OFFICIAL STATEMENT DATED SEPTEMBER 19, 2017

NEW ISSUE – Book-Entry Only **Ratings: 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 imposed on individuals and corporations. 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.

$9,377,000
SCHOOL BONDS, SERIES 2017
THE BOARD OF EDUCATION OF THE BOROUGH OF WOOD-RIDGE IN THE COUNTY OF BERGEN, NEW JERSEY
(New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended)

CALLABLE
BANK-QUALIFIED

Dated: Date of Delivery **Due: September 15, as shown on inside cover**

The $9,377,000 aggregate principal amount of School Bonds, Series 2017 (the "Bonds"), of The Board of Education of the Borough of Wood-Ridge in the County of Bergen, 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, New York, 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. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry Bond 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.

The Bonds shall bear interest from their date of delivery, which interest shall be payable semi-annually on the fifteenth day of March and September in each year, commencing September 15, 2018, 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 September 1 and March 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 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 Kenney Gross Kovats & Parton, Red Bank, New Jersey, General Counsel to the Board. Phoenix Advisors, LLC, Bordentown, New Jersey, served as financial 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 3, 2017.

ROOSEVELT & CROSS, INC. AND ASSOCIATES

$9,377,000
THE BOARD OF EDUCATION OF THE
BOROUGH OF WOOD-RIDGE
IN THE COUNTY OF BERGEN, NEW JERSEY
SCHOOL BONDS, SERIES 2017

(New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended)

CALLABLE
BANK-QUALIFIED

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

Maturity (September 15)	Principal Amounts	Interest Rates	Yields	CUSIP Numbers*
2019	$302,000	2.00%	1.00%	978539BR4
2020	310,000	2.00	1.15	978539BS2
2021	325,000	2.00	1.30	978539BT0
2022	335,000	2.00	1.45	978539BU7
2023	350,000	2.00	1.60	978539BV5
2024	360,000	2.00	1.80	978539BW3
2025	370,000	2.00	2.00	978539BX1
2026	600,000	2.00	2.10	978539BY9
2027	600,000	2.25	2.20	978539BZ6
2028**	600,000	3.00	2.30	978539CA0
2029**	600,000	3.00	2.40	978539CB8
2030**	600,000	3.00	2.50	978539CC6
2031**	600,000	3.00	2.62	978539CD4
2032**	600,000	3.00	2.75	978539CE2
2033**	600,000	3.00	2.87	978539CF9
2034	600,000	3.00	3.00	978539CG7
2035	600,000	3.00	3.05	978539CH5
2036	525,000	3.00	3.10	978539CJ1
2037	500,000	3.00	3.15	978539CK8

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* A registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a Standard & Poor's Financial Services LLC business. 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.

** Priced at the stated yield to the first optional redemption date of September 15, 2027 at a redemption price of 100%.

**THE BOARD OF EDUCATION OF THE
BOROUGH OF WOOD-RIDGE
IN THE COUNTY OF BERGEN, NEW JERSEY**

BOARD MEMBERS

President – Albie Nieves
Vice President – Robert Valenti

Joseph Biamonte
Christopher Garvin
Sheila King*
Thomas Schmidt

* Moonachie Representative

SUPERINTENDENT

Nicholas Cipriano

BUSINESS ADMINISTRATOR/BOARD SECRETARY

Jenine M. Murray

BOARD ATTORNEY

Kenney, Gross, Kovats & Parton
Red Bank, New Jersey

BOARD AUDITOR

Lerch, Vinci & Higgins, LLP
Fair Lawn, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

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.

In order to facilitate the distribution of the Bonds, the Underwriter may engage in transactions intended to stabilize the 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.

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

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OFFICIAL STATEMENT

OF

THE BOARD OF EDUCATION OF THE BOROUGH OF WOOD-RIDGE IN THE COUNTY OF BERGEN, NEW JERSEY

$9,377,000
SCHOOL BONDS, SERIES 2017
(NEW JERSEY SCHOOL BOND RESERVE ACT, 1980 N.J. Laws c. 72, as amended)

CALLABLE
BANK-QUALIFIED

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by The Board of Education of the Borough of Wood-Ridge in the County of Bergen, 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 $9,377,000 aggregate principal amount of School Bonds, Series 2017 (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 September 15 in each of the years and in the amounts set forth on the 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 March and September (each an "Interest Payment Date"), commencing on September 15, 2018, in each of the years and at the interest rates set forth on the 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 September 1 and March 1 immediately preceding the respective Interest Payment Date (the "Record Dates"). So long as The Depository Trust Company, New York, 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 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 September 15, 2028 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after September 15, 2028 are redeemable at the option of the Board in whole or in part on any date on or after September 15, 2027 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 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 1-1/2% 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 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 Title 18A, Chapter 24 of the New Jersey Statutes, Chapter 271 of the Laws of 1967, as amended and supplemented, (ii) a proposal adopted by the Board on August 20, 2014, and approved by the affirmative vote of a majority of the legal voters present and voting at a special school district election held on September 30, 2014 and (iii) a resolution duly adopted by the Board on August 21, 2017 (the “Resolution”).

The proceeds of the Bonds will be used to finance various capital improvements in and for the School District (the “Project”) and to pay the costs of issuance associated with the issuance of the Bonds. The State has awarded the School District aid for the Project in the amount of 40% of the eligible costs of such Project. As such, the State has agreed to pay 40% of the annual debt service on the eligible costs financed by the Bonds each year.

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 front cover hereof, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 six (6) member board with five (5) members from the Borough of Wood-Ridge elected for staggered three (3) year terms and one (1) member appointed on an annual basis by The Board of Education of the Borough of Moonachie. 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 provides a full range of educational services appropriate to Pre-Kindergarten (Pre-K) through grade twelve (12), including regular and special education programs for students in the Borough of Wood-Ridge, in the County of Bergen (the "Borough") The School District operates one (1) elementary school, one (1) intermediate school and one (1) junior/senior high school. Students in grades nine (9) through twelve (12) from the Borough of Moonachie attend Wood-Ridge High School as part of a sending/receiving relationship. *See* "APPENDIX A – Certain Economic and Demographic Information Relating to The Board of Education of the Borough of Wood-Ridge in the County of Bergen, 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 and to decide appeals from decisions of the Commissioner (as hereinafter defined) on matters of school law or State Board regulations.

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, approved April 3, 2007 (A4), 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 chosen freeholders 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 chosen freeholders and a fifth member being the county executive or the director of the board of chosen freeholders 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 chosen freeholders 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 chosen freeholders and a fifth member being the freeholder-director of the board of chosen freeholders, 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.

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

In a Type I school district, 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 if such certified budget is less than or equal to the maximum T&E budget and may appeal to the Commissioner if such certified budget amount is in excess of the maximum T&E budget. *See* "SUMMARY OF STATE AID TO SCHOOL DISTRICTS" herein.

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. 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 New 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 would no longer be 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 New Cap Law (as hereinafter defined). For school districts that opt to change the annual school election date to November, proposals to spend above the two percent (2%) property tax levy cap would be presented to voters at the annual school 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 cash 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 and P.L. 2010, c. 44, effective July 13, 2010, which followed QEA, also limits the annual increase in a school district's general fund tax levy which does not exceed the school district's adjusted tax levy, defined as the amount raised by property taxation for the purposes of the school district, excluding any debt service payments (the "Adjusted Tax Levy"). 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. Prior amendments to the CEIFA decreased the budget cap to two and one-half percent (2.5%) from three percent (3%). As a result of recent amendments to CEIFA, the budget presented to the voters may not have an increase in the Adjusted Tax Levy that exceeds the pre-budget year Adjusted Tax Levy and an adjustment for enrollment by two percent (2%). See the description of the New Cap Law (as defined herein) below. A school district is required to submit, as applicable, to the board of school estimate or to the voters of the district at the annual school budget election, a general fund tax levy if it exceeds the school district's Adjusted Tax Levy as calculated by N.J.S.A. 18A:7F-38 and 39. Any school district may also submit at the annual school budget election, a separate proposal or proposals for additional funds, including interpretive statements, specifically identifying the program purposes for which the proposed funds shall be used. The Executive County Superintendent may prohibit the submission of such a separate proposal if he or she determines that the district has not implemented all potential efficiencies in the administrative operations of the district, which efficiencies would eliminate the need for such additional funds. Parts of the CEIFA have been found to be unconstitutional. *See* "SUMMARY OF STATE AID TO SCHOOL DISTRICTS" herein.

P.L. 2010, c. 44, effective July 13, 2010 (the "New Cap Law"), further provides limitations on school district spending by limiting the amount a school district can raise for school district purposes through the property tax levy by two percent (2%) over the prior year's tax levy. *See* "SUMMARY OF STATE AID TO SCHOOL DISTRICTS" herein. The New Cap Law provides for certain adjustments to the tax levy cap for specific circumstances relating to enrollment increases, health care cost increases and increases in amounts for certain normal and accrued liability pension contributions.

The New Cap Law provides that school districts may submit to voters during April school elections or on other dates set by regulation of the Commissioner, a proposal or proposals to increase the Adjusted Tax Levy by more than the allowable amount authorized pursuant to N.J.S.A. 18A:7F-38. The proposal or proposals to increase the Adjusted Tax Levy shall be approved if a majority of the people voting shall vote affirmatively. For school districts with boards of school estimate, the additional Adjusted Tax Levy shall be authorized only if a quorum is present for the vote and a majority of those board members who are present vote affirmatively to authorize the Adjusted Tax Levy.

Debt service on bonds, such as the Bonds, is not limited either by the two percent (2%) cap on the tax levy increase imposed by the New Cap Law.

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 (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.

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, 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 Kindergarten (K) through grade twelve (12) school district, the School District can borrow up to 4% of the average equalized valuation of taxable property in the School District. The School District has not exceeded its 4% debt limit. *See* "APPENDIX A – Certain Economic and Demographic Information Relating to The Board of Education of the Borough of Wood-Ridge in the County of Bergen, 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 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 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.

The School District is not an “SDA District”.

The legislative response to Abbott v. Burke was the passage of the QEA (now repealed). The QEA established a new formula for the distribution of State aid for public education, beginning with the 1991-92 fiscal year. The QEA provided a formula that took into account property values and personal income to determine a school district's capacity to raise money for public education. A budgetary limitation, or "CAP" on expenditures, was also provided in the law. The "CAP" was intended to control the growth in local property taxes. 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.

On July 12, 1994, the Court declared the school aid formula under the QEA unconstitutional on several grounds as it applied to the 28 SDA Districts in the ongoing litigation commonly known as Abbott v. Burke II. No specific remediation was ordered, but the Court ultimately held that the Legislature and the Governor were required to have a new funding formula in effect by December 31, 1996 so that any new formula would be implemented during the 1997-1998 fiscal period and thereafter.

In keeping with the Court's deadline, the Governor signed the CEIFA into law on December 20, 1996. The CEIFA departed from other funding formulas adopted in the State by defining what constituted a "thorough and efficient" education, as is required by the Constitution of the State. The CEIFA further established the costs necessary provide each student with such an education.

In defining what constitutes a "thorough" education, the State Board adopted a set of Core Curriculum Content Standards (the “Core Curriculum Content Standards”). The purpose of the Core Curriculum Content Standards is to provide all students with the knowledge and skills that will enable them to be productive citizens when they graduate from any State high school, regardless of the school's location or socioeconomic condition. The CEIFA provided State funding assistance in the form of Core Curriculum Content Standards Aid based on a school district's financial ability to raise sufficient tax revenue for its students to achieve the Core Curriculum Content Standards.

On May 14, 1997, the Court held that the CEIFA was unconstitutional as applied to the SDA Districts because (1) its funding provisions failed to assure that students in such districts would receive a thorough and efficient education and (2) supplemental programs to increase student performance in such districts were neither adequately identified nor funded. The Court recognized the Core Curriculum

Content Standards as a valid means of identifying a "thorough and efficient" education under the State Constitution, but found that the State did not adequately determine or provide the adequate funding level to allow those standards to be met in the SDA Districts. To bridge the gap between SDA Districts and non-special needs districts, the Court ordered the parity remedy, designed as an interim remedy whereby the State would provide parity aid and supplemental funding to SDA Districts. The CEIFA has not been used to calculate State aid for public schools since the 2001-2002 school year.

Pursuant to the Educational Facilities Construction and Financing Act, P.L. 2000, c. 72 (the "EFCFA"), which became law on July 18, 2000, the State provides aid to school facilities projects. Under the EFCFA, the State provides one hundred percent (100%) State funding for school facilities projects undertaken by SDA Districts; for non-SDA Districts, the State provides aid 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 the aid is established prior to the authorization of the project.

Since the 2010-2011 fiscal year, the State has funded debt service aid at eighty-five (85%) of the amount that school districts were entitled to receive under the EFCFA. *See* "Recent Developments in the Reduction of State Aid" herein.

