

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD MEETING
WEDNESDAY, SEPTEMBER 6, 2023 AT 9:00 A.M.
32 E. FRONT STREET, TRENTON, NJ
JOSEPH A. MCNAMARA BOARD ROOM**

- 1. NOTICE OF PUBLIC MEETING/PLEDGE OF ALLEGIANCE**
- 2. ROLL CALL**
- 3. APPROVAL OF MEETING MINUTES**
 - a. Board Open Session Meeting Minutes of August 2, 2023
 - b. Board Executive Session Meeting Minutes of August 2, 2023
- 4. AUTHORITY MATTERS**
 - a. CEO Report
 - b. Chairman's Report
 - i. Appointment of an Additional Assistant Secretary to the Board
- 5. REPORT AND RECOMMENDATIONS OF THE AUDIT COMMITTEE (CHAIRMAN'S REPORT)**
 - a. 2022 Audited Financial Statements
 - b. 2022 Annual Report Pursuant to Executive Order No. 37 (2006)
- 6. MONTHLY REPORTS**
 - a. *For Informational Purposes*
 - i. Active Projects Report
 - ii. Project Status Reports
 - iii. Contracts Executed Report/Amendments & Change Orders Executed Report
 - iv. Contract Terminations Report (*no activity*)
 - v. Settlement Activities Report (*no activity*)
 - vi. Diversity and Workforce Participation Report
 - vii. Regular Operating District Grant Activity Report
 - viii. Notification of Amendments to Goods and Services Contracts Not Exceeding \$100,000 or 10% of the Contract Value (*no activity*)
 - ix. Communications Report (*no report*)
 - x. Monthly Financial Report
 - xi. Design Contract De-Obligations Report (*no activity*)
- 7. NO EXECUTIVE SESSION**
 - a. Litigation/Contract Matter(s) – OPMA Exemption N.J.S.A. 10:4-12b (7)
CCD Report (*no activity*)
- 8. ADJOURNMENT**

APPROVAL OF MEETING MINUTES

August 2, 2023 Open Session Minutes

**NEW JERSEY SCHOOLS DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS MEETING
WEDNESDAY, AUGUST 2, 2023**

A meeting of the Board of Directors of the New Jersey Schools Development Authority (SDA or the Authority) was held on Wednesday, August 2, 2023 at 9:00A.M. in the Joseph A. McNamara Board Room at the offices of the Authority at 32 East Front Street, Trenton, New Jersey.

Participating were:

Robert Nixon, Public Member, Chairman

Stephen Martorana (EDA)

Kevin Luckie (DCA)

David Moore (Treasury)

Bernard Piaia (DOE)

John Capo, Public Member

Daniel Gumble, Public Member

Michael Maloney, Public Member

Mario Vargas, Public Member

being a quorum of the Members of the Board. Mr. Gumble, Mr. Martorana, Mr. Moore, and Mr. Piaia participated in the meeting by teleconference.

At the Chairman's request, Manuel Da Silva, chief executive officer; Donald Guarriello, vice president and chief financial officer; Albert Barnes, chief counsel; Sean Murphy, managing director; and Jamie Henneke, governance coordinator of the SDA, participated in the meeting. Janice Venables of the Governor's Authorities Unit (GAU) also participated in the meeting.

Pledge of Allegiance

Led by the Chairman, the Members and all assembled stood and recited the Pledge of Allegiance.

The meeting was called to order by Mr. Nixon, who requested that Ms. Henneke read the requisite notice of the meeting. Ms. Henneke announced that the meeting notice had been sent to the *Trenton Times* and *Star-Ledger* at least 48 hours prior to the meeting, and was duly posted on the Secretary of State's bulletin board at 20 West State Street in Trenton, New Jersey and on the SDA Website. Ms. Henneke then conducted a roll call and indicated that a quorum of the Members of the Board was present.

Approval of Meeting Minutes

The Chairman then presented for consideration and approval the minutes of the Board's July 5, 2023 Open Session meeting. A copy of the meeting minutes and a resolution had been provided to the Members for review in advance of the meeting. Upon motion duly made by Mr. Maloney and seconded by Mr. Vargas, with Mr. Luckie abstaining the Open Session minutes of the July 5, 2023 SDA Board meeting were approved with the Members' majority vote in favor of the resolution attached hereto as ***Resolution 3a***.

Authority Matters

CEO's Report

Next, Mr. Nixon asked Mr. Da Silva for the report of the CEO. Mr. Da Silva provided an update on design-build projects in construction. He reported that for the Perth Amboy High School project, exterior masonry, roof and site work continues to advance. He noted that interior wall, ceiling grid, light installation, tile work and painting are all ongoing. He added that HVAC systems have started to condition the building. For the Union City New Grade 7-9 School project, earthwork and footing installation are ongoing.

Turning to design-bid-build projects in the construction stage, Mr. Da Silva said that for the Charles and Anna Booker Elementary School project, the temporary certificate of occupancy

was issued in late June and the school is ready for occupancy this September. He reported that the Millville High School addition/renovations, Keansburg Port Monmouth Road School and Orange High School projects are being occupied and close-out of the original scope of work has commenced. He said that for the Orange Cleveland Street Elementary School project, the general contractor continues to advance plumbing and site work.

Turning to non-project related matters, Mr. Da Silva said that last month, he along with program director David Magyar attended the Alliance for Action meeting to provide an update on SDA projects.

Lastly, Mr. Da Silva informed the Members that the SDA joined Plainfield public schools at a ribbon cutting ceremony for The Charles and Anna Booker Elementary School (Booker School) last month. He said that the school's name sakes Charles and Anna Booker were in attendance at the event, as well as Chairman Nixon and Vice Chairman Vargas. He noted that it was a well-attended event despite the rain and it was impressive to see Mr. and Mrs. Booker speak, at the age of 100 and 98 respectively, without using eye glasses.

Mr. Maloney asked if the Perth Amboy High School project is scheduled to open on time. Mr. Da Silva answered in the affirmative, noting that the school is targeted to open in 2024 and within budget.

Next, Mr. Nixon said that the Booker School ribbon cutting was a special day. He said the Bookers' attendance at the event allowed them to see what their leadership in the Plainfield School District meant and efforts pay off in such a big way. He added that he has never seen so many people in a community come to a SDA school event. He noted that it really was an amazing day and he was proud to be there. He said that it was wonderful to hear Superintendent Rashon Hasan and Principal Juan Pablo Jimenez point out the amazing work of the SDA staff

onsite. He added that the connection that the SDA staff made with the District really shows how appreciated the SDA is for their hard work.

Mr. Da Silva said that it was a real relationship between the SDA and the District. He said that it was nice to hear the Superintendent Rashon Hasan publicly acknowledge that it was program officer Karen Tiunfo's first project that she oversaw solo.

Mr. Vargas said that when Ms. Triunfo was acknowledged it was touching to hear and shows what an impact the SDA made.

Audit Committee

Mr. Nixon advised the Board that management presented the Committee with four matters requiring Board action and noted that two of the agenda items would be discussed in Executive Session. Mr. Nixon, as Audit Committee Chairman, reported that the Audit Committee met on July 17, 2023 at which time management provided the Committee with the June monthly financial report. He advised the Members that the Authority's operating expenses (Actual vs. Budget) for the year-to-date period totaled approximately \$7.3 million down \$1.7 million as compared to the budget for the corresponding period. He explained that this decrease is mainly attributable to lower employee salary and benefit costs, professional and other contracted services, and informational systems, partially offset by a lower than projected payroll expense allocation to project costs. He reported that SDA's current staff headcount is 128 through June 30, representing a decrease of 12 employees compared to year-to-date budgeted projections. Mr. Nixon then reported that school facilities project expenditures (Actual vs. Forecast) for the year-to-date period total approximately \$153.2 million which is approximately \$15.5 million lower as compared to the capital spending forecast for the corresponding period. He advised the Members that this variance is due to costs associated with construction work, grant activity, project insurance, design services, construction management services and lower

benefits expenses allocation to project costs. He reported that the decrease is partially offset by an increase in the Authority's acquisition of a school facility. Mr. Nixon said that project expenditures (Actual vs. Prior Year Actual), at \$153.2 million, are \$19.7 million lower when compared to the corresponding prior year period. He advised that this variance is the result of a decrease in expenditures for grant activity construction activity, and school furniture purchases, offset by costs associated with acquisition of a school facility.

Mr. Nixon said that, since program inception, 80.1% of the funds authorized for the SDA districts have been disbursed. Additionally, he noted that 96% of all SDA disbursements relate to school facilities projects, while 4% relate to operating expenses. He advised that the estimated value of active school facilities capital projects, along with emergent and regular operating district grant projects, is approximately \$1.2 billion.

Next, Mr. Nixon said that the first item for consideration is management's recommendation for approval of Legal Services Awards (Services, the Awards). Referencing a memorandum that was distributed to the Members in advance of the meeting, Mr. Nixon explained that, upon management's recommendation, the Audit Committee is advancing for approval task order awards to law firms with expertise in 6 areas. He listed those areas as: 1) environmental law; 2) government contracting, bid protests & procurement; 3) employment law; 4) professional errors & omissions & cost recovery; 5) construction litigation; and 6) real estate law. He noted that these services were similarly procured by the SDA on seven prior occasions beginning in 2008 to complement the legal support provided to the Authority through its Office of Chief Counsel and by the Division of Law and Public Safety. He said that the current services contracts will expire in December 2023. Mr. Nixon reported that the process followed for the procurement of all selected law firms was conducted in accordance with SDA regulations. He explained that any law firm selected to provide legal services to the SDA will be required to

submit a proposed budget for any task order assignment. He said that prior to execution, the contracts with the selected law firms and any related documentation will be reviewed and approved by the SDA Division of Chief Counsel. He advised that management and the Audit Committee is recommending that the Board approve contract awards to twelve firms to provide these services following a competitive procurement process. He said that attorney services will be performed for a blended hourly rate of \$240 and an hourly rate of \$110 for paralegals for the two-year term. He noted that no one firm can be compensated in excess of \$1,800,000 over the term of the engagement, regardless of whether it provides services in one or more of the specialty areas. He noted that the twelve firms are well known across New Jersey. Mr. Nixon requested the Members of the Authority approve the proposed award of contracts for Legal Services as proposed.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Luckie, the proposed two-year Contract Awards for Legal Services as presented were approved with the Board's unanimous vote in favor of ***Resolution 5a***.

Next, Mr. Nixon said that the second matter requiring Board action is management's proposed award for Internal Audit Consulting Services (Consulting Services, Contract). Referencing a memorandum that was distributed to the Members in advance of the meeting, he explained that the Consulting Services will supplement the work of the Authority's internal auditing function in performing operational audits and certain project audits required by statute. He advised that specific work assignments will be made by way of "task order" on an as needed basis established by the SDA director of Internal Audit with the oversight of the Vice President of Corporate Governance & Legal Affairs. He said that the contract will be managed by the director of Internal Audit in tandem with the Audit Committee. Mr. Nixon noted that the procurement

process for obtaining the Consulting Services was a competitive process advertised beginning on April 4, 2023. He added that the contract term is three-years with a not-to-exceed value of \$2 million. He explained that the three-year term includes an option by the SDA to extend the agreement for one addition year. Mr. Nixon said that the Members of the Authority are requested to approve the award of Auditing Consultant Services to Experis US LLC through its division, Jefferson Wells, (Jefferson Wells) for a three-year term including an option by the SDA to extend the agreement for one addition year. Mr. Nixon noted that Experis, while not the current vendor, had been awarded an internal consulting services contract in the past. He stressed the value of utilizing an outside auditing firm. Mr. Vargas asked for an explanation awarding the second highest ranked firm the contract. Mr. Murphy explained that, in accordance with the Request for Proposals (RFP), the three highest ranked firms participated in the interview process. He advised that after engaging with procurement in fee negotiations the highest ranked firm, Baker Tilly Virchow Krause, LLP (Baker Tilly), informed procurement staff that they would be unable to sign the standard SDA contract without modification. He explained that the RFP states that the awardee must accept the contract “as written without modification”. Mr. Murphy said that discussions were terminated with Baker Tilly and staff moved on to negotiate with the second highest-ranked firm, Jefferson Wells and determined that their fees were fair and reasonable. Mr. Nixon thanked Mr. Murphy for all his hard work.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Luckie the proposed three-year term contract award for Internal Auditing Consulting Services as presented was approved with the Board’s unanimous vote in favor of **Resolution 5b**.

In conclusion, Mr. Nixon advised that Approval of an Amendment to a Memorandum of Agreement Between the SDA and the New Jersey State Police for Investigative Services along

with a Review of CEO's responsibilities and compensation would take place in Executive Session.

School Review Committee

The Chairman asked Mr. Luckie to provide the report of the School Review Committee. Mr. Luckie said that the School Review Committee met on July 17, 2023 and advanced three items for Board consideration today. He advised that the Committee is recommending Board approval of an Amendment to Bridging Design Consultant Services Contracts (Contracts). He said that in November 2022, the Members approved the award of six Contracts with not-to-exceed (NTE) values of \$2,000,000 for their three-year term, which are scheduled to expire on December 1, 2025. He advised that the Contracts enable expedited assignment and award of Task Orders for bridging design consultant services on school facilities projects to be advanced under a design-build methodology. He added that pursuant to the Contracts as approved by the Board, no individual firm can receive more than \$2,000,000 of work during the three-year term. He reported that, at the time of Board approval in November 2022, management anticipated that the proposed \$2,000,000 fee cap would be sufficient to advance the anticipated two projects per firm. He explained that given the Authority's recent project experience, along with staff's anticipated procurement of six additional projects by year-end 2023 and the expectation that two additional projects will advance in the first or second quarter of 2024, management has determined that it is necessary to increase the \$2,000,000 fee cap. Mr. Luckie said that management recommends that the Members authorize an increase from \$2,000,000 to \$4,000,000, in the contracts' fee cap to ensure sufficient funding for at least two assignments per firm during the life of the engagement thus enabling timely advancement of the work.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Piaia and seconded by Mr. Vargas the Amendment to

the Bridging Design Consultant Services Contracts was approved with the Board's unanimous vote in favor of *Resolution 6a*.

Next, Mr. Luckie said management is seeking Board approval of a release of funds from the program reserve, a contract award and a final project charter for the Camden Veterans Family Memorial School (School) emergent project (Project). He advised that 2008 and 2011, the Board approved a total of \$197 million to fund emergent project work in SDA Districts and, in July 2020, provided an additional \$55.6 million to support the advancement of emergent projects by authorizing the reallocation of funds from the SDA's Unforeseen Events Reserve to the Emergent Projects Reserve. By way of background, he reported that built in 1939, the School is an approximately 72,000 square foot facility in the Camden Public School District (District) educating approximately 450 students in grades Pre-Kindergarten through eighth. He said that District submitted a potential emergent project for Department of Education (DOE) review to address existing conditions deficiencies at the School as fully described in the memorandum presented to the Board on this date and incorporated herein. He noted that following SDA's site visit to review the facility's existing conditions, DOE issued preliminary approval for a project to address the emergent conditions. He explained that, after engaging NK Architects (NK) through utilization of the design consultant services Task Order Contract, SDA authorized NK to perform pre-design phase services, inclusive of investigation and testing, in order to provide the SDA with recommendations for addressing the building envelope, deterioration of surrounding hardscape elements and deficiencies in existing site utilities at the School.

In continuing, Mr. Luckie informed the Members that on November 3, 2021, the SDA CEO approved the advancement of the design phase authorizing NK to complete design documents for the Project. He said that on December 19, 2022, NK submitted the construction documents to the Department of Community Affairs (DCA) for review and DCA release was

received on February 6, 2023. He added that with design work now complete, management recommends Board approval of an engagement for general construction services for the Project. He said that the construction package was advertised beginning on May 12, 2023, a non-mandatory pre-bid teleconference and mandatory site visit were held on May 31, 2023, and project rating proposals were received from bidders on or before June 5, 2023. He advised that price proposals were received on July 11, 2023 and the responsive low bidder was subsequently determined to be Seawolf Construction Corp. dba Imperial Construction & Electric (Imperial). He said that following review, management determined that Imperial has included all Project scope of work in its bid in the amount of \$3,811,000 (inclusive of SDA-established Allowances totaling \$625,000) and has confirmed that its price proposal is inclusive of all scope elements contained in the contract documents. He noted that management recommends that the contract be awarded to Imperial.

Next, Mr. Luckie explained that funding for the Project is available within the established reserves for emergent projects and approval of a release of funds from the reserves and the Project's final charter is required. He said that management therefore recommends that the Members approve the Project's final charter and the release of an additional \$4,865,625 from the Program Reserve for the Project resulting in a total project budget of \$6,588,900. He added that the construction award and the release of funds from the Program Reserve for the Project exceed \$500,000 and both require Board approval. He advised that the memorandum presented for Board review on this date and incorporated herein sets forth in detail the Project's scope of work, the Project budget and schedule, a discussion of the Project's final charter, and a description of the procurement process utilized by management to obtain the Services. He noted that prior to execution of the contract, the contract and related documentation will be reviewed and approved by the SDA Division of Chief Counsel.

