

# FORT MONMOUTH ECONOMIC REVITALIZATION PLANNING AUTHORITY



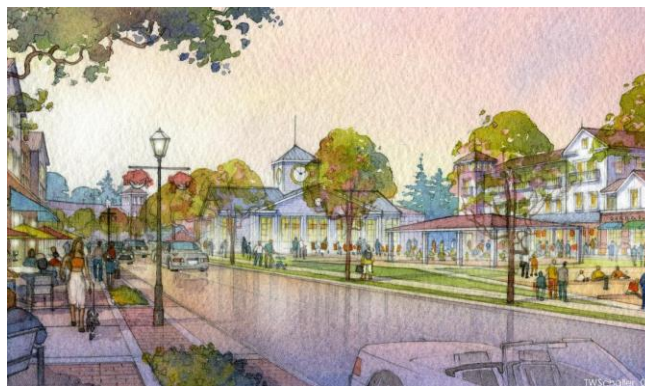
EATONTOWN



OCEANPORT

## FISCAL YEARS 2009 AND 2008 FINANCIAL REPORT

### MANAGEMENT'S DISCUSSION AND ANALYSIS, INDEPENDENT AUDITOR'S REPORTS AND FINANCIAL STATEMENTS



TINTON FALLS

**Fort Monmouth Economic Revitalization Planning Authority**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Years Ended June 30, 2009 and 2008**

This section of the Fort Monmouth Economic Revitalization Planning Authority’s annual financial report presents management’s discussion and analysis of the Authority’s financial performance during the fiscal years that ended on June 30, 2009 and 2008. Please read it in conjunction with the Authority’s financial statements, accompanying notes, and independent auditor’s report which follow this section.

**2009 Financial Highlights**

- The Authority’s total assets, all current, decreased by \$318,241
- Total liabilities, all current, decreased by \$321,837
- The Authority’s total net assets increased by \$3,596
- Major funding sources: federal grants and state appropriation
- The Authority has no debt

**2008 Financial Highlights**

- The Authority’s total assets increased by \$123,459
- Total liabilities increased by \$122,725
- The Authority’s total net assets increased by \$734
- Major funding sources: federal grants and state appropriation
- The Authority has no debt

**Overview of Annual Financial Report**

This annual financial report consists of two parts – management’s discussion and analysis (this section), and the basic financial statements. The financial statements also include notes that explain information in the financial statements in more detail. The Authority’s principle sources of funds are federal grants and state appropriations. The Authority presents its basic financial statements, as all its activities are accounted for within a single fund. The financial statements report information about the Authority using full accrual accounting methods as utilized by business entities in the private sector.

**Financial Analysis of the Authority**

Nets Assets: The following table summarizes the changes in Net Assets for the years ended June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>	<u>Dollar Change</u>	<u>Total Percentage Change</u>
Total Assets (all Current)	\$ 153,489	\$ 471,730	(\$ 318,241)	( 67.5%)
Total Liabilities (all Current)	<u>58,412</u>	<u>380,249</u>	( <u>321,837</u> )	( 84.6%)
Net Assets (Unrestricted)	\$ <u>95,077</u>	\$ <u>91,481</u>	\$ <u>3,596</u>	3.9%

The current assets decreased 67.5% to \$153,489 in FYE 2009 compared to a \$123,459 increase the previous fiscal year-end. Current assets accounted for 100% of total assets, with decreases in grant receivable of \$281,300 and cash and cash equivalents of \$38,362. The decrease in grant receivable was a result of completion of the planner contract and submission of the Reuse Plan and “Homeless Assistance Submission” in FYE 2009.

Total liabilities, all current, decreased \$321,837 or 84.6% between FYE 2008 and FYE 2009, due to the decrease in consultant costs with the completion of the planner contract.

The Authority's net assets increased to \$95,077 at FYE 2009 from \$91,481 at FYE 2008, the increase is a result of the an increase in prepaid expense and decreases in consultant costs due to completion of the planner grant which resulted in reductions in account payables and accrued liabilities.