The School Funding Reform Act of 2008

The School Funding Reform Act of 2008 (the "SFRA") was signed into law in January 2008 and is a five-year product of the State's latest effort to craft a redesigned school funding formula that satisfies the constitutional standard. While the SFRA maintains the Core Curriculum Content Standards established by the CEIFA, it repeals the provisions of the CEIFA which established State aid formulas for programs to support the Core Curriculum Content Standards and has established new formulas. Essentially, the SFRA provides State aid to school districts while also requiring certain levels of local funding. It is a weighted school funding formula which identifies a base cost associated with the education of an elementary pupil without any particular special needs. Once the per-pupil amount is identified, the amount is increased to reflect factors that increase the cost of education, such as (i) grade level, and whether the pupil is (ii) an at-risk pupil (eligible for free or reduced-price lunch), (iii) a Limited English Proficiency ("LEP") pupil, or (iv) a special education student of mild, moderate or severe classification.

The formula is further comprised of several funding mechanisms, the central component being the Adequacy Budget, a wealth equalized budget based on the school district's ability to provide funding through local resources (the "Adequacy Budget"). The Adequacy Report (the "Adequacy Report") establishes the base pupil cost necessary to provide the thorough and efficient education for an elementary school student. Such amount will be adjusted to reflect the differing cost of education a student at the middle and high school levels and various other factors as set forth in the SFRA. Based upon the school district's property and personal income wealth, a local share of such Adequacy Budget is determined. State aid will be provided for that portion of the Adequacy Budget which cannot be supported locally. The SFRA guarantees a minimum two percent (2%) increase in State aid for each school district.

The Department must provide an Adequacy Report every three (3) years addressing the weighted factors that comprise the Adequacy Budget and the various additional components of the SFRA: equalization aid, categorical aid, preschool aid, extraordinary aid, adjustment aid and education adequacy aid.

The constitutionality of the SFRA was challenged and was held to be constitutional by the Court on May 28, 2009.

Recent Developments in the Reduction of State Aid

The State provides aid to school districts in accordance with amounts provided annually in the State budget. Such aid includes equalization aid, special education categorical aid, transportation aid, preschool education aid, supplemental core curriculum standards aid, choice aid, education adequacy aid, security aid, adjustment aid and other aid as determined in the discretion of the Commissioner.

The State has reduced debt service aid by fifteen percent (15%) since fiscal year 2011. As a result of the debt service aid reduction for such years, school districts received eighty-five percent (85%) of the debt service aid that they would have otherwise received. In addition, for such years, 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 such years' budgets representing fifteen percent (15%) of the school district's proportionate share of such respective years' principal and interest payments on the outstanding EDA bonds issued to fund such grants.

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 Borough are general full faith and credit obligations.

The authorized bonded indebtedness of the Borough is limited by statute, subject to certain exceptions noted below, to an amount equal to 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 Borough as annually determined by the New Jersey Board of Taxation are 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 <u>et</u> <u>seq</u>.)

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 <u>et</u> <u>seq</u>. (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, <u>i.e.</u>, 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.

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. 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.

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 2%, certain increases in health care over 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 2% not otherwise permitted under the law by an affirmative vote of 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 it 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 fiscal year ended June 30, 2016 together with the notes to the financial statements have been provided by Lerch, Vinci & Higgins, LLP, Fair Lawn, 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 Borough of Wood-Ridge as of and for the Fiscal Year Ended June 30, 2016".

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, Kenney, Gross, Kovats & Parton, Red Bank, New Jersey (the "Board Attorney"), without independent inquiry or investigation and based upon the representation of the Board's Business Administrator/Board Secretary, 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, without independent inquiry or investigation and based upon the representation of the Board's Business Administrator/Board Secretary, 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 imposed on individuals and corporations.

Premium Bonds

The Bonds maturing on September 15 of the years 2019 through 2024, inclusive and 2027 through 2033, 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

We are also of the opinion that the difference between the stated principal amount of the Bonds maturing on September 15 in the years 2026 and 2035 through 2037, 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 treated as interest and is excludable from gross income for federal income tax purposes to the same extent described above. 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.

BANK-QUALIFIED BONDS

The Bonds will be designated as “qualified tax-exempt obligations” under Section 265 of the Code by the Issuer for an exemption from the denial of deduction for interest paid by financial institutions to purchase or carry tax-exempt obligations. The Board will furnish to the Underwriter (as herein after defined) at the time of delivery of any payment for the Bonds, a certificate executed by the Business Administrator/Board Secretary of the Board designating the Bonds “qualified tax-exempt obligations” within the meaning of section 265(b)(3)(B)(ii) of the Code, and in such certificate the Board will represent that it reasonably expects that, collectively, neither it nor its subordinate entities, if any, will issue more than $9,377,000 of tax-exempt obligations in the current calendar year.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of one hundred percent (100%) of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues, which are eligible to be designated and which are designated by the issuer as qualified under Section 265 of the Code, eighty percent (80%) of such interest may be deducted as a business expense by such institutions.

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.

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

The Auditor has participated in the preparation of the information contained in APPENDIX A hereto and also 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 he 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

Moody's Investors Service, Inc. (the "Rating Agency"), has assigned an underlying rating of "Aa3" to the Bonds based upon the creditworthiness of the School District. The Bonds are additionally secured by the New Jersey School Bond Reserve Act, and the Rating Agency has also assigned a rating of "A3" (stable outlook) based solely upon such Act.

The ratings reflect only the views 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.

The inclusion of the Rating Agency's "Outlook", if any, has been provided herein for informational purposes only and is not part of the "Rating" described in the above paragraphs. The "Outlook" is only the Rating Agency's forward-looking view of the School District. The School District has no obligation to treat any change in the "Outlook" as a "Material Event", as defined and described under the SEC Rule (as hereinafter defined) or under the provisions of the School District's Continuing Disclosure Agreement, or to notify Bondholders as to any changes to the "Outlook" after the date hereof.

UNDERWRITING

The Bonds are being purchased from the Board by Roosevelt & Cross, Inc. & Associates (the "Underwriter"), at a price of $9,377,937.70. The purchase price of the Bonds reflects the par amount of Bonds equal to $9,377,000.00, minus an Underwriter's discount of $152,333.82 plus a net original issue premium of $153,271.52. 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 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 cover page, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice. The Underwriter may also receive a fee for conducting a competitive bidding process regarding the investment of certain proceeds of the Bonds.

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, 2017 (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 Rule 15c2-12(b)(5) (the "SEC Rule").

The Board previously failed to file, in accordance with the SEC Rule, in a timely manner, under previous filing requirements, a material event notice in connection with an insurer rating change. Such notice of a material event has been filed with EMMA as of the date of this Official Statement. The Board has appointed Phoenix Advisors, LLC to serve as continuing disclosure agent as of June 2015.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the Business Administrator/Board Secretary, Jenine M. Murray, (201) 933-6777, ext. 5638, or to Lisa A. Gorab, Esq., Wilentz, Goldman & Spitzer, P.A., Bond Counsel to the Board, (732) 855-6459.

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 BOROUGH OF WOOD-RIDGE IN THE COUNTY OF BERGEN, NEW JERSEY

/s/ Jenine M. Murray
JENINE M. MURRAY,
Business Administrator/Board Secretary

DATED: September 19, 2017

APPENDIX A

Certain Economic and Demographic Information Relating to the School District and the Borough of Wood-Ridge in the County of Bergen, State of New Jersey

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CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE SCHOOL DISTRICT AND THE BOROUGH OF WOOD-RIDGE, IN THE COUNTY OF BERGEN, STATE OF NEW JERSEY

Summary

The public school system in the Borough of Wood-Ridge, in the County of Bergen, State of New Jersey (the "Borough") is operated by The Board of Education of the Borough of Wood-Ridge in the County of Bergen, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed thereby), as a Type II School District. It functions independently through a five (5) member board, elected by the voters in staggered three (3) year terms from the Borough and one (1) Trustee from the Board of Education of the Borough of Moonachie who acts on high school business only. The Board appoints a Superintendent who is responsible for budgeting, planning and operational functions of the School District. The Board operates a Pre-Kindergarten through grade twelve (12) district which houses its students in one (1) elementary schools, one (1) intermediate school and (1) junior/senior high school. These schools include class rooms with rooms for music, art, sciences, computer studies, libraries, multi-purpose rooms, cafeterias and gymnasiums.

School District Enrollment

Fiscal Year	Total School District Enrollment [1]
2016-2017	1,233
2015-2016	1,178
2014-2015	1,182
2013-2014	1,134
2012-2013	1,137
2011-2012	1,160
2010-2011	1,147
2009-2010	1,143
2008-2009	1,185

Staff[1]

The Superintendent is the chief administrative officer of the School District. The School Business Administrator/Board Secretary oversees the business functions of the Board and reports through the Superintendent to the Board. As of June 30, 2016, the School District employed the following staff (not including part-time employees):

Description	
Instruction/Teaching Staff	99
Student and Instructional Related Services	19
Administrators/Professionals/Office Staff	16
Custodial/Maintenance	12
Other	1
Total	147

Labor Relations[2]

The Board's contract with the Wood-Ridge Education Association expired June 30, 2017.

[1.] Source: Average Daily Enrollment from Business Administrator/Board Secretary; Board records.

COMPARISON OF GENERAL FUND REVENUES AND APPROPRIATIONS – BUDGETARY BASIS

	(Budget) Fiscal Year 2017-2018	(Budget) Fiscal Year 2016-2017	(Actual) Fiscal Year 2015-2016	(Actual) Fiscal Year 2014-2015
REVENUES				
Budgeted Fund Balance	$ 254,594	$ 421,199		
Withdrawal from Capital/Emergency Reserve	300,000	600,000		
Local Sources:				
Local Tax Levy	17,220,119	16,304,930	$ 15,875,422	$ 15,444,610
Tuition	2,106,775	1,941,026	1,763,160	1,826,417
Interest	100	100		398
Miscellaneous	41,000	40,000	104,250	239,338
Federal Sources	21,227	16,835	-	7,468
State Sources	995,314	995,314	1,005,007	986,273
Total Revenues	$ 20,939,129	$ 20,319,404	$ 18,747,839	$ 18,504,504
APPROPRIATIONS				
Instruction:				
Regular Programs	$ 5,446,009	$ 5,584,753	$ 5,354,517	$ 5,358,829
Special Education	1,341,062	1,258,010	1,208,477	1,177,945
Basic Skills/Remedial	64,839	63,565	61,086	57,921
Bilingual Education	105,648	104,050	101,900	49,799
School-Sponsored Co-curricular Activities	110,979	88,875	94,723	74,247
School-Sponsored Athletics	337,663	342,750	307,010	260,491
Before/After School Programs	106,700	106,700	99,530	80,344
Summer School			7,399	
Other Instructional Programs				1,536
Undistributed Expenditures:				
Instruction (Tuition)	3,276,597	3,162,096	2,881,322	2,984,428
Attendance and Social Work	5,250	4,500	5,305	4,500
Health	208,174	209,410	206,526	192,686
Speech, OT, PT, Related & Extraordinary Svcs.	993,985	700,315	831,477	716,390
Guidance	303,854	300,445	284,434	390,408
Child Study Team	541,066	556,173	528,156	447,948
Improvement of Instructional Services	124,768	109,844	111,416	92,777
Media/Library	185,945	180,855	175,217	201,921
Instructional Staff Training	5,500	23,000	6,403	23,764
General Administration	562,579	579,552	585,072	501,935
School Administration	834,802	761,317	733,876	732,130
Central Services and Admin. Info. Technology	651,831	455,434	487,084	452,706
Operations and Maintenance	1,451,407	1,532,948	1,532,169	1,518,621
Transportation	639,354	628,554	587,691	452,959
Personnel Services - Employee Benefits	3,291,644	2,996,000	2,614,659	2,369,602
Subtotal	20,589,656	19,749,146	18,805,449	18,143,887
Interest Earned on Maintenance Reserve				
Transfer to Charter Schools	19,798	40,583	39,596	56,186
Capital Outlay	329,675	529,675	31,050	72,497
Total Appropriations/Expenditures	$ 20,939,129	$ 20,319,404	18,876,095	18,272,570
Other Financing Sources/Uses				
Transfer to (From) Other Funds			1,367,871	(2,500,000)
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources/(Uses)			1,239,615	(2,268,066)
Fund Balance, Beginning of Year			1,460,486	3,728,552
Fund Balance, End of Year			$ 2,700,101	$ 1,460,486

* All years exclude TPAF Pension and Social Security on behalf payments

SCHOOL DISTRICT DEBT LIMIT AND BORROWING MARGIN[3]

The debt limitation of the School District is established pursuant to N.J.S.A. 18A:24-19. The School District is permitted to incur debt up to three percent (3.0%) of the average equalized valuation of taxable property in the School District before requiring an extension of credit from the Borough and the Local Finance Board. The total equalized valuation of real property, including improvements, in the Borough for the last three (3) years and the School District's available borrowing margin as of December 31, 2016 are summarized below:

Year	Amount
2014	1,158,303,678
2015	1,153,257,352
2016	1,171,812,748
	$ 3,483,373,778

Average for the Three (3) Year Period	$ 1,161,124,953
School District Borrowing Margin (4.0%)	46,444,998
Net School Debt as of December 31, 2016	13,107,513
Available School District Borrowing Margin	$ 33,337,485

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT AS OF DECEMBER 31, 2016

Net Direct Debt of School District as of December 31, 2016	$ 13,107,513
Overlapping Debt of School District	
Borough of Wood-Ridge	35,733,423
County of BergeN's Share	8,580,000
Bergen County Utilities Authority	1,850,230
Total Direct and Overlapping Bonded Debt	$ 59,271,166

[3] Source: Borough of Wood-Ridge 2016 Annual Debt Statement.

