New Issue

Rating: Standard & Poor's: "AA- (stable outlook)" (Underlying)
Standard & Poor's: "AA- (negative outlook)" (School Bond Reserve Act)
(See "RATINGS" herein)

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 18, 2013

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel to the Board (as defined herein), pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code") interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. It is also the opinion of Bond Counsel that interest on the Bonds held by corporate taxpayers is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. In addition, in the opinion of Bond Counsel, interest on and any gain from the sale of the Bonds is not includable as gross income under the New Jersey Gross Income Tax Act. Bond Counsel's opinions described herein are given in reliance on representations, certifications of fact, and statements of reasonable expectation made by the Board in its Tax Certificate (as defined herein), assume continuing compliance by the Board with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions. See "TAX MATTERS" herein.

THE BOARD OF EDUCATION OF THE WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT IN THE COUNTY OF SALEM, NEW JERSEY
$9,958,000 SCHOOL BONDS
(Book-Entry-Only) (Callable)

Dated: Date of Delivery — Due: March 15, as shown below

The $9,958,000 School Bonds (the "Bonds") of The Board of Education of the Woodstown-Pilesgrove Regional School District in the County of Salem, New Jersey (the "Board" when referring to the governing body and legal entity and the "School District" when referring to the territorial boundaries governed by the Board) will be issued 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 Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as Securities Depository. See "Book-Entry-Only System" herein.

Interest on the Bonds will be payable semiannually on March 15 and September 15 in each year until maturity or earlier redemption, commencing on September 15, 2013. Principal of and interest on the Bonds will be paid to DTC by the Board or its designated paying agent. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each next preceding March 1 and September 1 (the "Record Dates" for the payment of interest on the Bonds). The Bonds shall be subject to redemption prior to their stated maturities. See "DESCRIPTION OF THE BONDS-Optional Redemption" herein.

The Bonds are valid and legally binding 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.

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

Year	Principal Amount	Interest Rate	Yield	Year	Principal Amount	Interest Rate	Yield
2015	$358,000			2025	$540,000		
2016	375,000			2026	560,000		
2017	400,000			2027	575,000		
2018	415,000			2028	600,000		
2019	430,000			2029	615,000		
2020	450,000			2030	635,000		
2021	465,000			2031	660,000		
2022	480,000			2032	675,000		
2023	500,000			2033	700,000		
2024	525,000						

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 the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Phoenix Advisors, LLC, Bordentown, New Jersey has served as financial advisor to the Board in connection with the Bonds. Delivery is anticipated to be at the offices of the Board's Bond Counsel, McManimon, Scotland & Baumann, LLC, or at such other place as agreed to with the Underwriter on or about April 9, 2013.

BIDS FOR THE BONDS WILL BE RECEIVED BY THE BOARD UNTIL 11:00 A.M. ON MARCH 26, 2013, VIA PARITY. ALL BIDS MUST BE IN ACCORDANCE WITH THE NOTICE OF SALE POSTED AT WWW.I-DEALPROSPECTUS.COM. FOR MORE INFORMATION ON HOW TO BID ELECTRONICALLY, VISIT THE WEBSITE ADDRESS NOTED ABOVE.

THE BOARD OF EDUCATION OF
WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
IN THE COUNTY OF SALEM, NEW JERSEY

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Vineland, New Jersey

BOARD ATTORNEY

Capehart & Scatchard, P.A.
Mount Laurel, New Jersey

FINANCIAL ADVISOR

Phoenix Advisors, LLC
Bordentown, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, 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 foregoing. The information contained herein has been provided by the Board and other sources deemed reliable; however, no representation is made as to the accuracy or completeness of information from sources other than the Board. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, 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 of Education during normal business hours.

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. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the Board or the Underwriter.

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**OFFICIAL STATEMENT
OF
THE BOARD OF EDUCATION OF THE
WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRCT
IN THE COUNTY OF SALEM, NEW JERSEY**

**$9,958,000
SCHOOL BONDS
(BOOK-ENTRY-ONLY ISSUE)
(CALLABLE)**

INTRODUCTION

This Official Statement, which includes the front cover page and the appendices attached hereto, has been prepared by The Board of Education of Woodstown-Pilesgrove Regional School District in the County of Salem, New Jersey (the "Board" or "Board of Education" when referring to the governing body and legal entity and the "School District" when referring to the territorial boundaries governed by the Board) in connection with the sale and issuance of its $9,958,000 School Bonds (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 sale of the Bonds has 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 the date of delivery and shall mature on March 15 in each of the years and in the amounts set forth on the front cover page hereof. The Bonds shall bear interest from the date of delivery, which interest shall be payable semi-annually on the fifteenth day of March and September, commencing on September 15, 2013 (each an "Interest Payment Date"), in each of the years and at the interest rates set forth on the front cover page hereof in each year until maturity or earlier redemption by the Board or a duly appointed paying agent to the registered owners of the Bonds as of each March 1 and September 1 immediately preceding the respective Interest Payment Dates (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 Bonds maturing in each year, and when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as Securities Depository for the Bonds. 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 integrals, with a minimum purchase of $5,000, through book entries made on the books and the 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.

Optional Redemption

The Bonds maturing prior to March 15, 2023 are not subject to redemption prior to their stated maturities. The Bonds maturing on or after March 15, 2023 are subject to optional redemption, in whole or in part, on any date on or after March 15, 2022 at a redemption price equal to 100% of the principal being redeemed (the "Redemption Price").

Notice of Redemption

Notice of Redemption shall be given by mailing by first class mail in a sealed envelope with postage prepaid to the registered owners of the Bonds not less than thirty (30) days, nor more than sixty (60) days prior to the date fixed for redemption. Such mailing shall be to the 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, such Notice of Redemption shall be sent directly to such depository and not to the Beneficial Owners of the Bonds. Any failure of the 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, the Bonds to be redeemed 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 and after such redemption date.

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 property within the School District without limitation as to rate or amount.

New Jersey School Bond Reserve Act (N.J.S.A. 18A:56-17 et seq.)

All school bonds are secured by 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")). 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 issued prior to July 1, 2003 (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 equal to 1% of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes issued on or after July 1, 2003 (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 Reserve at the required levels, the State agrees that the State Treasurer 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 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 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 district, county or municipality and shall not obligate the State to make, nor entitle the 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 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 being issued pursuant to (i) Title 18A, Chapter 24 of the New Jersey Statutes (N.J.S.A. 18A:24-1 et seq.) (ii) a proposal adopted by the Board on August 23, 2012 and approved by a majority of the legal voters present and voting at the school district election held on November 6 2012, and (iii) by a resolution duly adopted by the Board on February 28, 2013 (the "Resolution"). The proceeds of the Bonds will be used (a) to undertake the construction of an addition, as well as various improvements and renovations to the Woodstown High/Middle School; (b) to undertake the construction of a new early childhood center in Pilesgrove Township, on land owned by the School District; and (c) to acquire the necessary furniture and equipment as well as undertake any associated site work (the "Project"). The total cost of the Project is $9,958,658 of which $9,958,000 will be funded through the issuance of the Bonds and $658 will be provided by other available funds of the School District.

BOOK-ENTRY-ONLY SYSTEM[1]

The following description 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 defined below, 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 each series of the Bonds, each 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 and 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 Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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 Participants' 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 Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Direct Participants 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.

[1] Source: The Depository Trust Company

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 affect 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 Participants or 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.

Redemption notices 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 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 in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in 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 Participant and not of DTC, the 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 the 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 Participants and Indirect Participants.

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

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-only 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/Paying Agent; (ii) the transfer of any Bonds may be registered on the books maintained by the paying agent for such purposes only upon the surrender thereof to the Board/ Paying Agent together with the duly executed assignment in form satisfactory to the Board/ Paying Agent; and (iii) for every exchange or registration of transfer of Bonds, the Board/ 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 Date, whether or not a business day, next preceding an Interest Payment Date.

THE SCHOOL DISTRICT AND THE BOARD

The Board is a Type II school district (Grades Pre-K through 12) serving the Borough of Woodstown (the “Borough”) and the Township of Pilesgrove (the “Township” and together with the Borough the “Constituent Municipalities”). The Board provides education to its students through one (1) elementary school, one (1) middle school and one (1) high school. The School District also services high school students from the Townships of Alloway, Oldmans and Upper Pittsgrove (the “Sending Districts”).

The Board consists of nine (9) elected members plus a member from each Sending District, appointed by the board of such Sending District. Pursuant to State statute, the Board appoints a Superintendent and Business Administrator/Board Secretary. *See* "APPENDIX A – General Information Regarding the Board of Education of the Woodstown-Pilesgrove Regional School District.”

THE STATE’S ROLE IN PUBLIC EDUCATION

The constitution of the State of New Jersey provides that the legislature of the State shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all children in the State 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 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.

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 adopted 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 and with the advice and consent of the State Senate. The County Superintendent reports to the Commissioner or a person designated by the Commissioner. The County Superintendent is responsible for the 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 though 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 categorized 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, which 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, approves all fiscal matters;

(2) Type II, in which the registered voters in a school district elect the members of a board of education and either (a) the registered voters also vote upon all fiscal matters, 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 district and the president of and one member of the board of education, approves all fiscal matters;

(3) Regional and consolidated school districts comprising the territorial boundaries of more than one municipality in which the registered voters in the school district elect members of the board of education and vote upon all fiscal matters. 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;

(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 regional 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.

In a Type II 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) establishes procedures that allow the date of the annual school election of a Type II 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 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 15% of the legally qualified voters, is filed with the Board. Once the annual school election is moved to November, such election may not be changed back to an April annual school election for four 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 property tax levy cap as provided for the New Cap Law. For school districts that opt to change the annual school election date to November, proposals to spend above the two-percent 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 that 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 district has adequately implemented within the budget the Core Curriculum Content Standards 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 (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 limitation was 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 ("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 ("CEIFA"), (as amended by P.L. 2004, c.73, effective July 1, 2004), which followed QEA, also limited the annual increase in a school district's net budget by a spending growth limitation. CEIFA limited the amount school districts could increase their annual current expenses and capital outlay budgets, defined as a school district's Spending Growth Limitation. Generally, budgets could increase by either a set percent or the consumer price index, whichever was greater. Amendments to CEIFA lowered the budget cap to 2.5% from 3%. Budgets could also increase because of certain adjustments for enrollment increases, certain capital outlay expenditures, pupil transportation costs, and special education costs that exceeded $40,000 per pupil. Waivers were available from the Commissioner based on increasing enrollments and other fairly narrow grounds and increases higher than the cap could be approved by a vote of 60% at the annual school election.