The following table summarizes the Changes in Net Assets between years 2009 and 2008:

	<u>2009</u>	<u>2008</u>	<u>Dollar Change</u>	<u>Total Percentage Change</u>
Total Revenue	\$ 1,478,847	\$ 1,504,336	(\$ 25,489)	( 1.7%)
Total Expenses	<u>1,475,251</u>	<u>1,503,602</u>	( <u>28,351</u> )	( 1.9%)
Changes in Net Assets	\$ <u>3,596</u>	\$ <u>734</u>	\$ <u>2,862</u>	389.9%

### **Operating Activities**

The Authority was created for the purpose of preparing a comprehensive conversion and revitalization plan for the territory encompassed by Fort Monmouth, a United States Department of Defense military installation. The Fort consists of approximately 1,126 acres of which about 637 acres comprise the Main Post and 489 acres the Charles Wood and Sun Eagles golf course area. The Fort is located within the jurisdictions of Eatontown, Oceanport and Tinton Falls, all within the Monmouth County, New Jersey. The Reuse Plan and the "Homeless Assistance Submission" (HAS) was submitted to the United States Departments of Defense and Housing and Urban Development on September 4, 2008 for their review and approval. During the interim, the Authority is evaluating the current status of infrastructure components on Fort Monmouth and laying the necessary framework to allow for a seamless transition from planning for redevelopment and reuse to implementing the approved Fort Monmouth Reuse Plan.

The Authority is recognized by the Office of Economic Adjustment (OEA) as the Local Redevelopment Authority (LRA) and is eligible for financial assistance through the Defense Economic Adjustment Program and the President's Economic Adjustment Committee. 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 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.

For the year ended December 31, 2009 the federal grant revenue totaled \$1,328,531, a 1.8% decrease from the previous fiscal year's total of \$1,352,437. The decrease can be attributed to a reduction in expense, and thereby grant revenue. During the 1<sup>st</sup> quarter of fiscal year 2009 the Reuse Plan and "Homeless Assistance Submission" and the Emergency Services Study were completed, as a result consultant fees decreased by \$54,726 despite initiation of the Sanitary Sewer Study and fees incurred for the Authority's audits. The reduction in consultant and equipment costs offset increases in expense categories, such as salaries and wages, fringe benefits and office rent which increased on a comparative basis over the 2008 fiscal year due to a full year of expense being charged in fiscal year 2009. The Authority received state appropriations of \$150,000 in fiscal years 2009 and 2008.

### **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 PLANNING AUTHORITY

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,

AND

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

June 30, 2009 and 2008

Leonard G. Birnbaum & Company, LLP  
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FORT MONMOUTH ECONOMIC REVITALIZATION PLANNING AUTHORITY

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LEONARD G. BIRNBAUM AND COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Audit Committee  
Fort Monmouth Economic Revitalization Planning Authority

We have audited the accompanying statements of financial position of Fort Monmouth Economic Revitalization Planning Authority as of June 30, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Fort Monmouth Economic Revitalization Planning Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether 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 audits provide 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 Planning Authority as of June 30, 2009 and 2008, and the changes in net assets and its cash flows for the year then ended 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, September 14, 2009 on our consideration of Fort Monmouth Economic Revitalization Planning Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and grant agreement 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 audits were performed for the purpose of forming our opinion on the financial statements that collectively comprise Fort Monmouth Economic Revitalization Planning 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. 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.

The 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.

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.

*Leonard G. Birnbaum and Company, LLP*

Summit, New Jersey  
September 14, 2009

FORT MONMOUTH ECONOMIC REVITALIZATION PLANNING AUTHORITY

STATEMENT OF FINANCIAL POSITION

	<u>ASSETS</u>	
	<u>June 30, 2009</u>	<u>June 30, 2008</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 127,347	\$ 165,709
Grant Receivable (Note 3.)	21,577	302,877
Prepaid Insurance	3,270	3,144
Prepaid Expense	<u>1,295</u>	<u>-</u>
Total assets	<u>\$ 153,489</u>	<u>\$ 471,730</u>
	<u>LIABILITIES AND NET ASSETS</u>	
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 57,122	\$ 299,779
Accrued Liabilities	<u>1,290</u>	<u>80,470</u>
Total liabilities	<u>\$ 58,412</u>	<u>\$ 380,249</u>
NET ASSETS (Unrestricted)	<u>\$ 95,077</u>	<u>\$ 91,481</u>
Total liabilities and net assets	<u>\$ 153,489</u>	<u>\$ 471,730</u>

The accompanying notes are an integral part of these statements.