GENERAL INFORMATION

Size and Geographical Location

The Borough of Wood-Ridge comprises an area of approximately 1.1 square miles, located in southwestern Bergen County and is situated 12 miles west of New York City. Surrounding municipalities include Carlstadt, Hasbrouck Heights, Lodi, Moonachie, and Wallington.

Form of Government

Wood-Ridge was incorporated in 1894 under the borough form of government. There is a Mayor and a six-member Council.

The Mayor is elected to serve a four-year term and may succeed that term by re-election. He is empowered, amongst his legal powers as head of the municipal government, to: (i) provide for the proper execution of local and State laws; (ii) recommend to the Borough Council measures he deems in the best interest of the Borough; (iii) nominate and, with the advice and consent of the Borough Council, appoint most subordinate officers of the Borough; and (iv) maintain peace and order. Although he presides over meetings of the Borough Council, the Mayor votes only in case of a tie. State law requires that he be a member of the Planning Board and the Board of Trustees of the municipal Public Library.

The six Council members are elected at-large, two each year, for terms of three years. The Council exercises general legislative powers conferred upon it by State law to protect and promote the general welfare of the Borough. Among these are the right to enact ordinances, approve resolutions, approve mayoral appointments, adopt the annual budget and determine the municipal tax levy. The Council, acting in committees, oversees the various departments and functions of the Borough Government.

Transportation

Because of its close proximity to New York City, many residents are employed in the City of New York and commute through access of mass transportation. Commuter rail service to New York City via the PATH is available from the Wood-Ridge Train Station. In addition, a second train station began construction in 2013 as part of the Borough's redevelopment plan. The Borough will be only the second town in Bergen County to have two train stations and to be served by two different train lines. Bus service in the Borough is provided by New Jersey Transit which runs throughout the metropolitan area.

Borough residents have easy access to all parts of New Jersey and New York via Route 17, Route 3, Route 80, the Garden State Parkway and the New Jersey Turnpike, all of which are located near the Borough.

Protection

Wood-Ridge is served by a police department consisting of the chief and 18 officers and patrolmen. Several of these officers wear two hats by serving in the patrol division and also serving as Detectives, traffic officers, juvenile officers, DARE officers, range officers, crime prevention and anti-crime officers. It is also served by a volunteer fire department of approximately 55 who operate 3 engines, 1 ladder truck, 1 heavy rescue truck, 3 command vehicles and 2 ambulances. Free ambulance and rescue service is provided to the public on a 24 hour a day basis.

Sanitation

The Borough provides garbage collection for all homes on a weekly basis. The Borough contracts with a private hauler for these services. Payment for such garbage collection services is part of the general property tax levy. Sewerage disposal is provided under contract by the Bergen County Utilities Authority. For this service the Borough pays an annual service charge based on the metered flow of sewerage. This service charge is part of the general property tax levy.

Utilities

Electricity and gas are supplied by Public Service Electric and Gas. United Water New Jersey supplies the Borough's water.

Recreation

The Borough has a year round community recreation program administered by a recreation commission appointed by the mayor. The Borough has a very active Little League which makes use of its own field created for that purpose. It also has "Pop Warner" football, basketball and softball leagues. A Civic Center houses the activities of Senior Citizens, youth activities and meeting rooms for all civic organizations.

ECONOMIC AND DEMOGRAPHIC INFORMATION

The following material presents certain economic and demographic information of the Borough of Wood-Ridge.

Population Trends

	1980	1990	2000	2010	2016
Borough of Wood-Ridge	7,929	7,506	7,644	7,626	8,600
County of Bergen	845,385	825,380	884,118	905,116	939,151
State of New Jersey	7,365,011	7,730,188	8,414,350	8,791,894	8,938,175

Source: US Census

Money Income as of 2015[4]

	Median Household Income	Median Family Income	Per Capita Income
Borough of Wood-Ridge	$ 96,988	$ 112,829	$ 40,795
County of Bergen	85,806	104,286	44,002
State of New Jersey	72,093	88,335	35,582

4 Source: U.S. Census Bureau, 2011-2015 American Community Survey

Employment and Unemployment Comparisons

	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
Borough of Wood-Ridge				
2016	4,766	4,554	212	4.4%
2015	4,916	4,681	235	4.8%
2014	4,859	4,601	258	5.3%
2013	4,400	4,150	250	5.7%
2012	4,358	4,055	303	7.0%
County of Bergen				
2016	484,167	463,988	20,179	4.2%
2015	485,300	463,200	22,100	4.6%
2014	479,448	453,688	25,760	5.4%
2013	477,410	443,734	33,676	7.1%
2012	483,097	443,956	39,141	8.1%
State of New Jersey				
2016	4,524,300	4,299,900	224,400	5.0%
2015	4,543,800	4,288,800	255,000	5.6%
2014	4,518,700	4,218,400	300,300	6.6%
2013	4,537,800	4,166,000	371,800	8.2%
2012	4,595,500	4,159,300	436,200	9.5%

Source: Bureau of Labor Statistics

Statement of Indebtedness
As of December 31, 2016

GENERAL PURPOSES		
Bonds Issued and Outstanding	$ 19,205,000	
Bond Anticipation Notes	30,640,079	
Bonds and Notes Authorized But Not Issued	1,846,400	
		$ 51,691,479
LOCAL SCHOOL		
Bonds Issued and Outstanding	3,730,000	
Bond Anticipation Notes	7,000,000	
Bonds and Notes Authorized But Not Issued	2,377,513	
		13,107,513
TOTAL GROSS DEBT		64,798,992
STATUTORY DEDUCTIONS		
Municipal Purposes	15,958,056	
Local School	13,107,513	
		29,065,569
TOTAL NET DEBT		$ 35,733,423
OVERLAPPING DEBT		
County of Bergen (Note 1)	$ 8,580,588	
Bergen County Utilities Authority (Note 2)	1,850,230	
TOTAL OVERLAPPING DEBT		$ 10,430,818
GROSS DEBT		
Per Capita (2016 - 8,600)		$ 7,535
Percent of Net Valuation Taxable (2017 - $1,274,677,200)		5.08%
Percent of Estimated True Value of Real Property (2017 - $1,269,499,519)		5.10%
NET MUNICIPAL DEBT		
Per Capita (2016 - 8,600)		$ 4,155
Percent of Net Valuation Taxable (2017 - $1,274,677,200)		2.80%
Percent of Estimated True Value of Real Property (2017 - $1,269,499,519)		2.81%
OVERALL DEBT (Gross and Overlapping Debt)		
Per Capita (2016 - 8,600)		$ 8,748
Percent of Net Valuation Taxable (2017 - $1,274,677,200)		5.90%
Percent of Estimated True Value of Real Property (2017 - $1,269,499,519)		5.93%

Note (1) Overlapping debt was computed based upon the real property ratio of equalized valuations of the municipality to all municipalities within the County as provided in the 2016 Bergen County Abstract of Ratables published by the Bergen County Board of Taxation.

Note (2) Overlapping debt was computed based upon usage.

Ten Largest Taxpayers

The ten largest taxpayers in the Borough and their 2017 assessed valuations are listed below:

Taxpayer	Assessment
WR Industrial	$ 50,000,000
Wood-Ridge Development LLC - Highland	15,886,300
One Ethel Blvd LLC	13,078,000
Cliff View Gardens	11,903,000
Wood-Ridge Development LLC - Passaic	9,086,600
Windsor Wood-Ridge, LLC	8,581,100
Deldor Realty Corp c/o Fiesta	6,415,200
Wesmont Station Res I Urb Renewal	6,177,800
Terminal Construction Corp	5,886,700
JRMA Holding LLC	5,641,300
Total	$ 132,656,000

Source: Municipal Tax Assessor

Comparisons of School Tax Levies and Collections

Fiscal Year	Tax Levy	Collection During Year of Levy Amount	Collection During Year of Levy Percent	Collections in Subsequent Fiscal Years
2016	$ 16,002,622	$ 14,669,065	91.67%	$ 1,333,557
2015	15,567,980	14,919,313	95.83%	648,667
2014	15,286,337	14,012,473	91.67%	1,273,864
2013	14,316,942	13,113,314	99.99%	1,203,628
2012	14,313,388	13,120,606	91.67%	1,192,782

Source: 2016 Comprehensive Annual Financial Report

Annual Tax Rates

Year	Total	Municipal*	Local School	County
2017 (1)	$ 2.620	$ 0.996	$ 1.373	$ 0.251
2016	3.833	1.489	1.985	0.359
2015	3.768	1.447	1.962	0.359
2014	3.656	1.371	1.952	0.333
2013	3.600	1.334	1.915	0.351
2012	3.468	1.301	1.822	0.345

(1) The Borough underwent a revaluation of real property effective January 1, 2017.

Source: 2016 Comprehensive Annual Financial Report and Borough Tax Collector

Real Property Classification

Year	Vacant Land	Residential	Commercial	Apartment	Industrial	Total
2017 (1)	$ 96,231,800	$ 966,369,000	$ 74,198,000	$ 106,296,000	$ 31,582,400	$ 1,274,677,200
2016	73,375,747	607,503,900	38,363,200	77,523,800	16,471,400	813,238,047
2015	75,951,500	594,488,000	38,141,500	78,883,300	16,471,400	803,935,700
2014	73,570,000	589,584,400	38,288,000	78,883,300	14,471,400	794,797,100
2013	68,418,100	587,891,700	37,398,100	79,765,900	16,471,400	789,945,200

(1) The Borough underwent a revaluation of real property effective January 1, 2017.

Source: Borough Tax Assessor

Ratio of Assessed Valuation to True Value

Year	Real Property	Business Personal Property	Net Valuation Taxable	Ratio of Assessed Value to True Value of Real Property	Total True Value of Assessed Property
2017 (1)	$ 1,274,677,200	$ -	$ 1,274,677,200	101.10%	$ 1,269,499,519
2016	813,238,047	631,987	813,870,034	69.71%	1,196,009,774
2015	803,935,700	602,730	804,538,430	68.78%	1,206,398,495
2014	794,797,100	602,730	795,399,830	67.56%	1,217,882,320
2013	789,945,200	559,307	790,504,507	67.23%	1,209,075,739

(1) The Borough underwent a revaluation of real property effective January 1, 2017.

Source: 2017 Equalization Table and Abstract of Ratables, County Board of Taxation

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APPENDIX B

Financial Statements of The Board of Education of the Borough of Wood-Ridge in the County of Bergen, New Jersey as of and for the Fiscal Year Ended June 30, 2016

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LERCH, VINCI & HIGGINS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
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SHERYL M. NICOLOSI, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Wood-Ridge Board of Education
Wood-Ridge, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wood-Ridge Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wood-Ridge Board of Education as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 4, 2016 on our consideration of the Wood-Ridge Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Wood-Ridge Board of Education's internal control over financial reporting and compliance.

By/s/ LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants

Fair Lawn, New Jersey
November 4, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the Wood-Ridge Board of Education's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the financial statements as well as the financial statements themselves to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by $5,761,112 (net position).

- Total School District's net position increased $1,663,134.

- District-Wide general revenues accounted for $16,191,198 or 63 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for $9,375,927 or 37 percent of total revenues of $25,567,125.

- Total net position of governmental activities was $5,708,168 as of June 30, 2016 an increase of $1,653,256 from the previous year.

- The District had $23,473,641 in expenses related to governmental activities; only $8,935,699 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $16,191,198 were adequate to provide for these programs.

- Among governmental funds, the General Fund had $20,186,682 in revenues, $20,533,227 in expenditures. The General Fund's fund balance increased $1,021,326 from the previous year to $2,441,235 at June 30, 2016.

- The General Fund unassigned budgetary fund balance increased $15,805 from the previous year to $464,409 at June 30, 2016.

Using the Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Wood-Ridge Board of Education as a financial whole, an entire operating entity**.** The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the 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 district's most significant funds. In the case of the Wood-Ridge Board of Education, the General Fund is by far the most significant fund.