P.L. 2007, c. 62, effective April 3, 2007 (Assembly Bill A1), provided additional limitations on school district spending by limiting the amount a school district could raise for school district purposes through the property tax levy by 4% over the prior budget year's tax levy. P.L. 2007, c. 62 provided for adjustments to the cap for increases in enrollment, reductions in State aid and increased health care costs and for certain other extraordinary cost increases that required approved by the Commissioner. The bill granted discretion to the Commissioner to grant other waivers from the cap for increases in special education costs, capital outlay, and tuition charges. The Commissioner also had the ability to grant extraordinary waivers to the tax levy cap for certain other cost increases beginning in fiscal year 2009 through 2012.

P.L. 2007, c. 62 was deemed to supersede the prior limitations on the amount school districts could increase their annual current expenses and capital outlay budgets, known as a school district's spending growth limitation amount, created by CEIFA (as amended by P.L. 2004, c.73, effective July 1, 2004). However, Chapter 62 was in effect only through fiscal year 2012. Without an extension of Chapter 62 by the legislature, the spending growth limitations on the general fund and capital outlay budget would be in effect.

Debt service was not limited either by the Spending Growth Limitations or the 4% Cap on the tax levy increase imposed by Chapter 62.

The previous legislation has now been amended by P.L. 2010, c. 44, approved July 13, 2010 and applicable to the next local budget year following enactment. The new law will limit the school district tax levy for the general fund budget to increases of 2% over the prior budget year with exceptions only for enrollment increases, increases for certain normal and accrued liability for pension contributions in excess of 2%, certain healthcare increases, and amounts approved by a simple majority of voters voting at a special election. The process for obtaining waivers from the Commissioner for additional increases over the tax levy or spending limitations has been eliminated under Chapter 44.

The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund. There are no restrictions on a local school district's ability to raise funds for debt service, and nothing would limit the obligation of a school district to levy *ad valorem* taxes upon all taxable real property within the district to pay debt service on its bonds or notes.

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) bonds shall be issued pursuant to an ordinance adopted by the governing body of the municipality comprised within the school district for a Type I school District; (iii) for Type II school districts (without boards of estimate) by board of education resolution approving the bond proposal and by approval of the legally qualified voters of the school district; (iv) debt must be authorized by a resolution of a board (and approved by a board of school estimate in a Type I school district); and (v) there must be filed with the State by each municipality comprising a school district a Supplemental Debt Statement and a school debt statement setting forth the amount of bonds and notes authorized but unissued and outstanding for such school district.

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

Every board is required to provide an annual audit of the school district's accounts and financial transactions. Beginning with the year ended June 30, 2010, a licensed public school accountant must complete the annual audit no later than five months (5) after the end of the fiscal year. P.L. 2010, c. 49 amended N.J.S.A. 18A:23-1 to provide an additional month for the completion of a school district's audit. Previously the audit was required to be completed within four months. The audit, in conformity with statutory requirements, must be filed with the board of education and the Commissioner. Additionally, the audit must be summarized and discussed at a regular public meeting of the local board of education within thirty (30) days following receipt of the annual audit by such board of education.

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

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

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). The School District has not utilized the municipality's borrowing margin. A school district may also authorize debt in excess of this limit with the consent of the Commissioner and the Local Finance Board.

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 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 ("EFCFA"), repealed the authorization to enter into facilities leases in excess of five years. The payment of rent on an equipment lease and on a five year and under facilities lease is treated as a current expense and within the school district's Spending Growth Limitation and tax levy cap. Lease purchase payments on leases in excess of five years entered into under prior law (CEIFA) 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 Spending Growth Limitation and tax levy cap.

Energy Saving Obligations

Under P.L. 2009, c. 4, approved January 21, 2009 and effective 60 days thereafter, 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 value of the savings will cover the cost of the measures.

SUMMARY OF STATE AID TO SCHOOL DISTRICTS

In 1973, the Supreme Court of the State of New Jersey (the "Court") first 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 State 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") (since 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, since 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 were significantly disadvantaged under that school funding formula because school revenues were derived primarily from property taxes. The Court found that wealthy school districts were able to spend more, yet tax less for educational purposes.

Since that time there has been much litigation and many cases affecting the State's responsibilities to fund public education and many legislative attempts to distribute State aid in accordance with the court cases and the constitutional requirement. The cases addressed not only current operating fund aid but also addressed the requirement to provide facilities aid as well. The legislation has included the QEA (now repealed), CEIFA and EFCFA, which became law on July 18, 2000. For many years aid was simply determined in the State Budget, which itself is an act of the legislature, based upon amounts provided in prior years. The most current school funding formula, provided in the School Funding Reform Act of 2008, P.L. 2007, c. 260 approved January 1, 2008 (A500), removed the special status given to certain districts known as Abbott Districts after the school funding cases and instead has funding follow students with certain needs and provides aid in a way that takes into account the ability of the local district to raise local funds to support the budget in amounts deemed adequate to provide for a thorough and efficient education as required by the State constitution. This legislation was challenged in the Court, and the Court held that the State's current plan for school aid is a "constitutionally adequate scheme".

Notwithstanding over 35 years of litigation, the State provides State aid to school districts of the State in amounts provided in the State Budget each year. These now include equalization aid, educational adequacy aid, special education categorical aid, transportation aid, preschool education aid, school choice aid, security aid, adjustment aid and other aid determined in the discretion of the Commissioner.

State law requires that the State will provide aid for the construction of school facilities (Facilities Aid) in an amount equal to the greater of the district aid percentage or 40% times the eligible costs determined by the Commissioner of Education either in the form of a grant or debt service aid as determined under the Education Facilities Construction and Financing Act of 2001. The amount of the aid to which a district is entitled is established prior to the authorization of the project. Grant funding is provided by the State up front and debt service aid must be appropriated annually by the State.

The State reduced debt service aid by fifteen percent (15%) for the fiscal year 2011. As a result of the debt service aid reduction, for the 2010-2011 fiscal year, school districts received eighty-five percent (85%) of the debt service aid that they would have otherwise received. In addition, school districts which received grants under the EFCFA, which grants were financed through the New Jersey Economic Development Authority (the "EDA"), were assessed an amount in their 2010-2011 budget representing 15% of the school district's proportionate share of the fiscal 2011 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 Elementary and Secondary Education Act, as amended and restated by the No Child Left Behind Act of 2001, 20 U.S.C.A. § 6301 et seq., 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 governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down payment is generally required toward the financing of expenditures for municipal purposes subject to a number of exceptions. All bonds and notes issued by the Constituent Municipalities are general full faith and credit obligations.

The authorized bonded indebtedness of the Constituent Municipalities for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3-1/2% of its average equalized valuation basis. The Constituent Municipalities have not exceeded their statutory debt limits.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

The Constituent Municipalities may exceed their debt limits with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Constituent Municipalities 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 Constituent Municipalities or substantially reduce the ability of the Constituent Municipalities to meet their obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Constituent Municipalities to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes 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).

The Constituent Municipalities may sell short-term "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. A local unit's bond anticipation notes must mature within one year, but may be renewed or rolled over. Bond anticipation notes, including renewals, must mature and be paid no later than the first day of the fifth month following the close of the tenth fiscal year next following the date of the original notes. For bond ordinances adopted on or after February 3, 2003, notes may only be renewed beyond the third anniversary date of the original notes if a minimum payment equal to the first year's required principal payment on the bonds is paid to retire a portion of the notes on or before each subsequent anniversary date from funds other than the proceeds of bonds or notes. For bond ordinances adopted prior to February 3, 2003, the governing body may elect to make such minimum principal payment only when the notes are renewed beyond the third and fourth anniversary dates.

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

The foundation of the New Jersey local finance system is the annual cash basis budget. The Constituent Municipalities, which operate on a calendar year (January 1 to December 31), must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the director of the Division ("Director") prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations among others, for certification.

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.

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

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

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as any anticipated revenue in the budget in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may 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 the municipality's calendar 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 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 the last day of that fiscal 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 of the local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed 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 ice, snow, and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, revaluation programs, revision and codification of ordinances, master plan preparations, and drainage map preparation for flood control purposes which may be amortized over five years. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three (3) months of the year, to the previous years' budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAPS" appropriations nor can transfers be made between excluded from "CAP" appropriations.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 <u>et</u> <u>seq</u>.*)* imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically, it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the index rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation, and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior years' tax levy in years when the Index Rate is 2.5% or less.

Legislation constituting P.L. 2010, c. 44, approved July 13, 2010 limits tax levy increases for local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

Neither the tax levy limitation nor the "Cap Law" limits, including the provisions of the recent legislation, would limit the obligation of the Constituent Municipalities to levy *ad valorem* taxes upon all taxable real property within the Constituent Municipalities to pay debt service on its bonds or notes.

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 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 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.

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 results 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, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

Upon the filing of certified adopted budgets by the Constituent Municipalities' local School District and the County, the tax rate is struck by the Salem County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, 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 New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June by the Constituent Municipalities' Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first $1,500.00 of the delinquency and 18% per annum on any amount in excess of $1,500.00. These interest and penalties are the highest permitted under New Jersey statutes. If a delinquency is in excess of $10,000.00 and remains in arrears after December 31st, an additional penalty of 6% shall be charged. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with New Jersey Statutes.

Tax Appeals

The New Jersey Statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Constituent Municipality must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board of Taxation on or before April 1 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 New Jersey, 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 non-budgetary 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 accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission.

FINANCIAL STATEMENTS

The audited financial statements of the Board as of and for the year ended June 30, 2012 together with the notes to the Basic Financial Statements are presented in Appendix D to this Official Statement (the "Financial Statements"). The Financial Statements have been audited by Tiantos & Delp, CPA, LLC, Vineland, New Jersey, an independent auditor (the "Board Auditor"), as stated in its report appearing in Appendix D to this Official Statement. *See* "APPENDIX D - Financial Statements of the Woodstown-Pilesgrove Regional School District in the County of Salem, New Jersey."

The Board Auditor has not participated in the preparation of this Official Statement, except to the extent as previously stated.

LITIGATION

To the knowledge of the Board Attorney, Alan Schmoll, Esq., of Capehart & Scatchard, P.A. (the "Board Attorney"), there is no litigation of any nature now pending or threatened, restraining or enjoining the issuance or the delivery of the Bonds, or the levy or the collection of any taxes to pay the principal of or the interest on the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Board or the School District or the title of any of the present officers. To the knowledge of the Board Attorney, no litigation is presently pending or threatened that, in the opinion of the Board Attorney, would have a material 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 at the closing.

