

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD MEETING
WEDNESDAY, JUNE 3, 2026 AT 9:00 A.M.
32 E. FRONT STREET, TRENTON, NJ
JOSEPH A. MCNAMARA BOARD ROOM**

- 1. NOTICE OF PUBLIC MEETING/PLEDGE OF ALLEGIANCE**
- 2. ROLL CALL**
- 3. APPROVAL OF MEETING MINUTES**
 - a. Board Open Session Meeting Minutes of May 6, 2026
- 4. AUTHORITY MATTERS**
 - a. CEO Report
 - b. Chairman's Report
- 5. REPORT AND RECOMMENDATIONS OF THE AUDIT COMMITTEE (CHAIRMAN'S REPORT)**
 - a. 2025 Audited Financial Statements
- 6. REPORT AND RECOMMENDATIONS OF THE SCHOOL REVIEW COMMITTEE (CHAIRMAN'S REPORT)**
 - a. Approval of Award - Demolition and Early Site Preparation – Passaic Public School District Passaic High School No. 12 - NT-0054-N01 - **TO BE DISCUSSED IN EXECUTIVE SESSION AND VOTED ON UPON THE BOARD'S RETURN TO OPEN SESSION (SUBJECT TO THE OUTCOME OF PENDING BID PROTESTS)**
 - b. Approval of Award - Demolition and Early Site Preparation – Newark Public School District - New University High School - NE-0073-N01
- 7. REPORT AND RECOMMENDATIONS OF THE REAL ESTATE COMMITTEE (CHAIRMAN'S REPORT)**
 - a. Request for Declaration of Surplus Property and Disposition and Request for Real Property Acquisition - Newark Public School District - New University High School - **TO BE DISCUSSED IN EXECUTIVE SESSION AND VOTED ON UPON THE BOARD'S RETURN TO OPEN SESSION**
- 8. MONTHLY REPORTS**
 - a. *For Informational Purposes*
 - i. Active Projects Report
 - ii. Project Status Reports
 - iii. Contracts Executed Report/Amendments & Change Orders Executed Report
 - iv. Diversity and Workforce Participation Report
 - v. Regular Operating District Grant Activity Report
 - vi. Communications Report (*no report*)
 - vii. Monthly Financial Report
 - viii. Settlement Activities Report
 - ix. December 31, 2025 Semi-Annual Leased/Licensed Real Estate Owned Report
- 9. EXECUTIVE SESSION**
 - Bid Protest – Passaic High School No. 12 Demolition and Early Site Preparation Project
 - Request for Declaration of Surplus Property and Disposition and Request for Real Property Acquisition - Newark Public School District - New University High School
 - Issued Construction Change Directives (CCD)
Monthly Report of Estimated Values Currently Under Negotiation

10. RETURN TO OPEN SESSION

VOTING ITEM:

6a. Approval of Award - Demolition and Early Site Preparation – Passaic Public School District
Passaic High School No. 12 - NT-0054-N01(SUBJECT TO THE OUTCOME OF PENDING BID
PROTESTS)

7a. Request for Declaration of Surplus Property and Disposition and Request for Real Property
Acquisition – Newark Public School District - New University High School

11. REQUEST MOTION TO ADJOURN PUBLIC MEETING

APPROVAL OF MEETING MINUTES

May 6, 2026 Open Session Minutes

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, MAY 6, 2026**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, May 6, 2026 at 9:00A.M. in the Joseph A. McNamara Board Room at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Robert Nixon, Public Member, Chairman

Juan Burgos (EDA)

Kevin Luckie (DCA)

David Moore (Treasury)

Steven Colella (DOE)

John Capo, Public Member

Lester Lewis-Powder, Public Member

Michael Maloney, Public Member

Michael McLaughlin, Public Member

Mario Vargas, Public Member

Nicole Vecchione, Public Member

being a quorum of the Board. Mr. Nixon, Mr. Capo, Mr. Colella, Mr. Lewis-Powder, Mr. Moore, Mr. Maloney, Mr. McLaughlin, Mr. Vargas and Ms. Vecchione participated by teleconference.

At the Chairman's request; Manuel Da Silva, chief executive officer; Laurette Pitts, vice president and chief financial officer; Janice Venables, vice president and assistant secretary; Ramy Kamel, vice president; and Albert Barnes, chief counsel (teleconference) of the SDA participated in the meeting. Michael Eleneski of the Governor's Authorities Unit also participated in the meeting by teleconference.

Pledge of Allegiance

Led by Mr. Nixon, the assembled Members stood and recited the Pledge of Allegiance.

The meeting was called to order by Mr. Nixon, who requested that Ms. Venables read the requisite notice of public meeting. Ms. Venables announced that in accordance with the recently amended Open Public Meetings Act, a link to the notice of this meeting was posted on the SDA website home page, at least 48 hours prior to the meeting. She said that a link to the SDA website home page is also posted on the Secretary of State website in the “Statewide Legal Notices” listings. She noted that as of March 1, 2026, the Open Public Meetings Act no longer requires public meetings notices to be published in newspapers in print or online.

Ms. Venables then conducted a roll call and indicated that a quorum of the Members of the Board was present.

Approval of Meeting Minutes

The Chairman presented for consideration and approval the minutes of the Board’s April 1, 2026 Open Session meeting. A copy of the meeting minutes and a resolution had been provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Luckie seconded by Mr. Vargas, the Open Session minutes of the April 1, 2026 SDA Board meeting were approved with the Members’ vote in favor of the resolution attached hereto as ***Resolution 3a.***

Next, Mr. Nixon presented for consideration and approval the minutes of the Board’s April 1, 2026 Executive Session meeting. A copy of the meeting minutes and a resolution had been provided to the Members for review in advance of the meeting. Upon motion duly made by Ms. Vecchione seconded by Mr. Vargas, the Executive Session minutes of the April 1, 2026 SDA Board meeting were approved with the Members’ vote in favor of the resolution attached hereto as ***Resolution 3b.***

Authority Matters

CEO's Report

Mr. Nixon asked Mr. Da Silva for the report of the CEO. Mr. Da Silva provided an update on design-build projects in the design phase. He said that for the Elizabeth New Elementary School project, foundation work and steel fabrication are ongoing. He added that the final design submission is due next week. For the Paterson STEAM High School project, he advised that the SDA is reviewing the design-builder's submission for the retaining wall. He noted that Dobco, Inc. (Dobco) is in the midst of obtaining permits for the site preparation work. He added that Dobco also submitted the design-build package 2 for footings and foundations for review.

In continuing, Mr. Da Silva said that for the Trenton New Elementary School project, the design-builder is incorporating comments to the foundation, structural steel, underground utilities and site work design package. He added that the site work notice-to-proceed is pending SDA approval of this design package. For the Garfield New Elementary School project, he advised that steel erection is complete, detention basin construction is underway, and preparation of slab on-decks and on-grade is ongoing. He explained that the Department of Community Affairs has released the design package for the remainder of the building. With respect to the West New York Middle School project, he said that the design-builder is mobilizing to the site and commencing soil work.

Next, Mr. Da Silva informed the Members that for the Newark University High School project, the early site demolition and preparation package is out to bid. He noted that the team is preparing for submission of the design-builder information package to the Office of State Comptroller package in preparation for advertising the design-build procurement in June. For the Passaic High School project, he said that the early site package for demolition and site preparation package bids were received and the bid opening is scheduled for this afternoon. He

added that the design-builder information package for development is underway and is on schedule for advertising in the second quarter of 2027. For the Pleasantville New Elementary School project, he said that the design-builder design phase is ongoing with package 1 which includes foundations, structural steel, underground utilities, and site work. He added that the submission is expected in this month and the construction site work expected to start the second quarter of 2027.

Turning to Authority events, outreach and other activities, Mr. Da Silva informed the Members on Tuesday, April 21, the SDA had perfect weather to join alongside Elizabeth school district and city officials to celebrate the start of the new Joseph Battin School No. 4 in Elizabeth. He said that the Superintendent and the Mayor spoke of the rich history of the original building and their excitement for the new facility. He noted that management was also joined by 8th grade student Lavinea Oliveira Machado who represented the future students that will attend the new school in the Fall of 2028.

Next, Mr. Da Silva advised that in honor of Earth Day, SDA stopped by the Esther Salas Academy in Union City to see the hydroponics lab in use. He said that the students are having a lot of success with their planting and have even started using some of the food to create different recipes, such as hot sauce. He added that the lab also includes an area for aquaponics and they are expecting the fish to arrive later this month. He said that it is wonderful to see these unique learning areas in use by students and staff.

In continuing, Mr. Da Silva informed the Members that he along with Greg Voronov testified before the Assembly Budget Committee on April 15, 2026. He advised that they received a few questions about the need for additional funding and he reiterated the continued growing need. He added that they are scheduled to testify before the Senate Budget and Appropriations Committee on May 14, 2026.

Finally, Mr. Da Silva said that he wanted to remind the Members that Financial Disclosure Statements are due to be filed with the State Ethics Commission by May 15. He added that a late penalty of \$50 per day will be assessed if you miss the deadline.

Audit Committee

Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on April 20, 2026 at which time management provided the Committee with the March 2026 New Funding Allocation and Capital Plan Update. He said that staff informed the Committee that there were no changes in the reserve balances for the SDA Districts during the reporting period. He reported that the reserve balance for the Regular Operating Districts (RODs) increased by \$5.1 million during the reporting period due to a reduction in state share for grant projects nearing completion.

Mr. Nixon then reported that Authority's Internal Audit Unit presented one operational audit noting that the objective of the audit was to provide reasonable assurances that effective controls related to the Audit selection processes are in place and operating effectively. Next, Mr. Nixon presented the March 2026 monthly financial report. He said that the Authority's year-to-date authority operating expenses (actual vs. budget) at approximately \$4.9 million, are down \$523,000 as compared to the operating budget for the corresponding period. This variance, he noted, is attributable to lower activity for personnel costs, professional and other contracted services, SDA owned automobiles, information systems facilities and general office expenses, partially offset by lower payroll expense allocations to project costs and an increase in information systems expenses. He said that the full-time employee (FTE) headcount was 119 as of March 31, 2026 representing a 7 FTE decrease in comparison to the year-to-date budgeted headcount. He then reported that year-to-date school facilities project expenditures (actual vs. forecast) at approximately \$56.6 million, are \$24.2 million lower as compared to the capital

spending forecast for the corresponding period. He explained that this variance is due to lower costs associated with construction work, grant agreements, project management and design services, relocation and environmental expenses. Mr. Nixon noted that this variance was offset by increases in construction management services, project insurance and school furniture, fixtures and equipment. He said that the year-to-date school facilities project expenditures (actual vs. prior year actual) expenditures, at \$56.6 million, are lower by \$4.3 million as compared to the corresponding prior year. He explained that this variance is a result of decreases in project insurance, property acquisition offset by increased spending in grant agreements and construction work. Mr. Nixon advised that since program inception, SDA has disbursed 83.2% of the funds authorized for the SDA Districts. Additionally, since program inception, 96% of all SDA disbursements relate to school facilities projects and 4% relate to operating expenses. He reported that the estimated value of active school facilities capital, emergent and regular operating districts grant projects is approximately \$1.2 billion

School Review Committee

Next, Mr. Luckie reported that the School Review Committee met on April 20, 2026 at which time one voting item was discussed. Mr. Luckie said that the Committee is recommending approval of a Construction Management (CM) Services Award for the Pleasantville New Elementary School project (School or Project). He advised that at the January 3, 2024 Board Meeting, the Members approved the Preliminary Project Charter for the School. By way of background, he reported that the School is planned to be an approximately 91,400 square foot two-story facility to educate approximately 658 students in grades Pre-K through Fifth. He said that on December 3, 2025, the Members approved the final project charter and the award of a design-build construction contract to Ernest Bock & Sons, Inc. He noted that a package for CM Services for the Project was advertised as a “price and other factors” solicitation beginning on

February 5, 2026 with price weighted at 40% and all non-price factors weighted at 60% of the final combined score. He added that upon completion of the competitive procurement process for CM Services, it was determined that New Road Construction Management Co., Inc. (New Road) was the highest ranked firm, with a price in the amount of \$2,084,000, inclusive of SDA-established Allowances totaling \$475,000. He explained that, following review by New Road and SDA staff, New Road confirmed that its price proposal which was less than the SDA estimate, is inclusive of all scope elements contained in the contract documents and management recommends the CM Services contract award for the Project to New Road. He noted that upon completion of the procurement process, the Construction Operations Program Director recommends award of the CM Services contract in the amount of \$2,084,000 to New Road for the Project. He added that prior to execution of the contract, the contract and related documentation will be reviewed and approved by the SDA Division of Chief Counsel.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Burgos and seconded by Mr. Vargas, the Board approved a Construction Management Services Award for the Pleasantville New Elementary School Project with its unanimous vote in favor of *Resolution 6a*.

Public Comments

At this time Mr. Nixon announced that the public comments portion of the Meeting will commence consistent with the New Jersey Open Public Meetings Act. There were no speakers present.

Adjournment

There being no further business to come before the Board, upon motion by Chairman Nixon and with unanimous consent, the meeting was adjourned.

Certification: The foregoing represents a true and complete summary of the actions taken by the Board of the New Jersey Schools Development Authority at its May 6, 2026 meeting.

/s/ Janice Venables
Assistant Secretary

Resolution—3a.

Approval of Minutes

WHEREAS, the By-Laws provide that the minutes of actions taken at meetings of the New Jersey Schools Development Authority be approved by the Authority's Board of Directors; and

WHEREAS, pursuant to Section 3(k) of P.L. 2007, Chapter 137, the minutes of the May 6, 2026 Board meeting of the New Jersey Schools Development Authority, for the Open Session were duly forwarded to the Office of the Governor following the meeting.

NOW, THEREFORE, BE IT RESOLVED, that the minutes of the New Jersey Schools Development Authority's May 6, 2026 Open Session meeting is hereby approved.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for her approval, unless during such 10 day period, the Governor shall approve same, in which case such action shall become effective upon such approval.

Dated: June 3, 2026

AUTHORITY MATTERS

CEO REPORT

CHAIRMAN'S REPORT

**REPORT AND RECOMMENDATIONS OF THE AUDIT COMMITTEE
(CHAIRMAN'S REPORT)**

2025 Audited Financial Statements

MEMORANDUM

TO: The Members of the Authority

FROM: Sherman E. Cole
Controller

DATE: June 3, 2026

RE: Approval of the Draft 2025 Audited Financial Statements

BACKGROUND

SDA Management, acting through the Audit Committee, respectfully submits for the Board's consideration and approval the draft 2025 audited financial statements, as required pursuant to Executive Order 122 (2004), as subsequently amended by Executive Order 37 (2006).

It should be noted that the financial statements presented herein remain in draft form pending receipt of requisite pension information mandated under Governmental Accounting Standards Board (GASB) Statement No. 68. This data, which is administered by the New Jersey Department of the Treasury, Division of Pensions & Benefits, is anticipated to become available no earlier than June 2026. Upon receipt of this information, the financial statements will be finalized to reflect the appropriate pension-related adjustments.

The Authority's independent auditor, PKF O'Connor Davies LLP (PKF), has substantially completed its audit testing procedures. The audit was conducted in strict accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits as promulgated in Government Auditing Standards (GAS), issued by the Comptroller General of the United States, in conformity with U.S. Generally Accepted Auditing Standards (GAAS).

Based on the audit work performed to date, PKF has indicated its intention to issue an unmodified opinion on the 2025 financial statements. An unmodified opinion represents the highest level of assurance attainable in an independent financial statement audit, signifying that the financial statements present fairly, in all material respects, the financial position and results of operations of the Authority.

In accordance with GAS requirements, PKF will concurrently issue a supplementary report addressing internal control over financial reporting and compliance with applicable laws and regulations. This report delineates the scope of internal control and compliance testing performed and summarizes the results obtained. It is important to note that this report does not constitute an opinion on the overall effectiveness of the Authority's internal control structure or compliance framework. PKF has confirmed that its audit procedures did not identify any deficiencies in internal control that would constitute a material weakness, nor did testing reveal any instances of noncompliance or other matters requiring disclosure under GAS.

Topic: Approval of the Draft 2025 Audited Financial Statements
To: The Members of the Authority
Date: June 3, 2026
Page 2 of 2

AUDIT COMMITTEE REVIEW

On May 18, 2026, the Audit Committee convened to review the draft 2025 audited financial statements. The Committee was provided with comprehensive documentation, including:

- Draft 2025 audited financial statements prepared by PKF
- Financial analysis prepared by Authority staff, encompassing sensitive accounting estimates, reserves, accruals, and areas requiring significant professional judgment.

PKF representatives independently presented their audit findings and communicated all matters required under Statement on Auditing Standards No. 114. Following thorough deliberation and discussion of the audit results, the Audit Committee unanimously agreed to advance the draft 2025 financial statements to the full Board for final approval.

RECOMMENDATION

SDA Management respectfully recommends that the Members of the Authority approve the attached draft 2025 audited financial statements as presented herein.

In the event that any material modifications to the draft financial statements become necessary—excluding those changes directly attributable to GASB 68 pension adjustments—Management will promptly notify the Audit Committee of such changes. The Audit Committee will, in turn, provide appropriate updates to the Board.

Upon finalization, the 2025 audited financial statements will be incorporated into the Authority's 2025 Annual Report and made publicly available on the Authority's website.

Attachments: Draft 2025 Audited Financial Statements

6-3-2026

STATE OF NEW JERSEY
SCHOOLS DEVELOPMENT AUTHORITY
(a component unit of the State of New Jersey)



FINANCIAL STATEMENTS
AND REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended December 31, 2025

New Jersey Schools Development Authority
(a component unit of the State of New Jersey)

Financial Statements and Required Supplementary Information

For the Year Ended December 31, 2025

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New Jersey Schools Development Authority
(a component unit of the State of New Jersey)

Management's Discussion and Analysis

For the Year Ended December 31, 2025

This section of the New Jersey Schools Development Authority's (the "Authority" or "SDA") annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended December 31, 2025. This management discussion and analysis should be read in conjunction with the Authority's financial statements and accompanying notes.

Management's Discussion and Analysis ("MD&A") is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's ("GASB") Statement No. 34, Basic Financial Statements-Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year and the prior fiscal year is presented in the MD&A, as required by GASB Statement No. 34.