Reporting the District as a Whole

One of the most important questions asked about the District is "How did we do financially during the fiscal year ended June 30, 2016?" The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets, deferred outflows of resources and liabilities using the accrual basis of accounting, which is similar to the accounting 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 is received or paid.

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, if the financial position of the 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 District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

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

- Governmental Activities – most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extra-curricular activities.

- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods and services provided. The District's food service program is reported as a business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. The District's Governmental Funds are the General, Special Revenue, Capital Projects and Debt Service Funds.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end available for spending in the future years. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer 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 governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the District as a whole.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

The District as a Whole

The Statement of Net Position provides the perspectives of the District as a whole, showing assets, deferred outflows of resources, liabilities, deferred inflows of resources and the difference between them (net position). Net position may serve over time as a useful indicator of a government's financial position.

The following provides a summary of the District's net position as of June 30, 2016 and 2015.

Net Position

As of June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current Assets	$ 9,856,354	$ 2,970,289	$ 109,900	$ 123,426	$ 9,966,254	$ 3,093,715
Capital Assets	15,651,024	10,058,064	18,672	22,195	15,669,696	10,080,259
Total Assets	25,507,378	13,028,353	128,572	145,621	25,635,950	13,173,974
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Amount on Refunding of Debt	171,629	230,259			171,629	230,259
Deferred Amount on Net Pension Liability	784,638	345,631	-	-	784,638	345,631
Total Deferred Outflows of Resources	956,267	575,890	-	-	956,267	575,890
Total Assets and Deferred Outflows of Resources	26,463,645	13,604,243	128,572	145,621	26,592,217	13,749,864
LIABILITIES						
Other Liabilities	11,440,345	405,003	75,628	102,555	11,515,973	507,558
Long-Term Liabilities	9,196,141	8,913,127	-	-	9,196,141	8,913,127
Total Liabilities	20,636,486	9,318,130	75,628	102,555	20,712,114	9,420,685
DEFERRED INFLOWS OF RESOURCES						
Deferred Amount on Net Pension Liability	118,991	231,201	-	-	118,991	231,201
Total Deferred Inflows of Resources	118,991	231,201	-	-	118,991	231,201
Total Liabilities and Deferred Inflows of Resources	20,755,477	9,549,331	75,628	102,555	20,831,105	9,651,886
NET POSITION						
Net Investment in Capital Assets	11,526,293	5,653,064	18,672	22,195	11,544,965	5,675,259
Restricted	1,708,974	1,960,762			1,708,974	1,960,762
Unrestricted	(7,527,099)	(3,558,914)	34,272	20,871	(7,492,827)	(3,538,043)
Total Net Position	$ 5,708,168	$ 4,054,912	$ 52,944	$ 43,066	$ 5,761,112	$ 4,097,978

The District's combined net position was $5,761,112 at June 30, 2016, which was an increase of $1,663,134 or 41 percent from the prior year. The increase is mainly attributable to an increase in District's capital assets.

The following schedule shows changes in net position for fiscal years ended June 30, 2016 and 2015

Change in Net Position
for the Fiscal Years Ended June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
Revenues	2016	2015	2016	2015	2016	2015
Program Revenues						
Charges for Services	$ 1,763,160	$ 1,826,417	$ 299,859	$ 293,568	$ 2,063,019	$ 2,119,985
Operating Grants and Contributions	4,754,846	4,175,286	140,369	128,131	4,895,215	4,303,417
Capital Grants and Contributions	2,417,693				2,417,693	
General Revenues						
Property Taxes	16,002,622	15,567,980			16,002,622	15,567,980
Unrestricted State Aid	64,796	66,645			64,796	66,645
Other	123,780	239,736	-	-	123,780	239,736
Total Revenues	25,126,897	21,876,064	440,228	421,699	25,567,125	22,297,763
Expenses						
Instruction						
Regular	9,062,055	7,816,874			9,062,055	7,816,874
Special Education	4,846,677	2,030,456			4,846,677	2,030,456
Other Instruction	440,860	328,771			440,860	328,771
School Sponsored Activities and Athletics	600,628	520,805			600,628	520,805
Support Services						
Tuition		3,239,564				
Student and Instruction Related Services	2,837,800	2,680,711			2,837,800	2,680,711
General Administration Services	818,285	864,169			818,285	864,169
School Administration Services	1,175,087	1,211,279			1,175,087	1,211,279
Central and Other Support Services	680,796	597,531			680,796	597,531
Plant Operations and Maintenance	2,239,654	1,531,313			2,239,654	1,531,313
Pupil Transportation	608,408	712,044			608,408	712,044
Interest on Long Term Debt	163,391	130,840			163,391	130,840
Unallocated Depreciation		246,648				246,648
Capital Outlay		29,575				29,575
Transfer to Charter School		56,186				56,186
Food Service	-	-	430,350	430,064	430,350	430,064
Total Expenses	23,473,641	21,996,766	430,350	430,064	23,903,991	22,426,830
Change in Net Position	1,653,256	(120,702)	9,878	(8,365)	1,663,134	(129,067)
Beginning of Year, Net Position	4,054,912	4,360,761	43,066	51,431	4,097,978	4,412,192
Prior Period Adjustment	-	(185,147)	-	-	-	(185,147)
Ending of Year, Net Position	$ 5,708,168	$ 4,054,912	$ 52,944	$ 43,066	$ 5,761,112	$ 4,097,978

Governmental Activities

The District's total revenues were $25,126,897 and $21,876,064 for the fiscal years ended June 30, 2016 and 2015, respectively. Property taxes comprised 64 percent and 71 percent of revenues for governmental activities for fiscal years ended June 30, 2016 and 2015, respectively. Federal, state and local grants of $7,237,335 and $4,241,931 accounted for another 29 percent and 19 percent of revenues for the fiscal years ended June 30, 2016 and 2015, respectively. The increase in federal, state and local grants for the current year is largely due to the additional on-behalf TPAF pension contributions realized during the current fiscal year.

The total cost of all programs and services was $23,473,641 and $21,996,766 for the fiscal years ended June 30, 2016 and 2015, respectively. The increase in expenses for the current year is also due to the additional on-behalf TPAF pension contributions reported for the District. Instruction comprises 64 and 49 percent of governmental program expenses for the fiscal years ended June 30, 2016 and 2015, respectively. Support services expenses make up 36 and 49 percent of governmental expenses for the fiscal years ended June 30, 2016 and 2015, respectively. The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The schedule below shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue.

Total and Net Cost of Services
for the Fiscal Years Ended June 30, 2016 and 2015

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Instruction				
Regular	$ 9,062,055	$ 7,816,874	$ 4,994,259	$ 4,489,777
Special Education	4,846,677	2,030,456	3,394,400	660,039
Other Instruction	440,860	328,771	326,338	245,812
School Sponsored Activities and Athletics	600,628	520,805	467,382	409,892
Support Services				
Tuition		3,239,564		2,984,428
Student and Instruction Related Services	2,837,800	2,680,711	2,459,431	2,410,994
General Administration Services	818,285	864,169	752,912	618,421
School Administration Services	1,175,087	1,211,279	967,925	903,141
Central and Other Support Services	680,796	597,531	633,091	597,531
Plant Operations and Maintenance	2,239,654	1,531,313	(197,227)	1,531,313
Pupil Transportation	608,408	712,044	576,040	680,466
Unallocated Depreciation		246,648		246,648
Capital Outlay		29,575		29,575
Transfer to Charter School		56,186		56,186
Interest on Long Term Debt	163,391	130,840	163,391	130,840
Total	$ 23,473,641	$ 21,996,766	$ 14,537,942	$ 15,995,063

The dependence of tax revenues to support governmental activities is apparent.

Business-Type Activities

The only business-type activity is the food service operation. The program had revenues of $440,228 and expenses of $430,350 during the fiscal year ended June 30, 2016. Of the revenues, $299,859 and $293,568 were charges for services paid by patrons for daily food service, $140,369 and $128,131 were from State and Federal reimbursements for the fiscal years ended June 30, 2016 and 2015, respectively.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to $23,155,453 and $20,348,769 and expenditures were $27,309,268 and $22,006,086 for the fiscal years ended June 30, 2016 and 2015, 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. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ending June 30, 2016 and 2015.

	Fiscal Year Year Ended		Amount of Increase/	Percent
Revenue	2016	2015	(Decrease)	Change
Local Sources	$ 17,909,845	$ 17,641,837	$ 268,008	2%
State Sources	4,861,543	2,365,307	2,496,236	106%
Federal Sources	384,065	341,625	42,440	12%
Total	$ 23,155,453	$ 20,348,769	$ 2,806,684	14%

For fiscal year 2016 total governmental revenues increased $2,806,684 or 14% from the previous year. The increase in local sources of $268,008 or 2% was attributable to an increase in property taxes to support increases in budgeted operating costs. As indicated state sources increased $2,496,236 or 106% mainly due to an increase in on-behalf pension and post-retirement medical benefit contributions made by the State for the District's professional teaching staff. The increase in federal sources of $42,440 or 12% was a result of increased grant funds earned from NCLB and IDEA grant programs.

The following schedule represents a summary of the governmental funds expenditures for the fiscal years ending June 30, 2016 and 2015.

Expenditure	Fiscal Year Year Ended 2016	Fiscal Year Year Ended 2015	Amount of Increase/ (Decrease)	Percent Change
Current Expense:				
Instruction	$ 13,305,113	$ 7,204,023	$ 6,101,090	85%
Support Services	7,562,989	12,729,480	(5,166,491)	-41%
Debt Service	528,315	458,350	69,965	15%
Capital Outlay	5,912,851	1,614,233	4,298,618	266%
Total	$ 27,309,268	$ 22,006,086	$ 5,303,182	24.1%

For fiscal year 2016, total governmental funds expenditures decreased $5,303,182 or 24%. Increases in instruction costs were attributable to special education programs and decreases in support services costs were attributable to administrative services, as well as plant operations and maintenance costs. Capital outlay increased significantly as a result of the activity related to the 2014 referendum project.

Of the governmental funds, the General Fund had $20,186,682 in revenues (predominately property taxes), $20,533,227 in expenditures. Other financing sources resulting from a transfer of excess capital reserve from the Capital Projects Fund totaled $1,950,190. As a result the General Fund's fund balance increased $1,021,326 from $1,419,909 at June 30, 2015 to $2,441,235 at June 30, 2016.

General Fund Budgetary Highlights

The District's budget is prepared according to New Jersey Law, and is based on accounting for certain transactions on the budgetary basis of accounting for revenues, expenditures and encumbrances. The most significant budget fund is the General Fund.

During the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to prevent over-expenditures in specific line item accounts.

For the fiscal year 2016 General Fund budgetary revenues and other financing sources were more than budgetary expenditures and other financing uses increasing budgetary fund balance $1,239,615. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased $15,805 from an unassigned fund balance of $448,604 at June 30, 2015 to $464,409 at June 30, 2016. In addition, restricted fund balance for capital reserve increased $1,420,739 from $188,234 at June 30, 2015 to $1,608,973 at June 30, 2016.

Capital Assets

At the end of fiscal years 2016 and 2015, the District had $15,669,696 and $10,080,259 invested in construction in progress, buildings, land improvements, furniture and equipment and vehicles net of depreciation. Overall capital assets net of accumulated depreciation increased $5,589,437 from fiscal year 2015 to fiscal year 2016. The following schedule is a comparison of capital assets net of depreciation at June 30, 2016 and 2015.

Capital Assets, Net of Depreciation
As of June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities	
	2016	2015	2016	2015
Construction in Progress	$ 7,298,654	$ 1,541,736		
Land Improvements	121,829	131,049		
Building and Building Improvements	8,034,773	8,227,831		
Machinery and Equipment	195,768	157,448	$ 18,672	$ 22,195
Total	$ 15,651,024	$ 10,058,064	$ 18,672	$ 22,195

Additional information on Wood-Ridge Board of Education's capital assets can be found in Note 4 of this report.

Long-Term Liabilities

At June 30, 2016 and 2015, the District had $9,196,141 and $8,913,127 of long-term liabilities, respectively. Of this amount, $4,296,360 and $4,651,694 is for school refunding bonds, $121,465 and $185,147 is for capital leases, $190,760 and $196,724 is for compensated absences and $4,587,556 and $3,879,562 is for the District's net pension liability, respectively. For fiscal year 2016 total outstanding long-term liabilities increased by $283,014 from the prior year.

Long-Term Liabilities
As of June 30, 2016 and 2015

	Governmental Activities	
	2016	2015 (Restated)
Serial Bonds Payable (including premium)	$ 4,296,360	$ 4,651,694
Capital Leases	121,465	185,147
Compensated Absences	190,760	196,724
Net Pension Liability	4,587,556	3,879,562
Total	$ 9,196,141	$ 8,913,127

Additional information on Wood-Ridge Board of Education's long-term liabilities can be found in Note 4 of this report.

