



NEW JERSEY  
SCHOOLS DEVELOPMENT AUTHORITY

# ANNUAL REPORT

## 2024

[www.njsda.gov](http://www.njsda.gov)





# About the Report

The 2024 Annual Report on the operations of the New Jersey Schools Development Authority (SDA) is presented pursuant to the provisions of Executive Order No. 37 (Corzine), issued on September 26, 2006. The report provides a comprehensive overview of the SDA's operations, highlighting significant actions taken in 2024.

The SDA operates under the Educational Facilities Construction and Financing Act (EFCFA) of 2000 and its subsequent August 2007 legislative amendments, which created the SDA entity.

For more information, please refer to the SDA website at [www.njsda.gov](http://www.njsda.gov) or the most recent Biannual Report on the School Construction Program at:

[https://www.njsda.gov/Content/public/Biannual\\_Report/2024\\_2.PDF](https://www.njsda.gov/Content/public/Biannual_Report/2024_2.PDF)



## Our Mission

Our mission is to deliver high-quality educational facilities that best meet the needs of the students of the State of New Jersey. We promote fiscal responsibility in the management of taxpayers' resources, while providing efficiently designed facilities that enhance the academic environment.

# **Our Team**

## **SDA Executive Staff**

**Manuel M. Da Silva** - Chief Executive Officer  
**Laurette Pitts** - Vice President and Chief Financial Officer  
**Ramy Kamel** - Vice President – Program and Construction Operations  
**Janice Venables** - Vice President – Corporate Governance

## **SDA Board Members**

Robert Nixon, SDA Chairman  
*Director of Government Affairs, NJ State Policeman's Benevolent Association*

John Capo  
*Director, Bricklayers and Allied Craftworkers Administrative District Council of NJ, Locals 4 & 5*

Joseph M. DeCotiis  
*Managing Partner, DeCotiis, FitzPatrick, Cole & Giblin, LLP*

Daniel Gumble  
*Business Representative, I.B.E.W. Local 164*

Lester Lewis-Powder  
*Executive Director, Let's Celebrate, Inc.*

Michael Maloney  
*Retired Business Manager of Plumbers and Pipefitters Local Union #9*

Mario S. Vargas  
*Broker/Owner, Senior Health Navigators, LLC*

Nicole Vecchione  
*Director of Research, Laborers' Eastern Region Organizing Fund*

## **Ex-Officio Members**

Kevin Dehmer  
*Commissioner, New Jersey Department of Education*

Jacquelyn A. Suárez  
*Commissioner, New Jersey Department of Community Affairs*

Tim Sullivan  
*Chief Executive Officer, New Jersey Economic Development Authority*

Elizabeth Maher Muoio  
*State Treasurer, New Jersey Department of the Treasury*

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## Message from the CEO

In 2024, the New Jersey Schools Development Authority (SDA) continued to drive forward on our mission to deliver high-quality educational facilities for the students of New Jersey, working to address disparities that exist within the State's educational infrastructure. Foremost among these priorities was the delivery of school facility projects and the advancement of projects in our 2022 Capital Portfolio.

As students in several communities began a new school year in September, they could do so with a renewed sense of hope and possibility that awaited them. Students in two SDA school districts now have access to new or renovated facilities. Another SDA district benefitted from an alternative delivery approach where the SDA purchased and transferred a property that now serves as a school facility for generations of young learners. Combined, these projects benefit more than 4,500 students. The State's investment in these projects is transformative for these communities, laying the foundation for student learning and growth.

This year saw significant advancement on the SDA's 2022 Capital Portfolio. In 2024, the SDA advanced demolition contracts for two projects and issued a design-build procurement for one of those projects as well. Bridging design consultants were engaged on another nine projects to assist with programming and concept or schematic and bridging design services. This early design work positioned the Authority to advance design-build procurements for many of these projects in 2025.

Funding from the Authority's Capital Maintenance and Emergent Grant program and the Regular Operating District (ROD) Grant program continued to support critical school improvement projects in hundreds of districts statewide. These projects allow for much-needed upgrades and repairs to extend the lifecycle of New Jersey school buildings.

SDA programs have a meaningful and enduring impact on students and communities. The Authority's work throughout all of its programs supports the Governor's efforts to

ensure schools possess the proper educational infrastructure needed to support a world-class education in which students can thrive. The State's continued investment in school construction improves New Jersey schools and thereby supports student achievement.

Supported by a dedicated Board of Directors, Authority staff continues to produce quality results that favorably affect the learning environments of New Jersey students. They remain adaptable and flexible in an ever-changing construction landscape to deliver school construction projects on schedule and within budget. We, at the SDA, understand that the efforts we undertake today will have a lasting impact on education for years to come. We appreciate the ongoing partnership and collaboration with our program stakeholders to ensure continued program success and maximum impact in the coming year.



# Project Accomplishments

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## PROJECT DELIVERIES

The SDA plays a vital role in the education of thousands of students throughout New Jersey. The construction of new and modernized facilities provides the state's young scholars with opportunities for learning in buildings equipped with updated technology and resources that support various school districts' academic programs. The Authority is committed to the reduction of overcrowding in school facilities and creating safe and comfortable learning environments for students in some of the state's most underserved school districts.

This year, the SDA opened one new school facility, one alternative delivery project, and completed one addition/renovation project. The completion of these projects continues the State's legacy of investing in educational facilities that meet today's standards and support student learning. The new Perth Amboy High School, the Orange Cleveland Street Elementary School addition/renovation, and the New Brunswick Pathways Middle School & P-Tech alternative delivery project represent a total State investment of more than \$377 million and delivered more than 587,000 square-feet of new construction.

SDA Capital Project Deliveries (as of 12/31/24)				
District	Project Name	Project Type	Total Est. Project Costs	Max Capacity
New Brunswick	Pathways M.S. and P-Tech Academy	Alternative Delivery	\$42.0 M	859
Orange	Cleveland Street Elementary School	Addition/Renovation	\$51.7 M	348
Perth Amboy	Perth Amboy High School	New Construction	\$283.8 M	3,300

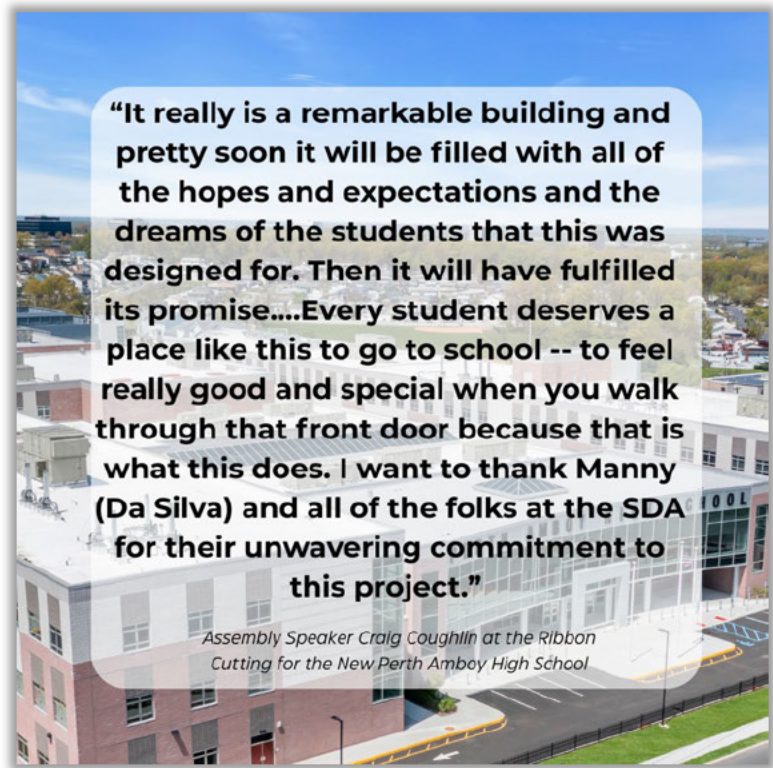
### *Students Begin a New School Year in the Largest School Built by SDA*

"La Promesa...a promise realized," is how Perth Amboy Superintendent Dr. David Roman referred to the opening of the new Perth Amboy High School. As he offered remarks at a celebratory ribbon-cutting event, he shared these thoughts with those

present, “The New Perth Amboy High School: Where the roots will be strong. The foundation will have love and inspiration will follow.” Thanks to innovative and inviting learning spaces in the new High School, students now have access to spaces that will foster their academic excellence.

The largest project ever undertaken by the SDA, both in size and cost, the new Perth Amboy High School was designed to educate approximately 3,300 students in grades nine through twelve. The State’s \$283.8 million investment in the Perth Amboy High School project addressed significant capacity deficiencies at the high school grade level. Some of the school’s features include general classrooms, science labs, an automotive lab, a culinary arts lab, a black box studio, a dance studio, an ROTC Classroom, a world languages classroom, a life skills lab, and a daycare center. The facility is LEED (Leadership in Energy and Environmental Design) certified and incorporates SDA’s Materials and Systems Standards to help ensure quality and longevity.