2025 Financial Highlights

- At year end, the Authority's net position is \$0.2 million.
- At year end, cash and cash equivalents total \$559.0 million.
- For the year, revenues total \$171.6 million, consisting primarily of appropriations from the State (83.5%), inclusive of grant funding from the Debt Defeasance and Prevention Fund ("Debt Defeasance Appropriations"), and grant funding from the Federal Coronavirus Capital Projects Fund ("CPF") (2.6%).
- For the year, expenses total \$214.2 million, \$199.6 million (93.2%) of which is for school facilities project costs.
- For the year, General Fund Expenditures exceed General Fund Revenues by \$38.8 million.

Overview of the Financial Statements

The financial section of this annual report consists of three parts: Management's Discussion and Analysis, the basic financial statements, and required supplementary information. The Authority's basic financial statements consist of three components: 1) government-wide financial statements 2) governmental fund financial statements (these are also referred to as the "general fund" financial statements) and 3) notes to financial statements. Because the Authority operates a single governmental program, its government-wide and governmental fund financial statements have been combined using a columnar format that reconciles individual line items of general fund financial data to government-wide data in a separate column on the face of the financial statement.

Government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the residual balance reported as net position. Over time, an increase or decrease in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Activities presents information showing how the Authority's Net Position changed during the most recent period. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal period.

Governmental fund financial statements are designed to provide the reader information about an entity's various funds. A fund is a grouping of related accounts that is used to maintain control over the resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority operates a single governmental fund for financial reporting purposes and this fund is considered a general fund.

The focus of governmental fund financial statements is on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Authority's near-term financing requirements.

Because the focus of the governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental fund with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Authority's near-term financing decisions. Both the Fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison.

Financial Analysis of the Authority

The Authority's net position decreased to \$0.2 million at year-end, primarily due to expenditures for school facilities projects (\$199.6 million) and administrative and general expenses (\$14.6 million) exceeding total revenues (\$171.6 million).

The following table summarizes the Authority’s net position as of December 31, 2025 and 2024.

	\$ In thousands			
	2025	2024	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Current assets	\$ 559,133	\$ 322,324	\$ 236,809	73.5%
Capital assets-net	4,216	4,033	183	4.5%
Total assets	563,349	326,357	236,992	72.6%
Deferred outflows of resources	12,249	9,487	2,762	29.1%
Total assets and deferred outflows of resources	\$ 575,598	\$ 335,844	\$ 239,754	71.4%
Current liabilities	\$ 491,142	\$ 213,612	\$ 277,530	129.9%
Non-current liabilities	60,201	53,264	6,937	13.0%
Total liabilities	551,343	266,876	284,467	106.6%
Deferred inflows of resources	24,062	26,150	(2,088)	(8.0)%
Net position	193	42,818	(42,625)	(99.5)%
Total liabilities, deferred inflows of resources and net position	\$ 575,598	\$ 335,844	\$ 239,754	71.4%

Note: All percentages are calculated using unrounded figures.

Significant Account Variances for Net Position

Current assets: The increase is due primarily to higher cash and cash equivalents as a result of the receipt of \$350 million of debt defeasance funds and \$50 million in state appropriations. Also contributing to the increase were the lower school facilities project costs.

Capital assets-net: The increase is due primarily to a capital asset addition being greater than depreciation and amortization expense during the year.

Deferred outflows of resources: The increase is due mainly to higher deferred outflows of resources associated with Other Postemployment Benefits (“OPEB”) as a result of changes in assumptions.

Current liabilities: The increase is due to higher accrued school facilities project costs, unearned revenues from debt defeasance appropriations realized during the year, and escrow deposits.

Non-current liabilities: The increase is due mainly to the higher Other Postemployment Benefits liability.

Deferred inflows of resources: The decrease is due mainly to lower deferred inflows of resources associated with OPEB as a result of changes in assumptions.

The following table summarizes the change in net position for the years ended December 31, 2025 and 2024.

	\$ In thousands			
	2025	2024	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Revenues				
Appropriations from State	\$ 50,000	\$ 50,000	\$ -	0.0%
Debt Defeasance and Prevention Fund	93,211	60,673	32,538	53.6%
Federal CPF grant	4,396	29,897	(25,501)	(85.3)%
Investment earnings	23,946	18,243	5,703	31.3%
Other revenue	2	73	(71)	(97.8)%
Total revenues	171,555	158,886	12,669	8.0%
Expenses				
Administrative and general expenses	14,569	9,873	4,696	47.6%
School facilities project costs	199,611	259,067	(59,456)	(22.9)%
Total expenses	214,180	268,940	(54,760)	(20.4)%
Change in net position	(42,625)	(110,054)	67,429	61.3%
Beginning net position:				
Balance as previously reported	42,818	153,525	(110,707)	(72.1)%
Adjustment to beginning balance *	-	(653)	653	N/A
Beginning net position, as restated	42,818	152,872	(110,054)	(72.0)%
Ending net position	\$ 193	\$ 42,818	\$ (42,625)	(99.5)%

Note: All percentages are calculated using unrounded figures.

* Adjusted for the cumulative effects of the implementation of GASB Statement No. 101 “*Compensated Absences*”.

Significant Account Variances for the Change in Net Position

Debt Defeasance & Prevention Fund: The Authority recognizes as revenues the amount spent during the year from the debt defeasance funds received by the Authority. The Authority recognized \$93.2 million in debt defeasance revenues during the year as compared to \$60.7 million during the previous year as a result of increased spending with debt defeasance funds.

Federal CPF grant funding: The amount of revenues recorded during the current year decreased by approximately \$25.5 million as a result of the completion of the construction work for the Union City Grade 7-9 Community School project during the year.

Investment earnings: The increase is due primarily to the higher average cash balances of the Authority in 2025.

Administrative and general expenses: The increase is due primarily to higher employee salaries and benefit expenses.

School facilities project costs: The decrease is due mainly to lower spending for construction work, property acquisitions, school furniture and fixture expenses, and Regular Operating District grants. This is partially offset by higher project insurance costs.

School Construction Program Authorized Funding and Disbursements

The Authority does not have an economic interest in any school facility project. With the exception of interest income on invested funds, the Authority does not generate substantial operating revenues, yet it incurs significant operating expenses to administer the School Construction Program. Costs related to school facilities projects are reported as school facilities project costs in the Statement of Activities. Program administrative and general expenses not identifiable specifically to school facilities projects are considered eligible project costs under Educational Facilities Construction & Financing Act (“EFCFA”) and are therefore eligible to be paid from EFCFA funding. Program administrative and general expenses are also eligible to be paid from debt defeasance appropriations as stipulated in the Grant Agreement dated January 30, 2023. This agreement sets forth the terms and conditions for the provision of the Grant Amount, including among other things, audit requirements pertaining to the Grant as well as the schedule for disbursement of the grant amount which must be expended by June 30, 2032.

Through December 31, 2025, the Authority has received \$11.8 billion of the \$12.5 billion principal amount of bond proceeds authorized for the School Construction Program. An additional \$2.25 billion of non-debt funding has similarly been authorized for the School Construction Program, including \$1.9 billion appropriated on June 30, 2022 from the State of New Jersey Debt Defeasance and Prevention Fund, and \$350 million approved in various state budgets. The annual distribution of funds to SDA from the Debt Defeasance and Prevention Fund is stipulated in a grant agreement between the New Jersey State Treasurer and the Authority. In accordance with the grant agreement, annual debt defeasance appropriations will continue through state fiscal year 2029. The schedule of grant payments may be adjusted as mutually agreed upon by the parties to ensure the Authority has sufficient funds to meet its current obligations. The Authority has received \$600 million in New Jersey Debt Defeasance and Prevention funds from inception through December 31, 2025.

To date, the Authority has disbursed 85.6% of the currently authorized program funding, as follows:

	<u>All Sources</u>	<u>Program Funding</u> ¹	<u>Disbursements</u>	<u>% Paid</u>
SDA Districts	\$ 10,946,826,150	\$ 11,134,272,910	\$ 9,224,317,210	82.8%
RODs Including Vo-Tech Schools	3,675,000,000	3,733,634,360	3,501,845,453	93.8%
Totals	<u>\$ 14,621,826,150</u>	<u>\$ 14,867,907,270</u>	<u>\$ 12,726,162,663</u>	85.6%

¹ Program funding includes the amounts authorized under the respective bonding caps in addition to approximately \$246 million of interest income and miscellaneous revenue earned through December 31, 2025.

The 31 SDA Districts are located in 14 Counties throughout the State, as follows:

<u>County</u>	<u>School District</u>	<u>County</u>	<u>School District</u>
Atlantic	Pleasantville	Hudson	Union City
Bergen	Garfield	Hudson	West New York
Burlington	Burlington City	Mercer	Trenton
Burlington	Pemberton Township	Middlesex	New Brunswick
Camden	Camden	Middlesex	Perth Amboy
Camden	Gloucester City	Monmouth	Asbury Park
Cumberland	Bridgeton	Monmouth	Keansburg
Cumberland	Millville	Monmouth	Long Branch
Cumberland	Vineland	Monmouth	Neptune Township
Essex	East Orange	Passaic	Passaic City
Essex	Irvington	Passaic	Paterson
Essex	Newark	Salem	Salem City
Essex	Orange	Union	Elizabeth
Hudson	Harrison	Union	Plainfield
Hudson	Hoboken	Warren	Phillipsburg
Hudson	Jersey City		

In 2025, the SDA celebrated the completion of one capital plan school facilities project, in one SDA District providing 936 new student seats. The total State investment in this project was more than \$93 million.

As of December 31, 2025, the SDA has four active capital construction projects in the SDA Districts. In addition, pre-construction activity has commenced on several other capital projects. The Authority is currently not managing the construction of any emergent need projects in the SDA Districts. Emergent need projects most often address roof repairs or replacements; deteriorating façades; water infiltration; heating and cooling system issues; and plumbing, electrical, mechanical and security systems. The Authority maintains separate program reserves to address such emergent conditions as well as unforeseen events.

From inception through December 31, 2025, the School Construction Program has completed 716 projects in the SDA Districts. The completed projects consist of: 98 new schools; 51 extensive addition, renovation and/or rehabilitation projects; 31 rehabilitation projects; 354 health and safety projects; and 182 Section 13 Grants for SDA District-managed projects. In addition, in the Regular Operating Districts, the Authority has completed 26 projects that it partially funded and managed for the districts, including eight new schools. Also, State funding was provided through Section 15 Grants for 5,331 school projects throughout the 21 counties of New Jersey.

The following information provides insight into the activities of the School Construction Program during the last five years and is not intended to be presented in accordance with generally accepted accounting principles.

\$ In thousands

	2025	2024	2023	2022	2021
EFCFA funding received from State	\$ -	\$ -	\$ -	\$ -	\$ 350,000
Appropriations from State	50,000	50,000	75,000	75,000	275,000
Debt Defeasance and Prevention Fund grant	93,211	60,673	-	-	-
Federal CPF grant	4,396	29,897	22,534	-	-
Investment earnings, net	23,946	18,243	17,917	6,353	230
Administrative and general expenses	14,569	9,873	6,830	7,406	6,984
Capital expenditures	-	138	133	6	182
School facilities project costs	199,611	259,067	228,660	283,673	267,533
Employee count at end of year	123	126	128	127	152

Contacting the Authority's Financial Management

This financial report is designed to provide New Jersey citizens and taxpayers, and the Authority's customers, clients and creditors, with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives from the State. If you have questions about this report or need additional financial information, contact the Office of the Chief Financial Officer, New Jersey Schools Development Authority, P.O. Box 991, Trenton, NJ 08625-0991, or visit our web site at www.njsda.gov.

New Jersey Schools Development Authority
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Statement of Net Position and General Fund Balance Sheet

December 31, 2025

	General Fund Total	Adjustments (Note 9)	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 559,031,872	\$ -	\$ 559,031,872
Receivables	28,192	-	28,192
Prepaid expenses	72,703	-	72,703
Capital assets-net	-	4,215,626	4,215,626
Total assets	<u>559,132,767</u>	<u>4,215,626</u>	<u>563,348,393</u>
Deferred Outflows of Resources			
Deferred amount for pensions	-	1,604,511	1,604,511
Deferred amount for OPEB	-	10,644,918	10,644,918
Total deferred outflows of resources	<u>-</u>	<u>12,249,429</u>	<u>12,249,429</u>
Total Assets and Deferred Outflows of Resources			
	<u>\$ 559,132,767</u>	<u>\$ 16,465,055</u>	<u>\$ 575,597,822</u>
Current Liabilities			
Accrued school facilities project costs	\$ 30,591,524	\$ 82,678	\$ 30,674,202
Unearned revenue Debt Defeasance appropriations	446,115,677	-	446,115,677
Other accrued liabilities	583,943	4,187,663	4,771,606
Escrow deposits	9,579,818	-	9,579,818
Total current liabilities	<u>486,870,962</u>	<u>4,270,341</u>	<u>491,141,303</u>
Non-Current Liabilities			
Accrued school facilities project costs	-	7,141,546	7,141,546
Net pension liability	-	20,966,867	20,966,867
Total OPEB liability	-	26,741,386	26,741,386
Other accrued liabilities	-	5,351,202	5,351,202
Total non-current liabilities	<u>-</u>	<u>60,201,001</u>	<u>60,201,001</u>
Deferred Inflows of Resources			
Deferred amount for pensions	-	9,106,600	9,106,600
Deferred amount for OPEB	-	14,955,805	14,955,805
Total deferred inflows of resources	<u>-</u>	<u>24,062,405</u>	<u>24,062,405</u>
Fund Balance/Net Position			
Net investment in capital assets	-	311,877	311,877
Nonspendable:			
Prepaid expenses	72,703	(72,703)	-
Restricted for schools construction	34,825,872	(7,209,351)	27,616,521
Unassigned/Unrestricted	37,363,230	(65,098,515)	(27,735,285)
Total fund balance/net position	<u>72,261,805</u>	<u>(72,068,692)</u>	<u>193,113</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position			
	<u>\$ 559,132,767</u>	<u>\$ 16,465,055</u>	<u>\$ 575,597,822</u>

See accompanying notes.

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Statement of Activities and General Fund Revenues,
Expenditures and Changes in Fund Balance

For the Year Ended December 31, 2025

	General Fund Total	Adjustments (Note 9)	Statement of Activities
Revenues			
School Construction Program:			
Appropriations from State	\$ 50,000,000	\$ -	\$ 50,000,000
Debt Defeasance and Prevention Fund grant	93,211,222	-	93,211,222
Federal CPF grant	6,161,150	(1,765,577)	4,395,573
General:			
Investment earnings	23,950,977	(4,798)	23,946,179
Other revenue	1,607	-	1,607
Total revenues	173,324,956	(1,770,375)	171,554,581
Expenditures/Expenses			
Administrative and general expenses	13,589,981	978,848	14,568,829
School facilities project costs	198,490,620	1,120,395	199,611,015
Total expenditures/expenses	212,080,601	2,099,243	214,179,844
Deficiency of revenues over expenditures/Change in net position	(38,755,645)	(3,869,618)	(42,625,263)
Fund Balance/Net Position			
Beginning of year	111,017,450	(68,199,074)	42,818,376
End of year, December 31, 2025	\$ 72,261,805	\$ (72,068,692)	\$ 193,113

See accompanying notes.

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For the Year Ended December 31, 2025

Notes to Financial Statements

1. Nature of the Authority

The New Jersey Schools Development Authority (the “Authority” or “SDA”) was established on August 6, 2007 to replace the New Jersey Schools Construction Corporation (“SCC”) pursuant to reform legislation (P.L.2007, c.137). As of the date of the legislation, the SCC was dissolved and all its functions, powers, duties and employees were transferred to the SDA. The Authority is governed by its own Board of Directors and is fiscally dependent upon the State of New Jersey (the “State”) for funding. Organizationally, the Authority is situated in, but not of, the New Jersey Department of the Treasury.

The School Construction Program was initiated in response to the New Jersey Supreme Court’s decision in Raymond Abbott et al. v. Fred G. Burke, 153 N.J. 480 (1998), which eventually led to the Legislature’s adoption of the Educational Facilities Construction and Financing Act, P.L.2000, c.72 (“EFCFA”) on July 18, 2000. The EFCFA, as amended in P.L.2008, c.39, provides for an aggregate \$12.5 billion principal amount of bond proceeds (“EFCFA funding”) to be issued by the New Jersey Economic Development Authority (“EDA”) and transferred to the Authority. Of this amount, \$8.9 billion is allocated to 31 urban school districts referred to as the “SDA Districts” (formerly Abbott Districts), \$3.45 billion is for non-SDA districts (“Regular Operating Districts”) and \$150 million is reserved for vocational schools. On June 30, 2022, an additional \$1.9 billion was appropriated to the Authority from the State of New Jersey Debt Defeasance and Prevention Fund, and \$350 million has been approved in recent state budgets. As for these non-debt funding sources, \$1.85 billion is allocated to the SDA Districts, and \$400 million is for Regular Operating Districts, including vocational schools.

2. Summary of Significant Accounting Policies

(a) Government-Wide and Fund Financial Statements

In its accounting and financial reporting, the Authority follows the pronouncements of the Government Accounting Standards Board (“GASB”). GASB is the accepted standards setting body for establishing government accounting and financial reporting principles. The accounts are maintained on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the activities of the Authority.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include (1) EFCFA bond proceeds received from the State, and budget and non-budget appropriations funding received from the

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Notes to Financial Statements

State, which monies are restricted to meeting either the operational or capital requirements of the School Construction Program, and (2) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Non-budget appropriated funds provided to the Authority are made pursuant to grant agreements with the State, and the expenditures associated with such grant amounts are subject to state and federal single audit requirements, as applicable. As discussed below in Note 14, the Authority is the grantee with respect to two distinct grant agreements with the State.

Separate financial statements are provided for the Authority's governmental fund (these are also referred to as the general fund financial statements). Because the Authority operates a single governmental program, its government-wide and governmental fund financial statements have been combined using a columnar format that reconciles individual line items of general fund financial data to government-wide data in a separate column on the face of the financial statements.

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The Authority's governmental fund is classified as a general fund and its financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual basis accounting. However, expenditures related to compensated absences and certain other accruals are recorded only when payment is due. With regard to the Authority's general fund, restricted amounts are considered to have been spent only after the expenditure is incurred for which there is available restricted fund balance.

