December 31, 2010.

Bruce Steadman
Executive Director

I, Beverlee Akerblom, certify that the financial information provided to the Independent Auditor in connection with the audit is, to the best of my knowledge, accurate and that such information, to the best of my knowledge fairly represents the financial condition and operational results of the Fort Monmouth Economic Revitalization Authority for the period September 29, 2010 (Inception) to December 31, 2010.

Beverlee Akerblom, CPA
Senior Finance Officer
Fort Monmouth Economic Revitalization Authority
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 29, 2010 (Inception) to December 31, 2010

This section of the Fort Monmouth Economic Revitalization Authority's (the Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance from its inception, September 29, 2010 to December 31, 2010. Please read it in conjunction with the Authority's financial statements, accompanying notes, and supplementary information.

2010 Financial Highlights

- The Authority's total assets amount to $1,039,114
- Total liabilities are $899,373, of which $836,404 are current
- The Authority's net assets increased by $139,741
- Major funding sources: federal grants and net assets received from its predecessor authority, the Fort Monmouth Economic Revitalization Planning Authority (FMERPA)

Overview of Annual Financial Report

This annual financial report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and supplementary information. The Authority's principle sources of funds were federal grants and net assets transferred at the close-out of the Fort Monmouth Economic Revitalization Planning Authority. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, and all activities are accounted for within a single fund proprietary (enterprise) fund. The financial statements report information about the Authority using full accrual accounting method as utilized by business engaged in comparable business activities in the private sector.

Financial Analysis of the Authority

Nets Assets: The following table summarizes the changes in Net Assets for the year ended December 31, 2010:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>Balance at Inception</th>
<th>Dollar Change</th>
<th>Total Percentage Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets (all Current)</td>
<td>$1,039,114</td>
<td>$ -</td>
<td>$1,039,114</td>
<td>100%</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>836,404</td>
<td>-</td>
<td>836,404</td>
<td>100%</td>
</tr>
<tr>
<td>Noncurrent Liabilities</td>
<td>62,962</td>
<td>-</td>
<td>62,962</td>
<td>100%</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$899,373</td>
<td>$ -</td>
<td>$899,373</td>
<td>100%</td>
</tr>
<tr>
<td>Net Assets (Unrestricted)</td>
<td>$139,741</td>
<td>$ -</td>
<td>$139,741</td>
<td>100%</td>
</tr>
</tbody>
</table>
The current assets increased to $1,039,114 and account for 100% of total assets. The increase is due to increases in grant receivable of $647,323 and cash and cash equivalents of $382,139. The increase in grant receivable was a result of the commencement of the Planning, Engineering, Architectural and Environmental Consulting contract in late September. The cash increase is due to transfer of cash to the Authority at FMERPA’s close-out of $324,898, and receipt of federal grant funds through the Office of Economic Adjustment.

Total liabilities increased to $899,373 due to the increase in consultant costs with the initiation of the Planning, Engineering, Architectural and Environmental Consulting contract and the liabilities of $213,943 transferred to the Authority upon the close-out of FMERPA, Direct Office Support Costs payable, and the deferral of payment of Office Support Costs of $62,500 and accrued interest of $469.

The Authority’s net assets increased to $139,741 at year end, as the transfer of the FMERPA net assets of $291,178 exceeded the 10% local match requirement for federal grant funds and certain expenses, compensated absences and office support services, which are not reimbursable through the federal grant process at this time. The Authority is researching funding alternatives for the expenses that are not funded at this time through the federal grant.

Operating Activities

The Authority was created to help 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 and will advance that entity’s Reuse and Redevelopment Plan for economic development, growth and planning, with a focus on technology-based industries, for the 1,126 acres of real estate at Fort Monmouth following the base closure in September 2011. The Fort is located within the jurisdictions of Eatontown, Oceanport and Tinton Falls, all within Monmouth County, New Jersey.