While addressing the capacity needs that existed within the district, the new Perth Amboy High School includes educational spaces to encourage student learning, engagement, and creativity, as they become college and career ready. It will also serve as a central gathering place for the community – whether it is to cheer on the Panthers in the new gymnasium or enjoy a school musical in the auditorium.





## *Addition/Renovation to 100+ Year School Opens to Students*



The Cleveland Street Elementary School in Orange is a 100+ year-old facility that served as a cornerstone of education in the community for generations of students. At the onset of this project, the SDA set out to perform a comprehensive overhaul that would modernize the facility and provide additional space, while maintaining the aesthetic integrity and charm of the original school.

Opening to students in September 2024, the completion of the addition/renovation project at the Cleveland Street Elementary School breathed new life into this treasured building. Students and educators now have access to an 11,500 square-foot addition and more than 38,000 square-feet of renovations. The addition allows students access to a dedicated space for physical education and dining that is now appropriately sized for the student population and meets all modern standards. In some instances, the renovations reallocated existing building square footage to enable increased space in general classrooms and specialized spaces. This project enhanced and renewed a community school to benefit new generations of Orange students in the years ahead.

While renovation projects of 100+ year old school are complex and can often present challenges, SDA and its partners successfully delivered a school facility that preserves its historic charm while incorporating LEED features, replacing building systems, and redesigning educational spaces. The renovations to this school provided a media center, an art room with a kiln, a music room, a computer instructional area, a science lab, and new windows throughout that allow the natural light to shine bright on these young scholars. The addition provided a flexible, multi-use space where students can be active, share a meal with their classmates, and perform on stage.

## *Alternative Delivery Approach Provides School Facility in New Brunswick*

In March 2024, the SDA finalized the purchase and transfer of a property in New Brunswick to fulfill a project approved as part of the 2022 Capital Plan to address capacity needs in the district. The 100,000 square-foot facility, already in use by the district through a lease agreement, was purchased by the SDA and immediately transferred to the district. This alternative delivery approach allowed the New Brunswick school district to discontinue the use of temporary classroom units. The property had previously been fit-out by the SDA years ago to accommodate a school while the facility was used as temporary swing space during the construction of other school facility projects in the district. Therefore, no additional renovations were needed to continue its use as a school for New Brunswick students.

The Pathways Middle School and P-Tech Academy, located at 40 Van Dyke Avenue, accommodates an excess middle school population. On this specific project, it is estimated that approximately \$20 million and four to five years of construction time were saved by acquiring this existing facility. This approach also provided an expedited resolution to address overcrowding.

## **CAPITAL CONSTRUCTION PROJECT PROGRESS**

Significant construction activities continued on the last project from the SDA's previous Capital Plan, the Union City Esther Salas Academy. Throughout the year, construction of the new Esther Salas Academy continued at a steady pace, remaining on track to open to students in September 2025.

The new school will be an approximately 132,000 square-foot, six-story facility designed to educate a maximum of more than 930 students in seventh to ninth grades. In addition to



general classrooms and science labs, the school will include specialized educational spaces such as three art rooms, a stem/robotics lab, a hydroponics lab, a technology lab, vocal music room, a dance studio, a rooftop environmental science lab with an outdoor growing area, a media center, a gymnasium, and a cafetorium with a stage/instrumental room.

## **ADVANCEMENT OF NEW CAPITAL PROJECTS**

As detailed earlier, the SDA delivered another school from the 2022 Capital Plan this year, with the purchase and turnover of the building that is the Pathways Middle School and P-Tech Academy in New Brunswick. In December 2024, the Authority's Board of Directors also approved the addition of another project to the 2022 Capital Plan to allow for the purchase of the Mother Seton School in Union City to address capacity needs in the district. The alternative delivery approach of purchasing a school property to be transferred to the school district, rather than construction of a new facility, allows the SDA to address the identified need quickly and efficiently. The addition of this project brings the SDA's current Capital Plan to a total of 20 projects.

At the end of 2024, there were nine projects in the 2022 Capital Plan (*Bridgeton High School, Camden Eastside High School, Elizabeth New Elementary School, Garfield New Elementary School, Newark University High School, Paterson STEAM High School, Pleasantville Elementary School, Trenton Elementary School, and West New York Middle School*) with ongoing engagements from the SDA's Bridging Design Consultant Task order pool for either programming and concept or schematic and bridging design services. The SDA is also using in-house design services to complete programming and concept phase work on several other projects in the plan.

In 2024, SDA awarded a construction contract for early site preparation activities associated with the new Elementary School in Elizabeth. SDA also advanced a procurement for design-build activities in Garfield associated with the new elementary school. The new Garfield Elementary School is the first project from the 2022 Capital Plan to initiate design-build activities.

Below are the statuses of the 2022 Capital Plan Projects at the end of 2024.



Capital Plan Project Status					
District	Project	Grades	Max Capacity	Delivery Method	Advancement Status
Newark	Nelson Mandela E.S. (Existing building acq.)	PK-8	376	Alternative Delivery	Building acquisition complete.
New Brunswick	Middle School Annex (40 Van Dyke Ave.)	6-8, 9-12	859	Alternative Delivery	Building acquisition complete.
Bridgeton	H.S. Addition/Renovation	9-12	384	Design-build	Preliminary Charter approved Nov. 2022 Board.
Elizabeth	New E.S. (Battin Replacement)	PK-8	1,068	Design-build	Preliminary Charter approved Nov. 2022 Board. Early site preparation ongoing.
Garfield	New E.S. (No. 5 Replacement)	PK-5	852	Design-build	Preliminary Charter approved Nov. 2022 Board. Early Site Preparation ongoing.
Paterson	New STEAM & STARS H.S.	9-12	1,532	Design-build	Preliminary Charter approved Jul. 2023 Board.
Trenton	E.S. at Dunn M.S.	K-6	837	Design-build	Preliminary Charter approved Jul. 2023 Board.
Pleasantville	New Decatur Ave E.S.	PK-5	658	Design-build	Preliminary Charter approved Jan. 2024 Board.
Camden	New High School (East Side H.S. Replacement)	9-12	941	Design-build	Planning Charter approved Feb. 2024 Board.
Newark	New High School (University H.S. Replacement)	9-12	1,082	Design-build	Planning Charter approved Feb. 2024 Board.
Passaic City	New High School No. 12 Replacement	9-12	2,823	Design-build	Planning Charter approved Feb. 2024 Board.
Union City	Grade 7-9 School (former Mother Seton School)	7-9	400	Alternative Delivery	Funding agreement memo approved at December 2024 Board Meeting
West New York	New Middle School	6-8	876	Design-build	Planning Charter approved March 2024 Board.
Bridgeton	6-8	6-8	TBD	Design-build	Project phased with advancement of High School Add/Reno project.
Bridgeton	PK, 6-8	PK, 6-8	TBD	Design-build	Project phased with advancement of High School Add/Reno project.
Jersey City	PK	PK	TBD	Design-build	DOE/District/SDA working group meetings ongoing
New Brunswick	M.S. Addition	6-8	TBD	Design-build	DOE/District/SDA working group meetings ongoing
Perth Amboy	K-5	K-5	TBD	Design-build	DOE/District/SDA working group meetings ongoing
Salem City	PK-8	PK-8	TBD	Design-build	DOE/District/SDA working group meetings ongoing
Garfield	K-5	K-5	TBD	Design-build	DOE/District/SDA working group meetings ongoing

## DEMOLITION ACTIVITIES PREPARE SITES FOR NEW CONSTRUCTION

In 2024, the SDA advanced early site preparation activities at two sites, readying the properties for future school construction. SDA and district officials in Garfield and Elizabeth highlighted this important advancement at events to mark another milestone in the timeline of two new school projects. At these events, officials took the opportunity to honor the memories formed at the old schools, while sharing their excitement for the new facilities that will better serve the needs of today's students.



In Elizabeth, demolition of the former 141,000 square-foot Battin School required extensive abatement and demolition activities. The work, which began in the summer of 2024, continued through the beginning of 2025. The scope of the demolition contract in Garfield consisted of the abatement and demolition of the existing 22,000 square-foot Woodrow Wilson School No. 5, and associated site work. The work at both of these sites

paves the way for a new chapter in the education of these students.



*Officials at Garfield Demolition Event*

The SDA frequently utilizes early site preparation engagements to deliver a site sufficiently cleared of any conditions that require demolition or remediation prior

to the start of new school construction. The use of this best practice often avoids costly delays and potential unforeseen conditions.