(c) Revenue Recognition

The Authority's revenues consist of appropriations from the State and from State pass through funds for federal programs administered by the Authority on behalf of the State. The timing of the revenue recognition is based on the nature of the underlying agreement in accordance with the nonexchange guidance in Governmental Accounting Standards Board (GASB) Statement No. 33, as amended.

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(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and highly liquid short-term investments with original maturities of three months or less, and participation in the State of New Jersey Cash Management Fund (“NJCMF”), a fund managed by the Division of Investment under the Department of the Treasury. It consists of U.S. Treasury Notes and Bills; short-term commercial paper; U.S. Agency Bonds; corporate bonds; and certificates of deposit. NJCMF is stated at fair value, which is measured based on the units of ownership at a value per unit of \$1.

(e) Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and governmental fund financial statements.

(f) Capital Assets

Capital assets are reported in the governmental activity column in the government-wide financial statements and are recorded at historical cost or estimated historical cost if purchased and constructed. The Authority’s current capitalization threshold is as follows:

Leasehold improvements - \$50,000
Office furniture and equipment - \$5,000
Automobiles - \$30,000
Computer software - \$100,000
Right-to-use assets - \$50,000 for land and building and \$30,000 for equipment
Subscription-based information technology arrangements (“SBITA”) - \$100,000

Depreciation is computed using the straight-line method over the following estimated useful lives of the assets.

Leasehold improvements – lesser of 10 years or the lease term
Office furniture and equipment – 7 years
Automobiles – 5 years
Computer software – 3 years
Right-to-use assets – lease term
SBITA – lease term

The Authority does not have an economic interest in any school facility project that it finances. Therefore, apart from certain right-to-use assets accounted for under Governmental

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Accounting Standards Board (“GASB”) Statement No. 87, *Leases*, costs related to school facilities projects are reported as school facilities project costs in the Statement of Activities.

(g) Leases

The Authority is a lessee for non-cancelable leases of equipment, buildings and land. The Authority recognizes a lease liability and a corresponding intangible right-to-use lease asset (“Lease Asset”) in the financial statements for items meeting the capitalization criteria. The Authority recognizes lease liabilities with an initial, individual value of \$5,000 or more.

Lease liabilities are initially recognized at the lease commencement date based on the present value of future lease payments to be made by the Authority over the lease term. The estimated payments are discounted using the Authority’s estimated incremental borrowing rate. The lease term includes the non-cancelable period of the lease. The lease liability is subsequently reduced by the principal portion of lease payments made. Lease liabilities are reported on the Statement of Net Position.

Lease assets are recognized at the lease commencement date and represent the Authority’s right to use an underlying asset for the lease term. Lease assets are initially measured at the initial value of the lease liability, adjusted for lease payments made at or before the lease commencement date and initial direct costs. The lease asset is subsequently amortized on a straight-line basis over its useful life. Lease assets are reported with capital assets on the Statement of Net Position.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and remeasures its lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

(h) Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has two items that qualify for reporting in this category: the deferred amounts related to pension and OPEB reported in the Government-Wide Statement of Net Position. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

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Notes to Financial Statements

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from the Federal CPF grant. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. In the government-wide financial statements the Authority reports deferred amounts related to pension and OPEB.

(i) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Jersey Public Employee Retirement System (“PERS”) and additions to/deductions from PERS’s fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan asset investments are reported at fair value.

(j) Allocation of Employee Salaries and Benefits Costs

The Authority allocates employee salaries and benefits costs between operating expense (i.e., administrative and general expenses) and school facilities project costs on the Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance. The allocation of employee salaries to school facilities project costs is supported by timekeeping records; employee benefits costs are allocated to projects based on a projected annual fringe benefit rate determined by the Authority. The fringe benefit rate utilized for 2025 is 44.57%.

For the year ended December 31, 2025, employee salary and benefit costs are allocated as follows:

Employee salary and fringe benefits costs:	
Charged to administrative and general expenses	\$ 10,162,889
Charged to school facilities project costs	<u>10,188,896</u>
Total employee salary and benefits costs	<u>\$ 20,351,785</u>

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(k) Net Position/Fund Balance

The difference between assets plus deferred outflows of resources less liabilities plus deferred inflows or resources is Net Position on the government-wide, proprietary, and fiduciary fund statements, and Fund Balance on the governmental fund statements. Net Position is reported in three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Net Position that is restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments, and, in some cases, by legally enforceable enabling legislation or constitution of the State is a restricted net position.
- Unrestricted net position consists of net position which does not meet the definition of the two preceding categories.

The fund balance category, general government operations, is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. Fund balances are reported in the following categories:

- Nonspendable fund balances include amounts that cannot be spent because they are in a nonspendable form, such as prepaid expenses, or they are legally or contractually required to be maintained intact, such as the corpus of a permanent fund.
- Restricted fund balances are restricted due to legal restriction from creditors, grantors, or laws and regulations of other governments, or by legally enforceable enabling legislation or constitution of the State.
- Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by appropriation legislation passed by the State Legislature, which is the highest level of decision-making authority for the State. Those committed amounts cannot be used for any other purpose unless the Legislature passes new legislation concerning those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing

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resources in the fund have been specifically committed for use in satisfying those contractual requirements.

- Assigned fund balances are constrained by the government's intent to use such funds for specific purposes, but are neither restricted nor committed, except for major reserve/stabilization arrangements. Assigned fund balances include all remaining amounts (except negative amounts) that are reported in the governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed. Amounts in the General Fund that are intended to be used for a specific purpose are also assigned. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the State has assigned those amounts to the purposes of the respective funds.
- Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Any negative fund balances are unassigned. The General Fund is the only fund that reports a positive unassigned fund balance.

It is the Authority's overall policy to use restricted balances first, then unrestricted balances in the following order: committed, assigned, and unassigned.

(l) Taxes

The Authority is exempt from all federal and state income taxes and real estate taxes under Internal Revenue Code Section 115.

(m) Arbitrage Rebate

Arbitrage rebate is defined by Internal Revenue Code ("IRC") Section 148 as earnings on investments purchased with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investments were invested at a yield equal to the yield on the bond issue. The amount of rebates due the federal government is determined and payable during each five-year period and upon final payment of the tax-exempt bonds. The Authority, the EDA and the New Jersey Department of the Treasury, Office of Public Finance have determined that any arbitrage rebate liability associated with an issue of School Facilities Construction Bonds shall be recorded on the Authority's books since the Authority retains the income on the investment of bond proceeds.

It is the Authority's policy to record arbitrage rebate liabilities only when it is probable that any excess investment income, as defined above, will not be retained by the Authority. The

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Authority does not record rebate liabilities in cases where it is projected that the liability will be negated by the 24-month spending exception in accordance with the IRC.

Arbitrage calculations, consisting of rebate and yield restriction, have been performed for all series of School Facilities Construction Bonds up through 2024 Series SSS. As of December 31, 2025, no Authority rebate liabilities exist. However, the Authority does have a positive yield restriction liability of \$201,540 on the 2021 Series QQQ bonds. Accordingly, the Authority has recorded an arbitrage rebate liability of \$201,540 on the Statement of Net Position as of December 31, 2025, with a corresponding charge to investment earnings on the Statement of Activities of \$4,798 and \$196,742, respectively, for the years ended December 31, 2025 and 2024. This tax liability will be payable 60 days after the final IRS calculation date of January 14, 2026.

(n) 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.

(o) Compensated Absences

The liability for compensated absences represents the vacation and sick time (“Leave Days”) and salary related payments which have been earned for services previously rendered by employees in accordance with the Authority’s Employee Handbook, is allowed to be carried over to subsequent year(s) and is deemed more likely than not by management to be used for time off or otherwise paid/settled in the future. The liability is calculated based on each employee’s rate of pay and the number of unused Leave Days accumulated as of year-end, management’s assumption that the likelihood of future use (either by use during employment or settlement/payment upon separation from service) is probable, and the salary-related payments that are directly and incrementally associated with payments for the leave. The liability for compensated absences is reflected in the government-wide financial statements as a long-term liability.

(p) Accounting Standards Issued But Not Yet Adopted

GASB Statement No. 103, *Financial Reporting Model Improvements*, was issued in April 2023. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for

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fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, was issued in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 105, *Subsequent Events*, was issued in December 2025. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026 and all reporting periods thereafter. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

3. Deposits and Investments

(a) Cash and Cash Equivalents

Operating cash, in the form of Negotiable Order of Withdrawal (“NOW”) accounts, is held in the Authority’s name by two commercial banking institutions. As of December 31, 2025, the carrying amount of operating cash is \$1,843,014 and the bank balance is \$1,952,570. Deposits of up to \$250,000 at each commercial banking institution are insured with Federal Deposit Insurance.

NOW accounts are profiled in order to determine exposure, if any, to custodial credit risk (risk that in the event of failure of the counterparty the account owner would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to custodial

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credit risk if they are: uninsured and uncollateralized (securities not pledged to the depositor); collateralized with securities held by the pledging financial institution; or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. As of December 31, 2025, all of the Authority's deposits were insured or collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The Authority does not have a formal policy for custodial credit risk because all deposits are either fully insured or collateralized in the Authority's name, effectively mitigating such risk. As a result, the establishment of a separate policy has not been deemed necessary under current operating conditions and risk exposure.

(b) Investments

In order to maximize liquidity, the Authority utilizes the New Jersey Cash Management Fund ("NJCMF") as its sole investment. Participation in the NJCMF is voluntary. All investments in the NJCMF are governed by the regulations of the State of New Jersey, Department of the Treasury, Division of Investment, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. The NJCMF invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasury Notes and Bills, short-term commercial paper, U.S. Agency Bonds, corporate bonds and certificates of deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. As of December 31, 2025, the Authority's investments in the NJCMF total \$557,188,858. Of this amount, \$9,579,818 relates to district local share funding requirements (see Note 5). NJCMF funds are considered cash and cash equivalents.

Custodial Credit Risk: Pursuant to GASB Statement No. 40, the NJCMF, which is a pooled investment, is exempt from custodial credit risk disclosure. As previously stated, the Authority does not have a policy for custodial credit risk.

Credit Risk: The Authority does not have an investment policy regarding the management of credit risk because its funds are primarily held in the NJCMF, a state-managed vehicle that operates under conservative guidelines established by the State of New Jersey. GASB Statement No. 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The NJCMF is not rated by a rating agency.

Interest Rate Risk: The Authority does not have a policy to limit interest rate risk. The average maturity of the Authority's sole investment, the NJCMF, is less than one year.

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4. Prepaid Expenses

As of December 31, 2025, the Authority's prepaid expenses are as follows:

Service contracts	\$ 68,645
Security deposit	3,063
Other	995
Total prepaid expenses	<u>\$ 72,703</u>

5. Escrow Deposits

The Authority has received funds from several local school districts as required by Local Share Agreements for the funding of certain ineligible costs relating to projects in the SDA Districts. These deposits, including investment earnings, are reflected as liabilities in the accompanying financial statements. As of December 31, 2025, deposits held in SDA bank accounts, inclusive of interest earned but not yet refunded to the district, are as follows:

Bridgeton	\$ 2,718,311
Newark	3,068
Orange	2,628
Passaic City	40,912
Pemberton	27,080
Perth Amboy	1,361,622
Plainfield	6,847
Trenton	2,661,737
Union City	353,660
West New York	2,403,953
Total escrow deposits	<u>\$ 9,579,818</u>

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6. Capital Assets

Capital asset activity for the year ended December 31, 2025 is as follows:

	Beginning Balance	Additions	Ending Balance
Depreciable/Amortizable Capital assets:			
Office furniture and			
Equipment	\$ 245,862	\$ -	\$ 245,862
Automobiles	107,933	-	107,933
Subscription assets	-	1,261,189	1,261,189
Right-to-use assets	6,486,190	-	6,486,190
Capital assets-gross	6,839,985	1,261,189	8,101,174
Less: Accumulated depreciation/amortization	(2,806,673)	(1,078,875)	(3,885,548)
Capital assets-net	\$ 4,033,312	\$ 182,314	\$ 4,215,626

Depreciation/amortization expense for the year ended December 31, 2025 was charged to activities and programs of government, as follows:

Administrative and general expenses	\$ 997,527
School facilities project costs	81,348
Total depreciation/amortization expense	\$ 1,078,875

7. Leases

The Authority recognized lease assets of \$2,808,714 (net of accumulated amortization of \$3,677,476) in the Statement of Net Position as of December 31, 2025, with corresponding lease liabilities of \$2,995,258. Lease liabilities related to school facilities projects are included in the Statement of Net Position in accrued school facilities project costs (current \$81,982 and non-current \$134,433), and lease liabilities unrelated to projects are included in other accrued liabilities (current \$876,481 and non-current \$1,902,362).

Additionally, the Authority recognized lease expense of \$1,117,305 in the Statement of Activities for the year ended December 31, 2025, consisting of lease amortization expense of \$967,635, and lease interest expense of \$149,670. Lease expense related to school facilities projects is included in the Statement of Activities in school facilities project costs in the amount of \$91,065, and lease expense unrelated to projects is included in administrative and general expenses in the amount of \$1,026,240. Cash lease payments for the year totaling \$1,049,780 are recognized in the General Fund Revenues, Expenditures and Changes in Fund Balance.

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Since the Authority is unable to determine the interest rates, lessors have factored in each respective lease, and the Authority's 2007 enabling legislation precludes it from incurring indebtedness, the SDA's policy is to use the U.S. Treasury Daily 10-Year Yield for its estimated incremental borrowing rate (IBR) to determine the initial lease liability and corresponding right of use asset.

The future principal and interest lease payments as of December 31, 2025, are as follows:

Years	Principal	Interest	Total
2026	\$ 960,039	\$ 112,426	\$ 1,072,465
2027	1,013,634	69,300	1,082,934
2028	1,021,585	24,052	1,045,637
Totals	\$ 2,995,258	\$ 205,778	\$ 3,201,036

8. Subscriptions

The Authority recorded subscription assets of \$1,219,149 (net of accumulated amortization of \$42,040) in the Statement of Net Position as of December 31, 2025, with corresponding subscription liabilities of \$908,491. Subscription liabilities are included in the Statement of Net Position in other accrued liabilities (current \$213,527 and non-current \$694,964).

Additionally, the Authority recognized subscription expense of \$48,293 in the Statement of Activities for the year ended December 31, 2025, consisting of subscription amortization expense of \$42,040 and subscription interest expense of \$6,253. Subscription expense is included in administrative and general expenses in the amount of \$48,293. Cash subscription payments for the year totaling \$251,047 are recognized in the General Fund Revenues, Expenditures and Changes in Fund Balance.

Since the Authority is unable to determine the interest rates the vendor has factored in the subscription, and the Authority's 2007 enabling legislation precludes it from incurring indebtedness, the SDA's policy is to use the U.S. Treasury Daily 10-Year Yield for its estimated incremental borrowing rate (IBR) to determine the initial subscription liability and corresponding subscription asset.

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The future principal and interest subscription payments as of December 31, 2025, are as follows:

Years	Principal	Interest	Total
2026	\$ 213,528	\$ 6,253	\$ 219,781
2027	222,345	36,051	258,396
2028	231,528	27,172	258,700
2029	241,090	17,925	259,015
Totals	\$ 908,491	\$ 87,401	\$ 995,892

9. Reconciliation of Government-Wide and Fund Financial Statements

(a) Explanation of certain differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

“Total Fund Balances” for the Authority’s General Fund (\$72,261,805) differs from the “Net Position” reported on the Statement of Net Position (\$193,113). This difference results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the Fund Balance Sheet. When capital assets that are to be used in the Authority’s activities are constructed or acquired, the costs of those assets are reported as expenditures in the Fund Financial Statements. However, the Statement of Net Position includes those capital assets among the assets of the Authority as a whole. In addition, expenses associated with depreciation, accrued school facilities project costs not currently due for payment and non-current other postemployment benefits and compensated absences are not recorded in the Fund Financial Statements until paid.

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A summary of these differences as of December 31, 2025 is as follows:

Fund balances	\$ 72,261,805
Capital assets, net of accumulated depreciation of \$ (3,885,548)	4,215,626
Deferred outflows of resources for pensions and OPEB	12,249,429
Net pension liability	(20,966,867)
Total other postemployment benefits liability	(26,741,386)
Accrued arbitrage rebate	(201,540)
Accrued compensated absences	(2,552,336)
Accrued pension payable	(3,081,135)
Lease liabilities-internal SDA operations	(3,703,854)
Lease liabilities-school facilities projects	(217,111)
Other school facilities project costs	(7,007,113)
Deferred inflows of resources for pensions and OPEB	<u>(24,062,405)</u>
Net position	<u>\$ 193,113</u>

(b) Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between excess of revenues over expenditures and changes in net position as reported in the government-wide Statement of Activities. Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. A summary of these differences for the year ended December 31, 2025 is as follows:

Deficiency of Revenues Over Expenditures	\$ (38,755,645)
Federal CPF grant	(1,765,577)
Pension (expense)/credit (GASB 68)	66,882
Arbitrage rebate	(4,798)
Other postemployment benefits expense (GASB 75)	(523,184)
Compensated absences (expense)/credit	(694,981)
Lease (expense)/credit-internal SDA operations	241,636
Lease (expense)/credit-school facilities projects	(4,755)
Other school facilities project (costs)/credits	(1,115,640)
Depreciation expense	<u>(69,201)</u>
Changes in net position	<u>\$ (42,625,263)</u>

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10. Pollution Remediation Obligations

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the Authority has recorded in the Statement of Net Position a pollution remediation obligation (“PRO”) liability (net of environmental cost recoveries not yet realized) in the amount of \$4,331,981 as of December 31, 2025. This liability is included in accrued school facilities project costs reported on the Statement of Net Position. The Authority’s PRO liability and asset are charged or credited to school facilities project costs in the Statement of Activities. The Authority’s PRO liability is measured based on the current cost of future activities. Also, the PRO liability was estimated using “the expected cash flow technique,” which measures the liability as the sum of probability weighted amounts in a range of possible estimated outcomes.