A resolution pertaining to this matter was provided to the Board in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Piaia, the proposed release of funds from the program reserve, contract award and final charter for Camden Veterans Memorial School emergent project were approved with the Board's unanimous vote in favor of ***Resolution 6b.***

Finally, Mr. Luckie reported that the Committee is recommending Board approval of Change Order No. 61, revised final charter and the reestablishment of design-builders contract value for the Millville High School (High School) Addition and Renovations project (Project). He said that in May 2017, SDA issued a notice-to-proceed to Hall Construction Company, Inc. (Hall) for the design phase of the design-build Project at the School. He informed the Members that the Project includes additions and renovations to increase the High School's capacity by 860 new seats for 2,026 students in grades 9 through 12. He added that the Project will also increase the School's size from approximately 200,000 square feet to approximately 375,000 square feet. He advised that the matter before the Board today involves the need to replace and install new classroom unit ventilators at the High School as part of the overall Project. He said that, by way of background, in 2003, a state HVAC Health and Safety project was undertaken in the High School's A and B wings and, subsequent to that project, the District added cooling to the system. He explained that in 2019 the District reported recurring humidity issues in the existing A and B Wings to the Authority and management agreed to investigate these conditions and devise a solution to the problem. He reported that in 2021 Change Order No. 19 for the Project enabled the performance of an HVAC investigation which determined that the District-installed cooling system was deficient and beyond its life expectancy. He added that since the parts required to repair the system are no longer available, SDA's only recourse is to replace the existing individual classroom unit ventilators with new ones.

In continuing, Mr. Luckie reported that to this end, in 2022 SDA issued Change Order No. 54 which funded the preliminary and final design services required to address the issues; and to design the recommended solutions and replacement unit ventilators. He said that the Change Order before the Board today, Change Order No. 61, would provide the construction services to address the HVAC problems. He advised that SDA's review of the proposed \$4.3 million cost for the construction services is not complete. He said that management is recommending Board approval of Change Order No. 61 with a NTE value of \$5 million now so that the SDA can advance the work. He noted that proceeding this way would support the Project schedule and enable the Authority to procure long lead-time items. He said that management is also seeking Board approval to revise the Project's final charter to ensure that sufficient funds exist to support completion of the Project. He advised that the additional funding would provide increases to construction contingency and staff costs, including the funding provided by Change Order No. 61, and address future contingency needs based on the amount of work awaiting completion.

Next, Mr. Luckie said that management would be seeking Board approval of an adjustment to the contract value for purposes of ongoing application of Operating Authority requirements. He explained that the new baseline amount would include Change Order No. 61 and all approved change orders to date and total approximately \$129 million. He reported that in the event that any future change orders should individually exceed \$500,000.00, or singularly or in the aggregate exceed 10% of the reestablished contract amount, management will come back to the Board for approval.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Capo, Change Order No. 61, revised final charter and the reestablishment of design-builders contract value for the

Millville High School Addition and Renovations project was approved with the Board's unanimous vote in favor of **Resolution 6c**.

Mr. Nixon then asked for a motion to adjourn the Open Session of the meeting into Executive Session. He asked Ms. Henneke to announce the matters to be considered by the Board in Executive Session. Ms. Henneke advised that, at the request of the Board Secretary, the Board will adjourn into Executive Session to discuss three matters. She said that the first is an amendment to the Authority's Memorandum of Agreement with the New Jersey State Police for Investigative Services; the second is a request for Approval of the Acquisition of Real Property in New Brunswick, New Jersey; and the third is a review of CEO responsibilities and compensation. The Board will vote on these matters upon its return to Open Session.

Upon motion by Mr. Maloney and seconded by Mr. Luckie Board unanimously voted to approve **Resolution No. 9** and thereby adjourn the Open portion of the meeting into Executive Session.

Following the Board's return to Open Session, Mr. Vargas announced that in Executive Session the Board had discussed management's and the Real Estate Committee's recommendation for a Request for Real Property Acquisition in New Brunswick, New Jersey.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Luckie and seconded by Mr. Capo, the Board approved a Request for Real Property Acquisition in New Brunswick, New Jersey with the Board's unanimous vote in favor of **Resolution 7a**.

Next, Mr. Nixon announced that in Executive Session the Board had discussed management's and the Audit Committee's recommendation for the Amendment to the Memorandum of Agreement Between SDA and the New Jersey State Police for Investigative Services.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Luckie, the Board approved the proposed Amendment to the Memorandum of Agreement Between SDA and the New Jersey State Police for Investigative Services with the Board's unanimous vote in favor of ***Resolution 5c.***

Mr. Nixon then announced that in Executive Session the Board had also discussed management's and the Audit Committee's recommendation of Chief Executive Officer's responsibilities and compensation.

A resolution pertaining to this matter was provided to the Board for review in advance of the meeting. Upon motion duly made by Mr. Vargas and seconded by Mr. Piaia, the Board approved the Chief Executive Officer's compensation with the Board's unanimous vote in favor of ***Resolution 5d.***

Adjournment

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

Certification: The foregoing represents a true and complete summary of the actions taken by the Board of the New Jersey Schools Development Authority at its August 2, 2023 meeting.

/s/ Michael Maloney
Secretary

Resolution—3a./3b.

Approval of Minutes

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

WHEREAS, pursuant to Section 3(k) of P.L. 2007, Chapter 137, the minutes of the August 2, 2023 Board meeting of the New Jersey Schools Development Authority, for the Open and Executive Sessions were duly forwarded to the Office of the Governor following the meeting.

NOW, THEREFORE, BE IT RESOLVED, that the minutes of the New Jersey Schools Development Authority's August 2, 2023 Open and Executive Session meetings are hereby approved.

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

Dated: September 6, 2023

AUTHORITY MATTERS

CEO REPORT

CHAIRMAN'S REPORT

Appointment of an Additional Assistant Secretary to the Board



MEMORANDUM

TO: Members of the Authority
FROM: Robert Nixon, Chairman of the Board
DATE: September 6, 2023
RE: Appointment of an Additional Assistant Secretary to the Board

The New Jersey Schools Development Authority Act of 2007 established the New Jersey Schools Development Authority (the Authority) and revised the school construction program established under the Educational Facilities Construction and Financing Act, P.L. 2000, c. 72 (the EFCFA).

By-Laws for the Authority were adopted at its first organizational meeting held on August 15, 2007.

Pursuant to Section 4.7 of the By-Laws, as amended, the Board may, by resolution, appoint an Assistant Secretary, who need not be a member of the Authority, and delegate any and all of the duties and confer any and all of the powers of the Secretary to an Assistant Secretary. The Board also may, by resolution, assign responsibility for the corporate governance and compliance responsibilities of the Authority to the Assistant Secretary. The Authority may, by resolution, appoint additional Assistant Secretaries to serve in the event of the Assistant Secretary's absence or disability.

At its January 4, 2023 Organizational Meeting, the Board appointed an Assistant Secretary and delegated all of the duties and powers of the Secretary to said Assistant Secretary. Additionally, the Assistant Secretary is assigned responsibility for the corporate governance and compliance responsibilities of the Authority.

Section 4.7 of the By-Laws further provides that the Board may appoint additional Assistant Secretaries to serve in the event of the Assistant Secretary's absence or disability.

The previously appointed Assistant Secretary is absent from the Authority as a result of separation.

The best interests of the Authority are served through the appointment of an additional Assistant Secretary to serve since the current Assistant Secretary is absent.

Accordingly, recommendation is hereby made that the Board appoint Albert D. Barnes, Chief Counsel, to serve as an additional Assistant Secretary due to the Assistant Secretary's absence. It is recommended that during such service the additional Assistant Secretary be delegated any and all of the duties and be conferred any and all of the powers of the Secretary. It is further recommended that corporate governance and compliance responsibilities be vested in the Chief Executive Officer.

/s/ Robert Nixon
Robert Nixon, Chairman of the Board

Resolution 4bi.

**Resolution for the Appointment of
an Additional Assistant Secretary**

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

WHEREAS, By-Laws to govern the affairs and organization of the Authority were adopted by the Members of the Authority at its first organizational meeting held August 15, 2007; and

WHEREAS, Section 4.7 of the By-Laws, as amended, the Authority may, by resolution, appoint an Assistant Secretary, who need not be a member of the Authority, and delegate any and all of the duties and confer any and all of the powers of the Secretary to an Assistant Secretary; and

WHEREAS, Section 4.7 of the By-Laws further provides that the Authority may, by resolution, assign responsibility for the corporate governance and compliance responsibilities of the Authority to the Assistant Secretary; and

WHEREAS, at its January 4, 2023 Organizational Meeting, the Authority appointed an Assistant Secretary; and

WHEREAS, Section 4.7 of the By-Laws also anticipates that the Authority may appoint additional Assistant Secretaries to serve in the event of the Assistant Secretary’s absence or disability; and

WHEREAS, pursuant to Section 4.7 of the By-Laws, the Members of the Authority have determined to appoint SDA Chief Counsel Albert D. Barnes to serve as the Authority’s additional Assistant Secretary due to the Assistant Secretary’s absence.

NOW, THEREFORE, BE IT RESOLVED, that, effective immediately, Albert D. Barnes, Chief Counsel, is appointed to serve as an additional Assistant Secretary due to the Assistant Secretary’s absence. It is recommended that during such service the additional Assistant Secretary be delegated any and all of the duties and be conferred any and all of the powers of the Secretary. It is further recommended that corporate governance and compliance responsibilities shall be vested in the Chief Executive Officer. The additional Assistant Secretary shall serve in that office until the next organizational meeting of the Authority or until their respective successor is appointed as provided in the Authority’s By-Laws.

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

Attached: Appointment of an Additional Assistant Secretary to the Board, dated September 6,
2023

Date: September 6, 2023

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

2022 Audited Financial Statements



MEMORANDUM

TO: The Members of the Authority

FROM: Sherman E. Cole, MBA, CPA /s/
Controller

DATE: September 6, 2023

SUBJECT: 2022 Audited Financial Statements

Background

The 2022 financial statement audit was performed by Ernst & Young LLP (EY). EY performed their audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States in accordance with U.S. Generally Accepted Auditing Standards.

On August 18, 2023, following the completion of audit fieldwork, EY issued an unmodified or “clean” audit opinion (pages 1-3) on the 2022 financial statements. An unmodified opinion is the highest level of assurance an auditor can give in a financial statement audit. Separately, in accordance with *Government Auditing Standards*, EY issued a report on internal control over financial reporting and on compliance and other matters (pages 47-48). In this report, EY reported their audit did not identify any deficiencies in internal control they considered to be material weaknesses, and the results of their tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Audit Committee Review

On August 21, 2023, the Audit Committee was provided a draft of the 2022 audited financial statements, accompanied by a financial analysis, prepared by staff, of key amounts including sensitive accounting estimates, reserves and accruals, and judgmental areas. Additionally, EY presented their audit results and required communications in accordance with Statement of Auditing No. 114. At the conclusion of EY’s presentation, the Audit Committee agreed to advance the 2022 financial statements to the Members of the Authority for final approval.

Recommendation

The Members of the Authority are recommended to approve the attached 2022 audited financial statements as required by Executive Order 122 (2004), as amended by Executive Order 37 (2006). Following the Board’s approval and expiration of the mandatory gubernatorial veto period, a copy of the 2022 financial statements will be posted on the SDA web site and included in the Authority’s 2022 Annual Report.

Attachment

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, 2022

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, 2022

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Report of Independent Auditors

Management and Members of the Authority
New Jersey Schools Development Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the general fund of the New Jersey Schools Development Authority, a component unit of the State of New Jersey, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise 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 at December 31, 2022, and the respective changes in financial position for the year 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's 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.

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 of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Authority's proportionate share of the net pension liability, the schedule of the Authority's contributions to the Public Employees' Retirement System and the schedule of changes in the total postemployment benefits other than pensions (OPEB) liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 18, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

Ernst + Young LLP

August 18, 2023

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, 2022

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, 2022. This management discussion and analysis should be read in conjunction with the Authority's financial statements and accompanying notes.

2022 Financial Highlights

- At year end, the Authority's net position is \$273.5 million.
- At year end, cash and cash equivalents total \$402.8 million.
- For the year, revenues total \$81.4 million, consisting primarily of budget appropriations from the State (92.1%).
- For the year, expenses total \$291.1 million, \$283.7 million (97.5%) of which is for school facilities project costs.
- For the year, general fund expenditures exceed general fund revenues by \$212.2 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 \$273.5 million at year-end, primarily due to expenditures for school facilities projects (\$283.7 million) and administrative and general expenses (\$7.4 million) exceeding total revenues (\$81.4 million).

The following table summarizes the Authority's net position as of December 31, 2022 and 2021.

	\$ In thousands			
	2022	2021	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Current assets	\$ 402,959	\$ 621,321	\$ (218,362)	(35.1)%
Capital assets-net	3,280	1,556	1,724	110.8%
Total assets	<u>406,239</u>	<u>622,877</u>	<u>(216,638)</u>	<u>(34.8)%</u>
Deferred outflows of resources	<u>9,951</u>	<u>10,362</u>	<u>(411)</u>	<u>(4.0)%</u>
Total assets and deferred outflows of resources	<u>\$ 416,190</u>	<u>\$ 633,239</u>	<u>\$ (217,049)</u>	<u>(34.3)%</u>
Current liabilities	\$ 56,039	\$ 60,377	\$ (4,338)	(7.2)%
Non-current liabilities	61,418	58,040	3,378	5.8%
Total liabilities	<u>117,457</u>	<u>118,417</u>	<u>(960)</u>	<u>(0.8)%</u>
Deferred inflows of resources	<u>25,265</u>	<u>31,719</u>	<u>(6,454)</u>	<u>(20.3)%</u>
Net position:				
Net investment in capital assets	3,280	1,556	1,724	110.8%
Restricted for schools construction	270,188	481,547	(211,359)	(43.9)%
Total net position	<u>273,468</u>	<u>483,103</u>	<u>(209,635)</u>	<u>(43.4)%</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 416,190</u>	<u>\$ 633,239</u>	<u>\$ (217,049)</u>	<u>(34.3)%</u>

Note: All percentages are calculated using unrounded figures.

Significant Account Variances for Net Position

Current assets: The decrease is due to lower cash and cash equivalents as a result of spending in school facilities projects being considerably higher than the budget appropriations received during the year.

Capital assets-net: The increase is due primarily to the capitalization of leases as of January 1, 2022 as a result of the implementation of GASB 87.

Current liabilities: The decrease is due to lower accrued school facilities project costs offset by an increase in local share deposits received from school districts to fund ineligible project costs.

Deferred inflows of resources: The decrease is due mainly to lower deferred inflows of resources associated with pensions, primarily from the difference between the projected and actual earnings on pension plan investments.

The following table summarizes the change in net position for the years ended December 31, 2022 and 2021.

	\$ In thousands			
	2022	2021	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Revenues				
EFCFA funding received from State	\$ -	\$ 350,000	\$ (350,000)	(100.0)%
Appropriation from State	75,000	275,000	(200,000)	(72.7)%
Investment earnings	6,353	230	6,123	2,664.7%
Rental property income	14	12	2	17.3%
Other revenue	77	7	70	921.0%
Total revenues	<u>81,444</u>	<u>625,249</u>	<u>(543,805)</u>	<u>(87.0)%</u>
Expenses				
Administrative and general expenses	7,406	7,108	298	4.2%
School facilities project costs	283,673	267,533	16,140	6.0%
Total expenses	<u>291,079</u>	<u>274,641</u>	<u>16,438</u>	<u>6.0%</u>
Change in net position	<u>(209,635)</u>	<u>350,608</u>	<u>(560,243)</u>	<u>(159.8)%</u>
Beginning net position	<u>483,103</u>	<u>132,495</u>	<u>350,608</u>	<u>264.6%</u>
Ending net position	<u>\$ 273,468</u>	<u>\$ 483,103</u>	<u>\$ (209,635)</u>	<u>(43.4)%</u>

Note: All percentages are calculated using unrounded figures.

Significant Account Variances for the Change in Net Position

EFCFA funding received from State: The Authority did not receive any revenue from bond sales during the year as it had sufficient funds to meet its current obligations.

Appropriation from State: The Authority received a \$75 million budget appropriation from the State during the current year as compared to \$275 million in the prior year.

Investment earnings: The increase is due to significantly higher investment return rates during the year.

Other revenue: The increase is mainly due to the pension credit-special funding in the current year.

Administrative and general expenses: The increase is due primarily to higher depreciation expenses as a result of the deployment of PM Web, a new project management software.

School facilities project costs: The increase is due mainly to higher spending for Regular Operating District grants offset, by decreases in SDA-managed construction projects, school furniture and fixture expenses, construction management services, and project insurance.

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 EFCFA and are therefore eligible to be paid from EFCFA funding.

Through December 31, 2022, 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 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, the first annual distribution to the Authority will be in state fiscal year 2024 (July 1, 2023 to June 30, 2024) with annual distributions continuing 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.

To date, the Authority has disbursed 80.3% of the currently authorized program funding, as follows:

	<u>All Sources</u>	<u>Program Funding</u> ¹	<u>Disbursements</u>	<u>% Paid</u>
SDA Districts	\$ 10,750,000,000	\$ 10,881,798,363	\$ 8,567,516,744	78.7%
RODs Including Vo-Tech Schools	4,000,000,000	4,053,948,545	3,421,087,835	84.4%
Totals	<u>\$ 14,750,000,000</u>	<u>\$ 14,935,746,908</u>	<u>\$ 11,988,604,579</u>	80.3%

¹ Program funding includes the amounts authorized under the respective bonding caps in addition to approximately \$186 million of interest income and miscellaneous revenue earned through December 31, 2022.