## **SUPPORTING NEW JERSEY'S CONSTRUCTION INDUSTRY THROUGH SCHOOL FACILITY PROJECTS**

The work of the SDA continues to benefit both communities and the state's construction industry. SDA construction projects are responsible for creating thousands of family-wage construction jobs. This continued to be true throughout 2024 with a contractor workforce of 228,181 total workforce hours on SDA projects for the period of January 1, 2024, through December 31, 2024. Investment in SDA construction projects has a direct correlation to the creation of additional infrastructure jobs.

During 2024, the SDA issued a construction contract for work related to one early site preparation engagement. The SDA also engaged five firms through the bridging design consultant services contract to support the development of capital projects identified in the 2022 Capital Plan.

The SDA's construction forecast for 2025/2026 is available on our website at:

[https://www.njsda.gov/Content/Business/PDFs/Procurement\\_Forecast.pdf](https://www.njsda.gov/Content/Business/PDFs/Procurement_Forecast.pdf)

Information on past and current advertisements and awards is available on our website at: <https://www.njsda.gov/Business/CurrentBiddingOpportunitiesAwards>.

## **EMERGENT PROJECTS IN SDA DISTRICTS**

Since 2011, SDA has addressed emergent facility needs in SDA Districts through the Emergent Project Program. Examples of projects advanced through this program include roof repair or replacement, windows, exterior masonry, and plumbing, electrical, mechanical and security systems, and water infiltration issues. While this type of school facility work is largely addressed through the SDA's Capital Maintenance and Emergent Grant Program now, the SDA still oversees construction for several emergent projects previously approved and transmitted to the SDA for completion.



At the end of 2024, the SDA was managing four emergent projects that were in construction. These projects represent approximately \$16 million in State funding. There are also three projects in construction that were previously delegated to the local school district for management.

Emergent Projects in Construction (as of 12/31/24)			
School District	School Name	Project Description	Project Management
Burlington	Captain James Lawrence	Window and flooring replacement	District Grant
East Orange	Fresh Start Academy	Water infiltration, roof, masonry	SDA-Managed
Gloucester City	Gloucester City H.S.	Water infiltration, roof, masonry	District Grant
Millville	Holly Heights E.S.	HVAC renovations	District Grant
Newark	Technology H.S.	Structural vault repairs and facade repairs	SDA-Managed
Union City	Emerson M.S.	Roof Replacement and Stucco Repairs	SDA-Managed
Union City	Union Hill. M.S.	Roof replacement, stucco repairs, and chimney repairs	SDA-Managed

In 2024, the SDA completed seven emergent projects in the cities of Burlington, Camden, Irvington, Newark, and Trenton. The project scopes included window repairs, roof replacements, building envelope repairs, and a boiler replacement. These projects represented more than \$25 million in emergent repairs.

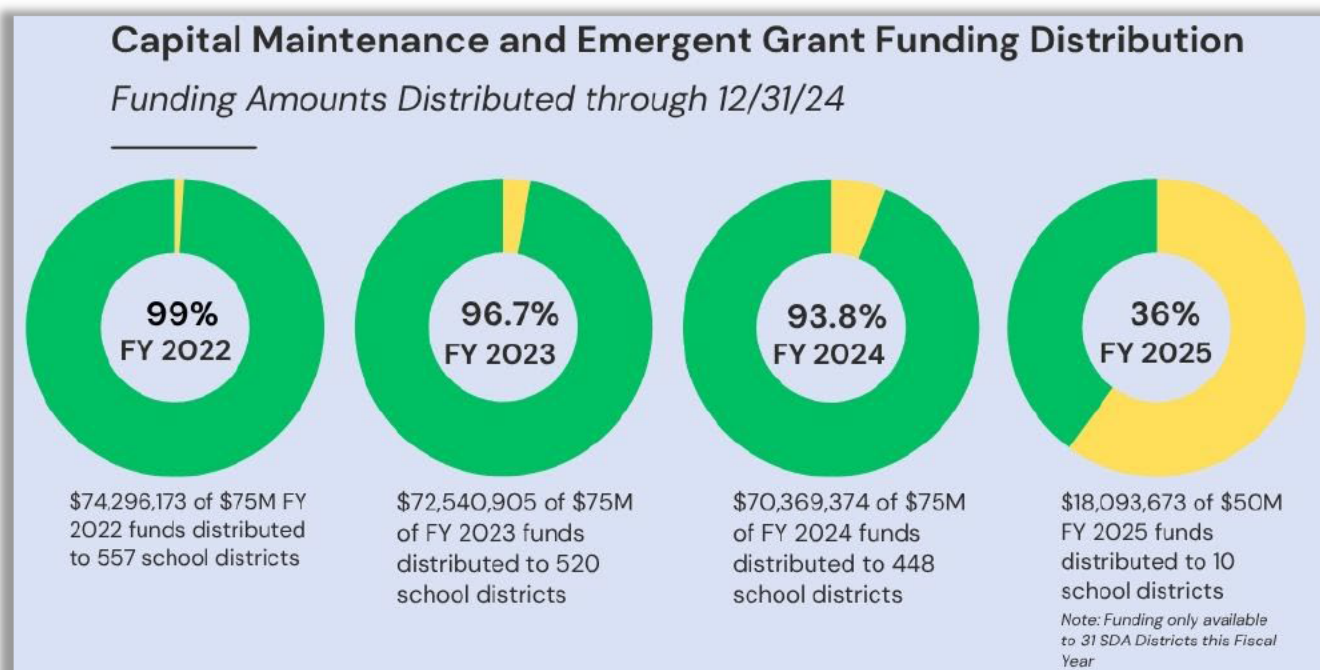
Emergent Projects completed in 2024		
School District	School Name	Project Description
Burlington	Samuel Smith E.S.	Window repair/replacement, partial roof replacement
Camden City	Veteran's Memorial School	Exterior masonry, windows, roofing, and site work
Irvington	Grove Street School	Boiler replacement
Newark	Branch Brook School	Building envelope repairs
Newark	University H.S.	Building envelope repairs
Newark	Cleveland School	Boiler room vault repairs
Trenton	Franklin E.S.	Exterior structural repairs

As of December 2024, 200 emergent projects (both SDA-managed and district-delegated) have been completed since the program's inception.

## CAPITAL MAINTENANCE AND EMERGENT FUNDING

In 2022, the Murphy Administration initiated an annual investment through the State budget for the improvement of school facilities throughout New Jersey. At the time, Governor Murphy said that the investments “will see that our schools possess the proper infrastructure for our students to thrive in their educational environments.”

In each of Fiscal Years 2022, 2023, and 2024, the State budget included a direct appropriation of \$75 million to the SDA to provide funding for projects related to emergent and capital maintenance needs in both Regular Operating Districts and SDA Districts.



In Fiscal Year 2025, the State budget allocated \$50 million for projects to SDA Districts. The funding provided by SDA helps offset district costs associated with addressing those important and necessary facility upgrades.

For districts to access this grant funding, they must submit to SDA a duly-executed certification and listing of eligible emergent and/or capital maintenance project(s). The SDA then reviews the submission for completeness and provides the identified funds to the district through electronic transfers.

The funding amounts allocated to each district are determined by a New Jersey Department of Education (DOE) formula. The formula utilized in connection with previous allotments was used this year as well, but the allocation only included SDA Districts. The complete list of districts and their allocations is available [here](#).

The projects supported by the funding continue to primarily address HVAC upgrades, building envelope repairs, life safety needs, and security needs.

## **REGULAR OPERATING DISTRICT GRANTS**

Significant facility needs exist in the Regular Operating School Districts (RODs) throughout New Jersey. The SDA's ROD grant program aims to improve learning environments across the state through grants that fund at least 40 percent of eligible costs for projects in New Jersey's ROD Districts, mainly addressing health and safety issues and other critical needs.

In June 2022, Governor Murphy signed Senate Bill No. 2944 into law as P.L.2022, c.18, allocating \$350 million in funding through the New Jersey Debt Defeasance and Prevention Fund for high-priority capital projects in RODs throughout the state. In September 2023, the SDA and DOE jointly announced the approval of more than 600 ROD Grant projects to address critical facilities needs in 261 school districts throughout New Jersey.

The SDA began issuing offer letters to school districts for these projects in January 2024. Upon proof of local share and completion of other required grant-related documents, the SDA is then able to execute the grant agreements and begin issuing milestone payments as the projects advance. By the end of 2024, SDA issued 410 grant executions in 184 school districts. The funding will provide for numerous high-priority upgrades including more than 200 HVAC systems, dozens of boilers or water heaters, several window repair or replacement projects and more than 100 roof replacement/repair projects. The SDA disbursed a total of over \$10.8 million in ROD grants during 2024 to address facility needs.



At the end of 2024, there were 526 active ROD grants in 204 school districts from both previous and current funding allocations. Those active grants represent \$318.3 million in State share.