The Fort Monmouth Reuse and Redevelopment Plan forwarded by the dissolved planning authority 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 is committed to and fully engaged with 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 Fort Monmouth area and implement the Plan. Among these are the abilities to undertake redevelopment projects, adopt development and design guidelines and land use regulations, in connection with the provision of utilities, streets, roads or other infrastructure required for the implementation of the revitalization plan. The Fort Monmouth Reuse and Redevelopment Plan and the "Homeless Assistance Submission" (HAS) were submitted to the United States Departments of Defense and Housing and Urban Development on September 4, 2008 for their review and approval. The United States Department of Defense and Housing and Urban Development issued their favorable determination letter on June 16, 2011 enabling the Authority to move forward with implementing the Fort Monmouth Reuse and Redevelopment Plan.

As a recognized implementation Local Redevelopment Authority (LRA) the Authority is eligible for financial assistance through the Defense Economic Adjustment Program and the President's Economic Adjustment Committee. The Office of Economic Adjustment (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 in organizing and planning economic recovery and the implementation of the reuse and redevelopment plan in response to the closure of military installations. This program has no statutory formula. Generally, not less than 10 percent of the project's total proposed funding is to be comprised of non-federal sources.

The following table summarizes operating and nonoperating activities for Authority initial year:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>$ 592,744</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>744,458</td>
</tr>
<tr>
<td>Operating Loss</td>
<td>(151,714)</td>
</tr>
<tr>
<td>Nonoperating Revenue</td>
<td>277</td>
</tr>
<tr>
<td>Change in Net Assets</td>
<td>(151,437)</td>
</tr>
<tr>
<td>Beginning Net Assets</td>
<td>-</td>
</tr>
<tr>
<td>Net Assets transferred at close-out of FMERA</td>
<td>291,178</td>
</tr>
<tr>
<td>Ending Net Assets</td>
<td>$139,741</td>
</tr>
</tbody>
</table>
Operating Revenue and Expenses

For the period from September 29, 2010 to December 31, 2010 federal grant revenue totaled $592,744. The local match required under the terms of the federal grant was met by the net assets transferred at the close-out of the FMERPA. The Authority starts fiscal year 2011 with net asset of $139,741. With federal grant funding in place for the 1st quarter of 2011 the Authority is positioned to successfully continue its existing contractual engagement, the Planning, Engineering, Architectural, and Environmental Consulting contract which commenced early in the Fall of 2010, and the Business and Operations Consultant services contract which began in January 2011. The business and operations plan developed by the consultant are required by the Department of Army as supporting documents to an Economic Development Conveyance Application.

Contacting the Authority's Management

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the appropriations and grants that it receives. Any questions about the Authority's report or if additional information is needed, please contact the Executive Director of the Fort Monmouth Economic Revitalization Planning Authority, at 2-12 Corbett Way, Eatontown, New Jersey 07724.
FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT,

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
DECEMBER 31, 2010

AND

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133
DECEMBER 31, 2010

SCHNEIDER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Corporation
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</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT

To the Audit Committee
Fort Monmouth Economic Revitalization Authority

We have audited the accompanying balance sheet of the Fort Monmouth Economic Revitalization Authority, a component unit of the State of New Jersey, as of December 31, 2010, and the related statements of revenues, expenses and changes in net assets and cash flows for the period September 29, 2010 (inception) to December 31, 2010. These financial statements are the responsibility of Fort Monmouth Economic Revitalization Authority’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurances about whether these financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fort Monmouth Economic Revitalization Authority as of December 31, 2010, and the results of its operations and its cash flows for the period September 29, 2010 (inception) to December 31, 2010 in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated, August 2, 2011 on our consideration of Fort Monmouth Economic Revitalization Authority’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.
Our audit was performed for the purpose of forming our opinion on the financial statements that collectively comprise Fort Monmouth Economic Revitalization Authority’s basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Additionally, the information contained in the schedule of general and administrative expenses is also presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Fort Monmouth Economic Revitalization Authority has provided a statement entitled “Management’s Discussion and Analysis” in compliance with Government Accounting Standards Board Statement No. 34, Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments. Except for confirming that the “Financial Highlights” figures agree with the financial statements, we did not audit this information and express no opinion on it.