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 2022, the SDA celebrated the completion of one capital plan school facilities project, in an SDA District providing 318 new student seats. The total State investment in this project was more than \$28 million.

As of December 31, 2022, the SDA has 6 active construction projects in the SDA Districts. In addition, pre-construction activity has commenced on several other projects. Furthermore, the Authority is currently in construction on 6 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, 2022, the School Construction Program has completed 706 projects in the SDA Districts. The completed projects consist of: 93 new schools, including 6 demonstration projects; 48 extensive addition, renovation and/or rehabilitation projects; 31 rehabilitation projects; 354 health and safety projects; and 180 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 8 new schools. Also, State funding was provided through Section 15 Grants for 5,215 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				
	2022	2021	2020	2019	2018
EFCFA funding received from State	\$ -	\$ 350,000	\$ -	\$ 350,000	\$ 350,000
Appropriation from State	75,000	275,000	-	-	-
Investment earnings, net	6,353	230	2,696	9,341	7,204
Administrative and general expenses	7,406	6,984	13,143	15,910	18,466
Capital expenditures	6	182	577	628	312
School facilities project costs	283,673	267,533	291,279	306,967	333,271
Employee count at end of year	127	152	174	183	222

Contacting the Authority's Financial Management

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

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

Statement of Net Position and General Fund Balance Sheet

December 31, 2022

	General Fund Total	Adjustments (Note 8)	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 402,831,389	\$ -	\$ 402,831,389
Receivables	739	-	739
Prepaid expenses	127,272	-	127,272
Capital assets-net	-	3,280,015	3,280,015
Total assets	402,959,400	3,280,015	406,239,415
Deferred Outflows of Resources			
Deferred amount for pensions	-	5,466,854	5,466,854
Deferred amount for other postemployment benefits	-	4,483,630	4,483,630
Total deferred outflows of resources	-	9,950,484	9,950,484
Total Assets and Deferred Outflows of Resources	\$ 402,959,400	\$ 13,230,499	\$ 416,189,899
Current Liabilities			
Accrued school facilities project costs	\$ 43,144,201	\$ 722,034	\$ 43,866,235
Other accrued liabilities	574,009	3,611,557	4,185,566
Escrow deposits	7,986,412	-	7,986,412
Total current liabilities	51,704,622	4,333,591	56,038,213
Non-Current Liabilities			
Accrued school facilities project costs	-	6,447,360	6,447,360
Net pension liability	-	29,428,895	29,428,895
Total postemployment benefits liability	-	24,317,811	24,317,811
Other accrued liabilities	-	1,224,189	1,224,189
Total non-current liabilities	-	61,418,255	61,418,255
Deferred Inflows of Resources			
Deferred amount for pensions	-	14,157,430	14,157,430
Deferred amount for other postemployment benefits	-	11,107,338	11,107,338
Total deferred inflows of resources	-	25,264,768	25,264,768
Fund Balance/Net Position			
Net investment in capital assets	-	3,280,015	3,280,015
Nonspendable:			
Prepaid expenses	127,272	(127,272)	-
Restricted for schools construction	351,127,506	(80,938,858)	270,188,648
Total fund balance/net position	351,254,778	(77,786,115)	273,468,663
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	\$ 402,959,400	\$ 13,230,499	\$ 416,189,899

See accompanying notes.

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

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

For the Year Ended December 31, 2022

	General Fund Total	Adjustments (Note 8)	Statement of Activities
Revenues			
School Construction Program:			
Appropriation from State	\$ 75,000,000	\$ -	\$ 75,000,000
General:			
Investment earnings	6,353,568	-	6,353,568
Rental property income	14,070	-	14,070
Other revenue	14,583	61,920	76,503
Total revenues	81,382,221	61,920	81,444,141
Expenditures/Expenses			
Administrative and general expenses	13,414,078	\$ (6,008,075)	7,406,003
Capital expenditures	6,169	(6,169)	-
School facilities project costs	280,122,842	3,550,280	283,673,122
Total expenditures/expenses	293,543,089	(2,463,964)	291,079,125
Deficiency of revenues over expenditures/Change in net position	(212,160,868)	2,525,884	(209,634,984)
Fund Balance/Net Position			
Beginning of year, January 1, 2022	563,415,646	(80,311,999)	483,103,647
End of year, December 31, 2022	\$ 351,254,778	\$ (77,786,115)	\$ 273,468,663

See accompanying notes.

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

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

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 and 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, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

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

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

Notes to Financial Statements (Continued)

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

Rental property income is received by the Authority under various lease occupancy agreements. Additionally, properties acquired for the construction of school facilities projects may generate rental revenue prior to the relocation of the occupants. Rental property income is generally recognized when received.

(d) 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 2022 is 42.54%

For the year ended December 31, 2022, employee salary and benefit costs are allocated as follows:

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

Notes to Financial Statements (Continued)

Employee salary and fringe benefits costs:	
Charged to administrative and general expenses	\$ 2,528,691
Charged to school facilities project costs	<u>9,466,189</u>
Total employee salary and benefits costs	<u>\$ 11,994,880</u>

(e) 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.

Rebate arbitrage calculations have been performed for all series of School Facilities Construction Bonds up through 2021 Series QQQ, including Bond Series GGG taxable bonds, which were converted to tax-exempt bonds. As of December 31, 2022, no rebate arbitrage liabilities exist.

(f) 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.

(g) 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.

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(h) 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: \$5,000 for office furniture and equipment; \$30,000 for automobiles; \$100,000 for computer software; \$5,000 for right-to-use assets; and \$50,000 for leasehold improvements for individual items meeting all other capitalization criterion. 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

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.

(i) 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.

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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.

The Authority does not have any leases as a lessor.

(j) Taxes

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

(k) 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.

(l) 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.

(m) New Accounting Standards Adopted

GASB Statement No. 87, *Leases* was issued in June 2017. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to

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Notes to Financial Statements (Continued)

recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this statement, as amended by GASB 95, is effective for reporting periods beginning after June 30, 2021. The Authority has adopted GASB 87 as of January 1, 2022. See note 7 for the impact of adopting this statement on the Authority's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*, was issued in May 2019. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The statement, as amended by GASB 95, is effective for reporting periods beginning after December 15, 2021. The Authority's adoption of this statement on January 1, 2022 did not have an impact on the financial statements.

GASB Statement No. 92, *Omnibus 2020*, was issued in January 2020. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit ("OPEB") plan.
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations ("AROs") in a government acquisition.

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- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements related to all other items, as amended by GASB 95, are effective for fiscal years beginning after June 15, 2021. The Authority's adoption of this statement on January 1, 2022 did not have an impact on the financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, was issued in March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate ("IBOR")—most notably, the London Interbank Offered Rate ("LIBOR"). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ended after December 31, 2021. Amendments to modify the provisions of lease contracts are effective for reporting periods beginning after June 15, 2021. All other requirements of this statement, as amended by GASB 95, are effective for reporting periods beginning after June 15, 2020. The Authority's adoption of this statement on January 1, 2022 did not have an impact on the financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, was issued in June 2020. The primary objective of GASB 97 is to require that Internal Revenue Code ("IRC") Section 457 deferred compensation plans ("Section 457 plans") be classified as either a pension plan or another employee benefit plan, depending on whether the plan meets the definition of a pension plan. It also clarifies that GASB 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of GASB 97 are effective for either fiscal years or reporting periods beginning after June 15, 2021. Earlier application is encouraged. The Authority's adoption of this statement on January 1, 2022 did not have an impact on the financial statements.

(n) Accounting Standards Issued But Not Yet Adopted

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued in March 2020. The primary objective of this statement

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is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (“PPPs”). As used in this statement, a PPP is an arrangement in which a government (the “transferor”) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (“SCA”), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This statement also provides guidance for accounting and financial reporting for availability payment arrangements (“APAs”). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, 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. 96, *Subscription-Based Information Technology Arrangements*, was issued in May 2020. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (“SBITAs”) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, 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. 99, *Omnibus 2022*, was issued on April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

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- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*
- Terminology used in Statement 53 to refer to resource flows Statements. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

GASB Statement No. 101, *Compensated Absences*, was issued on June 2022. This Statement requires that liabilities for compensated absences be recognized for (1) leave

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that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. The Authority is in the process of evaluating the impact of its adoption on the financial statements.

3. Deposits and Investments

(a) Cash Flows

Cash and cash equivalents decreased during the year by \$218.4 million to \$402.8 million, as follows:

Cash and cash equivalents, beginning of year	\$ 621,160,163
Changes in cash:	
Appropriation from State	75,000,000
Investment and interest income	6,353,568
Miscellaneous revenue	28,653
School facilities project costs	(287,363,759)
Administrative and general expenses	(13,704,110)
Capital expenditures	(6,169)
Escrow deposits	1,363,043
Cash and cash equivalents, end of year	<u>\$ 402,831,389</u>

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Notes to Financial Statements (Continued)

(b) 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, 2022, the carrying amount of operating cash is \$1,748,702 and the bank balance is \$1,893,974. Deposits of up to \$250,000 at each commercial banking institution are insured with Federal Deposit Insurance.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, 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, 2022, 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 policy for custodial credit risk.

(c) Investments

In order to maximize liquidity, the Authority utilizes the 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, 2022, the Authority’s investments in the NJCMF total \$401,082,687. Of this amount, \$7,986,412 relates to district local share funding requirements (see Note 5).

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. 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.

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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.

4. Prepaid Expenses

As of December 31, 2022, the Authority's prepaid expenses are as follows:

Service contracts	\$ 69,143
Other	58,129
Total prepaid expenses	<u>\$ 127,272</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, 2022, deposits held in SDA bank accounts, inclusive of interest earned but not yet refunded to the district, are as follows:

Harrison	\$ 27,276
Keansburg	9,738
Millville	723,041
Newark	486,842
Orange	63,091
Passaic City	486,087
Pemberton	66,282
Perth Amboy	5,180,067
Plainfield	110,523
Union City	833,465
Total escrow deposits	<u>\$ 7,986,412</u>

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6. Capital Assets

Capital asset activity for the year ended December 31, 2022 is as follows:

	(as Restated)			
	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable Capital assets:				
Leasehold improvements	\$ 134,149	\$ -	\$ -	\$ 134,149
Office furniture and Equipment	3,764,034	6,169	-	3,770,203
Computer software	2,033,521	-	-	2,033,521
Automobiles	302,804	-	(78,409)	224,395
Right-to-use assets	4,098,943	33,464		4,132,407
Capital assets-gross	10,333,451	39,633	(78,409)	10,294,675
Less: Accumulated depreciation/amortization	(4,678,208)	(2,414,861)	78,409	(7,014,660)
Capital assets-net	<u>\$ 5,655,243</u>	<u>\$ (2,375,228)</u>	<u>\$ -</u>	<u>\$ 3,280,015</u>

Depreciation/amortization expense for the year ended December 31, 2022 was charged to activities and programs of government, as follows:

Administrative and general expenses	\$ 1,683,157
School facilities project costs	<u>731,704</u>
Total depreciation/amortization expense	<u><u>\$ 2,414,861</u></u>

7. Leases

The Authority recognized lease assets of \$2,262,367 (net of accumulated amortization of \$1,870,040) in the Statement of Net Position as of December 31, 2022, with corresponding lease liabilities of \$2,307,724. Lease liabilities related to school facilities projects are included in the statement of net position in accrued school facilities project costs (current \$720,499; and non-current \$409,688), and lease liabilities unrelated to projects are included in other accrued liabilities (current \$1,150,812; and non-current \$26,725).

Additionally, the Authority recognized lease expense of \$1,921,171 in the statement of activities for the year ended December 31, 2022, consisting of lease amortization expense of \$1,870,040, and lease interest expense of \$51,131. Lease expense related to school facilities projects is included in the statement of activities in school facilities project costs in the amount of \$755,432, and lease expense unrelated to projects is included in administrative and general expenses in the amount of \$1,165,739. Cash lease payments for the year totaling \$1,872,637 are recognized in the general fund revenues, expenditures and changes in fund balance.

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Except for one equipment lease, the Authority's current lease liabilities and lease assets were recognized and measured using the facts and circumstances that existed at the beginning of the period of implementation, without restatement of prior periods. The above-mentioned equipment lease did not commence until September 1, 2022 and was measured as of that date.

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, 2022, are as follows:

Years	Principal	Interest	Total
2023	\$ 1,871,311	\$ 24,090	\$ 1,895,401
2024	421,978	2,831	424,809
2025	8,567	344	8,911
2026	5,868	72	5,940
Totals	\$ 2,307,724	\$ 27,337	\$ 2,335,061

As of December 31, 2022, the Authority's does not have any lease obligations extending beyond the year 2026.

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 (\$351,254,778) differs from the "net position" reported on the statement of net position (\$273,468,663). 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, 2022 is as follows:

Fund balances	\$ 351,254,778
Capital assets, net of accumulated depreciation of \$ (7,014,660)	3,280,015
Deferred outflows of resources for pensions and other postemployment benefits	9,950,484
Net pension liability	(29,428,895)
Total other postemployment benefits liability	(24,317,811)
Accrued compensated absences	(1,197,465)
Accrued pension payable	(2,459,103)
Lease liabilities-internal SDA operations	(1,179,178)
Lease liabilities-school facilities projects	(1,131,723)
Other school facilities project costs	(6,037,671)
Deferred inflows of resources for pensions and other postemployment benefits	<u>(25,264,768)</u>
Net position	<u>\$ 273,468,663</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, 2021 is as follows:

Deficiency of Revenues Over Expenditures	\$ (212,160,868)
Pension (expense)/credit (GASB 68)	6,853,705
Pension (expense)/credit-special funding situation	61,920
Other postemployment benefits expense (GASB 75)	(412,114)
Compensated absences (expense)/credit	129,013
Lease (expense)/credit-internal SDA operations	(17,708)
Lease (expense)/credit-school facilities projects	(30,827)
Other school facilities project (costs)/credits	(3,519,453)
Capital expenditures	6,169
Depreciation expense	<u>(544,821)</u>
Changes in net position	<u>\$ (209,634,984)</u>

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Notes to Financial Statements (Continued)

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 \$2,436,159 as of December 31, 2022. 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. The following table summarizes the Authority’s expected cash outlays (estimated costs) and payments related to numerous SDA-owned properties associated with school facilities projects in various stages of pre-development and construction.

	Estimated Cost	Payments to Date	PRO at 12-31-2022
Pre-cleanup activities	\$ 1,089,185	\$ 935,502	\$ 153,683
Site remediation work	5,980,325	3,825,678	2,154,647
Post-remediation monitoring	166,675	38,846	127,829
Asbestos and lead based paint removal	4,245,258	4,245,258	-
Liability for pollution remediation Obligations	<u>\$ 11,481,443</u>	<u>\$ 9,045,284</u>	<u>\$ 2,436,159</u>

The following table summarizes the changes in the Authority’s PRO liability during the year ended December 31, 2022:

PRO at 12-31-2021	Increase in Expected Cash Outlays	PRO Payments	PRO at 12-31-2022
\$2,125,587	\$499,778	\$(189,206)	\$2,436,159

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Notes to Financial Statements (Continued)

10. Commitments and Contingencies

(a) Contractual Commitments

As of December 31, 2022, the Authority has approximately \$353 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, 2022, the Authority's potential loss from all claims has been estimated at approximately \$3.6 million, which represents an increase of \$3.2 million from the prior year end accrual. Accordingly, as of December 31, 2022, an accrued liability of \$3.6 million is reflected in the statement of net position as a component of accrued school facilities project costs and, for the year then ended, \$3.2 million is charged to school facilities project costs on the statement of activities.

(c) Insurance

The Authority maintains commercial insurance coverage for, among other things, workers' compensation, tort liability (including public liability and automobile) and property damage. Additionally, in support of its construction operations the Authority has implemented an Owner Controlled Insurance Program ("OCIP") and has also purchased Builders Risk and Owner's Protective Professional Indemnity Insurance ("OPPI"), all of which are discussed below. As of December 31, 2022, management is not aware of any insurable claim that is expected to exceed its commercial insurance coverage.

The Authority has implemented an OCIP that "wraps up" multiple types of insurance coverage into one program. The Authority initially implemented a three-year OCIP, effective December 31, 2003 ("OCIP I"), to provide workers' compensation, commercial general liability and umbrella/excess liability insurance for all eligible contractors performing labor on school facilities projects. OCIP I was subsequently extended to March 31, 2009. Policy limits for OCIP I vary depending upon, among other things, the type of insurance coverage; a \$300 million umbrella/excess liability program provides additional protection against potentially catastrophic losses resulting from workers' compensation and commercial general liability claims. Losses are subject to a \$250,000 per claim deductible. Although OCIP I is no longer enrolling new projects into the program since its expiration, completed operations coverage continues for 10 years for claims that arise after the completion of construction.

