

NEW ISSUE – Book-Entry Only

Ratings: S&P: “AA”
 (AG Insured)
 “A” (Underlying)
 See “RATINGS” herein

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey (“Bond Counsel”), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Bonds (as herein defined) (i) is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See “TAX EXEMPTION” herein.

**THE BOARD OF EDUCATION OF THE
 CITY OF PLAINFIELD
 IN THE COUNTY OF UNION, NEW JERSEY
 \$14,605,000*
 ENERGY SAVINGS OBLIGATION
 REFUNDING SCHOOL BONDS, SERIES 2024
 (New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended)**

CALLABLE

Dated: Date of Delivery

Due: October 15, as shown on inside cover

The \$14,605,000* aggregate principal amount of Energy Savings Obligation Refunding School Bonds, Series 2024 (the “Bonds”) of The Board of Education of the City of Plainfield in the County of Union, New Jersey (the “Board” when referring to the governing body and the “School District” when referring to the territorial boundaries governed by the Board) are valid and legally binding general obligations of the Board, and unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the School District for the payment of the Bonds and the interest thereon without limitation as to rate or amount. Payment of the principal of and interest on the Bonds is also secured under the provisions of the New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended.

The Bonds will be issued as fully registered bonds in book-entry only form (without certificates) in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York (“DTC”). Individual purchases may be made in the principal amount of \$1,000 each or any integral multiple thereof with a minimum purchase of \$5,000 required, through book-entries made on the books and records of DTC and its participants. See “BOOK-ENTRY ONLY SYSTEM” herein.

The Bonds shall bear interest from their date of delivery, which interest shall be payable semi-annually on the fifteenth day of April and October in each year, commencing April 15, 2025, until maturity or prior redemption. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each immediately preceding April 1 and October 1 (the “Record Dates” for the payment of interest on the Bonds).

The Bonds are subject to redemption prior to their stated maturities as set forth herein. See “DESCRIPTION OF THE BONDS – Redemption” herein.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY INC.**

**ASSURED
 GUARANTY**

The Bonds are offered when, as and if issued and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Board, and certain other conditions described herein. Certain legal matters will be passed upon for the Board by Busch Law Group, LLC, Metuchen, New Jersey, General Counsel to the Board. Certain legal matters will be passed upon for the Underwriter by Parker McCay P.A., Mount Laurel, New Jersey. Phoenix Advisors, LLC, Bordentown, New Jersey, served as Municipal Advisor in connection with the Bonds. Delivery of the Bonds in definitive form to DTC in Jersey City, New Jersey, is anticipated to occur on or about October 16, 2024.

RAYMOND JAMES®

* Preliminary, subject to change.

**THE BOARD OF EDUCATION OF THE
CITY OF PLAINFIELD
IN THE COUNTY OF UNION, NEW JERSEY
\$14,605,000*
ENERGY SAVINGS OBLIGATION
REFUNDING SCHOOL BONDS, SERIES 2024
(New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended)**

CALLABLE

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
YIELDS AND CUSIP NUMBERS**

<u>Maturity (October 15)</u>	<u>Principal Amounts*</u>	<u>Interest Rates</u>	<u>Yields</u>	<u>CUSIP Numbers**</u>
2025	\$ 170,000			726349__
2026	430,000			726349__
2027	490,000			726349__
2028	385,000			726349__
2029	425,000			726349__
2030	470,000			726349__
2031	470,000			726349__
2032	515,000			726349__
2033	565,000			726349__
2034	615,000			726349__
2035	670,000			726349__
2036	730,000			726349__
2037	790,000			726349__
2038	855,000			726349__
2039	925,000			726349__
2040	1,000,000			726349__
2041	1,075,000			726349__
2042	910,000			726349__
2043	975,000			726349__
2044	1,035,000			726349__
2045	1,105,000			726349__

* Preliminary, subject to change

** A registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Board does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**THE BOARD OF EDUCATION OF THE
CITY OF PLAINFIELD
IN THE COUNTY OF UNION, NEW JERSEY**

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BOND COUNSEL

Wilentz, Goldman & Spitzer, P.A.
Woodbridge, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Board to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Board. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The information contained herein has been provided by the Board, DTC and other sources deemed reliable by the Board; however, such information is not guaranteed as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Board, as to information from sources other than itself. The Board has not confirmed the accuracy or completeness of information relating to DTC, which information has been provided by DTC.

This Official Statement is not to be construed as a contract or agreement among the Board, the Underwriter and the owners of any of the Bonds. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to the Constitution of the State of New Jersey, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents or laws are qualified in their entirety by reference to the particular source, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Board during normal business hours.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the School District, will have passed upon the accuracy or adequacy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

Assured Guaranty Inc. ("AG") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE" and "APPENDIX E – Specimen Municipal Bond Insurance Policy."

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OFFICIAL STATEMENT
OF
THE BOARD OF EDUCATION OF THE
CITY OF PLAINFIELD
IN THE COUNTY OF UNION, NEW JERSEY

\$14,605,000*
ENERGY SAVINGS OBLIGATION
REFUNDING SCHOOL BONDS, SERIES 2024
(NEW JERSEY SCHOOL BOND RESERVE ACT, 1980 N.J. Laws c. 72, as amended)

(Callable)

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by The Board of Education of the City of Plainfield in the County of Union, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed by the Board) in connection with the offering, sale and issuance of its \$14,605,000* aggregate principal amount of Energy Savings Obligation Refunding School Bonds, Series 2024 (New Jersey School Bond Reserve Act, 1980, N.J. Laws c. 72, as amended) (the "Bonds"). This Official Statement has been executed by and on behalf of the Board by the Business Administrator/Board Secretary and its distribution and use in connection with the offering and sale of the Bonds have been authorized by the Board.

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Board from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future, and is not necessarily indicative of future or continuing trends in the financial position of the Board.

DESCRIPTION OF THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

Terms and Interest Payment Dates

The Bonds shall be dated their date of delivery and shall mature on October 15 in each of the years and in the amounts set forth on the inside cover page hereof. The Bonds shall bear interest from their date of delivery which interest shall be payable semi-annually on the fifteenth day of April and October (each an "Interest Payment Date"), commencing on April 15, 2025, in each of the years and at the interest rates set forth on the inside cover page hereof until maturity or prior redemption by check mailed by the Board or a duly appointed paying agent to the registered owners of the Bonds as of each April 1 and October 1 immediately preceding the respective Interest Payment Date (the "Record Dates"). So long as The Depository Trust Company, Brooklyn, New York ("DTC"), or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board or a designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC

* Preliminary, subject to change.

participants, which will in turn remit such payments to the beneficial owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds will be issued in fully registered book-entry only form, without certificates. One certificate shall be issued for the aggregate principal amount of the Bonds maturing in each year, and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as Securities Depository for the Bonds (the "Securities Depository"). The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$1,000 each, or any integral multiple thereof with a minimum purchase of \$5,000 required, through book-entries made on the books and records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased. See "BOOK-ENTRY ONLY SYSTEM" herein.

Redemption

The Bonds of this issue maturing prior to October 15, 2035 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after October 15, 2035 are redeemable at the option of the Board in whole or in part on any date on or after October 15, 2034 upon notice as required herein at one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

Notice of Redemption

Notice of redemption ("Notice of Redemption") shall be given by mailing such notice at least thirty (30) days but not more than sixty (60) days before the date fixed for redemption by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Board or a duly appointed Bond Registrar. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notice of Redemption shall be sent to such Securities Depository and shall not be sent to the beneficial owners of the Bonds. Any failure of the Securities Depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Board determines to redeem a portion of the Bonds prior to maturity, such Bonds shall be selected by the Board; the Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption.

Security for the Bonds

The Bonds are valid and legally binding general obligations of the Board, and the Board has irrevocably pledged its full faith and credit for the payment of the principal of and interest on the Bonds. Unless paid from other sources, the principal of and interest on the Bonds are payable from *ad valorem* taxes levied upon all the taxable real property within the School District without limitation as to rate or amount. The Bonds are additionally secured by the New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended.

School Bond Reserve Act (1980 N.J. Laws c. 72)

All school bonds are secured by the School Bond Reserve (the "School Bond Reserve") established in the Fund for the Support of Free Public Schools of the State of New Jersey (the "Fund") in accordance

with the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 et seq. (P.L. 1980, c. 72, approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003 (the "Act")). The 2003 amendments to the Act provide that the Fund will be divided into two (2) School Bond Reserve accounts. All bonds issued prior to July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to one and one-half percent (1.5%) of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes (the "Old School Bond Reserve Account") and all bonds, including the Bonds, issued on or after July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to one percent (1%) of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes (the "New School Bond Reserve Account"), provided such amounts do not exceed the moneys available in the Fund. If a municipality, county or school district is unable to make payment of principal of or interest on any of its bonds issued for school purposes, the trustees of the Fund will purchase such bonds at par value and will pay to the bondholders the interest due or to become due within the limits of funds available in the applicable School Bond Reserve account in accordance with the provisions of the Act.

The Act provides that the School Bond Reserve shall be composed entirely of direct obligations of the United States government or obligations guaranteed by the full faith and credit of the United States government. Securities representing at least one-third of the minimal market value to be held in the School Bond Reserve shall be due to mature within one year of issuance or purchase. Beginning with the fiscal year ending on June 30, 2003 and continuing on each June 30 thereafter, the State Treasurer shall calculate the amount necessary to fully fund the Old School Bond Reserve Account and the New School Bond Reserve Account as required pursuant to the Act. To the extent moneys are insufficient to maintain each account in the School Bond Reserve at the required levels, the State agrees that the Treasurer of the State of New Jersey (the "State") shall, no later than September 15 of the fiscal year following the June 30 calculation date, pay to the trustees for deposit in the School Bond Reserve such amounts as may be necessary to maintain the Old School Bond Reserve Account and the New School Bond Reserve Account at the levels required by the Act. No moneys may be borrowed from the Fund to provide liquidity to the State unless the Old School Bond Reserve Account and the New School Bond Reserve Account each are at the levels certified as full funding on the most recent June 30 calculation date. The amount of the School Bond Reserve in each account is pledged as security for the prompt payment to holders of bonds benefited by such account of the principal of and the interest on such bonds in the event of the inability of the issuer to make such payments. In the event the amounts in either the Old School Bond Reserve Account or the New School Bond Reserve Account fall below the amount required to make payments on bonds, the amounts in both accounts are available to make payments for bonds secured by the School Bond Reserve.

The Act further provides that the amount of any payment of interest or purchase price of school bonds paid pursuant to the Act shall be deducted from the appropriation or apportionment of State aid, other than certain State aid which may be otherwise restricted pursuant to law, payable to the school district, county or municipality and shall not obligate the State to make, nor entitle the school district, county or municipality to receive, any additional appropriation or apportionment. Any amount so deducted shall be applied by the State Treasurer to satisfy the obligation of the school district, county or municipality arising as a result of the payment of interest or purchase price of bonds pursuant to the Act.

Authorization and Purpose

The Bonds have been authorized and are issued pursuant to (i) the Energy Savings Improvement Program Law, N.J.S.A. 18A:18A-4.6(c)(3) (the "ESIP Law") and N.J.S.A. 18A:24-61.1 et seq.; (ii) a refunding bond ordinance (the "Refunding Bond Ordinance") finally adopted by the Board on September 24, 2024 and (ii) a resolution duly adopted by the Board on September 24, 2024 (the "Resolution").

The Board decided to investigate the implementation of an energy savings improvement program through the New Jersey Board of Public Utilities Local Government Energy Audit Program and conducted an energy audit of the School District facilities. Thereafter, the Board appointed DCO Energy, LLC ("DCO") to develop its energy savings plan in accordance with the requirements set forth in N.J.S.A. 18A:18A-4.1 et seq. The Board, with the assistance of DCO, developed a proposed energy savings plan (the "Plan") and hired Johnson & Urban, LLC to verify the energy savings to be realized through the Plan. Johnson & Urban, LLC has issued a report verifying the savings. The Board, by resolution, adopted the Plan on August

13, 2024 and submitted the report and the Plan to the Board of Public Utilities Office of Clean Energy (the “BPU”) for review. The BPU approved the Plan on August 20, 2024.

The Board has determined that the energy savings generated from reduced energy use from the Plan will be sufficient to cover the cost of the energy conservation measures set forth in the Plan and, therefore, has determined to implement the Plan pursuant to N.J.S.A. 18A:18A-4.6 and to finance the Plan through the issuance of energy savings obligations authorized as refunding bonds pursuant to N.J.S.A. 18A:18A-4.6(c)(3) and 18A:24-61.1 et seq. As required by the ESIP Law, the payments of the principal of and interest on the Bonds will be included in the School District's general fund budget but are anticipated to be offset by the energy savings.

As required by law, for the Refunding Bond Ordinance to take effect, the Local Finance Board in the Division of the Local Government Services of the Department of Community Affairs of the State of New Jersey (the “Local Finance Board”) approved the adoption of the Refunding Bond Ordinance and the issuance of the Bonds on September 11, 2024.

The purpose of the Bonds is to (i) finance the costs of the Board's energy savings improvement program through the installation of energy conservation measures and related work at various school sites; and (ii) pay the costs associated with the issuance of the Bonds.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. (“AG”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL” and together with its subsidiaries, “Assured Guaranty”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO.” AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody's Investors Service, Inc. (“Moody's”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or

liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG’s financial strength rating of “AA” (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG’s financial strength rating of “AA” (stable outlook).

On October 20, 2023, KBRA announced it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook). On August 1, 2024, KBRA commented that, following the closing of the Merger, AG’s insurance financial strength rating of “AA+” (stable outlook) remains unchanged.

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AG, AGM and Pro Forma Combined AG

As of June 30, 2024
(dollars in millions)

	<u>AG</u> <u>(Actual)</u>	<u>AGM</u> <u>(Actual)</u>	<u>AG</u> <u>(Pro Forma Combined)</u>
Policyholders’ surplus	\$1,649	\$2,599	\$3,960 ⁽¹⁾
Contingency reserve	\$421	\$910	\$1,331
Net unearned premium reserves and net deferred ceding commission income	\$355	\$2,078 ⁽²⁾	\$2,433 ⁽²⁾

⁽¹⁾ Net of intercompany eliminations.

⁽²⁾ Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM or pro forma combined AG, as applicable, and (ii) the net unearned premium reserves and net deferred ceding commissions of Assured Guaranty UK Limited (“AGUK”) and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

The policyholders’ surplus, contingency reserves, and net unearned premium reserves and net deferred ceding commission income of AG, AGM, and the pro forma combined AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the “SEC”) that relate to AG and AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024).

All information relating to AG and AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof “furnished” under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC’s website at <http://www.sec.gov>, at AGL’s website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL’s website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG and AGM included herein under the caption “BOND INSURANCE – Assured Guaranty Inc.” or included in a document incorporated by reference herein (collectively, the “AG Information”) shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE”.

BOOK-ENTRY ONLY SYSTEM**

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Board. Accordingly, the Board does not make any representations concerning these matters.

DTC will act as Securities Depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, as set forth on the inside cover hereof, in the aggregate principal amount of such maturity, and will be deposited with DTC.

** Source: The Depository Trust Company

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Notices of Redemption shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds, unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Direct and Indirect Participant and not of DTC, nor its nominee, Paying Agent or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as Securities Depository with respect to the Bonds at any time by giving reasonable notice to the Board or Paying Agent. Under such circumstances, in the event that a successor Securities Depository is not obtained, Bond certificates are required to be printed and delivered.

The Paying Agent, upon direction of the Board, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

Discontinuance of Book-Entry Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Board or its paying agent; (ii) the transfer of any Bonds may be registered on the books maintained by the registrar for such purposes only upon the surrender thereof to the Board or its paying agent together with the duly executed assignment in form satisfactory to the Board or its paying agent; and (iii) for every exchange or registration of transfer of Bonds, the Board or its paying agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. Interest on the Bonds will be payable by check or draft mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Dates.

THE SCHOOL DISTRICT AND THE BOARD

The Board is a nine (9) member board with members elected for staggered three (3) year terms. The Superintendent is the chief administrative officer of the School District. The Business Administrator/Board Secretary is the chief financial officer of the School District and oversees the Board's business functions. The Business Administrator/Board Secretary reports to the Superintendent.

The School District is a Type II school district serving the students of the City of Plainfield, in the County of Union, State of New Jersey (the "City"). The School District provides a full range of educational services appropriate to grades pre-kindergarten (Pre-K) through twelve (12), including regular and special

education programs. The School District operates one (1) kindergarten (K) through eight (8) school, eight (8) elementary schools, two (2) middle schools, one (1) comprehensive high school, one (1) performing arts high school one (1) credit recovery program and fourteen (14) early childhood centers. See "APPENDIX A – Certain Economic and Demographic Information Relating to the School District and the City of Plainfield, in the County of Union, State of New Jersey."

THE STATE'S ROLE IN PUBLIC EDUCATION

The Constitution of the State of New Jersey provides that the State shall provide for the maintenance and support of a thorough and efficient ("T&E") system of free public schools for the instruction of all children between the ages of 5 and 18 years. Case law has expanded the responsibility to include children between the ages of 3 and 21.

The responsibilities of the State with respect to the general supervision and control of public education have been delegated to the New Jersey Department of Education (the "Department"), which is a part of the executive branch of the State government and was created by the State Legislature. The Department is governed and guided by the policies set forth by the New Jersey State Board of Education (the "State Board"). The State Board is responsible for the general supervision and control of public education and is obligated to formulate plans and to make recommendations for the unified, continuous and efficient development of public education of all people of all ages within the State. To fulfill these responsibilities, the State Board has the power, *inter alia*, to adopt rules and regulations that have the effect of law and that are binding upon school districts, to acquire land and other property.

The Commissioner of Education (the "Commissioner") is the chief executive and administrative officer of the Department. The Commissioner is appointed by the Governor of the State with the advice and consent of the State Senate, and serves at the pleasure of the Governor during the Governor's term of office. The Commissioner is Secretary and Chief Executive Officer of the State Board and is responsible for the supervision of all school districts in the State and is obligated to enforce the rules and regulations of the State Board. The Commissioner has the authority to recommend the withholding of State financial aid and the Commissioner's consent is required for authorization to sell school bonds that exceed the debt limit of the municipality in which the school district is located and may also set the amount to be raised by taxation for a board of education if a school budget has not been approved by a board of school estimate or by the voters.

An Executive County Superintendent of Schools (the "County Superintendent") is appointed for each county in the State by the Governor, upon the recommendation of the Commissioner with the advice and consent of the State Senate. The County Superintendent is the local representative of the Commissioner. The County Superintendent is responsible for the daily supervision of the school districts in the county and is charged with the enforcement of rules pertaining to the certification of teachers, pupil registers and financial reports and the review of budgets. Under the Uniform Shared Services and Consolidation Act, P.L. 2007, c. 63, effective April 3, 2007, the role of the County Superintendent was changed to create the post of the Executive County Superintendent with expanded powers for the operation and management of school districts to, among other things, promote administrative and operational efficiencies, eliminate non-operating school districts and recommend a school district consolidation plan to eliminate districts through the establishment or enlargement of regional school districts, subject to voter approval.

STRUCTURE OF SCHOOL DISTRICTS IN NEW JERSEY

Categories of School Districts

State school districts are characterized by the manner in which the board of education or the governing body takes office. School districts are principally classified in the following categories:

(1) Type I, in which the mayor or chief executive officer ("CEO") of a municipality appoints the members of a board of education and a board of school estimate. The board of school estimate consists of two (2) members of the board of education, two (2) members of the governing body of the

municipality and the mayor or CEO of the municipality comprising the school district, and approves all fiscal matters;

(2) Type II, in which the registered voters within a school district elect the members of a board of education and either (a) the registered voters also vote upon all fiscal matters with the exception set forth in the new Budget Election Law (as hereinafter defined in "School Budgetary Process"), or (b) a board of school estimate, consisting of two (2) members of the governing body of and the CEO of each municipality within the school district and the president of and one member of the board of education, and approves all fiscal matters;

(3) Regional and consolidated school districts comprising the territorial boundaries of more than one municipality in which the registered voters within the school district elect members of the board of education and vote upon all fiscal matters with certain exceptions. Regional school districts may be "All Purpose Regional School Districts" or "Limited Purpose Regional School Districts";

(4) State-operated school districts created by the State Board, pursuant to State law, when a local board of education cannot or will not correct severe educational deficiencies;

(5) County vocational school districts have boards of education consisting of the County Superintendent and four (4) members unless it is a county of the first class, which adopted an ordinance, in which case it can have a board consisting of seven (7) appointed members which the board of county commissioners of the county appoints. Such vocational school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of county commissioners and a fifth member being the county executive or the director of the board of county commissioners of the county, which approves all fiscal matters; and

(6) County special services school districts have boards of education consisting of the County Superintendent and six (6) persons appointed by the board of county commissioners of the county. Such special services school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school, two (2) members appointed by the board of county commissioners and a fifth member being the commissioner-director of the board of county commissioners, which approves all fiscal matters.

There is a procedure whereby a Type I school district or a Type II school district may change from one type to the other after an approving public referendum. Such a public referendum must be held whenever directed by the municipal governing body or board of education in a Type I district, or the board of education in a Type II district, or when petitioned for by fifteen percent (15%) of the voters of any school district. The School District is a Type II school district with a board of school estimate.

School Budgetary Process (N.J.S.A. 18A:22-1 et seq.)