The Authority owns properties with environmental issues that meet the criteria for obligating events and disclosure under GASB Statement No. 49. All of the properties meeting the criteria were acquired by the Authority for the purpose of constructing a school facilities project on behalf of an SDA District and, at the present, the Authority believes it has obligated itself to commence clean-up activities. The Authority will continue to evaluate the applicability of this Statement relating to specific project sites as adjustments are made to its portfolio of school facilities projects. The Authority’s remediation activities generally include: pre-cleanup activities including preliminary assessment and site investigation, asbestos and lead based paint removal, underground storage tank removal, neutralization, containment, removal and disposal of ground pollutants, site restoration and post-remediation monitoring and oversight.

11. Commitments and Contingencies

(a) Contractual Commitments

As of December 31, 2025, the Authority has approximately \$709 million of unaccrued contractual commitments relating to future expenditures associated with school facilities projects.

(b) Contractor and Other Claims

Numerous contractor and other claims, the vast majority of which are not in litigation, have been filed with the Authority by design consultants, general contractors, project management firms and school districts relating to disputes concerning school construction matters (e.g., delays, labor and material price increases). The Authority resolves contractor claims by following the administrative process noted in the relevant contract. As of December 31, 2025, the Authority’s potential loss from all claims has been estimated at approximately \$2.7 million, which represents a decrease of \$0.4 million from the prior year end accrual. Accordingly, as

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of December 31, 2025, an accrued liability of \$2.7 million is reflected in the Statement of Net Position as a component of accrued school facilities project costs and, for the year then ended, \$0.4 million is charged to school facilities project costs on the Statement of Activities.

(c) Insurance

The Authority maintains two insurance programs: business insurance for its operations, which includes property, auto, cyber, general liability, and public officials' liability coverage, and an Owner Controlled Insurance Program ("OCIP") for its construction projects. As of December 31, 2025, management is not aware of any insurable claim that is expected to exceed the Authority's insurance policy limits.

The OCIP provides workers' compensation, general liability, and excess liability coverage to all contractors and sub-contractors that perform labor on the site of an enrolled project. When an enrolled project has been completed, completed operations coverage takes effect. This covers any claim arising out of alleged negligent construction, which occurs in the subsequent ten years.

Each OCIP provides standard policy limits for workers' compensation and general liability coverage, backed by excess liability coverage, to protect against catastrophic claims. The Authority has carried excess liability limits of \$150 million or greater, for each of its OCIPs, including OCIP V, which rolled out on December 1, 2024.

Each workers' compensation and general liability claim is subject to a \$250,000 per claim deductible. The Authority deposits money into an account at the start of each OCIP, from which the insurer reimburses itself for claim payments that it made on the Authority's behalf, within the deductible. The deposit for OCIP V is \$3.5 million. Each OCIP program includes a provision that allows the insurer to periodically seek additional money from the Authority, to replenish the account, if it falls below the required minimum balance. A separate provision caps the Authority's aggregate deductible obligation at a maximum amount. Upon the conclusion of the OCIP program and the resolution of all claims, any funds remaining in the account that have not been utilized for claim settlements will be reimbursed to the Authority.

The Authority also purchases Builder's Risk insurance for each OCIP program, which protects facilities under construction from losses due to fire, vandalism, lightning, wind, and other hazards, and since 2009, it has carried Owners Protective Professional Indemnity (OPPI) insurance, with a policy limit of \$25 million, which provides coverage in excess of the professional liability insurance carried by the design professionals that the Authority hires for its projects. The current OPPI policy also includes excess Contractors Pollution Liability coverage.

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12. Employee Benefits

(a.1) Public Employees' Retirement System of New Jersey

Plan description and benefits provided. All active, full-time employees of the Authority are required as a condition of employment to participate in the Public Employees' Retirement System of New Jersey ("PERS" or "Plan"), a cost-sharing, multiple-employer defined benefit plan administered by the State. The contribution policy is established by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Currently, employees are required to contribute 7.50% of their pensionable or base compensation to the Plan. All Plan participants are categorized within membership Tiers in accordance with their enrollment date in the PERS, as follows: Tier 1 includes those members enrolled in the PERS prior to July 1, 2007; Tier 2 includes those members enrolled in the PERS on or after July 1, 2007 and prior to November 2, 2008; Tier 3 includes those members enrolled in the PERS on or after November 2, 2008 and on or before May 22, 2010; Tier 4 includes those members enrolled in the PERS after May 22, 2010 and prior to June 28, 2011; and Tier 5 includes those members enrolled in the PERS on or after June 28, 2011. Depending on the Tier, other factors including minimum base salary amounts and/or minimum hours worked, among other things, may impact an employee's eligibility in the PERS. As discussed below, members enrolled in the PERS on or after July 1, 2007, and who earn an annual salary in excess of established limits, are eligible to participate in a Defined Contribution Retirement Program ("DCRP") administered by Empower Annuity Insurance Company of America on behalf of the State.

The general formula for annual retirement benefits for Tier 1, Tier 2, and Tier 3 members is the final 3-year average salary divided by 55, times the employee's years of service. The formula for Tier 4 and Tier 5 members is the final 5-year average salary divided by 60, times the employee's years of service. Pension benefits for all members fully vest upon reaching 10 years of credited service. Tier 1 and Tier 2 members are eligible for normal retirement at age 60, while Tier 3 and Tier 4 members are eligible for normal retirement at age 62. Tier 5 members are eligible for normal retirement at age 65. No minimum years of service is required once an employee reaches the applicable retirement age.

Tier 1 members who have 25 years or more of credited service may elect early retirement without penalty at or after age 55, and receive full retirement benefits; however, the retirement allowance is reduced by 3% per year (1/4 of 1% per month) for each year the member is under age 55. For Tier 2 members with 25 years or more of credited service the retirement allowance is reduced by 1% per year (1/12 of 1% per month) for each year the member is under age 60 (until age 55) and 3% per year (1/4 of 1% per month) for each year the member is under age 55. For Tier 3 and Tier 4 members the retirement allowance is reduced by 1% per year (1/12 of 1% per month) for each year the member is under age 62 (until age 55) and 3% per year (1/4 of 1% per month) for each year the member is under age 55. Lastly, for Tier 5 members the

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retirement allowance is reduced by 3% per year (1/4 of 1% per month) for each year the member is under age 65.

The PERS also provides death and disability benefits. The State of New Jersey, as established by N.J.S.A. 43:15A, has the authority to establish and/or amend any of the benefit provisions and contribution requirements.

(a.2) Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

In accordance with GASB Statement No. 68, the Authority recognized a net pension liability for the difference between the present value of the projected benefits for past service known as the Total Pension Liability (“TPL”) and the restricted resources held in trust for the payment of pension benefits, known as the Fiduciary Net Position (“FNP”).

As of December 31, 2025, the Authority reported a liability of \$21.0 million in the Statement of Net Position for its proportionate share of the net pension liability for the PERS. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The actuarial valuation was rolled forward to June 30, 2023 using update procedures. The Authority’s proportion of the net pension liability was based on a projection of the Authority’s long-term share of contributions to the Plan relative to the projected contributions of all participating State agencies, actuarially determined. As of June 30, 2024, the Authority’s proportionate share was estimated to be 0.15096%. The change in proportion since the prior measurement date was a decrease of 0.00614%.

For the year ended December 31, 2025, the Authority recognized a pension benefit in the amount of \$XXXX in the Statement of Activities, of which pension expense in the amount of \$2,120,972 (the Authority’s 2025 contractually required pension contribution to the PERS) was recorded in the General Fund Revenues, Expenditures and Changes in Fund Balance. The amount of the Authority’s pension contribution due on April 1, 2026 is \$2,054,090. Pension expense or income is reported in the Authority’s financial statements as a component of administrative and general expenses.

As stated above, the Authority’s contractually required contribution to the PERS for the year ended December 31, 2025 was \$2,120,972, which is 16.1% of annual covered payroll. Based on the recommendation of the State of New Jersey Department of the Treasury, the investment rate of return used to calculate the actuarially determined contribution effective with the July 1, 2019 valuation was 7.30% per annum. The Department of the Treasury recommendation also calls for the rate to be reduced further to 7.00% per annum effective with the July 1, 2021 valuation. The actuarially determined employer contribution amount, when combined with

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employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

As of December 31, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 972,176
Differences between expected and actual experience	420,005	55,820
Changes in assumptions or other inputs	26,047	238,555
Changes in proportion	110,084	7,840,049
Contributions subsequent to the measurement date	1,048,375	-
Total deferred outflows and inflows of resources	\$ 1,604,511	\$ 9,106,600

Deferred outflows of resources of \$1,048,375 resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year 1 (2026)	\$ (4,791,067)
Year 2 (2027)	(1,258,809)
Year 3 (2028)	(1,896,341)
Year 4 (2029)	(588,918)
Year 5 (2030)	(15,329)
Total	\$ (8,550,464)

Actuarial methods and assumptions

The collective total pension liability in the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024, which was rolled forward to June 30, 2025. The key actuarial assumptions are summarized as follows:

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Rate of inflation	
Price	2.75%
Wage	3.25%
Salary increases:	2.75% to 6.55% based on years of service
Investment rate of return	7.00%
Cost of living adjustment	None assumed

Mortality rates were based on the Society of Actuaries' Scale MP-2021 mortality improvement scale.

Discount rate

The discount rate used to measure the total pension liability as of June 30, 2025 was 7.00%. The projection of cash flows used to determine the discount rate assumes that contributions from Plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all projected benefit payments to determine the total pension liability.

Expected rate of return on investments

The long-term expected rate of return on Plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	28.00%	8.63%
Non-U.S. developed market equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging market equity	5.50%	10.66%
Private equity	13.00%	12.40%
Real assets	3.00%	8.20%
Real estate	8.00%	10.95%
High yield	4.50%	6.74%
Private credit	8.00%	8.90%
Investment grade credit	7.00%	5.37%
Cash equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk mitigation strategies	3.00%	7.10%

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00% as well as the proportionate share of the net pension liability using a 1.00% increase or decrease from the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	(6.00%)	(7.00%)	(8.00%)
PERS	\$27,484,800	\$20,966,867	\$14,897,740

Pension plan fiduciary net position

Detailed information about the Plan's fiduciary net position is available in a separately issued financial report. The State of New Jersey, Department of the Treasury, Division of Pension and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information for the PERS. Information on the total Plan funding status and progress, required contributions and trend information is available on the State's web site at <https://www.nj.gov/treasury/pensions/financial-reports.shtml> in the Annual Comprehensive Financial Report of the State of New Jersey, Division of Pensions and Benefits.

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(b) Defined Contribution Retirement Program and Early Retirement Changes for Employees Enrolled in the PERS on or after July 1, 2007

The Defined Contribution Retirement Program (“DCRP”) was established on July 1, 2007 under the provisions of P.L.2007, c.92 and P.L.2007, c.103. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with death and disability benefits. A PERS member who becomes eligible and is enrolled in the DCRP is immediately vested in the DCRP. To be eligible for the DCRP, an employee is required to have enrolled in the PERS on or after July 1, 2007 (Tiers 2 through 5), and they must earn an annual salary in excess of established “maximum compensation” limits. The maximum compensation is based on the annual maximum wage for Social Security and is subject to change at the start of each calendar year. A PERS member who is eligible for the DCRP may voluntarily choose to waive participation in the DCRP for a reduced retirement benefit from the State. If a member waives DCRP participation and later wishes to participate, the member may apply for DCRP enrollment, with membership to be effective January 1 of the following calendar year. PERS members who participate in the DCRP continue to receive service credit and are eligible to retire under the rules of the PERS, with their final salary at retirement limited to the maximum compensation amounts in effect when the salary was earned. The participating member would also be entitled to a supplementary benefit at retirement based on both the employee (above the maximum compensation limit) and employer contributions to the DCRP. For the direct benefit of those participating in the DCRP, the Authority would be required to contribute 3% to the DCRP (“employer matching”) based on the member’s annual compensation (base salary) in excess of the maximum compensation limit.

For the year ended December 31, 2025, the Authority had two active employees enrolled in the DCRP and made matching contributions totaling \$1,674. Employer matching contributions relating to 2024, 2023 and 2022 totaled \$1,692, \$1,700 and \$3,198 respectively.

(c) Deferred Compensation

The Authority has established an Employees Deferred Compensation Plan under section 457 of the Internal Revenue Code. All active, full-time employees are eligible to participate in the plan, which permits participants to defer a portion of their pay in accordance with the contribution limits established in section 457(b) of the Internal Revenue Code. The Authority does not make any contributions to the plan.

(d) Other Postemployment Benefits

Plan description and benefits provided. The Authority provides postemployment healthcare benefits (including Medicare Part B reimbursement) and prescription drug coverage through participation in the New Jersey State Health Benefits Program as

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sponsored and administered by the State of New Jersey, to eligible retirees having either: (1) 25 years or more of service in the PERS if hired on or prior to June 28, 2011, or; (2) 30 years or more of service in the PERS if hired after June 28, 2011, or (3) to those individuals approved for disability retirement. These postemployment benefits also extend to the retirees' covered dependents. Health benefits and prescription drug benefits provided by the plan are at no cost to eligible retirees who had accumulated at least 20 years of service credit as of June 30, 2010; all other eligible retirees must contribute a portion of the premium costs based on the applicable percentage of premium as determined by the annual retirement allowance. A minimum contribution of 1.5% of the monthly retirement allowance is required. Upon turning 65 years of age, a retiree must opt for Medicare as their primary coverage, with State benefits providing supplemental coverage. In addition, life insurance is provided at no cost to the Authority and the retiree in an amount equal to 3/16 of their average salary during the final 12 months of active employment. The State pays the cost of this benefit. The State has the authority to establish and amend the benefit provisions offered and contribution requirements. The plan is considered a single employer defined benefit plan for financial reporting purposes. The Authority has elected to fund postretirement health benefits on a pay-as-you-go basis. Therefore, no plan assets exist in a trust that meets the specified criteria in paragraph 4 of GASB Statement No. 75.

Retirees and employees covered by OPEB Plan

As of December 31, 2025, the following employees were covered by the benefit terms:

Retired employees and/or beneficiaries currently receiving benefit payments	30
Active employees	<u>123</u>
Total	<u><u>153</u></u>

Total OPEB liability

The Authority's total OPEB liability of \$26,741,386 was measured as of January 1, 2025, and was based upon an actuarial valuation as of January 1, 2025. The Authority has fully recognized this liability in the Statement of Net Position as of December 31, 2025 in accordance with GASB Statement No. 75.

Actuarial methods and assumptions

The total OPEB liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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Rate of inflation	2.50%
Annual salary increases	3.00%
Discount rate	4.08%
Retirees' share of benefit related premium costs	None for retirees with at least 20 years of service credit as of June 30, 2010. All other retirees to contribute based on the applicable percentage of premium as determined by the annual retirement allowance. A minimum contribution of 1.5% of the retirement allowance is required.

The entry age normal - level percent-of-pay actuarial cost method was used. No investment return was assumed in the current valuation since there are no OPEB plan assets. The discount rate was based on the 20-year bond buyer index rate on December 29, 2024, as published by the Bond Buyer 20-Bond GO Index.

The mortality tables used for this valuation is based on the Society of Actuaries Pub-2016 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2021 Full Generational Improvement.

The annual healthcare cost inflation (trend) rate for all retiree health benefits is 7.5% beginning in 2027. The trend assumption will decrease every year from 2027 until an ultimate annual trend rate assumption of 4.4% in 2037.

The decrement assumptions and age-based costs for the Authority are based on those reflected in the New Jersey Public Employees Retirement System ("PERS") experience study covering the period July 1, 2021 to June 30, 2024.

As required for any actuarial valuation with a measurement date on or after March 31, 2015, Actuarial Standard of Practice No. 6, *Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions*, was used in performing the Authority's actuarial valuation for OPEB.

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Changes in total OPEB liability

Service cost	\$	705,270
Interest cost		850,552
Differences between actual and expected experience		779,617
Changes in assumptions		3,329,405
Benefit payments		<u>(279,250)</u>
Net change in total OPEB liability		5,385,594
Total OPEB liability – beginning of year		<u>21,355,792</u>
Total OPEB liability – end of year		<u>\$ 26,741,386</u>

The schedule of changes in the Authority’s total OPEB liability and related ratios are presented for multiple years as required supplementary information following the notes to financial statements.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the Authority, as well as what the Authority’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the discount rate assumed for the current valuation:

	1% Decrease	Discount Rate	1% Increase
	(3.08%)	(4.08%)	(5.08%)
Total OPEB liability	\$31,585,843	\$26,741,386	\$22,840,519

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the Authority, as well as what the Authority’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than assumed for the current valuation:

	1% Decrease (6.5% decreasing to	Healthcare Cost Trend Rates (7.5% decreasing to	1% Increase (8.5% decreasing to
	3.65%)	4.65%)	5.65%)
Total OPEB liability	\$22,241,513	\$26,741,386	\$32,521,087

New Jersey Schools Development Authority
(a component unit of the State of New Jersey)

For the Year Ended December 31, 2025

Notes to Financial Statements

OPEB expense and deferred outflows of resources and deferred inflows of resources

For the year ended December 31, 2025, the Authority recognized OPEB expense of \$846,262, of which \$323,078 (the amount of Authority contributions for retiree health insurance in 2025) was recorded in the General Fund Revenues, Expenditures and Changes in Fund Balance. The accumulated amount of deferred outflows of resources and deferred inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual		
Experience	\$ 755,978	\$ 1,685,021
Changes in assumptions	9,888,940	13,270,784
Total deferred outflows and inflows of resources	\$ 10,644,918	\$ 14,955,805

Deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year 1 (2026)	\$ (753,388)
Year 2 (2027)	(753,388)
Year 3 (2028)	(753,388)
Year 4 (2029)	(753,388)
Year 5 (2030)	(753,382)
Year 6 (2031) and thereafter	(543,953)
Total	\$ (4,310,887)

New Jersey Schools Development Authority
(a component unit of the State of New Jersey)

For the Year Ended December 31, 2025

Notes to Financial Statements

13. Long-Term Liabilities

During the year, the following changes in long-term liabilities are reflected in the Statement of Net Position:

	Beginning Balance	Additions	Deductions	Ending Balance
Lease liabilities-school facilities project costs	\$ 216,415	\$ -	\$ (81,982)	\$ 134,433
Other school facilities project costs	5,891,473	1,522,295	(406,655)	7,007,113
Net pension liability	20,966,867	-	-	20,966,867
Total other postemployment benefits liability	21,355,792	5,385,594	-	26,741,386
Lease liabilities-internal SDA operations	2,779,763	2,028,963	(2,211,400)	2,597,326
Arbitrage rebate	196,742	4,798	-	201,540
Compensated absences	1,857,355	694,981	-	2,552,336
Total long-term liabilities	\$ 53,264,407	\$ 9,636,631	\$ (2,700,037)	\$ 60,201,001

For further information, see Note 11 on Contractor and Other Claims.