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Notes to Financial Statements (Continued)

In 2009, the Authority approved the purchase of a succeeding five-year OCIP (“OCIP II”) program to coincide with the expiration of the OCIP I enrollment period for new projects. OCIP II, as originally purchased, provided coverage for projects commencing construction between March 31, 2009 and March 31, 2012. The OCIP II enrollment period was extended to March 31, 2014 at no additional cost to the Authority. The extension also provided an additional two years for the completion of enrolled projects. Subsequently, the Authority authorized the purchase of a new three-year OCIP (“OCIP III”) with an effective date of March 1, 2015 and an OCIP IV with an effective date of March 1, 2018. Similar to OCIP I, policy limits for OCIP II, III and IV vary depending upon, among other things, the type of insurance coverage; a \$200 million umbrella/excess liability program provides additional protection against potentially catastrophic losses resulting from workers’ compensation and commercial general liability claims. Losses are subject to either a \$250,000 per claim deductible or a \$350,000 “clash” deductible in the event that both a workers’ compensation and general liability claim occur from the same incident. Additionally, OCIPs II, III and IV each provide 10 years of completed operations coverage for claims that arise after the completion of construction. Premiums for each OCIP are adjustable based upon actual construction values for enrolled contractors (not all trades are eligible for enrollment) on insured projects.

In connection with OCIP I, the Authority executed a Funded Multi-Line Deductible Program Agreement which, among other things, required the Authority to fund a Deductible Reimbursement Fund (“DRF”) to collateralize the Authority’s estimated deductible obligations under certain OCIP I policies. The DRF, which was established at \$37 million, consists of cash payments by the Authority totaling \$34.9 million, and a one-time credit of \$2.1 million received at inception for estimated interest. The cash portion of the DRF was funded by the Authority in installments during the period from December 2003 through December 2006 and expensed as paid as school facilities project costs on the statement of activities and general fund revenues, expenditures and changes in fund balance.

Concurrent with the Authority’s purchase of OCIP II, the insurer agreed to transfer a portion of the remaining available funds from the Authority’s DRF to a new Loss Reimbursement Fund (“LRF”). The LRF for OCIP II was initially established at approximately \$18.9 million to partially fund a maximum deductible obligation of \$26 million. At that time, approximately \$9.9 million remained in the LRF for OCIP I. In connection with the OCIP II extension, discussed above, the maximum deductible obligation was reduced to \$16 million. In 2015, concurrent with the purchase of OCIP III with a new insurer, the Authority was required to fund a new LRF in the amount of approximately \$4.5 million to partially fund a maximum deductible obligation of \$12.4 million. Likewise, the purchase of OCIP IV with a new insurer required the Authority to partially fund a new LRF in the amount of \$4.5 million with a maximum obligation of \$10.9 million. All monies deposited in the respective LRFs are available to pay claim costs arising from construction projects enrolled in a specific OCIP.

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As of December 31, 2022, the Authority has open reserves for general liability and workers' compensation claims totaling approximately \$64,415, \$31,874, \$231,420 and \$790,587, under OCIPs I, II III and IV, respectively. All monies deposited in the LRF and not used to pay claims will be refunded to the Authority along with accrued interest, as applicable. Under the terms of the contract, the Authority has no claim or interest in the LRF until six (6) months after the expiration of the program. Since their respective enrollment periods have expired, the DRF for OCIP I and the LRF for OCIPs II and III are reviewed annually and the deductible obligation re-determined; if the respective deductible fund is determined to be overfunded based on the annual re-determination, the Authority is entitled to a refund of the difference.

Since the inception of OCIP I, the Authority has purchased and maintained Builders Risk property insurance that protects the Authority from unexpected losses due to fire, vandalism, lightning, wind and similar forces during construction of a school facilities project. The current insurance policy expiration date is July 15, 2023, however, coverage will continue on active insured projects, until each project's construction substantial completion date. Builders Risk insurance provides a limit of \$250 million for any one project.

In October 2009, the Authority purchased a 5-year, \$25 million limit of liability OPPI policy designed to provide additional protection in excess of the professional liability insurance maintained by the Authority's contracted design professionals. The policy is subject to a \$500,000 self-insured retention and provides coverage for construction projects. The policy also provides an Extended Reporting Period ("ERP") of up to 10 years to report claims, commencing on the earlier of project substantial completion or the policy expiration date of October 1, 2014.

In December 2014, the Authority approved the purchase of a new 5-year OPPI policy, including excess Contractors Pollution Liability ("CPL"), for SDA construction projects commencing construction on or after December 31, 2014 and prior to December 31, 2019. The policy provides a \$25 million limit of liability subject to a \$500,000 self-insured retention for OPPI, and a \$500,000 self-insured retention for CPL. Additionally, the policy provides an ERP of up to 8 years to report claims, commencing on the earlier of project substantial completion or the policy expiration date of December 31, 2019. This policy was extended to expire June 30, 2025 to allow for all projects in the Authority's current portfolio to reach substantial completion.

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

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Notes to Financial Statements (Continued)

System of New Jersey (“PERS” or “Plan”), a cost-sharing, and 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 as of July 1, 2020, employees are required to contribute 7.50% of their annual 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 Prudential Financial on behalf of the State.

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

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

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Notes to Financial Statements (Continued)

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

In accordance with GASB 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, 2022, the Authority reported a liability of \$29.4 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The actuarial valuation was rolled forward to June 30, 2022 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, 2022, the Authority’s proportionate share was estimated to be 0.19500%. The change in proportion since the prior measurement date was a decrease of 0.01608%.

For the year ended December 31, 2022, the Authority recognized pension income in the amount of \$4,381,623 in the Statement of Activities, of which pension expense in the amount of \$2,472,082 (the Authority’s 2022 contractually required pension contribution to the PERS) was recorded in the General Fund Revenues, Expenditures and Changes in Fund Balance. The amount of the Authority’s pension contribution due on April 1, 2023 is \$2,459,103. 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, 2022 was \$2,472,082, which is 17.0% 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, 2022, the Authority’s reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Notes to Financial Statements (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 1,218,035	\$ -
Differences between expected and actual experience	212,404	187,310
Changes in assumptions or other inputs	91,180	4,406,671
Changes in proportion	1,486,132	9,563,449
Contributions subsequent to the measurement date	2,459,103	-
Total deferred outflows and inflows of resources	\$ 5,466,854	\$ 14,157,430

Deferred outflows of resources of \$2,459,103 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, 2023. 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 (2023)	\$ (5,385,492)
Year 2 (2024)	(3,419,545)
Year 3 (2025)	(2,923,875)
Year 4 (2026)	608,383
Year 5 (2027)	(29,150)
Total	\$ (11,149,679)

Actuarial methods and assumptions

The collective total pension liability in the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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 SOA's Scale MP-2021 mortality improvement scale.

Discount rate

The discount rate used to measure the total pension liability as of June 30, 2022 was 7.00%. The projection of cash flows used to determine the discount rate assumes that contributions

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Notes to Financial Statements (Continued)

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equity	27.00%	8.12%
Non-U.S. developed market equity	13.50%	8.38%
Emerging market equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real assets	3.00%	7.60%
Real estate	8.00%	11.19%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

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:

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Notes to Financial Statements (Continued)

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
PERS	\$38,127,700	\$29,428,895	\$22,487,200

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

For the year ended December 31, 2022, the Authority had three active employees enrolled in the DCRP and made matching contributions totaling \$3,198. Employer matching contributions relating to 2021, 2020 and 2019 totaled \$3,311, \$3,876, and \$3,896, respectively.

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Notes to Financial Statements (Continued)

(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 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 since it is not authorized to pre-fund an OPEB trust from the proceeds of tax-exempt bonds (nor from the income earned on the investment of those proceeds) from which it presently derives essentially all of its revenue. Therefore, no plan assets exist in a trust that meets the specified criteria in paragraph 4 of GASB 75.

Retirees and employees covered by OPEB Plan

As of December 31, 2022, the following employees were covered by the benefit terms:

Retired employees and/or beneficiaries currently receiving benefit payments	30
Active employees	127
Total	<u>157</u>

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Notes to Financial Statements (Continued)

Total OPEB liability

The Authority's total OPEB liability of \$24,317,811 was measured as of January 1, 2022, and was based upon an actuarial valuation as of January 1, 2022. The Authority has fully recognized this liability in the statement of net position as of December 31, 2022 in accordance with GASB 75.

Actuarial methods and assumptions

The total OPEB liability in the January 1, 2022 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	2.75%
Annual salary increases	3.00%
Discount rate	2.04%
Retirees' share of benefit related premium costs	None for retirees with at least 20 years of service credit as of June 30, 2010. All other retirees to contribute based on the applicable percentage of premium as determined by the annual retirement allowance. A minimum contribution of 1.5% of the retirement allowance is required.

The entry age normal - level percent-of-pay actuarial cost method was used. No investment return was assumed in the current valuation since there are no OPEB plan assets. The discount rate was based on the 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 2023. The trend assumption will decrease by 0.5% per year until 2025 and by 0.25% per year from 2026 until an ultimate annual trend rate assumption of 4.5% in 2033 and later.

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*

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Notes to Financial Statements (Continued)

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	\$	756,811
Interest cost		602,754
Difference between actual and expected experience		(88,963)
Changes in assumptions		(5,929,408)
Benefit payments		(211,788)
Net change in total OPEB liability		(4,870,594)
Total OPEB liability – beginning of year		29,188,405
Total OPEB liability – end of year		\$ 24,317,811

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

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

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

	1% Decrease (1.04%)	Discount Rate (2.04%)	1% Increase (3.04%)
Total OPEB liability	\$29,664,279	\$24,317,811	\$20,131,926

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

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

	1% Decrease (6.5% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.5% decreasing to 4.5%)	1% Increase (8.5% decreasing to 5.5%)
Total OPEB liability	\$19,437,447	\$24,317,811	\$30,846,089

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Notes to Financial Statements (Continued)

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

For the year ended December 31, 2022, the Authority recognized OPEB expense of \$659,915, of which \$247,801 (the amount of Authority contributions for retiree health insurance in 2022) was recorded in the General Fund Revenues, Expenditures and Changes in Fund Balance. The accumulated amount of deferred outflows of resources and deferred inflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Experience	\$ 94,476	\$ 80,875
Changes in assumptions	4,389,154	11,026,463
Total deferred outflows and inflows of resources	\$ 4,483,630	\$ 11,107,338

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

Year 1 (2023)	\$ (735,662)
Year 2 (2024)	(735,662)
Year 3 (2025)	(735,662)
Year 4 (2026)	(735,662)
Year 5 (2027)	(735,662)
Year 6 (2028) and thereafter	(2,945,398)
Total	\$ (6,623,708)

12. Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the Authority has recorded a liability in the amount of \$1,197,465 as of December 31, 2022 in the statement of net position. The liability is the value of employee accrued vacation time as of the statement of net position date and vested sick leave benefits that are probable of payment to employees upon retirement. The vested sick leave benefit to future retirees for unused accumulated sick leave is calculated at the lesser of ½ the value of earned time or \$15,000. The payment of sick leave benefits, prior to retirement, is dependent on the occurrence of sickness as defined by the Authority’s policy; therefore, such unvested benefits are not accrued.

13. Long-Term Liabilities

During the year, the following changes in long-term liabilities are reflected in the statement of net position:

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Notes to Financial Statements (Continued)

	(as Restated) Beginning Balance	Additions	Deductions	Ending Balance
Lease liabilities-school facilities project costs	\$ 1,130,188	\$ -	\$ (720,499)	409,689
Other school facilities project costs	2,518,217	3,519,454	-	6,037,671
Net pension liability	25,006,500	4,422,395	-	29,428,895
Total other postemployment benefits liability	29,188,405	-	(4,870,594)	24,317,811
Lease liabilities-internal SDA operations	1,146,781	25,433	(1,145,490)	26,724
Compensated absences	1,326,478	-	(129,013)	1,197,465
Total long-term liabilities	\$ 60,316,569	\$ 7,967,282	\$ (6,865,596)	\$ 61,418,255

For further information, see Notes 11 and 12.

14. Net Position

The Authority's net position is categorized as either invested in capital assets or restricted for schools construction. As of December 31, 2022, the Authority's net position is \$273.5 million. Net investment in capital assets includes leasehold improvements, automobiles, furniture and fixtures, equipment and computer software used in the Authority's operations, net of accumulated depreciation.

The changes in net position during 2021 and 2022 are as follows:

	Net Investment in Capital Assets	Restricted for Schools Construction	Totals
Net position, January 1, 2021	\$ 1,497,713	\$ 130,997,629	\$ 132,495,342
Loss before receipt of EFCFA funding and transfers	(123,562)	(6,735,068)	(6,858,630)
Capital expenditures	182,149	(182,149)	-
EFCFA funding received from State	-	350,000,000	350,000,000
Appropriation from State	-	275,000,000	275,000,000
School facilities project costs	-	(267,533,065)	(267,533,065)
Net position, December 31, 2021	1,556,300	481,547,347	483,103,647
Loss before receipt of EFCFA funding and transfers	(544,821)	(417,041)	(961,862)
Capital expenditures	6,169	(6,169)	-
Right-to-use assets	2,262,367	(2,262,367)	-
Appropriation from State	-	75,000,000	75,000,000
School facilities project costs	-	(283,673,122)	(283,673,122)
Net position, December 31, 2022	\$ 3,280,015	\$ 270,188,648	\$ 273,468,663

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

REQUIRED SUPPLEMENTARY INFORMATION

New Jersey Schools Development Authority
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Schedule of Authority's Proportionate
Share of the Net Pension Liability

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Authority's proportion of the net pension liability	0.19500%	0.21109%	0.26021%	0.24445%
Authority's proportionate share of the net pension liability	\$ 29,428,895	\$ 25,006,500	\$ 42,434,159	\$ 44,045,377
Authority's covered payroll	\$ 13,540,271	\$ 15,303,041	\$ 16,333,372	\$ 19,098,021
Authority's proportionate share of the net pension liability as a percentage of covered payroll	217.3%	163.4%	259.8%	230.6%
Plan fiduciary net position as a percentage of the total pension liability	23.2%	51.5%	42.9%	42.0%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Authority's proportion of the net pension liability	0.25282%	0.25811%	0.24459%	0.26024%
Authority's proportionate share of the net pension liability	\$ 49,778,974	\$ 60,083,669	\$ 72,439,355	\$ 58,417,776
Authority's covered payroll	\$ 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	278.9%	323.5%	390.0%	323.2%
Plan fiduciary net position as a percentage of the total pension liability	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.

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

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

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.

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Service cost	\$ 756,811	\$ 562,188	\$ 409,654	\$ 449,157
Interest cost	602,754	793,450	813,459	762,995
Differences between actual and expected experience	(88,963)	-	-	-
Changes in assumptions	(5,929,408)	794,794	4,844,872	(3,257,030)
Benefit payments	(211,788)	(269,967)	(221,345)	(231,938)
Net change in total OPEB liability	(4,870,594)	1,880,465	5,846,640	(2,276,816)
Total OPEB liability - beginning of year	29,188,405	27,307,940	21,461,300	23,738,116
Total OPEB liability - end of year	<u>\$ 24,317,811</u>	<u>\$ 29,188,405</u>	<u>\$ 27,307,940</u>	<u>\$ 21,461,300</u>
Covered payroll	\$ 13,441,200	\$ 13,288,280	\$ 15,948,280	\$ 15,838,600
Total OPEB liability as a percentage of covered payroll	180.92%	219.66%	171.23%	135.50%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	
Service cost	\$ 1,606,120	\$ 1,634,702	\$ 1,578,355	
Interest cost	1,004,490	927,740	849,309	
Differences between actual and expected experience	146,961	-	-	
Changes in assumptions	(3,947,479)	(1,476,238)	-	
Benefit payments	(362,050)	(297,093)	(277,001)	
Net change in total OPEB liability	(1,551,958)	789,111	2,150,663	
Total OPEB liability - beginning of year	25,290,074	24,500,963	22,350,300	
Total OPEB liability - end of year	<u>\$ 23,738,116</u>	<u>\$ 25,290,074</u>	<u>\$ 24,500,963</u>	
Covered payroll	\$ 18,487,788	\$ 18,451,700	\$ 17,954,600	
Total OPEB liability as a percentage of covered payroll	128.40%	137.06%	136.46%	

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 75 to pay related benefits.

Benefit changes – none.

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

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:

2022	2.04%
2021	2.02%
2020	2.92%
2019	3.81%
2018	3.23%
2017	3.76%
2016	3.57%



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Report of Independent Auditors 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*

Management and Members of the Authority
New Jersey Schools Development Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of 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, 2022, 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 18, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernst & Young LLP

August 18, 2023

Resolution—5a.

Resolution Approving the 2022 SDA Audited Financial Statements

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

WHEREAS, pursuant to law, the Authority is authorized to “adopt bylaws for the regulation of its affairs and the conduct of its business”, which bylaws were adopted by the Authority on August 15, 2007 and amended May 7, 2014 and September 4, 2019; and

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

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

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

WHEREAS, the independent accounting firm of Ernst & Young LLP (EY) has completed an audit of the Authority’s financial statements for 2022; and

WHEREAS, EY has issued an “unmodified” opinion on the financial statements, the highest level of assurance that an audit firm can provide for a financial statements audit; and

WHEREAS, pursuant to Article IX, Section 9.5 of the Authority’s bylaws and Article VI of the SDA Audit Committee Charter, the Audit Committee met on August 21, 2023 to review and discuss the integrity and quality of the Authority’s 2022 financial statements and EY’s audit of the aforesaid financial statements; and

WHEREAS, following presentation of the 2022 financial statements to the Committee by executive management and EY and following the Committee’s discussions with executive management and EY, and following its deliberations, the Committee recommends approval of the same by the Authority’s Board of Directors; and

WHEREAS, the 2022 financial statements are presented as an attachment hereto.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby approve the Authority's 2022 financial statements as presented by executive management and the accounting firm of Ernst & Young LLP and as recommended by the SDA Audit Committee, consistent with the memorandum presented to the Board on this date.