During the year, the SDA Grants Department also closed-out 28 previous grant projects that were completed in 11 school districts in eight counties throughout the state, representing more than \$16.6 million in total project costs.

<b>REGULAR OPERATING DISTRICT GRANTS</b>	
<b>Grant Executions Since Inception</b>	
No. of Grants Executed	5,798
State Share	\$3.27 billion
Local Share	\$6.28 billion
Total Est. Costs	\$9.55 billion
No. of Districts Impacted	527
No. of Counties Impacted	21

# Commitment to New Jersey Businesses

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## TRAINING NEW JERSEY'S SMALL BUSINESSES TO WORK WITH THE SDA

The SDA's annual Contractor Training Program returned in December 2024, continuing its longstanding commitment to fostering opportunities for small businesses and minority-, women-, veteran-, and disabled-veteran-owned business enterprises, and strengthening relationships within New Jersey's contracting community.

Accepted firms completed an in-person learning format over the course of two days, which offered a comprehensive series of classes, designed to equip participants with the knowledge needed to do business with New Jersey State agencies and effectively compete for school construction projects. The Contractor Training Program provides insight into navigating the bidding and construction processes, with sessions covering essential topics such as project management, business planning 101 and procurement.



*Participants at the 2024 Contractor Training Program*

The SDA program also includes presentations from the New Jersey Economic Development Authority, the Department of Labor and Workforce Development, and the Division of Property Management and Construction (DPMC). Representatives from these partner State agencies provided participants with information on small business grant opportunities, prevailing wage requirements, and the DPMC classification process.

Participating firms represented trades that included commercial carpentry, electrical work, flooring and tiling, general construction, paving and concrete, HVAC, plumbing, and painting.

The Contractor Program includes a networking session to allow participants an opportunity to speak with each other, as well as with several larger contracting partners

that have previously worked as a prime on SDA projects. This included representatives from EPIC Management, Ernest Bock & Sons, Inc., Hall Construction Co., Terminal Construction Corporation, and Turner & Townsend/Heery. Networking is a vital component of small business success, and training program participants were able to speak with these company representatives about potential opportunities to collaborate on future projects.

Since its inception, the SDA's in-house Contractor Training Program has trained more than 270 firms, helping expand opportunities for smaller contractors across New Jersey. The Program has provided these minority-, women-, veteran-, and disabled-veteran owned business enterprise firms with the knowledge needed to compete for school construction work and successfully grow their businesses. Through this initiative, the SDA continues to support New Jersey's diverse contracting community while ensuring the successful delivery of school construction projects.

**“ I wanted to let you know just how much I appreciated the training that was offered these past two days. I learned so much and got to network with such a wide variety of backgrounds and experiences. There is a very inviting and inquisitive culture at the SDA, and I am glad that I got to experience it firsthand. Thank you for the warm welcome and generous hospitality.”**

*- Feedback from a 2024 Program Graduate*

The SDA intends to continue annual offerings of this training program in 2025.

## **SMALL BUSINESS PARTICIPATION**

Small businesses enterprises (SBE) are vital to New Jersey's economy and play a substantial role in the construction of school facility projects throughout the state, in both SDA and ROD Districts.

At the end of 2024, the SDA had 1,347 firms pre-qualified to do business on school projects in SDA and ROD Districts. The New Jersey Department of the Treasury has certified 545 of these firms (or 40% of all pre-qualified firms) as SBE firms.



SDA's commitment to the participation of small businesses in the school construction program is evident in the percentage of contract dollars awarded to these firms. The SDA requires consultants and prime contractors to make good faith efforts to identify and hire available small business enterprise (SBE) sub-consultants and sub-contractors to meet the State's SBE goal to award at least 25 percent of the total contract value to them.

In order for the SDA to track and accurately determine the SBE participation on projects, contract dollars are only tracked in this report when contracts are awarded to vendors or "bought out". The total SDA contract dollars awarded through December 31, 2024, in which a contract was bought out, was \$45,931,993. The total contract dollars awarded to all SBE contractors through December 31, 2024, was \$17,768,392 (including minority and female business enterprises). This represents 38.68 percent of all SDA contracts awarded in 2024.

In May 2019, the New Jersey Department of the Treasury promulgated regulations that require firms to make a good faith effort to ensure that at least 3% of the total dollar value of all publicly advertised contracts awarded by the SDA during a fiscal year are awarded to Disabled Veteran-owned businesses (DVOB). In 2024, no contracts were awarded to DVOB firms. With few prequalified firms registered as DVOBs (two at the end of 2024), the SDA remains committed to increasing the participation of DVOB's in the school construction program to meet the 3% goal in the coming years.

## **SCHOLARSHIPS TO ENCOURAGE INCREASED PARTICIPATION IN CONSTRUCTION JOBS**

During 2024, the SDA continued to provide funding for the Governor's Industry Vocations Scholarship for Women and Minorities (NJ-GIVS). The program supports SDA's effort to fund on-the-job or off-the-job outreach and training programs for minority groups and women seeking construction trade occupations or other related occupations – including engineering and management.

Specifically, this scholarship benefits women and minority students pursuing a postsecondary certificate or degree program in a construction-related field. The scholarship pays up to \$2,000 per academic year to women and minority students who

reside in New Jersey and are enrolled in a NJ-GIVS eligible program at one of New Jersey's approved county colleges, county vocational, technical or trade schools. NJ-GIVS is administered by the New Jersey Higher Education Student Assistance Authority through a Memorandum of Understanding with the SDA, which expires in April 2025.

During the 2023-2024 academic school years, SDA provided more than \$150,000 to 77 qualifying students throughout New Jersey. Grant recipients are attending programs at Camden County College, Ho-Ho-Kus School Rets/Nutley, Ho-Ho-Kus Trade, Morris County VoTech, and Passaic County Community College. Some of the programs of study include HVAC, facilities management, engineering, welding, electrical, and plumbing.

# Financial Information

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## PROJECT EXPENDITURES

Below is a summary of project related expenditures across all SDA programs (Capital, Emergent, and Grants) in 2024.

2024 PROJECT EXPENDITURES	
SDA District Capital Projects	\$143.7 M
SDA District Emergent Projects	\$20.2 M
SDA Capital Maintenance Fiscal Year Grants	\$68.1 M
ROD Grant Projects	\$10.8 M
ROD Capital Maintenance Fiscal Year Grants	\$23.8 M
Other Project Costs – Program	\$6.8 M
<b>TOTAL PROJECT EXPENDITURES</b>	<b>\$273.4 M</b>

## FUNDING SUPPORTS SCHOOL CONSTRUCTION

In total, the New Jersey State Legislature has authorized \$14.825 billion in funding for SDA projects (\$10.8 billion for SDA Districts and \$4.025 billion for RODs and vocational schools). As of the end of 2024, New Jersey Economic Development Authority (EDA) had issued \$11.85 billion of School Facilities Construction Bonds and Notes to fund the program. This leaves approximately \$650 million remaining under the current bonding authority. No new bonds were issued in 2024 and no new bond issuances are expected in the foreseeable future due to the annual funding allocated to the Authority through the Debt Defeasance and Prevention Fund and the State budget.

In June 2024, the Governor signed the Fiscal Year 2025 Budget and Appropriations Act, dedicating additional funding for school construction in both SDA and ROD Districts. This most recent appropriation of funds provided \$50 million to be allocated to SDA Districts for capital maintenance and emergent projects. The SDA also received \$50 million from the Federal Coronavirus Capital Projects Fund (passed through from the

state of New Jersey Department of Community Affairs) in 2024, which is specifically directed to the Union City Esther Salas Academy project.

Funds transferred or disbursed to SDA generally coincide with forecasted cash flow requirements for already committed projects in SDA's portfolio, enabling SDA to pay its vendors promptly as well as cover its operating expenses.

The SDA has sufficient funds available and/or authorized to complete its current project portfolio while maintaining adequate reserves for unexpected cost increases.

## **BUDGETARY AND FINANCIAL CONTROLS**

The Authority maintains a system of internal controls to provide reasonable assurance that: transactions are executed in accordance with management's requirements and authority; responsibilities are appropriately segregated; financial statements are prepared in accordance with accounting principles generally accepted in the United States; and the assets of the Authority are properly safeguarded. Since internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met, there are inherent limitations in the effectiveness of any system of internal controls. The concept of reasonable assurance generally recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. For these reasons, these internal controls are subject to continuous evaluation by SDA management.

### ***Budgetary Controls***

The Authority maintains budgetary controls to ensure operating expenditures do not exceed the annual levels approved by the Board of Directors in the Authority's annual operating budget. A variance analysis of accounts is performed monthly and the results are summarized and presented to the SDA Audit Committee in a monthly report. As appropriate, the Authority may also allocate expenditures in its operating budget for various internal capital projects including amounts for the acquisition of equipment, computer software, furniture and fixtures and leasehold improvements. The Authority's Capitalization & Depreciation policy prescribes when capitalization of an asset is appropriate.