TAX MATTERS

Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code) provides that interest on the Bonds is not included in gross income for federal income tax purposes if various requirements set forth in the Code are met. The Board has covenanted in its Arbitrate and Tax Certificate (the "Tax Certificate"), delivered in connection with the issuance of the Bonds, to comply with these continuing requirements and has made certain representations, certifications of fact, and statements of reasonable expectation in connection with the issuance of the Bonds to assure this exclusion. Pursuant to Section 103(a) of the Code, failure to comply with these requirements could cause interest on the Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

In the opinion of McManimon, Scotland & Baumann, LLC ("Bond Counsel"), pursuant to Section 103(a) of Code, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals and corporations. Bond Counsel is also of the opinion that interest on the Bonds held by corporate taxpayers is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. Bond Counsel's opinions described herein are given in reliance on the representations, certifications of fact, and statements of reasonable expectation made by the Board in its Tax Certificate, assume continuing compliance by the Board with certain covenants set forth in its Tax Certificate, and are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

Certain Federal Tax Consequences Relating to the Bonds

Although, pursuant to Section 103(a) of the Code, interest on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The nature and extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions and certain recipients of Social Security benefits, are advised to consult their own tax advisors as to the tax consequences of purchasing or holding the Bonds.

Bank Qualification

The Bonds will not be designated as qualified under Section 265 of the Code by the Board for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

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.

New Jersey Gross Income

In the opinion of Bond Counsel, the interest on the Bonds and any gain realized on the sale of the Bonds is not includable as gross income under the New Jersey Gross Income Tax Act.

Future Events

Tax legislation, administrative action taken by tax authorities, and court decisions, whether at the Federal or state level, may adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purpose, or the exclusion of interest on and any gain realized on the sale of the Bonds under the existing New Jersey Gross Income Tax Act, and any such legislation, administrative action or court decisions and even proposals for change could adversely affect the market price or marketability of the Bonds.

ALL POTENTIAL PURCHASERS OF THE BONBS SHOULD CONSULT THEIR OWN ADVISORS REGARDING ANY CHANGES IN THE STATUTES, PROPOSED FEDERAL OR NEW JERSEY STATE TAX LEGISLATION, ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED LEGISLATION, ADMINISTRATIVE ACTION TAKEN BY TAX AUTHORITIES, COURT DECISIONS OR PROPOSALS FOR CHANGE ON THE TAX AND MARKET IMPLICATIONS OF OWNERSHIP OF THE BONDS.

MUNICIPAL BANKRUPTCY

The undertakings of the Board should be considered with reference to 11 U.S.C. 401, 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 certain priority to debt owed for services or material; and provides that the plan must be accepted in writing by or on behalf of classes of creditors holding at least two-thirds in amount and more than one half in number of the allowed claims of such 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 municipality 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, any such lien, other than municipal betterment assessments, shall be subject to the necessary operating expenses of such project or system. 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 not be avoided pursuant to certain preferential transfer provisions set forth in such Bankruptcy Code.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a local unit 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 Municipal Finance Commission must be obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board.

Reference to the Bankruptcy Code or the State statute should not create any implication that the Board expects to utilize the benefits of their provisions.

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 E. Certain legal matters will be passed on for the Board by its Board Attorney.

PREPARATION OF OFFICIAL STATEMENT

The Board hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm same to the Underwriter by certificates signed by the Board President and Business Administrator/Board Secretary.

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

Bond Counsel has neither participated in the preparation of the financial or statistical information contained in this Official Statement, nor have they verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

RATINGS

Standard & Poor's Ratings Service, a division of the McGraw-Hill Companies, Inc. (the "Rating Agency") has assigned an underlying rating of "AA- (stable outlook)" to the Bonds based upon the underlying credit of the School District. In addition, the Rating Agency has assigned its municipal bond rating of "AA- (negative outlook)" to the Bonds based upon the additional security provided by the New Jersey School Bond Reserve Act.

The ratings reflect only the view of the Rating Agency and an explanation of the significance of such ratings may only be obtained from the Rating Agency. The Board furnished to the Rating Agency certain information and materials concerning the Bonds and the Board. There can be no assurance that the ratings will continue for any given period of time or that the ratings will not be revised downward entirely by the Rating Agency if, in their 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.

FINANCIAL ADVISOR

Phoenix Advisors, LLC, Bordentown, New Jersey, has served as Financial Advisor to the Board with respect to the issuance of the Bonds ("Financial Advisor"). The Financial 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 the Official Statement and the appendices hereto. The Financial Advisor is an independent firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the Board shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof:

(a) On or prior to February 1 of each year, beginning February 1, 2014, electronically to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system or such other repository designated by the SEC to be an authorized repository for filing secondary market disclosure information, if any, annual financial information with respect to the Board of Education consisting of the audited financial statements (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available) of the Board of Education and certain financial information and operating data consisting of (1) Board of Education and overlapping indebtedness including a schedule of outstanding debt issued by the Board of Education; (2) the Board of Education's most current adopted budget; (3) property valuation information; and (4) tax rate, levy and collection data. The audited financial statements will be prepared in accordance with generally accepted accounting principles as modified by governmental accounting standards as may be required by New Jersey law;

(b) if any of the following material events occur regarding the Bonds, a timely notice not in excess of ten business days after the occurrence of the event sent to EMMA:

(1) Principal and interest payment delinquencies;

(2) Non-payment 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 security, or other material events affecting the tax status of the security;

(7) Modifications to rights of security holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the securities, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

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

For the purposes of the event identified in subparagraph (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(c) Notice of failure of the Board to provide required annual financial information on or before the date specified in the Resolution shall be sent in a timely manner to EMMA.

(d) If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under the Resolution, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

(e) The Business Administrator/Board Secretary shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the Board prior to their offering. Such officer is hereby authorized to enter into additional written contracts or undertakings to implement the Rule and is further authorized to amend such contracts or undertakings or the undertakings set forth in the Resolution, provided such amendment is, in the opinion of nationally recognized bond counsel, in compliance with the Rule.

(f) In the event that the Board fails to comply with the Rule requirements or the written contracts or undertakings specified in the Resolution, the Board shall not be liable for monetary damages, remedy being hereby specifically limited to specific performance of the Rule requirements or the written contracts or undertakings therefor.

Prior to the issuance of the Bonds, the Board had no outstanding debt and therefore, has no existing secondary market disclosure obligation.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Frank Rizzo, Business Administrator/Board Secretary, Woodstown-Pilesgrove Regional School District,135 East Avenue, Woodstown, New Jersey 08098, (856) 769-0144 ext. 251 or the Financial Advisor, Phoenix Advisors, LLC at 4 West Park Street, Bordentown, New Jersey 08505, (609) 291-0130.

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 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 her 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 the Official Statement and the date of delivery of the Bonds there has been no material adverse change in the affairs (financial or other), financial condition or results or operations of the Board except as set forth in or contemplated by the Official Statement.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Board and the Underwriter 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 Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Board since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

THE BOARD OF EDUCATION OF THE
WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
IN THE COUNTY OF SALEM, NEW JERSEY

By: ____
Frank Rizzo, Business Administrator/Board Secretary

Date: March __, 2013

APPENDIX A

GENERAL INFORMATION REGARDING
THE BOARD OF EDUCATION OF THE
WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT

General Information Regarding the Board of Education of the Woodstown-Pilesgrove Regional School District

The Board of Education of the Woodstown-Pilesgrove Regional School District (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed by the Board) is located in Salem County (the "County") in the State of New Jersey (the "State").

The Board is a Type II limited purpose regional school district serving grades Pre-K through 12 for the Borough of Woodstown (the "Borough") and the Township of Pilesgrove (the "Township" and together with the Borough, the "Constituent Municipalities"). The Board provides education to its students through one (1) elementary school, one (1) middle school and one (1) high school. The Board also services high school students from the Townships of Alloway, Oldmans and Upper Pittsgrove (the "Sending Districts"). The Board consists of nine (9) elected members. Pursuant to State statute, the Board appoints a Superintendent of Schools and Business Administrator/Board Secretary.

Facility	Construction Date	Grade Level	Student Enrollment (As of 6/30/12)
Mary S. Shoemaker Elementary School	1958	Pre K-4	511
Woodstown Middle School	1950	5-8	400
Woodstown High School	1915	9-12	760

Staff

The Superintendent of Schools is the chief administrative officer of the School District. The Business Administrator/Board Secretary oversees the business functions and reports through the Superintendent to the Board. There are approximately 236 full-time and 10 part-time employees of the Board, of which 158 are teaching professionals.

Pupil Enrollments

The following table presents the historical pupil enrollments for the school years 2007-2008 through 2012-2013, and projections of pupil enrollments for the periods 2013-2014 and 2014-2015.

Pupil Enrollments

School Year	Enrollment
2012-2013	1,628
2011-2012	1,671
2010-2011	1,643
2009-2010	1,661
2008-2009	1,721
2007-2008	1,678

Projected Future Enrollments

School Year	Enrollment
2013-2014	1,633
2014-2015	1,653

Source: Office of the Board Secretary.

Labor Relations

The Board's contract with Woodstown-Pilesgrove Regional Education Association ("WPREA"), which represents the teaching, paraprofessionals, nurses, secretaries, clerical personnel, child study team members and athletic trainers expires on June 30, 2014. The Board currently has a contract with Woodstown-Pilesgrove Administrator's Association ("WPAA"), which represents district administrators and the contract expires on June 30, 2014. The Board's contract with WPRSSA, which covers full and part-time maintenance and custodian personnel, also expires on June 30, 2014.

Pensions

The teachers and members of the professional staff are enrolled in the Teachers Pension & Annuity Fund (TPAF). All other eligible employees are enrolled in the New Jersey Public Employees' Retirement System (PERS).

Financial Operations

The following table summarizes information on changes in financial resources and fund balances for the general fund. See Appendix D for a detailed presentation of the School District's financial operations.