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

Attached: Memorandum 2022 Audited Financial Statements, dated September 6, 2023

Dated: September 6, 2023

2022 Annual Report Pursuant to Executive Order No. 37 (2006)

**New Jersey Schools
Development Authority**

**Annual Report
2022**



NEW JERSEY
SCHOOLS DEVELOPMENT AUTHORITY

About the Annual Report

The 2022 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 2022.

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

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

https://www.njsda.gov/Content/public/Biannual_Report/2023_1.PDF

Mission Statement

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.

SDA Executive Staff

Manuel M. Da Silva
Chief Executive Officer

Donald R. Guarriello
Vice President and Chief Financial Officer

Jane F. Kelly
Vice President – Corporate Governance and Legal Affairs

Board Members

Public 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*

Daniel Gumble

Business Representative, I.B.E.W. Local 164

Lester Lewis-Powder

Executive Director, Let's Celebrate, Inc.

Michael Maloney

*Business Manager/ Financial Secretary
Plumbers & Pipefitters Local Union No. 9
President, Mercer County Central Labor Council*

Mario S. Vargas

Broker/Owner, Senior Health Navigators, LLC

Ex-Officio Members

Angelica Allen-McMillan, Ph. D.

Acting Commissioner, New Jersey Department of Education

Lieutenant Governor Sheila Oliver

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

The New Jersey Schools Development Authority has repeatedly demonstrated its staunch commitment to improving educational facilities for New Jersey's schoolchildren, even while encountering unprecedented challenges. The accomplishments of the Authority in 2022 further exemplify the expertise and professionalism of its staff and contracting partners to effectuate the enhancement of school facilities in New Jersey's disadvantaged communities.

The essential work of the SDA received a significant investment in 2022, thanks to funding allocated by the Governor and Legislature through the New Jersey Debt Defeasance and Prevention Fund. SDA is gratified by the ongoing commitment of the Administration and the Legislature to entrust the SDA with the resources needed to further improve school facilities throughout New Jersey. As a result of the \$1.9 billion in funding, the SDA was able to move forward with the approval of additional capital projects in SDA Districts as well as provide new grant funding for Regular Operating Districts (ROD).

In 2022, the SDA Board of Directors approved 19 additional capital projects to address both capacity deficiencies and aged facilities in 13 school districts throughout the State. These projects will provide thousands of new seats for students, enhancing their learning environments. The SDA already advanced preliminary project charters for three of those projects in 2022, allowing pre-design work to commence.

In addition, the SDA worked with the New Jersey Department of Education (DOE) to ready applications for a new round of ROD Grant funding. In late 2022, a broadcast communication was sent to school districts so that they would have time to contemplate potential projects prior to the opening of application submissions in January 2023.

In 2022, the SDA opened four new schools within one combined educational campus that benefits 3,000 students in Passaic, New Jersey. In addition, this past fall new and renovated spaces opened to students in Keansburg, Millville and Orange, New Jersey.

Work also continued on several other large projects in construction, including the Charles and Anna Booker School which will open to students in 2023. SDA also celebrated a significant milestone on the largest project undertaken to date -- a beam signing ceremony for the new 576,000 square-foot Perth Amboy High School. While some of SDA's active project portfolio experienced project challenges, including nationwide supply-chain shortages that have

plagued the industry as a whole, SDA and its contracting partners forged ahead with construction activities.

Throughout the year, SDA continued executing work related to ROD grants approved through previous funding allocations. While no new grants were executed in 2022, SDA staff did close-out 24 grant projects that represent more than \$47.6 million in total project costs.

There remains much work to be done to effectuate the changes needed in New Jersey's educational infrastructure and the staff of the SDA remains ready to address those needs. The accomplishments achieved by the Authority this year are due to the commitment and dedication of SDA's staff, Board of Directors and its contracting partners.

We look forward to our continued partnership with the program's stakeholders including the Legislature, school districts, community members, and the construction community as we move forward with our important work to impact educational opportunities for New Jersey students.

Manuel Da Silva
Chief Executive Officer

Project Accomplishments

PROJECT DELIVERIES

The SDA is committed to the construction, modernization, and renovation of schools in some of the most underserved school districts. Each year we see this mission come to fruition through the opening of new and renovated schools throughout the state, benefitting thousands of students.

The completion of the projects that opened to students in 2022 is a testament to the professionalism and commitment of SDA staff and its contracting partners. The lasting impacts of the pandemic continued to present challenges during 2022, specifically with supply-chain delays of certain construction materials. In 2022, the SDA opened its largest project completed to date – an educational campus in Passaic that encompasses four separate schools within one structure. The SDA also delivered renovated spaces at high schools in Orange and Millville. The completion of these projects has provided more than 3,300 new student seats and more than 475,000 square-feet of new construction.

These state-of-the-art facilities, delivered by SDA, are turned over to Districts fully furnished and with 1:1 student-device technology. The technology SDA provides can include a combination of tablets, chromebooks, desktops, and/or laptops as deemed appropriate within each school district’s educational program.

Educational Campus for 3,000 Students Opens



In January 2022, the SDA delivered the Passaic Dayton Avenue Educational campus, months ahead of schedule. This 448,000 square-foot facility marks the largest project ever completed by the SDA. Benefitting approximately 3,000 students, the \$241 million Dayton Avenue Educational Campus includes

four new schools in one unified structure.

The schools include the following:

- Abraham Lincoln School (pre-k program) - 28 classrooms, three specialized rooms, and a courtyard play area.
- Mahatma Gandhi Elementary School - 33 general classrooms, five self-contained special education classrooms, three science labs, media center, music room, and gym.
- Ellen Ochoa Gifted and Talented Academy (Magnet School program) - 28 general classrooms, three self-contained special educational classrooms, three science labs, art room, dance studio, vocal music room, media center, two “Teach to One” learning areas, and cafeteria.
- Muhammad Ali Middle School - 27 general classrooms, six self-contained special education classrooms, three science labs, four project labs, three “Teach to One” learning areas, gym, cafeteria as well as classrooms dedicated to the arts.

The early completion of the facility allowed the school district to employ a soft opening in January 2022 with students attending the Abraham Lincoln School for several months. SDA’s Chief Executive Officer, Mr. Da Silva had the opportunity to visit Passaic’s youngest learners in March. The excitement and love of their new educational spaces was palpable. Students demonstrated how they use some of the new technology available to them with the class participating in an activity utilizing the interactive white board. Their laughter and smiles displayed the joy that can accompany learning.

Governor Murphy, Senate President Teresa Ruiz, Senator Paul Sarlo, Assemblyman Gary Schaer, and Acting DOE Commissioner Angelica Allen-McMillan were on hand for the ribbon cutting celebration in August, prior to the start of the first full school year in this new facility. Of the ribbon cutting, Assemblyman Schaer said “this state-of-the-art complex represents transformational changes made to public schools to ensure that every child receives the quality education they deserve. I am incredibly thankful to Governor Murphy, as well as our State and local partners; the Dayton Avenue Educational Campus is an unprecedented investment in Passaic’s future.”

This facility significantly reduces the capacity shortages experienced in the school district.

Second Phase of Orange High School Project Completed

The SDA also delivered the second phase of the addition/renovation project to the Orange High School in 2022. A 50,000 square-foot addition previously opened in 2021. The renovations completed in 2022 included a two-story cafeteria, a connector bridge between Orange High School and Orange Preparatory Academy, and science labs in the existing building. Additional work at the Orange Preparatory Academy included the replacement of HVAC units in the locker rooms and renovations of two classrooms continued into 2023. In total, both phases of this project represent a \$56.1 million investment.

Renovations to Millville Senior High School

In fall 2022, the SDA delivered renovated spaces as part of the final phase of the Millville Senior High School's multi-year, multi-phase project. Spaces that opened to students in the fall included renovated classrooms in the B and C wings as well as a renovated music room.

At the end of the year, SDA continued work on the construction of a new 26,000 square-foot auditorium. This portion of the project continued into 2023 due to supply chain issues as well as SDA's agreement to perform additional work requested by the Millville School District. This work is anticipated for completion in 1st Quarter of 2023.

Previously the SDA delivered the first phase of the project in 2020, a 90,000 square-foot addition that included classrooms, student cafeteria, faculty cafeteria and kitchen. In 2021, the SDA delivered the second phase of the project which included a 100,000 square-foot addition that provided a new gymnasium, locker rooms, a dance studio, classrooms and science labs. Overall, this project will represent a \$145 investment when complete.

CAPITAL CONSTRUCTION PROJECTS PROGRESS STATEWIDE

At the end of 2022, the SDA was finalizing construction activities for three school projects that were already occupied. In addition, significant construction activities were ongoing on two major capital construction projects in Plainfield and Perth Amboy.

The SDA also projected advertisement of general construction services for the addition/renovation project at Cleveland Street Elementary School in Orange, in the first quarter of 2023. The remaining project in the SDA’s previous Capital portfolio – the Hoboken Connors Elementary School – was in discussions for rescission as the building was no longer in use by the school district and the district currently has excess student capacity available throughout its existing occupied school buildings.

**SDA Capital Projects in Construction
(As of December 31, 2022)**

District	Project Name	Project Type	Total Estimated Project Costs	Max Student Capacity
Keansburg	Port Monmouth Rd. School	Addition/Renovation	\$28.4 M	315
Millville	Millville Senior H.S.	Addition/Renovation	\$137.5 M	2,384
Orange	High School	Addition/Renovation	\$51.9 M	1,694
Plainfield	Charles and Anna Booker School	New Construction	\$59.4 M	840
Perth Amboy	High School	New Construction	\$283.8 M	3,300
5 Schools in construction			\$561.0 M	8,533

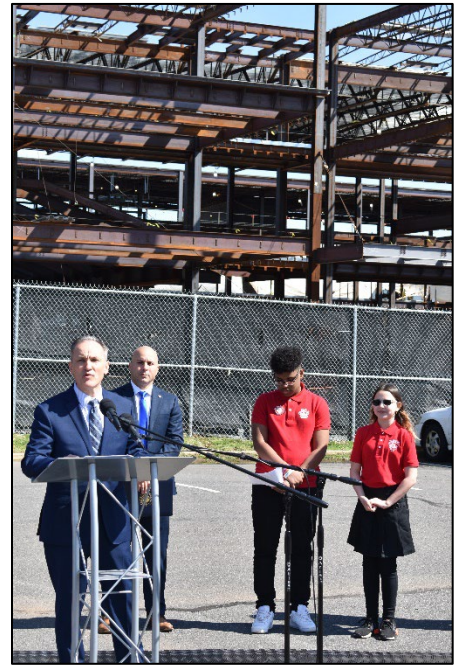
Note: a projects is considered in construction until a Temporary Certificate of Occupancy is obtained.

In **Keansburg**, the SDA continued work on renovations to the Port Monmouth Road School. While the one-story, 27,500 square-foot addition to the school opened to students in September, renovation work continued on 19,000 square-feet of existing educational spaces, including eight pre-kindergarten classrooms and a gross motor skills area. This work continued to progress into 2023. Two new playgrounds also will be provided for student use.

In **Plainfield**, SDA continued construction of the new Charles and Anna Booker School in preparation for its September 2023 opening. This 120,000 square-foot facility includes classrooms as well as an art room, a vocal/music room, an instrumental lesson room, a technology lab, a science demo room, a computer lab, a gymnasium, a cafeteria, a media center, a playground, and a basketball court.

As detailed above, final work on projects in Millville and Orange continued at the end of 2022. In **Millville**, work on the new auditorium at the Millville Senior High School was progressing. In **Orange**, replacement of HVAC units in the locker rooms and renovations of two classrooms continued at the Orange Preparatory Academy (connected to the Orange High School).

The new **Perth Amboy High School** celebrated a significant milestone in 2022. In April, SDA was joined by students, state and local officials, and District personnel to celebrate a beam signing ceremony marking the end of steel erection for the new facility. The new Perth Amboy High School will be the largest project ever completed by SDA once construction concludes in 2024. This approximately 576,000 square-foot, three-story facility is designed to educate a maximum of 3,300 students in ninth to twelfth grades. In addition to general classrooms and science labs, the school will include specialized educational spaces such as an automotive lab, culinary arts lab, black box studio, dance studio, ROTC Classroom, world languages classroom, and a life skills lab.



NEW PROJECTS APPROVED FOR ADVANCEMENT

Among its most significant accomplishments in 2022, was SDA’s approval of the 2022 Capital Plan that authorized an additional 19 school facilities projects for advancement. In April 2022, the SDA Board of Directors authorized the advancement three capital projects, and then in September 2022, authorized the advancement of 16 additional capital projects.

Projects to Address Overcrowding:

County	District	Grades Served	Project Type
Cumberland	Bridgeton	PK, 6 - 8	Addition/Renovation
Cumberland	Bridgeton	6 - 8	Addition/Renovation
Cumberland	Bridgeton	9-12	Addition/Renovation
Union	Elizabeth	PK-8	New School (Replacement)
Bergen	Garfield	PK - 5	New School (Replacement)

County	District	Grades Served	Project Type
Bergen	Garfield	PK-5	New School (Replacement)
Hudson	Jersey City	PK	New School
Middlesex	New Brunswick	6 - 8	Addition/Renovation
Essex	Newark	PK - 8	New School (Replacement)
Essex	Newark	PK - 8	New School (Replacement)
Passaic	Passaic City	9 - 12	TBD
Passaic	Paterson	9 - 12	New School or Addition/Renovation
Middlesex	Perth Amboy	K - 5	New School
Atlantic	Pleasantville	PK - 5	New School (Replacement)
Mercer	Trenton	K - 5	New School
Hudson	West New York	PK - 8	New School

Projects to Address Serious Facilities Deficiencies through Replacement Facilities:

County	District	Grades Served	Project Type
Camden	Camden City	PK – 8	New School (Replacement)
Camden	Camden City	PK – 8	New School (Replacement)
Salem	Salem City	PK – 8	New School (Replacement)

Importantly, in November 2022, preliminary project charters were approved by the Authority’s Board of Directors for projects in Bridgeton, Elizabeth, and Garfield. This allows preliminary design activities to begin for these projects.

For more information on the 2022 Statewide Strategic Plan Update and Capital Plan, please visit: https://www.njsda.gov/Content/Projects/2022_Statewide_Strategic_Plan.pdf.

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 2022 with a contractor workforce of

552,602 total workforce hours on SDA projects for the period January 1, 2022 through December 31, 2022. Investment in SDA construction projects has a direct correlation to the creation of additional infrastructure jobs.

During 2022, the SDA issued contracts for work related to one capital, three emergent, three safety and security projects, two floor replacement projects, and one demolition of footings project. This included the design-build and construction management contracts for the new grade seven to nine school in Union City. The SDA also engaged six firms in a bridging design consultant services contract that is valid for three years.

The SDA's construction forecast is available on our website at:

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

The SDA's Emergent Project Program addresses SDA District school facilities in need of repair and rehabilitation. Examples of such projects include roof repair or replacement, windows, exterior masonry, and plumbing, electrical, mechanical and security systems and water infiltration issues.

At the end of 2022, the SDA was managing 13 emergent projects. The status of these projects was as follows: one project in construction, four projects in design, six projects in Procurement (General Construction Task Order (GCTO) with Design), and two projects in scope development. These projects represent an approximately \$44 million state investment. There are also two projects in construction that were delegated to the local school districts for management.

In 2022, the SDA completed two emergent projects in Newark. One of the emergent projects involved making structural repairs at the Malcolm X. Shabazz High School. The second addressed basement water infiltration at Roberto Clemente Elementary School. These two projects represented more than \$3.5 million in emergent repairs.

As of December 2022, 190 emergent projects (both SDA-managed and district-delegated) have been completed since the program’s inception.

REGULAR OPERATING DISTRICT GRANTS

The SDA’s ROD grant program continues to favorably impact learning environments across the State. ROD grants fund at least 40 percent of eligible costs for projects in New Jersey’s ROD Districts, addressing health and safety issues and other critical needs.

During the year, the SDA Grants Department closed out 24 grants in ten school districts in seven counties throughout the State. These completed grant projects represent more than \$47.6 million in total project costs.

The SDA continued to favorably impact RODs throughout the state by disbursing a total of over \$7.1 million during 2022 to address facility needs. At the end of 2022, there were 194 active ROD grants in 51 school districts from previous allocations. Those active grants represent \$72 million in state share.

Although there were no new grant executions in 2022, in June, Governor Murphy signed Senate Bill No. 2944 into law as P.L.2022, c.18. This legislation allocated \$350 million in ROD grant funding for high-priority capital projects in school districts throughout the state. This additional funding is provided through the New Jersey Debt Defeasance and Prevention Fund. Subsequently, the SDA and DOE issued an initial joint broadcast announcing the upcoming grant program so that school districts would have ample time to prepare and plan their proposed projects in advance of the application cycle beginning in January 2023.