For the Future

The Wood-Ridge Board of Education is in good financial condition presently. The School District is proud of its community support of the public schools. A major concern is the continued enrollment growth of the District with the increased reliance on local property taxes.

Wood-Ridge Board of Education's budget for 2016-2017 was approved by the Board in April of 2016. Budgeted expenditures in the General Fund increased 6.8% to $21,185,548 for fiscal year 2016-2017.

In conclusion, the Wood-Ridge Board of Education has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the District's Financial Management

This financial report is designed to provide the citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the School Business Administrator/Board Secretary at Wood-Ridge Board of Education, 540 Windsor Road, New Jersey 07075.

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BASIC FINANCIAL STATEMENTS

WOOD-RIDGE BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 3,426,611	$ 102,170	$ 3,528,781
Receivables, net	6,429,743	5,537	6,435,280
Inventory		2,193	2,193
Capital Assets			
Not Being Depreciated	7,298,654		7,298,654
Being Depreciated, Net	8,352,370	18,672	8,371,042
Total Assets	25,507,378	128,572	25,635,950
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	171,629		171,629
Deferred Amount of Net Pension Liability	784,638		784,638
Total Deferred Outflows of Resources	956,267		956,267
Total Assets and Deferred Outflows of Resources	26,463,645	128,572	26,592,217
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,942,352	75,628	2,017,980
Due to Other Funds	1,462		1,462
Loan Payable	7,000,000		7,000,000
Unearned Revenue	2,440,500		2,440,500
Accrued Interest Payable	56,031		56,031
Noncurrent Liabilities			
Due Within One Year	425,956		425,956
Due Beyond One Year	8,770,185		8,770,185
Total Liabilities	20,636,486	75,628	20,712,114
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount of Net Pension Liability	118,991		118,991
Total Deferred Inflows of Resources	118,991	-	118,991
Total Liabilities and Deferred Inflows of Resources	20,755,477	75,628	20,831,105
NET POSITION			
Net Investment in Capital Assets	11,526,293	18,672	11,544,965
Restricted for:			
Debt Service	1		1
Capital Projects	1,608,973		1,608,973
Other Purposes	100,000		100,000
Unrestricted	(7,527,099)	34,272	(7,492,827)
Total Net Position	$ 5,708,168	$ 52,944	$ 5,761,112

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

EXHIBIT A-2

WOOD-RIDGE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities							
Instruction							
Regular	$ 9,062,055	$ 1,763,160	$ 2,304,636		$ (4,994,259)		$ (4,994,259)
Special Education	4,846,677		1,452,277		(3,394,400)		(3,394,400)
Other Instruction	440,860		114,522		(326,338)		(326,338)
School Sponsored Activities and Athletics	600,628		133,246		(467,382)		(467,382)
Support Services							
Student and Instruction Related Svcs.	2,837,800		378,369		(2,459,431)		(2,459,431)
General Administrative Services	818,285		65,373		(752,912)		(752,912)
School Administrative Services	1,175,087		207,162		(967,925)		(967,925)
Plant Operations and Maintenance	2,239,654		19,188	$ 2,417,693	197,227		197,227
Pupil Transportation	608,408		32,368		(576,040)		(576,040)
Business Services	680,796		47,705		(633,091)		(633,091)
Interest on Long-Term Debt	163,391				(163,391)	-	(163,391)
Total Governmental Activities	23,473,641	1,763,160	4,754,846	2,417,693	(14,537,942)	-	(14,537,942)
Business-Type Activities							
Food Service	430,350	299,859	140,369	-		$ 9,878	9,878
Total Business-Type Activities	430,350	299,859	140,369	-	-	9,878	9,878
Total Primary Government	$ 23,903,991	$ 2,063,019	$ 4,895,215	$ 2,417,693	(14,537,942)	9,878	(14,528,064)
General Revenues:							
Property Taxes, Levied for General Purposes					15,875,422		15,875,422
Property Taxes, Levied for Debt Service					127,200		127,200
State Aid - Unrestricted					64,796		64,796
Miscellaneous Income					123,780		123,780
Total General Revenues					16,191,198	-	16,191,198
Change in Net Position					1,653,256	9,878	1,663,134
Net Position, Beginning of Year (Restated)					4,054,912	43,066	4,097,978
Net Position, End of Year					$ 5,708,168	$ 52,944	$ 5,761,112

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

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FUND FINANCIAL STATEMENTS

EXHIBIT B-1

WOOD-RIDGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 1,355,850		$ 2,070,760	$ 1	$ 3,426,611
Due From Other Funds	115,802				115,802
Receivables, Net					
Receivables From Other Governments	1,462,251	$ 145,532	4,821,960	-	6,429,743
Total Assets	$ 2,933,903	$ 145,532	$ 6,892,720	$ 1	$ 9,972,156
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 473,206	$ 11,497	$ 1,457,649		$ 1,942,352
Note Payable			7,000,000		7,000,000
Due To Other Funds	1,462	115,802			117,264
Unearned Revenue	18,000	18,233	2,404,267	-	2,440,500
Total Liabilities	492,668	145,532	10,861,916	-	11,500,116
Fund Balances					
Restricted Fund Balance					
Excess Surplus - Designated for Subsequent Year's Budget	102,140				102,140
Capital Reserve	1,608,973				1,608,973
Emergency Reserve- Designated for Subsequent Year's Budget	100,000				100,000
Capital Projects			(3,969,196)		(3,969,196)
Debt Service				$ 1	1
Assigned Fund Balance					
Designated for Subsequent Year's Budget	319,059				319,059
Encumbrances	105,520				105,520
Unassigned Fund Balance	205,543	-	-	-	205,543
Total Fund Balances	2,441,235	-	(3,969,196)	1	(1,527,960)
Total Liabilities and Fund Balances	$ 2,933,903	$ 145,532	$ 6,892,720	$ 1	

Amounts reported for governmental activities 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 $21,351,135 and the accumulated depreciation is $5,700,111.		15,651,024
Long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 2A)		(9,196,141)
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.		171,629
The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:		(56,031)
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	$ 784,638	
Deferred Inflows of Resources	(118,991)	
		665,647
Net Position of Governmental Activities		$ 5,708,168

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

WOOD-RIDGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources					
Property Tax Levy	$ 15,875,422			$ 127,200	$ 16,002,622
Tuition	1,763,160				1,763,160
Rentals	41,100				41,100
Miscellaneous	63,150	$ 20,283	$ 19,530		102,963
Total - Local Sources	17,742,832	20,283	19,530	127,200	17,909,845
State Sources	2,443,850		2,417,693		4,861,543
Federal Sources	-	384,065			384,065
Total Revenues	20,186,682	404,348	2,437,223	127,200	23,155,453
EXPENDITURES					
Current					
Instruction					
Regular Instruction	7,719,860	109,426			7,829,286
Special Education Instruction	4,291,915	276,708			4,568,623
Other Instruction	378,792				378,792
School Sponsored Activities and Athletics	528,412				528,412
Support Services					
Student and Instruction Related Services	2,600,541	18,214			2,618,755
General Administrative Services	761,737				761,737
School Administrative Services	1,026,878				1,026,878
Plant Operations and Maintenance	1,913,430		1,642		1,915,072
Pupil Transportation	605,110				605,110
Business Services	635,437				635,437
Debt Service					
Principal	63,682			330,000	393,682
Interest	7,433			127,200	134,633
Capital Outlay			5,912,851		5,912,851
Total Expenditures	20,533,227	404,348	5,914,493	457,200	27,309,268
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(346,545)	-	(3,477,270)	(330,000)	(4,153,815)
OTHER FINANCING SOURCES (USES)					
Transfers In	1,950,190		500,000	330,000	2,780,190
Transfers Out	(582,319)		(2,197,871)		(2,780,190)
Total Other Financing Sources and Uses	1,367,871	-	(1,697,871)	330,000	-
Net Change in Fund Balance	1,021,326	-	(5,175,141)	-	(4,153,815)
Fund Balance, Beginning of Year	1,419,909	-	1,205,945	1	2,625,855
Fund Balance, End of Year	$ 2,441,235	$ -	$ (3,969,196)	$ 1	$ (1,527,960)

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

WOOD-RIDGE BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)		$ (4,153,815)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense.		
Capital Outlay	$ 5,912,851	
Depreciation Expense	(319,891)	
		5,592,960
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources. Neither transaction, however, has any effect on Statement of Activities.		
Principal Repayments		
Bonds Payable	330,000	
Capital Leases Payable	63,682	
		393,682
In the statement of activities, costs related to the issuance of long term debt are deferred and amortized over the term of the debt. In the governmental funds, the issuance costs are reported upon the issuance of debt. This amount represents the current year amortization of the costs related to the issuance of long term debt in previous years.		
Deferred Amount on Refunding	(58,630)	
Original Issue Premium	25,334	
		(33,296)
In the statement of activities, certain operating expenses-compensated absences, pension expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):		
Net Decrease in Compensated Absences		5,964
Net Increase in Pension Expense		(156,777)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		
Decrease in Accrued Interest		4,538
Change in Net Position of Governmental Activities (Exhibit A-2)		$ 1,653,256

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

EXHIBIT B-4

WOOD-RIDGE BOARD OF EDUCATION
PROPRIETARY FUNDS
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 102,170
Intergovernmental Receivable	
State	186
Federal	5,351
Inventories	2,193
Total Current Assets	109,900
Noncurrent Assets	
Furniture, Machinery and Equipment	79,042
Less Accumulated Depreciation	(60,370)
Total Capital Assets, Net	18,672
Total Assets	128,572
LIABILITIES	
Accounts Payable	75,628
Total Liabilities	75,628
NET POSITION	
Investment in Capital Assets	18,672
Unrestricted	34,272
Total Net Position	$ 52,944

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

EXHIBIT B-5

WOOD-RIDGE BOARD OF EDUCATION
PROPRIETARY FUNDS
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

OPERATING REVENUES	
Charges for Services	
Daily Sales	
Reimbursable Programs	$ 189,503
Non-Reimbursable Programs	109,215
Special Functions	1,141
Total Operating Revenues	299,859
OPERATING EXPENSES	
Cost of Sales	
Reimbursable Programs	145,514
Non-Reimbursable Programs	44,620
Salaries and Benefits	167,780
Management Fee	24,084
Other Purchased Services	22,620
Supplies and Materials	14,845
Miscellaneous Expenses	7,364
Depreciation	3,523
Total Operating Expenses	430,350
Operating Income/(Loss)	(130,491)
NONOPERATING REVENUES	
State Sources	
School Lunch Program	3,786
Federal Sources	
Food Distribution Program	29,063
National School Lunch Program	96,809
School Breakfast Program	10,711
Total Nonoperating Revenues	140,369
Change in Net Position	9,878
Net Position, Beginning of Year	43,066
Net Position, End of Year	$ 52,944

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

WOOD-RIDGE BOARD OF EDUCATION
PROPRIETARY FUNDS
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	$ 299,859
Payments for Employees Salaries and Benefits	(167,780)
Payments to Suppliers for Goods and Services	(257,116)
Net Cash Provided/(Used) by Operating Activities	(125,037)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State and Federal Subsidy Reimbursements	111,768
Net Cash Provided by Noncapital Financing Activities	111,768
Net Change in Cash and Cash Equivalents	(13,269)
Cash and Cash Equivalents, Beginning of Year	115,439
Cash and Cash Equivalents, End of Year	$ 102,170
Reconciliation of Operating Income (Loss) to Net Cash Provided/ (Used) by Operating Activities:	
Operating Income/(Loss)	$ (130,491)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided/(Used) by Operating Activities	
Non-Cash Federal Assistance- National School Lunch Program (Food Distribution)	29,063
Depreciation	3,523
Changes in Assets and Liabilities	
(Increase) Decrease in Inventories	(205)
Increase (Decrease) in Accounts Payable	(26,927)
Total Adjustments	5,454
Net Cash Provided/(Used) by Operating Activities	$ (125,037)
Non-Cash Financing Activities	
National School Lunch (Food Distribution)	$ 29,063

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

WOOD-RIDGE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2016

	Scholarship Trust Fund	Unemployment Compensation Trust Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	$ 15,133	$ 84,928	$ 153,438
Due From Other Funds		-	1,462
Total Assets	15,133	84,928	$ 154,900
LIABILITIES			
Intergovernmental Payable		$ 3,975	
Due To Student Groups			$ 112,037
Payroll Deductions and Withholdings			13,101
Accrued Salaries and Wages			17,418
Reserve for Flexible Spending			12,344
Total Liabilities	-	3,975	$ 154,900
NET POSITION			
Held In Trust For Unemployment Claims and Other Purposes	$ 15,133	$ 80,953	

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

WOOD-RIDGE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Scholarship Trust Fund	Unemployment Compensation Trust
ADDITIONS		
Investment Earnings		
Interest	$ 9	
Payroll Deductions		$ 28,504
Total Additions	9	28,504
DEDUCTIONS		
Scholarships Awards	750	
Unemployment Claims and Contributions		24,254
Total Deductions	750	24,254
Change in Net Position	(741)	4,250
Net Position, Beginning of Year	15,874	76,703
Net Position, End of Year	$ 15,133	$ 80,953

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Wood-Ridge 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 five elected officials from the Borough of Wood-Ridge and one appointed representative from the Moonachie Board of Education 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. 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 also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

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 Wood-Ridge 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. New Accounting Standards

During fiscal year 2016, the District adopted the following GASB statements as required:

- GASB No. 72, *Fair Value Measurement and Application*, June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

- GASB No. 77, *Tax Abatement Disclosures,* will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73,* will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement* 68, and *Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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. Fiduciary funds are excluded from the district-wide financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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. All fiduciary activities are reported only in the fund financial statements. 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 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 and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 and enterprise funds 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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 teachers and special events.