In a Type I school district and a Type II school district with a board of school estimate, a separate body from the school district, known as the board of school estimate, examines the budget requests and fixes the appropriation amounts for the next year's operating budget at or after a public hearing. This board, whose composition is fixed by statute, certifies the budget to the municipal governing body or board of education. If the board of education disagrees with the certified budget of the board of school estimate, then it can appeal to the Commissioner to request changes.

In a Type II school district, the elected board of education develops the budget proposal and, at or after a public hearing, submits it for voter approval unless the Board has moved its annual election to November, as discussed below. Debt service provisions are not subject to public referendum. If approved, the budget goes into effect. If defeated, the governing bodies of the constituent municipalities must develop the school budget by May 19 of each year. Should the governing bodies be unable to do so, the Commissioner establishes the local school budget.

The Budget Election Law, P.L. 2011, c. 202, effective January 17, 2012 (the “Budget Election Law”) establishes procedures that allow the date of the annual school election of a Type II school district, without a board of school estimate, to be moved from April to the first Tuesday after the first Monday in November, to be held simultaneously with the general election. Such change in the annual school election date must be authorized by resolution of either the board of education or the governing body of the municipality, or by an affirmative vote of a majority of the voters whenever a petition, signed by at least fifteen percent (15%) of the legally qualified voters, is filed with the board of education. Once the annual school election is moved to November, such election may not be changed back to an April annual school election for four (4) years.

School districts that opt to move the annual school election to November are no longer required to submit the budget to the voters for approval if the budget is at or below the two percent (2%) property tax levy cap as provided in the Tax Levy Cap Law (as hereinafter defined).

The Board conducts its annual election in November.

SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT

Levy and Collection of Taxes

School districts in the State do not levy or collect taxes to pay those budgeted amounts which are not provided by the State. The municipality within which a school district is situated levies or collects the required taxes and must remit them in full to the school district.

Budgets and Appropriations

School districts in the State must operate on an annual modified accrual basis budget. Each school district must adopt an annual budget in such detail and upon forms as prescribed by the Commissioner, to which must be attached an itemized statement showing revenues, including State and Federal aid, and expenditures. The Commissioner must approve a budget prior to its final adoption and has the power to increase or decrease individual line items in a budget. Any amendments to a school district's budget must be approved by the board of education or the board of school estimate, as the case may be. Every budget submitted must provide no less than the minimum permissible amount deemed necessary under State law to provide for a thorough and efficient education as mandated by the State Constitution. The Commissioner may not approve any budget unless the Commissioner is satisfied that the school district has adequately implemented within the budget the Core Curriculum Content Standards (as defined herein) required by State law. If necessary, the Commissioner is authorized to order changes in the local school district's budget. The Commissioner will also ensure that other provisions of law are met including the limitations on taxes and spending explained below.

Tax and Spending Limitations

The Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq., P.L. 1975, c. 212 (as amended and partially repealed), first limited the amount of funds that could be raised by a local school district. It limited the annual increase of any school district's net current expense budget. The budgetary limitations were known as a “CAP” on expenditures. The “CAP” was intended to control the growth in local property taxes. Subsequently there have been numerous legislative changes as to how the spending limitations would be applied.

The Quality Education Act of 1990, N.J.S.A. 18A:7D-1 et seq., P.L. 1990, c. 52 (the “QEA”) (now repealed), also limited the annual increase in the school district's current expense and capital outlay budgets by a statutory formula linked to the annual percentage increase in per capita income. The QEA was amended and revised by chapter 62 of the Laws of New Jersey of 1991, and further amended by chapter 7 of the Laws of New Jersey of 1993.

The Comprehensive Educational Improvement and Financing Act of 1996, N.J.S.A. 18A:7F-1 et seq., P.L. 1996, c. 138 (the “CEIFA”), as amended by P.L. 2004, c. 732, effective July 1, 2004, also limited

the annual increase in a school district's net budget by a spending growth limitation. The CEIFA limited the amount school districts can increase their annual current expense and capital outlay budgets (the "Spending Growth Limitations"). Generally, budgets could increase either by two and one-half percent (2.5%) or the consumer price index, whichever is greater. Amendments to the CEIFA decreased the budget cap to two and one-half percent (2.5%) from three percent (3%). Budgets could also increase because of certain adjustments for enrollment increases, certain capital outlay expenditures, pupil transportation costs, and special education costs that exceeded \$40,000 per pupil. Waivers were available from the Commissioner based on increasing enrollments and other fairly narrow grounds and increases higher than the cap could be approved by a vote of sixty percent (60%) at the annual school election.

P.L. 2007, c. 62, effective April 3, 2007, provided additional limitations on school district spending by limiting the amount a school district could raise for school district purposes through the property tax levy by four percent (4%) over the prior budget year's tax levy. P.L. 2007, c. 62 provided for adjustments to the cap for increases in enrollment, reductions in State aid and increased health care costs and for certain other extraordinary cost increases that required approval by the Commissioner. The bill granted discretion to the Commissioner to grant other waivers from the cap for increases in special education costs, capital outlay, and tuition charges. The Commissioner also had the ability to grant extraordinary waivers to the tax levy cap for certain other cost increases beginning in fiscal year 2009 through 2012.

P.L. 2007, c. 62 was deemed to supersede the prior limitations on the amount school districts could increase their annual current expense and capital outlay budgets created by CEIFA (as amended by P.L. 2004, c. 73, effective July 1, 2004). However, chapter 62 was in effect only through fiscal year 2012. Without an extension of chapter 62 by the legislature, the Spending Growth Limitations on the general fund and capital outlay budget would be in effect.

Debt service was not limited either by the Spending Growth Limitations or the four percent (4%) cap on the tax levy increase imposed by chapter 62.

The previous legislation was amended by P.L. 2010, c. 44, effective July 13, 2010 and became applicable to the next local budget year following enactment. This law limits the school district tax levy for the general fund budget to increases of two percent (2%) over the prior budget year with exceptions only for enrollment increases, increases for certain normal and accrued liability for pension contributions in excess of two percent (2%), certain healthcare increases, and amounts approved by a simple majority of voters voting at a special election (the "Tax Levy Cap Law"). Additionally, also becoming effective in the 2011-2012 fiscal year, a school district that has not been granted approval to exceed the tax levy cap by a separate proposal can bank the unused tax levy for use in any of the next three (3) succeeding budget years. A school district can request a use of "banked cap" only after it has fully exhausted all eligible statute spending authority in the budget year. The process for obtaining waivers from the Commissioner for additional increases over the tax levy cap or Spending Growth Limitations was eliminated under chapter 44. Notwithstanding the foregoing, under P.L. 2018, c. 67, effective July 24, 2018, which increases State school aid to underfunded school districts and decreases state school aid to overfunded school districts, during the 2018-2019 through 2024-2025 fiscal years, SDA Districts, which are certain urban districts formerly referred to as Abbott Districts referred to herein under "SUMMARY OF STATE AID TO SCHOOL DISTRICTS", are permitted increases in the tax levy over the two percent (2%) limit to raise a general fund tax levy to an amount that does not exceed its local share of the adequacy budget.

The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund. There are no restrictions on a local school district's ability to raise funds for debt service, and nothing would limit the obligation of a school district to levy *ad valorem* taxes upon all taxable real property within the school district to pay debt service on its bonds or notes with one exception. School districts are subject to GAAP accounting, and under GAAP interest on obligations maturing within one (1) year must be treated as operating expenses. Accordingly, under the Department of Education's Chart of Accounts, interest on notes is raised in the General Fund of a school district and therefore is counted within its two percent (2%) tax levy cap on spending.

Issuance of Debt

Among the provisions for the issuance of school debt are the following requirements: (i) bonds must mature in serial installments within the statutory period of usefulness of the projects being financed but not exceeding forty (40) years, (ii) debt must be authorized by a resolution of a board of education (and approved by a board of school estimate in a Type I school district and a Type II school district with a board of school estimate), and (iii) there must be filed with the State by each municipality comprising a school district a Supplemental Debt Statement and a school debt statement setting forth the amount of bonds and notes authorized but unissued and outstanding for such school district.

Annual Audit (N.J.S.A. 18A:23-1 et seq.)

Every board of education is required to provide an annual audit of the school district's accounts and financial transactions. The audit must be performed by a licensed public school accountant no later than five (5) months after the end of the school fiscal year or by the date extended by statute or by the State of New Jersey Department of Education. The audit, in conformity with statutory requirements, must be filed with the board of education and the Commissioner. Additionally, the audit must be summarized and discussed at a regular public meeting of the local board of education within thirty (30) days following receipt of the annual audit by such board of education.

Temporary Financing (N.J.S.A. 18A:24-3)

Temporary notes may be issued in anticipation of the issuance of permanent bonds for a capital improvement or capital project. Such temporary notes may not exceed in the aggregate the amount of bonds authorized for such improvement or project. A school district's temporary notes may be issued for one (1) year periods, with the final maturity not exceeding five (5) years from the date of original issuance; provided, however, that no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which said notes are issued, is paid and retired subsequent to such third anniversary date from funds other than the proceeds of obligations. School districts must include in each annual budget the amount of interest due and payable in each fiscal year on all outstanding temporary notes.

Capital Lease Financing

School districts are permitted to enter into lease purchase agreements for the acquisition of equipment or for the improvement of school buildings. Generally, lease purchase agreements cannot exceed five (5) years except for certain energy-saving equipment which may be leased for up to fifteen (15) years if paid from energy savings. Lease purchase agreements for a term of five (5) years or less must be approved by the Commissioner. The Educational Facilities Construction and Financing Act, P.L. 2000, c. 72 (the "EFCFA"), repealed the authorization to enter into facilities leases in excess of five (5) years. The payment of rent on an equipment lease and on a five (5) year and under facilities lease is treated as a current expense and within the cap on the school district's budget. Under the CEIFA, lease purchase payments on leases in excess of five (5) years issued under prior law are treated as debt service payments and, therefore, will receive debt service aid if the school district is entitled and are outside the school district's tax levy cap.

Debt Limitation (N.J.S.A. 18A:24-19)

Except as provided below, no additional debt shall be authorized if the principal amount, when added to the net debt previously authorized, exceeds a statutory percentage of the average equalized valuation of taxable property in a school district. As a grades pre-kindergarten (Pre-K) through twelve (12) school district, the School District can borrow up to four percent (4%) of the average equalized valuation of taxable property in the School District. The School District has not exceeded its four percent (4%) debt limit. See "APPENDIX A – Certain Economic and Demographic Information Relating to the School District and the City of Plainfield, in the County of Union, State of New Jersey."

Exceptions to Debt Limitation

A Type II school district (other than a regional district) may also utilize its constituent municipality's remaining statutory borrowing power (i.e. the excess of three and one-half percent (3.5%) of the average equalized valuation of taxable property within the constituent municipality over the constituent municipality's net debt). A school district may also authorize debt in excess of this limit with the consent of the Commissioner and the Local Finance Board.

Energy Saving Obligations

Under P.L. 2009, c. 4, approved January 21, 2009 and effective sixty (60) days thereafter, school districts may issue "energy savings obligations" without voter approval to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements provided that the amount of the savings will cover the cost of the improvements.

SUMMARY OF STATE AID TO SCHOOL DISTRICTS

In 1973, the Supreme Court of the State of New Jersey (the "Court") ruled in *Robinson v. Cahill* that the method then used to finance public education principally through property taxation was unconstitutional. Pursuant to the Court's ruling, the Legislature enacted the Public School Education Act of 1975, N.J.S.A. 18A:7A-1 *et seq.*, P.L. 1975, c. 212 (the "Public School Education Act") (as amended and partially repealed), which required funding of the State's school aid through the New Jersey Gross Income Tax Act, P.L. 1976, c. 47, as amended and supplemented, enacted for the purpose of providing property tax relief.

On June 5, 1990, the Court ruled in *Abbott v. Burke* that the school aid formula enacted under the Public School Education Act was unconstitutional as applied. The Court found that poorer urban school districts (previously called "Abbott Districts", now referred to as "SDA Districts") were significantly disadvantaged under that school funding formula because school revenues were derived primarily from property taxes. The Court found that wealthy school districts were able to spend more, yet tax less for educational purposes.

Since that time there has been much litigation and many cases affecting the State's responsibilities to fund public education and many legislative attempts to distribute State aid in accordance with the court cases and the constitutional requirement. The cases addressed not only current operating fund aid but also addressed the requirement to provide facilities aid as well. The legislation has included QEA, CEIFA and EFCFA. For many years aid has simply been determined in the State Budget, which itself is an act of the legislature, based upon amounts provided in prior years. The school funding formula, provided in the School Funding Reform Act of 2008, P.L. 2007, c. 260, effective January 1, 2008, attempts to remove the special status given to certain school districts known as Abbott Districts after the school funding cases and instead has funding follow students with certain needs and provides aid in a way that takes into account the ability of the local school district to raise local funds to support the budget in amounts deemed adequate to provide for a thorough and efficient education as required by the State constitution. This legislation was challenged in the Court, and the Court held that the State's then current plan for school aid was a "constitutionally adequate scheme." However, the State continued to underfund certain school districts and to overfund other school districts in its budgets based on the statutory scheme. Since 2019 and in accordance with the enactment of P.L. 2018, c. 67, effective July 24, 2018, the State has increased funding for underfunded school districts and decreased funding for overfunded school districts, and will continue to do so as set forth therein. It has also provided cap relief for overfunded school districts to enable them to pick up more of the local share.

Notwithstanding over thirty-five (35) years of litigation, the State provides State aid to school districts of the State in amounts provided in the State budget each year. These now include equalization aid, special education categorical aid, transportation aid, preschool education aid, instructional supplement aid, supplemental core curriculum standards aid, distance learning network aid, bilingual aid, security aid, adjustment aid and other aid determined in the discretion of the Commissioner.

State law requires that the State will provide aid for the construction of school facilities in an amount equal to the greater of the district aid percentage or forty percent (40%) times the eligible costs determined by the Commissioner either in the form of a grant or debt service aid as determined under the EFCFA. The amount of aid to which a school district is entitled is established prior to the authorization of the project. Grant funding is provided by the State upfront and debt service aid must be appropriated annually by the State.

The State has reduced debt service aid by fifteen percent (15%) annually since fiscal year 2011. As a result of the debt service aid reduction for those fiscal years, school districts received eighty-five percent (85%) of the debt service aid that they would have otherwise received. In addition, school districts which received grants under the EFCFA, which grants were financed through the New Jersey Economic Development Authority (the "EDA"), were assessed an amount in each fiscal year budget since 2011 representing fifteen percent (15%) of the school district's proportionate share of the principal and interest payments on the outstanding EDA bonds issued to fund such grants.

Pursuant to P.L. 2018, c. 67, effective July 24, 2018, the School Funding Reform Act has been modified to adjust the distribution of State aid to school districts in the State ("SFRA Modification Law"). In particular, the SFRA Modification Law revises the School Funding Reform Act so that, after calculating the amount of State aid available per pupil, State aid will be distributed to each school district based on student enrollment. The SFRA Modification Law also eliminates the application of the State aid growth limit and adjustment aid, but includes a transition period for school districts that will receive less State aid. Under the SFRA Modification Law, most school districts that will receive reduced State aid resulting from the revised funding formula will be provided a seven (7) year transition period during which funding will be reduced. For those school districts where State aid will increase under the SFRA Modification Law, the transition period to increase funding will be one (1) year.

SUMMARY OF FEDERAL AID TO SCHOOL DISTRICTS

Federal funds are available for certain programs approved by the Federal government with allocation decided by the State, which assigns a proportion to each local school district. The Every Student Succeeds Act of 2015, enacted December 10, 2015, is a Federal assistance program for which a school district qualifies to receive aid. A remedial enrichment program for children of low income families is available under Chapter 1 Aid. Such Federal aid is generally received in the form of block grants. Aid is also provided under the Individuals with Disabilities Education Act although never in the amounts federal law required.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law, N.J.S.A. 40A:2-1 et seq. (the "Local Bond Law"), governs the issuance of bonds and notes to finance certain municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects financed and that bonds be retired in serial installments. A five percent (5%) cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the City are general full faith and credit obligations.

The authorized bonded indebtedness of the City is limited by statute, subject to certain exceptions noted below, to an amount equal to three and one-half percent (3.5%) of its average equalized valuation basis. The average for the last three (3) years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the City as annually determined by the New Jersey Board of Taxation is set forth in APPENDIX A.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

A municipality may exceed its debt limit with the approval of the Local Finance Board, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, a municipality may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the municipality or substantially reduce the ability of the municipality to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the municipality to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

A municipality may sell "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance, as it may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for periods not exceeding one (1) year. Generally, bond anticipation notes may not be outstanding for longer than ten (10) years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus four (4) months in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the State local finance system is the annual cash basis budget. Every local unit must adopt an annual operating budget in the form required by the Division of Local Government Services, New Jersey Department of Community Affairs (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget cannot be finally adopted until it has been certified by the Director of the Division (the "Director"), or in the case of a local unit's examination of its own budget, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law, N.J.S.A. 40A:4-1 et seq. (the "Local Budget Law") requires each local unit to appropriate sufficient funds for the payment of current debt service, and the Director or, in the case of local examination, the local unit, may review the adequacy of such appropriations.

Tax anticipation notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year in which they were issued.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the budgetary review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations. N.J.S.A. 40A:4-22. If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

A provision in the Local Budget Law, N.J.S.A. 40A:4-26, provides that: "[n]o miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues, except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely

coincide with a municipality's calendar fiscal year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between appropriation accounts are prohibited until the last two (2) months of the year. Appropriation reserves may be transferred during the first three (3) months of the year, to the previous year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a 2/3 vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Certain types of appropriations are excluded from the provisions permitting transfers. Generally, transfers cannot be made from the down payment account, interest or debt redemption charges or the capital improvement fund or for contingent expenses.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities, in addition to the general taxing power upon taxable property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six (6) years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Fiscal Year Adjustment Law (1991 N.J. Laws c. 75)

Chapter 75 of the Laws of New Jersey of 1991, requires certain municipalities and permits all other municipalities to adopt the State fiscal year in place of the existing calendar fiscal year. Municipalities that change fiscal years must adopt a six (6) month transition budget for January 1 through June 30. Since expenditures would be expected to exceed revenues primarily because State aid for the calendar year would not be received by the municipality until after the end of the transition year budget, the act authorizes the issuance of Fiscal Year Adjustment Bonds to fund the one time deficit for the six (6) month transition budget. The law provides that the deficit in the six (6) month transition budget may be funded initially with bond anticipation notes based on the estimated deficit in the six (6) month transition budget. Notes issued in anticipation of Fiscal Year Adjustment Bonds, including renewals, can only be issued for up to one (1) year unless the Local Finance Board permits the municipality to renew them for a longer period of time. The Local Finance Board must confirm the actual deficit experienced by the municipality. The municipality then may issue Fiscal Year Adjustment Bonds to finance the deficit on a permanent basis. The purpose of the act is to assist municipalities that are heavily dependent on State aid and that have had to issue tax anticipation notes to fund operating cash flow deficits each year. While the law does not authorize counties to change their fiscal years, it does provide that counties with cash flow deficits may issue Fiscal Year Adjustment Bonds as well.

State Supervision

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2) consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law, or the Local Fiscal Affairs Law, N.J.S.A. 40A:5-1 et seq., which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring a cash deficit.

Appropriations “Cap”

The New Jersey “Cap Law” (the “Cap Law”) (N.J.S.A. 40A:4-45.1 et seq.) places limits on municipal tax levies and expenditures. The Cap Law provides that a local unit shall limit any increase in its budget to two and one-half percent (2.5%) or the Cost-Of-Living Adjustment (as defined in the Cap Law), whichever is less, of the previous year’s final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than two and one-half percent (2.5%), a local unit may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the local unit for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than three and one-half percent (3.5%) over the previous year’s final appropriations. In addition, N.J.S.A. 40A:4-45.15a restored “cap” banking to the Local Budget Law. Municipalities are permitted to appropriate available “cap bank” in either of the next two (2) succeeding years’ final appropriations. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the “cap”.

Additionally, P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care over two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through

a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of fifty percent (50%).

The Division has advised that counties and municipalities must comply with both the budget “cap” and the tax levy limitation. Neither the tax levy limitation nor the Cap Law, however, limits the obligation of the county or municipality to levy *ad valorem* taxes upon all taxable property within its boundaries to pay debt service on its bonds and notes.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income (where appropriate). Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. However, a divergence of the assessment ratio to true value is typically due to changes in market value over time.

Upon the filing of certified adopted budgets by the local unit, the local school district and the county, the tax rate is struck by the county Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, the levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in the State for various special services rendered to the properties located within the special districts.

Generally, tax bills are mailed annually in June of the current fiscal year. The taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged for the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county and school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) per annum on the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500.00. Pursuant to 1991 N.J. Laws c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent (6%) of the amount of the delinquency. These penalties and interest rates are the highest permitted under State statutes. Delinquent taxes open for one (1) year or more are annually included in a tax sale in accordance with State statutes.

Tax Appeals

State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the county Board of Taxation on or before April 1 of the current year for review. The county Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the county Board of Taxation, appeal may be made to the Tax Court of the State of New Jersey (the “State Tax Court”) for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the nonbudgetary financial activities of local governments. The chief financial officer of every local unit must file annually with the Director a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division's "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the Director. A synopsis of the report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the local unit's receipt of the audit report.