	2012	2011	2010	2009	2008
REVENUES					
Local Sources:					
Local Tax Levy	$9,229,803	$9,229,803	$8,874,811	$8,603,163	$8,368,426
Other Local Revenue	4,506,671	3,960,957	4,568,763	4,458,453	4,337,639
Total revenues-local sources	13,736,474	13,190,760	13,443,574	13,061,616	12,706,065
State Sources	8,474,651	7,924,048	7,979,260	8,392,289	8,639,672
Federal Sources	170,664	74,580	1,162,092	0	0
Total Revenues	$22,381,789	$21,189,388	$22,584,926	$21,453,905	$21,345,737
EXPENDITURES					
General Fund, Special Revenue and Capital Projects Funds:					
Instruction	$9,300,709	$8,751,425	$9,808,160	$9,432,935	$8,934,167
Undistributed Expenditures	12,468,049	11,943,701	12,441,394	12,117,425	12,363,758
Capital Outlay	56,299	277,033	32,788	224,263	290,174
Total Expenditures	$21,825,057	$20,972,159	$22,282,342	$21,774,623	$21,588,099
Excess (Deficiency) of Revenues Over/(Under) Expenditures	556,732	217,229	302,584	-320,718	-242,362
Other Financing Sources (Uses):					
Proceeds of Capital Lease	28,970	271,919	19,834	220,500	283,924
Transfers in	47,494	0	14,900	0	0
Transfers out	(1,764)	0	0	(560,131)	0
Total other financing sources (uses)	74,700	271,919	34,734	(339,631)	283,924
Net Change in Fund Balance	631,432	489,148	337,318	(660,349)	41,562
Fund Balance, July 1	1,271,097	781,949	444,631	1,104,980	1,063,418
Fund Balance, June 30	$1,902,529	$1,271,097	$781,949	$444,631	$1,104,980

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

Fiscal 2012-13 Budget

Prior to the passage of P.L. 2011, c. 202 the Board was required to submit its budget for voter approval on annual basis. Under the Election Law (P.L. 2011, c. 202, effective January 17, 2012) if the school has opted to move it annual election to November, it is no longer required to submit the budget to voters for approval if the budget is at or below the two-percent (2%) property tax levy cap as provided for under New Cap Law (P.L. 2010, c. 44). If the Board proposes to spend above the two-percent (2%) property tax levy cap, it is then required to submit its budget to voters at the annual school election in November. The Board has chosen under the Election Law to move its annual school election to November. The General Fund budget is the sum of all state aid (exclusive of pension aid and social security aid) and the local tax levy (exclusive of debt service). The Board's General Fund Budget for the 2012-2013 fiscal year is $21,385,871. The major sources of revenue are $9,414,398 from the local tax levy and $6,899,319 from state aid.

On January 26, 2012, the Board voted to move its 2012-2013 budget election to November 2012. Annual increases in its net budget are limited by the Comprehensive Educational Improvement and Financing Act of 1996.

Budget History

As noted, prior to the Board's budget for its 2012-2013 fiscal year, the Board had to submit its budget for voter approval. The results of the last five budget elections of the Board are as follows:

Budget Year	Amount Raised in Taxes	Budget Amount	Election Result
2012-2013	$9,414,398	$21,385,871	N/A
2011-2012	9,229,803	20,931,961	Passed
2010-2011	9,229,803	20,085,446	Passed
2009-2010	8,874,811	21,749,095	Passed
2008-2009	8,603,163	21,129,532	Failed

Source: Office of the Board Secretary.

Short-Term School Debt

As of December 31, 2012, the School District has no short term debt.

Long-Term School Debt

As of December 31, 2012, the School District has no long term debt.

Debt Limit of the Board

The debt limitation of the Board is established by statute (N.J.S.A. 18A:24-19). 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. As shown below, the School District has not exceeded its 4% debt limit. The following is a summation of the amount of the School District's debt limitation as of June 30, 2012:

Average Equalized Real Property Valuation (2010, 2011, and 2012)	$761,735,207

School District Debt Analysis

Permitted Debt Limitation (4% of AEVP)	$30,469,408
Less: Bonds and Notes Authorized and Outstanding	0
Remaining Limitation of Indebteness	$30,469,408
Percentage of Net School Debt to Average Equalized Valuation	0.00%

APPENDIX B

ECONOMIC AND DEMOGRAPHIC INFORMATION CONCERNING THE BOROUGH OF WOODSTOWN

ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE BOROUGH OF WOODSTOWN

General Information

The Borough of Woodstown (the “Borough”) is located in the County of Salem (the “County”) in the State of New Jersey (the “State”) at the intersection of US 40 and NJ 45. The Borough covers an area of 1.585 square miles in southern New Jersey. The Borough was established on July 26, 1882, from portions of Pilesgrove Township based on the results of a referendum held that same day. The Borough's incorporation was confirmed on March 3, 1925.

Money Income

	Borough	County	State
Median Household Income	$62,958	$59,441	$69,811
Median Family Income	74,479	72,537	84,904
Per Capita Income	31,074	27,296	34,858

Source: New Jersey State Data Center, Money Income.

Population

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

POPULATION - 1970 TO 2010

	Borough		County		State	
Year	Population	Percent Change	Population	Percent Change	Population	Percent Change
2010	3,505	11.77%	66,083	2.80%	8,791,894	4.49%
2000	3,136	(0.57)	64,285	(1.55)	8,414,350	8.85
1990	3,154	(2.95)	65,294	0.96	7,730,188	4.96
1980	3,250	3.60	64,676	7.18	7,365,001	2.75
1970	3,137	--	60,346	--	7,168,164	--

Source: United States Department of Commerce, Bureau of the Census, 1970, 1980, 1990, 2000 and 2010 Census of the Population: New Jersey.

Employment and Unemployment Comparisons

For the years 2007 to 2011, the New Jersey Department of Labor reported the following annual average employment information for the Borough, the County and the State:

	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
Borough				
2011	1,569	1,477	93	5.9%
2010	1,562	1,463	99	6.4%
2009	1,576	1,485	91	5.8%
2008	1,603	1,549	54	3.4%
2007	1,601	1,559	42	2.7%
County				
2011	31,654	28,249	3,405	10.8%
2010	31,643	27,991	3,652	11.5%
2009	31,759	28,416	3,343	10.5%
2008	31,626	29,640	1,986	6.3%
2007	31,383	29,819	1,564	5.0%
State				
2011	4,556,200	4,131,800	424,400	9.3%
2010	4,502,400	4,076,700	425,700	9.5%
2009	4,536,700	4,118,400	418,300	9.2%
2008	4,496,700	4,251,200	245,500	5.5%
2007	4,462,300	4,271,700	190,600	4.3%

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

Property Tax Rates

Year	Borough	Borough Open Space	Local School	County	Total Taxes
2012	$0.543	$0.010	$1.213	$0.930	$2.696
2011	0.523	0.010	1.169	0.900	2.602
2010	0.496	0.014	1.174	0.873	2.557
2009	0.466	0.015	1.146	0.897	2.524
2008	0.431	0.020	1.056	0.862	2.369

Source: Annual Audit Reports of the School District on file at the Division of Local Government Services.

Comparisons of Tax Levies and Collections

Year	Tax Levy	Current Year Collection	Current Year % of Collection
2011	$7,787,672	$7,554,089	97.00%
2010	7,648,138	7,352,022	96.13%
2009	7,598,707	7,311,649	96.22%
2008	7,149,977	6,930,717	96.93%
2007	6,717,911	6,553,734	97.56%

Year	Amount of Tax Title Liens	Amount of Delinquent Tax	Total Delinquent	% of Tax Levy
2011	$50,232	$205,421	$255,654	3.28%
2010	41,242	269,064	310,305	4.06%
2009	20,681	253,342	274,022	3.61%
2008	13,957	201,979	215,937	3.02%
2007	12,050	159,608	171,658	2.56%

Source: Annual Audit Reports of the Borough.

Largest Taxpayers

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

Taxpayers	2011 Assessed Valuation	% of Total Assessed Valuation
Hillcrest Garden Apartments	$4,600,000	1.56%
Erdners Busy Corner Whse, Inc.	3,669,600	1.24%
Hillcrest II Limited Partnership	2,782,200	0.94%
Developed Properties II, LLC	2,062,300	0.70%
The Bank	1,716,000	0.58%
Bell Atlantic	1,548,318	0.52%
Taxpayer 1	1,464,000	0.50%
Warner Investments Co.	1,320,000	0.45%
Chestnut Run Golf Properties, Inc.	1,268,500	0.43%
JDKD Enterprises LP	1,093,900	0.37%
Total	$21,524,818	7.29%

Source: Comprehensive Annual Financial Report of the School District on file at the Division of Local Government Services.

Assessed Valuation of Real Property by Classification (in dollars)

Year	Vacant Land	Residential	Farm	Commercial	Industrial	Apartments	Total
2012	$3,937,600	$242,195,000	$196,400	$37,854,600	$0	$11,047,900	$295,231,500
2011	3,682,800	242,077,400	196,400	39,578,000	0	11,047,900	296,582,500
2010	4,528,000	242,213,800	196,860	37,993,200	0	11,350,300	296,282,160
2009	3,990,100	242,868,200	204,860	38,841,200	0	11,715,400	297,619,760
2008	4,298,000	243,424,100	252,900	39,192,400	0	11,715,400	298,882,800

Source: State of New Jersey, Department of Community Affairs, Property Tax Information

Ratio of Assessed Valuation to Estimated Full Cash Value

Year	Aggregate Assessed Valuation of Real Property	Ratio of Assessed to True Value	Aggregate True Value of Real Property	Equalized Valuation
2012	$295,231,500	104.83%	$281,628,828	$283,177,146
2011	296,582,500	101.74	291,510,222	293,113,283
2010	296,282,160	99.77	296,965,180	298,714,331
2009	297,619,760	100.71	295,521,557	297,278,842
2008	298,882,800	99.22	301,232,413	302,312,787

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

Debt Statement [1]
December 31, 2012

General Purpose Debt	
Serial Bonds	$0
Bond Anticipation Notes	616,000
Bonds and Notes Authorized but Not Issued	453,247
Other Bonds, Notes and Loans	0
Total:	$1,069,247
Local School District Debt	
Serial Bonds	$0
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	3,791,154
Total:	$3,791,154
Self-Liquidating Debt	
Serial Bonds	$0
Bond Anticipation Notes	750,000
Bonds and Notes Authorized but Not Issued	115,000
Other Bonds, Notes and Loans	1,539,846
Total:	$2,404,846
TOTAL GROSS DEBT	**$7,265,248**
Less: Statutory Deductions	
General Purpose Debt	$0
Local School District Debt	0
Self-Liquidating Debt	2,404,846
Total:	$2,404,846
TOTAL NET DEBT	**$4,860,401**

Debt Limit and Per Capita Debt

Average Equalized Valuation Basis (2010, 2011, 2012)	$290,034,743
Permitted Debt Limitation (3 1/2%)	10,151,216
Less: Net Debt	1,069,247
Remaining Borrowing Power	$9,081,969
Percentage of Net Debt to Average Equalized Valuation	0.37%
Gross Debt Per Capita based on 2010 population of 3,505	$991
Net Debt Per Capita based on 2010 population of 3,505	$305

[1] Source: Annual and Supplemental Debt Statements of the Borough.

APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION CONCERNING THE TOWNSHIP OF PILESGROVE

ECONOMIC AND DEMOGRAPHIC INFORMATION

General Information

The Township of Pilesgrove (the "Township") in the County of Salem (the "County") in the State of New Jersey (the "State"). The Township covers an area of 34.843 square miles in southern New Jersey. The township borders Oldmans Township, Carneys Point Township, Mannington Township, Alloway Township, Upper Pittsgrove Township. The Borough of Woodstown is an independent municipality within the boundaries of the Township. The Township also borders neighboring Gloucester County.

Money Income

	Township	County	State
Median Household Income	$87,083	$59,441	$69,811
Median Family Income	102,870	72,537	84,904
Per Capita Income	34,966	27,296	34,858

Source: New Jersey State Data Center, Money Income.

Population

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

POPULATION - 1970 TO 2010

	Township		County		State	
Year	Population	Percent Change	Population	Percent Change	Population	Percent Change
2010	4,016	2.37%	66,083	2.80%	8,791,894	4.49%
2000	3,923	20.71	64,285	(1.55)	8,414,350	8.85
1990	3,250	15.66	65,294	0.96	7,730,188	4.96
1980	2,810	3.84	64,676	7.18	7,365,001	2.75
1970	2,706	--	60,346	--	7,168,164	--

Source: United States Department of Commerce, Bureau of the Census, 1970, 1980, 1990, 2000 and 2010 Census of the Population: New Jersey.

Employment and Unemployment Comparisons

For the years 2011 to 2008, the New Jersey Department of Labor reported the following annual average employment information for the Township of Pilesgrove, the County of Salem and the State of New Jersey:

	Total Labor Force	Employed Labor Force	Total Unemployed	Unemployment Rate
Township				
2011	1,913	1,747	167	8.7%
2010	1,910	1,731	179	9.4%
2009	1,921	1,757	164	8.5%
2008	1,930	1,833	97	5.0%
2007	1,920	1,844	76	4.0%
County				
2011	31,654	28,249	3,405	10.8%
2010	31,643	27,991	3,652	11.5%
2009	31,759	28,416	3,343	10.5%
2008	31,626	29,640	1,986	6.3%
2007	31,383	29,819	1,564	5.0%
State				
2011	4,556,200	4,131,800	424,400	9.3%
2010	4,502,400	4,076,700	425,700	9.5%
2009	4,536,700	4,118,400	418,300	9.2%
2008	4,496,700	4,251,200	245,500	5.5%
2007	4,462,300	4,271,700	190,600	4.3%

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

Property Tax Rates

Year	Township	Township Open Space	Local School	County	Total Taxes
2012	$0.220	$0.020	$1.180	$0.906	$2.326
2011	0.219	0.030	1.168	0.896	2.313
2010	0.095	0.030	1.163	0.877	2.165
2009	0.093	0.030	1.107	0.878	2.108
2008	0.070	0.030	1.118	0.913	2.131

Source: Annual Audit Reports of the School District on file at the Division of Local Government Services.

Comparisons of Tax Levies and Collections

Year	Tax Levy	Current Year Collection	Current Year Percentage of Collection
2011	$11,400,441	$10,965,803	96.19%
2010	10,691,435	10,336,252	96.68%
2009	10,428,451	10,073,808	96.60%
2008	10,459,523	10,106,802	96.63%
2007	10,393,580	10,072,338	96.91%

Year	Amount of Tax Title Liens	Amount of Delinquent Tax	Total Delinquent	% of Tax Levy
2011	$127,265	$341,144	$468,410	4.11%
2010	108,768	325,442	434,210	4.06%
2009	93,079	332,553	425,632	4.08%
2008	75,449	315,810	391,258	3.74%
2007	54,026	265,980	320,006	3.08%

Source: Annual Audit Reports of the Township

Largest Taxpayers

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

Taxpayers	2011 Assessed Valuation	% of Total Assessed Valuation
Friends Home of Woodstown, Inc.	$6,898,100	1.41%
ASP Realty, Inc.	5,228,100	1.07%
Richard E. Pierson	4,050,700	0.83%
Four Season Camp Ground Prop.	3,596,900	0.73%
Pierson-Gaskill Golf Properties, Inc.	3,060,000	0.62%
Wawa, Inc.	2,565,100	0.52%
Barbich, Luis J ET AL Trustees	2,444,100	0.50%
JRC Assets, LP - Rite Aid	2,112,300	0.43%
Franklin Savings Bank	1,936,600	0.39%
Cowtown Bawl	1,851,200	0.38%
Total	$33,743,100	6.88%

Source: Comprehensive Annual Financial Report of the School District on file at the Division of Local Government Services.

Assessed Valuation of Real Property by Classification

Year	Vacant Land	Residential	Farm	Commercial	Industrial	Apartments	Total
2012	$10,325,700	$347,241,800	$73,568,400	$52,808,800	$0	$7,466,300	$491,411,000
2011	10,534,500	348,228,600	73,550,800	50,515,300	0	7,466,300	490,295,500
2010	10,924,200	347,957,000	73,488,700	50,760,400	0	8,367,800	491,498,100
2009	11,159,100	343,417,900	76,847,800	51,223,500	0	7,466,300	490,114,600
2008	10,341,800	342,802,300	75,533,900	48,251,500	0	7,466,300	484,395,800

Source: State of New Jersey, Department of Community Affairs, Property Tax Information

Ratio of Assessed Valuation to Estimated Full Cash Value

Year	Aggregate Assessed Valuation of Real Property	Ratio of Assessed to True Value	Aggregate True Value of Real Property	Equalized Valuation
2012	$491,411,000	108.69%	$452,121,630	$453,334,029
2011	490,295,500	103.71	472,756,243	473,968,642
2010	491,498,100	100.26	490,223,519	491,824,066
2009	490,114,600	100.89	485,791,060	487,430,866
2008	484,395,800	101.27	478,321,122	479,828,567

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

Debt Statement [1]
December 31, 2012

General Purpose Debt	
Serial Bonds	$4,592,000
Bond Anticipation Notes	1,996,474
Bonds and Notes Authorized but Not Issued	1,220,661
Other Bonds, Notes and Loans	0
Total:	$7,809,135
Local School District Debt	
Serial Bonds	$0
Temporary Notes Issued	0
Bonds and Notes Authorized but Not Issued	6,166,846
Total:	$6,166,846
Self-Liquidating Debt	
Serial Bonds	$0
Bond Anticipation Notes	0
Bonds and Notes Authorized but Not Issued	0
Other Bonds, Notes and Loans	0
Total:	$0
TOTAL GROSS DEBT	**$13,975,981**
Less: Statutory Deductions	
General Purpose Debt	$0
Local School District Debt	6,166,846
Self-Liquidating Debt	0
Total:	$6,166,846
TOTAL NET DEBT	**$7,809,135**

Debt Limit and Per Capita Debt

Average Equalized Valuation Basis (2010, 2011, 2012)	$471,700,464
Permitted Debt Limitation (3 1/2%)	16,509,516
Less: Net Debt	7,809,135
Remaining Borrowing Power	$8,700,381
Percentage of Net Debt to Average Equalized Valuation	1.66%
Gross Debt Per Capita based on 2010 population of 4,016	$3,480
Net Debt Per Capita based on 2010 population of 4,016	$1,945

[1] Source: Annual and Supplemental Debt Statements of the Township.

APPENDIX D

FINANCIAL STATEMENTS OF THE WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT IN THE COUNTY OF SALEM, NEW JERSEY

T&D
Triantos & Delp
CERTIFIED PUBLIC ACCOUNTANTS, LLC

Thinking ahead to achieve success.

MEMBERS:
- American Institue of Certified Public Accountants
- New Jersey Society of Certified Public Accountants

Wayne H. Triantos, CPA
Samuel A. Delp, Jr., CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable President and
Members of the Board of Education
Woodstown-Pilesgrove Regional Education School District
County of Salem, New Jersey

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 Board of Education of the Woodstown-Pilesgrove Regional School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Woodstown-Pilesgrove Regional School District Board of Education's management. 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; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Woodstown-Pilesgrove Regional School District Board of Education in the County of Salem, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated November 16, 2012 on our consideration of the Woodstown-Pilesgrove Regional School District 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 33 through 44 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Triantos & Delp
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Woodstown-Pilesgrove Regional School District Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

Samuel A. Delp, Jr.
Public School Accountant, #745
Triantos & Delp
Certified Public Accountants, LLC

November 16, 2012

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

EXHIBIT A-1

WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 1,792,126.	$ 135,128.	$ 1,927,254.
Investments	15,136.		15,136.
Receivables, net	147,747.	158,874.	306,621.
Inventory		16,715.	16,715.
Total Current Assets	1,955,009.	310,717.	2,265,726.
Noncurrent Assets:			
Restricted Assets:			
Capital reserve account - cash	1.		1.
Capital assets, net	3,022,006.	46,168.	3,068,174.
Total Noncurrent Assets	3,022,007.	46,168.	3,068,175.
Total Assets	4,977,016.	356,885.	5,333,901.
LIABILITIES:			
Current Liabilities:			
Accounts payable	79,359.	1,611.	80,970.
Interfund payable	(37,786.)	37,786.	
Payable to state government	6,259.		6,259.
Deferred revenue	7,949.		7,949.
Current portion of long-term liabilities	93,231.		93,231.
Total Current Liabilities	149,012.	39,397.	188,409.
Noncurrent liabilities:			
Capital leases payable	133,814.		133,814.
Accrued compensated absences	427,913.	16,290.	444,203.
PERS deferral	64,282.		64,282.
Total Noncurrent Liabilities	626,009.	16,290.	642,299.
Total Liabilities	775,021.	55,687.	830,708.
NET ASSETS:			
Investment in capital assets, net of related debt	2,815,175.	46,168.	2,861,343.
Restricted for:			
Capital projects	1.		1.
Other purposes	693,578.		693,578.
Unrestricted	693,241.	255,030.	948,271.
Total Net Assets	$ 4,201,995.	$ 301,198.	$ 4,503,193.