In addition, the Authority develops and maintains comprehensive project budgets, approved by the Board of Directors, for each of the school facilities projects that it manages. The Authority uses project management software for planning, recording, and monitoring project budgets and schedules. Other software and tools are used by the Authority for cost estimating and financial analyses. The data obtained from regular monthly re-forecasting sessions is used to monitor the status of projects and to review and analyze costs in comparison to approved budgets. The information obtained from these sessions is summarized and presented to the Audit Committee in a monthly report.

### ***Financial Controls***

The Authority maintains effective financial controls in part with an integrated accounting and budgeting system, which enables the Authority to view, analyze, and report on various financial data. The Authority utilizes separate financial reporting software to: (1) efficiently and effectively monitor the Authority's financial performance; (2) identify financial trends; and (3) generate accurate and timely financial data and reports.

Additionally, the Authority has implemented effective financial controls in key risk areas as documented in numerous written policies, procedures, standard operating procedures (SOPs), processes, guidelines, checklists, and standards. The Authority has implemented policies and procedures (or other analogous documents) in the areas of accounting, accounts payable, procurement, information technology, corporate governance, and program operations. The Board of Directors has also adopted an Ethics Code for all employees, which is intended to foster a strong ethical climate at the Authority. Together, these policies and procedures (or other analogous documents) provide a system of internal controls and accountability designed to safeguard the Authority's assets. The Authority's internal auditors conduct periodic reviews to ensure the Authority's adherence to internal control policies and procedures.

The Board of Directors periodically reviews and approves modifications to the SDA's Operating Authority policy. The Operating Authority designates those persons at the Authority who are authorized by the Board (either generally or in specific transactions) to: (1) approve contracts and contract changes (i.e., change orders and amendments), (2) execute documents legally binding on the Authority, and (3) sign checks and approve disbursements on behalf of the Authority. The approval levels established in this policy

are designed to ensure that financial transactions for all business operations are authorized in an appropriate and responsible manner. Furthermore, co-approvals are required for nearly every transaction including all commitments, expenditures, contract changes, among others.

## **Certifications Pursuant to Section 22C of Executive Order 37 (2006)**

I certify that, to the best of my knowledge, the financial information provided to the Authority's independent auditors in connection with their audit of the 2024 financial statements is accurate, and that such information fairly presents the financial condition and operational results of the Authority as of December 31, 2024 and for the year then ended.



Donald Guarriello, Jr.  
Chief Financial Officer

I certify that, to the best of my knowledge, the financial information provided to the Authority's independent auditors in connection with their audit of the 2024 financial statements is accurate, and that such information fairly presents the financial condition and operational results of the Authority as of December 31, 2024 and for the year then ended.



Manuel M. Da Silva  
Chief Executive Officer

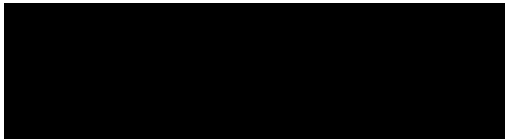
## **Certification Pursuant to Section 2 of Executive Order 37 (2006)**

In accordance with Executive Order 37 (2006), please find enclosed the New Jersey Schools Development Authority's (the "Authority") 2024 comprehensive report of Authority operations, (the "2024 Annual Report"). This report highlights the significant actions of the Authority for the year ending December 31, 2024, including the degree of success the SDA had in promoting the State's economic growth strategies and other policies during the year.

The report of independent auditors, issued by PKF O'Connor Davies, LLP, is included within the financial statements section of the 2024 Annual Report. With the issuance of the audit report, the Authority is in compliance with the requirements of Executive Order 122 (2004).

Executive Order 37 Section 2 Certification:

I, Manuel M. Da Silva, certify that, from January 1, 2024, to December 31, 2024, the Authority has, to the best of my knowledge, followed all of its standards, procedures and internal controls.



Manuel M. Da Silva  
Chief Executive Officer



**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, 2024

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, 2024

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## **INDEPENDENT AUDITORS' REPORT**

**Management and Members of  
New Jersey Schools Development Authority  
Trenton, New Jersey**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and the general fund of the New Jersey Schools Development Authority, ("the Authority"), a component unit of the State of New Jersey, as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Authority, as of December 31, 2024, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Change in Accounting Policy***

We draw attention to Note 13 in the notes to financial statements which disclose the effects of the Authority's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No.101, "Compensated Absences". Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

PKF O'CONNOR DAVIES, LLP  
20 Commerce Drive, Suite 301, Cranford, NJ 07016 | Tel: 908.272.6200 | Fax: 908.272.2416 | [www.pkfod.com](http://www.pkfod.com)

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

**Management and Members of  
New Jersey Schools Development Authority  
Trenton, New Jersey**

*Page 2*

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such



**Management and Members of  
New Jersey Schools Development Authority  
Trenton, New Jersey**

*Page 3*

information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated August 1, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
August 1, 2025

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, 2024

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, 2024. This management discussion and analysis should be read in conjunction with the Authority's financial statements and accompanying notes.

**2024 Financial Highlights**

- At year end, the Authority's net position is \$42.8 million.
- At year end, cash and cash equivalents total \$320.4 million.
- For the year, revenues total \$158.9 million, consisting primarily of appropriations from the State (69.7%), 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") (18.8%).
- For the year, expenses total \$268.9 million, \$259.1 million (96.3%) of which is for school facilities project costs.
- For the year, General Fund Expenditures exceed General Fund Revenues by \$92.1 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 \$42.8 million at year-end, primarily due to expenditures for school facilities projects (\$259.1 million) and administrative and general expenses (\$9.9 million) exceeding total revenues (\$158.9 million).

The following table summarizes the Authority's net position as of December 31, 2024 and 2023.

	\$ In thousands			
	2024	2023	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Current assets	\$ 322,324	\$ 509,173	\$ (186,849)	(36.7)%
Capital assets-net	4,033	5,670	(1,637)	(28.9)%
Total assets	326,357	514,843	(188,486)	(36.6)%
Deferred outflows of resources	9,487	7,357	2,130	28.9%
<b>Total assets and deferred outflows of resources</b>	<b>\$ 335,844</b>	<b>\$ 522,200</b>	<b>\$ (186,356)</b>	<b>(35.7)%</b>
Current liabilities	\$ 213,612	\$ 286,936	\$ (73,324)	(25.6)%
Non-current liabilities	53,264	52,101	1,163	2.2%
Total liabilities	266,876	339,037	(72,161)	(21.3)%
Deferred inflows of resources	26,150	29,638	(3,488)	(11.8)%
Net position	42,818	153,525	(110,707)	(72.1)%
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 335,844</b>	<b>\$ 522,200</b>	<b>\$ (186,356)</b>	<b>(35.7)%</b>

*Note: All percentages are calculated using unrounded figures.*

#### *Significant Account Variances for Net Position*

*Current assets:* The decrease is due primarily to lower cash and cash equivalents as a result of spending for school facilities projects, partially offset by appropriations received during the year for projects addressing emergent capital maintenance needs. Also contributing to the decrease is the reduction in the Federal CPF grant receivable as the majority of grant funds were received during the year.

*Capital assets-net:* The decrease is due primarily to depreciation and amortization expense being greater than capital asset additions 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 decrease is due to lower accrued school facilities project costs, unearned revenues from debt defeasance appropriations realized during the year, and escrow deposits.

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



The following table summarizes the change in net position for the years ended December 31, 2024 and 2023.

	\$ In thousands			
	2024	2023	\$ Increase/ (Decrease)	% Increase/ (Decrease)
<b>Revenues</b>				
Appropriations from State	\$ 50,000	\$ 75,000	\$ (25,000)	(33.3)%
Debt Defeasance & Prevention Fund	60,673	-	60,673	N/A
Federal CPF grant	29,897	22,534	7,363	32.7%
Investment earnings	18,243	17,917	326	1.8%
Other revenue	73	96	(23)	(24.0)%
Total revenues	158,886	115,547	43,339	37.5%
<b>Expenses</b>				
Administrative and general expenses	9,873	6,830	3,043	44.5%
School facilities project costs	259,067	228,660	30,407	13.3%
Total expenses	268,940	235,490	33,450	14.2%
Change in net position	(110,054)	(119,943)	9,889	8.2%
Beginning net position:				
Balance as previously reported	153,525	273,468	(119,943)	(43.9)%
Adjustment to beginning balance *	(653)	-	(653)	N/A
Beginning net position, as restated	152,872	273,468	(120,596)	(44.1)%
Ending net position	\$ 42,818	\$ 153,525	\$ (110,707)	(72.1)%

*Note: All percentages are calculated using unrounded figures.*

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

#### *Significant Account Variances for the Change in Net Position*

*Appropriations from State:* Budget appropriations received from the State in the current year were lower by \$25 million than in the previous year. The State has sole discretion on how it funds the school’s construction program.