Parsippany, New Jersey

August 2, 2011
FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  

BALANCE SHEET  
DECEMBER 31, 2010  

**ASSETS**  
**CURRENT ASSETS**  
Cash and Cash Equivalents $382,139  
Grant Receivable 647,323  
Prepaid Insurance 9,652  
Total Current Assets 1,039,114  

**TOTAL ASSETS**  
$1,039,114  

**LIABILITIES AND NET ASSETS**  
**CURRENT LIABILITIES**  
Accounts Payable $249,569  
Accrued Liabilities 197,658  
Due to State of New Jersey 258,625  
Due to New Jersey Economic Development Authority 130,552  
Total Current Liabilities 836,404  

**NONCURRENT LIABILITIES**  
Loan Payable - New Jersey Economic Development Authority 62,969  
Total Noncurrent Liabilities 62,969  

**TOTAL LIABILITIES**  
899,373  

**NET ASSETS (Unrestricted)**  
139,741  

**TOTAL LIABILITIES AND NET ASSETS**  
$1,039,114  

The accompanying notes are an integral part of these statements.
FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE PERIOD SEPTEMBER 29, 2010 (INCEPTION) TO DECEMBER 31, 2010  

OPERATING REVENUES  
Federal Grant Revenue $ 592,744  
Total Operating Revenue 592,744  

OPERATING EXPENSES  
Direct Office Support 233,553  
General and Administrative - See schedule 112,883  
Interest 469  
Program Costs 397,553  
Total Operating Expenses 744,458  

OPERATING LOSS (151,714)  

NON-OPERATING REVENUE  
Interest Income - Investments 277  
Total Non-Operating Revenue 277  

CHANGE IN NET ASSETS (151,437)  
Net Assets - Beginning of Period -  
Net Assets Transferred From  
  Fort Monmouth Economic Revitalization Planning Authority 291,178  
Net Assets - End of Period $ 139,741  

The accompanying notes are an integral part of these statements.
FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  

STATEMENT OF CASH FLOWS  

FOR THE PERIOD SEPTEMBER 29, 2010 (INCEPTION) TO DECEMBER 31, 2010  

CASH FLOWS FROM OPERATING ACTIVITIES  

<table>
<thead>
<tr>
<th>Activity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Grants</td>
<td>$112,125</td>
</tr>
<tr>
<td>General and Administrative Expenses</td>
<td>$(40,299)</td>
</tr>
<tr>
<td>Program Services</td>
<td>$(14,862)</td>
</tr>
</tbody>
</table>

Net Cash Provided (Used) by Operating Activities  

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>56,964</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES  

<table>
<thead>
<tr>
<th>Activity</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Transferred from Former Authority</td>
<td>324,898</td>
</tr>
<tr>
<td>Interest from Investments</td>
<td>277</td>
</tr>
</tbody>
</table>

Net Cash Provided (Used) by Investing Activities  

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>325,175</td>
</tr>
</tbody>
</table>

Net Increase (Decrease) in Cash and Cash Equivalents  

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>382,139</td>
</tr>
</tbody>
</table>

Cash at Beginning of Period  

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
</tr>
</tbody>
</table>

Cash at End of Period  

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$382,139</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY) 

STATEMENT OF CASH FLOWS 

FOR THE PERIOD SEPTEMBER 29, 2010 (INCEPTION) TO DECEMBER 31, 2010 

RECONCILIATION OF OPERATING LOSS TO NET CASH 
PROVIDED BY/(USED IN) OPERATING ACTIVITIES 

Operating Loss $ (151,714) 

Adjustments to Reconcile Operating Loss to Net Cash 
Provided in Operating Activities: 

<table>
<thead>
<tr>
<th>Change in Assets and Liabilities</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants Receivable</td>
<td>(647,323)</td>
</tr>
<tr>
<td>Prepaid Insurance</td>
<td>(9,652)</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>249,569</td>
</tr>
<tr>
<td>Accrued Liabilities</td>
<td>197,658</td>
</tr>
<tr>
<td>Due to State of New Jersey</td>
<td>258,625</td>
</tr>
<tr>
<td>Due to New Jersey Economic Development Authority</td>
<td>130,552</td>
</tr>
<tr>
<td>Loan Payable - New Jersey Economic Development Authority</td>
<td>62,969</td>
</tr>
<tr>
<td>Prepaid Assets Received at Close-out of</td>
<td>13,520</td>
</tr>
<tr>
<td>Fort Monmouth Economic Revitalization Planning Authority</td>
<td></td>
</tr>
<tr>
<td>Grant Receivable Transferred at Close-out of</td>
<td>166,703</td>
</tr>
<tr>
<td>Fort Monmouth Economic Revitalization Planning Authority</td>
<td></td>
</tr>
<tr>
<td>Liabilities Transferred at Close-out of</td>
<td>(213,943)</td>
</tr>
<tr>
<td>Fort Monmouth Economic Revitalization Planning Authority</td>
<td></td>
</tr>
</tbody>
</table>