FINANCIAL STATEMENTS

The audited financial statements of the Board as of and for the year ended June 30, 2023 together with the notes to the financial statements have been audited by PKF O'Connor Davies, LLP, Woodcliff Lake, New Jersey (the "Auditor") and are presented in APPENDIX B to this Official Statement (the "Financial Statements"). See "APPENDIX B – Financial Statements of The Board of Education of the City of Plainfield in the County of Union, New Jersey.

MUNICIPAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Municipal Advisor to the Board with respect to the issuance of the Bonds (the "Municipal Advisor"). The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the Appendices hereto. The Municipal Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

LITIGATION

To the knowledge of the Board Attorney, Busch Law Group, LLC, Metuchen, New Jersey (the "Board Attorney"), there is no litigation of any nature now pending or threatened against the Board, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Board or the School District or the title of any of the present officers. To the knowledge of the Board Attorney, no litigation is presently pending or threatened that, in the opinion of the Board Attorney, would have a materially adverse impact on the financial condition of the Board if adversely decided. A certificate to such effect will be executed by the Board Attorney and delivered to the Underwriter (as hereinafter defined) of the Bonds at the closing.

TAX EXEMPTION

Federal Income Tax Treatment

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Bonds in order for the interest thereon to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause such interest to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds. The Board has covenanted to comply with the provisions of the Code applicable to the Bonds, and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Board with the requirements of the Code described above, interest on the Bonds is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code and is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Premium Bonds

[The Bonds [maturing on October 15 in the years 20__ through 20__, inclusive (collectively, the "Premium Bonds")], have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the [Premium] Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a [Premium] Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a [Premium] Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such [Premium] Bonds and not as interest.]

Discount Bonds

[Bond Counsel is also of the opinion that the difference between the stated principal amount of the Bonds maturing on October 15 in the years 20__ through 20__, inclusive (collectively, the "Discount Bonds") and their respective initial public offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which prices a substantial amount of the [Discount] Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. In the case of any holder of the [Discount] Bonds, the amount of such original issue discount which is treated as having accrued with respect to the [Discount] Bonds is added to the cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, redemption or payment at maturity). Holders of the [Discount] Bonds should consult their tax advisors for an explanation of the original issue discount rules.]

Additional Federal Income Tax Consequences Relating to Bonds

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxation

Bond Counsel is also of the opinion that interest on the Bonds, and any gain on the sale of the Bonds, are not includable in gross income under the existing New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended. Except as provided above, no opinion is expressed with respect to other State and local tax consequences of owning the Bonds. See "APPENDIX C – Form of Approving Legal Opinion" for the complete text of the proposed form of Bond Counsel's approving legal opinion.

Prospective Tax Law Changes

Federal, state or local legislation, administrative pronouncements or court decisions may affect the Federal and State tax-exempt status of interest on the Bonds and the State tax-exempt status of interest on the Bonds, gain from the sale or other disposition of the Bonds, the market value of the Bonds or the marketability of the Bonds. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding such matters.

Other Tax Consequences

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, State, local or foreign tax consequences of ownership of the Bonds. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Bonds and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Bonds paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See APPENDIX C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Bonds.

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO ALL TAX CONSEQUENCES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE) OF HOLDING THE BONDS.

RISK TO HOLDERS OF BONDS

It is understood that the rights of the holders of the Bonds, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Municipal Bankruptcy

THE BOARD HAS NOT AUTHORIZED THE FILING OF A BANKRUPTCY PETITION. THIS REFERENCE TO THE BANKRUPTCY CODE OR THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE BOARD EXPECTS TO UTILIZE THE BENEFITS OF ITS PROVISIONS, OR THAT IF UTILIZED, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE BONDS, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.

The undertakings of the Board should be considered with reference to 11 U.S.C. §101 et seq., as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed, and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a political subdivision must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may be avoided pursuant to certain preferential transfer provisions set forth in such act.

Reference should also be made to N.J.S.A. 52:27-40 et seq. which provides that a political subdivision, including the Board, has the power to file a petition in bankruptcy with any United States Court

or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

Cyber Security

The School District relied on a large and complex technology environment to conduct its various operations. As a result, the School District faces certain cyber security threats at various times including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyber-attacks, the School District has invested in multiple forms of cybersecurity and operations safeguards. Specifically, the School District has an extensive security system in place, including network firewalls and established administrative rights and restrictions, with varying level of approvals, implemented entity-wide, for access to network drives and applications that are reviewed regularly to ensure proper internal control and protections and provide relevant employees and staff with cyberattack training.

Climate Change

The State of New Jersey is naturally susceptible to the effects of extreme weather events and natural disasters, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could impact local infrastructure that provides essential services to the School District, as well as resulting in economic impacts such as loss of ad valorem tax revenue, interruption of services, and escalated recovery costs. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the School District.

RECENT HEALTHCARE DEVELOPMENTS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to mitigate the spread of the disease and provide relief to State and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

To date, the overall finances and operations of the Board have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, the degree of any future impact to the Board's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by the President of the United States on March 11, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Plan, in part, provides funding for State and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Board.

The Board has been awarded a total of \$32,789,965 in federal aid to address the effects of the COVID-19 pandemic. Plan funds may not, however, be utilized for debt service, legal settlements or judgments or financial reserves.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Bond Counsel to the Board, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as APPENDIX C. Certain legal matters will be passed upon for the Board by its Board Attorney.

PREPARATION OF OFFICIAL STATEMENT

The Board hereby states that the descriptions and statements herein, including the Financial Statements, are true and correct in all material respects, and it will confirm same to the Underwriter by a certificate signed by the Board President and Business Administrator/Board Secretary. See "CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT" herein.

Bond Counsel has participated in the preparation and review of this Official Statement but has not participated in the collection of financial, statistical or demographic information contained in this Official Statement nor verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

The Municipal Advisor has participated in the review of this Official Statement and in the collection of financial, statistical and demographic information contained in APPENDIX A to this Official Statement but has not verified the accuracy, completeness or fairness thereof, and, accordingly, takes no responsibility and expresses no opinion with respect thereto.

The Auditor takes responsibility for the Financial Statements to the extent specified in the Independent Auditors' Report appearing in APPENDIX B hereto.

The Board Attorney has not participated in the preparation of the information contained in this Official Statement, nor has the Board Attorney verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

All other information has been obtained from sources which the Board considers to be reliable, but it makes no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (the "Rating Agency"), has assigned an underlying rating of "A" to the Bonds based upon the creditworthiness of the School District. The Rating Agency is expected to assign its insured rating of "AA" (stable outlook) to the Bonds subject to the issuance and delivery of the Bond Insurance Policy by Assured Guaranty Inc. at the time of the delivery of the Bonds. The Bonds are additionally secured by the New Jersey School Bond Reserve Act.

The ratings reflect only the view of the Rating Agency and an explanation of the significance of such ratings may only be obtained from the Rating Agency. The Board forwarded to the Rating Agency certain information and materials concerning the Bonds and the School District. There can be no assurance that the ratings will be maintained for any given period of time or that the ratings will not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such ratings may have an adverse effect on the marketability or market price of the Bonds.

UNDERWRITING

The Bonds are being purchased from the Board by Raymond James & Associates, Inc. (the "Underwriter"), at a price of \$_____. The Underwriter is obligated to purchase all of the Bonds if any Bonds are so purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at yields higher than the public offering yields set forth on the inside cover page, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

SECONDARY MARKET DISCLOSURE

The Board has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Board by no later than each January 31 after the end of each fiscal year, commencing with the fiscal year ending June 30, 2024 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Board with the Municipal Securities Rulemaking Board (the "MSRB") or any other entity designated by the MSRB. The notices of material events will be filed by the Board with the MSRB through its Electronic Municipal Market Access ("EMMA") system and with any other entity designated by the MSRB, as applicable. The nature of the information to be contained in the Annual Report or the notices of material events is set forth in "APPENDIX D – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission 15c2-12(b)(5) (the "SEC Rule").

The Board has previously entered into continuing disclosure undertakings under the SEC Rule. Within the five (5) years immediately preceding the date of this Official Statement, the Board previously failed to file, in accordance with the SEC Rule, in a timely manner, under previous filing requirements, audited financial information for the fiscal year ending June 30, 2023. Additionally, the Board failed to file a notice of financial obligation in connection with the occurrence of a certain financial obligation during this period. The Board appointed Phoenix Advisors, LLC, Bordentown, New Jersey in February of 2019 to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required by its prior undertakings.

The School District has been in material compliance with the SEC Rule for the previous five (5) years.

NO DEFAULT

There is no record of default in the payment of the principal of or interest in the bonds or notes of the School District.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the Business Administrator/Board Secretary, Cameron E. Cox, (908) 731-4344 or to Charles Anthony Solimine, Esq., Wilentz, Goldman & Spitzer, P.A., Bond Counsel to the Board, (732) 855-6430.

CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT

At the time of the original delivery of the Bonds, the Board will deliver a certificate of one or more of its authorized officials to the effect that he/she has examined this Official Statement (including the Appendices) and the financial and other data concerning the School District contained herein and that, to

the best of his knowledge and belief, (i) this Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of this Official Statement and the date of delivery of the Bonds, there has been no material adverse change in the affairs (financial or otherwise), financial condition or results or operations of the Board except as set forth in or contemplated by this Official Statement.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Board, the Underwriter and the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the Board since the date hereof.

The Board has authorized the preparation of this final Official Statement containing pertinent information relative to the Bonds, and this Official Statement is deemed to be the final Official Statement as required by Rule 15c2-12, promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented. By awarding the Bonds to the Underwriter, the Board agrees that, within the earlier of seven (7) business days following the date of such award or to accompany the purchasers' confirmations requesting payment for the Bonds, it shall provide without cost to the Underwriter, for distribution purposes, copies of this final Official Statement. The Underwriter agrees that (i) it shall accept such designation, and (ii) it shall assure the distribution of the final Official Statement.

THE BOARD OF EDUCATION OF THE CITY OF PLAINFIELD IN THE COUNTY OF UNION, NEW JERSEY

By: _____

CAMERON E. COX,

Business Administrator/Board Secretary

DATED: _____, 2024

APPENDIX A

**Certain Economic and Demographic Information Relating to the
School District and the City of Plainfield,
in the County of Union, State of New Jersey**

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INFORMATION REGARDING THE SCHOOL DISTRICT¹

Type

The School District is a Type II school district that is coterminous with the borders of the City of Plainfield (the “Board”). The School District provides a full range of educational services appropriate to Pre-Kindergarten (PreK) through grade twelve (12).

The Board is composed of nine (9) members elected by the legally qualified voters in the School District to terms of three (3) years on a staggered basis. The President and Vice President are chosen for one (1) year terms from among the members of the Board.

The Board is the policy making body of the School District and has the general responsibility for providing an education program, the power to establish policies and supervise the public schools in the School District, and the responsibility to develop the annual School District budget. The Board's fiscal year ends each June 30.

The Board appoints a Superintendent and Business Administrator/Board Secretary who are responsible for budgeting, planning and the operational functions of the School District. The administrative structure of the Board gives final responsibility for both the educational process and the business operation to the Superintendent.

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¹ Source: The Board, unless otherwise indicated

Description of Facilities

The Board presently operates the following school facilities:

Facility	Grade Level	Student Enrollment (As of 6/30/24)
Clinton Elementary School	PreK-5	403
Washington Community School	PreK	558
DeWitt D. Barlow Elementary School	K-5	426
Frederic W. Cook Elementary School	K-5	143
Emerson Elementary School	K-5	436
Evergreen Elementary School	K-5	434
Jefferson Elementary School	K-5	414
Charles H. Stillman Elementary School	K-5	326
Charles and Anna Booker Elementary School	K-5	762
Cedarbrook Elementary School	K-8	653
Hubbard Middle School	6-8	802
Maxson Middle School	6-8	809
Plainfield Academy for the Arts	7-12	344
Plainfield High School	9-12	1,939
Pinnacle Academy High School	9-12	106

* The District also has 1,277 PreK students in multiple schools across the City.
Source: District Records

Staff

The Superintendent is the chief executive officer of the Board and is in charge of carrying out Board policies. The Business Administrator/Board Secretary is the chief financial officer of the Board and must submit monthly financial reports to the Board and annual reports to the New Jersey Department of Education.

The following table presents the number of full and part-time teaching professionals and support staff of the School District as of June 30, for each of the past five (5) years.

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Teaching Professionals	837	796	764	795	759
Support Staff	<u>507</u>	<u>487</u>	<u>424</u>	<u>434</u>	<u>423</u>
Total Full & Part Time Employees	<u>1,344</u>	<u>1,283</u>	<u>1,188</u>	<u>1,229</u>	<u>1,182</u>

Source: Annual Comprehensive Financial Report of the School District

Pupil Enrollments

The following table presents the historical average daily pupil enrollments for the past five (5) school years.

Pupil Enrollments	
<u>School Year</u>	<u>Enrollment</u>
2023-2024	10,077
2022-2023	11,239
2021-2022	10,866
2020-2021	11,168
2019-2020	12,066

Source: School District (2024) and Annual Comprehensive Financial Report of the School District (2020-2023)

Pensions

Those employees of the School District who are eligible for pension coverage are enrolled in one of the two State-administered multi-employer pension systems (the “Pension System”). The Pension System was established by an act of the State Legislature. The Board of Trustees for the Pension System is responsible for the organization and administration of the Pension System. The two State-administered pension funds are: (1) the Teacher's Pension and Annuity Fund (“TPAF”) and (2) the Public Employee's Retirement System (“PERS”). The Division of Pensions and Benefits, within the State of New Jersey Department of the Treasury (the “Division”), charges the participating school districts annually for their respective contributions. The School District raises its PERS contributions through taxation and the State contributes the employer's share of the annual Social Security and Pension contribution for employees enrolled in the TPAF. The Pension System is a cost sharing multiple employer contributory defined benefit plan. The Pension System's designated purpose is to provide retirement and medical benefits for qualified retirees and other benefits to its members. Membership in the Pension System is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Fiscal 2024-2025 Budget

Prior to the passage of P.L. 2011, c. 202 the Board was required to submit its budget for voter approval on an annual basis. Under the Election Law (P.L. 2011, c. 202, effective January 17, 2012) if a school district has opted to move its annual election to November, it is no longer required to submit the budget to voters for approval if the budget is at or below the two percent (2%) property tax levy cap as provided for under the Tax Levy Cap Law (P.L. 2010, c. 44). If a school district proposes to spend above the two percent (2%) property tax levy cap, it is then required to submit its budget to voters at the annual school election in November. The Board has chosen under the Election Law to move its annual school election to November.

The General Fund budget is the sum of all State aid (exclusive of pension aid and social security aid) and the local tax levy (exclusive of debt service). The Board's General Fund Budget for the 2024-2025 fiscal year is \$328,703,494. The major sources of revenue are \$26,018,540 from the local tax levy and \$278,964,014 from State aid.

Source: Annual User-Friendly Budget of the School District

Budget History

As noted, prior to the Board's budget for its 2012-2013 fiscal year, the Board was required to submit its budget for voter approval. A summary of the last five (5) budget years of the Board's General Fund is presented below:

<u>Budget Year</u>	<u>Amount Raised in Taxes</u>	<u>Budget Amount</u>
2024-2025	\$26,018,540	\$328,703,494
2023-2024	26,018,540	288,753,919
2022-2023	26,018,540	239,595,552
2021-2022	26,018,540	210,576,761
2020-2021	26,018,540	188,973,647

Source: Annual User-Friendly Budget of the School District

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Financial Operations

The following table summarizes information on the changes in general fund revenues, expenditures and changes in fund balance for the school years ending June 30, 2019 through June 30, 2023 for the general fund. Beginning with the 1993-1994 fiscal year, school districts in the State of New Jersey have begun to prepare their financial statements in accordance with Generally Accepted Accounting Principles in the United States.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEARS ENDED JUNE 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES					
Local Sources:					
Local Tax Levy	\$26,018,540	\$26,018,540	\$26,018,540	\$26,018,540	\$25,277,000
Other Local Revenue	<u>2,748,563</u>	<u>1,699,234</u>	<u>1,086,026</u>	<u>835,851</u>	<u>1,049,845</u>
Total Revenues-Local Sources	28,767,103	27,717,774	27,104,566	26,854,391	26,326,845
State Sources	245,189,447	211,771,129	173,653,925	162,593,743	153,140,564
Federal Sources	<u>324,321</u>	<u>309,966</u>	<u>281,361</u>	<u>239,806</u>	<u>338,802</u>
Total Revenues	\$274,280,871	\$239,798,869	\$201,039,852	\$189,687,940	\$179,806,211
EXPENDITURES					
General Fund:					
Instruction	\$154,205,236	\$137,236,270	\$133,660,898	\$127,563,467	\$125,712,252
Undistributed Expenditures	90,109,312	80,575,743	60,797,114	61,663,213	60,617,600
Capital Outlay	<u>15,715,890</u>	<u>6,243,879</u>	<u>2,895,512</u>	<u>3,542,751</u>	<u>4,608,956</u>
Total Expenditures	\$260,030,438	\$224,055,892	\$197,353,524	\$192,769,431	\$190,938,808
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	14,250,433	15,742,977	3,686,328	(3,081,491)	(11,132,597)
Other Financing Sources (Uses):					
Transfers In	885,667	925,078	980,501	1,160,906	5,984,432
Transfers Out	<u>(907,743)</u>	<u>(609,298)</u>	<u>(921,816)</u>	<u>(728,042)</u>	<u>(717,213)</u>
Total Other Financing Sources (uses)	(22,076)	315,780	58,685	432,864	5,267,219
Net Change in Fund Balance	14,228,357	16,058,757	3,745,013	(2,648,627)	(5,865,378)
Fund Balance, July 1	<u>16,964,724</u>	<u>905,967</u>	<u>(2,839,046)</u>	<u>(1,095,402)</u>	<u>4,769,976</u>
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>(904,983)</u>	<u>0</u>	<u>0</u>
Fund Balance, June 30	<u>\$31,193,081</u>	<u>\$16,964,724</u>	<u>\$905,967</u>	<u>(\$3,744,029)</u>	<u>(\$1,095,402)</u>

Source: Annual Comprehensive Financial Report of the School District. Statement of Revenues, Expenditures Governmental Funds and Changes in Fund Balances on a GAAP basis

Capital Leases

As of June 30, 2023, the Board has no capital leases outstanding.

Source: Annual Comprehensive Financial Report of the School District

Financed Purchases

As of June 30, 2023, the Board has financed purchases outstanding with payments due through year ending June 30, 2025, totaling \$4,556,668.

Source: Annual Comprehensive Financial Report of the School District

Short-Term Debt

As of June 30, 2023, the Board has no short-term debt outstanding.

Source: Annual Comprehensive Financial Report of the School District

Long-Term Debt

The following table outlines the outstanding long-term debt of the Board as of June 30, 2023.

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$1,850,000	\$353,000	\$2,203,000
2025	1,945,000	258,125	2,203,125
2026	2,040,000	158,500	2,198,500
2027	<u>2,150,000</u>	<u>53,750</u>	<u>2,203,750</u>
TOTALS	<u>\$7,985,000</u>	<u>\$823,375</u>	<u>\$8,808,375</u>

Source: Annual Comprehensive Financial Report of the School District

Debt Limit of the Board

The debt limitation of the Board is established by statute (N.J.S.A. 18A:24-19). The Board is permitted to incur debt up to 4% of the average equalized valuation for the past three years (See “SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT-Exceptions to Debt Limitation” herein). The following is a summation of the Board’s debt limitation as of June 30, 2023:

Average Equalized Real Property Valuation (2020, 2021, and 2022)	\$3,104,512,066
School District Debt Analysis	
Permitted Debt Limitation (4% of AEVP)	\$124,180,483
Less: Bonds and Notes Authorized and Outstanding	<u>7,919,660</u>
Remaining Limitation of Indebtedness	\$116,260,823
Percentage of Net School Debt to Average Equalized Valuation	0.26%

Source: Annual Comprehensive Financial Report of the School District

INFORMATION REGARDING THE CITY¹

The following material presents certain economic and demographic information of the City of Plainfield (the “City”), in the County of Union (the “County”), State of New Jersey (the “State”).

General Information

The City is an industrial-residential suburb located in north central New Jersey in the western most section of the County, 24 miles southwest of New York City, 18 miles from the City of Newark, New Jersey and 12 miles from the City of Elizabeth, New Jersey. Although considered part of the greater New York City area, the City is itself the core city for several surrounding New Jersey communities which comprise the greater Plainfield area. The City is approximately six square miles in area.

The City Charter, which was adopted in 1968, provides for a Mayor-Council form of government. The Mayor is elected for a four year term, and appoints the City Administrator, and the Directors of Administration and Finance, Public Affairs and Safety, and Public Works and Urban Development. The Mayor has the veto power over legislation adopted by the City Council but this veto may be overridden by a two-thirds majority vote of the City Council.

Form of Government

The City Council is comprised of seven members who, like the Mayor, serve four year terms. These terms are staggered, however, to ensure that some experienced members remain on the City Council in any given election year.

Retirement Systems

All full-time permanent or qualified City employees who began employment after 1944 must enroll in one of two retirement systems depending upon their employment status. These systems were established by acts of the State Legislature. Benefits, contributions, means of funding and the manner of administration are set by State law. The Division of Pensions, within the New Jersey Department of Treasury (the “Division”), is the administrator of the funds with the benefit and contribution levels set by the State. The City is enrolled in the Public Employees' Retirement System (“PERS”) and the Police and Firemen's Retirement System (“PFRS”).