*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 \$60.7 million in debt defeasance revenues during the year as compared to nil during the previous year.

*Federal CPF grant funding:* The Authority recognizes as revenues the amount spent during the year from the Federal CPF grant funds received (or to be received) by the Authority. The amount of revenues recognized during the current year increased by approximately \$7.4 million as a result of the completion of more construction work during the year for the Union City Grade 7-9 Community School project.

*Administrative and general expenses:* The increase is due to a reduction in the pension benefit accrual, which decreased the credit recorded in the current year.

*School facilities project costs:* The increase is due mainly to higher spending for Regular Operating District grants and property acquisitions, and school furniture and fixture expenses. This is partially offset by lower SDA-managed construction project 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, 2024, 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.

Additionally, \$56.1 million has been allocated to the Authority from the federally funded Coronavirus Capital Project Fund, through the New Jersey Department of Community Affairs (“DCA”), to partially fund the New Construction Union City Grade 7-9 Community School Program (“Program”).

To date, the Authority has disbursed 82.7% of the currently authorized program funding, as follows:

	<u>All Sources</u>	<u>Program Funding</u> <sup>1</sup>	<u>Disbursements</u>	<u>% Paid</u>
SDA Districts	\$ 10,906,826,150	\$ 11,067,623,042	\$ 9,071,524,584	82.0%
RODs Including Vo-Tech Schools	4,025,000,000	4,086,336,443	3,455,875,628	84.6%
Totals	<u>\$ 14,931,826,150</u>	<u>\$ 15,153,959,485</u>	<u>\$ 12,527,400,212</u>	82.7%

1 Program funding includes the amounts authorized under the respective bonding caps in addition to approximately \$222 million of interest income and miscellaneous revenue earned through December 31, 2024.

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 2024, the SDA celebrated the completion of three capital plan school facilities projects, in three SDA Districts providing 4,505 new student seats. The total State investment in these projects was more than \$350 million.

As of December 31, 2024, the SDA has one active capital construction project in the SDA Districts. In addition, pre-construction activity has commenced on several other capital projects. Furthermore, the Authority is currently managing the construction of two 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, 2024, the School Construction Program has completed 715 projects in the SDA Districts. The completed projects consist of: 97 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 5,276 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				
	2024	2023	2022	2021	2020
EFCFA funding received from State	\$ -	\$ -	\$ -	\$ 350,000	\$ -
Appropriations from State	50,000	75,000	75,000	275,000	-
Debt Defeasance & Prevention Fund grant	60,673	-	-	-	-
Federal CPF grant	29,897	22,534	-	-	-
Investment earnings, net	18,243	17,917	6,353	230	2,696
Administrative and general expenses	9,873	6,830	7,406	6,984	13,143
Capital expenditures	138	133	6	182	577
School facilities project costs	259,067	228,660	283,673	267,533	291,279
Employee count at end of year	126	128	127	152	174

### 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](http://www.njsda.gov).

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

Statement of Net Position and General Fund Balance Sheet

December 31, 2024

	General Fund Total	Adjustments (Note 8)	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 320,400,925	\$ -	\$ 320,400,925
Receivables	1,766,122	-	1,766,122
Prepaid expenses	157,396	-	157,396
Capital assets-net	-	4,033,312	4,033,312
Total assets	322,324,443	4,033,312	326,357,755
<b>Deferred Outflows of Resources</b>			
Deferred amount for pensions	-	1,616,612	1,616,612
Deferred amount for OPEB	-	7,870,428	7,870,428
Total deferred outflows of resources	-	9,487,040	9,487,040
<b>Total Assets and Deferred Outflows of Resources</b>	\$ 322,324,443	\$ 13,520,352	\$ 335,844,795
<b>Current Liabilities</b>			
Accrued school facilities project costs	\$ 17,532,567	\$ 77,289	\$ 17,609,856
Unearned revenue Debt Defeasance appropriations	189,326,899	-	189,326,899
Other accrued liabilities	381,796	3,992,982	4,374,778
Escrow deposits	2,300,154	-	2,300,154
Total current liabilities	209,541,416	4,070,271	213,611,687
<b>Non-Current Liabilities</b>			
Accrued school facilities project costs	-	6,107,888	6,107,888
Net pension liability	-	20,966,867	20,966,867
Total OPEB liability	-	21,355,792	21,355,792
Other accrued liabilities	-	4,833,860	4,833,860
Total non-current liabilities	-	53,264,407	53,264,407
<b>Deferred Inflows of Resources</b>			
Deferred amount for pensions	-	9,106,600	9,106,600
Deferred amount for OPEB	-	17,043,725	17,043,725
Deferred amount for Federal CPF grant	1,765,577	(1,765,577)	-
Total deferred inflows of resources	1,765,577	24,384,748	26,150,325
<b>Fund Balance/Net Position</b>			
Net investment in capital assets	-	141,211	141,211
Nonspendable:			
Prepaid expenses	157,396	(157,396)	-
Restricted for schools construction	93,764,335	(4,323,579)	89,440,756
Unassigned/Unrestricted	17,095,719	(63,859,310)	(46,763,591)
Total fund balance/net position	111,017,450	(68,199,074)	42,818,376
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position</b>	\$ 322,324,443	\$ 13,520,352	\$ 335,844,795

*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, 2024

	<b>General Fund Total</b>	<b>Adjustments (Note 8)</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
School Construction Program:			
Appropriations from State	\$ 50,000,000	\$ -	\$ 50,000,000
Debt Defeasance and Prevention Fund grant	60,673,101	-	60,673,101
Federal CPF grant	50,665,000	(20,767,954)	29,897,046
General:			
Investment earnings	18,440,038	(196,742)	18,243,296
Other revenue	5,357	67,597	72,954
Total revenues	<u>179,783,496</u>	<u>(20,897,099)</u>	<u>158,886,397</u>
<b>Expenditures/Expenses</b>			
Administrative and general expenses	12,323,882	(2,450,843)	9,873,039
Capital expenditures	138,331	(138,331)	-
School facilities project costs	259,394,587	(327,754)	259,066,833
Total expenditures/expenses	<u>271,856,800</u>	<u>(2,916,928)</u>	<u>268,939,872</u>
Deficiency of revenues over expenditures/Change in net position	(92,073,304)	(17,980,171)	(110,053,475)
<b>Fund Balance/Net Position</b>			
Beginning of year – as previously reported	203,090,754	(49,565,606)	153,525,148
Change in Accounting Policy	-	(653,297)	(653,297)
Beginning of year – as restated	<u>203,090,754</u>	<u>(50,218,903)</u>	<u>152,871,851</u>
End of year, December 31, 2024	<u>\$ 111,017,450</u>	<u>\$ (68,199,074)</u>	<u>\$ 42,818,376</u>

*See accompanying notes.*

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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 is 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 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,

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Notes to Financial Statements (Continued)

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 statement.

**(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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Notes to Financial Statements (Continued)

**(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 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.

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Notes to Financial Statements (Continued)

**(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.

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 three 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 CFP grant. This amount is

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Notes to Financial Statements (Continued)

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 2024 is 44.12%.

For the year ended December 31, 2024, employee salary and benefit costs are allocated as follows:

Employee salary and fringe benefits costs:	
Charged to administrative and general expenses	\$ 5,413,405
Charged to school facilities project costs	10,110,666
Total employee salary and benefits costs	<u>\$ 15,524,071</u>

**(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,



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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 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.

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- 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.

Agency level assigned and unassigned fund balance spending is at the discretion of the Authority. 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) Rebate Arbitrage**

Rebate arbitrage 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 rebate arbitrage 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 rebate arbitrage liabilities only when it is probable that any excess investment income, as defined above, will not be retained by the Authority. The 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, 2024, no Authority rebate liabilities exist. However, the Authority does have a positive yield restriction liability of \$196,742 on the 2021 Series QQQ bonds. Accordingly, the Authority has recorded an arbitrage rebate liability of \$196,742 on the Statement of Net Position as of December 31, 2024, with a corresponding charge to investment earnings on the Statement of Activities for the year then ended. This tax liability will be payable 60 days after the final IRS calculation date of January 14, 2026.

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Notes to Financial Statements (Continued)

**(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) New Accounting Standards Adopted**

GASB Statement No. 101, *Compensated Absences*, was issued on June 2022. The objectives of this Statement are to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Authority adopted the provisions of this Statement on January 1, 2024. See Note 13.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, an amendment of GASB Statement No. 62, was issued in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Authority adopted the provisions of this Statement on January 1, 2024, in conjunction with the adoption of GASB Statement No. 101.