FORT MONMOUTH ECONOMIC REVITALIZATION PLANNING AUTHORITY

STATEMENT OF ACTIVITIES

	YEAR ENDED	
	June 30, 2009	June 30, 2008
REVENUES		
Federal Grant (Note 2b)	\$ 1,328,531	\$ 1,352,437
State of New Jersey (Note 2b)	<u>150,000</u>	<u>150,000</u>
Total Revenues	<u>\$ 1,478,531</u>	<u>\$ 1,502,437</u>
OTHER INCOME		
Interest income - Adjusted (Note 2.f.)	<u>\$ 316</u>	<u>\$ 1,899</u>
Total other income	<u>\$ 316</u>	<u>\$ 1,899</u>
TOTAL REVENUES AND OTHER INCOME	<u>\$ 1,478,847</u>	<u>\$ 1,504,336</u>
EXPENSES		
Program Services	\$ 1,117,242	\$ 1,078,056
Support Services	<u>358,009</u>	<u>425,546</u>
TOTAL EXPENSES	<u>\$ 1,475,251</u>	<u>\$ 1,503,602</u>
INCREASE IN NET ASSETS	\$ 3,596	\$ 734
Net assets at beginning of year (Unrestricted)	<u>91,481</u>	<u>90,747</u>
Net assets at end of year (Unrestricted)	<u><u>\$ 95,077</u></u>	<u><u>\$ 91,481</u></u>

The accompanying notes are an integral part of these statements.

FORT MONMOUTH ECONOMIC REVITALIZATION PLANNING AUTHORITY  
STATEMENT OF FUNCTIONAL EXPENSES  
Years ended June 30, 2009 and 2008 (Total Expenses Only)

	2009			2008		
	Services		Total	Services		Total
	<u>Program</u>	<u>Support</u>	<u>Expenses</u>	<u>Program</u>	<u>Support</u>	<u>Expenses</u>
Salaries and Wages	\$ 309,009	\$ 146,795	\$ 455,804	\$ 233,462	\$ 190,992	\$ 424,454
Fringe Benefits	111,702	53,064	164,766	77,392	63,314	140,706
Consultants	688,824	23,652	712,476	767,202	-	767,202
Equipment		2,068	2,068	-	48,241	48,241
Insurance		18,702	18,702	-	17,250	17,250
Office Rent		78,575	78,575	-	68,187	68,187
Meeting Expense	7,707		7,707	-	-	-
Procurement Advertising	-	101	101	-	-	-
Office Supplies and Postage		12,492	12,492		11,864	11,864
Communication	-	17,615	17,615	-	14,946	14,946
Travel	-	3,786	3,786	-	8,246	8,246
Meetings and Seminars	-	1,159	1,159	-	2,506	2,506
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenses	<u>\$ 1,117,242</u>	<u>\$ 358,009</u>	<u>\$ 1,475,251</u>	<u>\$ 1,078,056</u>	<u>\$ 425,546</u>	<u>\$ 1,503,602</u>

The accompanying notes are an integral part of these statements.

FORT MONMOUTH ECONOMIC REVITALIZATION PLANNING AUTHORITY  
STATEMENT OF CASH FLOWS

	YEAR ENDED	
	June 30, 2009	June 30, 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from Federal Grant	\$ 1,609,831	\$ 1,279,501
Cash received from State of New Jersey	150,000	150,000
Interest received - Adjusted (Note 2.f.)	316	1,899
Cash paid to employees and suppliers	<u>(1,798,509)</u>	<u>(1,378,389)</u>
Net cash provided (used) by operating activities	\$ (38,362)	\$ 53,011
Cash at beginning of year	<u>165,709</u>	<u>112,698</u>
Cash at end of year	<u><u>\$ 127,347</u></u>	<u><u>\$ 165,709</u></u>
Reconciliation of change in net assets to net cash provided (used) by operating activities:		
Change in net assets	\$ 3,596	\$ 734
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase)/Decrease in other assets	\$ (1,421)	\$ 2,488
(Increase)/Decrease in grants receivable	281,300	(72,936)
Increase/(Decrease) in accounts payable	(242,657)	52,307
Increase/(Decrease) in accrued liabilities	<u>(79,180)</u>	<u>70,418</u>
Net cash provided (used) by operating activities	<u><u>\$ (38,362)</u></u>	<u><u>\$ 53,011</u></u>

The accompanying notes are an integral part of these statements.