Net Cash Provided (Used) by Operating Activities $ 56,964 

The accompanying notes are an integral part of these statements.
FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  

NOTES TO FINANCIAL STATEMENT  

FOR THE PERIOD SEPTEMBER 29, 2010 (INCEPTION) TO DECEMBER 31, 2010  

1. NATURE OF THE AUTHORITY  

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

Upon the Authority’s first meeting, September 28, 2010, 7pm, all of the Predecessor Authority’s assets, liabilities and operations were transferred to the Authority.  

To assist in the accomplishment of its task the U.S. Department of Defense, Office of Economic Adjustment, awarded the Authority and the Predecessor Authority cumulative grants totaling:  

<table>
<thead>
<tr>
<th>Grant Number</th>
<th>State and Local Share 90 %</th>
<th>Federal Share 90 % (Minimum 10%)</th>
<th>Total</th>
<th>Through</th>
</tr>
</thead>
<tbody>
<tr>
<td>CL0595-09-03</td>
<td>2,298,606</td>
<td>255,400</td>
<td>2,554,006</td>
<td>Amendment No. 3</td>
</tr>
<tr>
<td>TOTALS</td>
<td>$2,298,606</td>
<td>$255,400</td>
<td>$2,554,006</td>
<td>July 14, 2010</td>
</tr>
</tbody>
</table>

7
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED DATA

a. Basis of Accounting and Presentation

Since the Authority has one objective, to implement the Fort Monmouth Reuse and Redevelopment Plan, one fund has been created to account for all revenues and expenses. 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.

The financial statement presentation has been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

b. Revenue Recognition

The Authority recognizes grant revenue to the extent that expenses have been incurred for the purpose specified by the grantor during the period. The grant agreement allows for payment of actual costs plus an advance of expected future costs. As of December 31, 2010 actual grant expenditures exceeded grant payments and the grant receivable amounted to $647,323.

c. Cash Equivalents

The Authority maintains a checking account and a money market account with a financial institution in amounts which at times exceed the Federal Deposit Insurance Corporation (FDIC) insurance limitation of $250,000. Cash deposits in these accounts totaled $334,992 at December 31, 2010.

Additionally, the Authority has an account with the State of New Jersey Cash Management Fund (NJCMF). Cash deposits in this account totaled $47,147 at December 31, 2010.

Cash equivalents are stated at fair value.

d. Non-Operating Revenue

Non-operating revenues include income earned on the investment of funds.

e. Income Taxes

As a component unit of the State of New Jersey under existing statute, the Authority is exempt from both Federal and State income taxes.
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED DATA - continued

f. Use of Estimates

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

g. Capitalization Policy

It is the Authority's policy to expense all expenditures of an administrative nature, unless they are material. Administrative expenditures include expenses directly incurred to support office operations, such as information technology hardware and software, office furniture and equipment.

h. Interest Income

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

3. GRANTS RECEIVABLE

The Federal grant receivable balance was $647,323 at December 31, 2010.

4. LOAN PAYABLE

Loan Payable arises from charges for Indirect Office Support Services provided to the Authority by the New Jersey Economic Development Authority (NJEDA) during the period plus accrued interest. The Memorandum Of Understanding (MOU) between the Authority and the NJEDA, approved by each organization's Board of Directors, allows for the deferral of payment of support costs with interest accruing at 3% per annum, until the Authority derives income and or funding from sources allowing for its payment. The Board of each organization approved the deferral of the payment plus interest in accordance with the terms of the MOU.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt</td>
<td>$62,500</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td>469</td>
</tr>
<tr>
<td>Subtotal</td>
<td>62,969</td>
</tr>
<tr>
<td>Less: current portion</td>
<td>-0-</td>
</tr>
<tr>
<td>Long term portion</td>
<td>$62,969</td>
</tr>
</tbody>
</table>
5. RELATED PARTY TRANSACTIONS