Pension Information²

Employees, who are eligible to participate in a pension plan, are enrolled in PERS or PFRS, administered by the Division. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations. The employees contribute a portion of the cost.

¹ Source: The City, unless otherwise indicated.

² Source: State of New Jersey Department of Treasury, Division of Pensions and Benefits

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the City, the County, and the State:

	<u>Total Labor Force</u>	<u>Employed Labor Force</u>	<u>Total Unemployed</u>	<u>Unemployment Rate</u>
<u>City</u>				
2023	28,192	26,521	1,671	5.9%
2022	27,622	26,137	1,485	5.4%
2021	27,249	24,959	2,290	8.4%
2020	27,176	24,287	2,889	10.6%
2019	27,689	26,326	1,363	4.9%
<u>County</u>				
2023	295,774	281,793	13,981	4.7%
2022	289,422	277,712	11,710	4.0%
2021	285,153	265,193	19,960	7.0%
2020	285,280	258,049	27,231	9.5%
2019	288,833	278,482	10,351	3.6%
<u>State</u>				
2023	4,829,671	4,615,722	213,949	4.4%
2022	4,736,213	4,552,563	183,650	3.9%
2021	4,648,814	4,337,793	311,021	6.7%
2020	4,638,386	4,200,980	437,406	9.4%
2019	4,687,390	4,525,044	162,346	3.5%

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

Income (as of 2022)

	<u>City</u>	<u>County</u>	<u>State</u>
Median Household Income	\$70,712	\$95,000	\$97,126
Median Family Income	74,415	115,612	119,240
Per Capita Income	28,788	49,666	50,995

Source: US Bureau of the Census, 2022 American Community Survey 5-Year Estimates

Population

The following tables summarize population increases and the decreases for the City, the County, and the State.

<u>Year</u>	<u>City</u>		<u>County</u>		<u>State</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
2023 est.	54,670	0.15%	572,726	-0.46%	9,290,841	0.02%
2020	54,586	9.59	575,345	7.24	9,288,994	5.65
2010	49,808	4.14	536,499	2.67	8,791,894	4.49
2000	47,829	2.71	522,541	5.82	8,414,350	8.85
1990	46,567	2.22	493,819	-2.04	7,730,188	4.96

Source: United States Department of Commerce, Bureau of the Census

Largest Employers

The ten (10) largest employers in the City are listed below:

<u>Taxpayers</u>	<u>2023 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Verizon	\$3,978,033	0.33%
639 South Ave, LLC	3,000,000	0.25%
Woodlands Propco LLC	2,900,000	0.24%
Norwood Estates LLC	2,606,400	0.22%
Michael Manor, LLC	2,400,000	0.20%
Chung 33 Westervelt LLC	2,200,000	0.18%
1000 Plainfield Estates	1,881,700	0.16%
Plainfieldww LLC	1,850,000	0.15%
New Jersey Bell Telephone Co	1,730,400	0.14%
Stoney Brook Gardens LLC	<u>1,700,000</u>	<u>0.14%</u>
Total	<u>\$24,246,533</u>	<u>2.00%</u>

Source: Annual Comprehensive Financial Report of the School District & Municipal Tax Assessor

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Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Current Year Collection</u>	<u>Current Year % of Collection</u>
2023U	\$105,251,928	\$101,757,449	96.68%
2022	103,085,674	99,868,198	96.88%
2021	100,728,992	98,871,498	98.16%
2020	100,620,259	98,198,286	97.59%
2019	100,830,387	98,110,836	97.30%

U=Unaudited Financial Information
Source: Annual Audit Reports of the City

Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Tax</u>	<u>Total Delinquent</u>	<u>% of Tax Levy</u>
2023U	\$80,319	\$3,937,046	\$4,017,365	3.82%
2022	80,319	2,987,829	3,068,148	2.98%
2021	137,702	1,589,812	1,727,514	1.72%
2020	231,382	2,092,346	2,323,728	2.31%
2019	300,029	2,367,664	2,667,692	2.65%

U=Unaudited Financial Information
Source: Annual Audit Reports of the City

Property Acquired by Tax Lien Liquidation

<u>Year</u>	<u>Amount</u>
2023U	\$1,519,400
2022	1,519,400
2021	1,519,400
2020	1,772,600
2019	1,772,600

U=Unaudited Financial Information
Source: Annual Audit Reports of the City

Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for City residents for the past five (5) years.

		Local			
	<u>Year</u>	<u>Municipal</u>	<u>School</u>	<u>County</u>	<u>Total</u>
	2023	\$5.109	\$2.244	\$1.293	\$8.646
	2022	4.989	2.252	1.218	8.459
	2021	4.930	2.262	1.193	8.385
	2020	4.937	2.266	1.158	8.361
	2019	4.936	2.232	1.193	8.361

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

	Aggregate Assessed	Aggregate True	Ratio of	Assessed	Equalized
	Valuation of	Value of	Assessed to	Value of	Valuation
<u>Year</u>	<u>Real Property</u>	<u>Real Property</u>	<u>True Value</u>	<u>Personal Property</u>	
2024	\$1,214,042,156	\$4,072,600,322	29.81%	\$3,777,689	\$4,076,378,011
2023	1,205,824,156	4,045,032,392	29.81	3,978,033	4,049,010,425
2022	1,196,996,156	3,787,962,519	31.60	4,356,045	3,792,318,564
2021	1,193,328,656	3,191,571,693	37.39	4,933,429	3,196,505,122
2020	1,197,439,456	2,920,584,039	41.00	5,003,972	2,925,588,011

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the City for the past five (5) years.

<u>Year</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartments</u>	<u>Total</u>
2023	\$8,588,400	\$996,448,056	\$0	\$121,510,200	\$21,920,300	\$57,357,200	\$1,205,824,156
2022	7,411,700	992,787,256	0	120,352,100	19,317,900	57,127,200	1,196,996,156
2021	7,706,300	991,504,456	0	118,015,000	18,767,400	57,335,500	1,193,328,656
2020	8,160,000	989,936,356	0	119,508,600	18,909,400	60,925,100	1,197,439,456
2019	7,436,000	990,718,156	0	121,261,100	19,194,300	60,925,100	1,199,534,656

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Financial Operations

The following table summarizes the City's Current Fund budget. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

Summary of Current Fund Budget

<u>Anticipated Revenues</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Fund Balance Utilized	\$7,356,565	\$9,197,000	\$9,600,000	\$7,188,539	\$8,000,000
Miscellaneous Revenues	17,330,594	16,656,260	31,560,620	30,276,857	25,937,372
Receipts from Delinquent Taxes	2,300,000	2,130,000	1,300,000	2,300,000	2,600,000
Amount to be Raised by Taxation	<u>59,116,504</u>	<u>58,819,332</u>	<u>59,685,059</u>	<u>61,560,793</u>	<u>63,292,249</u>
Total Revenue:	<u>\$86,103,663</u>	<u>\$86,802,592</u>	<u>\$102,145,679</u>	<u>\$101,326,189</u>	<u>\$99,829,621</u>
<u>Appropriations</u>					
General Appropriations	\$73,623,572	\$74,468,683	\$75,912,230	\$78,266,804	\$82,295,578
Operations (Excluded from CAPS)	3,072,301	3,080,956	17,616,446	13,134,478	7,481,983
Deferred Charges and Statutory Expenditures	40,000	40,000	200,000	260,609	257,200
Judgments	0	0	0	0	0
Capital Improvement Fund	580,000	380,000	206,000	300,000	400,000
Municipal Debt Service	4,831,617	4,972,676	5,171,117	5,215,094	5,101,933
Reserve for Uncollected Taxes	<u>3,956,173</u>	<u>3,860,277</u>	<u>3,039,887</u>	<u>4,149,204</u>	<u>4,292,927</u>
Total Appropriations:	<u>\$86,103,663</u>	<u>\$86,802,592</u>	<u>\$102,145,679</u>	<u>\$101,326,189</u>	<u>\$99,829,621</u>

Source: Annual Adopted Budgets of the City

Fund Balance

Current Fund

The following table lists the City's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

	<u>Fund Balance - Current Fund</u>	
	<u>Balance</u>	<u>Utilized in Budget</u>
<u>Year</u>	<u>12/31</u>	<u>of Succeeding Year</u>
2023U	\$12,121,218	\$8,000,000
2022	10,431,443	7,188,539
2021	12,561,800	9,600,000
2020	9,942,542	9,197,000
2019	11,113,978	7,356,565

U=Unaudited Financial Information
Source: Annual Audit Reports of the City

Statement of Debt (as of December 31, 2023)**General Purpose Debt**

Serial Bonds	\$31,301,000
Bond Anticipation Notes	4,178,335
Bonds and Notes Authorized but Not Issued	13,936,317
Other Bonds, Notes and Loans	143,224
Total:	<u>\$49,558,877</u>

Local School District Debt

Serial Bonds	\$6,135,000
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	0
Total:	<u>\$6,135,000</u>

Self-Liquidating Debt

Serial Bonds	\$616,000
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	7,891,025
Other Bonds, Notes and Loans	0
Total:	<u>\$8,507,025</u>

TOTAL GROSS DEBT**\$64,200,902**

Less: Statutory Deductions	
General Purpose Debt	\$8,507,025
Local School District Debt	6,135,000
Self-Liquidating Debt	0
Total:	<u>\$14,642,025</u>

TOTAL NET DEBT**\$49,558,877**

Source: Annual Debt Statement of the City

Overlapping Debt (as of December 31, 2023)³

<u>Name of Related Entity</u>	<u>Related Entity Debt Outstanding</u>	<u>City Percentage</u>	<u>City Share</u>
Local School District	\$6,135,000	100.00%	\$6,135,000
County	632,185,118	4.07%	<u>25,718,303</u>
Net Indirect Debt			\$31,853,303
Net Direct Debt			<u>49,558,877</u>
Total Net Direct and Indirect Debt			<u>\$81,412,180</u>

Debt Limit

Average Equalized Valuation Basis (2021, 2022, 2023)	\$3,674,855,535
Permitted Debt Limitation (3 1/2%)	128,619,944
Less: Net Debt	<u>49,558,877</u>
Remaining Borrowing Power	<u>\$79,061,067</u>
Percentage of Net Debt to Average Equalized Valuation	1.349%
 Gross Debt Per Capita based on 2023 population of 54,670	 \$1,174
Net Debt Per Capita based on 2023 population of 54,670	\$907

Source: Annual Debt Statement of the City

³ City percentage of County debt is based on the City's share of total equalized valuation in the County.

APPENDIX B

**Financial Statements of The Board of Education of the
City of Plainfield
in the County of Union, New Jersey**

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Independent Auditors' Report

**Honorable President and Members
of the Board of Education
Plainfield Board of Education
County of Union,
Plainfield, New Jersey**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Plainfield Board of Education (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District'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, the business-type activities and each major fund of the District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof 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 audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards and requirements are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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 from material misstatement, whether due to fraud or error.

PKF O'CONNOR DAVIES, LLP
300 Tice Boulevard, Suite 315, Woodcliff Lake, NJ 07677 | Tel: 201.712.9800 | Fax: 201.712.0988 | www.pkfod.com

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

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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey 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 the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2023. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PKF O'Connor Davies, LLP

Woodcliff Lake, New Jersey

February 20, 2024



Gary W. Higgins, CPA

Licensed Public School Accountant, No. CS00814

Required Supplementary Information – Part I

Management's Discussion and Analysis

**PLAINFIELD BOARD OF EDUCATION
PLAINFIELD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The Management's Discussion and Analysis of the Plainfield Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements including the notes to enhance their understanding of the School District's financial performance. Certain comparative information between the current year (2022-2023) and the prior year (2021-2022) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2023 are as follows:

- In total, net position increased by \$65,568,905. Net position of governmental activities increased by \$65,506,816, which represents a 111% increase over the June 30, 2022 net position. Net position of the business-type activities, which represents the food service operation, increased by \$62,089 or 1% from the June 30, 2022 net position.
- General Revenues accounted for \$264,377,139 or 77% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$78,911,112 or 23% of total revenues of \$343,288,251.
- The School District had \$277,719,346 in expenses: only \$78,911,112 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily unrestricted state aid and property taxes) of \$264,377,139 were adequate to provide for these programs.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Plainfield Board of Education as a financial whole, or as an entire reporting entity.

The Statement of Net Position and Statement of Activities provide information about the activities of the entire School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School district's most significant funds. The District considers all of its governmental funds and its sole enterprise fund to be major funds. For the Plainfield Board of Education, the general fund is the most significant fund.

**PLAINFIELD BOARD OF EDUCATION
PLAINFIELD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this report contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions-and ask the question, "How did we do financially during fiscal year ended June 30, 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, liabilities and deferred outflows/inflows of resources using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth and limits on reserves, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities-** All of the School District's programs and services are reported here including instruction, student and instruction related services, general and school administration services, operation and maintenance of plant facilities, pupil transportation, and business/central services.
- **Business-Type Activities -** This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General, Special Revenue, Capital Projects, and Debt Service Funds. The School District's enterprise fund is the Food Service Fund. All its funds are considered major funds. Each of these funds is more fully described in the Notes to the Financial Statements.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how monies flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the Statement of Net Position and the Statement of Activities and the governmental funds are reconciled in the financial statements.

**PLAINFIELD BOARD OF EDUCATION
PLAINFIELD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. Table A-1 provides a summary of the District's net position as of June 30, 2023 and 2022.

**Table A-1
Statement of Net Position
as of June 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets						
Current and Other Assets	\$ 48,326,505	\$ 35,156,398	\$ 2,559,920	\$ 2,791,713	\$ 50,886,425	\$ 37,948,111
Capital Assets, Net	<u>154,636,446</u>	<u>114,264,774</u>	<u>2,956,283</u>	<u>2,631,288</u>	<u>157,592,729</u>	<u>116,896,062</u>
Total Assets	<u>202,962,951</u>	<u>149,421,172</u>	<u>5,516,203</u>	<u>5,423,001</u>	<u>208,479,154</u>	<u>154,844,173</u>
Deferred Outflows of Resources						
Deferred Amount on Refunding of Debt	59,071	85,342			59,071	85,342
Deferred Amount on Net Pension Liability	<u>5,290,432</u>	<u>4,124,793</u>	<u>-</u>	<u>-</u>	<u>5,290,432</u>	<u>4,124,793</u>
Total Deferred Outflows of Resources	<u>5,349,503</u>	<u>4,210,135</u>	<u>-</u>	<u>-</u>	<u>5,349,503</u>	<u>4,210,135</u>
Liabilities:						
Other Liabilities	27,394,002	28,595,604	4,614	6,965	27,398,616	28,602,569
Non-Current Liabilities	<u>49,208,157</u>	<u>47,937,343</u>	<u>-</u>	<u>-</u>	<u>49,208,157</u>	<u>47,937,343</u>
Total Liabilities	<u>76,602,159</u>	<u>76,532,947</u>	<u>4,614</u>	<u>6,965</u>	<u>76,606,773</u>	<u>76,539,912</u>
Deferred Inflows of Resources						
Deferred Amount on Net Pension Liability	<u>7,446,068</u>	<u>18,340,949</u>	<u>-</u>	<u>-</u>	<u>7,446,068</u>	<u>18,340,949</u>
Total Deferred Inflows of Resources	<u>7,446,068</u>	<u>18,340,949</u>	<u>-</u>	<u>-</u>	<u>7,446,068</u>	<u>18,340,949</u>
Net Position:						
Net Investment in						
Capital Assets	141,295,376	95,938,712	2,631,288	2,664,752	143,926,664	98,603,464
Restricted	28,703,982	13,488,996			28,703,982	13,488,996
Unrestricted	<u>(45,735,131)</u>	<u>(50,670,297)</u>	<u>2,880,301</u>	<u>2,784,748</u>	<u>(42,854,830)</u>	<u>(47,885,549)</u>
Total Net Position	<u>\$ 124,264,227</u>	<u>\$ 58,757,411</u>	<u>\$ 5,511,589</u>	<u>\$ 5,449,500</u>	<u>\$ 129,775,816</u>	<u>\$ 64,206,911</u>

**PLAINFIELD BOARD OF EDUCATION
PLAINFIELD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The School District as a Whole (Continued)

Table A-2 shows changes in net position for the fiscal year ended June 30, 2023 and 2022.

**Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program Revenues						
Charges for Services	\$ 45,000	\$ 95,294	\$ 1,371,179	\$ 899,429	\$ 1,416,179	\$ 994,723
Operating Grants and Contributions	46,384,305	41,703,995	5,885,422	8,141,909	52,269,727	49,845,904
Capital Grants and Contributions	25,225,206	20,111,531			25,225,206	20,111,531
General Revenues						
Property Taxes	27,146,300	26,950,177			27,146,300	26,950,177
Grants and Entitlements	234,461,936	207,959,198			234,461,936	207,959,198
Other	<u>2,768,903</u>	<u>1,603,310</u>	<u>-</u>	<u>-</u>	<u>2,768,903</u>	<u>1,603,310</u>
Total Revenues	<u>336,031,650</u>	<u>298,423,505</u>	<u>7,256,601</u>	<u>9,041,338</u>	<u>343,288,251</u>	<u>307,464,843</u>
Program Expenses						
Instruction						
Regular	118,466,780	96,810,655			118,466,780	96,810,655
Special Education	15,132,613	17,213,827			15,132,613	17,213,827
Other Instruction	21,235,506	26,039,786			21,235,506	26,039,786
School Sponsored Activities and Athletics	1,860,929	1,959,542			1,860,929	1,959,542
Support Services						
Student and Instruction Related Services	68,442,645	62,615,323			68,442,645	62,615,323
General Administration Services	2,186,778	2,205,238			2,186,778	2,205,238
School Administration Services	7,025,893	8,700,610			7,025,893	8,700,610
Plant Operations and Maintenance	19,573,766	29,926,030			19,573,766	29,926,030
Pupil Transportation	10,064,735	6,839,525			10,064,735	6,839,525
Business/Central Services	6,316,953	6,077,864			6,316,953	6,077,864
Interest on Long-Term Debt	218,236	265,846			218,236	265,846
Food Service	<u>-</u>	<u>-</u>	<u>7,194,512</u>	<u>6,589,454</u>	<u>7,194,512</u>	<u>6,589,454</u>
Total Expenses	<u>270,524,834</u>	<u>258,654,246</u>	<u>7,194,512</u>	<u>6,589,454</u>	<u>277,719,346</u>	<u>265,243,700</u>
Change in Net Position	65,506,816	39,769,259	62,089	2,451,884	65,568,905	42,221,143
Beginning of Year, Net Position	<u>58,757,411</u>	<u>18,988,152</u>	<u>5,449,500</u>	<u>2,997,616</u>	<u>64,206,911</u>	<u>21,985,768</u>
End of Year, Net Position	<u>\$ 124,264,227</u>	<u>\$ 58,757,411</u>	<u>\$ 5,511,589</u>	<u>\$ 5,449,500</u>	<u>\$ 129,775,816</u>	<u>\$ 64,206,911</u>

**PLAINFIELD BOARD OF EDUCATION
PLAINFIELD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table A-3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table A-3
Total and Net Cost of Services for Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost (Revenue) of Services</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Program Expenses				
Instruction				
Regular	\$ 118,466,780	\$ 96,810,655	\$ 106,980,758	\$ 95,301,574
Special Education	15,132,613	17,213,827	15,132,613	15,179,412
Other Instruction	21,235,506	26,039,786	21,235,506	20,079,815
School Sponsored Activities and Athletics	1,860,929	1,959,542	1,860,929	1,671,522
Support Services				
Student and Instruction Related Services	68,442,645	62,615,323	35,906,954	32,355,762
General Administration Services	2,186,778	2,205,238	2,186,778	2,205,238
School Administration Services	7,025,893	8,700,610	7,025,893	8,700,610
Plant Operations and Maintenance	19,573,766	29,926,030	(8,059,032)	8,066,258
Pupil Transportation	10,064,735	6,839,525	10,064,735	6,839,525
Business/Central Services	6,316,953	6,077,864	6,316,953	6,077,864
Interest on Long-Term Debt	218,236	265,846	218,236	265,846
Total Governmental Activities	<u>\$ 270,524,834</u>	<u>\$ 258,654,246</u>	<u>\$ 198,870,323</u>	<u>\$ 196,743,426</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Student and instruction related service expenses include the activities involved with assisting staff with the content and process of teaching to students, including curriculum, staff development and guidance.

General and school administration and central services include expenses associated with administrative and financial supervision of the District.

Plant operations and maintenance involve keeping the school grounds, buildings, and equipment in good working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school activities.

Interest and other charges involve the transactions associated with the payment of interest and other related charges to servicing the debt of the School District.

**PLAINFIELD BOARD OF EDUCATION
PLAINFIELD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Governmental Activities (Continued)

The District's total revenues for governmental activities were \$334,854,410 and \$298,423,505 for the years ended June 30, 2023 and 2022, respectively. Property taxes made up 8% and 9% of revenues for governmental activities for the Plainfield Board of Education for fiscal years 2023 and 2022, respectively. Federal, State, and local grants accounted for another 91% and 90% of revenue for the years ended June 30, 2023 and 2022, respectively.

Business - Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Food Service revenues exceeded expenses by \$62,089.
- Charges for services represents \$1,371,179 or 19% of revenue. This represents amounts paid by Patrons for daily food service.
- Federal and state reimbursements for meals, including payments for free and reduced lunches, breakfast and snacks and donated commodities was \$5,874,056 or 81% of revenue.