14. Appropriations/Grant Funding

(a) New Jersey Debt Defeasance and Prevention Fund

On June 29, 2021, the Governor signed P.L. 2021, c. 125 (the “Debt Reduction Act”) pursuant to which there was created within the General Fund, a restricted reserve fund known as the “New Jersey Debt Defeasance and Prevention Fund” (the “Fund”) for the purpose of retiring and defeasing State debt and for funding capital projects on a pay-as-you-go basis rather than issuing additional State debt for such capital projects. In accordance with P.L.2022, c.18. [S2944] and Section 2 of the Appropriating Act, pursuant to which \$5.15 billion was credited from the General Fund, a total of \$1.9 billion is appropriated (“Grant Amount”) to the Authority from the Fund, which allocation may be used to fund all costs associated with school facilities projects included as Grantee Capital Projects, including Grantee’s operating expenses for administering the school facilities construction program. The Grant Amount is delineated as follows: \$1.55 billion is appropriated for school facilities projects, emergent needs, and capital maintenance in SDA districts, and in lieu of bond proceeds, program administrative and general expenses as defined by SDA’s executive leadership team. \$350 million is appropriated for school facilities projects, emergent needs, and capital maintenance in all other districts.

New Jersey Schools Development Authority
(a component unit of the State of New Jersey)

For the Year Ended December 31, 2025

Notes to Financial Statements

The New Jersey State Treasurer (Grantor) and the Authority (Grantee) have entered into a Grant Agreement dated January 30, 2023, which sets forth the terms and conditions for the provision of the Grant Amount. The Grant Amount must be expended by June 30, 2032 absent a written approval by the Treasurer of a request for extension. Any undisbursed grant funds remaining at such time must be returned to the Treasurer.

The grant is an expenditure-driven grant and the Authority recognizes the revenues and expenditures in the period when all eligibility requirements have been met. Funds received in advance of incurring allowable expenditures are recorded as unearned revenue and must be invested in the New Jersey Cash Management Fund. Interest earned on advances of grant funds is considered Investment Earnings. Investment Earnings earned on the funds may be used by the Authority to further eligible program objectives.

This grant is covered by the audit requirements of the New Jersey Department of the Treasury Circular Letter 25-12-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.

The Authority received \$350 million in Debt Defeasance and Prevention funds in 2025.

(b) American Rescue Plan Act of 2021 - Coronavirus Capital Projects Fund (CPF)

The SDA is a subrecipient of CPF funds allocated to the State of New Jersey. Pursuant to the selection and approval of the State and the approval of the U.S. Department of the Treasury (“U.S. Treasury”), the Authority has received \$56.8 million to partially fund the new construction of the Union City Grade 7-9 Community School project. These funds were fully disbursed in April 2025.

The New Jersey State Treasurer has executed a Memorandum of Understanding, dated as of February 5, 2022, with the New Jersey Department of Community Affairs (“DCA”) as grants manager for the CPF funds, to provide those grant management functions and processes for the State that are necessary to administer, manage and monitor grant awards and disburse funds accordingly. Similarly, the DCA and SDA have entered into a Grant Agreement, executed April 24, 2024 and amended on February 6, 2025, that sets forth the terms and conditions for the disbursement of CPF funds for the Union City Grade 7-9 Community School project.

The grant is an expenditure-driven grant and the Authority recognizes the revenues and expenditures in the period when all eligibility requirements have been met.

This grant is covered by the Single Audit requirements of 2 CFR 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.

New Jersey Schools Development Authority
(a component unit of the State of New Jersey)

For the Year Ended December 31, 2025

Notes to Financial Statements

(c) State Appropriations

Revenue reported as “State Appropriations” represent appropriations to the Authority from the New Jersey Property Tax Relief Fund. The appropriations from Property Tax Relief Fund are annually appropriated to the Authority based on formulas established by the Legislature. The funds are exclusively for the purpose of the Authority to meet the funding of the requirements of P.L.1975, c. 212 (Public School Education Act). The Authority disburses the funds to the various schools based on an allocation determined by the New Jersey Department of Education (“DOE”). The SDA communicates directly with each of these school districts, providing detailed outlines of their respective funding allocations, permissible project work, timelines, and certification requirements, thereby ensuring the school districts commitment and compliance as recipients of the funding. The Authority recognizes the revenue from the appropriation when the cash is available when the relevant appropriation becomes effective, which is when the State’s fiscal year begins. Expenses are recognized at the time funds are disbursed to the participating schools.

The Authority received \$50 million in state appropriations in 2025.

15. Subsequent Event

In January 2026, the Authority received \$350 million of New Jersey Debt Defeasance and Prevention funds. On January 20, 2026, the State reallocated \$10 million of the \$1.9 billion Debt Defeasance funds originally granted to the Authority to the New Jersey Department of Education for the engineering, design, and construction of parking facilities or structures of the Colin Powell Elementary School in Union City School District.

STATE OF NEW JERSEY
SCHOOLS DEVELOPMENT AUTHORITY
(a component unit of the State of New Jersey)

REQUIRED SUPPLEMENTARY INFORMATION

New Jersey Schools Development Authority
(a component unit of the State of New Jersey)

Required Supplementary Information

Schedule of Authority's Proportionate
Share of the Net Pension Liability
Public Employees' Retirement System

	2025	2024	2023	2022	2021
Authority's proportion of the net pension liability	0.15096%	0.15430%	0.16047%	0.19500%	0.21109%
Authority's proportionate share of the net pension liability	\$ 20,966,867	\$ 20,966,867	\$ 23,242,844	\$ 29,428,895	\$ 25,006,500
Authority's covered payroll	\$ 12,776,099	\$ 12,637,377	\$ 12,717,576	\$ 13,540,271	\$ 15,303,041
Authority's proportionate share of the net pension liability as a percentage of covered payroll	164.1%	165.9%	182.8%	217.3%	163.4%
Plan fiduciary net position as a percentage of the total pension liability	51.3%	51.3%	48.4%	23.2%	51.5%
	2020	2019	2018	2017	2016
Authority's proportion of the net pension liability	0.26021%	0.24445%	0.25282%	0.25811%	0.24459%
Authority's proportionate share of the net pension liability	\$ 42,434,159	\$ 44,045,377	\$ 49,778,974	\$ 60,083,669	72,439,355
Authority's covered payroll	\$ 16,333,372	\$ 19,098,021	\$ 17,489,263	\$ 18,573,489	18,574,888
Authority's proportionate share of the net pension liability as a percentage of covered payroll	259.8%	230.6%	278.9%	323.5%	390.0%
Plan fiduciary net position as a percentage of the total pension liability	42.9%	42.0%	40.4%	36.8%	31.2%

Notes to Schedule:

The amounts presented in the table above were determined as of the June measurement date.

New Jersey Schools Development Authority
(a component unit of the State of New Jersey)

Required Supplementary Information

Schedule of Authority's Contributions
to the Public Employees' Retirement System

Year	Contractually Required Contribution (CRC)	Contributions in Relation to the CRC	Contribution Deficiency (Excess)	Authority's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$2,054,090	\$2,054,090	\$ -	\$13,431,081	15.3%
2024	\$2,120,950	\$2,120,950	\$ -	\$13,024,335	16.3%
2023	\$2,144,704	\$2,144,704	\$ -	\$12,548,018	17.1%
2022	\$2,459,103	\$2,459,103	\$ -	\$12,923,176	19.0%
2021	\$2,472,082	\$2,472,082	\$ -	\$14,521,363	17.0%
2020	\$2,846,614	\$2,846,614	\$ -	\$15,803,029	18.0%
2019	\$2,377,735	\$2,377,735	\$ -	\$18,055,097	13.2%
2018	\$2,514,741	\$2,514,741	\$ -	\$18,394,015	13.7%
2017	\$2,391,105	\$2,391,105	\$ -	\$18,157,354	13.2%
2016	\$2,172,867	\$2,172,867	\$ -	\$18,666,335	11.6%

Notes to Schedule:

Valuation Date

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine the actuarially determined employer contributions are as follows:

Actuarial Cost Method

Projected Unit Credit Cost Method

Amortization Method

Level Dollar Amortization

Amortization Period

30 years

Asset Valuation Method

A five-year average of market values

Investment Rate of Return

7.00% for 2024 through 2021, 7.30% for 2020 through 2019, 7.50% for 2018 through 2017, 7.65% for 2016, 7.90% for 2015 through 2013

New Jersey Schools Development Authority
(a component unit of the State of New Jersey)

Required Supplementary Information

Schedule of Authority's Contributions
to the Public Employees' Retirement System (Continued)

Inflation	2.75% for 2024 through 2019, 2.25% for 2018 through 2017, 3.08% for 2016, 3.01% for 2015 through 2008
Salary Increases	2.75% - 6.55% for 2024 through 2022, 2.00% - 6.00% for 2021 through 2019, 1.65% - 4.15% for 2018 through 2016, 2.15% - 5.40% for 2015 through 2013
Mortality	Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

New Jersey Schools Development Authority
(a component unit of the State of New Jersey)

Required Supplementary Information

Schedule of Changes in the Total Postemployment Benefits
Other Than Pensions (OPEB) Liability and Related Ratios

	2025	2024	2023	2022	2021
Service cost	\$ 705,270	\$ 534,317	\$ 969,613	\$ 756,811	\$ 562,188
Interest cost	850,552	752,927	513,336	602,754	793,450
Differences between actual and expected experience	779,617	(1,990,280)	-	(88,963)	-
Changes in assumptions	3,329,405	4,714,184	(7,941,012)	(5,929,408)	794,794
Benefit payments	(279,250)	(267,303)	(247,801)	(211,788)	(269,967)
Net change in total OPEB liability	5,385,594	3,743,845	(6,705,864)	(4,870,594)	1,880,465
Total OPEB liability – beg. of year	21,355,792	17,611,947	24,317,811	29,188,405	27,307,940
Total OPEB liability - end of year	\$ 26,741,386	\$ 21,355,792	\$ 17,611,947	\$ 24,317,811	\$ 29,188,405

Covered payroll	\$ 13,024,335	\$ 12,548,018	\$ 12,923,176	\$ 14,521,363	\$ 15,803,029
Total OPEB liability as a percentage of covered payroll	205.32%	170.19%	136.28%	167.46%	184.70%

	2020	2019	2018	2017	2016
Service cost	\$ 409,654	\$ 449,157	\$ 1,606,120	\$ 1,634,702	\$ 1,578,355
Interest cost	813,459	762,995	1,004,490	927,740	849,309
Differences between actual and expected experience	-	-	146,961	-	-
Changes in assumptions	4,844,872	(3,257,030)	(3,947,479)	(1,476,238)	-
Benefit payments	(221,345)	(231,938)	(362,050)	(297,093)	(277,001)
Net change in total OPEB liability	5,846,640	(2,276,816)	(1,551,958)	789,111	2,150,663
Total OPEB liability – beg. of year	21,461,300	23,738,116	25,290,074	24,500,963	22,350,300
Total OPEB liability - end of year	\$ 27,307,940	\$ 21,461,300	\$ 23,738,116	\$ 25,290,074	\$ 24,500,963

Covered payroll	\$ 18,055,097	\$ 18,394,015	\$ 18,157,354	\$ 18,666,335	\$ 18,078,345
Total OPEB liability as a percentage of covered payroll	151.25%	116.68%	130.74%	135.48%	135.53%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75 to pay related benefits.

Benefit changes – none.

New Jersey Schools Development Authority
(a component unit of the State of New Jersey)

Required Supplementary Information

Schedule of Changes in the Total Postemployment Benefits
Other Than Pensions (OPEB) Liability and Related Ratios (Continued)

Changes in assumptions:

Changes in assumptions reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2025	4.08%
2024	3.88%
2023	4.18%
2022	2.04%
2021	2.02%
2020	2.92%
2019	3.81%
2018	3.23%
2017	3.76%
2016	3.57%

Resolution—5a.

Resolution Approving the 2025 SDA Audited Financial Statements

WHEREAS, the New Jersey Schools Development Authority (SDA or the Authority) was established by law pursuant to P.L.2007, C.137 (N.J.S.A. 52:18A-235 et. seq.), c.311 as an entity “in but not of” the New Jersey State Department of the Treasury; and

WHEREAS, pursuant to law, the Authority is authorized to “adopt bylaws for the regulation of its affairs and the conduct of its business”, which bylaws were adopted by the Authority on August 2007 and amended May 2014, September 2019 and September 2024; and

WHEREAS, consistent with N.J.S.A 52:18A-237(l), the Authority’s bylaws, at Article VIII, Section 8.2, provide that “the Authority shall provide for an annual audit of the financial statements of the Authority by a certified public accountant, and cause a copy thereof to be filed with the Secretary of State, the Director of the Division of Budget and Accounting in the Department of Treasury, and the State Auditor”; and

WHEREAS, in accordance with Executive Order No. 122 (2004) as amended by Executive Order No. 37 (2006) and consistent with Article VIII, Section 8.3 of the Authority’s bylaws, the Authority shall prepare a comprehensive report regarding its operations and, following approval of same by the Members of the Authority, submit the report to the Governor’s Authorities Unit and the State Treasurer and post it on the Authority’s website; and

WHEREAS, the comprehensive report shall, among other things, include “authority financial statements”; and

WHEREAS, the independent accounting firm of PKF O’Connor, Davies, LLP (PKF) has substantially and in all material respects, except as described below, completed an audit of the Authority’s financial statements for 2025; and

WHEREAS, PKF has expressed its intent to issue an “unmodified” opinion on the financial statements, the highest level of assurance that an audit firm can provide for a financial statements audit; and

WHEREAS, pursuant to Article IX, Section 9.5 of the Authority’s bylaws and Article VI of the SDA Audit Committee Charter, the Audit Committee met on May 18, 2026 to review and discuss the integrity and quality of the Authority’s 2025 financial statements and PKF’s audit of aforesaid financial statements; and

WHEREAS, following presentation of the 2025 financial statements to the Committee by executive management and PKF and following the Committee’s discussions with executive management and PKF, and following its deliberations, the Committee recommends approval of same by the Authority’s Board of Directors; and

WHEREAS, management has advised the Members of the Authority that the 2025 SDA Financial Statements, as presented to the Board by executive management and PKF and as recommended by the SDA Audit Committee on this date, will require further revisions following receipt of the GASB Statement No. 68 pension information from the State of New Jersey, which information is currently anticipated to be available in June of 2026; and

WHEREAS, management has further advised the Members of the Authority that unrelated to the GASB Statement No. 68 entries and related note disclosures, there may be additional changes to the 2025 SDA financial statements required prior to finalization of the financial audit by PKF; and

WHEREAS, management has further advised the Members of the Authority that the GASB Statement No. 68 pension information and related note disclosures, and any unrelated additional material changes to the 2025 SDA financial statements will be reported to the SDA Audit Committee prior to finalization of the financial audit; and

WHEREAS, management has further advised the Members of the Authority that should there be no material change to the SDA Financial Statements as presented to the Board on this date, management shall so advise the SDA Audit Committee when the audit is completed, including the date of the auditor's report.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby approve the Authority's 2025 financial statements as presented by executive management and the accounting firm of PKF O'Connor, Davies, LLP and as recommended by the SDA Audit Committee, consistent with the memorandum presented to the Board on this date.

BE IT FURTHER RESOLVED, that the Members of the Authority recognize and acknowledge that the 2025 SDA Financial Statements, as presented to the Board by executive management and the accounting firm of PKF O'Connor, Davies, LLP and as recommended by the SDA Audit Committee on this date, will require further revisions following receipt of the GASB Statement No. 68 pension information from the State of New Jersey, which information is currently anticipated to be available in June of 2026.

BE IT FURTHER RESOLVED, that prior to finalization of the financial audit by PKF O'Connor, Davies, LLP management shall advise the Authority's Audit Committee of any material change to the SDA 2025 Financial Statements as presented to the Board on this date that may arise and that is unrelated to the recording of the forthcoming GASB Statement No. 68 entries and related note disclosures.

BE IT FURTHER RESOLVED, that, should there be no material change to the SDA Financial Statements as presented to the Board on this date, management shall so advise the SDA Audit Committee when the audit is completed, including the date of the auditor's report.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for her approval, unless during such 10-day period, the Governor shall approve same, in which case such action shall become effective upon such approval.

Attached: Memorandum, 2025 Audited Financial Statements, dated June 3, 2026

Dated: June 3, 2026

**REPORT AND RECOMMENDATIONS OF THE SCHOOL REVIEW COMMITTEE
(CHAIRMAN'S REPORT)**

**Approval of Award - Demolition and Early Site Preparation –
Passaic Public School District - Passaic High School No. 12 - NT-0054-N01**

(SUBJECT TO THE OUTCOME OF PENDING BID PROTESTS)

**Approval of Award - Demolition and Early Site Preparation – Newark
Public School District - New University High School - NE-0073-N01**

MEMORANDUM

TO: Members of the Authority

FROM: Sean Murphy
Managing Director, Procurement

Joseph Lucarelli
Program Director, Construction Operations

DATE: June 3, 2026

RE: District: Newark
School: New University High School
Description: Demolition and Early Site Preparation
Package No.: NE-0073-N01
Construction Cost Estimate (CCE): \$4,666,853
Advertised CCE Range: \$4,500,000 - \$4,900,000
Award: \$3,320,000

SUBJECT: Award of Contract

INTRODUCTION

We are writing to recommend approval by the Members of the Authority of the award of a contract in the amount of \$3,320,000 to APS Contracting, Inc. (APS)¹ for demolition, removal and disposal of all existing and associated site elements, including underground storage tanks and building remnants, removal and capping of existing utilities within the project boundary limits, removal of vacated Dewey Street and all utilities within the street in preparation for the delivery by the NJSDA of the New University High School for the Newark Public School District.

Pursuant to the NJSDA Operating Authority adopted by the Board on January 8, 2025, Board approval is required for the award of construction contracts greater than \$2,000,000.