Additionally, the government reports the following fund types:

> The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

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.

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 with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property taxes, tuition, transportation fees, 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.

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. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred inflows of resources.

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 estimated fair market 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Assets	Years
Land Improvements	20
Buildings and Building Improvements	10
Machinery and Equipment	5-10

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 position 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 amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss 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 position 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 arise only under the accrual basis of accounting that qualify for reporting in this category. The 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 do not permit the accrual of unused vacation and sick leave. 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. 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. Losses resulting from debt refundings are classified as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. Losses 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 net of the applicable bond premium. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

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.

Excess Surplus – Designated for Subsequent Year's Budget **-** This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3.)

Emergency Reserve Designated for Subsequent Year's Budget – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to represent the June 30, 2016 reserve funds that were appropriated in the 2016/17 original budget certified for taxes.

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

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

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)

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.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

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.

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

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, investment earnings and miscellaneous revenues.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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 2014-2015 and 2015-2016 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

A. 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 are as follows:

Bonds Payable	$ (4,075,000)
Issuance Premium (to be amortized over life of debt)	(221,360)
Capital Leases Payable	(121,465)
Compensated Absences	(190,760)
Net Pension Liability	(4,587,556)
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	$ (9,196,141)

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. The Board adopted a resolution during the 2011/12 school year to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not permitted.

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 2015/2016. Also, during 2015/2016 the Board increased the original budget by $663,482. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

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.

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deficit Fund Equity

The District has an accumulated deficit in fund balance of $3,969,196 in the Capital Projects Fund as of June 30, 2016. This deficit is the result of the District utilizing temporary financing to fund expenditures for certain capital projects. As the District permanently finances these appropriations the District will realize as revenues the proceeds of the financing. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under accounting principles generally accepted in the United States of America.

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.

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015		$ 188,234
Increased by:		
Transfers from Capital Projects Fund	$ 1,930,660	
Deposits Approved by Board Resolution	72,398	
		2,003,058
Withdrawals:		
Approved Transfers		
Debt Service Fund	82,319	
Capital Projects Fund	500,000	
		582,319
Balance, June 30, 2016		$ 1,608,973

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Emergency Reserve

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency 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. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of $250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of $1,000,000.

The activity of the emergency reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	$ 100,000
Balance, June 30, 2016	$ 100,000

The Board designated the emergency reserve balance of $100,000 to fund expenditures in the 2016/17 school budget.

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, 2016 is $102,140. This amount was designated and appropriated in the 2016/2017 original budget certified for taxes.

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), 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.

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to $250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of $250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were $3,782,280 and bank and brokerage firm balances of the Board's deposits amounted to $4,182,509 The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account	**Bank Balance**
Insured	$ 4,182,509

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, 2016 none of the Board's bank balances were exposed to custodial credit risk.

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, 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, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2016, the Board had no outstanding investments.

Interest Rate Risk – 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 – 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 Board places no limit in the amount the District may invest in any one issuer.

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2016 for the district's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Special Revenue	Capital Projects	Food Service	Total
Receivables:					
Intergovernmental					
Federal		$ 145,532		$ 5,351	$ 150,883
State	$ 25,113		$ 4,821,960	186	4,847,259
Property Taxes	1,333,557				1,333,557
Local	103,581	-	-	-	103,581
Gross Receivables	1,462,251	145,532	4,821,960	5,537	6,435,280
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	$ 1,462,251	$ 145,532	$ 4,821,960	$ 5,537	$ 6,435,280

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

General Fund	
Prepaid Tuition Revenue	$ 18,000
Special Revenue Fund	
Unencumbered Grant Draw Downs	10,832
Grant Draw Downs Reserved for Encumbrances	7,401
Capital Projects fund	
Unrealized School Facilities Grants	2,404,267
Total Unearned Revenue for Governmental Funds	$ 2,440,500

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Balance, July 1, 2015	Increases	Decreases	Balance, June 30, 2016
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	$ 1,541,736	$ 5,756,918	-	$ 7,298,654
Total Capital Assets, Not Being Depreciated	1,541,736	5,756,918	-	7,298,654
Capital Assets, Being Depreciated:				
Land Improvements	294,009			294,009
Buildings and Building Improvements	12,460,175	46,300		12,506,475
Machinery and equipment	1,152,364	109,633	$ (10,000)	1,251,997
Total Capital Assets Being Depreciated	13,906,548	155,933	(10,000)	14,052,481
Less Accumulated Depreciation for:				
Land Improvements	(162,960)	(9,220)		(172,180)
Buildings and Building Improvements	(4,232,344)	(239,358)		(4,471,702)
Machinery and Equipment	(994,916)	(71,313)	10,000	(1,056,229)
Total Accumulated Depreciation	(5,390,220)	(319,891)	10,000	(5,700,111)
Total Capital Assets, Being Depreciated, Net	8,516,328	(163,958)	-	8,352,370
Governmental Activities Capital Assets, Net	$ 10,058,064	$ 5,592,960	$ -	$ 15,651,024

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, June 30, 2015	Increases	Decreases	Balance, June 30, 2016
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	$ 79,042	-	-	$ 79,042
Total Capital Assets Being Depreciated	79,042	-	-	79,042
Less Accumulated Depreciation for:				
Machinery and Equipment	(56,847)	$ (3,523)	-	(60,370)
Total Accumulated Depreciation	(56,847)	(3,523)	-	(60,370)
Business-Type Activities Capital Assets, Net	$ 22,195	$ (3,523)	$ -	$ 18,672

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

Governmental Activities:	
Instruction	
Regular	$ 43,025
Total Instruction	43,025
Support Services	
Support Services-Students	3,172
General Administration	5,033
School Administration	17,745
Plant Operations And Maintenance	250,916
Total Support Services	276,866
Total Depreciation Expense - Governmental Activities	$ 319,891
Business-Type Activities:	
Food Service Fund	$ 3,523

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments (Modify)

The District has the following active construction projects as of June 30, 2016:

Project	Spent to Date	Remaining Commitment
Window Replacement at High School, Ostrovsky and Doyle Schools	$ 560,658	$ 1,590,143
Exterior Doors at High School, Ostrovsky and Doyle Schools	154,507	116,493
HVAC/Boiler Replacement at Ostrovsky Gymnasium and Doyle School	2,566,326	143,674
Science Classroom Renovations at High School	-0-	698,500
Total		$ 2,548,810

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	$ 115,802
Payroll Agency Fund	General Fund	1,462
		$ 117,264

The above balances are the result of receipts received in one fund which are due to another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

	Transfer In:			
	General Fund	Capital Projects Fund	Debt Service Fund	Total
Transfer Out:				
General Fund		$ 500,000	$ 82,319	$ 582,319
Capital Projects Fund	$ 1,950,190	-	247,681	2,197,871
	$ 1,950,190	$ 500,000	$ 330,000	$ 2,780,190

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

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2016 were $26,100. The future minimum lease payments for these operating leases are as follows:

Fiscal Year Ending June 30,	Amount
2017	$ 26,100
2018	26,100
2019	26,100
2020	21,750
Total	$ 100,050

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases

The District is leasing computer equipment and hand-held radios totaling $258,353 under capital leases. The leases are for terms of 4 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

Fiscal Year Ending June 30,	Governmental Activities
2017	$ 66,496
2018	61,877
Total minimum lease payments	128,373
Less: amount representing interest	(6,908)
Present value of minimum lease payments	$ 121,465

G. 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. 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, 2016 are comprised of the following issues:

$4,450,000, 2013 Refunding Bonds, due in annual installments of $345,000 to $460,000 through July 15, 2025 interest at 3.0%	$ 4,075,000

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

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds Principal	Interest	Total
2017	$ 345,000	$ 117,075	$ 462,075
2018	360,000	106,500	466,500
2019	375,000	95,475	470,475
2020	390,000	84,000	474,000
2021	400,000	72,150	472,150
2022-2026	2,205,000	168,825	2,373,825
	$ 4,075,000	$ 644,025	$ 4,719,025

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

3% of Equalized Valuation Basis (Municipal)		$ 46,410,812
Less: Net Debt Issued	$11,075,000	
Debt Authorized But Not Issued	2,377,513	
		13,452,513
Remaining Borrowing Power		$ 32,958,299

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	(Restated) Balance, July 1, 2015	Additions	Reductions	Balance, June 30, 2016	Due Within One Year
Governmental Activities:					
Bonds Payable	$ 4,405,000		$ 330,000	$ 4,075,000	$ 345,000
Add: Premium on Refunding	246,694	-	25,334	221,360	-
Bonds Payable, Net	4,651,694	-	355,334	4,296,360	345,000
Capital Leases	185,147		63,682	121,465	61,880
Compensated Absences	196,724		5,964	190,760	19,076
Net Pension Liability	3,879,562	$ 883,692	175,698	4,587,556	-
Governmental Activity Long-Term Liabilities	$ 8,913,127	$ 883,692	$ 600,678	$ 9,196,141	$ 425,956

For the governmental activities, the liabilities for compensated absences and net pension liability are generally liquidated by the general fund.

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

I. Short-Term Debt

The Board's short-term activity for the fiscal year ended June 30, 2016 was as follows:

Bond Anticipation Notes

The Board issued Bond Anticipation Notes ("Project Notes") to interim finance the 2014 referendum capital projects. The Board's short-term debt activity for the fiscal year ended June 30, 2016 was as follows:

Purpose	Rate %	Maturity Date	Balance, July 1, 2015	Issued	Retired	Balance, June 30, 2016
2016 Referendum - Various Improvements	1.00	11/4/2016	-	7,000,000	-	7,000,000
			$ -	$ 7,000,000	$ -	- $ 7,000,000

State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations within five years after the original issue date; provided however that notes are not renewed beyond the third anniversary date of the originals unless an amount of such notes equal to the first legally payable installment of the bonds such notes were issued in anticipation of are paid and retired in each subsequent year.

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 Comprehensive Annual Financial Report.

The District is a member of the School Alliance Insurance Fund (SAIG). The Fund is a risk sharing public entity pool, established for the purpose of insuring against various insurance claims.

The relationship between the Board and the insurance fund 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 funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

SAIG 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 respective insurance funds are on file with the School's Business Administrator.

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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.

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 fiduciary trust fund for the current and previous two years:

Fiscal Year Ended June 30,	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2016		$ 28,504	$ 24,254	$ 80,953
2015		30,113	34,221	76,703
2014	$ 48,125	26,528	70,209	80,811

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, 2016, 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, 2016, the District has not estimated its arbitrage earnings due to the IRS, if any.

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – 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 district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

Teachers' Pension and Annuity Fund (TPAF) – 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 certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for ~~all~~ the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of $86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and $63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.9 percent and $22.4 billion, respectively.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	PERS	On-behalf TPAF	DCRP
2016	$ 175,698	$ 522,647	$ 7,270
2015	170,822	349,399	9,475
2014	145,692	276,055	

For fiscal years 2015/2016 and 2014/2015, the state contributed $522,647 and $349,399, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute $276,055 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board $512,157 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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, 2016, the District reported in the statement of net position (accrual basis) a liability of $4,587,556 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share 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 governmental entities, actuarially determined. At June 30, 2015, the District's proportionate share was .02044 percent, which was a decrease of .00028 percent from its proportionate share measured as of June 30, 2014 of .02072 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of $332,475 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 109,443	
Changes of Assumptions	492,667	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		$ 73,759
Changes in Proportion and Differences Between Board Contributions and Proportionate Share of Contributions	182,528	45,232
Total	$ 784,638	$ 118,991

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2017	$ 127,533
2018	127,533
2019	127,533
2020	185,333
2021	97,715
	$ 665,647

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40% Based on Age
Thereafter	3.15-5.40% Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study Upon Which Actuarial Assumptions were Based	July 1, 2008 - June 30, 2011

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was 4.90%.