a. Direct Office Support

The Authority is staffed by personnel employed by the New Jersey Economic Development Authority (NJEDA) in accordance with the Authority’s enacting legislation. According to the terms of the Memorandum of Understanding between the Authority and NJEDA the direct office support expenses of payroll and fringe benefits incurred by NJEDA are payable to NJEDA on a quarterly basis no later than the last day of the month following the quarter, after which interest will accrue on the unpaid balance at an annual rate of 3%. Direct office support expense for the Fort Monmouth office support provided by NJEDA totaled $152,330 for the period from inception to December 31, 2010 of which, $130,552 is classified as a current liability, and $21,778, the value of accrued vacation time and vested sick leave benefits, is included in accrued liabilities.

During this transitional period, direct office support was also provided by the State of New Jersey through December 17, 2010 in accordance with the Authority’s enacting legislation. Payroll and fringe benefits for staff provided by the State of New Jersey was $81,223 for the period from inception to December 31, 2010. As of December 31, 2010 the current liability due to the State of New Jersey was $258,625 which includes $177,402 assumed by the Authority at the close-out of the Fort Monmouth Economic Revitalization Planning Authority.

b. Office Support Services

The New Jersey Economic Development Authority also provides office support services to the Authority. These services include such items as payroll and benefits administration, human resources support, technical guidance on compliance with procurement law and executive orders, information technology support and governance and public information support. The office support service expense recorded for the period from inception to December 31, 2010 of $62,500 is classified as a loan payable (see Note 4) as the Board of each organization approved the deferral of the payment of the office support service expense plus interest of $469 in accordance with the terms of the Memorandum of Understanding.
6. OBLIGATIONS UNDER OPERATING LEASES

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

The Authority is obligated for a five year lease agreement which expires on August 31, 2012 with an additional three year renewal option. The base rent under this agreement for the period from inception to December 31, 2010 totaled $19,294. According to the terms of this lease, the Authority is responsible for its proportionate share of increases in common area maintenance and real estate taxes above the base year of 2007. Rent expense under this operating lease was $22,003 for the period from September 29, 2010 to December 31, 2010.

The Authority is obligated for a second lease for additional office space which was entered into on November 3, 2010 for one year which expires on October 31, 2011 with a ten month renewal option. The base rent for the period from inception to December 31, 2010 was $11,450 plus utilities. Rent expense under this operating lease was $13,951 for the period from September 29, 2010 to December 31, 2010.

Future minimum lease payments under both of the non-cancelable operating leases as of December 31 are as follows:

<table>
<thead>
<tr>
<th>Year ending - December 31, 2011</th>
<th>$135,473</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2012</td>
<td>53,550</td>
</tr>
</tbody>
</table>

7. RISKS AND UNCERTAINTIES

a. Concentration of Revenue

All of the Authority's operating revenues are from Federal grants. The Authority's operations are subject to the continued funding and/or support from this source. Such funding is subject to change by governmental legislation, appropriations, and/or administrative regulations.

b. Grant Audits

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

8. SUBSEQUENT EVENTS

Events subsequent to December 31, 2010 were evaluated through August 2, 2011, the date when all necessary approvals for issuance of the financial statements were obtained.
FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES  

FOR THE PERIOD SEPTEMBER 29, 2010 (INCEPTION) TO DECEMBER 31, 2010  

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$1,830</td>
</tr>
<tr>
<td>Insurance</td>
<td>$4,686</td>
</tr>
<tr>
<td>Office Rent</td>
<td>$35,954</td>
</tr>
<tr>
<td>Legal Notices</td>
<td>$182</td>
</tr>
<tr>
<td>Office Supplies and Postage</td>
<td>$1,476</td>
</tr>
<tr>
<td>Communication</td>
<td>$4,938</td>
</tr>
<tr>
<td>Travel</td>
<td>$1,078</td>
</tr>
<tr>
<td>Meetings and Seminars</td>
<td>$239</td>
</tr>
<tr>
<td>Office Support Services</td>
<td>$62,500</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$112,883</strong></td>
</tr>
</tbody>
</table>
FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY  
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)  