BACKGROUND

At the February 7, 2024 NJSDA Board Meeting, the Members of the Authority approved the Planning Project Charter for the New University High School. The New University High School project scope consists of early site preparation and demolition services to demolish, remove and dispose of all existing and associated site elements and building remnants to provide for the construction of a new three (3) story facility for grades 9 through 12.

¹ APS Contracting, Inc. listed the following subcontractors in its Price Proposal: The Ambient Group, LLC (Underground Storage Tanks/Closure), Brooks Mechanical Consultants, Inc. (Plumbing), and Hertz Electric, LLC (Electrical).

PROCUREMENT PROCESS

This package was advertised beginning on March 19, 2026 on the NJSDA website, NJ State website and in selected newspapers for interested firms to participate in the bidding process.

Project Rating Proposals were received from bidders on or before April 6, 2026. The Project Rating Proposal was used by the NJSDA to determine each bidder’s Project Rating Limit (i.e. the maximum amount that a bidder may bid for the Project). Bidders were evaluated based on a review of two projects completed by the firm in the past ten years, reference checks, their safety rating, and their prevailing wage record. Based on an evaluation of the information submitted, eleven (11) bidders received a Project Rating Limit. The Project Rating Limits resulting from the Project Rating Evaluations are listed in Table 1 below:

TABLE 1

Contractor	Project Rating Limit
Ambient Group, LLC (The)	\$ 8,755,680
APS Contracting, Inc.	\$ 20,684,122
Caravella Demolition, Inc.	\$ 6,828,456
Carbro Constructors Corp.	\$ 47,411,567
Dobco, Inc.	\$ 274,040,000
Gramercy Group, Inc.	\$ 47,176,484
Imperial Construction & Electric, Inc.	\$ 14,308,975
PMY Construction Corp.	\$ 15,000,000
SMBA Construction, LLC	\$ 7,266,472
Tomco Construction, Inc.	\$ 70,000,000
Two Brothers Contracting, Inc.	\$ 11,979,096

A mandatory site visit was held on April 9, 2026.

In advance of submission of Price Proposals, bidders were permitted to submit questions seeking clarification of the procurement documents until April 24, 2026. An Addendum containing responses to the Bidder Questions was issued to the bidders on May 1, 2026.

This procurement employed an internet-based, electronic bidding platform administered by Bid Express. Price Proposal submissions were due no later than 2:00 PM on May 13, 2026. The Price Proposals were publicly opened and the lump sum base bids were read aloud as required by law.

Following the public bid opening, the NJSDA performed a review of the Price Proposals to determine the responsiveness of each bidder to the solicitation. The review determined that four (4) bidders were responsive. The results of the review are listed in Table 2 below:

TABLE 2

Contractor	Bid Amount	Comments
APS Contracting, Inc.	\$3,320,000.00	Qualified and responsive bidder.
Imperial Construction & Electric, Inc.	\$3,613,000.00	Qualified and responsive bidder.
Gramercy Group, Inc.	\$5,883,000.00	Qualified and responsive bidder.
PMY Construction Corp.	\$6,239,600.00	Qualified and responsive bidder.

As stipulated in the Contract Documents, each Bid Amount is inclusive of NJSDA-established Allowances totaling \$350,000, as follows: \$200,000 for Unforeseen Subsurface Conditions; and \$150,000 for Utility Relocation.

The responsive low bidder was APS Contracting, Inc.

The bid submitted by APS was less than the CCE. In order to understand the differential between the CCE and the bid price and to ensure the contractor's Price Proposal was inclusive of all scope elements, a conference was conducted on May 18, 2026 with APS and staff from NJSDA's Procurement, Construction Operations, Program Operations, and Financial Operations divisions to review the bid. The discussion verified that APS included all project scope work in its bid and reviewed various cost items, including the costs for the removal of underground storage tanks and utilities, soil reuse and disposal, and APS noted that the costs included were representative of the work required by the Contract Documents. APS stated that it received bids for portions of the work required by the Contract Documents and utilized those bids in formulating its bid. APS acknowledged the project schedule and contract duration and was confident that sufficient funds were included in its bid to perform the work. At the time of review, APS confirmed that its Price Proposal is inclusive of all scope elements contained in the Contract Documents.

The Construction Operations Program Director and the Financial Operations Director recommend award of the project to APS.

RECOMMENDATION

The Members of the Authority are requested to approve the award of a contract to APS Contracting, Inc. for Package No. NE-0073-N01 in the amount of \$3,320,000, inclusive of NJSDA-established Allowances totaling \$350,000.

Prior to execution of the contract, the contract and related documentation will be reviewed and approved by the NJSDA Division of Chief Counsel.

/s/ Sean Murphy

Sean Murphy, Managing Director, Procurement

/s/ Joseph Lucarelli

Joseph Lucarelli, Program Director, Construction Operations

Reviewed and Recommended by: Manuel Da Silva, Chief Executive Officer

Reviewed and Recommended by: Janice Venables, Vice President, Corporate Governance

Reviewed and Recommended by: Ramy Kamel, Vice President, Program and Construction Operations

Reviewed and Recommended by: Laurette Pitts, Vice President and Chief Financial Officer

Reviewed and Recommended by: Gregory Voronov, Managing Director, Planning and Program Operations

Reviewed and Recommended by: Robert Carney, Director, Financial Operations

Resolution 6b.

Demolition and Site Preparation Construction Award

District:	Newark
School:	New University High School
Description:	Demolition and Early Site Preparation
Package No.:	NE-0073-N01
CCE:	\$4,666,853
Advertised CCE Range:	\$4,500,000 to \$4,900,000
Award:	\$3,320,000

Resolution

WHEREAS, the Operating Authority of the New Jersey Schools Development Authority (SDA or the Authority), pursuant to the SDA Operating Authority adopted by the Board on January 8, 2025, Board approval is required for the award of construction contracts greater than \$2,000,000; and

WHEREAS, the Project scope consists of early site preparation and demolition services to demolish, remove and dispose of all existing and associated site elements and building remnants to provide for the construction of a new three (3) story facility (Project) for grades 9 through 12; and

WHEREAS, on February 7, 2024, the Members of the Authority approved a Planning Project Charter for the Project; and

WHEREAS, in preparation for the design and construction of the School, the SDA seeks to engage a contractor to perform demolition of the existing site elements and building remnants to provide for the construction of a new three (3) story facility as described in the memorandum presented to the Board on this date and incorporated herein; and

WHEREAS, the package for the required services was advertised beginning on March 19, 2026 and, upon completion of a competitive procurement process, the responsive low bidder was APS Contracting, Inc. (APS); and

WHEREAS, following a review, APS confirmed that its price proposal is inclusive of all scope elements contained in the contract documents; and

WHEREAS, management now requests and recommends that the Members of the Authority authorize and approve the award of a contract to APS for Package No. NE-0073-N01 in the amount of \$3,320,000, inclusive of SDA-established Allowances totaling \$350,000, to perform demolition of all existing structures and associated site conditions in preparation for the delivery of the Project by the SDA; and

WHEREAS, the SDA Construction Operations Director and Financial Operations Director recommend award of the contract to APS; and

WHEREAS, the Project background and the details of the procurement process followed for the proposed contract award are comprehensively set forth in the memorandum presented to the Board on this date and incorporated herein; and

WHEREAS, prior to execution of the contract, the contract and related documentation will be reviewed and approved by the SDA Division of Chief Counsel.

NOW, THEREFORE, BE IT RESOLVED, that, consistent with the memorandum presented to the Members of the Authority on this date and incorporated herein, the Members of the Authority hereby authorize and approve the award of a contract to APS Contracting, Inc. for Package No. NE-0073-N01 in the amount of \$3,320,000, inclusive of SDA-established Allowances totaling \$350,000.

BE IT FURTHER RESOLVED, that prior to execution of the contract, the contract and related documentation will be reviewed and approved by the SDA Division of Chief Counsel.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for her approval, unless during such 10 day period, the Governor shall approve same, in which case such action shall become effective upon such approval.

Attached: Memorandum, Demolition and Early Site Preparation Contract Award, Newark Public School District, New University High School, Package No. NE-0073-N01, dated June 3, 2026

Dated: June 3, 2026

**REPORT AND RECOMMENDATIONS OF THE REAL ESTATE COMMITTEE
(CHAIRMAN'S REPORT) – TO BE PROVIDED IN EXECUTIVE SESSION**

MONTHLY REPORTS
(For Informational Purposes)

ACTIVE PROJECTS STATUS REPORT



MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director

DATE: June 3, 2026

SUBJECT: Active Project Status Report
(For Informational Purposes Only)

The 1st section of the report includes an Activities Summary of projects identified for advancement in the Authority's Capital Plans.

The 2nd part of the report displays project completion milestones for all other active major capital projects and emergent projects for which a contract for construction has been awarded.

Portfolio Projects Activities Summary

as of 5/20/26

2022 Portfolio Projects - sorted by District, Project

District	Project	1				Delivery Method	Advancement Status	School Opening	Comments
		Grade Alignment	FES Capacity	Max. Capacity	Total Estimated Cost (millions)				
Bridgeton	6-8	6-8	TBD	TBD	TBD	Design-Build	Project phased with advancement of High School Add/Reno Project.	TBD	
Bridgeton	6-8	6-8	TBD	TBD	TBD	Design-Build	Project phased with advancement of High School Add/Reno Project.	TBD	
Bridgeton	HS Addition/Renovation	9-12	346	408	\$87.2	Design-Build	Preliminary Charter approved Nov-22 Board.	TBD	Re-Bid TBD
Camden	New High School (East Side HS Replacement)	9 - 12	800	941	\$115.1	Design-Build	Planning Charter approved Feb-24 Board.	3 QTR 29	Capital Plan included 2 ES projects. District requested advancement of a replacement HS instead.
Elizabeth	New ES (Battin Replacement)	PK-8	973	1,068	\$101.5	Design-Build	Award for D-B and Final Charter approved Jul-25 Board. (Terminal)	3 QTR 28	ESP complete.
Garfield	New ES (No. 5 Replacement)	PK-5	767	852	\$87.6	Design-Build	Award for D-B and Final Charter approved Dec-24 Board. (Dobco)	3 QTR 27	ESP complete.
Garfield	K-5	K-5	TBD	TBD	TBD	Design-Build	Project phased with advancement of the New ES (No. 5 Replacement) Project.	TBD	
Jersey City	Chaplain Charles Watters School No. 24 Addition	PK/K	271	288	\$37.5	Design-Build	Preliminary Charter approved Dec-25 Board.	3 QTR 30	
New Brunswick	MS Addition	6 - 8	TBD	TBD	TBD	Design-Build	DOE/District/SDA Working Group Meetings ongoing.	TBD	Need beyond acquisition of MS Annex under review with NJDOE.
New Brunswick	Pathways MS & P-Tech Academy	6-8, 9-12	765	859	\$42.0	Alternative Delivery	Building Acquisition Complete.	n/a	Facility was previously leased by the District as an active school facility.
Newark	Nelson Mandela ES (Existing Building Acq.)	PK-8	338	376	\$20.5	Alternative Delivery	Building Acquisition Complete.	Sep-23	
Newark	New University High School (Replacement)	9 - 12	920	1,082	\$153.0	Design-Build	Planning Charter approved Feb-24 Board.	3 QTR 29	ESP Recommendation of Award advancing to the Jun-26 Board.
Passaic City	New Passaic High School No. 12 (Replacement)	9-12	2,400	2,823	\$328.1	Design-Build	Planning Charter approved Feb-24 Board.	3 QTR 31	ESP Recommendation of Award advancing to the Jun-26 Board.
Paterson	New STEAM & STARS HS	9-12	1,329	1,564	\$200.8	Design-Build	Award for D-B and Final Charter approved Jan-26 Board. (Dobco)	3 QTR 29	
Pleasantville	New Decatur Ave ES	PK-5	601	658	\$72.6	Design-Build	Award for D-B and Final Charter approved Dec-25 Board. (Bock)	3 QTR 28	ESP complete.
Salem City	New PK-8	PK-8	940	1,024	\$121.3	Design-Build	Planning Charter approved Feb-26 Board.	TBD	
Trenton	ES at Dunn MS	K-6	753	837	\$89.4	Design-Build	Award for D-B and Final Charter approved Sep-25 Board. (Bock)	3 QTR 28	
West New York	New Middle School	6 - 8	788	876	\$121.8	Design-Build	Award for D-B and Final Charter approved Sep-25 Board. (Terminal)	3 QTR 28	ESP complete.

Notes

- PLEASE NOTE** - Dates in past are actual.
NOTE # 1 - Estimated Costs, Grade Alignment and Capacity are based upon approved Project Charters where applicable.
 For projects without an approved charter, Estimated Costs, Grade Alignment and Capacity are based upon Planning Assumptions.

Active Project Status Report

Status as of 5/1/2026

Major Capital Projects - With Contract for Building Construction Awarded

#	District	Project Name	Project Scope	Project Status	Substantial Completion	Status Substantial Completion	School Opening	Status of School Opening	Total Estimated Project Cost
1	Elizabeth	New ES (Battin Replacement)	New Construction	Design-Build Construction	1Q 2028	On-target	Sep-28	On-target	\$ 101,454,452
2	Garfield	New ES (Washington No. 5 Replacement)	New Construction	Design-Build Construction	3Q 2027	On-target	Sep-27	On-target	\$ 87,624,000
3	Paterson	New STEAM & STARS High School	New Construction	Design-Build Design	2Q 2029	On-target	Sep-29	On-target	\$ 200,780,000
4	Pleasantville	New Decatur Avenue Elementary School	New Construction	Design-Build Design	3Q 2028	On-target	Sep-28	On-target	\$ 72,627,000
5	Trenton	New Elementary School (Dunn MS Site)	New Construction	Design-Build Design	2Q 2028	On-target	Sep-28	On-target	\$ 89,390,000
6	West New York	New Middle School	New Construction	Design-Build Design	2Q 2028	On-target	Sep-28	On-target	\$ 121,840,256

PROJECT STATUS REPORT

MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director – Planning and Program Operations

DATE: June 3, 2026

SUBJECT: Executive Summary – Monthly Project Status Reports

MONTHLY PROJECT STATUS REPORT

Projects that have Expended 75% or More of Board Approved Contingency:

No activity during the reporting period

Projects Greater than 90 Days Behind Schedule:

No activity during the reporting period

Revisions to Project Charters:

Revised project charter for the Newark Science Park HS smoke evacuation system corrective work was approved by the Board during the reporting period



Projects that have Expended 75% or More of Board Approved Contingency

Reporting Period: January 2008 to April 2026

District	Project	Board Approved Project Charter Contingency	Contingency Expended/Committed	Contingency Remaining ¹	% of Contingency Expended/Committed	Project Completion %	Cause(s)	Current Status
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In Construction

No Activity To Report for Projects Active in Construction

Substantially Complete & Building Occupied

Please refer to the Project Close-Out Activity Report for status of close-out activities

No Activity To Report for Projects in Close-Out

¹ Does not include expended contingency or contingency funds allocated for change orders, amendments



Projects Greater than 90 Days Behind Schedule or with Occupancy Date in Jeopardy

Reporting Period: April 2026

#	Event Date	District	Project	Board Approved Project Charter SubComp Date	Current Contract SubComp Date	Forecasted Contract SubComp Date	# of Days Behind Schedule	Cause(s)	Current Status
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No Activity During the Reporting Period



Revisions to Project Charters

Reporting Period: April 2026

#	District	Project	Financial & Schedule Impacts	Additional Funds Approved	Additional Funds as % of Total Project Budget	Operating Authority Approval Requirement	Description of Revision
1	Newark	Science Park HS (Corrective Work)	Budget Increase	\$ 1,771,090	31.60%	Board Approval	Establishment of Final Budget and Schedule based upon the award of construction to complete the necessary smoke evacuation system work to obtain a certificate of occupancy

CONTRACTS EXECUTED REPORT/AMENDMENTS & CHANGE ORDERS REPORT

MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director, Planning & Program Operations

DATE: June 3, 2026

SUBJECT: Contracts Executed Report and Amendments & Change Orders Report
(For Informational Purposes Only)

REPORT PERIOD – April 2026

Contracts Executed Report

Noteworthy Items during the reporting period:

- 1 contract for Construction Management services for the West New York New Middle School project to Epic Management for \$2,194,700 was executed during the reporting period.

Amendments & Change Orders Report

Noteworthy Items during the reporting period:

- 1 Professional Services Amendment was executed during the reporting period totaling \$12.9k, none of the executed amendments required Board approval.
- 4 Construction Services Change Orders were executed during the reporting period totaling \$1.4M, one of the executed change orders required Board approval totaling \$1.7M.