FORT MONMOUTH ECONOMIC REVITALIZATION PLANNING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND FUNCTION OF THE AUTHORITY

The Fort Monmouth Economic Revitalization Planning Authority (the Authority), a body corporate and politic and an instrumentality of the State of New Jersey (the “State”), was created by the enactment and approval of P. L.2006, c.16, on April 28, 2006, by the State Legislature and the Governor, respectively, for the purpose of community economic adjustment activities related to the closure of Fort Monmouth. (Please note that P.L. 2006, c. 16 was amended by P.L. 2008, c. 28 enacted on June 30, 2008.) The New Jersey legislature found that the economies, environment, and quality of life of the affected communities and the state will depend on the efficient and proper revitalization of Fort Monmouth. The Authority is charged with the task of preparing a comprehensive conversion and revitalization plan for the Fort Monmouth facility. To assist in the accomplishment of this task the U.S. Department of Defense, Office of Economic Adjustment, awarded the Authority grants totaling \$ 4,467,519:

Grant Number	Federal Share 90%	State Share 10%	Total	Through
CL0595-07-01	\$ 1,807,931	\$ 200,882	\$ 2,008,813	Amendment No. 6 March 17, 2009
CL0595-08-02 Calendar Year 2008	1,043,149	115,905	1,159,054	Amendment No. 2 January. 26, 2009
CL0595-09-03 Calendar Year 2009	1,169,687	129,965	1,299,652	Grant approved March 4, 2009
Totals	\$ 4,020,767	\$ 446,752	\$ 4,467,519	

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED DATA

a. Basis of Accounting and Presentation

Since the Authority has one objective, planning for the revitalization of the Fort Monmouth property, one fund has been created to account for all revenues and expenses. The Authority follows a 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.

FORT MONMOUTH ECONOMIC REVITALIZATION PLANNING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED DATA - continued

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. Advances were requested during Fiscal Year (FY) 2009. As of June 30, 2009, actual grant expenditures exceeded grant payments and the grant receivable amounted to \$ 21,577.

The Authority received a FY 2009 state appropriation of \$ 150,000. These funds are being used to meet the grant's 10% matching requirement.

c. Income Taxes

As a public authority of the State under existing statute, the Authority is exempt from both Federal and State income taxes.

d. Payroll Processing

Payroll for the six person Authority staff is processed by the State of New Jersey payroll system. The Authority reimburses the State of New Jersey, Department of the Treasury, semi-annually for the salaries and fringe benefits paid.

e. Equipment

Equipment costing less than \$ 20,000 is expensed when purchased. Any equipment purchases greater than \$ 5,000 must be approved by the grantor before purchase. Grant terms prohibit the purchase of capital assets.

f. 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. During Fiscal Year 2009 it was determined that Federal earned interest should be returned to the U.S. Treasury - not offset against the Federal share of expenditures. In Fiscal Year 2008, \$805 of federal interest was offset against Federal expenditures. To correct this offset an \$805 interest income adjustment was made in Fiscal Year 2009.

FORT MONMOUTH ECONOMIC REVITALIZATION PLANNING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED DATA - continued

g. Statement of Cash Flows

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 \$ 54,508 at June 30, 2009.

Additionally, the Authority has an account with the State of New Jersey Cash Management Fund (NJ CMF). Cash deposits in this account totaled \$ 72,839 at June 30, 2009.

h. Management's Use of Estimates

The preparation of financial statements requires the Authority to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the related disclosures, as of the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

i. Risk and Uncertainties

The Authority's business could be impacted by a reduced level of federal spending. This could adversely impact the Authority's operations in the future.

j. Grant Costs

The Authority's costs under the 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.

3. GRANT RECEIVABLE

The Grant Receivable balance of \$ 21,577 at June 30, 2009, was unbilled on that date.