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

***** The municipal bond return rate used is 3.80%. 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.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's Proportionate Share of the PERS Net Pension Liability	$ 5,701,771	$ 4,587,556	$ 3,653,406

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of $2,494,091 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is $40,847,232. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .06463 percent, which was a decrease of .00062 percent from its proportionate share measured as of June 30, 2014 of .06525 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study Upon Which Actuarial Assumptions were Based	July 1, 2009 - June 30, 2012

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was 4.13%.

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

***** The municipal bond return rate used is 3.80%. 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.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.13%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	$ 48,545,408	$ 40,847,232	$ 34,214,792

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for state paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the State had a $65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to $24.4 billion for state active and retired members and $40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

NOTE 5 OTHER INFORMATION (Continued)

E. <u>Post-Retirement Medical Benefits</u> (Continued

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed $1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2016, 2015 and 2014 were $622,328, $554,672 and $452,628, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 6 RESTATEMENT

The net position as of July 1, 2015 of the Governmental Activities has been restated to report transactions related to the District's outstanding capital leases obligations. An adjustment was made to decrease the Governmental Activities net position, at the beginning of year, by $185,147.

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BUDGETARY COMPARISON SCHEDULES

WOOD-RIDGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
Property Taxes	$ 15,875,422		$ 15,875,422	$ 15,875,422	
Tuition From Individuals	416,000		416,000	337,810	$ (78,190)
Tuition - From Other LEA's Within the State	1,712,906		1,712,906	1,425,350	(287,556)
Interest Earned on Capital Reserve Funds	1,000		1,000		(1,000)
Rents and Royalties	3,600		3,600	41,100	37,500
Unrestricted Miscellaneous Revenues	38,750	-	38,750	63,150	24,400
Total Local Sources	18,047,678	-	18,047,678	17,742,832	(304,846)
State Sources					
Categorical Special Education Aid	663,039		663,039	663,039	
Categorical Security Aid	18,978		18,978	18,978	
Categorical Transportation Aid	32,013		32,013	32,013	
PARCC Readiness Aid	10,940		10,940	10,940	
Per Pupil Growth Aid	10,940		10,940	10,940	
Equalization Aid	42,210		42,210	42,210	
Extraordinary Aid	150,000		150,000	226,887	76,887
On Behalf TPAF (Non Budgeted)					
Pension Contribution				497,847	497,847
NCGI Premium				24,800	24,800
Post Retirement Medical Contributions				622,328	622,328
Social Security Contributions	-	-	-	512,157	512,157
Total State Sources	928,120	-	928,120	2,662,139	1,734,019
Total Revenues	18,975,798	-	18,975,798	20,404,971	1,429,173
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	175,586	$ (30,025)	145,561	142,445	3,116
Kindergarten	288,465	1,008	289,473	281,075	8,398
Grades 1-5	1,531,173	78,518	1,609,691	1,609,691	-
Grades 6-8	1,037,072	(81,489)	955,583	914,124	41,459
Grades 9-12	1,830,601	79,033	1,909,634	1,906,662	2,972
Regular Programs - Home Instruction					
Salaries of Teachers	10,000	3,362	13,362	12,112	1,250
Purchased Professional/Educational Services		3,538	3,538	3,537	1
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	136,800	(22,428)	114,372	103,707	10,665
Purchased Professional/Educational Services	6,000	-	6,000	6,000	-
Purchased Technical Services	1,500	-	1,500	1,040	460
Other Purchased Services	79,864	3,325	83,189	68,922	14,267
General Supplies	283,552	(16,005)	267,547	254,767	12,780
Textbooks	50,035	1,458	51,493	49,851	1,642
Other Objects	824	90	914	584	330
Total Regular Programs	5,431,472	20,385	5,451,857	5,354,517	97,340
Resource Room/Resource Center					
Salaries of Teachers	952,420	115,110	1,067,530	1,067,530	
Other Salaries for Instruction	44,000	(14,872)	29,128	20,077	9,051
General Supplies	12,504	(4,178)	8,326	7,907	419
Textbooks	200	-	200	136	64
Total Resource Room/Resource Center	1,009,124	96,060	1,105,184	1,095,650	9,534
Preschool Disabilities - Full-Time					
Salaries of Teachers	103,650	(48,017)	55,633	51,672	3,961
Other Salaries for Instruction	23,100	8,058	31,158	31,157	1
Supplies and Materials	775	-	775	722	53
Total Preschool Disabilities - Part-Time	127,525	(39,959)	87,566	83,551	4,015
Home Instruction					
Salaries of Teachers	10,000	14,889	24,889	24,546	343
Purchased Professional-Educational Services	-	14,189	14,189	4,730	9,459
Total Home Instruction	10,000	29,078	39,078	29,276	9,802
Total Special Education	1,146,649	85,179	1,231,828	1,208,477	23,351

(Continued)

WOOD-RIDGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT (Continued)					
Basic Skills/Remedial					
Salaries of Teachers	$ 61,005	$ 630	$ 61,635	$ 61,005	$ 630
General Supplies	100	-	100	81	19
Total Basic Skills/Remedial	61,105	630	61,735	61,086	649
Bilingual Education					
Salaries of Teachers	101,900	850	102,750	101,900	850
Purchased Professional-Educational Services	700	(42)	658		658
General Supplies	450	681	1,131	-	1,131
Total Bilingual Education	103,050	1,489	104,539	101,900	2,639
School Sponsored Co/Extra Curricular Activities					
Salaries	80,305	18,328	98,633	92,074	6,559
Supplies and Materials	5,910	(4,673)	1,237	1,039	198
Other Objects	585	1,037	1,622	1,610	12
Total School Sponsored Co/Extra Curricular Activities	86,800	14,692	101,492	94,723	6,769
School Sponsored Athletics					
Salaries	223,636	15,630	239,266	209,588	29,678
Purchased Services	54,844	(15,621)	39,223	30,177	9,046
Supplies and Materials	59,363	(488)	58,875	54,245	4,630
Other Objects	18,545	(2,904)	15,641	13,000	2,641
Total School Sponsored Athletics	356,388	(3,383)	353,005	307,010	45,995
Before/After School Programs - Instruction					
Salaries of Teacher Tutors	96,700	(7,735)	88,965	88,965	-
Supplies and Materials	10,000	690	10,690	6,882	3,808
Other Objects	-	5,783	5,783	3,683	2,100
Total Before/After School Programs - Instruction	106,700	(1,262)	105,438	99,530	5,908
Summer School - Support Services					
Salaries		8,000	8,000	6,074	1,926
Salaries of Teacher Tutors	-	2,700	2,700	1,325	1,375
Total Before/After School Programs - Instruction	-	10,700	10,700	7,399	3,301
Total Instruction	7,292,164	128,430	7,420,594	7,234,642	185,952
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/i State - Special	735,744	191,017	926,761	915,062	11,699
Tuition to County Voc. School District-Regular	366,660	(61,565)	305,095	300,617	4,478
Tuition to County Voc. School District-Special	473,694	(95,934)	377,760	377,760	-
Tuition to CSSD and Regional Day Schools	440,660	90,706	531,366	531,366	-
Tuition to Priv. Sch. for the Disabled - w/i state	865,915	(96,977)	768,938	756,517	12,421
Total Undistributed Expenditures - Instruction	2,882,673	27,247	2,909,920	2,881,322	28,598
Attendance and Social Work					
Other Purchased Services	4,500	(3,695)	805	805	
Supplies and Materials	-	4,500	4,500	4,500	-
Total Attendance and Social Work	4,500	805	5,305	5,305	-
Health Services					
Salaries	184,110	(2,944)	181,166	175,968	5,198
Purchased Professional and Technical Services	19,000	6,403	25,403	24,649	754
Supplies and Materials	6,345	954	7,299	5,909	1,390
Total Health Services	209,455	4,413	213,868	206,526	7,342
Speech, OT, PT & Related Services					
Salaries	117,000	-	117,000	114,413	2,587
Purchased Professional-Educational Services	434,630	60,979	495,609	467,316	28,293
Supplies and Materials	9,375	(8,110)	1,265	1,264	1
Total Speech, OT, PT & Related Services	561,005	52,869	613,874	582,993	30,881

WOOD-RIDGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Other Support Services - Students - Extra Services					
Salaries	$ 147,800	$ 44,059	$ 191,859	$ 191,859	
Purchased Professional/Educational Services	-	56,626	56,626	56,625	$ 1
Total Other Supp.Serv. Student - Extra Services	147,800	100,685	248,485	248,484	1
Guidance					
Salaries of Other Professional Staff	225,365	2,719	228,084	224,524	3,560
Salaries of Secretarial & Clerical Assistants	51,720	(739)	50,981	50,981	-
Purchased Professional/Educational Services	9,800	(6,301)	3,499	3,213	286
Supplies and Materials	12,445	(6,693)	5,752	5,716	36
Other Objects	950	(541)	409	-	409
Total Guidance	300,280	(11,555)	288,725	284,434	4,291
Child Study Teams					
Salaries of Other Professional Staff		1,500	1,500	1,500	-
Salaries of Secretarial & Clerical Assistants	46,720	-	46,720	46,720	-
Purchased Professional- Educational Services	392,000	49,325	441,325	433,506	7,819
Residential Costs	31,500	2,282	33,782	33,600	182
Miscellaneous Purchased Services	3,978	-	3,978	3,978	-
Supplies and Materials	11,960	(2,442)	9,518	8,852	666
Total Child Study Teams	486,158	50,665	536,823	528,156	8,667
Other Support Services - Improvement of Instructional Services					
Salaries of Supervisor of Instruction	82,200	-	82,200	82,200	
Salaries of Other Professional Staff	21,200	10,672	31,872	26,741	5,131
Supplies and Materials	3,000	2,475	5,475	2,475	3,000
Other Objects	500	-	500	-	500
Total Other Support Services - Improvement of Inst. Svcs.	106,900	13,147	120,047	111,416	8,631
Educational Media/School Library					
Salaries	166,905	(1,396)	165,509	149,891	15,618
Other Purchased Services		395	395	150	245
Supplies and Materials	30,122	(692)	29,430	25,176	4,254
Total Educational Media/School Library	197,027	(1,693)	195,334	175,217	20,117
Instructional Staff Training Services					
Purchased Professional/Educational Services	6,500	500	7,000	5,795	1,205
Other Purchased Services	4,590	(894)	3,696	608	3,088
Total Instructional Staff Training Services	11,090	(394)	10,696	6,403	4,293
Support Services General Administration					
Salaries	339,920	4,005	343,925	342,007	1,918
Legal Services	45,000	13,395	58,395	44,050	14,345
Audit Fees	25,000	15,726	40,726	40,726	-
Other Purchased Professional Service	5,950	(600)	5,350	5,316	34
Architectural/Engineering Services	5,000	(5,000)			-
Communications/Telephone	76,872	7,321	84,193	75,434	8,759
Miscellaneous Purchased Services	53,605	(3,582)	50,023	48,912	1,111
BOE Other Purchased Services	3,500	196	3,696	3,696	-
General Supplies	7,500	2,700	10,200	9,686	514
Miscellaneous Expenditures	4,000	4,081	8,081	8,058	23
BOE Membership Dues and Fees	7,200	-	7,200	7,187	13
Total Support Services General Administration	573,547	38,242	611,789	585,072	26,717
Support Services School Administration					
Salaries of Principals/Asst. Principals/Program Directors	487,465	(4,711)	482,754	469,002	13,752
Salaries of Secretarial and Clerical Assistants	223,720	150	223,870	219,385	4,485
Other Purchased Services	16,351	1,723	18,074	12,103	5,971
Supplies and Materials	40,675	(3,632)	37,043	29,826	7,217
Other Objects	5,000	(680)	4,320	3,560	760
Total Support Services School Administration	773,211	(7,150)	766,061	733,876	32,185

(Continued)