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE PERIOD SEPTEMBER 29, 2010 (INCEPTION) TO DECEMBER 31, 2010

<table>
<thead>
<tr>
<th>Federal CFDA Agreement Number</th>
<th>Federal CFDA Number</th>
<th>Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Department of Defense</td>
<td>CL0595-09-03</td>
<td>12-607</td>
</tr>
<tr>
<td>Planning the reuse of Fort Monmouth</td>
<td></td>
<td>$ 592,744</td>
</tr>
</tbody>
</table>

The above schedule of expenditures of federal awards includes the federal grant activity of the Fort Monmouth Economic Revitalization Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Audit Committee
Fort Monmouth Economic Revitalization Authority

We have audited the financial statements of Fort Monmouth Economic Revitalization Authority, a component unit of the State of New Jersey, as of December 31, 2010 and for the period September 29, 2010 (inception) to December 31, 2010 and have issued our report thereon dated August 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fort Monmouth Economic Revitalization Authority’s internal control over financial reporting as a basis of designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control over financial reporting.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of control 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.
Compliance and Other Matters

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

This report is intended solely for the information and use of the audit committee, management, others within the entity, and the federal awarding agency and is not intended to be and should not be used by anyone other than these specified parties.

Parsippany, New Jersey

August 2, 2011
REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON THE MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Audit Committee
Fort Monmouth Economic Revitalization Authority

Compliance

We have audited the compliance of Fort Monmouth Economic Revitalization Authority, a
component unit of the State of New Jersey, (the “Authority”) with the types of compliance
requirements described in the OMB Circular A-133 Compliance Supplement that could have a
direct and material effect on the major federal program for the year ended December 31, 2010
and the period from September 29, 2010 (inception) to December 31, 2010. The Authority’s
major federal program is identified in the summary of auditor’s results section of the
accompanying Schedule of findings and questioned costs. Compliance with the requirements of
laws, regulations, and the grant applicable to its major federal program is the responsibility of the
Authority’s management. Our responsibility is to express an opinion on the Authority’s
compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted
in the United States of America; the standards applicable to financial audits contained in
Government Auditing Standards, issued by the Comptroller General of the United States; and
OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and
perform the audit to obtain reasonable assurances about whether noncompliance with the types
of compliance requirements referred to above that could have a direct and material effect on a
major federal program occurred. An audit includes examining, on a test basis, evidence about
the Authority’s compliance with those requirements and performing such other procedures as we
consider necessary in the circumstances. We believe that our audit provides a reasonable basis
for our opinion. Our audit does not provide a legal determination on the Authority’s compliance
with those requirements.

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, 2010 and the period from September 29, 2010
(inception) to December 31, 2010.
Internal Control Over Compliance

The management of Fort Monmouth Economic Revitalization Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on the major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purposes of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of control 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Authority's responses and, accordingly, we express no opinion on the responses.

The report is intended solely for the information and use of the audit committee, management, others within the Authority, and the Federal awarding agency and is not intended to be and should not be used by anyone other than these specified parties.

Parsippany, New Jersey

August 2, 2011

Schneider & Company
FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)

STATUS OF PRIOR AUDIT REPORTS

AS OF DECEMBER 31, 2010

There were no findings or questioned costs contained in the prior reports which covered fiscal year ending June 30, 2010 and the period ending September 28, 2010. Therefore, follow-up of prior issues was unnecessary.
FORT MONMOUTH ECONOMIC REVITALIZATION AUTHORITY
(A COMPONENT UNIT OF THE STATE OF NEW JERSEY)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE PERIOD SEPTEMBER 29, 2010 (INCEPTION) TO DECEMBER 31, 2010

Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes  X No

- Reportable conditions identified that are not considered to be material weaknesses. _____ Yes  X None reported

Noncompliance material to financial statements noted? _____ Yes  X No

Federal Awards

Internal control over major program:

- Material weaknesses identified? _____ Yes  X No

- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes  X None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes  X No

Identification of major program:

<table>
<thead>
<tr>
<th>Agreement Number</th>
<th>Funding Agency</th>
<th>Major Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>CL0595-09-03</td>
<td>DoD, OEA</td>
<td>Planning the reuse of Fort Monmouth</td>
</tr>
</tbody>
</table>

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