Amendments & Change Orders Report

Reporting Period: 4/1/2026 through: 4/30/2026

District	School Name(s)	Contract Number	Contract Execution Date	CO #	Vendor Name	CO Execution Date	Contract Award Amount	Prior CO's (cumulative)	Current CO Amount	Board Approval Required	Board Approval Date	Revised Contract Amount	Cumulative CO %
Professional Services													
Union City (Hudson Co.)	New Esther Salas MS (Gr. 7 to 9 School)	HU-0029-M01	11/01/2022	10	Accenture Infrastructure and Capital Projects, LLC	4/24/2026	\$2,282,336	\$172,304	\$12,900			\$2,467,540	8.11%
									\$12,900				
Construction Services													
Contractor													
Millville	Millville High School	ST-0046-B01	5/24/2017	69	Hall Construction Co., Inc.	4/17/2026	\$114,453,000	\$13,381,398	\$1,692,500	Y	3/4/2026	\$129,526,898	13.17%
Pleasantville	New Decatur Avenue Elementary School	ET-0102-N01	8/12/2025	1	USA Environmental Management, Inc.	4/1/2026	\$2,232,500	\$0	(\$150,000)			\$2,082,500	-6.71%
Pleasantville	New Decatur Avenue Elementary School	ET-0102-N01	8/12/2025	2	USA Environmental Management, Inc.	4/15/2026	\$2,232,500	(\$150,000)	(\$117,429)			\$1,965,071	-11.97%
Pleasantville	New Decatur Avenue Elementary School	ET-0102-N01	8/12/2025	3	USA Environmental Management, Inc.	4/15/2026	\$2,232,500	(\$267,429)	(\$50,000)			\$1,915,071	-14.21%
									\$1,375,071				
										Total Change Summary		Total Changes	
										\$1,387,971		5	
Grand Totals													
Column Description Legend													
CO Execution Date			Date the Change Order was entered into the SIMS system										
Revised Contract Amount			Current value of the contract (excluding additional assignments) including current change order										

Contracts Executed Report

Reporting Period: 4/1/2026 through: 4/30/2026

District	School Name(s)	Project Type	Contract Type	Contract Number	Vendor	MWSBE Cert(s)	Contract Award Amount	Contract Execution Date	Per School CCE	Total CCE
Part 1. Professional Services										
Others										
West New York	New Middle School	New	ConstrMgmt	HU-0030-M01	Epic Management, Inc.		\$2,194,700	4/6/2026	-	
Others										
Part 1. Professional Services							\$2,194,700			

Contracts Executed Report

Reporting Period: 4/1/2026 through: 4/30/2026

District	School Name(s)	Project Type	Contract Type	Contract Number	Vendor	MWSBE Cert(s)	Contract Award Amount	Contract Execution Date	Per School CCE	Total CCE
Part 4. Other Contracts & Services										
Others										
Union City (Hudson Co.)	New Esther Salas MS (Gr. 7 to 9 School)	New	FFE	HU-0029-Q34	Krueger International, Inc.		\$11,795	4/17/2026	-	
Part 4. Other Contracts & Services										
							\$11,795			Total Contracts Awarded
							Total Contract Award			
Grand Totals - Professional and Construction Services Combined							\$2,206,495			2

** Contracts less than \$10,000 are not displayed

Project Types Legend

HS Health & Safety
 New New Constuction
 Add Addition
 RenoAdd Addition & Renovation
 Reno Renovation

Contract Types Legend

Aquisition Property Acquisition Related Costs
 Appraisal Appraisal, Appraisal Review, NRE
 Construction Construction
 Design Design or Site Investigation
 DB Design-Build
 E-Rate E-Rate
 FFE Furniture, Fixtures, and Equipment
 General General Program Cost
 Legal Legal
 Material Material Supply
 ProjectMgmt Project Management Firm
 PreDevelopment Predevelopment or Demolition
 Relocation Relocation Services
 SiteInvstgtn Site Investigation
 Testing Testing
 Title Title Services
 Utilities Utilities Services

MWSBE CERTIFICATIONS

M = Minority Business Enterprise
 W = Women Business Enterprise
 S = Small Business Enterprise

DIVERSITY AND WORKFORCE PARTICIPATION REPORT

MEMORANDUM

TO: Members of the Authority
FROM: J Manuel Castillo, Director – EEO/AA and Contracting Accountability
DATE: June 3, 2026
RE: Diversity and Workforce Participation Monthly Update for April 2026

The EEO/AA & Contracting Accountability Team consistently participates in mandatory pre-bid and pre-construction meetings. Our Team informs and provides guidance to vendors regarding SDA’s Small Business Enterprise and Workforce goals, policies and procedures in pre-construction meetings, including:

- The expectation to delegate the state-mandated 25% of the value of the contract to NJ Division of Revenue and Enterprise Services certified Small Business Enterprises (“SBEs”) and make efforts to award 3% of contract value to disabled veteran-owned businesses.
- County trade workforce participation goals for minorities and females, in accordance with N.J.A.C. 17:27-7.2.
- Post-bid advertisement Subcontractor Request for Work Review and Approval Process, and Contractor/Subcontractor Payroll Certification submission requirement.
- Our Division’s process for monitoring and tracking vendor progress to meet the mentioned goals and requirements throughout the life cycle of each project.

During these meetings, our Team strongly encourages vendors to identify and hire minority-owned, female-owned and disabled veteran-owned firms, as well as locally based enterprises, for diverse business participation on all school building projects. As each project progresses, our Team offers vendors outreach strategies to support their efforts in reaching the above-mentioned goals.

SMALL BUSINESS ENTERPRISE ATTAINMENT

SDA contracts regularly exceed the state-mandated 25% SBE participation goal. The total contracted dollar amount associated with NTP-issued SDA contracts in April 2026 was \$75,371,258. Thus far, the overall dollar amount associated with NTP-issued SDA contracts in 2026 is \$90,445,593. Of that total, \$2,844,508 was awarded to SBEs, including any minority, female and disabled veteran-owned SBEs. This represents an SBE current participation of 3.14% in all NTP-issued SDA contracts awarded thus far in calendar year 2026. SBE participation routinely increases as prime contractors/consultants hire subcontractors/subconsultants with SBE certifications throughout the lifecycle of their SDA contracts.

Diversity Breakdown for 2026 thus far

Type of Business Enterprise	Contract Amount	% of Total SDA Contracts
SBEs	\$2,844,508	3.14%
Minority Business Enterprises*	\$ -0-	0.00%
Women Business Enterprises*	\$6,980,000	7.72%
Minority/Women-Owned Business Enterprises*	\$ -0-	0.00%
Disabled Veteran-Owned Business Enterprises*	\$ -0-	0.00%
TOTAL DIVERSITY CONTRACTS	\$9,824,508	10.86%

*non-SBE

WORKFORCE PARTICIPATION

The data submitted by Prime contractors in the month of April 2026 revealed that there was a contractor trade workforce as of this reporting period of 248 on SDA projects. That workforce amassed a total of 13,885 contractor workforce hours. This is explained in more detail below:

Workforce Breakdown Submitted by Contractors in April 2026 (All Trades/Districts/Counties)			
Ethnicity	Total Workforce	Total Workforce Hours	Workforce Hours Percentage
Black	5	144	1.04%
Hispanic	102	4,835	34.82%
Indigenous American	0	0	0.00%
Asian	2	64	0.46%
Total Minority Participation	109	5,043	36.32%
Total Non-Minority Participation	139	8,842	63.68%
Total Contractor Workforce	248	13,885	100.00%

The total non-minority participation data seen above includes 8 workforce hours performed by female trade workforce. As seen below, the overall workforce hours submitted by contractors on SDA projects for the period of January 1, 2026 through April 30, 2026 amounted to 20,593.

The following table cites the mentioned overall 2026 contractor trade workforce hours and highlights the *Local County Contractor Workforce* participation in 2026 thus far:

Contractor Trade Workforce Participation	Workforce Hours	Percentage
*Total Contractor Workforce Hours	20,593	100.00%
*Total Local County Workforce Hours	0	0.00%
Total Local County Non-Minority Workforce Hours	0	0.00%
Total Local County Female Workforce Hours	0	0.00%
Total Local County Minority Workforce Hours	0	0.00%
**Local County Workforce Hours by Race/Ethnicity:		
Black	0	0.00%
Hispanic	0	0.00%
Indigenous American	0	0.00%
Asian	0	0.00%

*Total contractor workforce and total local county workforce represent all respective laborers, including females.

**Race/Ethnicity breakdown of Total Local County Minority Workforce Hours.

NOTE: Hours worked by local county female laborers who are minority are included in the Total Local County Female Workforce Hours shown above. Therefore, for the purposes of this memorandum, hours worked by local county female *minority* workforce **are not** included in the total local county minority workforce hours or local county workforce hours by Race/Ethnicity breakdown.

The following table represents contractor minority and female trade workforce for all SDA active Capital Construction Projects and all active and completed Emergent and Demolition Projects for the period of January 1, 2026 through April 30, 2026.

SDA Managed Project	Total Workforce Hours	Minority Workforce Hours & Percentage		Female Workforce Hours and Percentage		Local County Workforce Hours & Percentage	
Union City MS	394	144	36.55%	0	0%	0	0%
Garfield ES	14,216	2,942	20.69%	0	0%	0	0%
Elizabeth ES	3,665	2,580	70.40%	8	0.22%	0	0%
Trenton ES	736	288	39.13%	0	0%	0	0%
Emergent Projects	254	246	96.85%	0	0%	0	0%
Demo Projects	1,328	353	26.58%	0	0%	0	0%

Reviewed and finalized by: J Manuel Castillo
Prepared by: Charlotte Brooks

REGULAR OPERATING DISTRICTS (RODs) ACTIVITY REPORT

MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director, Planning and Program Operations

DATE: June 3, 2026

SUBJECT: Regular Operating District Grant Activity Report
(For Informational Purposes Only)

REPORT PERIOD: April 2026

This report summarizes the Regular Operating District Grant activity from inception to date and for the reporting period. Also included is a detailed list of grants executed and grants offered during the reporting period if applicable.

Monthly Update:

- No grants were offered during the reporting period.
- 4 grants impacted 1 District were executed during the reporting period representing total project costs of \$2.4 million and state share of \$1.0 million.
- 4 grants impacting 4 Districts were closed out during the reporting period representing total project costs of \$2.5 million and state share of \$0.9 million.
- Since inception, over \$3.0 billion has been disbursed to over 525 regular operating districts through the grant program.
- Since inception nearly \$3.8 billion in funding has been approved by the Department of Education and offered to regular operating districts through the grant program.

**Monthly Regular Operating District Grant Report - Summary
April 2026**

ROD Grant Summary Since Program Inception				
	Offered¹	Executed	Closed-Out	Active
Districts Impacted	6	529	523	207
Number of Grant Projects	7	5,945	5,346	599
Total Project Cost Estimate	\$ 15,337,533	\$ 9,740,875,690	\$ 8,932,919,887	\$ 807,955,804
Grant Amount	\$ 7,887,416	\$ 3,345,135,399	\$ 2,989,427,278	\$ 355,708,121
Amount Disbursed	NA	\$ 3,029,905,988	\$ 2,989,427,278	\$ 40,478,710

Total Funding Offered to School Districts via Grant Program	\$ 3,798,198,700
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Total ROD Grant Funding remaining for new Grant Projects	\$ 110,870,564
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1. Includes grants that have been offered to District's but have not yet been executed.

Monthly Activity ROD Grant Summary		
	Executed	Closed-Out
Districts Impacted	1	4
Number of Grant Projects	4	4
Total Project Cost Estimate	\$ 2,387,029	\$ 2,526,398
Grant Amount	\$ 954,812	\$ 856,763
Amount Disbursed	NA	\$ 856,763

* Report is inclusive of all Regular Operating Districts grants (including vocational school districts).

** Total Project Cost Estimate and Grant Amount may be adjusted as the projects advance. Grant Amount is capped at the value approved in the DOE Final Eligible Cost Approval.

**Monthly Regular Operating District Grant Report - Monthly Executed Grant Detail
April 2026**

County	District	School Name	Total Project Cost Estimate	Grant Amount	Project Description
Passaic	Wayne Township	Albert P. Terhune E.S.	\$ 981,760	\$ 392,704	Roofs.
Passaic	Wayne Township	Ryerson E.S.	\$ 290,525	\$ 116,210	Roofs.
Passaic	Wayne Township	Theunis Dey E.S.	\$ 1,019,515	\$ 407,806	Roofs.
Passaic	Wayne Township	Wayne Hills H.S.	\$ 95,229	\$ 38,092	Boilers and Domestic HW Heaters.
Grand Total		Grants Executed - 4	\$ 2,387,029	\$ 954,812	

MONTHLY FINANCIAL REPORT

MEMORANDUM

TO: The Members of the Authority

FROM: Sherman E. Cole
Controller

DATE: June 3, 2026

RE: Monthly Financial Report – April 2026

Fund Reporting Operating Expenses (Year-to-Date Actual vs. Budget)

As of April 2026, the Authority's operating expenses for the year-to-date amounted to \$5.9 million, reflecting a \$714K savings compared to the budgeted figure for this period. This positive variance is largely attributed to decreased spending in personnel costs \$104K, professional and other contracted services \$330K, SDA automobiles \$128K, and information systems \$129K.

As of April 30, 2026, the full-time employee (FTE) headcount was 119, marking a reduction of 8 FTEs from the staffing level forecasted in the 2026 budget.

School Facilities Project Expenditures (Year-to-Date Actual vs. Forecast)

For the year-to-date period ending April 2026, expenditures on school facilities projects amounted to \$78.7M, which is \$22.1M less than the projected capital spending forecast. This variance is attributed to reduced expenditures in construction work \$27.3M, partially offset by a combined spending increase in SDA & ROD grant activity \$5.8M.

School Facilities Project Expenditures (Year-to-Date Actual vs. Prior Year Actual)

Year-to-date project expenditures of \$78.7M represent an increase of \$4.3M compared to the same period in the previous year. This variance is due to increased spending in grant activity \$13.1M offset by spending reductions in project insurance \$8M and construction work \$1.1M.

Other

Since the program's inception, 83.3% of the funds authorized for the SDA Districts have been disbursed. Of the total SDA disbursements to date, 96% have been allocated to school facilities projects, while the remaining 4% have been designated for operating expenses.

The current estimated value of active school facilities projects—which includes capital, emergent, and ROD grant initiatives—is approximately \$1.2 billion.

Attachment

New Jersey Schools Development Authority
Monthly Financial Report
April 2026
(Unaudited)

New Jersey Schools Development Authority

Overview of Financial Position

April 30, 2026

To: The Audit Committee

From: Sherman E. Cole, Controller

The information contained in this monthly financial report is for the period as of, and for the year-to-date ending, April 30, 2026.

► Overall **Cash and Cash Equivalents** have increased by \$274.7 million to \$833.7 million, as follows:

■ Appropriation from State	\$ 350,000,000
■ Investment earnings	9,618,070
■ Miscellaneous revenue	3,842
■ Project costs	(78,702,041)
■ SDA operating expenses	(6,136,726)
■ SDA capital expenditures	(183,275)
■ Deposits (primarily district local shares)	114,445
Net Change in Cash	\$ 274,714,315

► **Prepaid Expenses** total \$455,636 as follows:

- Prepaid insurance of \$431,982.
- Prepaid rents of \$0 for the Authority's leased office space in Trenton.
- Prepaid security deposit of \$3,063 for the Authority's flexible spending accounts.
- Prepaid MIS maintenance service contracts of \$18,438.
- Other prepaids of \$2,153.

► **Capital Assets** total \$3,970,924 (net of accumulated depreciation of (\$4,313,525)), consisting of leasehold improvements (SDA office), and capitalized software, equipment, furniture and fixtures in support of SDA operations. Depreciation on capital assets is generally calculated using the straight-line method over the life of each asset. For the year to date, **Capital Expenditures** are \$183,275 and **Depreciation Expense** is \$21,353.

► **Accrued Liabilities** total \$846.5 million, as follows:

- Accrued project costs of \$6.0 million consisting of unpaid invoices (\$0.6 million) and retainage (\$5.4 million). Project-related lease liabilities are \$0.2 million.
- Net pension liability of \$21.0 million. Accrued annual pension payable of 1.0 million.
- Unearned grant revenues of \$777.8 million.
- Other post-employment benefits obligation of \$26.7 million.
- Pollution remediation obligations (PRO) under GASB 49 net to \$4.3 million (PRO liability \$4.3 million, offset by expected cost recoveries of \$0 million).
- Estimated liability for loss contingencies (contractor claims) totaling \$2.7 million.
- Payroll related liabilities of \$3.0 million.
- Other accrued liabilities of \$3.8 million, including non-project lease liabilities of \$3.5 million.

► **Deposits** total \$9.7 million, as follows:

- \$9.7 million is held for local share agreements (pass-through item).

► The Authority's **Net Position** at month end is (\$29.8) million.

New Jersey Schools Development Authority

School Facilities Project Expenditures & Funding Allocation

April 30, 2026

► **School Facilities Construction Bond/Note Proceeds/Appropriations & Project Expenditures**

- During the current year to date, the SDA has received \$0.0 million in bond/note proceeds & \$350.0 million in appropriations and Federal CPF Grant funds. The total amount received since program inception is \$13.4 billion.
- Project expenditures for the month and year-to-date periods total \$22.1 million and \$78.7 million, respectively, as follows:

Category	Current Month	Year-To-Date	Since Inception
Construction	\$ 4,422,922	\$ 16,772,640	\$ 5,961,708,697
Design Services	340,262	1,272,012	423,009,098
PMF/CM Services	168,408	601,149	488,170,431
SDA Project Management	832,369	3,396,848	164,643,317
Property Acquisition, Relocation & Enviro	191,660	740,429	646,600,725
School Furniture, Fixtures & Equipment	4,842	141,111	265,401,132
Project Insurance	(184,545)	203,314	130,801,508
NJ State Inter-Agency Transfers	3,108	12,432	54,696,850
SDA District Grant & Funding Agreements	11,330,769	34,215,911	1,118,195,900
Regular Operating District Grant Agreements	4,977,286	20,953,557	3,130,401,094
Real-Time Project Audits	-	-	1,743,613
Property Management, Maintenance & Utils	12,150	213,515	19,992,773
Outside Legal & Claims Resolution Services	18,449	90,534	12,721,801
Temporary Staffing	4,228	7,363	10,801,680
Other Project Costs	3,560	81,226	63,690,355
Project Credits	-	-	(54,902,944)
Total Project Expenditures	22,125,468	78,702,041	12,437,676,030
Less: Local Share Contributions	-	-	(192,829,285)
Project Expenditures (State Share)	\$ 22,125,468	\$ 78,702,041	\$ 12,244,846,745
2026 Capital Spending Forecast	\$ 20,034,744	\$ 100,786,615	

Allocations Since Program Inception

► **All Funding Sources & Expenditures**

	All Sources ¹	Total Funding ²	Paid to Date ³
■ SDA Districts	\$ 10,946,826,150	\$ 11,143,578,988	\$ 9,284,745,722
■ RODs Incl Vo-Tech Schools	3,675,000,000	3,734,151,735	3,526,438,982
Total - State Share	\$ 14,621,826,150	\$ 14,877,730,723	\$ 12,811,184,704

► **Percentage of Total Funding Paid to Date**

■ SDA Districts	83.3%
■ RODs Incl Vo-Tech Schools	94.4%
Total - State Share	86.1%

1 Of the \$14.9 billion authorized for the school construction program (including bond funds, appropriations and Federal CPF Grant funds), \$13,379,528,798 has been received to date.

2 Includes bonding cap amounts, appropriations and other income and miscellaneous revenue earned to date (i.e., interest income on invested funds).