WOOD-RIDGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Central Services					
Salaries	$ 251,270	$ (1,961)	$ 249,309	$ 234,428	$ 14,881
Purchased Professional Services	51,000	17,549	68,549	68,528	21
Misc. Purchased Services	5,105	666	5,771	4,846	925
Supplies and Materials	6,000	35,858	41,858	41,228	630
Miscellaneous Expenditures	1,500	-	1,500	1,442	58
Total Central Services	314,875	52,112	366,987	350,472	16,515
Admin. Info. Technology					
Salaries	108,832	-	108,832	108,832	-
Purchased Technical Services	9,300	(3,777)	5,523	3,506	2,017
Supplies and Materials	27,000	2,831	29,831	23,585	6,246
Other Objects	500	380	880	689	191
Total Admin. Info. Technology	145,632	(566)	145,066	136,612	8,454
Required Maintenance for School Facilities					
Salaries	191,116	300	191,416	182,830	8,586
Cleaning, Repair and Maintenance	141,200	7,050	148,250	123,288	24,962
General Supplies	13,279	13,604	26,883	26,769	114
Other Objects	1,500	1,000	2,500	1,589	911
Total Required Maintenance for School Facilities	347,095	21,954	369,049	334,476	34,573
Custodial Services					
Salaries	626,533	39,616	666,149	664,321	1,828
Salaries of Non-Instructional Aides	15,000	4,201	19,201	19,201	-
Purchased Professional and Technical Services		125	125	125	-
Cleaning, Repair and Maintenance	11,000	(7,167)	3,833	3,784	49
Other Purchased Property Services	24,700	(2,118)	22,582	21,948	634
Insurance	87,000	7,335	94,335	94,335	-
Rental of Land & Bldg Other Than Lease Purchase Agreement	2	-	2		2
Miscellaneous Purchased Services		337	337	337	-
General Supplies	111,500	(10,245)	101,255	99,314	1,941
Energy (Natural Gas)	120,000	(14,606)	105,394	72,121	33,273
Energy (Electricity)	218,000	50,727	268,727	152,654	116,073
Total Custodial Services	1,213,735	68,205	1,281,940	1,128,140	153,800
Care & Upkeep of Grounds					
Salaries	22,200	-	22,200	22,200	-
Cleaning, Repair and Maintenance	1,000	-	1,000	394	606
General Supplies	1,000	1,900	2,900	2,056	844
Total Care & Upkeep of Grounds	24,200	1,900	26,100	24,650	1,450
Security					
Purchased Professional and Technical Services	15,000	7,089	22,089	15,050	7,039
Cleaning, Repair and Maintenance		-			-
General Supplies	9,238	20,615	29,853	29,853	-
Total Security	24,238	27,704	51,942	44,903	7,039
Student Transportation Services					
Sal. For Pupil Trans (Other than Bet. Home & School)	35,000	4,785	39,785	39,785	
Management Fee - ESC & CTSA Transportation Program	12,000	426,914	438,914	394,944	43,970
Cleaning, Repair and Maintenance Services	3,000	1,268	4,268	4,268	-
Contracted Services (Between Home and School) - Vendors	63,000	(61,612)	1,388	1,388	-
Contracted Services (Other Than Between Home and School) - Vendors	30,000	25,000	55,000	54,634	366
Contracted Services (Special Ed. Students) - Joint Agreements	30,000	53,200	83,200	83,200	-
Contracted Services - (Special Ed. Students) - ESCs and CTSAs	400,000	(394,215)	5,785	4,629	1,156
Contracted Services-Aid In Lieu of Payments-Charter Schools	5,304	1,094	6,398	884	5,514
Miscellaneous Purchased Services -Transportation	3,000	1,097	4,097	3,929	168
Other Objects	250	(220)	30	30	-
Total Student Transportation Services	581,554	57,311	638,865	587,691	51,174

WOOD-RIDGE BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Unallocated Benefits- Employee Benefits					
Social Security Contributions	$ 240,000	$ 1,621	$ 241,621	$ 229,374	$ 12,247
Other Retirement Contributions - PERS	222,000	(33,500)	188,500	182,968	5,532
Unemployment Compensation	60,000	(58,740)	1,260	381	879
Workmen's Compensation	90,000	12,650	102,650	102,646	4
Health Benefits	2,150,000	(68,999)	2,081,001	2,035,405	45,596
Tuition Reimbursement	30,000	750	30,750	20,682	10,068
Unused Sick Payment to Terminated/Retired Staff	40,000	18,203	58,203	43,203	15,000
Total Unallocated Benefits	2,832,000	(128,015)	2,703,985	2,614,659	89,326
On Behalf TPAF (Non Budgeted)					
Pension Contribution				497,847	(497,847)
NCGI Premium				24,800	(24,800)
Post Retirement Medical Contributions				622,328	(622,328)
Social Security Contributions	-	-	-	512,157	(512,157)
Total On-Behalf TPAF	-	-	-	1,657,132	(1,657,132)
Total Undistributed Expenditures	11,736,975	367,886	12,104,861	13,227,939	(1,123,078)
Total Current Expenditures	19,029,139	496,316	19,525,455	20,462,581	(937,126)
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Required Maintenance for School Facilities	-	1,475	1,475	1,475	-
Total Equipment	-	1,475	1,475	1,475	-
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	29,575	-	29,575	29,575	-
Total Facilities Acquisition and Construction Services	29,575	-	29,575	29,575	-
Total Capital Outlay	29,575	1,475	31,050	31,050	-
Transfer of Funds to Charter Schools	34,661	4,935	39,596	39,596	-
Total General Fund Expenditures	19,093,375	502,726	19,596,101	20,533,227	(937,126)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(117,577)	(502,726)	(620,303)	(128,256)	492,047
Other Financing Sources (Uses)					
Transfers In				1,950,190	1,950,190
Capital Reserve - Transfer to Capital Projects				(500,000)	(500,000)
Capital Reserve - Transfer to Debt Service	-	-	-	(82,319)	(82,319)
Total Other Financing Sources	-	-	-	1,367,871	1,367,871
Excess /(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(117,577)	(502,726)	(620,303)	1,239,615	1,859,918
Fund Balance, Beginning of Year	1,460,486	-	1,460,486	1,460,486	-
Fund Balance, End of Year	$ 1,342,909	$ (502,726)	$ 840,183	$ 2,700,101	$ 1,859,918

Recapitulation of Fund Balance	
Restricted	
Capital Reserve	$ 1,608,973
Emergency Reserve - Designated for Subsequent Year's Budget	100,000
Excess Surplus - Designated for Subsequent Year's Budget	102,140
Assigned	
Encumbrances	105,520
Designated for Subsequent Year's Budget	319,059
Unassigned	464,409
Fund Balance - Budgetary Basis	2,700,101
Reconciliation to Governmental Fund Statements (GAAP)	
2015/16 State Aid Payments Not Recognized on a GAAP Basis	(258,866)
Fund Balance per Governmental Funds (GAAP)	$ 2,441,235

(Continued)

WOOD-RIDGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

EXHIBIT C-2

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Federal Sources	$ 283,050	$ 124,858	$ 407,908	$ 383,915	$ (23,993)
Local Sources	3,000	35,898	38,898	26,994	(11,904)
Total Revenues	286,050	160,756	446,806	410,909	(35,897)
EXPENDITURES					
Instruction					
Salaries of Teachers	18,075	18,420	36,495	30,796	5,699
Other Purchased Services	205,000	71,708	276,708	276,708	-
General Supplies	21,060	86,412	107,472	85,091	22,381
Textbooks		1,200	1,200		1,200
Other Objects	-	150	150	100	50
Total Instruction	244,135	177,890	422,025	392,695	29,330
Support Services					
Personnel Services - Employee Benefits	3,415	(929)	2,486	2,126	360
Other Purchased Services	38,500	(17,352)	21,148	16,088	5,060
Supplies and Materials	-	1,147	1,147	-	1,147
Total Support Services	41,915	(17,134)	24,781	18,214	6,567
Facilities Acquisition and Construction					
Non-Instructional Equipment		-			
Instructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-
Total Expenditures	286,050	160,756	446,806	410,909	35,897
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	$ -	$ -	$ -	$ -	$ -

WOOD-RIDGE BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund is maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

		General Fund		Special Revenue Fund
Sources/Inflows of Resources				
Revenues (budgetary basis)	(C-1)	$ 20,404,971	(C-2)	$ 410,909
Difference - Budget to GAAP				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				
Encumbrances, June 30, 2015, Net				840
Encumbrances, June 30, 2016				(7,401)
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements. (2014/2015)		40,577		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements. (2015/2016)		(258,866)		-
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	(B-2)	$ 20,186,682		$ 404,348
Uses/Outflows of Resources				
Actual Expenditures (budgetary basis)	(C-1)	$ 20,533,227	(C-2)	$ 410,909
Difference - Budget 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.				
Encumbrances, June 30, 2015, Net				840
Encumbrances, June 30, 2016		-		(7,401)
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2)	$ 20,533,227	(B-2)	$ 404,348

APPENDIX C

Form of Bond Counsel's Approving Legal Opinion

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WILENTZ
Attorneys at Law

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Suite 900 Box 10
Woodbridge, NJ 07095-0958
732.636.8000

__________, 2017

The Board of Education of the
Borough of Wood-Ridge
Wood-Ridge, New Jersey

Ladies and Gentlemen:

We have served as bond counsel in connection with the authorization, sale and issuance of $9,377,000 aggregate principal amount of School Bonds, Series 2017 (the "Bonds") of The Board of Education of the Borough of Wood-Ridge in the County of Bergen, 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) Title 18A, Chapter 24 of the New Jersey Statutes, as amended and supplemented (the "Education Law"); (ii) a proposal adopted by the Board on August 20, 2014 (the "Proposal") and approved by the affirmative vote of a majority of the legal voters present and voting at the special School District election held on September 30, 2014 and (iii) a resolution adopted by the Board on August 21, 2017 (the "Resolution").

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, New York, 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 September 15, 2018 and semi-annually thereafter on the fifteenth day of March and September in each year until maturity or prior redemption, and shall mature on September 15 of the years and in the principal amounts as follows:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2019	$302,000	2.00%	2029	$600,000	3.00%
2020	310,000	2.00	2030	600,000	3.00
2021	325,000	2.00	2031	600,000	3.00
2022	335,000	2.00	2032	600,000	3.00
2023	350,000	2.00	2033	600,000	3.00
2024	360,000	2.00	2034	600,000	3.00
2025	370,000	2.00	2035	600,000	3.00
2026	600,000	2.00	2036	525,000	3.00
2027	600,000	2.25	2037	500,000	3.00
2028	600,000	3.00			

The Bonds of this issue are subject to 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 Education Law, the Proposal 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, without limitation as to rate or amount, 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 imposed by Section 55 of the Code. However, the interest on the Bonds owned by corporations will be included in such corporations' "adjusted current earnings" (as defined in Section 56(g) of the Code) in calculating such corporations' alternative minimum taxable income for purposes of determining the Federal alternative minimum tax.

We are further of the opinion that the Bonds constitute "qualified tax-exempt obligations" within the meaning of section 265(b)(3)(B) of the Code and, therefore, will be treated as if they were acquired on August 7, 1986 for purposes of the limitations on deductibility by financial institutions of interest expense allocable to tax-exempt interest.

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 September 15 in the years 2019 through 2024, 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 September 15 in the years 2026 and 2035 through 2037, inclusive (the "Discount Bonds") and their initial offering price 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 was 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.

Except as stated in the preceding five (5) paragraphs, we express no opinion as to any Federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any Federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

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 as of October 3, 2017 (the "Disclosure Certificate") is executed and delivered by The Board of Education of the Borough of Wood-Ridge in the County of Bergen, 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 $9,377,000 aggregate principal amount of School Bonds, Series 2017 dated their date of delivery (the "Bonds"). The Bonds are being by virtue of a proposal adopted by the Board on August 20, 2014 and approved by the affirmative vote of a majority of the legal voters present and voting at the special School District election held on September 30, 2014 and pursuant to a resolution entitled, "RESOLUTION DETERMINING THE FORM AND OTHER DETAILS OF $9,377,000 AGGREGATE PRINCIPAL AMOUNT OF SCHOOL BONDS, SERIES 2017 OF THE BOARD OF EDUCATION OF THE BOROUGH OF WOOD-RIDGE IN THE COUNTY OF BERGEN, NEW JERSEY, PROVIDING FOR THEIR SALE AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH", duly adopted by the Board on August 21, 2017 (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.

"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, 2017 (for the fiscal year ending June 30, 2017), 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, 2018) 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 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.

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 September 19, 2017, prepared in connection with the sale of the Bonds (the "Official Statement") in Appendix A.

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; and

(14) Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material.

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. Compliance with the Rule. The Board had previously failed to comply with its previous undertakings, to provide secondary market disclosure pursuant to the Rule. As of the date hereof, however, the Board is in compliance.

SECTION 8. 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 9. 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 10. 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 11. 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 12. 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 13. 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 14. 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
Borough of Wood-Ridge
540 Windsor Road
Wood-Ridge, New Jersey 07075
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
Borough of Wood-Ridge
540 Windsor Road
Wood-Ridge, New Jersey 07075
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 15. 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 16. 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 17. 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 BOROUGH OF WOOD-RIDGE

By:_________________________________

JENINE M. MURRAY,
Business Administrator/
Board Secretary

EXHIBIT A

NOTICE TO EMMA OF FAILURE
TO FILE ANNUAL REPORT

Name of Issuer:	The Board of Education of the Borough of Wood-Ridge in the County of Bergen, New Jersey
Name of Issue:	$9,377,000 School Bonds, Series 2017 Dated: October 3, 2017 (CUSIP Number: 978539CK8)
Date of Issuance:	October 3, 2017

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 October 3, 2017 executed by the Board.

DATED: ______________________

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DISSEMINATION AGENT
(on behalf of the Board)

cc: The Board

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