**(q) Accounting Standards Issued But Not Yet Adopted**

GASB Statement No. 102, *Certain Risk Disclosures*, was issued in December 2023. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain

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Notes to Financial Statements (Continued)

concentrations or constraints. Governmental reporting entities face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, 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. 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 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.

### **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, 2024, the carrying amount of operating cash is \$1,866,892 and the bank balance is \$1,982,077. Deposits of up to \$250,000 at each commercial banking institution are insured with Federal Deposit Insurance.

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Notes to Financial Statements (Continued)

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 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, 2024, 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, 2024, the Authority's investments in the NJCMF total \$318,534,033. Of this amount, \$2,300,154 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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Notes to Financial Statements (Continued)

**4. Prepaid Expenses**

As of December 31, 2024, the Authority's prepaid expenses are as follows:

Service contracts	\$ 88,177
Security deposit	53,848
Other	15,371
Total prepaid expenses	<u>\$ 157,396</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, 2024, deposits held in SDA bank accounts, inclusive of interest earned but not yet refunded to the district, are as follows:

Harrison	\$ 11,164
Keansburg	655
Millville	71,599
Newark	2,943
Orange	9,044
Passaic City	39,244
Pemberton	25,976
Perth Amboy	1,831,092
Plainfield	6,568
Union City	301,869
Total escrow deposits	<u>\$ 2,300,154</u>



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Notes to Financial Statements (Continued)

**6. Capital Assets**

Capital asset activity for the year ended December 31, 2024 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable/Amortizable				
Capital assets:				
Leasehold improvements	\$ 134,149	\$ -	\$ (134,149)	\$ -
Office furniture and				
Equipment	3,866,124	67,801	(3,688,063)	245,862
Computer software	2,033,521	-	(2,033,521)	-
Automobiles	236,731	70,530	(199,328)	107,933
Right-to-use assets	8,676,830	92,020	(2,282,660)	6,486,190
Capital assets-gross	14,947,355	230,351	(8,337,721)	6,839,985
Less: Accumulated				
depreciation/amortization	(9,277,545)	(1,866,849)	8,337,721	(2,806,673)
Capital assets-net	\$ 5,669,810	\$ (1,636,498)	\$ -	\$ 4,033,312

Depreciation/amortization expense for the year ended December 31, 2024 was charged to activities and programs of government, as follows:

Administrative and general expenses	\$ 1,385,344
School facilities project costs	481,505
Total depreciation/amortization expense	<u>\$ 1,866,849</u>

**7. Leases**

The Authority recognized lease assets of \$3,776,349 (net of accumulated amortization of \$2,709,841) in the Statement of Net Position as of December 31, 2024, with corresponding lease liabilities of \$3,892,101. Lease liabilities related to school facilities projects are included in the Statement of Net Position in accrued school facilities project costs (current \$76,347 and non-current \$216,415), and lease liabilities unrelated to projects are included in other accrued liabilities (current \$819,576 and non-current \$2,779,763).

Additionally, the Authority recognized lease expense of \$1,554,758 in the Statement of Activities for the year ended December 31, 2024, consisting of lease amortization expense of \$1,367,122, and lease interest expense of \$187,636. Lease expense related to school facilities projects is included in the Statement of Activities in school facilities project costs in the amount of \$494,913, and lease expense unrelated to projects is included in administrative and general expenses in the amount of \$1,059,845. Cash lease payments for the year totaling \$1,438,581 are recognized in the General Fund Revenues, Expenditures and Changes in Fund Balance.

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Notes to Financial Statements (Continued)

Since the Authority is unable to determine the interest rates lessors have factored into 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, 2024, are as follows:

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 896,843	\$ 152,937	\$ 1,049,780
2026	960,039	112,426	1,072,465
2027	1,013,634	69,301	1,082,935
2028	1,021,585	24,052	1,045,637
<b>Totals</b>	<b>\$ 3,892,101</b>	<b>\$ 358,716</b>	<b>\$ 4,250,817</b>

As of December 31, 2024, the Authority does not have any lease obligations extending beyond the year 2028.

**8. 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 (\$111,017,450) differs from the "Net Position" reported on the Statement of Net Position (\$42,818,376). 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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Notes to Financial Statements (Continued)

A summary of these differences as of December 31, 2024 is as follows:

Fund balances	\$ 111,017,450
Capital assets, net of accumulated depreciation of \$ (2,806,673)	4,033,312
Deferred outflows of resources for pensions and OPEB	9,487,040
Net pension liability	(20,966,867)
Total other postemployment benefits liability	(21,355,792)
Accrued arbitrage rebate	(196,742)
Accrued compensated absences	(1,857,355)
Accrued pension payable	(3,160,118)
Lease liabilities-internal SDA operations	(3,612,627)
Lease liabilities-school facilities projects	(293,704)
Other school facilities project costs	(5,891,473)
Deferred inflows of resources for pensions and OPEB	(26,150,325)
Deferred inflows of resources for Federal CPF grant	1,765,577
Net position	<u>\$ 42,818,376</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, 2024 is as follows:

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Deficiency of Revenues Over Expenditures	\$ (92,073,304)
Federal CPF grant	(20,767,954)
Pension (expense)/credit (GASB 68)	2,876,821
Pension (expense)/credit-special funding situation	67,597
Arbitrage rebate	(196,742)
Other postemployment benefits expense (GASB 75)	190,005
Compensated absences (expense)/credit	3,628
Lease (expense)/credit-internal SDA operations	(119,883)
Lease (expense)/credit-school facilities projects	3,707
Other school facilities project (costs)/credits	324,047
Capital expenditures	138,331
Depreciation expense	(499,728)
Changes in net position	<u>\$ (110,053,475)</u>

**9. 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 \$2,809,685 as of December 31, 2024. 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.

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**10. Commitments and Contingencies**

**(a) Contractual Commitments**

As of December 31, 2024, the Authority has approximately \$415 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, 2024, the Authority's potential loss from all claims has been estimated at approximately \$3.1 million, which represents an decrease of \$1.2 million from the prior year end accrual. Accordingly, as of December 31, 2024, an accrued liability of \$3.1 million is reflected in the Statement of Net Position as a component of accrued school facilities project costs and, for the year then ended, \$1.2 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, 2024, 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

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Notes to Financial Statements (Continued)

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.

## **11. 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



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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 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, 2024, 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 0.15430%. The change in proportion since the prior measurement date was a decrease of 0.00616%.

For the year ended December 31, 2024, the Authority recognized a pension benefit in the amount of \$732,117 in the Statement of Activities, of which pension expense in the amount of \$2,144,706 (the Authority's 2024 contractually required pension contribution to the PERS)

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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, 2025 is \$2,120,950. 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, 2024 was \$2,144,706, which is 17.1% 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 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, 2024, the Authority's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
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	1,060,476	-
Total deferred outflows and inflows of resources	<u>\$ 1,616,612</u>	<u>\$ 9,106,600</u>

Deferred outflows of resources of \$1,060,476 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, 2025. 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 (2025)	\$ (4,791,067)
Year 2 (2026)	(1,258,809)
Year 3 (2027)	(1,896,341)
Year 4 (2028)	(588,918)
Year 5 (2029)	(15,329)
Total	<u>\$ (8,550,464)</u>

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***Actuarial methods and assumptions***

The collective total pension liability in the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. The key actuarial assumptions are summarized as follows:

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, 2024 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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<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
PERS	\$28,094,323	\$20,966,867	\$15,228,123

***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.

**(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

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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, 2024, the Authority had one active employee enrolled in the DCRP and made matching contributions totaling \$1,692. Employer matching contributions relating to 2023, 2022 and 2021 totaled \$1,700, \$3,198 and \$3,311 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 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

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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, 2024, the following employees were covered by the benefit terms:

Retired employees and/or beneficiaries currently receiving benefit payments	30
Active employees	126
Total	<u>156</u>

***Total OPEB liability***

The Authority's total OPEB liability of \$21,355,792 was measured as of January 1, 2024, and was based upon an actuarial valuation as of January 1, 2024. The Authority has fully recognized this liability in the Statement of Net Position as of December 31, 2024 in accordance with GASB Statement No. 75.

***Actuarial methods and assumptions***

The total OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Rate of inflation	2.50%
Annual salary increases	3.00%
Discount rate	3.88%
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.

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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 average of the published yields from the S&P Municipal Bond 20 Year High Grade and Fidelity GO AA-20 Year indexes.

The mortality tables used for this valuation is based on the Society of Actuaries Pub-2010 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 2025. The trend assumption will decrease by 0.25% per year from 2026 until an ultimate annual trend rate assumption of 4.5% in 2037.