3 These amounts include the allocation of SDA operating expenses and capital expenditures totaling \$566,337,960.

New Jersey Schools Development Authority
Fund Reporting Operating Expenses vs Budget
April 30, 2026

<u>Category</u>	<u>Actual</u> <u>Year-To-Date</u>	<u>Budget</u> <u>Year-To-Date</u>	<u>Over/</u> <u>(Under)</u>
Personnel Expenses:			
Employee Salaries	\$ 4,339,369	\$ 4,697,910	\$ (358,541)
Employee Benefits	3,429,633	3,703,388	(273,755)
Direct Hire Temporary Employee Costs	-	16,668	(16,668)
Total Employee Salaries & Benefits Costs	7,769,002	8,417,966	(648,964)
Less: Employee Salaries & Benefits Costs			
Charged to Projects	3,396,848	3,942,131	(545,283)
Salaries & Benefits Charged to Operating Expense	4,372,154	4,475,835	(103,681)
Temporary Staffing Services	5,321	53,200	(47,879)
Travel & Expense Reimbursements	5,194	10,833	(5,639)
Training & Professional Development	14,587	39,968	(25,381)
Total Personnel Expenses	4,397,256	4,579,836	(182,580)
Non-Personnel Operating Expenses:			
Facilities & General Office Expenses	699,940	639,648	60,292
Information Systems	527,038	655,764	(128,726)
Professional & Other Contracted Services	34,524	364,468	(329,944)
Property & Casualty Insurance	195,553	196,204	(651)
SDA-Owned Automobiles	18,754	146,668	(127,914)
Communications & Outreach	136	1,332	(1,196)
Reserve for Unforeseen Events & New Initiatives	150	3,332	(3,182)
Total Authority Operating Expenses	\$ 5,873,351	\$ 6,587,252	\$ (713,901)
 2026 Annual Operating Budget		 \$ 15,513,745	

New Jersey Schools Development Authority

Fund Reporting Operating Expenses vs Prior Year

April 30, 2026

<u>Category</u>	<u>Actual</u> <u>Year-To-Date</u>	<u>2025</u> <u>Year-To-Date</u>	<u>Over/</u> <u>(Under)</u>
Personnel Expenses:			
Employee Salaries	\$ 4,339,369	\$ 4,323,330	\$ 16,039
Employee Benefits	3,429,633	3,267,575	162,058
Direct Hire Temporary Employee Costs	-	6,653	(6,653)
Total Employee Salaries & Benefits Costs	7,769,002	7,597,558	171,444
Less: Employee Salaries & Benefits Costs Charged to Projects	3,396,848	3,568,905	(172,057)
Salaries & Benefits Charged to Operating Expense	4,372,154	4,028,653	343,501
Temporary Staffing Services	5,321	-	5,321
Travel & Expense Reimbursements	5,194	8,243	(3,049)
Training & Professional Development	14,587	22,159	(7,572)
Total Personnel Expenses	4,397,256	4,059,055	338,201
Non-Personnel Operating Expenses:			
Facilities & General Office Expenses	699,940	615,434	84,506
Information Systems	527,038	557,823	(30,785)
Professional & Other Contracted Services	34,524	64,543	(30,019)
Property & Casualty Insurance	195,553	198,240	(2,687)
SDA-Owned Automobiles	18,754	19,061	(307)
Communications & Outreach	136	-	136
Reserve for Unforeseen Events & New Initiatives	150	-	150
Total Authority Operating Expenses	\$ 5,873,351	\$ 5,514,156	\$ 359,195

New Jersey Schools Development Authority

Employee Headcount

April 30, 2026

	<u>Current Month End</u>	<u>Budget</u>	<u>Over/ (Under)</u>
Office of Chief Executive Officer	2	2	-
Human Resources	4	4	-
Vacant Positions	0	0	-
Communications	3	3	-
Legislative Affairs	1	1	-
EEO/AA & Vendor Services	4	4	-
Office of Program Operations & Strategic Planning	1	1	-
Capital Planning & Program Operations	8	7	1
Design Studio	13	15	(2)
Grants Administration	7	7	-
Real Estate Services & Predevelopment	3	3	-
Office of Construction Operations	0	0	-
Region Teams	15	18	(3)
Office of Corporate Governance & Legal Affairs	3	3	-
Chief Counsel	6	7	(1)
Information Systems	9	10	(1)
Central Records Management	3	3	-
Safety	4	4	-
Internal Audit	3	3	-
Office of Chief Financial Officer	1	1	-
Financial Operations	6	6	-
Financial Accounting & Disbursements	10	11	(1)
Procurement	9	9	-
Risk Management	2	2	-
Facilities	2	3	(1)
Total Full-Time Employees at Month End	<u>119</u>	<u>127</u>	<u>(8)</u>
 Total Full-Time Employees at Year End		<u>135</u>	

New Jersey Schools Development Authority
Statement of Net Position
April 30, 2026

	Current Month End	2025 Year End	Over/ (Under)
ASSETS			
Cash and cash equivalents	\$ 833,746,187	\$ 559,031,872	\$ 274,714,315
Receivables	28,749	28,192	557
Prepaid expenses	455,636	72,703	382,933
Capital assets, net of accumulated depreciation	3,970,924	4,215,626	(244,702)
Total Assets	838,201,496	563,348,393	274,853,103
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount for pensions and OPEB	12,249,429	12,249,429	-
Total Deferred Outflows of Resources	12,249,429	12,249,429	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
	\$ 850,450,925	\$ 575,597,822	\$ 274,853,103
LIABILITIES			
Accrued school facilities project costs	\$ 13,224,868	\$ 37,815,748	\$ (24,590,880)
Unearned revenue	777,843,006	446,115,677	331,727,329
Net pension liability	20,966,867	20,966,867	-
Total other postemployment benefits liability	26,707,710	26,741,386	(33,676)
Other accrued liabilities	7,709,363	10,122,809	(2,413,446)
Deposits	9,694,263	9,579,818	114,445
Total Liabilities	856,146,077	551,342,305	304,803,772
DEFERRED INFLOWS OF RESOURCES			
Deferred amount for pensions and OPEB	24,062,405	24,062,405	-
Deferred amount for Federal CPF grant	-	-	-
Total Deferred Inflows of Resources	24,062,405	24,062,405	-
NET POSITION			
Net investment in capital assets	383,379	311,876	71,503
Restricted for schools construction:			
Federal CPF grant	-	-	-
Special revenue fund	9,209,602	27,616,523	(18,406,921)
Unassigned/(Unrestricted)	(39,350,538)	(27,735,287)	(11,615,251)
Net Position	(29,757,557)	193,112	(29,950,669)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION			
	\$ 850,450,925	\$ 575,597,822	\$ 274,853,103

New Jersey Schools Development Authority

Statement of Activities

April 30, 2026

	<u>Current</u> <u>Year-To Date</u>	<u>2025</u> <u>Year-To Date</u>	<u>Over/</u> <u>(Under)</u>
REVENUES			
School Construction Program:			
Appropriation from State	-	-	-
Debt Defeasance & Prevention Fund grant	\$ 18,272,671	\$ 23,012,106	\$ (4,739,435)
Federal CPF grant	-	4,395,573	(4,395,573)
General:			
Investment earnings	9,819,610	8,263,298	1,556,312
Other revenue	3,842	-	3,842
Total Revenues	28,096,123	35,670,977	(7,574,854)
EXPENSES			
Administrative and general expenses	3,908,516	5,485,302	(1,576,786)
School facilities project costs	54,138,277	62,456,387	(8,318,110)
Total Expenditures/Expenses	58,046,793	67,941,689	(9,894,896)
CHANGE IN NET POSITION	(29,950,670)	(32,270,712)	2,320,042
Beginning of Period - as previously stated	193,112	42,818,376	(42,625,264)
Adjustment to Beginning Balance	-	-	-
Beginning of Period Net Position	193,112	42,818,376	(42,625,264)

COMMUNICATIONS MONTHLY REPORT *(no report)*

SETTLEMENT CLAIMS

**DECEMBER 31, 2025 SEMI-ANNUAL LEASED/LICENSED REAL ESTATE
OWNED REPORT**

MEMORANDUM

For Informational Purposes Only

TO: Members of the Authority
FROM: Janice Venables, Vice President, Corporate Governance
DATE: June 3, 2026
RE: Semi-Annual Leased/Licensed Real Estate Owned Report

In accordance with reporting requirements of N.J.A.C. 19:35-6.1(e), this memorandum provides a semi-annual informational report to the Board listing all current temporary use and occupancy authorizations memorialized in leases, licenses, or use and occupancy agreements. Attached as Exhibit A is a list of all such current temporary use and occupancy authorizations.

The attached list reflects the following changes since the last report, dated November 5, 2025:

- Renewal of License Agreement for 371-395 Ferry Street with the City of Newark
- Renewal of License Agreement with the City of Union City and Housing Authority of Union City
- Board approval for renewal of month-to-month U&O agreements for the following:
 - Jersey City PS 14
 - Jersey City PS 24
 - Passaic Roosevelt
 - Passaic Jefferson
 - Paterson 11th Avenue Building

No action by the Board is required at this time. This report is provided for informational purposes only.

/s/ Janice Venables

Janice Venables, Vice President, Corporate Governance

Prepared by: Vishal Maher, Senior Cost Engineer
Albert D. Barnes, Chief Counsel
Cecelia Haney, Deputy Chief Counsel and Administrative Practice Officer

Exhibit A

Leased/Licensed Owned Real Estate Report

(As of December 31, 2025)

	DISTRICT	ORIGINAL PROJECT	BLOCK	LOT	ADDRESS	LOT SIZE	LESSEE/LICENSEE	ORIGINAL LEASE START DATE	CURRENT LEASE EXPIRATION	RENEWALS
1	Jersey City	Barnes 12	16902	24	83-81 CRESCENT AVE.	33.37' X 237.08'	Jersey City BOE	5/1/2021	9/24/2027	Yes
2	Jersey City	Culbreth 14	19502	24	82 OAK ST.	40' X 100'	Jersey City BOE	7/17/2009	month to month*	Yes
3	Jersey City	Culbreth 14	19502	26	88 OAK ST.	40' X 100'	Jersey City BOE	7/17/2009	month to month*	Yes
4	Jersey City	Watters 24	20602	68	232 VIRGINIA AVE.	30' X 111'	Jersey City BOE	2/7/2008	month to month*	Yes
5	Jersey City	Watters 24	20602	69	234 VIRGINIA AVE.	25' X 110'	Jersey City BOE	2/7/2008	month to month*	Yes
6	Jersey City	Watters 24	20602	70	236 VIRGINIA AVE.	25' X 110'	Jersey City BOE	2/7/2008	month to month*	Yes
7	Jersey City	Watters 24	20602	71	238 VIRGINIA AVE.	25' X 110.85'	Jersey City BOE	2/7/2008	month to month*	Yes
8	Jersey City	Watters 24	20602	72	240 VIRGINIA AVE.	41' X 78'	Jersey City BOE	2/7/2008	month to month*	Yes
9	Jersey City	ECC 13	21102	52	70 EGE AVE.	367' X 266.76'	City of Jersey City	9/13/2023	12/31/2025**	Yes
10	Newark	Replacement	2487	1.02	371-395 FERRY ST	61948 SQ FT	City of Newark	10/20/2014	1/31/2027	Yes
11	Passaic	Jefferson	3271.02	37	374 VAN HOUTEN AVE	50' X 125'	Passaic BOE	8/12/2013	month to month*	Yes
12	Passaic	Roosevelt	4068	9	85 PARKER AVE	24' X 81'	Passaic BOE	8/12/2013	month to month*	Yes
13	Passaic	Roosevelt	4068	10	81 PARKER AVE	23' X 71'	Passaic BOE	8/12/2013	month to month*	Yes
14	Passaic	Roosevelt	4068	11	83 PARKER AVE.	23' X 75'	Passaic BOE	8/12/2013	month to month*	Yes
15	Passaic	Roosevelt	4068	12	8 SHERMAN ST	25' X 70'	Passaic BOE	8/12/2013	month to month*	Yes
16	Passaic	Roosevelt	4068	12.01	10 SHERMAN ST	17.5' X 70'	Passaic BOE	8/12/2013	month to month*	Yes
17	Passaic	Roosevelt	4068	13	12 SHERMAN ST.	29.5' X 70'	Passaic BOE	8/12/2013	month to month*	Yes
18	Passaic	Roosevelt	4068	14	14 SHERMAN ST.	28' X 70'	Passaic BOE	8/12/2013	month to month*	Yes
19	Passaic	Roosevelt	4068	15	16 SHERMAN ST.	53.5' X70'	Passaic BOE	8/12/2013	month to month*	Yes
20	Union City	New Magnet	19	1	501 SUMMIT AVE	24' X100'	UC- Public Works	1/10/2014	1/31/2027	Yes
21	Union City	New Magnet	20	20				1/10/2014	1/31/2027	Yes
22	Union City	New Magnet	20	21				1/10/2014	1/31/2027	Yes
23	Union City	New Magnet	19	2	503 SUMMIT AVE	25' X 100'	UC- Public Works	1/10/2014	1/31/2027	Yes
24	Union City	New Magnet	19	3	505 SUMMIT AVE	25' X 100'	UC- Public Works	1/10/2014	1/31/2027	Yes
25	Union City	New Magnet	19	5	509 SUMMIT AVE	25' X 100'	UC- Public Works	1/10/2014	1/31/2027	Yes
26	Union City	New Magnet	19	9	519 SUMMIT AVE	25' X 100'	UC- Housing Authority	1/10/2014	4/4/2027	Yes
27	Union City	New Magnet	19	10	809 6TH ST	25 X 115'	UC- Public Works	1/10/2014	1/31/2027	Yes

	DISTRICT	ORIGINAL PROJECT	BLOCK	LOT	ADDRESS	LOT SIZE	LESSEE/LICENSEE	ORIGINAL LEASE START DATE	CURRENT LEASE EXPIRATION	RENEWALS
28	Union City	New Magnet	19	11	811 6TH ST	25' X 115'	UC- Public Works	1/10/2014	1/31/2027	Yes
29	Union City	New Magnet	19	16	508 KENNEDY BLVD	25' X 80'	UC- Public Works	1/10/2014	1/31/2027	Yes
30	Union City	New Magnet	19	21	808 5TH ST	50' X 113'	UC- Public Works	1/10/2014	1/31/2027	Yes
31	Union City	New Magnet	19	22				1/10/2014	1/31/2027	Yes
32	Union City	New Magnet	20	1	501 PATERSON PLANK RD	8000 SQ FT	UC- Public Works	1/10/2014	1/31/2027	Yes
33	Union City	New Magnet	20	4	511 PATERSON PLANK RD	25' X 65'	UC- Public Works	1/10/2014	1/31/2027	Yes
34	Union City	New Magnet	20	5	515 PATERSON PLANK RD	25' X 76'	UC- Public Works	1/10/2014	1/31/2027	Yes
35	Union City	New Magnet	20	6	517 PATERSON PLANK RD	25' X 83'	UC- Public Works	1/10/2014	1/31/2027	Yes
36	Union City	New Magnet	20	7	519 PATERSON PLANK RD	25' X 62'	UC- Public Works	1/10/2014	1/31/2027	Yes
37	Union City	New Magnet	20	8	523 PATERSON PLANK RD	25' X 31'	UC- Public Works	1/10/2014	1/31/2027	Yes
38	Union City	New Magnet	20	10	514 SUMMIT AVE	25' X 89.75'	UC- Public Works	1/10/2014	1/31/2027	Yes
39	Union City	New Magnet	20	11	512 SUMMIT AVE	25' X 89.75'	UC- Public Works	1/10/2014	1/31/2027	Yes
40	Union City	New Magnet	20	12	510 SUMMIT AVE	25' X 90'	UC- Public Works	1/10/2014	1/31/2027	Yes
41	Union City	New Magnet	20	13	508 SUMMIT AVE	25' X 90'	UC- Public Works	1/10/2014	1/31/2027	Yes
42	Union City	New Magnet	20	14	506 SUMMIT AVE	25' X 90'	UC- Public Works	1/10/2014	1/31/2027	Yes
43	Paterson	STEAM Academy	8208	2	764-804 11th Avenue	7.98 acres	Paterson BOE	6/30/2016	month to month*	Yes

NOTE(S): Current Lease Expiration

* Board approval on June 4, 2025 for renewal of month-to-month U&O agreements.

** Temporary parking use by City of Jersey City.

RESOLUTION TO ADJOURN INTO EXECUTIVE SESSION

Resolution—9.

Resolution to Adjourn into Executive Session

Resolution

WHEREAS, the “Senator Byron M. Baer Open Public Meetings Act” (OPMA), N.J.S.A. 10:4-6, declares “the right of the public to be present at all meetings of public bodies” except as expressly provided in the Act; and

WHEREAS, N.J.S.A. 10:4-12 (b) provides that a public body may exclude the public from that portion of a meeting at which the public body discusses, among other things, any pending or anticipated litigation or contract negotiations in which the public body is or may become a party...falling within the attorney-client privilege, to the extent that confidentiality is required to preserve the attorney-client relationship; and

WHEREAS, the Members of the New Jersey Schools Development Authority (SDA or the Authority) have before them on this date two voting matters, pursuant to N.J.S.A. 10:4-12, is appropriate for consideration in Executive Session; and

WHEREAS, the first matter for Executive Session involves bid protests in connection with the Passaic High School No. 12 Project and the second matter a Request for Declaration of Surplus Property and Disposition and Request for Real Property Acquisition for the Newark New University High School; and

WHEREAS, the Members will also discuss a third matter which does not require a vote regarding a monthly report of estimated values of construction change directives currently under negotiation; and

WHEREAS, these three matters are exempt from open session discussion under the Open Public Meetings Act; and

WHEREAS, the minutes of the Board’s June 3, 2026 Executive Session meeting will be available for release for public review upon the full and final conclusion of all negotiations, legal proceedings, and settlements, and associated matters and/or the execution of all documentation, payments, agreements and leases associated therewith, as applicable.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby resolve to adjourn into Executive Session to be apprised of the matter described herein.

BE IT FURTHER RESOLVED, that the minutes of the Board’s June 3, 2026 Executive Session meeting will be available for release for public review upon the full and final conclusion of all negotiations, legal proceedings, settlements, and associated matters, and/or the execution of all documentation, payments, agreements and leases associated therewith, as applicable.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for her approval, unless during such 10 day period, the Governor shall approve same, in which case such action shall become effective upon such approval.

Attached: Resolution to Adjourn into Executive Session, dated June 3, 2026

Dated: June 3, 2026