School District's Funds

Information about the School District's major funds follows this report. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$348,130,982 and \$303,208,980 and expenditures of \$333,841,197 and \$288,075,543 for the fiscal year ended June 30, 2023 and 2022, respectively.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

**PLAINFIELD BOARD OF EDUCATION
PLAINFIELD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

School District's Funds (Continued)

The following schedule presents a summary of the revenues of the governmental funds for the fiscal years ended June 30, 2023 and 2022:

**Table A-4
Summary of Governmental Funds Revenues
For the Fiscal Years Ended June 30, 2023 and 2022**

	<u>Year Ended June 30</u>		<u>Increase/</u>	<u>Percentage</u>
	<u>2023</u>	<u>2022</u>	<u>(Decrease)</u>	<u>Change</u>
Revenues				
Local Sources	\$ 30,482,477	\$ 29,006,123	\$ 1,476,354	5.1%
State Sources	295,234,772	256,255,313	38,979,459	15.2%
Federal Sources	<u>22,413,733</u>	<u>17,947,544</u>	<u>4,466,189</u>	24.9%
Total Revenues	<u>\$ 348,130,982</u>	<u>\$ 303,208,980</u>	<u>\$ 44,922,002</u>	14.8%

The following schedule presents a summary of governmental funds expenditures for the fiscal years ended June 30, 2023 and 2022:

**Table A-5
Summary of Governmental Funds Expenditures
For the Fiscal Years Ended June 30, 2023 and 2022**

	<u>Year Ended June 30</u>		<u>Increase/</u>	<u>Percentage</u>
	<u>2023</u>	<u>2022</u>	<u>(Decrease)</u>	<u>Change</u>
Expenditures				
Instruction	\$ 165,646,258	\$ 146,932,463	\$ 18,713,795	12.7%
Support Services	122,645,003	110,835,304	11,809,699	10.7%
Capital Outlay	43,346,686	28,103,651	15,243,035	54.2%
Debt Service	<u>2,203,250</u>	<u>2,204,125</u>	<u>(875)</u>	0.0%
Total Expenditures	<u>\$ 333,841,197</u>	<u>\$ 288,075,543</u>	<u>\$ 45,765,654</u>	15.9%

**PLAINFIELD BOARD OF EDUCATION
PLAINFIELD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to appropriate additional grants and to prevent over-expenditures in specific line item accounts.

Capital Assets

As of June 30, 2023 and 2022, the School District had invested in land, construction in progress, land improvements, buildings and building improvements and machinery and equipment for governmental activities as reflected on Table A-6:

**Table A-6
Capital Assets
Governmental Activities
as of June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Land	\$ 1,776,334	\$ 1,776,334
Construction in Progress	75,470,192	38,448,028
Land Improvements	4,920,549	4,838,103
Building and Building Improvements	118,713,326	113,865,991
Machinery and Equipment	<u>12,128,728</u>	<u>10,733,987</u>
	213,009,129	169,662,443
Less: Accumulated Depreciation	<u>(58,372,683)</u>	<u>(55,397,669)</u>
Capital Assets, Net	<u>\$ 154,636,446</u>	<u>\$ 114,264,774</u>

Overall, capital assets for governmental activities increased \$40,371,672 from fiscal year 2022 to fiscal year 2023 due to capital outlay additions exceeding depreciation.

**Table A-7
Capital Assets
Business-Type Activities
as of June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Building and Building Improvements	\$ 2,037,302	\$ 2,037,302
Machinery and Equipment	2,384,895	2,029,390
Less: Accumulated Depreciation	<u>(1,790,909)</u>	<u>(1,401,940)</u>
Capital Assets, Net	<u>\$ 2,631,288</u>	<u>\$ 2,664,752</u>

**PLAINFIELD BOARD OF EDUCATION
PLAINFIELD, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Overall, capital assets for business-type activities decreased \$33,464 from fiscal year 2022 to fiscal year 2023 as a result of depreciation exceeding additions.

Debt Administration

At June 30, 2023 and 2022, the School District had \$54,003,422 and \$53,213,653 in long-term liabilities, respectively. Table A-8 shows the breakdown of outstanding debt owed.

**Table A-8
Long-Term Debt
Outstanding Long-Term Liabilities
as of June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Bonds Payable, Including Unamortized Premium	\$ 8,843,473	\$ 10,818,091
Compensated Absences	2,786,568	2,700,972
Financed Purchase Payable	4,556,668	7,593,313
Net Pension Liability	34,183,586	28,095,448
Claims Payable	554,982	754,918
Accrued Liability for Insurance Claims	<u>3,078,145</u>	<u>3,250,911</u>
Total	<u>\$ 54,003,422</u>	<u>\$ 53,213,653</u>

At June 30, 2023, the School District's remaining legal debt margin was \$116,260,822. Additional information pertaining to the District's long-term debt can be found in Note 4 to the financial statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the money it receives. Questions about this report or additional financial information needs should be directed to Cameron E. Cox, Business Administrator, Plainfield Board of Education, 1200 Myrtle Avenue, Plainfield, New Jersey 07060.

Basic Financial Statements

Plainfield Board of Education

Statement of Net Position

June 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 38,743,205	\$ 2,186,683	\$ 40,929,888
Accounts receivable	9,583,300	660,064	10,243,364
Inventories		38,168	38,168
Capital assets - non-depreciable	77,246,526		77,246,526
Capital assets - depreciable, net	77,389,920	2,631,288	80,021,208
Total assets	<u>202,962,951</u>	<u>5,516,203</u>	<u>208,479,154</u>
Deferred Outflows of Resources			
Deferred loss on refunding	59,071		59,071
Pension deferrals	5,290,432		5,290,432
Total assets and deferred outflows of resources	<u>208,312,454</u>	<u>5,516,203</u>	<u>213,828,657</u>
Liabilities			
Accounts payable	6,798,017		6,798,017
Claims payable	1,177,231		1,177,231
Payable to state government	18,024		18,024
Other liability	22,609		22,609
Payroll deductions and withholdings payable	5,901,735		5,901,735
Unearned revenue	8,514,767	4,614	8,519,381
Accrued interest payable	166,354		166,354
Net pension liability	34,183,586		34,183,586
Current portion of long-term obligations	4,795,265		4,795,265
Noncurrent portion of long-term obligations	15,024,571		15,024,571
Total liabilities	<u>76,602,159</u>	<u>4,614</u>	<u>76,606,773</u>
Deferred Inflow of Resources			
Pension deferrals	<u>7,446,068</u>		<u>7,446,068</u>
Net position			
Net investment in capital assets	141,295,376	2,631,288	143,926,664
Restricted for:			
Debt service	65,340		65,340
Capital projects	2,002		2,002
Capital reserve	15,819,816		15,819,816
Maintenance reserve	3,000,000		3,000,000
Excess surplus - designated for subsequent year's expenditures	8,656,853		8,656,853
Unemployment compensation	960,116		960,116
Student activities	199,855		199,855
Unrestricted (deficit)	(45,735,131)	2,880,301	(42,854,830)
Total net position	<u>\$ 124,264,227</u>	<u>\$ 5,511,589</u>	<u>\$ 129,775,816</u>

See accompanying notes to the basic financial statements.

Plainfield Board of Education

Statement of Activities

Year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities							
Instruction:							
Regular	\$ 118,466,780	\$ 45,000	\$ 11,441,022		\$ (106,980,758)		\$ (106,980,758)
Special Education	15,132,613				(15,132,613)		(15,132,613)
Other Instruction	21,235,506				(21,235,506)		(21,235,506)
School Sponsored Activities and Athletics	1,860,929				(1,860,929)		(1,860,929)
Support Services:							
Student and Instruction Related Services	68,442,645		32,535,691		(35,906,954)		(35,906,954)
School Administration Services	7,025,893				(7,025,893)		(7,025,893)
General Administration Services	2,186,778				(2,186,778)		(2,186,778)
Business/Central Services	6,316,953				(6,316,953)		(6,316,953)
Plant Operations and Maintenance	19,573,766		2,407,592	\$ 25,225,206	8,059,032		8,059,032
Pupil Transportation	10,064,735				(10,064,735)		(10,064,735)
Interest on Long-Term Debt	218,236				(218,236)		(218,236)
Total governmental activities	<u>270,524,834</u>	<u>45,000</u>	<u>46,384,305</u>	<u>25,225,206</u>	<u>(198,870,323)</u>		<u>(198,870,323)</u>
Business-type activities							
Food service	7,194,512	1,371,179	5,885,422			\$ 62,089	62,089
Total business-type activities	<u>7,194,512</u>	<u>1,371,179</u>	<u>5,885,422</u>			<u>62,089</u>	<u>62,089</u>
Total primary government	<u>\$ 277,719,346</u>	<u>\$ 1,416,179</u>	<u>\$ 52,269,727</u>	<u>\$ 25,225,206</u>	<u>(198,870,323)</u>	<u>62,089</u>	<u>(198,808,234)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					26,018,540		26,018,540
Property taxes, levied for debt service					1,127,760		1,127,760
State and federal sources - unrestricted					234,461,936		234,461,936
Miscellaneous income					<u>2,768,903</u>		<u>2,768,903</u>
Total general revenues					<u>264,377,139</u>		<u>264,377,139</u>
Change in net position					65,506,816	62,089	65,568,905
Net Position—beginning					58,757,411	5,449,500	64,206,911
Net position-end of year					<u>\$ 124,264,227</u>	<u>\$ 5,511,589</u>	<u>\$ 129,775,816</u>

See accompanying notes to the basic financial statements.

Fund Financial Statements

Governmental Funds

Plainfield Board of Education
Governmental Funds

Balance Sheet

June 30, 2023

	Major Funds				
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 37,126,381	\$ 1,549,482	\$ 2,002	\$ 65,340	\$ 38,743,205
Accounts receivable:					
Intergovernmental - federal	38,340	5,234,140			5,272,480
Intergovernmental - state	4,131,136				4,131,136
Other	179,684				179,684
Total assets	<u>\$ 41,475,541</u>	<u>\$ 6,783,622</u>	<u>\$ 2,002</u>	<u>\$ 65,340</u>	<u>\$ 48,326,505</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 3,051,768	\$ 454,052			\$ 3,505,820
Intergovernmental payables:					
State		18,024			18,024
Claims payable	1,177,231				1,177,231
Unearned revenue	129,117	8,385,650			8,514,767
Other liability	22,609				22,609
Payroll deductions and withholdings payable	5,901,735				5,901,735
Total liabilities	<u>10,282,460</u>	<u>8,857,726</u>			<u>19,140,186</u>
Fund balances:					
Restricted for:					
Excess surplus - designated for subsequent year's expenditures	8,656,853				8,656,853
Capital reserve	15,819,816				15,819,816
Maintenance reserve	3,000,000				3,000,000
Unemployment reserve	960,116				960,116
Student activities and scholarships		199,855			199,855
Debt service				\$ 65,340	65,340
Capital projects			\$ 2,002		2,002
Assigned to:					
Year end encumbrances	10,744,743				10,744,743
Designated for subsequent year's expenditures	5,813,667				5,813,667
Unassigned (deficit)	(13,802,114)	(2,273,959)			(16,076,073)
Total fund balances	<u>31,193,081</u>	<u>(2,074,104)</u>	<u>2,002</u>	<u>65,340</u>	<u>29,186,319</u>
Total liabilities and fund balances	<u>\$ 41,475,541</u>	<u>\$ 6,783,622</u>	<u>\$ 2,002</u>	<u>\$ 65,340</u>	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$213,009,129 and the accumulated depreciation is \$58,372,683.					154,636,446
Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.					59,071
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.					(166,354)
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.					
Deferred Outflows of Resources				\$ 5,290,432	
Deferred Inflows of Resources				<u>(7,446,068)</u>	(2,155,636)
Accrued pension contributions for the June 30, 2023 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in the accounts payable in the government-wide statement of net position.					(3,292,197)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.					(34,183,586)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (Note 2).					<u>(19,819,836)</u>
Net position of governmental activities					<u>\$ 124,264,227</u>

See accompanying notes to the basic financial statements.

Plainfield Board of Education
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2023

	Major Funds				
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Local sources:					
Local tax levy	\$ 26,018,540			\$ 1,127,760	\$ 27,146,300
Tuition - Other LEAs within the State	45,000				45,000
Transportation fees from other LEAs within the State	9,222				9,222
Miscellaneous	2,694,341	\$ 522,274		65,340	3,281,955
Total revenues—local sources	28,767,103	522,274		1,193,100	30,482,477
State sources	245,189,447	23,746,631	\$ 25,223,204	1,075,490	295,234,772
Federal sources	324,321	22,087,410	2,002		22,413,733
Total revenues	274,280,871	46,356,315	25,225,206	2,268,590	348,130,982
Expenditures:					
Current:					
Instruction					
Regular Instruction	112,122,494	11,441,022			123,563,516
Special Education Instruction	16,773,940				16,773,940
Other Instruction	23,300,785				23,300,785
School Sponsored Activities and Cocurricular Instruction	2,008,017				2,008,017
Support Services					
Student and Instruction Related Services	38,019,096	32,535,691			70,554,787
School Administration Services	7,771,286				7,771,286
General Administration Services	2,260,192				2,260,192
Business/Central Services	6,996,528				6,996,528
Plant Operations and Maintenance	24,502,907				24,502,907
Pupil Transportation	10,559,303				10,559,303
Debt Service:					
Principal				1,760,000	1,760,000
Interest				443,250	443,250
Capital outlay	15,715,890	2,407,592	25,223,204		43,346,686
Total expenditures	260,030,438	46,384,305	25,223,204	2,203,250	333,841,197
Excess (Deficiency) of revenues over (under) expenditures	14,250,433	(27,990)	2,002	65,340	14,289,785
Other financing sources (uses):					
Transfer In - SBB and Preschool	885,667				885,667
Transfer Out - Special Revenue Fund - Preschool	(907,743)				(907,743)
Transfer In - Special Revenue Fund - Preschool		907,743			907,743
Transfer Out - SBB and Preschool		(885,667)			(885,667)
Total other financing sources (uses)	(22,076)	22,076	-	-	-
Net change in fund balances	14,228,357	(5,914)	2,002	65,340	14,289,785
Fund balances (deficit), July 1,	16,964,724	(2,068,190)	-	-	14,896,534
Fund balances (deficit), June 30	\$ 31,193,081	\$ (2,074,104)	\$ 2,002	\$ 65,340	\$ 29,186,319

The reconciliation of the fund balances of governmental funds to the net position of governmental activities in the statement of activities is presented in an accompanying schedule (B-3).

Plainfield Board of Education
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities

Year ended June 30, 2023

Total net change in fund balances - governmental funds (B-2) **\$ 14,289,785**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital additions are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets exceeded depreciation in the period.

Depreciation expense	\$ (2,975,014)	
Capital additions	<u>43,346,686</u>	
		40,371,672

The repayment of the principal of long-term debt, including capital lease obligations, consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position.

Payment of bond principal	1,760,000	
Financed purchase payable payment	<u>3,036,645</u>	
		4,796,645

Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.

Amortization of premium on bonds	214,618	
Amortization of deferred loss on refunding	<u>(26,271)</u>	
		188,347

In the statement of activities, interest on debt is accrued, regardless of when due. In the governmental funds, interest is reported when due.

36,667

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).

(85,596)

Certain 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.

Accrued liability for insurance claims	172,766	
Claims payable	199,936	
Pension expense	<u>5,536,594</u>	

Change in net position of governmental activities (A-2) **\$ 65,506,816**

See accompanying notes to the basic financial statements.

Proprietary Funds

Plainfield Board of Education
Proprietary Fund

Statement of Net Position

June 30, 2023

	<u>Major Fund</u> <u>Food Service</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,186,683
Accounts receivable:	
Federal	334,353
State	10,325
Other	315,386
Inventories	<u>38,168</u>
Total current assets	<u>2,884,915</u>
Capital assets:	
Building and Building Improvements	2,037,302
Equipment	2,384,895
Accumulated depreciation	<u>(1,790,909)</u>
Total capital assets	<u>2,631,288</u>
Total assets	<u><u>\$ 5,516,203</u></u>
Liabilities	
Current liabilities:	
Unearned revenue	<u>4,614</u>
Total current liabilities	<u>4,614</u>
Net position	
Investment in capital assets	2,631,288
Unrestricted	<u>2,880,301</u>
Total net position	<u><u>\$ 5,511,589</u></u>

Plainfield Board of Education
Proprietary Fund

Statement of Revenues, Expenses and
Changes in Net Position

Year ended June 30, 2023

	<u>Major Fund</u>
	<u>Food Service</u>
Operating revenues:	
Charges for Services:	
Daily Sales - Reimbursable Programs	\$ 362,657
Special Functions - catering	939,462
Miscellaneous revenue	69,060
Total operating revenues	<u>1,371,179</u>
Operating expenses:	
Cost of Sales - Reimbursable Programs	3,467,662
Cost of Sales - Non-Reimbursable Programs	388,621
Salaries and Benefits	2,028,058
Supplies and Materials	21,580
Insurance	378,647
Depreciation	388,969
Management Company Fee and Allowance	389,953
Miscellaneous Expenditures	131,022
Total operating expenses	<u>7,194,512</u>
Operating loss	(5,823,333)
Nonoperating revenues:	
State sources:	
State school lunch program	133,720
Federal sources:	
School breakfast program	578,525
National school lunch program	3,530,291
Food distribution program	641,832
Fresh fruit and vegetable program	127,177
Child and adult care food program	470,340
Summer food program	392,171
Interest on deposits	11,366
Total nonoperating revenues	<u>5,885,422</u>
Change in net position	62,089
Total net position, beginning of year	<u>5,449,500</u>
Total net position, end of year	<u><u>\$ 5,511,589</u></u>

Plainfield Board of Education
Proprietary Fund

Statement of Cash Flows

Year ended June 30, 2023

	<u>Major Fund Food Service</u>
Cash flows from operating activities	
Receipts from customers	\$ 1,373,791
Payments to employees	(2,028,058)
Payments for employee benefits	(21,580)
Payments to suppliers	<u>(4,755,906)</u>
Net cash (used in) operating activities	(5,431,753)
 Cash flows from non-capital financing activities	
Cash received from state and federal sources	<u>6,575,483</u>
Net cash provided by non-capital financing activities	6,575,483
 Cash flows from capital and related financing activities	
Acquisition of capital assets	<u>(355,505)</u>
Net cash (used in) capital and related financing activities	(355,505)
 Cash flows from investing activities	
Interest on deposits	<u>11,366</u>
Net cash provided by investing activities	11,366
 Net increase in cash and cash equivalents	799,591
Cash and cash equivalents, beginning of year	<u>1,387,092</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,186,683</u></u>
 Reconciliation of operating (loss) to net cash (used in) operating activities	
Operating (loss)	\$ (5,823,333)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:	
Depreciation	388,969
Change in assets and liabilities:	
(Increase) in other accounts receivable	4,962
Increase in unearned revenue	(2,350)
(Decrease) in accounts payable	(1)
Net cash (used in) operating activities	<u><u>\$ (5,431,753)</u></u>

Non-cash non-capital financing activities:

The District received \$641,832 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2023.

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Plainfield Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade twelve (12) school district.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Plainfield Board of Education this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. Recently Issued Accounting Pronouncements

- The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has reviewed the requirements of GASB Statement No. 96 and deemed the impact immaterial to the financial statements.
- The GASB issued Statement No. 99, *Omnibus 2022* in 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 requirements of this Statement are effective for periods beginning after June 15, 2022. Management has reviewed the requirements of GASB Statement No. 99 and deemed the impact immaterial to the financial statements.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Recently Issued Accounting Pronouncements (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not determined the impact of the Statement on the financial statements.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. The District currently has no fiduciary funds.

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, federal and state grants for school-based budgeting and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental funds and its enterprise fund to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for administrators, teachers and special events.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. when 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 Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

2. Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings and Building Improvements	20-50
Heavy Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance
(Continued)

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results from a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the difference on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type which arises only under the accrual basis of accounting that qualifies for reporting in this category. The one item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. *Pensions*

In the district-wide financial statements, 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 retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance
(Continued)

Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

8. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Differences resulting from debt refundings are reported as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the straight line interest method. Differences resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond premium.

9. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance
(Continued)**

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2022 audited excess surplus that was appropriated in the 2023/2024 original budget certified for taxes.

Capital Reserve – This designation was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures.

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education.

Unemployment Reserve – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District's election for payment in lieu of contributions (benefit reimbursement method). (See Note 5).

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations restricted for the payment of student group activities.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2023/2024 District budget certified for taxes.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance
(Continued)**

9. *Net Position/Fund Balance (Continued)*

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

In the general operating fund and other governmental funds (special revenue, capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

10. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, federal and state grants for school-based budgeting, investment earnings and miscellaneous revenues.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual “in rem” tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2021-2022 and 2022-2023 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(54,003,422) difference are as follows:

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Bonds payable	\$ (7,985,000)
Add: Issuance premium (to be amortized as interest expense)	(858,473)
Financed purchase payable	(4,556,668)
Accrued liability for insurance claims	(3,078,145)
Compensated absences	(2,786,568)
Claims payable - Workers Comp. Plan	<u>(554,982)</u>
Subtotal	(19,819,836)
Net Pension Liability	<u>(34,183,586)</u>
Net adjustment to reduce <i>fund balance - total governmental</i> funds to arrive at <i>net position - governmental activities</i>	<u>\$ (54,003,422)</u>

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 6, 2012, the City Council of the City of Plainfield adopted a resolution to move the District’s annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required. On November 10, 2015, the District adopted a resolution to restore the election date to the third Tuesday in April to be effective for the 2016/17 school year. On February 7, 2017 the Plainfield Board of Education changed the annual election date for school board members from the third Tuesday in April to the November general election, therefore voter approval of the annual budget is not required pursuant to State statute. Budget adoptions and amendments are recorded in the District’s board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2022/2023.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

B. Deficit Fund Equity

The District has an unassigned fund deficit of \$13,802,114 in the General Fund and \$2,273,959 in the Special Revenue Fund as of June 30, 2023 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "*Accounting and Financial Reporting for Nonexchange Transactions*", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2022/2023 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund and Special Revenue Fund deficits do not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action.