REGULAR OPERATING DISTRICT GRANTS	
Grant Executions Since Inception	
No. of Grants Executed	5,404
State Share	\$3.0 billion
Local Share	\$5.9 billion
Total Est. Costs	\$8.9 billion
No. of Districts Impacted	524
No. of Counties Impacted	21

\$75 MILLION FY 2023 GRANT FUNDING

As previously stated in prior Annual reports, the SDA provides grant funding to ROD and SDA Districts for capital maintenance and emergent needs as detailed in the State Budget. The New Jersey State FY 2023 budget once again included a direct appropriation of \$75 million to the SDA to provide funding for projects related to emergent and capital maintenance needs. This funding allows both ROD and SDA Districts throughout the state to invest in infrastructure projects that will make New Jersey's school facilities healthier and safer for students. The SDA provided funding is intended to offset a district's costs incurred during FY 2023 associated with addressing those important and necessary measures.

The process remains the same, with school districts able to 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 transfer.

The amount of funds allocated to each district is determined by the DOE's formula. The formula utilized in connection with the FY 2023 funding was employed this year as well, but the allocation was adjusted based upon updated enrollment data. The complete list of all districts and their allocations is available [here](#).

In order for school districts to receive their allocated funding, they must submit to SDA a duly-executed certification and listing of an eligible emergent and/or capital maintenance project(s). At the end of 2022, the SDA had disbursed \$71.1 million of the FY 2022 funding and \$11.1 of the FY 2023 funding. SDA will continue to disburse grant funding as districts submit the required certifications.

SDA has analyzed a sampling of the projects funded in FY 2022 and FY 2023 to date, and determined that the majority of the available funding has been used to address HVAC, building envelope, life safety, and security needs.

ADDRESSING POTENTIAL FLOORING CONCERNS

As previously reported, SDA developed and advanced a multi-step initiative to evaluate flooring materials installed in SDA-delivered school facilities. This was done in consultation with the DOH, utilizing the important guidance provided. As part of that effort, the SDA initiated an approach for the identification and testing of flooring in previously delivered school construction projects. This included site visits to 163 school facilities in ROD and SDA districts.

During 2022, the SDA successfully completed the replacement of flooring at two facilities where corrective measures were deemed necessary. These included polyurethane flooring at the Thurgood Marshall Primary School in Asbury Park and the Green Grove Elementary School in Neptune.

In 2023, the SDA anticipates this multi-step initiative will be completed as seasonal air testing culminates for those school facilities where ongoing testing is underway. All of SDA's testing and corrective measures are performed in accordance with DOH guidance.

Commitment to New Jersey Businesses

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

The SDA's training program returned for its twelfth year in December 2022. Providing in-person sessions to small, minority, women, veteran, and disabled veteran-owned business enterprise participants for the first time since the pandemic.



Consisting of instructional classes that are largely taught by SDA employees who are subject matter experts; the program utilized a new and abbreviated schedule, by condensing the previous eight-weekly sessions into two full-day sessions.

In doing so, the SDA was able to continue providing valuable instruction on business basics, management practices and educated participants regarding how to do business with the SDA and other State agencies, without sacrificing program content.

Once again, the SDA was pleased to welcome instructors from the New Jersey Department of Treasury's Division of Property Management and Construction, New Jersey Department of Labor's Division of Wage and Hour Compliance, and New Jersey Economic Development Authority. Program graduates were also given an opportunity to participate in a networking session following the graduation with large firms such as Epic Management, Gilbane Building Company, Hall Construction, and Terminal Construction. Each of these firms had previously obtained general contracting and design-build contracts for the State's school construction program.

Graduate Helena Van Der Merwe stated "the program helped us to understand all aspects of the construction contractor requirements to do business with the SDA and other State agencies in New Jersey. Industry experts provided training and were highly skilled in the functional areas."

This year's 20 graduate firms stem from various construction trades and add to the growing number of firms who now have the knowledge on how to do business with the State of New Jersey.

To date, the SDA has trained more than 240 firms through its in-house Contractor Training Program. The Program has provided these minority, women, veteran and disabled veteran-owned business enterprise firms with the specific knowledge and opportunities they need to obtain school construction work and grow their businesses. At the same time, the Training Program enables SDA to expand its network of small businesses who contribute to the success of our projects.

The SDA intends to continue annual offerings of this training program in 2023.

SMALL BUSINESS PARTICIPATION

Small Businesses are vital to New Jersey's economy and play a substantial role in the construction of school facility projects throughout the State in both ROD and SDA Districts. At the end of 2022, the SDA had 1,370 firms pre-qualified to do business on school projects in ROD and SDA districts. The New Jersey Department of the Treasury has certified 644 of these firms (or 47% of all 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) subconsultants and subcontractors in order to meet the State's SBE goal to award at least 25 percent of the total contract value to them. Total contracts awarded during 2022 was \$72,994,600.36.

In order for the SDA to track the SBE participation on projects, contract dollars are only tracked when specific phases of the contract are fully subcontracted or "bought out". The total SDA contract dollars awarded through December 31, 2022, in which the specific portion of the contract commenced, was \$13,749,716. The total contract dollars awarded to all SBE contractors for the commenced portion through December 31, 2022, was \$4,690,386 (including minorities and females). This represents 34.11 percent of all SDA contracts awarded in 2022.

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). Since that time, the SDA has added this good faith effort goal to our construction contracts. This is similar to the SBE goals for school construction projects. With few prequalified firms registered as DVOBs (five at the end of 2022), the SDA is committed to increasing the participation of DVOBs in the school construction program to meet the 3% goal in the coming years, and continues to make progress toward achieving it adding two new firms this year. Toward this end the SDA attended the New Jersey Veteran's Chamber of Commerce Disabled Veteran/Veteran Business Summit in May 2022

SCHOLARSHIPS TO ENCOURAGE INCREASED PARTICIPATION IN CONSTRUCTION JOBS

During 2022, 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.

During the 2021-2022 academic school year, SDA provided \$45,125 to 27 qualifying students throughout New Jersey. Grant recipients are attending programs at Bergen County Community College, Eastwick College, Essex County College, HoHoKus School/Rets, Hunterdon Polytech, Ocean County Vocational, and Union County College. Some of the programs of study include computer technology, engineering, HVAC, plumbing, and welding.

Financial Information

2022 PROJECT EXPENDITURES	
SDA District Capital Projects	\$182.9 M
SDA District Emergent Projects	\$8.5 M
ROD Grant Projects	\$7.1 M
Capital Maintenance and Emergent Needs Grants	\$82.2 M
Other Project Costs – Program	\$6.6 M
TOTAL PROJECT EXPENDITURES	\$287.3 M

FUNDING SUPPORTING SCHOOL CONSTRUCTION

In total, the New Jersey State Legislature has authorized \$14.75 billion in funding for SDA projects (\$10.75 billion for SDA Districts, \$4 billion for RODs and vocational schools). As of the end of 2022, 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 2022.

In June 2022, the Governor signed the Fiscal Year 2023 Budget and Appropriations Act and S2944, dedicating additional funding for school construction in both SDA and ROD districts. This most recent appropriation of funds provides \$1.55 billion to pay for capital school construction projects in the state's 31 SDA districts as well as \$350 million for grant projects in RODs through the New Jersey Debt Defeasance and Prevention Fund. The Budget and Appropriations Act once again included \$75 million to be allocated to every school district (SDA and ROD) for capital maintenance and emergent projects.

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. 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 2022 financial statements is accurate, and that such information fairly presents the financial condition and operational results of the Authority as of December 31, 2022 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 2022 financial statements is accurate, and that such information fairly presents the financial condition and operational results of the Authority as of December 31, 2022 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") 2022 comprehensive report of Authority operations, (the "2022 Annual Report"). This report highlights the significant actions of the Authority for the year ending December 31, 2022, 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 Ernst & Young LLP, is included within the financial statements section of the 2022 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, 2022, to December 31, 2022, 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, 2022

Resolution—5b.

Resolution Approving the SDA 2022 Annual Report

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

WHEREAS, pursuant to law, the Authority is authorized to “adopt bylaws for the regulation of its affairs and the conduct of its business” which bylaws were adopted by the Authority on August 15, 2007 and amended by the Board on May 7, 2014 and September 4, 2019; and

WHEREAS, consistent with Article VIII, Section 8.3 of the Authority’s bylaws, and in accordance with Executive Order No. 37 (2006), the Authority has prepared a comprehensive report including, among other things, Authority financial statements and an identification of internal controls that govern expenditures, procurement and other financial matters and transactions; and

WHEREAS, the Authority’s financial statements were presented to the SDA Audit Committee on August 21, 2023 and are presented for Board approval on this date; and

WHEREAS, consistent with Article VIII, Section 8.3 of the Authority’s bylaws, and in accordance with Executive Order No. 37 (2006), following approval of the Authority’s Annual Report by the Members, a copy of the same shall be submitted to the Governor’s Authorities Unit and then posted on the Authority’s website; and

WHEREAS, the 2022 SDA Annual Report has been prepared by executive management consistent with Executive Order No. 37 and is presented as an attachment hereto with a recommendation for Board approval.

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby approve the New Jersey Schools Development Authority’s 2022 Annual Report as presented by executive management on this date.

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

Attached: 2022 SDA Annual Report, dated September 6, 2023

Dated: September 6, 2023

MONTHLY REPORTS
(For Informational Purposes)

ACTIVE PROJECTS STATUS REPORT



MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director

DATE: September 6, 2023

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

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

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



2011 & 2012 Portfolio Projects Activities Summary

as of 8/22/23

2011 Portfolio Projects - sorted by District

1

District	Project	Grade Alignment	FES Capacity	Max. Capacity	Total Estimated Cost (millions)	Design Status	Advancement Status	Projected Construction Advertisement Date*
Bridgeton	Buckshutem ES	K-8	581	645	\$23.3	Kit of Parts/ Design-Build	School occupied Sep. 2016. (Bock)	5/31/13
Bridgeton	Quarter Mile Lane ES	PK-8	731	795	\$39.0	Kit of Parts/ Design-Build	School occupied Sep. 2017. (Bock)	5/31/13
Elizabeth	Frank J. Cicarell Academy (Academic HS)	9-12	1,091	1,284	\$64.1	Existing Design	School occupied Sep. 2016. (Patock)	12/8/11 7/11/12
Jersey City	Patricia M. Noonan ES (ES 3)	PK-5	778	848	\$54.0	Kit of Parts/ Design-Build	School occupied Sep. 2017. (Dobco, Inc.)	6/25/12 2/25/13
Jersey City	Dr. Maya Angelou PS #20	K-5	628	698	\$49.3	Existing Design	School occupied Sep. 2016. (Dobco, Inc.)	4/17/12 3/6/13
Long Branch	Catrambone ES	PK-5	794	867	\$40.0	Existing Design	School occupied Sep. 2014. (Terminal Construction)	12/20/11
New Brunswick	Redshaw ES	PK-5	906	990	\$51.2	Kit of Parts/ Design-Build	School occupied Jan. 2015. (Hall Construction)	5/29/12
Newark	Oliver St. ES	PK-8	848	932	\$73.6	Kit of Parts/ Design-Build	School occupied May 2016. (Epic Management)	6/27/12 11/29/12
Paterson	Dr. Hani Awadallah ES (Marshall St. ES)	K-8	650	722	\$55.2	Existing Design	School occupied Sep. 2016. (Dobco, Inc.)	6/13/12 2/12/13
Paterson	PS 16	PK-8	641	705	\$62.4	Kit of Parts/ Design-Build	School occupied Sep. 2016. (Hall Construction)	3/27/12 8/28/13
West New York	Harry L. Bain PS 6	PK-6	736	814	\$16.8	Design-Bid-Build	School occupied Sep. 2017. (Paul Otto)	2/27/12 12/29/15

*PLEASE NOTE - Dates in the Past are ACTUAL. Includes Advertisement dates for Early Site Preparation Construction & School Construction where applicable.
NOTE # 1 - Estimated Costs, Grade Alignment and Capacity are based upon approved Project Charters where applicable. For projects without an approved charter, Estimated Costs, Grade Alignment and Capacity are based upon Planning Assumptions. Recommendations of DOE/SDA/District Working Groups may impact this information in the future.



2011 & 2012 Portfolio Projects Activities Summary

as of 8/22/23

2012 Portfolio Projects - sorted by District

1

District	Project	Grade Alignment	FES Capacity	Max. Capacity	Total Estimated Cost (millions)	Design Status	Advancement Status	Projected Construction Advertisement Date*
Gloucester City	Elementary/Middle School	4-8	687	763	\$65.3	Kit of Parts/ Design-Build	School occupied Sep. 2017. (Terminal)	3/4/14
Keansburg	Caruso ES	K-4	758	842	\$50.9	Kit of Parts/ Design-Build	School occupied Sep. 2016. (Hall Construction)	10/20/11 6/27/13
Keansburg	Port Monmouth Road School	PK	318	318	\$28.4	Design-Bid-Build	Award for D-B approved Nov. 2019 Board. (Niram)	6/24/19
New Brunswick	Robeson ES	PK-5	823	893	\$48.5	Kit of Parts/ Design-Build	School occupied Sep. 2018. (Hall Construction)	4/22/15
Newark	Elliot Street ES	PK-8	848	932	\$46.7	Kit of Parts/ Design-Build	School occupied Jan. 2016. (Hall Construction)	12/27/12
Newark	South Street ES	PK-8	597	657	\$69.9	Kit of Parts/ Design-Build	School occupied Sep. 2018. (Bock)	6/28/13 6/29/15
Passaic	Dayton Ave. Campus	PK-8	2,760	3,020	\$240.9	Kit of Parts/ Design-Build	Award for D-B approved Nov. 2017 Board. (Terminal)	6/13/17
Phillipsburg	High School	9-12	1,846	2,172	\$127.5	Existing Design	School occupied Sep. 2016. (Epic Management)	9/27/12
West New York	Memorial HS	9-12	1,859	2,194	\$16.0	Alternative Delivery (acquisition) & Renovation	Acquisition of Existing St. Joseph's HS complete. Renovation work delegated to District via Grant.	n/a

***PLEASE NOTE** - Dates in the Past are ACTUAL. Includes Advertisement dates for Early Site Preparation Construction & School Construction where applicable.
NOTE # 1 - Estimated Costs, Grade Alignment and Capacity are based upon approved Project Charters where applicable. For projects without an approved charter, Estimated Costs, Grade Alignment and Capacity are based upon Planning Assumptions. Recommendations of DOE/SDA/District Working Groups may impact this information in the future.

2011 & 2012 Portfolio Projects Activities Summary

as of 8/22/23

2012 Portfolio Projects (Educational Priority that require further conversations with District & 2013 Amended Projects) - sorted by District

1								
District	Project	Grade Alignment	FES Capacity	Max. Capacity	Total Estimated Cost (millions)	Design Status	Advancement Status	Projected Construction Advertisement Date*
East Orange	Sheila Y. Oliver Academy (GW Carver ES)	PK-5	470	512	\$41.2	Kit of Parts/ Design-Build	School delivered Sep. 2020 (Dobco)	4/26/16 1/20/17
Elizabeth	New ES @ Halloran PS #22 ES Site	2-8	860	956	\$55.3	Kit of Parts/ Design-Build	School occupied Sep. 2017. (Torcon)	6/9/14
Garfield	James Madison ES	K-5	275	305	\$29.7	Existing Design	School occupied Sep. 2018. (Brockwell & Carrington)	2/19/14 6/30/15
Harrison	New ES	PK - 1	392	432	\$36.1	Kit of Parts/ Design-Build	School delivered Nov. 2020 (Dobco)	11/10/15 7/13/16
Irvington	Madison Avenue ES	PK-5	463	504	\$38.6	Kit of Parts/ Design-Build	School occupied Sep. 2019. (Bock)	11/19/15 8/16/16
Millville	Senior HS Addition/Renovation	HS	2,026	2,384	\$145.0	Design-Build	Award for D-B approved Apr. 2017 Board. (Hall Construction)	9/30/16
Passaic	Sonia Sotomayor ES (New ES @ Leonard Place)	K-5	628	698	\$55.9	Kit of Parts/ Design-Build	School occupied Sep. 2019. (Dobco, Inc.)	8/13/15
Paterson	New MS @ Union Ave.	6-8	996	1107	\$113.9	Design-Build	Award for D-B approved Sep. 2018 Board. (Epic Management)	3/2/17 4/26/18
Pemberton	Denbo-Crichton ES	PK-5	846	930	\$58.7	Design-Build	School delivered Sep. 2020. (Bock)	3/1/17 9/13/17
Perth Amboy	High School	HS	2,800	3,295	\$283.8	Design-Build	Award for D-B approved Nov. 2019 Board. (Terminal)	3/26/19
Perth Amboy	Rose M. Lopez ES (Seaman Avenue ES)	K-5	724	804	\$56.4	Kit of Parts/ Design-Build	School occupied Sep. 2019. (Epic Management).	2/3/16
Plainfield	New Woodland ES	K-5	756	840	\$59.4	Kit of Parts/ Design-Build	Award for D-B approved Feb. 2020 Board. (Epic Management)	5/23/18 8/29/19
Union City	New Grade 7 to 9 School	7-9	756	840	\$93.7	Kit of Parts/ Design-Build	Award for D-B approved Jun. 2022 Board. (Dobco, Inc.)	5/19/21 11/15/21
Vineland	Lincoln Ave. MS (New MS)	6-8	562	624	\$49.8	Kit of Parts/ Design-Build	School occupied Sep. 2018. (Bock).	9/24/15

***PLEASE NOTE** - Dates in the Past are ACTUAL. Includes Advertisement dates for Early Site Preparation Construction & School Construction where applicable.
NOTE # 1 - Estimated Costs, Grade Alignment and Capacity are based upon approved Project Charters where applicable. For projects without an approved charter, Estimated Costs, Grade Alignment and Capacity are based upon Planning Assumptions.
 Recommendations of DOE/SDA/District Working Groups may impact this information in the future.