4. OBLIGATION UNDER OPERATING LEASE

The Authority leases office space at 2-12 Corbett Way, Eatontown, New Jersey, under a five (5) year lease agreement which expires on August 31, 2012 with one (1) three (3) year renewal option. The base annual rental on the property for the year ending June 30, 2009 totaled \$ 74,025. According to the terms of the 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. The Authority's proportionate share of the common area maintenance and real estate tax adjustment for the year ended June 30, 2009 was \$ 4,550. The total office rent paid for FY 2009 was \$ 78,575.

Future minimum lease payments under the non-cancelable operating lease as of June 30 are as follows:

Year ending June 30, 2010	\$ 73,237.50
Year ending June 30, 2011	\$ 76,650.00
Year ending June 30, 2012	\$ 79,800.00
Year ending June 30, 2013	\$ 13,387.50

5. EMPLOYEE HEALTH AND PENSION PLANS

Authority employees are covered by the State of New Jersey health and pension plans. Authority contributions to these plans are included in the fringe benefit rate paid to the State Treasury.

6. SUBSEQUENT EVENTS

No events occurred after the Statement of Activities date, June 30, 2009, that require disclosure in the financial statements or financial statement notes. Events subsequent to the end of Fiscal Year 2009, June 30, 2009, were evaluated through September 14, 2009, the date when all necessary approvals for issuance of the financial statements were obtained.

FORT MONMOUTH ECONOMIC REVITALIZATION PLANNING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year ended June 30, 2009

	<u>Agreement Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Defense			
Planning the reuse of Fort Monmouth	CL0595-07-01	12-607	\$ 237,184
U.S. Department of Defense			
Planning the reuse of Fort Monmouth	CL0595-08-02	12-607	541,624
U.S. Department of Defense			
Planning the reuse of Fort Monmouth	CL0595-09-03	12-607	<u>548,918</u>
			<u>\$ 1,327,726</u>

The above schedule of expenditures of federal awards includes the federal grant activity of the Fort Monmouth Economic Revitalization Planning 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.

LEONARD G. BIRNBAUM AND COMPANY, LLP  
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INDEPENDENT AUDITOR'S 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

The Audit Committee  
Fort Monmouth Economic Revitalization Planning Authority

We have audited the financial statements of Fort Monmouth Economic Revitalization Planning Authority (the Authority) as of and for the year ended June 30, 2009, and have issued our report thereon dated September 14, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Fort Monmouth Economic Revitalization Planning Authority's internal control over financial reporting as a basis for 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 control deficiency 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 misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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 Planning 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.

*Leonard G. Birnbaum and Company, LLP*

Summit, New Jersey  
September 14, 2009

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Audit Committee  
Fort Monmouth Economic Revitalization Planning Authority

We have audited the compliance of Fort Monmouth Economic Revitalization Planning Authority (the Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to the major federal program for the year ended June 30, 2009. The Authority's major federal program is identified in the accompanying Schedule of Federal Awards. 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.

Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. 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 requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

### Internal Control Over Compliance

The management of Fort Monmouth Economic Revitalization Planning 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A control deficiency in an entity's 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

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.

*Leonard G. Birnbaum and Company, LLP*

Summit, New Jersey  
September 14, 2009

FORT MONMOUTH ECONOMIC REVITALIZATION PLANNING AUTHORITY

STATUS OF PRIOR AUDIT REPORTS

As of June 30, 2009

There were no findings or questioned costs contained in the prior reports which covered Fiscal Years 2007 and 2008. Therefore, follow-up of prior issues was unnecessary.

FORT MONMOUTH ECONOMIC REVITALIZATION PLANNING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2009

Summary of Auditor's Results

*Financial Statements*

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified?             yes     no
- Reportable conditions identified  
that are not considered to be  
material weaknesses?             yes     none reported

Noncompliance material to financial  
statements noted?             yes     no

*Federal Awards*

Internal control over major program:

- Material weaknesses identified?             yes     no
- Significant deficiencies identified  
that are not considered to be  
material weaknesses?             yes     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     no

Identification of major program:

<u>Agreement Number</u>	<u>Funding Agency</u>	<u>Major Program</u>
CL0595-07-01	DoD, OEA	Planning the reuse of Fort Monmouth
CL0595-08-02	DoD, OEA	Planning the reuse of Fort Monmouth
CL0595-09-03	DoD, OEA	Planning the reuse of Fort Monmouth