C. Capital Reserve

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2023 is as follows:

Balance, July 1, 2022	\$ 2,500,000
Increased by:	
Deposits Approved By District Resolution	<u>13,319,816</u>
Balance, June 30, 2023	<u>\$ 15,819,816</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

D. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2023 is as follows:

Balance, July 1, 2022	\$ 1,500,000
Increased by:	
Approved by District resolution	<u>1,500,000</u>
Balance, June 30, 2023	<u>\$ 3,000,000</u>

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2023 was \$0. \$8,656,853 of prior year excess surplus was appropriated in the 2023/2024 budget.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

F. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The over expended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Student Transportation Services			
Contracted Services (Special Education Students) ESC's	<u>\$2,111,000</u>	<u>\$4,488,165</u>	<u>\$ (2,377,165)</u>

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC and NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2023, the book value of the Board's deposits were \$40,929,888 and bank and brokerage firm balances of the Board's deposits amounted to \$65,950,954. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Deposit Balance	\$ 65,950,954
FDIC	(500,000)
Bank accounts balances not covered by GUDPA	<u>(7,967,693)</u>
Insured by GUDPA	<u>\$ 57,483,261</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2023 none of the Board's bank balances were exposed to custodial credit risk.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute. As of June 30, 2023, the Board had no outstanding investments.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board's investment in a single issuer. The Board places no limit in the amount the District may invest in any one issuer.

B. Receivables

Receivables as of June 30, 2023 for the district's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Other	\$ 179,684		\$ 315,386	\$ 495,070
Intergovernmental				
Federal	38,340	\$ 5,234,140	334,353	5,606,833
State	4,131,136		10,325	4,141,461
Gross Receivables	4,349,160	5,234,140	660,064	10,243,364
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 4,349,160</u>	<u>\$ 5,234,140</u>	<u>\$ 660,064</u>	<u>\$ 10,243,364</u>

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Balance, July 1, 2022	Increases	Balance, June 30, 2023
Governmental Activities:			
Capital assets, not being depreciated			
Land	\$ 1,776,334		\$ 1,776,334
Construction in Progress	38,448,028	\$ 37,022,164	75,470,192
Total capital assets not being depreciated	<u>40,224,362</u>	<u>37,022,164</u>	<u>77,246,526</u>
Capital assets, being depreciated			
Land Improvements	4,838,103	82,446	4,920,549
Buildings and Building Improvements	113,865,991	4,847,335	118,713,326
Machinery and Equipment	<u>10,733,987</u>	<u>1,394,741</u>	<u>12,128,728</u>
Total capital assets, being depreciated	<u>129,438,081</u>	<u>6,324,522</u>	<u>135,762,603</u>
Less accumulated depreciation for:			
Land Improvements	(3,938,176)	(73,524)	(4,011,700)
Buildings and Building Improvements	(43,886,945)	(2,473,652)	(46,360,597)
Machinery and Equipment	<u>(7,572,548)</u>	<u>(427,838)</u>	<u>(8,000,386)</u>
Total accumulated depreciation	<u>(55,397,669)</u>	<u>(2,975,014)</u>	<u>(58,372,683)</u>
Total capital assets, being depreciated, net	<u>74,040,412</u>	<u>3,349,508</u>	<u>77,389,920</u>
Governmental activities capital assets, net	<u>\$ 114,264,774</u>	<u>\$ 40,371,672</u>	<u>\$ 154,636,446</u>
Business-Type Activities:			
Capital assets, being depreciated:			
Buildings and Building Improvements	\$ 2,037,302		\$ 2,037,302
Machinery and Equipment	2,029,390	\$ 355,505	2,384,895
Total capital assets being depreciated	<u>4,066,692</u>	<u>355,505</u>	<u>4,422,197</u>
Less accumulated depreciation for:			
Buildings and Building Improvements	(186,199)	(55,918)	(242,117)
Machinery and Equipment	<u>(1,215,741)</u>	<u>(333,051)</u>	<u>(1,548,792)</u>
Total accumulated depreciation	<u>(1,401,940)</u>	<u>(388,969)</u>	<u>(1,790,909)</u>
Total capital assets, being depreciated, net	<u>2,664,752</u>	<u>(33,464)</u>	<u>2,631,288</u>
Business-type activities capital assets, net	<u>\$ 2,664,752</u>	<u>\$ (33,464)</u>	<u>\$ 2,631,288</u>

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:

Instruction	
Regular	\$ 981,560
Special Education	206,259
Other Instruction	286,515
School Sponsored CoCurricular	<u>24,691</u>
Total Instruction	<u>1,499,025</u>
Support Services	
Student and Instruction Related Services	865,385
General Administrative Services	27,792
School Administrative Services	95,559
Plant Operations and Maintenance	301,297
Pupil Transportation	99,924
Central Services & Information Technology	<u>86,032</u>
Total Support Services	<u>1,475,989</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,975,014</u>

Business-Type Activities:

Food Service Fund	<u>\$ 388,969</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 388,969</u>

D. Interfund Transfers

	<u>Transfer In:</u>	
	<u>Special</u>	
	<u>Revenue Fund</u>	<u>Total</u>
<u>Transfer Out:</u>		
General Fund, Net	<u>\$ 22,076</u>	<u>\$ 22,076</u>
Total transfers out	<u>\$ 22,076</u>	<u>\$ 22,076</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Financed Purchase Payable

The District is leasing computer equipment (supplies) totaling \$13,595,301 under lease purchase agreements. The leases are for terms of 5 to 6 years and are interest free.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023 were as follows:

Fiscal Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2024	\$ 2,451,990
2025	<u>2,104,678</u>
Total minimum lease payments	4,556,668
Less: amount representing interest	<u>-</u>
Present value of minimum lease payments	<u><u>\$ 4,556,668</u></u>

F. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets or other purposes permitted by statute. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2023 is comprised of the following issue:

\$13,075,000, 2019 Refunding Bonds, due in annual installments of \$1,850,000 to \$2,150,000 through August 1, 2026, interest at 5.00%	<u><u>\$7,985,000</u></u>
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Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 1,850,000	\$ 353,000	\$ 2,203,000
2025	1,945,000	258,125	2,203,125
2026	2,040,000	158,500	2,198,500
2027	<u>2,150,000</u>	<u>53,750</u>	<u>2,203,750</u>
Total	<u>\$ 7,985,000</u>	<u>\$ 823,375</u>	<u>\$ 8,808,375</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2023 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 124,180,482
Less: Net Debt	<u>7,919,660</u>
	<u>\$ 116,260,822</u>

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2023, was as follows:

	Balance, <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2023</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 9,745,000		\$ 1,760,000	\$ 7,985,000	\$ 1,850,000
Add: Unamortized Premium	<u>1,073,091</u>		<u>214,618</u>	<u>858,473</u>	<u>214,618</u>
Bonds Payable Net	<u>10,818,091</u>		<u>1,974,618</u>	<u>8,843,473</u>	<u>2,064,618</u>
Net Pension Liability	28,095,448	\$ 6,088,138		34,183,586	
Claims Payable-Workers Comp. Plan	754,918		199,936	554,982	
Accrued Liability for Insurance Claims					
Workers Compensation Plan (IBNR)	3,250,911		172,766	3,078,145	
Financed Purchase Payable	7,593,313		3,036,645	4,556,668	2,451,990
Compensated Absences	<u>2,700,972</u>	<u>85,596</u>		<u>2,786,568</u>	<u>278,657</u>
Governmental Activity Long-Term Liabilities	<u>\$ 53,213,653</u>	<u>\$ 6,173,734</u>	<u>\$ 5,383,965</u>	<u>\$ 54,003,422</u>	<u>\$ 4,795,265</u>

For the governmental activities, the liabilities for compensated absences, financed purchases, insurance claims and net pension liability are generally liquidated by the general fund. The liability for bonds payable is liquidated by the debt service fund.

NOTE 5 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Annual Comprehensive Financial Report.

The District has established a worker's compensation plan for its employees. Transactions related to the plan are accounted for in the General Fund. The District funds the entire cost of the plan. Claims are paid directly by the plan up to a maximum of \$500,000 for any one accident or occurrence, with any excess benefit being reimbursed through an excess workers compensation insurance policy with State National Insurance Company. A contingent liability exists with respect to reinsurance, which would become an actual liability in the event the reinsuring company may not be able to meet their obligations to the District under existing reinsurance agreements.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2023, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$4,810,358 reported at June 30, 2023 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities for the workmen's compensation plan for the fiscal years ended June 30, 2023 and 2022 are as follows:

Governmental Activities:	<u>Fiscal Year Ended</u>	
	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Unpaid Claims, Beginning of Year	\$ 5,064,050	\$ 4,928,149
Incurred Claims (IBNR's)	954,260	1,471,321
Claim Payments	<u>(1,090,161)</u>	<u>(1,589,112)</u>
Unpaid Claims, End of Year	<u>\$ 4,928,149</u>	<u>\$ 4,810,358</u>

The District is a member of the New Jersey Schools Insurance Group (NJSIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against various risks of loss.

The relationship between the Board and the Group is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the Group, to report claims on a timely basis, cooperate with the management of the Group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to fund any deficit of the Group attributable to a membership year during which they were a member.

NJSIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the Group are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's restricted fund balance for unemployment compensation claims in General Fund for the current and previous two years:

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ 475,000	\$ 349,137	\$ 142	\$ 505,061	\$ 960,116
2022	475,000	403,338		556,150	640,898
2021		408,464	291	520,028	793,710

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2023, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2023, the District has not estimated its arbitrage earnings due to the IRS, if any.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Description of Systems

Substantially all of the District's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Employee contribution rates for TPAF and PERS are 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2023, the State of New Jersey contributed \$27,624,142 to the TPAF for on-behalf pension and post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$4,857,759 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members as calculated on their base salaries.

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2023, 2022 and 2021 were \$2,856,409, \$2,777,448, and \$2,582,153, respectively.

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees' Retirement System (PERS)

At June 30, 2023, the District reported a liability of \$34,183,586 for its proportionate share of the net pension liability. 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 July 1, 2021, which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.2265107236 percent, which was a decrease of .0106517322 percent from its proportion measured as of June 30, 2021.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

For the year ended June 30, 2023, the District recognized full accrual pension benefit of \$(2,680,184) in the government-wide financial statements. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 246,721	\$ 217,573
Changes of assumptions	105,912	5,118,636
Net difference between projected and actual investment earnings on pension plan investments	1,414,828	
Changes in proportion	230,774	2,109,859
District contributions subsequent to the measurement date	3,292,197	
	<hr/>	<hr/>
Total	\$ 5,290,432	\$ 7,446,068

\$3,292,197 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. 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 ended June 30:		
2024	\$	(3,584,742)
2025		(2,060,579)
2026		(1,098,555)
2027		(423,507)
2028		1,719,550
	<hr/>	<hr/>
	\$	(5,447,833)

Actuarial Assumptions

The collective total pension liability for 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. This actuarial valuation used the following actuarial assumptions:

Inflation rate:		
Price		2.75%
Wage		3.25%
Salary increases		
		2.75 - 6.55%
		based on years of service
Investment rate of return		
		7.00%

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

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. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 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 markets equity	13.50%	8.38%
Emerging markets 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%
	100.00%	

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District proportionate share of the net pension liability	\$ 43,915,895	\$ 34,183,586	\$ 25,901,000

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Additional Information

Collective balances of the Local Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 1,660,772,008
Deferred inflows of resources	3,236,303,935
Net pension liability	15,219,184,920
District's proportion	0.2274156697%

Collective pension benefit for the Local Group for the measurement period ended June 30, 2022 is \$1,032,778,934.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2022, 2021, 2020, 2019, 2018, and 2017 is 5.04, 5.13, 5.16, 5.21, 5.63, and 5.48 years, respectively.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Teachers Pensions and Annuity Fund (TPAF) – Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2022 was \$274,779,652. The District's proportionate share was \$0.

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, which was rolled forward to June 30, 2022. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2022, the State's proportionate share of the TPAF net pension liability associated with the District was 0.5325763408 percent, which was an increase of 0.0006798794 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized on-behalf pension benefit and revenue in the government-wide financial statements of \$7,395,088 for contributions incurred by the State.

Actuarial assumptions

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary increases	2.75 - 5.65%
	based on years of service
Investment rate of return	7.00%

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 5 OTHER INFORMATION (Continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 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 markets equity	13.50%	8.38%
Emerging markets 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%
	100.00%	

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 5 OTHER INFORMATION (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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 determining the total pension liability.

Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's proportionate share of the net pension liability associated with the District	\$ 322,184,981	\$ 274,779,652	\$ 234,846,619

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

Additional Information

Collective balances of the Local Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 4,996,491,160
Deferred inflows of resources	19,532,696,776
Net pension liability	51,594,415,806
District's proportion	0.5325763408%

Collective pension expense of the Local Group for the plan for the measurement period ended June 30, 2022 is \$1,424,884,581.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2022, 2021, 2020, 2019, 2018, and 2017 is 7.83, 7.93, 8.04, 8.29, 8.30, and 8.30, years, respectively.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 5 OTHER INFORMATION (Continued)

E. Post Retirement Benefits

General Information about the OPEB Plan

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a “pay-as-you-go” basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP).

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2022 total OPEB liability of \$50,646,462,966 for this special funding situation. The State’s contributions to the SHBP for post-retirement benefits on behalf of the District for the years ended June 30, 2023, 2022 and 2021 were \$5,744,998, \$5,194,681, and \$4,937,611, respectively, which equaled the required contributions for each year.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments.

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 5 OTHER INFORMATION (Continued)

E. Post Retirement Benefits

The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2022 was \$226,459,720 or 0.89%. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

Additional information on pensions and OPEB can be assessed at state.nj.us/treasury/pensions/financial-reports.shtml.

Actuarial assumptions and other inputs

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary increases:		
Through 2026	1.55 – 4.45% based on years of service	2.75 – 6.55% based on years of service
Thereafter	2.75 – 5.65% based on years of service	3.00 – 7.00% based on years of service

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "General" (PERS) and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the actual experience studies for the periods July 1, 2018 to June 30, 2021.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 5 OTHER INFORMATION (Continued)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

The following represents sensitivity of total non-employer OPEB liability to changes in the discount rate and health care cost rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2022 calculated using a discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	At 1% Decrease (2.54%)	At Current Discount Rate (3.54%)	At 1% Increase (4.54%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 266,179,579	\$ 226,459,720	\$ 194,626,238

The following represents sensitivity of the Total Non-employer OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2022 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	At 1% Decrease	Current Healthcare Cost Trend Rates	At 1% Increase
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$ 187,182,800	\$ 226,459,720	\$ 278,052,339

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 5 OTHER INFORMATION (Continued)

Changes in Total Non-employer OPEB Liability

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2022:

Balance at June 30, 2021	\$ 271,702,169
Increased by:	
Service cost	13,059,764
Interest cost	6,001,432
Difference between expected and actual experience	2,200,097
Member contributions	190,706
	<u>293,154,168</u>
Decreased by:	
Changes of assumptions	60,749,852
Changes of benefit terms	
Benefit payments	5,944,596
	<u>66,694,448</u>
Balance at June 30, 2022	<u>\$ 226,459,720</u>

The State's proportionate share of deferred inflows of resources associated with the District at June 30, 2022 is \$149,491,843.

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education Group</u>	<u>June 30, 2022</u>
Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	151,669
Total Plan Members	<u>364,817</u>

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective total OPEB liability on the Statement of Net Position. The State's proportionate share of the total OPEB liability associated with the District as of June 30, 2022 was \$226,459,720. Additional information can be obtained from the State of New Jersey's annual comprehensive financial report.

Plainfield Board of Education
Notes to the Basic Financial Statements
Year ended June 30, 2023

NOTE 5 OTHER INFORMATION (Continued)

E. Post Retirement Benefits

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$2,374,826 for OPEB expenses incurred by the State. Collective balances of the Education Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$	20,104,625,333
Deferred inflows of resources	\$	34,996,842,046
Collective OPEB Expense	\$	1,595,653,562

Districts Proportion	0.45%
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Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State, therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

F. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district. For Plainfield Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

G. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2023 and February 20, 2024 the date that the financial statements were available for issuance. The effect of those events and transactions that provide additional pertinent information about conditions that existed at the balance sheet and statement of net position date, have been recognized in the accompanying financial statements.

Required Supplementary Information – Part II

Schedules Related to Accounting and Reporting for Pensions and
OPEBs (GASB 68 and 75)

Plainfield Board of Education
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System
Required Supplementary Information

Last Ten Fiscal Years

	Year Ended June 30, 2014	Year Ended June 30, 2015	Year Ended June 30, 2016	Year Ended June 30, 2017	Year Ended June 30, 2018	Year Ended June 30, 2019	Year Ended June 30, 2020	Year Ended June 30, 2021	Year Ended June 30, 2022	Year Ended June 30, 2023
District's proportion of the net pension liability (asset) - Local Group	0.22640%	0.22473%	0.22429%	0.22436%	0.23857%	0.24179%	0.24044%	0.23604%	0.23716%	0.22651%
District's proportionate share of the net pension liability (asset)	\$ 43,268,758	\$ 42,076,495	\$ 50,347,711	\$ 66,448,757	\$ 55,535,326	\$ 47,607,556	\$ 43,323,419	\$ 38,491,824	\$ 28,095,448	\$ 34,183,586
District's covered-employee payroll	\$ 15,334,496	\$ 15,486,678	\$ 15,269,891	\$ 16,638,167	\$ 16,271,886	\$ 17,007,548	\$ 16,742,247	\$ 17,208,124	\$ 16,486,891	\$ 17,035,961
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	282.17%	271.69%	329.72%	399.38%	341.30%	279.92%	258.77%	223.68%	170.41%	200.66%
Plan fiduciary net position as a percentage of the total pension liability - Local Group	48.72%	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%	70.33%	62.91%

N/A - Not Available

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

There were none.

Plainfield Board of Education
Schedule of District Contributions
Public Employees' Retirement System
Required Supplementary Information

Last Ten Fiscal Years*

	Year Ended June 30 2014	Year Ended June 30 2015	Year Ended June 30, 2016	Year Ended June 30 2017	Year Ended June 30, 2018	Year Ended June 30 2019	Year Ended June 30 2020	Year Ended June 30 2021	Year Ended June 30 2022	Year Ended June 30, 2023
Contractually required contribution	\$ 2,668,938	\$ 1,854,834	\$ 1,928,258	\$ 1,993,173	\$ 2,210,098	\$ 2,405,045	\$ 2,338,773	\$ 2,582,153	\$ 2,777,448	\$ 2,856,409
Contributions in relation to the contractually required contribution	(2,668,938)	(1,854,834)	(1,928,258)	(1,993,173)	(2,210,098)	(2,405,045)	(2,338,773)	(2,582,153)	(2,777,448)	(2,856,409)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 15,486,678	\$ 15,269,891	\$ 16,638,167	\$ 16,271,886	\$ 17,007,548	\$ 16,742,247	\$ 17,208,124	\$ 16,486,891	\$ 17,035,961	\$ 20,153,220
Contributions as a percentage of covered-employee payroll	17.23%	12.15%	11.59%	12.25%	12.99%	14.37%	13.59%	15.66%	16.30%	14.15%

* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Plainfield Board of Education
Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District
Teachers' Pension and Annuity Fund
Required Supplementary Information

Last Ten Fiscal Years*

	Year Ended June 30 2014	Year Ended June 30 2015	Year Ended June 30, 2016	Year Ended June 30, 2017	Year Ended June 30, 2018	Year Ended June 30, 2019	Year Ended June 30, 2020	Year Ended June 30, 2021	Year Ended June 30, 2022	Year Ended June 30 2023.
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 244,193,446	\$ 263,084,033	\$ 328,323,721	\$ 405,715,468	\$ 343,872,324	\$ 348,218,112	\$ 331,213,426	\$ 350,095,788	\$ 255,710,227	\$ 274,779,652
Total proportionate share of the net pension liability (asset) associated with the District	\$ 244,193,446	\$ 263,084,033	\$ 328,323,721	\$ 405,715,468	\$ 343,872,324	\$ 348,218,112	\$ 331,213,426	\$ 350,095,788	\$ 255,710,227	\$ 274,779,652
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%	35.52%	32.29%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

Notes to Required Supplementary Information

Benefit Changes

There were none

Changes of Assumptions

The discount rate has not changed from 7.00% as of June 30, 2021 and remains at 7.00% as of June 30, 2022.