2011 & 2012 Portfolio Projects Activities Summary

as of 8/22/23

2012 Portfolio Projects (Facilities Deficiencies) - sorted by District

1								
District	Project	Grade Alignment	FES Capacity	Max. Capacity	Total Estimated Cost (millions)	Design Status	Advancement Status	Projected Construction Advertisement Date*
Camden	High School	9-12	1,244	1,468	\$132.6	Design-Build	School occupied Sep. 2021 (Bock)	6/9/17 3/23/18
Hoboken	Demarest ES	ES	TBD	TBD	TBD	Design-Bid-Build	Pre-Design Services ongoing.	TBD
Orange	Cleveland St. ES	PK-6	316	348	\$51.7	Design-Bid-Build	Award for GC approved Apr. 2023. (Terminal) <i>Note: Previous GC Terminated for convenience 3/1/22.</i>	9/10/18 11/14/18 1/30/23
Orange	High School	9-12	1,440	1,694	\$59.8	Design-Bid-Build	Award for GC approved Mar. 2019 Board. (Terminal)	10/12/18
Trenton	Central HS	10-12	1,850	2,176	\$155.4	Design-Build	School occupied Sep. 2019. (Terminal)	12/19/14 9/29/15

***PLEASE NOTE** - Dates in the Past are ACTUAL. Includes Advertisement dates for Early Site Preparation Construction & School Construction where applicable.

NOTE # 1 - Estimated Costs, Grade Alignment and Capacity are based upon approved Project Charters where applicable. For projects without an approved charter, Estimated Costs, Grade Alignment and Capacity are based upon Planning Assumptions. Recommendations of DOE/SDA/District Working Groups may impact this information in the future.

Active Project Status Report Status as of 8/1/2023

Major Capital Projects - With Contract for Building Construction Awarded

#	District	Project Name	Project Scope	Project Status	Substantial Completion	Status Substantial Completion	School Opening	Status of School Opening	Total Estimated Project Cost
1	City of Orange	Cleveland Street ES	Addition/Renovation	Construction	2Q 2024	On-target	Sep-24	On-target	\$ 51,682,267
2	City of Orange	Orange High School	Addition/Renovation	Construction	2Q 2023	Achieved	Phased	Achieved	\$ 59,769,930
3	Keansburg	Port Monmouth Road School	Addition/Renovation	Construction	2Q 2023	Achieved	Phased	Achieved	\$ 28,440,130
4	Millville	Millville Senior High School	Addition/Renovation	Construction	2Q 2023	Achieved	Phased	Achieved	\$ 145,005,733
5	Perth Amboy	New High School	New Construction	Construction	2Q 2024	On-target	Sep-24	On-target	\$ 283,830,000
6	Plainfield	New Woodland ES	New Construction	Construction	2Q 2023	Achieved	Sep-23	On-target	\$ 59,440,000
7	Union City	New Grade 7 to 9 School	New Construction	Design-Build Design	3Q 2025	On-target	Sep-25	On-target	\$ 93,696,300

Active Project Status Report Status as of 8/1/2023

Emergent Projects - With Contract for Construction Awarded

#	District	Project Name	Project Scope	Project Phase	Substantial Completion	Status Substantial Completion	Final Completion	Status of Final Completion	Total Estimated Project Cost
1	Irvington	Grove Street School	Boiler Replacement	GCTO w/ Design Design Phase	1Q 2024	On Target	2Q 2024	On-Target	\$ 3,762,782
2	Newark	Cleveland School	Boiler Room Vault Repairs	GCTO w/ Design Design Phase	4Q 2023	On Target	1Q 2024	On-Target	\$ 1,664,389
3	Newark	Salome Urena School	Exterior Masonry Repairs	GCTO w/ Design Design Phase	1Q 2024	On Target	2Q 2024	On-Target	\$ 342,938
4	Newark	Techonology High School	Structural Vault Repairs and Façade Repairs	GCTO w/ Design Design Phase	4Q 2023	On Target	1Q 2024	On-Target	\$ 2,867,680
5	Newark	University High School	Building Envelope Repairs	GCTO w/ Design Design Phase	1Q 2024	On Target	2Q 2024	On-Target	\$ 1,819,548
6	Paterson	PS #5	Roof Replacement & Masonry Repairs	Construction	1Q 2023	Achieved	3Q 2023	On-Target	\$ 10,968,112
7	Trenton	Franklin ES	Exterior Structural Repairs	GCTO w/ Design Design Phase	1Q 2024	On Target	2Q 2024	On-Target	\$ 476,424
8	Union City	Emerson Middle School	Roof, Masonry & Stucco Repairs	GCTO w/ Design Design Phase	1Q 2024	On Target	2Q 2024	On-Target	\$ 2,842,848
9	Union City	Union Hill Middle School	Roof, Masonry, Stucco & Chimney Repairs	GCTO w/ Design Design Phase	1Q 2024	On Target	2Q 2024	On-Target	\$ 3,507,102

PROJECT STATUS REPORT



MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director – Planning and Program Operations

DATE: September 6, 2023

SUBJECT: Executive Summary – Monthly Project Status Reports

MONTHLY PROJECT STATUS REPORT

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

No activity during the reporting period

Projects Greater than 90 Days Behind Schedule:

No activity during the reporting period

Revisions to Project Charters:

No activity during the reporting period.



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

Reporting Period: January 2008 to July 2023

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

Millville	Millville Senior HS - Addition & Renovation	\$5,000,000	\$5,000,000	\$0	100.0%	99%	Board approved additional building condition repair work and flood hazard area mitigation work added to the project.	Project is in construction and scheduled for completion per the original schedule. Revised Final Project Charter approved by the CEO in June 2021 to allocate additional contingency to the project from the Unforeseen Events Reserve.
Orange	Orange HS - Addition & Renovation	\$4,525,000	\$4,525,000	\$0	100.0%	99%	Unforeseen conditions related to the site and renovation portions of the project and connection of the HS to the Orange Preparatory Academy.	Project is in construction and scheduled for completion this year. Revised Final Project Charter approved by the CEO to allocate additional contingency to the project from the Unforeseen Events Reserve.

Substantially Complete & Building Occupied

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

Newark	Speedway Avenue E.S.	\$1,826,000	\$1,754,119	\$71,881	96.1%	99%	1. Removal of unforeseen impacted materials	Project complete and building occupied. Project close-out pending resolution of open contracts.
West New York	West New York P.S. #2	\$2,708,883	\$2,708,883	\$0	100.0%	99%	1. Unforeseen site foundation issues	Project complete and building occupied. Project close-out pending resolution of open contracts.

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



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

Reporting Period: July 2023

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



Revisions to Project Charters

Reporting Period: July 2023

#	District	Project	Financial & Schedule Impacts	Additional Funds Approved	Additional Funds as % of Total Project Budget	Operating Authority Approval Requirement	Description of Revision
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No Activity During the Reporting Period

CONTRACTS EXECUTED REPORT/AMENDMENTS & CHANGE ORDERS REPORT

MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director, Program Operations

DATE: September 6, 2023

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

Contracts Executed Report

This report contains the activity of Contracts executed during the period July 1, 2023 through July 31, 2023.

Noteworthy Items during the reporting period:

- No activity during the reporting period.

Amendments & Change Orders Report

This report contains the activity of Amendments and Change Orders executed during the July 1, 2023 through July 31, 2023.

Noteworthy Items during the reporting period:

- 7 Professional Services Amendment were executed during the reporting period totaling a credit of \$67k, of the executed amendments one required Board approval totaling \$180k.
- 7 Construction Services Change Orders were executed during the reporting period totaling \$176k, of the executed change orders none required Board approval.

Report of change orders less than \$10,000 yet requiring Board Approval

In accordance with the Operating Authority adopted by the Members on December 1, 2010 as amended on March 7, 2012, the Members are to be provided a report of any change order which received delegated approval by the CEO due to the fact that they are valued at less than \$10,000 yet require Board approval due the total change orders exceeding 10% of the contract value.

- No Activity to Report

Amendments & Change Orders Report

Reporting Period: 7/1/2023 through: 7/31/2023

District	School Name(s)	Contract Number	Contract Execution Date	CO #	Vendor Name	CO Execution Date	Contract Award Amount	Prior CO's (cumulative)	Current CO Amount	Board Approval Required	Board Approval Date	Revised Contract Amount	Cumulative CO %
Professional Services													
Design Consultant													
City Of Orange Township	Cleveland Street E.S.	ES-0043-A01	9/3/2015	21	Lan Associates, Engineering, Planning, A	7/10/2023	\$1,820,017	\$907,478	\$180,107	Y	4/5/2023	\$2,907,602	59.76%
Newark	Roberto Clemente E.S.	EP-0110-A01	10/31/2018	3	SSP Architectural Group, Inc.	7/3/2023	\$271,680	(\$35,180)	\$2,263			\$238,763	-12.12%
Newark	Malcolm X. Shabazz H.S.	EP-0114-A01	10/29/2018	3	Design Resources Group, Architects, AIA	7/11/2023	\$755,933	(\$206,830)	(\$7)			\$549,096	-27.36%
CM Services													
Irvington Township	Madison Avenue E.S.	ES-0027-M01	6/8/2017	1	Epic Management, Inc.	7/18/2023	\$1,433,100	\$0	(\$20,000)			\$1,413,100	-1.39%
Irvington Township	Madison Avenue E.S.	ES-0027-M01	6/8/2017	2	Epic Management, Inc.	7/18/2023	\$1,433,100	(\$20,000)	(\$186,490)			\$1,226,610	-14.40%
Irvington Township	Madison Avenue E.S.	ES-0027-M01	6/8/2017	4	Epic Management, Inc.	7/18/2023	\$1,433,100	(\$206,490)	(\$4,000)			\$1,222,610	-14.68%
Irvington Township	Madison Avenue E.S.	ES-0027-M01	6/8/2017	3	Epic Management, Inc.	7/28/2023	\$1,433,100	(\$210,490)	(\$38,450)			\$1,184,160	-17.37%
Professional Services									(\$66,577)				
Construction Services													
Contractor													
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	259	Terminal Construction Corp.	7/31/2023	\$37,000,000	\$8,041,834	\$9,782			\$45,051,617	21.76%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	263	Terminal Construction Corp.	7/31/2023	\$37,000,000	\$8,051,617	\$2,666			\$45,054,282	21.76%
City Of Orange Township	Orange H.S.	ES-0042-C01	4/29/2019	265	Terminal Construction Corp.	7/31/2023	\$37,000,000	\$8,054,282	\$16,895			\$45,071,177	21.81%
Millville	High School	ST-0046-B01	5/24/2017	58	Hall Construction Co., Inc.	7/31/2023	\$114,453,000	\$9,935,524	\$90,747			\$124,479,272	8.76%
Millville	High School	ST-0046-B01	5/24/2017	59	Hall Construction Co., Inc.	7/31/2023	\$114,453,000	\$10,026,272	\$36,805			\$124,516,077	8.79%
Millville	High School	ST-0046-B01	5/24/2017	60	Hall Construction Co., Inc.	7/31/2023	\$114,453,000	\$10,063,077	\$11,798			\$124,527,875	8.80%
Passaic City	New ES at Leonard Place	NT-0050-B01	1/14/2016	14	Dobco, Inc.	7/10/2023	\$32,750,000	(\$458,185)	\$6,825			\$32,298,640	-1.37%
Contractor									\$175,518				
Construction Services													
									Total Change Order Summary		Total Change Orders		
Grand Totals									\$108,941		14		

Column Description Legend

CO Execution Date	Date the Change Order was entered into the SIMS system
Revised Contract Amount	Current value of the contract (excluding additional assignments) including current change order

CONTRACT TERMINATIONS REPORT *(no activity)*

SETTLEMENT CLAIMS *(no activity)*

DIVERSITY AND WORKFORCE PARTICIPATION REPORT



MEMORANDUM

TO: Members of the Authority

FROM: J Manuel Castillo, Director – EEO/Affirmative Action & Vendor Services

DATE: September 6, 2023

RE: Diversity and Workforce Participation Monthly Update for June 2023

The EEO/Affirmative Action & Vendor Services Team consistently participates in mandatory pre-bid and pre-construction meetings to inform and provide guidance to bidders regarding SDA’s Small Business Enterprise (SBE) and Workforce goals, policies and procedures. The guidance provided in such meetings is on, among other things, the following:

- SBE subcontracting goal of 25% of all contracts
- County workforce goals for minorities and females
- Local county workforce goals for minorities and females
- Detailed process procedures to monitor and track the progress made toward these goals throughout the life cycle of each project

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

SMALL BUSINESS ENTERPRISE ATTAINMENT

The SDA regularly exceeds the State-mandated 25% SBE goal. The total SDA fully subcontracted dollars awarded in June 2023 was \$246,635. The total fully subcontracted dollars awarded in 2023 through June 30, 2023 was \$27,725,523. Of that total, \$13,786,500 was awarded to SBE contractors (including minorities, females and veterans). This represents an initial participation of 49.72% of all NTP-issued SDA contracts awarded in calendar year 2023. Participation will continue to increase as prime contractors hire additional subcontractors/subconsultants throughout the lifecycle of the construction project.

Diversity Breakdown

Type of Business Enterprise	Contract Amount	% of Total SDA Contracts
Small Business Enterprises	\$ 9,462,537	34.12%
Small/ Minority Business Enterprises	\$ 3,040,963	10.97%
Small/Female Business Enterprises	\$ 1,283,000	4.63%
Small/Minority/Female Owned Business Enterprises	\$ -0-	0.00%
Small/Veteran Owned Business Enterprises	\$ -0-	0.00%
Small/Disabled Veteran Owned Business Enterprises	\$ -0-	0.00%
TOTAL DIVERSITY CONTRACTS	\$ 13,786,500	49.72%

WORKFORCE PARTICIPATION

For the month of June 2023, there was a contractor workforce of 447 on SDA projects. This represents a total of 43,346 contractor workforce hours. This is explained in more detail below:

Contractor Workforce Breakdown (All Trades/Districts/Counties)			
Ethnicity	Total Workforce	Total Workforce Hours	Workforce Hours Percentage
Black	27	3,185	7.35%
Hispanic	101	7,755	17.89%
Indigenous American	0	0	0.00%
Asian	2	327	0.75%
Total Minority Participation	130	11,267	25.99%
Total Non-Minority Participation	317	32,079	74.01%
Total Contractor Workforce	447	43,346	100.00%

There was a contractor workforce of 248,348 total workforce hours on SDA projects for the period of January 1, 2023 through June 30, 2023, which includes 6,333 total female workforce hours.

The following table highlights the *Local County Contractor Workforce* participation for this period:

Local County Contractor Workforce Participation	Workforce Hours	Percentage
*Total Workforce Hours	248,348	100.00%
*Total Local County Workforce Hours	23,120	9.31%
Total Local County Non-Minority Workforce Hours	16,165	6.51%
Total Local County Female Workforce Hours	549	0.22%
Total Local County Minority Workforce Hours		2.80%
**Local County Workforce Hours by Ethnicity:		
Black	1,085	0.44%
Hispanic	5,606	2.26%
Indigenous American	0	0.00%
Asian	264	0.11%

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

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

NOTE: Hours worked by female laborers who are minority are included in total number of hours worked by female laborers. Therefore, for the purposes of this memorandum, hours worked by female minority laborers are not included in the minority breakdown.

The following table represents contractor minority and female workforce for all SDA active Capital Projects and all active and completed Emergent Projects for the period of January 1, 2023 through June 30, 2023.

SDA Managed Project	Total Workforce Hours	Minority Workforce Hours & Percentage		Local County Workforce Hours & Percentage	
		Hours	Percentage	Hours	Percentage
Millville HS	7,918	1,276	16.12%	226	2.85%
Orange HS	784	234	29.85%	82	10.46%
Perth Amboy HS	212,050	62,243	29.35%	19,188	9.05%
Plainfield ES	23,532	5,568	23.66%	55	0.23%
Cleveland St ES	1,756	800	45.56%	74	4.21%
Emergent Projects	2,076	1,432	68.98%	0	0.00%

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

REGULAR OPERATING DISTRICTS (RODs) ACTIVITY REPORT

MEMORANDUM

TO: Members of the Authority

FROM: Gregory Voronov
Managing Director, Planning and Program Operations

DATE: September 6, 2023

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

This report summarizes the Regular Operating District Grant activity from inception to date and for the month of July 2023. Also included is a detailed list of grants executed and grants offered during the reporting period if applicable.