See Accompanying Notes to the Basic Financial Statements

EXHIBIT A-2

WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

		Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction:							
Regular	$ 6,863,729.	$	$	$	$(6,863,729.)	$	$(6,863,729.)
Special education	1,742,193.				(1,742,193.)		(1,742,193.)
Other special instruction	341,724.				(341,724.)		(341,724.)
Other instruction	499,397.				(499,397.)		(499,397.)
Support services:							
Tuition	656,391.				(656,391.)		(656,391.)
Student and instruction related serv	2,148,823.				(2,148,823.)		(2,148,823.)
School administrative services	1,136,745.				(1,136,745.)		(1,136,745.)
General and bus admin services	406,968.				(406,968.)		(406,968.)
Central services	429,541.				(429,541.)		(429,541.)
Plant operations and maintenance	2,355,647.				(2,355,647.)		(2,355,647.)
Pupil transportation	754,250.				(754,250.)		(754,250.)
Employee benefits	5,093,193.		1,768,097.		(3,325,096.)		(3,325,096.)
Unallocated depreciation	113,794.				(113,794.)		(113,794.)
Debt service assessment	2,974.				(2,974.)		(2,974.)
Total governmental activities	22,545,369.	0.	1,768,097.	0.	(20,777,272.)	0.	(20,777,272.)
Business-type activities:							
Food service	630,377.	419,478.	236,232.			25,333.	25,333.
Other	341,357.	362,971.				21,614.	21,614.
Total business-type activities	971,734.	782,449.	236,232.	0.	0.	46,947.	46,947.
Total primary government	$ 23,517,103.	$ 782,449.	$ 2,004,329.	$ 0.	$(20,777,272.)	$ 46,947.	$(20,730,325.)
General revenues:							
Taxes:							
Prop taxes levied for general purposes, net					$ 9,229,803.	$	$ 9,229,803.
Federal and state aid not restricted					6,877,218.		6,877,218.
Federal and state aid restricted					557,126.		557,126.
Tuition received					4,450,941.		4,450,941.
Investment earnings					4,255.	234.	4,489.
Miscellaneous income					69,199.		69,199.
Transfers					46,542.	(46,542.)	
Total general revenues, special items, extraordinary items and transfers					21,235,084.	(46,308.)	21,188,776.
Change in net assets					457,812.	639.	458,451.
Prior year adjustment					(1,764.)		(1,764.)
Net assets - beginning					3,745,947.	300,559.	4,046,506.
Net assets - ending					$ 4,201,995.	$ 301,198.	$ 4,503,193.

See Accompanying Notes to the Basic Financial Statements

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

EXHIBIT B-1

WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
Assets:						
Cash and cash equivalents	$ 1,918,376.	$(126,250.)	$	$	$	$ 1,792,126.
Investments	15,136.					15,136.
Due from other funds	36,302.					36,302.
Receivable from other governments	295,067.	146,631.				441,698.
Capital reserve	1.					1.
Total assets	$ 2,264,882.	$ 20,381.	$ 0.	$ 0.	$ 0.	$ 2,285,263.
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable	$ 69,886.	$ 9,473.	$	$	$	$ 79,359.
Interfund payable	292,467.					292,467.
Payable to state government		6,259.				6,259.
Deferred revenue		7,949.				7,949.
Total liabilities	362,353.	23,681.	0.	0.	0.	386,034.
Fund Balances:						
Restricted for:						
Excess surplus-current year	198,929.					198,929.
Excess surplus-designated for subsequent year's expenditures	162,299.					162,299.
Maintenance reserve	132,350.					132,350.
Capital reserve	1.					1.
Tuition reserve	200,000.					200,000.
Assigned to:						
Designated by BOE for subsequent year's expenditures	580,814.					580,814.
Other purposes	845,209.					845,209.
Unassigned:						
General fund	(217,073.)					(217,073.)
Special revenue fund		(3,300.)				(3,300.)
Total fund balances/deficit	1,902,529.	(3,300.)	0.	0.	0.	1,899,229.
Total liabilities and fund balances	$ 2,264,882.	$ 20,381.	$ 0.	$ 0.	$ 0.	

Amounts reported for *government activities* in the statement of net assets (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 $10,614,735. and the accumulated depreciation is $(7,592,729.) (See Note)	$ 3,022,006.
Long-term liabilities including bonds payable are not due and payable in the current period and therefore, are not reported as liabilities in the funds. (See Note)	(719,240.)
Net assets of governmental activities	$ 4,201,995.

See Accompanying Notes to the Basic Financial Statements

WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	Total Governmental Funds
REVENUES:						
Local sources:						
Local tax levy	$ 9,229,803.	$	$	$	$	$ 9,229,803.
Tuition charges	4,450,941.					4,450,941.
Interest earned	4,255.					4,255.
Miscellaneous	51,475.	17,724.				69,199.
Total local sources	13,736,474.	17,724.	0.	0.	0.	13,754,198.
State sources	8,474,651.	68,629.				8,543,280.
Federal sources	170,664.	488,497.				659,161.
Total revenues	22,381,789.	574,850.	0.	0.	0.	22,956,639.
EXPENDITURES:						
Current:						
Regular instruction	6,725,607.	221,319.				6,946,926.
Special education instruction	1,733,981.					1,733,981.
Other special instruction	341,724.					341,724.
Other instruction	499,397.					499,397.
Support services:						
Tuition	384,063.	272,328.				656,391.
Student & instruction related services	2,074,747.	71,730.				2,146,477.
School administrative services	1,136,745.					1,136,745.
Other administrative services	406,968.					406,968.
Central services	374,790.					374,790.
Admin info tech	54,751.					54,751.
Plant operations and maintenance	2,247,719.					2,247,719.
Pupil transportation	754,250.					754,250.
Employee benefits	5,034,016.	9,473.				5,043,489.
Capital outlay	56,299.		16,625.			72,924.
Total expenditures	21,825,057.	574,850.	16,625.	0.	0.	22,416,532.
Excess (deficiency) of revenues over exp.	556,732.		(16,625.)			540,107.
OTHER FINANCING SOURCES (USES):						
Capital leases (non-budgeted)	28,970.					28,970.
Prior year adjustment		(1,764.)				(1,764.)
Transfers in	47,494.	1,764.				49,258.
Transfers out	(1,764.)		(952.)			(2,716.)
Total other financing sources (uses)	74,700.	0.	(952.)	0.	0.	73,748.
Net change in fund balances	631,432.		(17,577.)			613,855.
Fund balance - July 1	1,271,097.	(3,300.)	17,577.			1,285,374.
Fund balance - June 30	$ 1,902,529.	$(3,300.)	$ 0.	$ 0.	$ 0.	$ 1,899,229.

See Accompanying Notes to the Basic Financial Statements

EXHIBIT B-3

WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
RECONCILATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Total net changes in fund balances - governmental funds (from B-2)		$ 613,855.
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation expense	(234,626.)	
Capital outlays	69,950.	(164,676.)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		0.
Repayment of capital lease principal		85,543.
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.		
Proceeds of long-term debt	0.	
Capital lease proceeds	(28,970.)	(28,970.)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(60,997.)
Payment of 2008-2009 PERS contribution deferred to future years		11,293.
Prior year adjustment		1,764.
Change in net assets of governmental activities		$ 457,812.

See Accompanying Notes to the Basic Financial Statements

PROPRIETARY FUNDS

EXHIBIT B-4

WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Total Enterprise Fund
ASSETS:	
Current Assets:	
Cash and cash equivalents	$ 135,128.
Accounts receivable:	
Federal	26,510.
State	172.
Other	3,345.
Interfund receivable	128,847.
Inventory	16,715.
Total current assets	310,717.
Noncurrent assets:	
Furniture, machinery & equipment	112,319.
Less accumulated depreciation	(66,151.)
Total noncurrent assets	46,168.
Total assets	$ 356,885.
LIABILITIES:	
Current liabilities:	
Interfund payable	$ 37,786.
Accounts payable	1,611.
Total current liabilties	39,397.
Noncurrent liabilities:	
Compensated absences	16,290.
Total noncurrent liabilities	16,290.
Total liabilities	55,687.
NET ASSETS:	
Invested in capital assets net of related debt	46,168.
Unrestricted	255,030.
Total net assets	$ 301,198.

See Accompanying Notes to the Basic Financial Statements

EXHIBIT B-5

WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Total Enterprise Fund
Operating revenues:	
Charges for services:	
Daily sales-reimbursable programs	$ 249,280.
Daily sales-non-reimbursable programs	170,198.
Fees	362,971.
Total operating revenues	782,449.
Operating expenses:	
Salaries	478,941.
Payroll taxes and fringe benefits	123,325.
Purchased services	6,505.
General supplies	76,177.
Depreciation	4,392.
Miscellaneous	408.
Cost of sales	278,681.
Repair and maintenance	3,305.
Total operating expenses	971,734.
Operating income/(loss) before transfer	(189,285.)
Operating transfers in/(out):	
Operating transfers in/(out)	(46,542.)
Operating income/(loss)	(235,827.)
Nonoperating revenues (expenses):	
State sources:	
State school lunch program	7,673.
Federal sources:	
National school breakfast program	19,796.
National school lunch program	175,734.
USDA commodities	33,029.
Interest and investment revenue	234.
Total nonoperating revenues (expenses)	236,466.
Change in net assets	639.
Total net assets - beginning	300,559.
Total net assets - ending	$ 301,198.

See Accompanying Notes to the Basic Financial Statements

WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Total Enterprise Fund
CASH FLOWS FROM OPERATING ACT.	
Receipts from customers	$ 780,914.
Payments to employees	(480,130.)
Payments for employee benefits	(124,825.)
Payments to suppliers	(351,195.)
Net cash provided by (used for) operating activities	(175,236.)
CASH FLOWS FROM NONCAPITAL FINANCING ACT.	
State sources	6,931.
Federal sources	173,517.
Interfund payable	45,215.
Transfers in/(out)	(46,542.)
Net cash provided by (used for) noncapital financing act.	179,121.
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on investments	234.
Net cash provided by investing activities	234.
Net increase/(decrease) in cash and cash equivalents	4,119.
Balances-beginning of year	131,009.
Balances-end of year	$ 135,128.
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	$(189,285.)
Adjust to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation and net amortization	4,392.
Federal commodities	33,029.
(Increase)/decrease in accounts receivable, net	(1,567.)
(Increase)/decrease in inventories	(4,446.)
Increase/(decrease) in accounts payable	(6,604.)
Increase/(decrease) in interfund payable	(9,653.)
Increase/(decrease) in accrued salaries benefits	(1,102.)
Total adjustments	14,049.
Net cash provided by (used for) operating activities	$(175,236.)