Plainfield Board of Education
Schedule of the State's Proportionate Share of the OPEB Liability Associated With the District and Changes in the OPEB Liability and Related Ratios
State Health Benefit Local Education Retired Employees Plan
Required Supplementary Information

Last Ten Fiscal Years*

	Year Ended June 30, 2018	Year Ended June 30, 2019	Year Ended June 30, 2020	Year Ended June 30, 2021	Year Ended June 30, 2022	Year Ended June 30, 2023
State's proportion of the OPEB Liability associated with the District -	0.44%	0.45%	0.45%	0.45%	0.45%	0.45%
District's proportionate share of the OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the OPEB liability associated with the District	\$ 238,073,391	\$ 206,430,232	\$ 187,917,598	\$ 306,493,050	\$ 271,702,169	\$ 226,459,720
Total proportionate share of the OPEB liability associated with the District	<u>\$ 238,073,391</u>	<u>\$ 206,430,232</u>	<u>\$ 187,917,598</u>	<u>\$ 306,493,050</u>	<u>\$ 271,702,169</u>	<u>\$ 226,459,720</u>
Balance at July 1	\$ 255,182,545	\$ 238,073,391	\$ 206,430,232	\$ 187,917,598	\$ 306,493,050	\$ 271,702,169
Increased by:						
Service cost	\$ 11,104,541	\$ 9,101,984	\$ 7,998,162	\$ 8,199,396	\$ 15,097,343	\$ 13,059,764
Interest cost	7,498,781	8,754,326	8,191,095	6,774,327	7,048,240	6,001,432
Changes of assumptions			2,801,867	55,985,748	268,055	
Differences between expected and actual experiences				52,790,045		2,200,097
Member contributions	<u>162,843</u>	<u>190,776</u>	<u>170,995</u>	<u>161,728</u>	<u>180,189</u>	<u>190,706</u>
	273,948,710	256,120,477	225,592,351	311,828,842	329,086,877	293,154,168
Decreased by:						
Changes of assumptions	31,452,939	23,688,902				
Changes of benefit terms					289,194	60,749,852
Differences between expected and actual experiences		20,481,472	31,906,243		51,543,475	
Gross benefit payments	<u>4,422,380</u>	<u>5,519,871</u>	<u>5,768,510</u>	<u>5,335,792</u>	<u>5,552,039</u>	<u>5,944,596</u>
	<u>(35,875,319)</u>	<u>(49,690,245)</u>	<u>(37,674,753)</u>	<u>(5,335,792)</u>	<u>(57,384,708)</u>	<u>(66,694,448)</u>
Balance at June 30	<u>\$ 238,073,391</u>	<u>\$ 206,430,232</u>	<u>\$ 187,917,598</u>	<u>\$ 306,493,050</u>	<u>\$ 271,702,169</u>	<u>\$ 226,459,720</u>
Covered by employee payroll	\$ 72,095,482	\$ 72,815,391	\$ 74,237,807	\$ 76,346,904	\$ 77,557,932	\$ 84,832,856
Total OPEB liability as a percentage of covered employee payroll.	330.22%	283.50%	253.13%	401.45%	350.32%	266.95%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate was 3.58% as of June 30, 2017, 3.87% as of June 30, 2018, 3.50% as of June 30, 2019, 2.21% as of June 30, 2020, 2.16% as of June 30, 2021, and 3.54% as of June 30, 2022.

Required Supplementary Information – Part III

Budgetary Comparison Schedules

Plainfield Board of Education
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 26,018,540		\$ 26,018,540	\$ 26,018,540	
Tuition from other LEAs within the State				45,000	\$ 45,000
Transportation fees from other LEAs within the State				9,222	9,222
Rents and Royalties				54,372	54,372
Interest Earned on Investments				943,477	943,477
Miscellaneous	125,000		125,000	1,696,492	1,571,492
Total - Local Sources	26,143,540		26,143,540	28,767,103	2,623,563
State Sources:					
Educational Adequacy Aid	11,009,173		11,009,173	11,009,173	
Equalization Aid	185,861,774		185,861,774	185,861,774	
Categorical Special Education Aid	9,005,908		9,005,908	9,005,908	
Transportation Aid	1,835,983		1,835,983	1,835,983	
Security Aid	4,765,864		4,765,864	4,765,864	
Additional Non-Public Transportation Aid				50,544	50,544
Additional Special Education Aid				381,948	381,948
Extraordinary Aid	674,932		674,932	3,452,148	2,777,216
TPAF Pension (On-Behalf - Non-Budgeted)				21,869,247	21,869,247
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				5,744,998	5,744,998
TPAF Non-contributory Insurance (On-Behalf - Non-Budgeted)				9,897	9,897
TPAF Social Security (Reimbursed - Non-Budgeted)				4,857,759	4,857,759
Total State Sources	213,153,634		213,153,634	248,845,243	35,691,609
Federal Sources:					
Medical Assistance Program	298,378		298,378	324,321	25,943
Total - Federal Sources	298,378		298,378	324,321	25,943
Total Revenues	239,595,552		239,595,552	277,936,667	38,341,115
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	1,718,506	\$ 37,342	1,755,848	1,644,791	111,057
Grades 1-5 - Salaries of Teachers	10,682,175	(128,775)	10,553,400	10,173,482	379,918
Grades 6-8 - Salaries of Teachers	10,686,759	42,140	10,728,899	10,635,195	93,704
Grades 9-12 - Salaries of Teachers	8,559,988	(234,000)	8,325,988	7,986,535	339,453
Regular Programs - Home Instruction					
Salaries of Teachers	101,487	165,000	266,487	264,906	1,581
Purchased Professional-Educational Services	70,000	(7,615)	62,385	10,240	52,145
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	1,102,738	1,217,313	2,320,051	2,205,380	114,671
Purchased Professional-Educational Services	2,027,931	256,278	2,284,209	2,174,695	112,514
Purchased Technical Services	61,000	148,154	209,154	164,766	44,388
Rentals		3,495,281	3,495,281	2,241,495	1,253,786
Other Purchased Services	4,484,980	(3,735,495)	749,485	603,796	145,689
General Supplies	2,500,383	(741,935)	1,758,448	1,511,537	246,911
Textbooks	1,695,821	(1,687,821)	8,000	241	7,759
Other Objects	71,258	52,885	124,143	82,048	42,095
TOTAL REGULAR PROGRAMS - INSTRUCTION	43,763,026	(1,118,248)	42,644,778	39,699,107	2,945,671
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities					
Salaries of Teachers	1,244,005	(44,092)	1,199,913	1,115,311	84,602
Other Salaries for Instruction	782,307	46,234	828,541	716,276	112,265
General Supplies	6,000	(1,000)	5,000		5,000
Textbooks	1,500		1,500		1,500
Total Learning and/or Language Disabilities	2,033,812	1,142	2,034,954	1,831,587	203,367

Plainfield Board of Education
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Behavioral Disabilities					
Salaries of Teachers	\$ 398,509	\$ 43,847	\$ 442,356	\$ 419,460	\$ 22,896
Other Salaries for Instruction	287,650	(11,894)	275,756	233,553	42,203
General Supplies	15,000		15,000	1,102	13,898
Textbooks	5,000		5,000	300	4,700
Total Behavioral Disabilities	706,159	31,953	738,112	654,415	83,697
Multiple Disabilities					
Salaries of Teachers	1,070,972	102,837	1,173,809	1,014,227	159,582
Other Salaries for Instruction	450,729	48,601	499,330	438,128	61,202
Total Multiple Disabilities	1,521,701	151,438	1,673,139	1,452,355	220,784
Resource Room/Resource Center					
Salaries of Teachers	4,433,689	(234,905)	4,198,784	3,805,364	393,420
Other Salaries for Instruction	735,067	46,557	781,624	708,592	73,032
General Supplies	6,800	(1,800)	5,000		5,000
Textbooks	20,000		20,000	2,776	17,224
Total Resource Room/Resource Center	5,195,556	(190,148)	5,005,408	4,516,732	488,676
Preschool Disabilities - Full-Time					
Salaries of Teachers	627,272	65,340	692,612	687,495	5,117
Other Salaries for Instruction	293,861	(60,850)	233,011	233,011	
Total Preschool Disabilities - Full-Time	921,133	4,490	925,623	920,506	5,117
TOTAL SPECIAL EDUCATION - INSTRUCTION	10,378,361	(1,125)	10,377,236	9,375,595	1,001,641
Bilingual Education - Instruction					
Salaries of Teachers	11,732,445	194,214	11,926,659	11,195,907	730,752
Other Salaries for Instruction	668,963	155,855	824,818	713,093	111,725
General Supplies	13,000	1,884	14,884	6,223	8,661
Textbooks	30,000		30,000	2,393	27,607
Total Bilingual Education - Instruction	12,444,408	351,953	12,796,361	11,917,616	878,745
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	90,000	5,296	95,296	91,480	3,816
Total School-Spon. Cocurricular Actvts. - Inst.	90,000	5,296	95,296	91,480	3,816
School-Spon. Athletics					
Salaries	739,785	(72,296)	667,489	666,656	833
Secretary Salaries		36,000	36,000	35,563	437
Purchased Services	82,000	19,689	101,689	98,499	3,190
Supplies and Materials	148,067	249,655	397,722	323,418	74,304
Other Objects	9,170		9,170	9,170	
Total School-Spon. Athletics	979,022	233,048	1,212,070	1,133,306	78,764

Plainfield Board of Education
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
TOTAL INSTRUCTION	\$ 67,654,817	\$ (529,076)	\$ 67,125,741	\$ 62,217,104	\$ 4,908,637
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State - Regular	81,081	67,463	148,544	117,390	31,154
Tuition to Other LEAs Within the State - Special	8,121,042	2,972,941	11,093,983	9,097,985	1,995,998
Tuition to County Voc. School Dist. - Regular	774,222	(150,000)	624,222	624,100	122
Tuition to Private Schools for the Disabled - Within State	4,774,149	(744,606)	4,029,543	3,531,672	497,871
Tuition - State Facilities	179,133		179,133	179,133	
Tuition - Other	57,253	46,000	103,253	102,459	794
Total Undistributed Expenditures - Instruction	13,986,880	2,191,798	16,178,678	13,652,739	2,525,939
Undistributed Expend. - Attend. & Social Work					
Salaries	1,299,097	23,677	1,322,774	1,244,960	77,814
Salaries of Community/School Coordinators	347,618	16,000	363,618	290,209	73,409
Purchased Professional and Technical Services	1,500	(1,500)			
Supplies and Materials	2,000		2,000	1,990	10
Total Undistributed Expend. - Attend. & Social Work	1,650,215	38,177	1,688,392	1,537,159	151,233
Undist. Expend. - Health Services					
Salaries	1,612,011	(98,170)	1,513,841	1,391,274	122,567
Salaries of Secretarial and Clerical Assistants	59,783	(25,100)	34,683	32,053	2,630
Salaries of Social Service Coordinators	1,338,081	50,214	1,388,295	1,287,868	100,427
Purchased Professional and Technical Services	71,299	45,088	116,387	97,588	18,799
Purchased Professional Services - Health Services	4,500	53,584	58,084	58,046	38
Other Purchased Services	1,050	(1,050)			
Supplies and Materials	19,141	(683)	18,458	15,301	3,157
Total Undistributed Expenditures - Health Services	3,105,865	23,883	3,129,748	2,882,130	247,618
Undist. Expend. - Other Supp. Serv. Students - Speech, OT, PT, and Related Serv.					
Salaries	882,930	(26,000)	856,930	830,020	26,910
Supplies and Materials		360	360	359	1
Total Undist. Expend. - Other Supp. Serv. Students - Speech, OT, PT, and Related Serv.	882,930	(25,640)	857,290	830,379	26,911
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	1,772,469	(9,911)	1,762,558	1,601,032	161,526
Salaries of Secretarial and Clerical Assistants	229,841	(13,513)	216,328	206,850	9,478
Other Purchased Prof. and Tech. Services	165,000		165,000	162,145	2,855
Other Purchased Services	38,100	(18,721)	19,379	3,539	15,840
Supplies and Materials	6,321	1,165	7,486	5,078	2,408
Total Undist. Expend. - Guidance	2,211,731	(40,980)	2,170,751	1,978,644	192,107

Plainfield Board of Education
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	\$ 3,303,835	\$ 80,848	\$ 3,384,683	\$ 3,381,158	\$ 3,525
Salaries of Secretarial and Clerical Assistants	334,057	10,166	344,223	343,771	452
Other Salaries	96,878	(96,878)			
Other Purchased Prof. and Tech. Services	1,825,000	1,979,187	3,804,187	2,702,398	1,102,089
Travel		4,881	4,881	2,222	2,659
Miscellaneous Purchased Services	1,250	(855)	395	100	295
Miscellaneous Purchased Services	1,600	(1,600)			
Supplies and Materials	900		900	270	630
Other Objects		295	295	95	200
Total Undist. Expend. - Child Study Teams	5,563,520	1,976,344	7,539,864	6,430,014	1,109,850
Undist. Expend. - Improvement of Inst. Serv.					
Salaries of Supervisors of Instruction	1,016,335	(56,292)	960,043	933,308	26,735
Salaries of Other Professional Staff	2,275,119	68,164	2,343,283	2,091,195	252,088
Salaries of Secretarial and Clerical Assistants	313,182	29,000	342,182	341,373	809
Purchased Prof. - Educational Services	66,003	(12,499)	53,504	5,931	47,573
Other Purchased Prof. and Tech. Services	5,000	(3,000)	2,000		2,000
Other Purchased Services	72,038	185	72,223	50,230	21,993
Supplies and Materials	152,670	(19,858)	132,812	112,231	20,581
Other Objects	10,000	5,000	15,000	13,082	1,918
Total Undist. Expend. - Improvement of Inst. Serv.	3,910,347	10,700	3,921,047	3,547,350	373,697
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	542,835	52,787	595,622	478,888	116,734
Salaries of Technology Coordinators	560,926	(349,179)	211,747	209,598	2,149
Purchased Professional & Technical Services	12,100	(7,407)	4,693	647	4,046
Other Purchased Services	5,000		5,000	4,579	421
Supplies and Materials	40,954	(755)	40,199	29,480	10,719
Other Objects	4,000	(678)	3,322	3,322	
Total Undist. Expend. - Edu. Media Serv./Sch. Library	1,165,815	(305,232)	860,583	726,514	134,069
Undist. Expend. - Instructional Staff Training Serv.					
Salaries - Other Professional Staff	34,200	400	34,600	6,098	28,502
Purchased Professional - Educational Services	147,815	(115,000)	32,815	21,688	11,127
Other Purchased Prof. and Tech. Services	7,000	(5,812)	1,188	343	845
Travel	16,960	(13,000)	3,960		3,960
Other Purchased Services	41,400	(40,700)	700		700
Total Undist. Expend. - Instructional Staff Training Serv.	247,375	(174,112)	73,263	28,129	45,134
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	305,873	98,300	404,173	403,483	690
Public Relations Department Salaries	105,567	(5,300)	100,267	96,165	4,102
Legal Services	375,000	26,734	401,734	317,458	84,276
Audit Fees	85,000	162,400	247,400	67,175	180,225
Communications/Telephone	1,064,419	(190,064)	874,355	654,940	219,415
Board of Education Other Purchased Services	16,000	35,891	51,891	36,242	15,649
Other Purchased Services	127,940	6,992	134,932	105,289	29,643
General Supplies	70,174	95,000	165,174	91,050	74,124
Judgements Against the School District		205,000	205,000	204,977	23
Miscellaneous Expenditures	67,015	(1,005)	66,010	58,840	7,170
Total Undist. Expend. - Supp. Serv. - General Admin.	2,216,988	433,948	2,650,936	2,035,619	615,317
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	3,390,558	(61,028)	3,329,530	3,176,306	153,224
Salaries of Secretarial and Clerical Assistants	1,140,694	173,864	1,314,558	1,087,824	226,734
Purchased Prof. and Tech. Services	10,600	(8,866)	1,734		1,734
Other Purchased Services	87,700	(5,652)	82,048	65,967	16,081
Travel		23,200	23,200	10,169	13,031
Supplies and Materials	85,292	(8,565)	76,727	66,398	10,329
Other Objects	19,529	(3,402)	16,127	10,866	5,261
Total Undist. Expend. - Support Serv. - School Admin.	4,734,373	109,551	4,843,924	4,417,530	426,394
Undist. Expend. - Central Services					
Salaries	2,230,660	(156,051)	2,074,609	2,049,431	25,178
Purchased Technical Services	118,546	77,763	196,309	179,504	16,805
Misc. Purchased Services	136,456	87,361	223,817	172,322	51,498
Supplies and Materials	22,135	66,456	88,591	65,287	23,304
Miscellaneous Expenditures	8,318	1,849	10,167	8,503	1,664
Total Undist. Expend. - Central Services	2,516,118	77,378	2,593,496	2,475,047	118,449
Undist. Expend. - Technology Admin.					
Salaries	1,482,389	382,651	1,865,040	1,853,453	31,587
Purchased Technical Services	233,278	144,144	377,422	374,895	2,527
Other Purchased Services	417,552	(243,418)	174,134	155,687	18,447
Travel		17,181	17,181	14,124	3,057
Supplies and Materials	81,575	299,018	380,593	373,460	7,103
IT Equipment		29,087	29,087	24,131	4,956
Other Objects		490	490	490	
Total Undist. Expend. - Technology Admin.	2,214,794	629,153	2,843,947	2,776,270	67,677

Plainfield Board of Education
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maint. for Sch. Facil.					
Salaries	\$ 980,842	\$ 27,500	\$ 1,008,342	\$ 1,007,431	\$ 911
Cleaning, Repair and Maintenance Services	1,800,687	243,741	2,044,428	1,772,932	271,496
General Supplies	400,890	193,094	593,984	477,193	116,791
Total Undist. Expend. - Required Maint. for Sch. Facil.	3,182,419	464,335	3,646,754	3,257,556	389,198
Undist. Expend. - Custodial Services					
Salaries	6,895,218	21,053	6,916,271	6,869,745	16,526
Salaries of Non-Instructional Aides	164,692	(24,000)	140,692	140,462	230
Purchased Professional & Technical Services	215,000	(13,188)	201,812	200,187	1,625
Cleaning, Repair and Maintenance Services	2,029,870	31,946	2,061,816	1,402,445	659,371
Rental of Land & Buildings other than Leases	6,500	3,851	10,351	1,829	8,522
Other Purchased Property Services	334,620	(21,724)	312,896	297,088	15,808
Insurance	1,364,867	(151,482)	1,213,385	1,147,357	66,028
Miscellaneous Purchased Services	255,320	(235,000)	20,320	17,564	2,756
General Supplies	472,067	406,719	878,786	700,450	178,336
Natural Gas	730,302	813,830	1,544,132	1,189,331	354,801
Electricity	1,565,600	(541,349)	1,024,251	941,170	83,081
Gasoline	4,120		4,120		4,120
Other Objects	13,036	214	13,250	10,680	2,570
Miscellaneous Expenditures	500		500		500
Total Undist. Expend. - Custodial Services	14,051,712	290,870	14,342,582	12,948,308	1,394,274
Undist. Expend. - Security					
Salaries	2,544,456	432,500	2,976,956	2,939,614	37,342
Security Secretary Salaries	60,715	33,500	94,215	93,401	814
Purchased Professional & Technical Services	84,210	193,726	277,936	272,297	5,639
Travel		2,106	2,106	198	1,908
Cleaning, Repair and Maintenance Services	29,235	(23,000)	6,235	679	5,556
General Supplies	7,371	2,000	9,371	4,196	5,175
Other Objects	630	5,894	6,524	6,317	207
Total Undist. Expend. - Security	2,726,617	646,726	3,373,343	3,316,702	56,641
Undist. Expend. - Student Transportation Serv.					
Salaries for Pupil Trans. (Between Home & School) - Regular	1,299,580	(534,564)	765,016	765,016	
Salaries for Pupil Trans. (Between Home & School) - Sp. Ed	1,704,929	647,281	2,352,210	2,352,210	
Management Fees - ESC & CTSA Transportation Programs	7,800	(2,191)	5,609	5,609	
Other Purchased Professional and Technical Services	48,562	24,611	73,173	42,057	31,116
Cleaning, Repair & Maintenance Services	405,733	202,381	608,114	550,892	57,222
Contracted Services Aid in Lieu of Payment for Non-public School Students	225,000	88,308	313,308	311,441	1,867
Contracted Services (Between Home and School) - Vendors	47,500	194,391	241,891	241,891	
Contracted Services (Other than Between Home and School) - Vendors	258,136	(141,430)	116,706	75,981	40,725
Contracted Services (Sp. Ed) - Vendors	56,000	15,265	71,265	71,010	255
Contracted Services (Regular Students) - ESCs	56,596	(33,192)	23,404	23,404	
Contracted Services (Special Education Students) - ESCs	2,111,500	(500)	2,111,000	4,488,165	(2,377,165)
Miscellaneous Purchased Services - Transportation	6,231	2,247	8,478	7,026	1,452
Transportation Supplies	297,810	(67,040)	230,770	222,014	8,756
Other Objects	12,622	(11,112)	1,510	1,510	
Total Undist. Expend. - Student Transportation Serv.	6,537,999	384,455	6,922,454	9,158,226	(2,235,772)
Unallocated Benefits					
Social Security Contributions	2,907,451	376,000	3,283,451	2,555,245	688,206
Other Retirement Contributions •PERS	2,750,250	215,000	2,965,250	2,911,836	53,414
Unemployment Compensation	365,000	(358,961)	6,039		6,039
Workmen's Compensation	1,725,500	582,961	2,308,461	2,300,090	8,371
Health Benefits	34,364,760	(3,795,018)	30,569,742	25,815,707	4,754,035
Tuition Reimbursement	150,000		150,000	147,584	2,416
Other Employee Benefits	72,000		72,000	35,405	36,595
Total Unallocated Benefits	42,334,961	(2,980,018)	39,354,943	33,805,867	5,549,076