Monthly Update:

- No grants were offered during the reporting period.
- No grants were executed during the reporting period.
- 3 grants impacting 3 districts were closed out during the reporting period representing total project costs of \$137k and state share of \$83k.
- Since inception, over \$2.95B has been disbursed to 523 regular operating districts through the grant program.
- Since inception over \$3.3B in funding has been approved by the Department of Education and offered to regular operating districts through the grant program.

ROD Grant Summary Since Program Inception				
	Offered ¹	Executed	Closed-Out	Active
Districts Impacted	-	523	520	45
Number of Grant Projects	-	5,398	5,223	175
Total Project Cost Estimate	\$ -	\$ 8,939,147,759	\$ 8,799,640,498	\$ 139,507,261
Grant Amount	\$ -	\$ 2,999,673,416	\$ 2,932,920,134	\$ 66,753,282
Amount Disbursed	N/A	\$ 2,953,637,567	\$ 2,932,920,134	\$ 20,717,433

Total Funding Offered to School Districts via Grant Program	\$ 3,342,209,450
Total ROD Grant Funding remaining for new Grant Projects	\$ 476,185,010

1. Includes grants that have been offered to District's but have not yet been executed.

Monthly Activity ROD Grant Summary		
	Executed	Closed-Out
Districts Impacted	-	3
Number of Grant Projects	-	3
Total Project Cost Estimate	\$ -	\$ 136,396
Grant Amount	\$ -	\$ 83,312
Amount Disbursed	NA	\$ 83,312

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

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

**NOTIFICATION OF AMENDMENTS TO GOODS AND SERVICES CONTRACTS NOT
EXCEEDING \$100,000 OR 10% OF THE CONTRACT VALUE (*no activity*)**

COMMUNICATIONS MONTHLY REPORT *(no report)*

MONTHLY FINANCIAL REPORT



MEMORANDUM

TO: Members of the Authority

FROM: Sherman E. Cole, MBA, CPA /s/
Controller

DATE: September 6, 2023

RE: Monthly Financial Report – July 2023

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

For July 2023 year to date, Authority operating expenses, **\$8.2M**, are **\$2.0M** lower than budget for the corresponding period. This variance is attributable to lower spending activity for personnel costs **\$1.6M**, professional and other contracted services **\$434K**, and information systems **\$386K**. A lower payroll and benefits expense allocation to project costs, **\$697K**, partially offsets the overall lower spending.

The full time employee (FTE) headcount is 129 as of July 31, 2023. This total represents a 15 FTE decrease in comparison to the year to date budgeted headcount.

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

For July 2023 year to date, Authority operating expenses, **\$8.2M**, are **\$531K** lower when compared to the corresponding prior year. This variance is attributable to year-over-year decreases in personnel costs **\$214K**, professional and other contracted services **\$163K**, and a higher payroll and benefits expense allocation to project costs **\$232K**.

The current number of FTEs, 129, is down 5 FTEs as compared to the corresponding prior year headcount.

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

For July 2023 year to date, project costs, **\$166.3M**, are **\$21.7M** lower than the capital spending forecast for the corresponding period. This variance is attributable to decreased spending for construction work **\$19.4M**, grant agreements **\$12.3M**, project insurance **\$1.6M**, design services **\$1.4M**, contract management services **\$884K**, and a lower payroll and benefits expense allocation to project costs **\$697K**. Partially offsetting this variance is the increase in school furniture and equipment purchases, **\$723K**, and the increase in acquisition costs associated with the purchase of a school facility in 2023, **\$15.5M**.

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

For July 2023 year to date, project expenditures, **\$166.3M**, are lower by **\$24.4M** when compared to the corresponding prior year. This variance is attributable to decreases in spending for grant agreements **\$17.1M**, construction work **\$15.9M**, school furniture and equipment **\$6.9M**, and contract management services, **\$1.0**. This variance is partially offset by an increase in acquisition costs associated with the aforementioned purchase of a school facility, **\$15.5M**, and project insurance, **\$649K**.

Other

Since program inception, 80.2% of the funds authorized for the SDA Districts have been disbursed. Additionally, since program inception, 96% of all SDA disbursements relate to school facility projects and 4% relate to operating expense.

The estimated value of active school facilities, capital, emergent and ROD grant projects is approximately \$1.2B.

Attachment

New Jersey Schools Development Authority
Monthly Financial Report
July 2023
(Unaudited)

New Jersey Schools Development Authority

Overview of Financial Position

July 31, 2023

To: The Audit Committee

From: Sherman E. Cole, Controller

The information contained in this monthly financial report is for the period as of, and for the year-to-date ending, July 31, 2023.

► Overall **Cash and Cash Equivalents** have decreased by \$166.6 million to \$236.2 million, as follows:

■ Receipt of bond and note proceeds (Issued by EDA)	\$ -
■ Appropriation from State	-
■ Investment earnings	7,863,612
■ Miscellaneous revenue	16,640
■ Project costs	(166,325,725)
■ SDA operating expenses	(8,606,338)
■ SDA capital expenditures	-
■ Deposits (primarily district local shares)	418,570
Net Change in Cash	\$ (166,633,241)

► **Prepaid Expenses** total \$341,802 as follows:

- Prepaid insurance of \$251,258.
- Prepaid security deposit of \$55,798 for the Authority's flexible spending accounts.
- Prepaid MIS maintenance service contracts of \$32,695.
- Other prepaids of \$2,051.

► **Capital Assets** total \$1,922,357 (net of accumulated depreciation of \$8,369,536), consisting of leasehold improvements (SDA office), and capitalized software, equipment, furniture and fixtures in support of SDA operations. Depreciation on capital assets is generally calculated using the straight-line method over the life of each asset. For the year to date, **Capital Expenditures** are \$0 and **Depreciation Expense** is \$311,731.

► **Accrued Liabilities** total \$79.8 million, as follows:

- Accrued project costs of \$15.1 million consisting of unpaid invoices (\$1.1 million) and retainage (\$14.0 million). Project-related lease liabilities are \$0.7 million.
- Net pension liability of \$29.4 million.
- Other post-employment benefits obligation of \$24.5 million.
- Pollution remediation obligations (PRO) under GASB 49 net to \$2.4 million (PRO liability \$2.4 million, offset by expected cost recoveries of \$0.0 million).
- Estimated liability for loss contingencies totaling \$5.5 million.
- Payroll related liabilities of \$1.4 million.
- Other accrued liabilities of \$ 0.2 million, including non-project lease liabilities of \$0.6 million.

► **Deposits** total \$8.4 million, as follows:

- \$8.4 million is held for local share agreements (pass-through item).

► The Authority's **Net Position** at month end is \$132.5 million.

New Jersey Schools Development Authority

School Facilities Project Expenditures & Funding Allocation

July 31, 2023

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

- During the current year to date, the SDA has received \$0.0 million in bond/note proceeds & \$0.0 million in appropriations. The total amount received since program inception is \$12.2 billion.
- Project expenditures for the month and year-to-date periods total \$13.2 million and \$166.3 million, respectively, as follows:

<u>Category</u>	<u>Current Month</u>	<u>Year-To-Date</u>	<u>Since Inception</u>
Construction	\$ 8,645,994	\$ 78,316,676	\$ 5,742,163,788
Design Services	3,085	727,064	413,682,558
PMF/CM Services	207,278	1,910,731	481,402,686
SDA Project Management	656,931	5,722,261	136,806,057
Property Acquisition, Relocation & Enviro	47,220	15,990,748	602,309,141
School Furniture, Fixtures & Equipment	289,376	3,619,487	239,847,481
Project Insurance	-	79,744	114,679,712
NJ State Inter-Agency Transfers	-	429,477	53,505,876
SDA District Grant & Funding Agreements	3,060,787	42,585,921	980,304,987
Regular Operating District Grant Agreements	213,077	16,396,651	3,002,689,287
Real-Time Project Audits	10,030	118,123	1,182,800
Property Management, Maintenance & Utils	21,700	188,551	19,321,578
Outside Legal & Claims Resolution Services	15,784	89,180	12,333,460
Temporary Staffing	2,327	27,360	10,753,799
Other Project Costs	2,108	123,751	62,564,278
Project Credits	-	-	(54,902,944)
Total Project Expenditures	13,175,697	166,325,725	11,818,644,544
Less: Local Share Contributions	-	-	(185,112,439)
Project Expenditures (State Share)	\$ 13,175,697	\$ 166,325,725	\$ 11,633,532,105
2023 Capital Spending Forecast	\$ 19,370,396	\$ 187,986,740	

Allocations Since Program Inception

► **All Funding Sources & Expenditures**

- SDA Districts
- RODs Incl Vo-Tech Schools
- Total - State Share

	<u>All Sources</u> ¹	<u>Total Funding</u> ²	<u>Paid to Date</u> ³
SDA Districts	\$ 10,750,000,000	\$ 10,887,758,430	\$ 8,735,505,489
RODs Incl Vo-Tech Schools	4,000,000,000	4,055,868,730	3,428,031,153
Total - State Share	\$ 14,750,000,000	\$ 14,943,627,160	\$ 12,163,536,642

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

- SDA Districts 80.2%
- RODs Incl Vo-Tech Schools 84.5%
- Total - State Share 81.4%

1 Of the \$14.8 billion authorized for the school construction program (including bond funds & appropriations), \$12,197,702,648 has been received to date.

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

3 These amounts include the allocation of SDA operating expenses and capital expenditures totaling \$530,004,537.

New Jersey Schools Development Authority
Fund Reporting Operating Expenses vs Budget
July 31, 2023

<u>Category</u>	<u>Actual</u> <u>Year-To-Date</u>	<u>Budget</u> <u>Year-To-Date</u>	<u>Over/</u> <u>(Under)</u>
Personnel Expenses:			
Employee Salaries	\$ 7,196,571	\$ 8,303,325	\$ (1,106,754)
Employee Benefits	4,361,731	4,785,028	(423,297)
Direct Hire Temporary Employee Costs	5,288	28,259	(22,971)
Total Employee Salaries & Benefits Costs	11,563,590	13,116,612	(1,553,022)
Less: Employee Salaries & Benefits Costs			
Charged to Projects	5,722,261	6,419,740	(697,479)
Salaries & Benefits Charged to Operating Expense	5,841,329	6,696,872	(855,543)
Temporary Staffing Services	-	87,500	(87,500)
Travel & Expense Reimbursements	8,211	18,025	(9,814)
Training & Professional Development	12,793	55,300	(42,507)
Total Personnel Expenses	5,862,333	6,857,697	(995,364)
Non-Personnel Operating Expenses:			
Facilities & General Office Expenses	1,295,518	1,366,456	(70,938)
Information Systems	599,461	985,743	(386,282)
Professional & Other Contracted Services	106,869	540,600	(433,731)
Property & Casualty Insurance	299,515	322,805	(23,290)
SDA-Owned Automobiles	45,660	111,669	(66,009)
Communications & Outreach	855	2,331	(1,476)
Reserve for Unforeseen Events & New Initiatives	-	29,169	(29,169)
Total Authority Operating Expenses	\$ 8,210,211	\$ 10,216,470	\$ (2,006,259)

2023 Annual Operating Budget

\$ 15,910,844

New Jersey Schools Development Authority

Fund Reporting Operating Expenses vs Prior Year

July 31, 2023

<u>Category</u>	<u>Actual</u> <u>Year-To-Date</u>	<u>2022</u> <u>Year-To-Date</u>	<u>Over/</u> <u>(Under)</u>
Personnel Expenses:			
Employee Salaries	\$ 7,196,571	\$ 7,373,972	\$ (177,401)
Employee Benefits	4,361,731	4,387,346	(25,615)
Direct Hire Temporary Employee Costs	5,288	16,496	(11,208)
Total Employee Salaries & Benefits Costs	11,563,590	11,777,814	(214,224)
Less: Employee Salaries & Benefits Costs			
Charged to Projects	5,722,261	5,490,235	232,026
Salaries & Benefits Charged to Operating Expense	5,841,329	6,287,579	(446,250)
Temporary Staffing Services	-	-	-
Travel & Expense Reimbursements	8,211	10,354	(2,143)
Training & Professional Development	12,793	16,440	(3,647)
Total Personnel Expenses	5,862,333	6,314,373	(452,040)
Non-Personnel Operating Expenses:			
Facilities & General Office Expenses	1,295,518	1,201,540	93,978
Information Systems	599,461	594,071	5,390
Professional & Other Contracted Services	106,869	269,527	(162,658)
Property & Casualty Insurance	299,515	269,897	29,618
SDA-Owned Automobiles	45,660	91,753	(46,093)
Communications & Outreach	855	72	783
Reserve for Unforeseen Events & New Initiatives	-	-	-
Total Authority Operating Expenses	\$ 8,210,211	\$ 8,741,233	\$ (531,022)

New Jersey Schools Development Authority

Employee Headcount

July 31, 2023

	<u>Current Month End</u>	<u>Budget</u>	<u>Over/ (Under)</u>
Office of Chief Executive Officer	2	2	-
Human Resources	4	4	-
Vacant Positions	0	6	(6)
Communications	3	3	-
Legislative Affairs	1	1	-
EEO/AA & Vendor Services	4	4	-
Office of Program Operations & Strategic Planning	0	1	(1)
Capital Planning & Program Operations	10	10	-
Design Studio	10	12	(2)
Grants Administration	7	7	-
Real Estate Services & Predevelopment	2	2	-
Office of Construction Operations	0	0	-
Project Teams	19	22	(3)
Office of Corporate Governance & Legal Affairs	4	4	-
Chief Counsel	7	7	-
Information Systems	11	12	(1)
Central Records Management	3	3	-
Safety	4	5	(1)
Internal Audit	2	2	-
Office of Chief Financial Officer	1	1	-
Financial Operations	7	7	-
Financial Accounting & Disbursements	11	11	-
Procurement	10	10	-
Risk Management	2	3	(1)
Facilities	5	5	-
Total Full-Time Employees at Month End	<u>129</u>	<u>144</u>	<u>(15)</u>
 Total Full-Time Employees at Year End		<u>150</u>	

New Jersey Schools Development Authority

Statement of Net Position

July 31, 2023

	<u>Current</u> <u>Month End</u>	<u>2022</u> <u>Year End</u>	<u>Over/</u> <u>(Under)</u>
ASSETS			
Cash and Cash Equivalents	\$ 236,198,148	\$ 402,831,389	\$ (166,633,241)
Receivables	1,562	739	823
Prepaid Expenses	341,802	127,272	214,530
Capital Assets, net of accumulated depreciation	1,922,357	3,280,015	(1,357,658)
Total Assets	238,463,869	406,239,415	(167,775,546)
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount for Pensions & OPEB	7,491,381	9,950,484	(2,459,103)
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
	\$ 245,955,250	\$ 416,189,899	\$ (170,234,649)
LIABILITIES			
Accrued Project Costs	\$ 23,722,555	\$ 48,687,889	\$ (24,965,334)
Net Pension Liability	29,428,895	29,428,895	-
Accrued Other Post-Employment Benefits	24,526,054	24,317,811	208,243
Other Accrued Liabilities	2,138,964	5,409,755	(3,270,791)
Deposits	8,404,982	7,986,412	418,570
Total Liabilities	88,221,450	115,830,762	(27,609,312)
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount for Pensions & OPEB	25,264,768	25,264,768	-
NET POSITION			
Net Investment in Capital Assets	1,922,357	3,280,015	(1,357,658)
Restricted for Schools Construction:			
Special Revenue Fund	130,546,675	271,814,354	(141,267,679)
Net Position	132,469,032	275,094,369	(142,625,337)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION			
	\$ 245,955,250	\$ 416,189,899	\$ (170,234,649)

New Jersey Schools Development Authority
Statement of Activities
July 31, 2023

	<u>Current</u> <u>Year-To Date</u>	<u>2022</u> <u>Year-To Date</u>	<u>Over/</u> <u>(Under)</u>
REVENUES			
Program Revenues:			
Bond and Note Proceeds (Issued by EDA)	\$ -	\$ -	\$ -
Appropriation from State	-	-	-
Bidding Fees-Plans & Specs	-	-	-
General Revenues:			
Investment Earnings	7,863,612	1,345,106	6,518,506
Rental Income	4,800	9,120	(4,320)
Other Revenue-OPRA	11,840	10,984	856
Total Revenues	<u>7,880,252</u>	<u>1,365,210</u>	<u>6,515,042</u>
EXPENSES			
Administrative & General Expenses	8,722,783	9,594,000	(871,217)
Capital Depreciation	-	-	-
School Facilities Project Costs	141,782,806	163,199,805	(21,416,999)
Total Expenses	<u>150,505,589</u>	<u>172,793,805</u>	<u>(22,288,216)</u>
CHANGE IN NET POSITION	(142,625,337)	(171,428,595)	28,803,258
Beginning of Period Net Position	<u>275,094,369</u>	<u>483,103,647</u>	<u>(208,009,278)</u>
NET POSITION END OF PERIOD	<u>\$ 132,469,032</u>	<u>\$ 311,675,052</u>	<u>\$ (179,206,020)</u>

DESIGN CONTRACT DE-OBLIGATIONS REPORT (*no activity*)