See Accompanying Notes to the Basic Financial Statements

FIDUCIARY FUNDS

WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Unemployment Compensation Trust	Scholarship Fund	Agency Fund	Student Activity
ASSETS:				
Cash and cash equivalents	$ 12,297.	$ 3,848.	$ 1,387.	$ 206,766.
Investments	169,621.	20,063.		
Due from Student Groups		24,202.		
Due from Unemployment			2.	
Due from General	166,494.			
Total assets	$ 348,412.	$ 48,113.	$ 1,389.	$ 206,766.
LIABILITIES:				
Due to Scholarship Fund	$	$	$	$ 24,202.
Due to Student Groups				182,564.
Due to Agency	2.			
Interfund Payable			1,389.	
Due to Payroll Withholdings	5,008.			
Total liabilities	5,010.	0.	$ 1,389.	$ 206,766.
NET ASSETS:				
Held in trust for unemployment claims	$ 343,402.			
Reserved for Scholarships		$ 48,113.		

See Accompanying Notes to the Basic Financial Statements

WOODSTOWN-PILESGROVE REGIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Trust	Private Purpose Scholarship Fund
ADDITIONS:		
Contributions:		
Plan member	$ 21,942.	$
Other		6,162.
Board contribution	60,000.	
Total contributions	81,942.	6,162.
Investment earnings:		
Interest	989.	374.
Net investment earnings	989.	374.
DEDUCTIONS:		
Scholarships awarded		2,500.
Other	36,214.	
Total deductions	36,214.	2,500.
Change in net assets	46,717.	4,036.
Net assets, July 1	296,685.	44,077.
Net assets, June 30	$ 343,402.	$ 48,113.

See Accompanying Notes to the Basic Financial Statements

NOTES TO FINANCIAL STATEMENTS

Woodstown-Pilesgrove Regional School District
Notes to the Financial Statements
June 30, 2012

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of Woodstown-Pilesgrove Regional School District (District), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Woodstown-Pilesgrove Regional School District is a Type II district located in the County of Salem, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three year terms and two sending district members appointed annually. The purpose of the district is to educate students in grades K-12. The Woodstown-Pilesgrove Regional School District had an approximate enrollment at June 30, 2012 of 1,671 students.

The primary criterion for including activities within the District's reporting entity, as set forth in section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

B. Basic Financial Statements-District-Wide Statements:

The District's basic financial statements include both district-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the district-wide and fund financial statements categorize primary activities as either governmental or business type.

In the district-wide Statement of Net Assets, both governmental and business-type activities columns are presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts-invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The district-wide Statement of Activities reports both the gross and net costs of each of the District's functions and business-type activities. The functions are also supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or business-type activity.

This district-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements-Fund Financial Statements:

The financial transactions of the District are reported in individual funds in the financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

GOVERNMENTAL FUNDS

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General Fund: The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in the fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund: The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of, principal and interest on bonds issued to finance major property acquisition, construction, and improvement programs.

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements-Fund Financial Statements (Continued):

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of operating income, changes in net assets, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Funds: The enterprise funds are utilized to account for operations that are financed and operated in a manner similar to business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise funds are comprised of the Food Service Fund, Community School Fund, Pre-School and the Communications Academy.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund statements of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Food Service Fund:	
Equipment	12 years

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds. The following is a description of the fiduciary funds of the District:

Scholarship Funds: The Scholarship Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. The Scholarship Fund accounts for assets where both the principal and interest may be spent.

Unemployment Compensation Trust: The Unemployment Compensation Trust Fund consists of assets that the District has reserved for possible future unemployment claims.

Agency Funds: Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
D. Basis of Accounting:

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the district-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using economic resources measurement focus as defined below.

In fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus as appropriate.

- All government funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.

- The proprietary fund utilized an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

- Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the district-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

Woodstown-Pilesgrove Regional School District
Notes to the Financial Statements
June 30, 2012

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting: (Continued)

All proprietary funds utilized the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used.

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts 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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education made no supplemental budgetary appropriations during the year by appropriating additional fund balance.

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 generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are 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.

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
E. Budgets/Budgetary Control: (Continued)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary) “revenues”	$22,449,320.	$578,453.
State aid payment recognized for GAAP statements in the current year previously recognized for budgetary purposes.	573,392.	3,300.
State Aid Payment not recognized for GAAP purposes until the subsequent year.	(640,923.)	(3,300.)
Adjust for Encumbrances:		
Add Prior Year Encumbrances	N/A	4,345.
Less Current Year Encumbrances Paid	N/A	(7,948.)
Total Revenues (GAAP Basis)	$22,381,789.	$574,850.
Uses/outflows of resources		
Actual amounts (budgetary) “total outflows”	$21,825,057.	$578,453.
Adjustments:		
Add Prior Year Encumbrances	N/A	4,345.
Less Current Year Encumbrances	N/A	(7,948.)
Transfers to other funds	0.	0.
Total Expenditures (GAAP Basis)	$21,825,057.	$574,850.

F. Encumbrances:

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 reservations of 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

G. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
G. Cash, Cash Equivalents and Investments: (Continued)
New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statutes 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

H. Tuition Receivable:

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

I. Tuition Payable:

Tuition charges for the fiscal year 2011-2012 is based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

J. Inventories:

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

K. Short-Term Interfund Receivables/Payables:

Short-term interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

L. Fixed Assets:

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in the governmental fund operations, or proprietary fund operations and whether they are reported in the district-wide or fund financial statements.

District-wide Statements
In the district-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, as determined by an independent appraisal company. Donated fixed assets are valued at their estimated fair market value on the date received.

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fixed Assets: (Continued)

District-wide Statements (Continued)
Depreciation of all exhaustible fixed assets is recorded as allocated expenses in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Land Improvements	20 years
Building & Building Improvements	20-50 years
Machinery & Equipment	5-20 years

Fund Financial Statements
In the fund financial statements, fixed assets used in government fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the district-wide statements.

M. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The liability for these compensated absences is recorded as long-term debt in the district-wide statements. In the fund financial statements, governmental funds report only the compensated absences that are expected to be liquidated with expendable available financial resources, while the proprietary fund reports the liability as it is incurred.

N. Deferred Revenue:

Deferred revenue represents cash that has been received but not yet earned.

O. Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the district-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the district-wide statements. The long-term debt consists primarily of bonds payable, capital leases payable, and accrued compensated absences.

NOTE 1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. It is the School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Q. Fund Balance Reserves

In accordance with Governmental Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classified governmental fund balances as follows:

- Non-spendable - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.

- Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

- Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year end.

- Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by Board of School Estimates, the Board of Education, Superintendent or Business Administrator.

- Unassigned – Includes fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

R. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2.CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

NOTE 2.CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

> The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than $25,000,000.

Investments:

New Jersey statutes permits the Board to purchase the following types of securities:

a.) Bonds or other obligations of the United States or obligations guaranteed by the United States.
b.) Bonds or any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
c.) Bonds or other obligations of the school district.

As of June 30, 2012 cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Investments	Total
Checking Accounts	$2,167,980.	$	$2,167,980.
Certificates of Deposit		188,605.	188,605.
Total	$2,167,980.	$188,605.	$2,356,585.

During the period ended June 30, 2012 the District did not hold any investments other than Certificates of Deposit. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2012 was $2,356,585. and the bank balance was $3,198,056. Of the bank balance, $463,207. was covered by federal depository insurance and $2,734,849. was covered by a collateral pool as required by New Jersey statutes.

Woodstown-Pilesgrove Regional School District
Notes to the Financial Statements
June 30, 2012

NOTE 3.CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Township of Upper Deerfield Board of Education by the inclusion of $100. On September 26, 2000 and $160,000. on July 26, 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account 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.* 6A:26-9.1(d), the balance in the account 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 July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	$1.
Interest earnings	0.
Deposits	
Approved at April, 2011 election	0.
Approved by Board Resolution, June, 2012	0.
Withdrawals	0.
Ending balance, June 30, 2012	$1.

The June 30, 2012 LRPF balance of local support costs of uncompleted capital projects at June 30, 2012 is $49,329,771. There were no withdrawals from the capital reserve for use in a DOE approved facilities project, consistent with the District's Long Range Facilities Plan.

NOTE 4.MAINTENANCE RESERVE ACCOUNT

The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (*N.J.S.A.* 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701). Districts may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes (*N.J.A.C.* 6A:23-2.14) or by transfer by board resolution at year end of any anticipated revenue or unexpended line item appropriations, or both.

The activity of the maintenance reserve for the July 1, 2011 to June 30, 2012 year is as follows:

Beginning Balance July 1, 2011	$485,000.
Deposits	
Approved at April, 2011 election	0.
Approved by Board Resolution June, 2012	50,000.
Withdrawals	(402,650.)
Ending balance June 30, 2012	$132,350.

The June 30, 2012 maximum maintenance reserve amount is $1,242,842.

Woodstown-Pilesgrove Regional School District
Notes to the Financial Statements
June 30, 2012

NOTE 5.TUITION RESERVE ACCOUNTS

If at the end of the contract year a district board of education anticipates that a large tuition adjustment will be required in the second year following the contract year, the district board of education may restrict fund balance up to 10 percent of the estimated tuition cost in the contract year, in a reserve for tuition adjustments. The tuition reserve is available only for districts that have a sending/receiving relationship. Full appropriation shall be made in the second year and any remaining balance shall be reserved and designated in the subsequent year's budget. (*N.J.A.C.* 6A:23-3.1(f)(8).

As of June 30, 2012, the district has reserved the following amounts in the tuition reserve accounts:

2011-2012	$200,000.
Total	$200,000.

NOTE 6. FIXED ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Adjustments	Retirements	Ending Balance
Governmental Activities:					
Capital Assets that are not Being Depreciated:					
Land	$871,740.	$	$	$	$871,740.
Construction in progress	54,100.				54,100.
Total Capital Assets not being Depreciated	925,840.	0.	0.	0.	925,840.
Bldg & Bldg Improvements	5,818,118.	16,625.			5,834,743.
Site Improvements	617,126.				617,126.
Machinery & Equipment	3,183,701.	53,325.			3,237,026.
Totals at Historical Cost	9,618,945.	69,950.	0.	0.	9,688,895.
Less: Accumulated Deprec for:					
Bldg & Bldg Improvements	(4,386,105.)	(119,539.)			(4,505,644.)
Site Improvements	(122,011.)	(28,755.)			(150,766.)
Machinery & Equipment	(2,849,987.)	(86,332.)			(2,936,319.)
Total Accumulated Depreciation	(7,358,103.)	(234,626.)	0.	0.	(7,592,729.)
Total Capital Assets being Depreciated net of Accumulated Depreciation	2,260,842.	(164,676.)	0.	0.	2,096,166.
Government Activities: Capital Assets, net	$3,186,682.	$(164,676.)	$0.	$0.	$3,022,006.
Business-type Activities:					
Equipment	$112,319.	$	$	$	$112,319.
Less Accum Dep for:					
Equipment	(61,759.)	(4,392.)			(66,151.)
Business-type Activ Capital Assets, net	$50,560.	$(4,392.)	$0.	$0.	$46,168.