The decrement assumptions (i.e., retirement, turnover and disability) and age-based costs for the Authority are based on those reflected in the New Jersey Public Employees Retirement System ("PERS") actuarial valuation report dated April 13, 2022.

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.

***Changes in total OPEB liability***

Service cost	\$ 534,317
Interest cost	752,927
Differences between actual and expected experience	(1,990,280)
Changes in assumptions	4,714,184
Benefit payments	<u>(267,303)</u>
Net change in total OPEB liability	3,743,845
Total OPEB liability – beginning of year	<u>17,611,947</u>
Total OPEB liability – end of year	<u><u>\$ 21,355,792</u></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:

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	<b>1% Decrease (2.88%)</b>	<b>Discount Rate (3.88%)</b>	<b>1% Increase (4.88%)</b>
Total OPEB liability	\$25,344,663	\$21,355,792	\$18,158,392

***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:

	<b>1% Decrease (6.5% decreasing to 3.5%)</b>	<b>Healthcare Cost Trend Rates (7.5% decreasing to 4.5%)</b>	<b>1% Increase (8.5% decreasing to 5.5%)</b>
Total OPEB liability	\$17,697,258	\$21,355,792	\$26,068,881

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

For the year ended December 31, 2024, the Authority recognized OPEB expense of \$89,245, of which \$279,250 (the amount of Authority contributions for retiree health insurance in 2024) 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 73,482	\$ 1,874,044
Changes in assumptions	7,796,946	15,169,681
Total deferred outflows and inflows of resources	<u>\$ 7,870,428</u>	<u>\$ 17,043,725</u>

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

Year 1 (2025)	\$ (1,209,946)
Year 2 (2026)	(1,209,946)
Year 3 (2027)	(1,209,946)
Year 4 (2028)	(1,209,946)
Year 5 (2029)	(1,209,946)
Year 6 (2030) and thereafter	<u>(3,123,567)</u>
Total	<u>\$ (9,173,297)</u>



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**12. Long-Term Liabilities**

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

	Beginning Balance (Adjusted)		Additions		Deductions		Ending Balance
Lease liabilities-school facilities project costs	\$ 292,762	\$	1,434	\$	(77,781)	\$	216,415
Other school facilities project costs	6,206,617		952,411		(1,267,555)		5,891,473
Net pension liability	23,242,844		-		(2,275,977)		20,966,867
Total other postemployment benefits liability	17,611,947		3,743,845		-		21,355,792
Lease liabilities-internal SDA operations	3,538,697		57,735		(816,669)		2,779,763
Arbitrage rebate	-		196,742		-		196,742
Compensated absences	1,860,983		5,489		(9,117)		1,857,355
Total long-term liabilities	\$ 52,753,850	\$	4,957,656	\$	(4,447,099)	\$	53,264,407

For further information, see Notes 11 and 13.

**13. Change in Accounting Policy**

The Authority adopted the provisions of GASB Statement No. 101, *Accounting for Compensated Absences*, for the year ended December 31, 2024. In addition to the value of unused leave time owed to employees upon separation from employment, the Authority now also recognizes as part of the compensated absences liability an estimated amount of unused leave earned as of year-end that will be used by employees as time off in future years. As a result of the implementation of GASB Statement No. 101 as of January 1, 2024, the Authority recorded a decrease of \$653,297 to the Beginning Net Position.

**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

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Notes to Financial Statements (Continued)

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. And, \$350 million is appropriated for school facilities projects, emergent needs, and capital maintenance in all other districts.

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 advanced of incurring allowable expenditures must be invested in the New Jersey Cash Management Fund. Interest earned on advances of grant funds is considered Program Income. Program Income 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 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.

**(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"), \$56.8 million has been allocated to the Authority to partially fund the new construction of the Union City Grade 7-9 Community School project. The CPF funds for the Union City Grade 7-9 Community School project were awarded by U.S. Treasury on June 14, 2023. When constructed, the Union City Grade 7-9 Community School will be a six-story, 130,000 square-foot community school designed to educate 936 students. A Design-Build construction contract valued at approximately \$75 million has been awarded to Dobco, Inc. Project costs in excess of the allocated CPF funds will be funded by State appropriations.

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

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Notes to Financial Statements (Continued)

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.

**(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 received \$50 million in appropriations during the year ended December 31, 2024. 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.

**15. Subsequent Event**

In February 2025, the Authority received an additional allocation of Federal CPF funds from the State for the construction of the Union City Grade 7-9 Community School project. The additional grant amount allocated for the construction of the project is \$6.8 million, inclusive of approximately \$0.6 million originally allocated to fund certain administrative costs related to the grant, but has since been reallocated to fund construction-related costs.

**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)

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

		2024		2023		2022		2021		2020
Authority's proportion of the net pension liability		0.15430%		0.16047%		0.19500%		0.21109%		0.26021%
Authority's proportionate share of the net pension liability	\$	20,966,867	\$	23,242,844	\$	29,428,895	\$	25,006,500	\$	42,434,159
Authority's covered payroll	\$	12,637,377	\$	12,717,576	\$	13,540,271	\$	15,303,041	\$	16,333,372
Authority's proportionate share of the net pension liability as a percentage of covered payroll		165.9%		182.8%		217.3%		163.4%		259.8%
Plan fiduciary net position as a percentage of the total pension liability		51.3%		48.4%		23.2%		51.5%		42.9%
		2019		2018		2017		2016		2015
Authority's proportion of the net pension liability		0.24445%		0.25282%		0.25811%		0.24459%		0.26024%
Authority's proportionate share of the net pension liability	\$	44,045,377	\$	49,778,974	\$	60,083,669	\$	72,439,355		58,417,776
Authority's covered payroll	\$	19,098,021	\$	17,849,263	\$	18,573,489	\$	18,574,888		18,072,739
Authority's proportionate share of the net pension liability as a percentage of covered payroll		230.6%		278.9%		323.5%		390.0%		323.2%
Plan fiduciary net position as a percentage of the total pension liability		42.0%		40.4%		36.8%		31.2%		38.2%

**Notes to Schedule:**

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

## 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
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%
2015	\$2,237,332	\$2,237,332	\$ -	\$18,078,345	12.4%

***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.
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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
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

New Jersey Schools Development Authority  
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Schedule of Authority's Contributions  
to the Public Employees' Retirement System (Continued)

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.

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

	2024	2023	2022	2021	2020
Service cost	\$ 534,317	\$ 969,613	\$ 756,811	\$ 562,188	\$ 409,654
Interest cost	752,927	513,336	602,754	793,450	813,459
Differences between actual and expected experience	(1,990,280)	-	(88,963)	-	-
Changes in assumptions	4,714,184	(7,941,012)	(5,929,408)	794,794	4,844,872
Benefit payments	(267,303)	(247,801)	(211,788)	(269,967)	(221,345)
Net change in total OPEB liability	3,743,845	(6,705,864)	(4,870,594)	1,880,465	5,846,640
Total OPEB liability – beg. of year	17,611,947	24,317,811	29,188,405	27,307,940	21,461,300
Total OPEB liability - end of year	\$ 21,355,792	\$ 17,611,947	\$ 24,317,811	\$ 29,188,405	\$ 27,307,940
Covered payroll	\$ 12,548,018	\$ 12,923,176	\$ 14,521,363	\$ 15,803,029	\$ 18,055,097
Total OPEB liability as a percentage of covered payroll	170.19%	136.28%	167.46%	184.70%	151.25%

	2019	2018	2017	2016
Service cost	\$ 449,157	\$ 1,606,120	\$ 1,634,702	\$ 1,578,355
Interest cost	762,995	1,004,490	927,740	849,309
Differences between actual and expected experience	-	146,961	-	-
Changes in assumptions	(3,257,030)	(3,947,479)	(1,476,238)	-
Benefit payments	(231,938)	(362,050)	(297,093)	(277,001)
Net change in total OPEB liability	(2,276,816)	(1,551,958)	789,111	2,150,663
Total OPEB liability – beg. of year	23,738,116	25,290,074	24,500,963	22,350,300
Total OPEB liability - end of year	\$ 21,461,300	\$ 23,738,116	\$ 25,290,074	\$ 24,500,963
Covered payroll	\$ 18,394,015	\$ 18,157,354	\$ 18,666,335	\$ 18,078,345
Total OPEB liability as a percentage of covered payroll	116.68%	130.74%	135.48%	135.53%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**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  
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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:

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%

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

**Independent Auditors' Report**

**Management and Members  
of the New Jersey Schools Development Authority  
Trenton, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the business-type activities and fiduciary funds of the New Jersey Schools Development Authority (the "Authority"), a component unit of the State of New Jersey, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 1, 2025.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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**Management and Members of  
New Jersey Schools Development Authority  
Trenton, New Jersey**

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**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*PKF O'Connor Davies, LLP*

Cranford, New Jersey  
August 1, 2025