Plainfield Board of Education
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
On-behalf Contributions					
On-behalf TPAF Pension Contributions (non-budgeted)				\$ 21,869,247	\$ (21,869,247)
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				5,744,998	(5,744,998)
TPAF Non-contributory Insurance (On-Behalf - Non-Budgeted)				5,897	(9,897)
Reimbursed TPAF Social Security Contributions (non-budgeted)				4,857,759	(4,857,759)
Total On-behalf Contributions				32,481,901	(32,481,901)
TOTAL UNDISTRIBUTED EXPENDITURES	\$ 113,240,659	\$ 3,751,336	\$ 116,991,995	138,286,084	(21,294,089)
TOTAL GENERAL CURRENT EXPENSE	180,895,476	3,222,260	184,117,736	200,503,188	(16,385,452)
CAPITAL OUTLAY					
Equipment					
Regular Programs Instruction:					
Preschool		9,255	9,255	4,627	4,628
Grades 1-5	29,500	(3,426)	26,074	22,074	4,000
Grades 6-8	54,000	125,829	179,829	96,422	83,407
Grades 9-12	27,000	(1,514)	25,486	420	25,066
Undistributed Expenditures:					
Undistributed Exp -Instruction	196,000	15,510	211,510	192,087	19,423
Support Services - Students-Spec		8,000	8,000	123	7,877
Support Services - Instructional Staff	5,500		5,500		5,500
School Administration	79,975	(20,395)	59,580	22,480	37,100
Central Services	39,800	62,228	102,028	62,228	39,800
Admin Info Tech	18,661		18,661	14,380	4,281
Undistributed Exp -Custodial Services	39,614	(2,700)	36,914	22,403	14,511
Undistributed Exp -Buildings and Grounds	52,000	2,700	54,700	54,654	46
Undistributed Exp -Security	16,265		16,265		16,265
Undistributed Exp -Non-Instructional Services					
Student Transportation - Non-Instructional Equipment	100,000	800,000	900,000	803,016	96,984
Total Equipment	658,315	995,487	1,653,802	1,294,914	358,888
Facilities Acquisition and Construction Services					
Legal Services					
Architectural/Engineering Services	1,282,817	207,871	1,490,688	702,242	788,446
Construction Services	11,000,000	8,003,008	19,003,008	13,718,734	5,284,274
Total Facilities Acquisition and Construction Services	12,282,817	8,210,879	20,493,696	14,420,976	6,072,720
Assets Acquired under Capital Leases (Non-Budgeted)					
TOTAL CAPITAL OUTLAY	12,941,132	9,206,366	22,147,498	15,715,890	6,431,608
Summer School- Instruction					
Salaries of Teachers	155,745	(61,470)	94,275	73,032	21,243
Total Summer School- Instruction	155,745	(61,470)	94,275	73,032	21,243
Total Summer School	155,745	(61,470)	94,275	73,032	21,243
Contribution to Charter Schools	45,695,456	(1,782,061)	43,913,395	43,738,324	175,067
TOTAL EXPENDITURES	239,687,809	10,585,095	250,272,904	260,030,438	(9,757,534)
(Deficiency) Excess of Revenues (Under) Over Expenditures	(92,257)	(10,585,095)	(10,677,352)	17,506,229	28,583,581
Other Financing Sources (Uses):					
Transfer in - Contribution to School Based Budgets- GF				84,032,098	84,032,098
Transfer in - Contribution to School Based Budgets- Encumbrances				193,515	193,515
Transfer in - Special Revenue Fund				885,667	885,667
Transfer out - Contribution to Special Revenue Fund	(907,743)		(907,743)	(807,743)	
Transfer out - Contribution to School Based Budgets	(99,200,502)	4,428,000	(94,772,502)	(84,032,098)	10,740,404
Transfer out - Contribution to School Based Budgets Encumbrances				(193,515)	(193,515)
Total Other Financing Sources (Uses)	(100,108,245)	4,428,000	(95,680,245)	(22,076)	95,658,169
(Deficiency) Excess of Revenues					
(Under) Over Expenditures and Other Financing Sources (Uses)	(100,200,502)	(6,157,095)	(106,357,597)	17,884,153	124,241,750
Fund Balance, July 1	34,507,927		34,507,927	34,507,927	
Fund Balance, June 30	\$ (65,692,575)	\$ (6,157,095)	\$ (71,849,670)	\$ 52,362,060	\$ 124,241,750
Recapitulation of Fund Balance:					
Restricted Fund Balance					
Excess Surplus - Prior year Designated for Subsequent Year's Expenditures				\$ 8,656,853	
Capital Reserve				15,815,816	
Maintenance Reserve				3,000,000	
Unemployment				550,116	
Assigned to:					
Designated for Subsequent Years Expenditures				5,813,867	
Year End Encumbrances				10,744,745	
Unassigned Fund Balance				7,366,865	
				52,362,060	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance:					
Final State Aid Payments Not Recognized on GAAP Basis				(21,168,666)	
Fund balance per Governmental Funds (GAAP)				\$ 31,193,394	

Plainfield Board of Education
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources		\$ 58,182	\$ 58,182	\$ 521,774	\$ 463,592
State Sources	\$ 25,610,929	1,881,937	27,492,866	25,526,466	(1,966,400)
Federal Sources	18,925,377	13,076,486	32,001,863	20,239,110	(11,762,753)
Total Revenues	44,536,306	15,016,605	59,552,911	46,287,350	(13,265,561)
Expenditures:					
Instruction:					
Salaries of teachers	9,387,864	(2,731,667)	6,656,197	3,796,088	2,870,109
Other salaries for instruction	128,961	(39,425)	89,536	89,536	
Other salaries		248,030	248,030	248,029	1
Purchased professional and technical services	563,802	30,808	594,610	179,070	415,540
Purchased professional-educational services		333,241	333,241	323,662	9,579
Other purchased services	699,550	(638,308)	61,242	40,692	20,550
Contracted Services (Other Than Between Home and School) - Vendors		74,468	74,468	39,335	35,133
Tuition		327,996	327,996	228,977	99,019
Tuition to Private Schools for the Disabled within the State		1,823,288	1,823,288	1,823,288	
Supplies and materials	850,474	3,132,328	3,982,802	1,757,698	2,225,104
General supplies	43,605	645,156	688,761	688,761	
Textbooks		24,618	24,618	24,276	342
Other objects		75,763	75,763	75,700	63
Total instruction	11,674,256	3,306,296	14,980,552	9,305,112	5,675,440
Support services:					
Salaries of teachers	871,387	3,478,816	4,350,203	2,819,508	1,530,695
Salaries of supervisors of instruction	163,822	9,816	173,638	173,637	1
Salaries of program directors	168,734	(52,715)	116,019	62,562	53,457
Salaries of other professional staff	1,826,816	2,496	1,829,312	1,741,103	88,209
Salaries of secretarial and clerical assistants	365,364	(66,136)	299,228	258,700	40,528
Other salaries	361,058	484,358	845,416	785,469	59,947
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists	101,730		101,730	96,896	4,834
Salaries of facilitators, math coaches, literacy coaches, and master teachers	478,945	(25,000)	453,945	388,674	65,271
Personnel services-employee benefits	2,535,154	2,153,702	4,688,856	3,788,905	899,951
Purchased professional and technical services	275,812	580,095	855,907	552,581	303,326
Purchased professional - educational services	9,318	117,998	127,316	121,984	5,332
Purchased Educational services - Contracted Pre-K	18,842,275	95,018	18,937,293	18,419,672	517,621
Purchased educational services - Head Start	2,090,110	53,266	2,143,376	2,143,376	
Other purchased professional - education services	30,000	4,935	34,935	24,837	10,098
Other purchased professional services	20,000	144,165	164,165	134,036	30,129
Cleaning, repair and maintenance services	15,000	(10,350)	4,650		4,650
Rentals	50,000	35,991	85,991	66,460	19,531
Other purchased services	114,186	151,546	265,732	245,987	19,745
Travel	10,000	31,738	41,738	13,719	28,019
Miscellaneous purchased services		10,093	10,093	5,481	4,612
Supplies and materials	801,156	38,678	839,834	638,270	201,564
General supplies		244,241	244,241	183,058	61,183
Other objects	10,093	5,432	15,525	4,496	11,029
Miscellaneous expenditures		14,500	14,500	9,827	4,673
Student Activities				492,478	(492,478)
Total support services	29,140,960	7,502,683	36,643,643	33,171,716	3,471,927
Facilities acquisition and construction services:					
Construction services	289,532	2,743,006	3,032,538	1,791,664	1,240,874
Buildings	1,000,000	2,632,680	3,632,680	1,969,608	1,663,072
Instructional equipment	104,492	(1,201)	103,291	58,646	44,645
Noninstructional equipment	1,327,066	(1,241,151)	85,915	4,070	81,845
Total facilities acquisition and construction services	2,721,090	4,133,334	6,854,424	3,823,988	3,030,436
Other financing sources (uses):					
Transfer from General Fund				907,743	907,743
Contribution to school based budgets	1,000,000	74,292	1,074,292	(885,667)	1,959,959
Total other financing sources (uses)	1,000,000	74,292	1,074,292	22,076	2,867,702
Total expenditures and other financing uses	44,536,306	15,016,605	59,552,911	46,278,740	15,045,505
Excess (deficiency) of revenues over (under) expenditures and other financing uses	-	-	-	8,610	8,610
Fund Balance, July 1				191,245	
Fund Balance June 30				199,855	
Reconciliation of Budgetary Fund Balance to GAAP Fund Balance Final State Aid Payments Not Recognized on GAAP Basis				2,273,959	
Fund Balance per Governmental Funds GAAP				\$ (2,074,104)	

Plainfield Board of Education
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2023

Note A - Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 277,936,667	\$ 46,287,350
Differences - Budgetary to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior year		3,528,594
Current year		(3,445,105)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	17,543,203	2,259,435
Current year	(21,198,999)	(2,273,959)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 274,280,871</u>	<u>\$ 46,356,315</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 260,030,438	\$ 46,300,816
Differences - Budgetary to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior year		3,528,594
Current year		(3,445,105)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 260,030,438</u>	<u>\$ 46,384,305</u>

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APPENDIX C

Form of Bond Counsel's Approving Legal Opinion

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90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, NJ 07095-0958
732.636.8000

_____, 2024

The Board of Education of the
City of Plainfield
Plainfield, New Jersey

Ladies and Gentlemen:

We have served as bond counsel in connection with the authorization, sale and issuance of \$_____ aggregate principal amount of Energy Savings Obligation Refunding School Bonds, Series 2024 (the “Bonds”) of The Board of Education of the City of Plainfield in the County of Union, New Jersey (the “Board” when referring to the governing body and the “School District” when referring to the territorial boundaries governed by the Board).

The Bonds are issued pursuant to: (i) the Energy Savings Improvement Program Law, N.J.S.A. 18A:18A-4.6(c)(3) (the “Energy Savings Improvement Law”) and N.J.S.A. 18A:24-61.1 et seq. (the “School Bond Law”), (ii) a refunding bond ordinance finally adopted by the Board on September 24, 2024 (the “Refunding Bond Ordinance”) and (iii) a resolution duly adopted by the Board on September 24, 2024 (the “Resolution”).

The Bonds are being issued for the purpose of (i) financing the costs of an energy savings improvement program and (ii) paying the costs of issuance with respect to the Bonds.

The Bonds are issued in fully registered book-entry only form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), an automated depository for securities and clearing house for securities transactions. Purchases of the Bonds will be made in book-entry only form in principal amounts of \$1,000 each or any integral multiple thereof with a minimum purchase of \$5,000 required, through book entries made on the books and records of DTC and its participants. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board directly to Cede & Co., as nominee for DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Bonds is the responsibility of DTC participants.

The Bonds are dated their date of delivery and shall bear interest from such date, which interest shall be payable commencing October 15, 2025 and semi-annually thereafter on the fifteenth day of April and October in each year until maturity or prior redemption, and shall mature on October 15 of the years and in the principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2025			2036		
2026			2037		
2027			2038		
2028			2039		
2029			2040		
2030			2041		
2031			2042		
2032			2043		
2033			2044		
2034			2045		
2035					

The Bonds of this issue are subject to optional redemption prior to their stated maturities.

We have examined such matters of law, certified copies of the proceedings, including the bond referendum proceedings, and other documents and proofs relative to the issuance and sale of the Bonds as we have deemed necessary or appropriate for the purposes of the opinion rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We are of the opinion that (i) such proceedings and proofs show lawful authority for the sale and issuance of the Bonds pursuant to the Energy Savings Improvement Law, the School Bond Law, the Refunding Bond Ordinance and the Resolution, (ii) the Bonds are valid and legally binding obligations of the Board, and (iii) all the taxable real property within the School District is subject to the levy of *ad valorem* taxes for the payment of principal of and interest on the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for the interest thereon to be and remain excludable from gross income for Federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for Federal income tax purposes retroactive to the date of the

issuance of the Bonds. The Board has covenanted to maintain the exclusion of the interest on the Bonds from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing law, and assuming continuing compliance by the Board with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is not includable for Federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. The Bonds are not “specified private activity bonds” within the meaning of Section 57 of the Code and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

[The Bonds maturing on October 15 in the years 20__ through 20__, inclusive (the “[Premium] Bonds”), have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the [Premium] Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a [Premium] Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a [Premium] Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such [Premium] Bonds and not as interest.]

[We are also of the opinion that the difference between the stated principal amount of the Bonds maturing on October 15 in the years 20__ through 20__, inclusive (the “[Discount] Bonds”) and their respective initial offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the [Discount] Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the [Discount] Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each [Discount] Bond and the basis of each [Discount] Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount.]

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined one of the executed Bonds and, in our opinion, its form and execution are regular and proper.

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

APPENDIX D

Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated _____, 2024 (the "Disclosure Certificate") is executed and delivered by The Board of Education of the City of Plainfield in the County of Union, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed by the Board) in connection with the issuance of its \$10,795,000 aggregate principal amount of Energy Savings Obligation Refunding School Bonds, Series 2024 dated their date of delivery (the "Bonds"). The Bonds are being issued pursuant to a Refunding Bond Ordinance finally adopted by the Board on June 24, 2024 and a resolution duly adopted by the Board on June 24, 2024 (the "Bond Resolution"). The Board covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Board for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter(s) in complying with the Rule (as defined below). The Board acknowledges it is an "Obligated Person" under the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Board pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds, as applicable (including persons holding Bonds, as applicable through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds, as applicable, for Federal income tax purposes.

"Continuing Disclosure Information" shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed by the Board with the EMMA (as defined herein) pursuant to Section 3 of this Disclosure Agreement, and (iii) any notice of a Listed Event required to be filed by the Authority with EMMA pursuant to Section 5 of this Disclosure Agreement.

"Disclosure Representative" shall mean the Business Administrator/Board Secretary of the Board or his/her designee, or such other person as the Board shall designate in writing from time to time for the purposes of this Disclosure Certificate.

"Dissemination Agent" shall mean, initially, the Board or any Dissemination Agent subsequently designated in writing by the Board which has filed with the Board a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system, a website created by the MSRB (as defined herein) and approved by the SEC (as defined herein) to provide a central location where investors can obtain municipal bond information including disclosure documents. The Board or the Dissemination Agent shall submit disclosure documents to EMMA as a PDF file to www.emma.msrb.org.

“*Financial Obligation*” shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term “*Financial Obligation*” shall not include municipal securities as to which a final official statement has been provided to the MSRB (as defined below) consistent with the Rule (as defined below).

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“SEC Release No. 34-59062” shall mean Release No. 34-59062 of the SEC dated December 5, 2008.

“State” shall mean the State of New Jersey.

“*Underwriters*” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

SECTION 3. Provision of Annual Reports. (a) The Board shall provide or cause to be provided to the Dissemination Agent not later than December 31 of each year, commencing December 31, 2024 (for the fiscal year ending June 30, 2024), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Board may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the Board are not available by December 31, the Board shall include unaudited financial statements with its Annual Report and when such audited financial statements become available to the Board, the same shall be submitted to the Dissemination Agent no later than thirty (30) days after the receipt of the same by the Board.

(b) Not later than January 31 of each year (commencing January 31, 2025) the Dissemination Agent shall provide to EMMA a copy of the Annual Report received by the Dissemination Agent pursuant to subsection (a) hereof.

(c) If the Board does not provide or is unable to provide an Annual Report by the applicable date required in subsection (a) above, such that the Dissemination Agent cannot file the Annual Report with EMMA in accordance with subsection (b) above, the Dissemination Agent shall, in a timely manner, send a notice of such event to EMMA in substantially the form attached hereto as Exhibit A, with copies to the Board (if the Dissemination Agent is not the Board).

(d) Each year the Dissemination Agent shall file a report with the Board (if the Dissemination Agent is not the Board), certifying that the Annual Report has been provided to EMMA pursuant to this Disclosure Certificate, stating the date it was provided.

(e) If the fiscal year of the Board changes, the Board shall give written notice of such change to the Dissemination Agent and the Dissemination Agent shall, within five (5) business days after the receipt thereof from the Board, forward a notice of such change to EMMA in the manner provided in Section 5(e) hereof.

SECTION 4. Content of Annual Reports. The Board's Annual Report shall contain or incorporate by reference the following:

(1) The audited financial statements of the Board (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available).

The audited financial statements are to be prepared in accordance with generally accepted accounting principles (GAAP).

(2) The general financial information and operating data of the Board consistent with the information set forth in the Official Statement dated _____, 2024, prepared in connection with the sale of the Bonds (the "Official Statement") in Appendix A under the sections relating to (1) Board indebtedness; (2) property valuation information; and (3) tax rate, levy and collection data.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Board is an "Obligated Person" (as defined by the Rule), which have been filed with EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Board shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events. (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances of the Bonds;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Ratings changes rating to the Bonds;
- (12) Bankruptcy, insolvency, receivership or similar event of the Board;
- (13) The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;

- (15) Incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Bondholders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

The Board shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB in accordance with the provisions of Section 5 of this Disclosure Certificate. In determining the materiality of any of the Listed Events specified in this subsection (a) of this Section 5, the Board may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the Board has or obtains knowledge of the occurrence of any of the Listed Events, the Board shall, as soon as possible, determine if such event would constitute information material to the Beneficial Owners of the Bonds.

(c) If the Board determines that the occurrence of a Listed Event would be material to the Beneficial Owners of the Bonds, the Board shall promptly notify the Dissemination Agent in writing (if the Board is not the Dissemination Agent) and the Board shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the Board determines that the occurrence of a Listed Event would not be material to the Beneficial Owners of the Bonds, the Board shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the Board) and the Dissemination Agent (if the Dissemination Agent is not the Board) shall be instructed by the Board not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the Board to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA, with a copy to the Board (if the Dissemination Agent is not the Board). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(4) and (5) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owner of the affected Bonds pursuant to the Bond Resolution.

SECTION 6. Termination of Reporting Obligation. The Board's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Board is no longer an "Obligated Person" (as defined in the Rule). The Board shall file a notice of the termination of its reporting obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with EMMA in accordance with the provisions of Section 5(e) hereof.

SECTION 7. Dissemination Agent; Compensation. The Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Board. The Board shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Board may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in Federal securities laws acceptable to the Board to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the Board or “Obligated Person,” or by approving vote of the Beneficial Owners of the Bonds, as applicable pursuant to the terms of the Bond Resolution at the time of the amendment. The Board shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Board shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Board. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure

Certificate. If the Board chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Board shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Board to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Board to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Board to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the Board agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the Board) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. To the extent permitted by law, the Board further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the Board under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Board, the Dissemination Agent, the Underwriters, and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

SECTION 13. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the Board of Education:

The Board of Education of the
City of Plainfield
1200 Myrtle Avenue
Plainfield, New Jersey 07063
Attention: Business Administrator/Board Secretary

(b) Copies of all notices to the Dissemination Agent from time to time with respect to the Bonds, initially:

The Board of Education of the
City of Plainfield
1200 Myrtle Avenue
Plainfield, New Jersey 07063
Attention: Business Administrator/Board Secretary

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

SECTION 14. Counterparts. This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the Board and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

SECTION 15. Severability. If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the Board and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

SECTION 16. Governing Law. This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State of New Jersey as applicable.

**THE BOARD OF EDUCATION OF THE
CITY OF PLAINFIELD**

By: _____
CAMERON E. COX,
Business Administrator/
Board Secretary

EXHIBIT A

**NOTICE TO EMMA OF FAILURE
TO FILE ANNUAL REPORT**

Name of Issuer: The Board of Education of the
 City of Plainfield
 in the County of Union, New Jersey

Name of Issue: \$_____ Energy Savings Obligation
 Refunding School Bonds, Series 2024
 Dated: _____, 2024
 (CUSIP Number: 726349____)

Date of Issuance: _____, 2024

NOTICE IS HEREBY GIVEN that the above designated Board has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Certificate for the Bonds dated as of _____, 2024 executed by the Board.

DATED: _____

DISSEMINATION AGENT
(on behalf of the Board)

cc: The Board

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APPENDIX E

Specimen Municipal Bond Insurance Policy

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)