Woodstown-Pilesgrove Regional School District
Notes to the Financial Statements
June 30, 2012

NOTE 6. FIXED ASSETS (Continued)

***Depreciation Expense was Charged to Governmental Functions as Follows:**

Instruction:	
Regular	$(2,346.)
Special Education	(8,212.)
Support Services:	
Student & Instruction Related Services	(2,346.)
Plant Operations and Maintenance	(107,928.)
Unallocated Depreciation	(113,794.)
Total Depreciation Expense	$(234,626.)

NOTE 7.INVENTORY

Inventory in the Food Service Fund at June 30, 2012 consisted of the following:

Food and Supplies	$10,470.
Commodities	6,245.
	$16,715.

For value of Federal donated commodities as reflected on Schedule A, The Schedule of Expenditures of Federal Awards is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

NOTE 8.LONG-TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities:

Type of Debt	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due Within 1 Year
Governmental Activities:					
Capital leases payable	$263,404.	$28,970.	$85,543.	$206,831.	$73,017.
Compensated absences payable	383,692.	60,997.		444,689.	16,776.
2009 PERS Deferral	79,013.		11,293.	67,720.	3,438.
TOTAL	$726,109.	$89,967.	$96,836.	$719,240.	$93,231.
Business-Type Activities:					
Compensated Absences Payable	$17,393.	$0.	$1,103.	$16,290.	$4,995.

A.Bonds Payable:

Bonds are authorized in accordance with State laws by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. There are no bonds payable at June 30, 2012.

B.Bonds Authorized But Not Issued:

As of June 30, 2012, the Board had no authorized but not issued bonds.

On November 6, 2012 a bond referendum authorizing the issuance of school bonds in the amount of $9,959,658. was passed by the voters of the district.

NOTE 8.LONG-TERM DEBT (Continued)
C.Capital Leases Payable:

During the year ended June 30, 2012, the District entered into a new capital lease agreement for the purchase of computer equipment. The term of the lease is for 3 years. The interest rate is 3.65%. See Exhibit I-2 for more complete detail on the new and also prior existing capital leases.

The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2012.

Year	Amount
2013	$82,588.
2014	76,986.
2015	58,329.
2016	6,822.
Total minimum lease payments	224,725.
Less: Amount representing interest	17,894.
Present value of net minimum lease payments	$206,831.

NOTE 9.OPERATING LEASES

The District had commitments to lease various office equipment and band equipment under operating leases.

Total operating lease payments made during the year ended June 30, 2012 were $22,915. Future minimum lease payments required under operating leases are as follows:

Year Ended	Amount
June 30, 2013	$18,561.
Total	$18,561.

NOTE 10.PENSION PLANS

Description of Plans – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the systems' other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

NOTE 10.PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) – The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credit to the members' accounts.

Significant Legislation – During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements – The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

NOTE 10.PENSION PLANS (Continued)

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
June 30, 2012	$281,201.	0%	$281,201.
June 30, 2011	246,198.	0%	246,198.
June 30, 2010	204,028.	0%	204,028.

Three-Year Trend Information for TPAF
(Paid on Behalf of the District)

Year Funding	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
June 30, 2012	$1,013,740.	100%	$0.
June 30, 2011	712,033.	100%	0.
June 30, 2010	680,908.	100%	0.

During the fiscal year ended June 30, 2012, the State of New Jersey contributed $1,013,740. to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District $754,357. during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the general purpose financial statements, and the combining and individual fund statements and schedules as a revenue and expenditure in accordance with GASB 27.

PERS Payment Deferral – P.L. 2009, c.19 – approved by the Governor on March 17, 2009, provides regular and vocational school districts the option of deferring 50 percent of the district's 2008-2009 regular PERS pension liability. Districts that elected to defer the pension liability must begin repaying the deferred amount over fifteen years starting April, 2012. The District deferred the maximum amount allowable of $79,013. This amount is included as a long-term debt district wide financial statements.

NOTE 11.POST RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums 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 free 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 $144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

NOTE 12.COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement full-time employees with ten years of service shall be paid by the District for unused sick leave in accordance with the District's agreement with the employee union.

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, a liability existed for compensated absences in the Food Service Fund in the amount of $16,290.

NOTE 13.DEFERRED COMPENSATION:

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

The Equitable	First Investors
Lincoln Investment Planning, Inc.	The Travelers
American Express Financial	Aetna Life Insurance Company
Prudential Insurance Company	Metropolitan Life Insurance Company

NOTE 14.INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2012.

	Due From:			
Due To:	General	Enterprise	Fiduciary	Total
General	$	$37,786.	$1,389.	$39,175.
Enterprise	128,847.			128,847.
Fiduciary	166,494.			166,494.
Total	$295,341.	$37,786.	$1,389.	$334,516.

The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 15.RISK MANAGEMENT:

The District is exposed to various types of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance – 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 expendable trust fund for the current and previous two years:

Fiscal Year	Employee Contributions	Board Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2011-2012	$21,942.	$60,000.	$989.	$36,214.	$343,402.
2010-2011	33,502.	120,423.	1,533.	90,810.	296,685.
2009-2010	21,819.	7,500.	2,759.	20,574.	232,037.

NOTE 16.CONTINGENT LIABILITIES

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the District.

NOTE 17.FUND BALANCE APPROPRIATED

Restrictions of funds balances of governmental funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District uses restricted/committed amounts to be spent first when both restricted an unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District does not have a formal fund balance spending policy therefore the default spending order requires committed, assigned and then unassigned to be used be spent first when expenditures are made.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Regular Public School Districts (N.J.S.A. 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the general fund budget or $250,000. whichever is greater may be maintained.

Specific classifications of fund balance are summarized below:

Non-Spendable Fund Balance – The District had no non-spendable fund balance at June 30, 2012.

NOTE 17.FUND BALANCE APPROPRIATED (Continued)

Restricted Fund Balance

Capital Reserve Account – There was $1. balance in the capital reserve account at June 30, 2012. These funds are restricted for future capital outlay expenditures for projects in the School District's long range facilities plan (LRFP).

For Maintenance Reserve Account – As of June 30, 2012, the balance in the maintenance reserve account was $132,350. These funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c.73 (S1701).

Tuition Reserve – As of June 30, 2012, the balance in the tuition reserve account is $200,000. Of this amount, $0. will be 2012-2013 school year and $200,000. will be appropriated in the 2013-2014 school year.

If at the end of the contract year a district board of education anticipates that a large tuition adjustment will be required in the second year following the contract year, the district board of education may restrict fund balance up to 10 percent of the estimated tuition cost in the contract year, in a reserve for tuition adjustments. The tuition reserve is available only for districts that have a sending/receiving relationship. Full appropriation shall be made in the second year and any remaining balance shall be reserved and designated in the subsequent year's budget. (*N.J.A.C.* 6A:23-3.1(f)(8).

Reserve for Excess Surplus – There was excess fund balance in the amount of $361,228. at June 30, 2012. $162,299. of this amount was appropriated in the 2012-2013 school budget.

Capital Projects Fund – As of June 30, 2012, the restricted fund balance amount was $0. Budgets of district projects are approved and funded by voter referendum and the School Development Authority.

Committed Fund Balance – The District has no committed fund balance at June 30, 2012.

Assigned Fund Balance – At June 30, 2012, the Board of Education has assigned and the voters have approved, $580,814. of general fund balance to expenditures in the 2012-2013 budget.

In addition, the District assigned fund balance in the general fund for other purposes of $845,209. This represents encumbrances resulting from issuing purchase orders as a result of normal purchasing activities approved by District officials.

Unassigned Fund Balance – At June 30, 2012, the District has (217,073.) of unassigned fund balance in the general fund and $(3,300.) in the special revenue fund.

NOTE 18.DEFICIT FUND BALANCES

The District has a deficit fund balance of $(217,073.) in the General Fund and $(3,300.) in the Special Revenue Fund as of June 30, 2012 as reported in the fund statements (modified accrual basis). *N.J.S.A.* 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year.

NOTE 18.DEFICIT FUND BALANCES (Continued)

The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district can not recognize the June state aid payment(s) (on the GAAP financial statements) until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General and Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

Pursuant to *N.J.S.A.* 18A:22-44.2 any negative unreserved, undesignated general and special revenue fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of $(217,073.) and $(3,300.) are less than the last state aid payment(s).

NOTE 19.CALCULATION OF EXCESS SURPLUS

In accordance with *N.J.S.A.* 18A:7F-7, as amended, the designation for Reserved Fund Balance – 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 reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 is $361,228.

NOTE 20.OTHER INFORMATION

On November 6, 2012 the voters of the district approved a school bond referendum in the amount of $9,959,658. The proceeds of the bond issue will be used for additions and improvements to the school facilities.

NOTE 21.SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2012 through November 16, 2012, the date that the financial statements were issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

APPENDIX E

FORM OF APPROVING LEGAL OPINION

____________, 2013

The Board of Education of the
Woodstown-Pilesgrove Regional School District in the
County of Salem, New Jersey

Dear Board Members:

We have acted as bond counsel to The Board of Education of the Woodstown-Pilesgrove Regional School District in the County of Salem, New Jersey (the "Board of Education") in connection with the issuance by the Board of Education of $9,958,000 School Bonds, dated April 9, 2013 (the "Bonds"). In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to us, as we have deemed necessary.

The Bonds are issued pursuant to (i) Title 18A, Education, Chapter 24 of the New Jersey Statutes, (ii) a proposal adopted by the Board of Education on August 23, 2012 and approved by the affirmative vote of a majority of the legal voters present and voting at the school district election held on November 6, 2012 and (iii) a resolution duly adopted by the Board of Education on February 28, 2013. The Bonds are secured under the provisions of 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).

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Bonds are valid and legally binding general obligations of the Board of Education, and the Board of Education has the power and is obligated to levy *ad valorem* taxes 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.

On the date hereof, the Board of Education has covenanted in its Arbitrage and Tax Certificate (the "Certificate") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Bonds in order to preserve the tax-exempt status of the Bonds pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Pursuant to Section 103(a) of the Code, failure to comply with these requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. In the event that the Board of Education continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Board of Education in the Certificate, it is our opinion that, pursuant to Section 103(a) of the Code, interest on the Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. It is also our opinion that interest on the Bonds held by a corporate taxpayer is included in "adjusted current earnings" in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax imposed on corporations. We express no opinion regarding other federal tax consequences arising with respect to the Bonds. Further, in our opinion, interest on the Bonds and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,